Multinational Textile Group Limited and its subsidiaries

Consolidated financial statements

31 March 2017

Multinational Textile Group Limited and its subsidiaries

Consolidated financial statements
for the year ended 31 March 2017

Contents	*Page*

Multinational Textile Group Limited and its subsidiaries

Corporate data

Directors:	Deepak Kumar Seth Payel Seth Pallak Seth Jayechund Jingree Sushil Kumar Jogoo Dr. Kevin Yasheel Jingree (Resigned on 31 May 2016) (alternative to Jayechund Jingree)
Company secretary:	Rogers Capital Corporate Services Limited St Louis Business Centre Cnr Desroches & St Louis Streets Port Louis Mauritius
Registered office:	St Louis Business Centre Cnr Desroches & St Louis Streets Port Louis Mauritius
Auditor:	Lancasters, Chartered Accountants 14, Lancaster Court Lavoquer Street Port Louis Mauritius
Banker:	HSBC Bank (Mauritius) Limited 6th Floor, HSBC Centre Ebene Mauritius

Multinational Textile Group Limited and its subsidiaries

Directors' report

The directors are pleased to present their report together with the audited consolidated financial statements of Multinational Textile Group Limited and its subsidiaries (the "Group") for the year ended 31 March 2017.

Principal activity

The principal activity of the Company and its Subsidiaries are investments holding. The Subsidiaries and Sub-subsidiaries are also engaged in trading of garments, design, development, marketing, sourcing and distribution of ready made garments of all kinds, hard goods and other consumer products.

Results and dividend

The results for the year are shown on pages 7 and 8.

During the year under review, the Company has not declared any dividend (2016: NIL).

Statement of directors' responsibilities in respect of consolidated financial statements

Company law requires the directors to prepare consolidated financial statements for each financial period giving a true and fair view of the consolidated statement of financial position and of the consolidated statement of profit or loss and other comprehensive income of the Group. In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Group's ability to continue as a going concern and have no reason to believe that the business will not be a going concern on the year ahead.

By order of the Board

Director Date:

Multinational Textile Group Limited and its subsidiaries

Secretary's certificate
for the year ended 31 March 2017

Statement from secretary under Section 166(d) of the Mauritius Companies Act 2001

In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the company under the Mauritius Companies Act 2001.

For and on behalf of **ROGERS CAPITAL CORPORATE SERVICES LIMITED**
Company Secretary

Date:………………………………

Auditors' report to member of Multinational Textile Group Limited

Opinion

We have audited the financial statements of Multinational Textile Group Limited and its subsidiaries (the "Group") set out on pages 7 to 67 which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Group as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Company Secretary's Certificate as required by the Companies Act 2001, but does not include the financial statements nor our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' report to member of Multinational Textile Group Limited (continued)

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.

- 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Lancasters
Chartered Accountants

Auditors' report to member of Multinational Textile Group Limited (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors 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.

Other matter

This report is made solely for the Company's member, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company or its subsidiaries other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Lancasters

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Pasram Bissessur FCCA, ACA, MBA (UK)
Licensed by FRC

Date: 2? AUG 2017

DGGi
INDEPENDENT MEMBER

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 March 2017

	Note	2017 USD	2016 USD
Revenue	9	**679,392,069**	643,756,769
Cost of sales		**(598,786,462)**	(565,155,551)
Gross profit		**80,605,607**	78,601,218
Operating income		**8,640,272**	7,595,395
Other income		**2,115,138**	1,463,548
Marketing, selling and distribution expenses		**(10,563,404)**	(10,954,588)
Share of loss of joint venture		**(283,775)**	(457,067)
General and administrative expenses		**(71,031,501)**	(68,891,938)
Depreciation and amortisation	12(i),12(ii),13,17	**(1,804,114)**	(2,056,516)
Results from operating activities		**7,678,223**	5,300,052
Finance income		**24,447**	3,348,044
Finance costs		**(1,318,262)**	(2,117,686)
Net finance (costs)/income	10	**(1,293,815)**	1,230,358
Profit before taxation		**6,384,408**	6,530,410
Taxation	11	**(720,947)**	(182,772)
Profit for the year		**5,663,461**	6,347,638

The notes on pages 15 to 67 form part of these consolidated financial statements

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income (continued)
for the year ended 31 March 2017

	2017 USD	2016 USD
Other comprehensive income		
Net loss on cash flow hedges	**(959,899)**	(1,385,384)
Foreign currency translation differences for foreign operations	**(853,065)**	(1,133,231)
Net movement in exchange reserves	**(1,369,304)**	115,458
Net movement in available-for-sale investment reserves	**(556,957)**	(2,269)
Other comprehensive loss for the year, net of income tax	**(3,739,225)**	(2,405,426)
Total comprehensive income for the year	**1,924,236**	3,942,212
Profit attributable to:		
Owners of the company	**2,066,688**	4,031,206
Non-controlling interest	**3,596,773**	2,316,432
Profit for the year	**5,663,461**	6,347,638
Total comprehensive income attributable to:		
Owners of the company	**(1,140,041)**	2,034,216
Non-controlling interest	**3,064,277**	1,907,996
Total comprehensive income for the year	**1,924,236**	3,942,212

The notes on pages 15 to 67 form part of these consolidated financial statements

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of financial position
as at 31 March 2017

	Note	**2017 USD**	2016 USD
Assets			
Non-current assets			
Property, plant and equipment	12(i)	**3,291,508**	5,871,512
Capital work in progress	12(ii)	**1,675,052**	-
Intangible assets	13	**7,180,189**	6,921,013
Available-for-sale investments	14	**5,364,607**	2,446,894
Held-to-maturity investments	15	**3,153,108**	3,355,568
Interest in Joint Venture	16	**1,130,539**	756,174
Investment property	17	**17,505,009**	15,958,529
Receivables	18	**417,973**	404,958
Deferred tax assets	19	**18,240**	640,340
Total non-current assets		**39,736,225**	36,354,988
Current assets			
Inventories	20	**5,326,327**	7,578,578
Available-for-sale investments	14	**797,824**	-
Trade and other receivables	21	**150,230,566**	159,196,373
Derivative financial instruments	30	**158,017**	58,351
Cash and cash equivalents	28	**20,246,331**	10,252,267
Total current assets		**176,759,065**	177,085,569
Total assets		**216,495,290**	213,440,557

Approved by the Board of Directors on. ……………………………. and signed on its behalf by

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Director   Director

The notes on pages 15 to 67 form part of these consolidated financial statements

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of financial position (continued)
as at 31 March 2017

	Note	2017 USD	2016 USD
Equity and liabilities			
Capital and reserves			
Stated capital	22	**21,948,270**	21,948,270
Reserves	23	**48,934,875**	50,200,337
Equity attributable to owners of the Company		**70,883,145**	72,148,607
Non-controlling interests	24	**11,860,507**	9,638,097
Total equity		**82,743,652**	81,786,704
Liabilities			
Non-current liabilities			
Long term loans	25	**3,882,647**	89,082
Obligations under finance lease	35	**4,221**	-
Deferred tax liabilities	26	**-**	2,253
Total non-current liabilities		**3,886,868**	91,335
Current liabilities			
Short term loans	27	**64,271,783**	65,701,939
Bank overdrafts	28	**8,393**	1,145
Tax payable		**3,633,223**	4,288,693
Obligations under finance lease	35	**12,125**	27,743
Trade and other payables	29	**61,886,172**	61,073,688
Derivative financial instruments	30	**53,074**	469,310
Total current liabilities		**129,864,770**	131,562,518
Total liabilities		**133,751,638**	131,653,853
Total equity and liabilities		**216,495,290**	213,440,557

Approved by the Board of Directors on. ……………………………. and signed on its behalf by

............................………...... ....………..........................
Director Director

The notes on pages 15 to 67 form part of these consolidated financial statements

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of changes in equity
for the year ended 31 March 2017

	Stated capital USD	**Hedging reserves USD**	**Translation reserves USD**	**Capital reserves USD**	**Retained earnings USD**	**Available-for-sale Investment reserves USD**	**Total USD**	**Non-controlling interests USD**	**Total equity USD**
Balance as at 01 April 2016	**21,948,270**	**(328,830)**	**(2,734,507)**	**(1,368,633)**	**54,632,897**	**(590)**	**72,148,607**	**9,638,097**	**81,786,704**
Transactions with owners of the Company									
Contributions and distributions									
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	41,031	41,031
Adjustment during the year	-	-	-	-	(125,420)	-	(125,420)	-	(125,420)
Issue of shares to minority	-	-	-	-	-	-	-	83,926	83,926
Share application monies relating to minority	-	-	-	-	-	-	-	489	489
Dividend declared and paid	-	-	-	-	-	-	-	(967,314)	(967,314)
Total comprehensive income									
Profit for the year	-	-	-	-	2,066,688	-	2,066,688	3,596,773	5,663,461
Other comprehensive income									
Net movement in available-for-sale investment reserves	-	-	-	-	-	(471,488)	(471,488)	(83,204)	(554,692)
Net movement in exchange reserves	-	-	-	-	(932,012)	-	(932,012)	149,791	(782,221)
Foreign currency translation differences on foreign operations	-	-	(2,184,880)	-	-	-	(2,184,880)	(665,286)	(2,850,166)
Net gain on cash flow hedges	-	381,650	-	-	-	-	381,650	66,204	447,854
Balance as at 31 March 2017	**21,948,270**	**52,820**	**(4,919,387)**	**(1,368,633)**	**55,642,153**	**(472,078)**	**70,883,145**	**11,860,507**	**82,743,652**

The notes on pages 15 to 67 form part of these consolidated financial statements

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of changes in equity (continued)
for the year ended 31 March 2017

	Stated capital USD	Hedging reserves USD	Translation reserves USD	Capital reserves USD	Retained earnings USD	Available-for-sale Investment reserves USD	Total USD	Non-controlling interests USD	Total equity USD
Balance as at 01 April 2015	21,948,270	849,862	(1,739,906)	(463,834)	50,423,459	1,339	71,019,190	8,201,864	79,221,054
Transactions with owners of the Company									
Contributions and distributions									
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	22,063	22,063
Movement during the year	-	-	-	(904,799)	-	-	(904,799)	948,924	44,125
Dividend declared and paid	-	-	-	-	-	-	-	(1,442,750)	(1,442,750)
Total comprehensive income									
Profit for the year	-	-	-	-	4,031,206	-	4,031,206	2,316,432	6,347,638
Other comprehensive income									
Net movement in available-for-sale investment reserves	-	-	-	-	-	(1,929)	(1,929)	(340)	(2,269)
Net movement in exchange reserves	-	-	-	-	178,232	-	178,232	(62,774)	115,458
Foreign currency translation differences on foreign operations	-	-	(994,601)	-	-	-	(994,601)	(138,630)	(1,133,231)
Net gain on cash flow hedges	-	(1,178,692)	-	-	-	-	(1,178,692)	(206,692)	(1,385,384)
Balance as at 31 March 2016	21,948,270	(328,830)	(2,734,507))	(1,368,633)	54,632,897	(590)	72,148,607	9,638,097	81,786,704

The notes on pages 15 to 67 form part of these consolidated financial statements

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of cash flows
for the year ended 31 March 2017

	2017 USD	2016 USD
Cash flows from operating activities		
Profit for the year	**5,663,461**	6,347,638
Adjustments for:		
Impairment of intangible asset	**-**	110,747
Depreciation and amortisation	**1,804,114**	2,056,516
Share of loss of joint venture	**283,775**	457,067
Income tax expense	**720,947**	182,772
Gain on sale of Held-to-maturity investments	**-**	(102,468)
Exchange difference	**(1,451,159)**	(586,637)
Loss on disposal of tangible assets	**-**	13,430
Operating profit before changes in working capital	**7,021,138**	8,479,065
Change in inventories	**2,252,251**	6,587,280
Change in receivables and trade and other receivables	**8,952,793**	(2,073,396)
Change in payables	**812,484**	(1,559,624)
	19,038,666	11,433,325
Tax paid	**(756,569)**	(694,303)
Net cash from operating activities	**18,282,097**	10,739,022
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(3,890,245)**	(1,099,013)
Proceeds from sale of property, plant and equipment	**255,163**	(24,381)
Disposal / (Acquisition) of held-to-maturity investments	**202,460**	(2,513,408)
Acquisition of available for sale investments	**(3,715,537)**	(67,173)
Acquisition of intangible assets	**(259,176)**	(246,862)
Amount given to joint venture	**(658,140)**	(1,213,240)
Movement in investment property	**(1,546,480)**	-
Movement in non-controlling interest	**41,031**	-
Net cash used in investing activities	**(9,570,924)**	(5,164,077)

The notes on pages 15 to 67 form part of these consolidated financial statements

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of cash flows (continued)
for the year ended 31 March 2017

	2017 USD	2016 USD
Cash flows from financing activities		
Capital contributed by non-controlling interests	**489**	22,063
Dividend paid by subsidiaries to non-controlling interests	**(967,314)**	(1,442,750)
Proceeds from share issued to non-controlling interests	**83,926**	-
Movement in derivative financial instrument	**(193,468)**	345,122
Movement in short terms loans	**(1,430,157)**	(258,328)
Movement in long term loans	**3,793,564**	(7,271,656)
Repayment of obligation under finance lease	**(11,397)**	-
Net cash from / (used in) financing activities	**1,275,643**	(8,605,549)
Net movement in cash and cash equivalents	**9,986,816**	(3,030,604)
Cash and cash equivalents at 01 April	**10,251,122**	13,281,726
Cash and cash equivalents at 31 March *(note 28)*	**20,237,938**	10,251,122

Cash and cash equivalent at the year-end consist of:

Cash at bank	**20,246,331**	10,252,267
Bank overdraft	**(8,393)**	(1,145)
	20,237,938	10,251,122

The notes on pages 15 to 67 form part of these consolidated financial statements

Multinational Textile Group Limited and its subsidiaries

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2017

1. **General information**

The Company was incorporated as a private limited company on 28 March 2006 and was granted a Category 1 Global Business Licence on 29 March 2006 under the Financial Services Act 2007. The principal activities of the Company and its Subsidiaries are investments holding and Subsidiaries and Sub-subsidiaries are engaged in trading of garments, design, development, marketing, sourcing and distribution of ready made garments of all kinds, hard goods, other consumer products, Manufacturing of garments and development of software apps services.

The consolidated financial statements for the year ended 31 March 2017 comprise 'Multinational Textile Group Limited' (the Company), its Subsidiaries 'MultiTech Venture Limited, 'Grupo Sourcing Limited', 'Green Apparel Industries Limited', 'Progress Manufacturing Group Ltd', 'Progress Apparels (Bangladesh) Limited', 'Global Textiles Group Limited', " Nor Delhi Manufacturing Limited", 'Norwest Industries Limited', " Simple Approach Limited", " Sure Investments Ltd", "Casa Forma London Limited" "Blueprint Design Limited", "Zamira Fashions Limited", "SACB Holdings Limited" "Poeticgem International Limited", "Casa Forma Limited", "PDS Asia Star Corporation Limited", "Techno Design HK Limited previously known as DPOD Manufacturing Limited", "Multinational OSG Services Bangladesh Pvt Limited", "Techno Design GmbH" and PG Group Limited", "Poetic Brands Limited",'Poeticgem Limited', "PDS Trading (Shanghai) Co Ltd", 'Simple Approach (Canada) Limited', "Zamira Denim Lab Limited", "PG Home Group Limited", "PG Shanghai Co. Ltd", PoeticGem Australia Limited", "Design Arc UK Limited", "Green Smart Shirt Limited", "Norwest Inc.", "Sourcing Solutions Limited", "Grand Pearl Trading Co. Ltd (Hangzhou)", Krayon Sourcing Limited", "Razamtazz Limited", "Design Arc Europe Limited(Previously known as Nor Europe Manufacturing Company Limited)", "Kleider Sourcing Hong Long Limited", "Techno Manufacturing Limited", "Nor India Manufacturing Company Limited", "Spring Near East Manufacturing Company Limited", "DS Manufacturing Limited (previously known as Designed and Sourced Limited)", "JJ Star Industrial Limited", "Twin Asia Limited", "Nor Lanka Manufacturing Ltd", "FX Import Company Limited", "FX Import Hong Kong Limited", "Poetic Knitwear Ltd", 'Pacific Logistics Limited', "PG Home Group SPA", "Nor Lanka Colombo Manufacturing Limited", "Nor Lanka Progress Pvt Ltd", "Nor Europe SPA","Kleider Sourcing Limited", "Fareast Vogue Limited", "PDS Far-East Limited", " Kindred Brands Limited", "Styleberry Limited", . "Zamira Fashion Limited", "Zhongshan", "Grupo Souring Limited, Bangladesh" and "PDS Global Investment".

2. **Basis of preparation**

   (a) *Statement of compliance*

   The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

   (b) *Basis of measurement*

   The consolidated financial statements have been prepared on a going concern basis using historical cost convention except where stated otherwise.

   (c) *Functional currency and presentation currency*

   Since the Group operates in an international environment and conducts most of its transactions in foreign currencies, the Group has chosen to retain United States Dollar (USD) as its reporting currency. The Group determines its functional currency based on the primary economic environment in which the Group operates.

   The consolidated financial statements are presented in United States Dollar (USD) which is the Group's functional and presentation currency.

3. **Basis of consolidation**

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-Controlling Interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3. **Basis of consolidation (continued)**

(v) Interests in equity accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.
Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

4. **Significant accounting policies**

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Investment in subsidiaries

In the consolidated financial statements, the basis of consolidation detailed above is applied.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

4. **Significant accounting policies (continued)**

Held-to-maturity investments

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Fair value measurement

The Group measures its derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Consolidated financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to USD at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to USD at rates approximating to the foreign exchange rates ruling at the dates of the transactions or average rates. Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

4. **Significant accounting policies (continued)**

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to USD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss and other comprehensive income.

Impairment

The carrying amount of the Group's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such assets is estimated and impairment is recognised in the consolidated statement of profit or loss and other comprehensive income.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to contractual provisions of the instrument. These are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value. The Group de-recognises financial assets and liabilities when it ceases to be a party to such contractual provision of the instruments.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

4. **Significant accounting policies (continued)**

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

Revenue recognition

Income from investments is included in the consolidated statement of profit or loss and other comprehensive income when the shareholder's right to receive payment is established.

Revenue is recognised when it is probable that the economic benefits will flow to the Subsidiaries and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. Sales are recognised when invoices are made and delivered to customers at the time of shipment;

(b) handling fee income, in the period in which the services are rendered; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Borrowing costs

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 borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

Bank Borrowings

Interest bearing bank loans and overdrafts are initially measured as fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs, if any) and the settlement or redemption of borrowings is recognised over the terms of borrowings in accordance with the Group's policy for borrowing cost.

4. **Significant accounting policies (continued)**

Operating Leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the term of the relevant lease.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group’s equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the issuance of shares.

Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

4. **Significant accounting policies (continued)**

Finance leases and hire purchase commitments

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset to the Group are accounted for as finance leases.

Assets held under finance leases of hire purchase commitments are recognised as assets of the Group at the lower of their fair value or present value of the minimum lease payments at the date of acquisition. The depreciation policy for such assets is consistent with that for equivalent depreciable assets which are owned by the Group, unless there is no reasonable certainty that the Group will obtain the ownership of such assets by the end of the lease terms, in which case the assets will be fully depreciated over the shorter of the lease terms or their estimated useful life.

The corresponding liability to the lessor or hire purchase creditor is included in the consolidated statement of financial position as an obligation under finance lease or hire purchase contract. The finance costs, which represent the difference between the total leasing commitments and the outstanding principal amount at the date of inception of the finance lease or hire purchase contract, are charged to the consolidated statement of profit or loss and other comprehensive income at a constant periodic rate on the remaining balance of the obligations under finance leases or hire purchase commitments for each accounting period.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. The cost of property, plant and equipment at 1 January 2004, the date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or constructions of qualifying assets are capitalised.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in the consolidated statement of profit or loss and other comprehensive income. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in consolidated statement of profit or loss and other comprehensive income as incurred.

4. **Significant accounting policies (continued)**

Property, plant and equipment (continued)

Depreciation

Depreciation is recognised in consolidated statement of profit or loss and other comprehensive income on a straight line basis over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land and buildings	over the shorter of the lease term and 33.33%
Infrastructure	20% straight line basis
Computer and equipment	10 - 33.33% straight line basis
Fixtures, fittings and equipment	10% - 33.33% straight line basis
Motor vehicle	14% - 33.33% straight line basis
Plant and machinery	20% - 25% straight line basis

The carrying values of property, plant and equipment are reviewed for impairment when events or changes indicate the carrying value may not be recoverable. If any such indication exists and carrying values exceed recoverable amounts such assets are written down to their recoverable amounts.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at costs, including transaction costs and any direct attributable expenditure, and subsequently at cost less accumulated depreciation and any impairment.

Depreciation is calculated on the straight-line basis to write off the cost of each investment property, which is the shorter of 50 years and the terms of the lease.

Any gain or loss on disposal recognised in the statement of profit or loss and other comprehensive income in the year the investment property is derecognised is the difference between the net sales proceeds and the carrying amount of the property.

Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

4. **Significant accounting policies (continued)**

Taxation (continued)

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously'

Inventories

Inventories are valued at the lower of cost and net realisable value.

The cost of inventories is based on the First In First Out (FIFO) principle and include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work in progress cost include an appropriate share of production overhead based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

Factored debts

Factored debts are shown as net trade receivables.The interest and factoring charges are recognised in the consolidated statement of profit or loss and other comprehensive income during the period to which they relate using the effective interest method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortized cost using effective interest method, less any identified impairment losses. An impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. **Significant accounting policies (continued)**

Trade and other receivables

Trade debts and other receivables are stated at original invoice as reduced by appropriate provision for impairment. Bad debts are written off when identified.

Stated capital

Ordinary shares

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Dividends

Interim dividends are recognised directly as a liability when they are proposed and declared by the directors.

Final dividends are recognised as a liability when they are approved by the shareholders before the reporting date. Dividends declared after the reporting date is disclosed in notes to accounts.

Trade and other payables

Trade and other payables are stated at cost.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability is not recognised but is disclosed in the notes to the financial statements.

4. **Significant accounting policies (continued)**

Employee benefits

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

Other employee benefits

The Group operates a mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Sri Lanka, Chile and Mainland China are required to participate in central pension schemes operated by the respective local municipal governments. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the respective central pension schemes.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

4. **Significant accounting policies (continued)**

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship with which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedge item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument for cash flow hedges is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as other expenses.

Amounts recognised in other comprehensive income are transferred to the statement of profit or loss when the hedged transaction affects the income statement, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, the amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs or the foreign currency firm commitment is met.

4. **Significant accounting policies (continued)**

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group's business and geographical segments. The Group's primary format for segment reporting is based on geographical segments. The geographical segments are determined based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Group's headquarters) and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

5. **Application of new and revised International Financial Reporting Standards (IFRSs)**

5.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 01 April 2016.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to of the order of notes, Other Comprehensive Income (OCI) of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

The application of the above adoption did not have significant impact on the Company's financial statements.

Disclosure Initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities. The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted.

The application of the above adoption did not have significant impact on the Company's financial statements.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised. Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this.

Guidance is provided for deductible temporary differences related to unrealised losses are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type. The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted.

The application of the above adoption did not have significant impact on the Company's financial statements.

5. **Application of new and revised International Financial Reporting Standards (IFRSs)(continued)**

5.2 Amendments to IFRSs that are issued but not effective for the current year (continued)

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated.

Effective for the financial year commencing 1 January 2018

IFRS 9 Financial Instruments

Standard available for optimal adoption

IFRS 10 and IAS 28

IFRS 9 Financial Instruments
On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. This standard will have an impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted.

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6. **Critical accounting judgments and key sources of estimation uncertainty**

The preparation of the Group's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised as follows:

(a) *Impairment of property, plant and equipment*

Items of property, plant and equipment are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value.

(b) *Impairment of trade and other receivables*

The Group maintains an allowance for estimated loss arising from the inability of its customers to make the required payments. The Group makes its estimates based on the ageing of its trade and bills receivable balances, customers' creditworthiness, and historical write-off experience. If the financial condition of its customers was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected.

(c) *Current tax and deferred tax*

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectations are different from the original estimates, such differences will impact on the recognition of deferred tax assets and deferred tax in the periods in which such estimates have been changed.

6. **Critical accounting judgments and key sources of estimation uncertainty (continued)**

(d) *Impairment of inventories*

Management reviews the ageing analysis of inventories of the Group at the end of each reporting period, and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The assessment of the provision amount required involves management judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying value of the inventories and the provision charge/write-back of provision for obsolete and slow-moving inventory items in the period in which estimate has been changed.

(e) *Goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2017 was USD 7,087,015.

(f) *Foreign payables and foreign receivables*

Certain foreign payables and foreign receivables are not translated at the rates prevailing on the balance sheet date, because in the directors' opinion the payables are covered by the forward exchange contracts and the receivables will be collected at the sterling amount in the consolidated financial statements. Any net overstatement or net understatement of foreign exchange differences is not considered to be material.

Multinational Textile Group Limited and its subsidiaries

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2017

7. **Financial instruments – Fair values and risk management**

Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2017	**Available for sale USD**	**Held to maturity USD**	**Loans and receivables USD**	**Other financial liabilities USD**	**Total USD**	**Level 1 USD**	**Level 2 USD**	**Level 3 USD**	**Total USD**
Financial assets									
Available-for-sale investments	**6,162,341**	**-**	**-**	**-**	**6,162,341**	**-**	**-**	**6,162,341**	**6,162,341**
Held-to-maturity investments	**-**	**3,153,108**	**-**	**-**	**3,153,108**	**-**	**-**	**-**	**-**
Receivables	**-**	**-**	**417,973**	**-**	**417,973**	**-**	**-**	**-**	**-**
Trade and other receivables	**-**	**-**	**147,994,505**	**-**	**147,994,505**	**-**	**-**	**-**	**-**
Derivative financial instruments	**158,017**	**-**	**-**	**-**	**158,017**	**-**	**-**	**158,017**	**158,017**
Cash & cash equivalents	**-**	**-**	**20,246,331**	**-**	**20,246,331**	**-**	**-**	**-**	**-**
	6,320,448	**3,153,108**	**168,527,305**	**-**	**178,132,365**	**-**	**-**	**6,320,448**	**6,320,448**
Financial liabilities									
Loans	**-**	**-**	**-**	**68,154,430**	**68,154,430**	**-**	**-**	**-**	**-**
Trade and other payables	**-**	**-**	**-**	**61,886,172**	**61,886,172**	**-**	**-**	**-**	**-**
Derivative financial instruments	**-**	**-**	**-**	**53,074**	**53,074**	**-**	**-**	**-**	**-**
Obligation under finance lease	**-**	**-**	**-**	**16,346**	**16,346**	**-**	**-**	**-**	**-**
Bank overdrafts	**-**	**-**	**-**	**8,393**	**8,393**	**--**	**-**	**-**	**-**
	-	**-**	**-**	**130,118,415**	**130,118,415**	**-**	**-**	**-**	**-**

Multinational Textile Group Limited and its subsidiaries

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2017

7. **Financial instruments – Fair values and risk management (continued)**

Accounting classifications and fair values (continued)

31 March 2016	Available for sale	Held to maturity	Loans and receivables USD	Other financial liabilities USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets									
Available-for-sale investments	2,446,894	-	-	-	2,446,894	-	-	2,446,894	2,446,894
Held-to-maturity investments	-	3,355,568	-	-	3,355,568	-	-	-	-
Receivables	-	-	404,958	-	404,958	-	-	-	-
Trade and other receivables	-	-	156,829,442	-	156,829,442	-	-	-	-
Derivative financial instruments	58,351	-	-	-	58,351	-	-	58,351	58,351
Cash & cash equivalents	-	-	10,252,267	-	10,252,267	-	-	-	-
	2,505,245	3,355,568	167,486,667	-	173,347,480	-	-	2,505,245	2,505,245
Financial liabilities									
Loans	-	-	-	65,791,021	65,791,021	-	-	-	-
Trade and other payables	-	-	-	61,073,688	61,073,688	-	-	-	-
Derivative financial instruments	-	-	-	469,310	469,310	-	-	469,310	469,310
Obligations under finance lease	-	-	-	27,743	27,743	-	-	-	-
Bank overdrafts	-	-	-	1,145	1,145	-	-	-	-
	-	-	-	127,362,907	127,362,907	-	-	469,310	469,310

7. **Financial instruments – Fair values and risk management (continued)**

Financial risk management

Introduction and preview

Financial instruments carried on the consolidated statement of financial position include available-for-sale investments, held-to-maturity investments, receivables, trade and other receivables, cash and cash equivalents, derivative financial instruments, loans, trade and other payables, obligation under hire purchase contracts, derivative financial instruments and bank overdrafts. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are market risk, credit risk and liquidity risk.

The Group's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews their risk management policies and systems to reflect changes in markets and emerging best practice.

Risk management is carried out by the Board of directors through board meetings. The Group provide principles for overall risk management.

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Group's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Group conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

- *Price risk*

  The Group is not exposed to commodity price risk.

7. **Financial instruments – Fair values and risk management (continued)**

Financial risk management (continued)

- *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group has significant exposure to interest rate risk as shown below.

Variable rate of interest is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Exposure

	%	2017 USD	2016 USD
Bank overdrafts	2.50%	**8,393**	1,145
Trust receipt loan	1.5%-7% over base rate	**28,359,827**	29,035,597
Other bank loans	1%-2% over base rate	**34,942,018**	36,200,483
		63,310,238	65,237,225

Sensitivity analysis

If interest rates had been higher/lower by 50 basis points and all other variables were held constant, the profit before tax for the year ended 31 March 2017 would increase/decrease by USD 316,551 (2016: USD 326,186). This is mainly attributable to the Group's exposure to interest rates on variable rate of interest.

	Impact on profit before tax 2017 USD	Impact on profit before tax 2016 USD
Bank overdrafts	**42**	6
Trust receipt loan	**141,799**	145,178
Other bank loans	**174,710**	181,002
	316,551	326,186

7. **Financial instruments – Fair values and risk management (continued)**

Financial risk management (continued)

Market risk (continued)

- *Currency risk*

The majority of the Group's foreign currency transactions are in Pound Sterling (GBP), Hong Kong Dollar (HKD), Euro (EUR) and Bangladesh Taka (BDT). Consequently, the Group is exposed to the risk that the exchange rate of the United States Dollar (USD) relatively to the GBP, EUR, HKD and BDT may change in a manner which has a material effect on the reported values of the Group's assets and liabilities which are denominated in USD.

Currency profile

	Financial assets 2017 USD	**Financial liabilities 2017 USD**	Financial assets 2016 USD	Financial liabilities 2016 USD
USD	**12,038,441**	**999,438**	10,732,506	1,001,239
GBP	**5,352,887**	**2,763,186**	9,432,187	2,749,484
EUR	**2,562,843**	**156,167**	456,949	36,500
HKD	**157,598,851**	**126,153,122**	152,612,004	123,575,684
BDT	**579,343**	**46,502**	113,834	-
	178,132,365	**130,118,415**	173,347,480	127,362,907

Sensitivity analysis

Currency	**2017 USD**	2016 USD
GBP	**258,970**	668,270
HKD	**3,144,573**	2,903,632
EUR	**240,668**	42,045
BDT	**53,284**	11,383
Total	**3,967,495**	3,625,330

7. **Financial instruments – Fair values and risk management (continued)**

Financial risk management (continued)

Currency risk (continued)

A 10 % strengthening of USD against the above currencies at 31 March 2017 would have increased net profit before tax by USD 3,967,495 (2016: USD 3,625,330). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis in 2016.

Similarly a 10 percent weakening of the USD against the above currencies at 31 March 2017 will have had the exact reverse effect.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet contractual obligations, and arises from the Group's cash and cash equivalents.

The Group also limits its exposure to credit risk by dealing only with counterparties that has a good credit rating and management does not expect counter party to fail to meet its obligations. In addition, in some areas companies also take credit risk insurance to mitigate any future losses.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

	Carrying Amount	
	2017	2016
	USD	USD
Trade and other receivables	**147,994,505**	156,829,442
Cash and cash equivalents	**20,246,331**	10,252,267
Available-for-sale investments	**6,162,431**	2,446,894
Receivables	**417,973**	404,958
Held-to-maturity investments	**3,153,108**	3,355,568
Derivative financial instruments	**158,017**	58,351
	178,132,365	173,347,480

7. **Financial instruments – Fair values and risk management (continued)**

Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the Group's contractual maturities of financial liabilities

31 March 2017

	Carrying amount USD	Due on Demand USD	Within one year USD	One-five years USD	More than five years USD
Financial liabilities					
Loans	**68,154,430**	**-**	**64,271,783**	**3,882,647**	**-**
Trade and other payables	**61,886,172**	**-**	**61,886,172**	**-**	**-**
Bank overdrafts	**8,393**	**8,393**	**-**	**-**	**-**
Obligation under finance lease	**16,346**	**-**	**16,346**	**-**	**-**
Derivatives financial instrument	**53,074**	**-**	**53,074**	**-**	**-**
Total financial liabilities	**130,118,415**	**8,393**	**126,227,375**	**3,882,647**	**-**

31 March 2016

	Carrying amount USD	Due on Demand USD	Within one year USD	One-five years USD	More than five years USD
Financial liabilities					
Loans	65,791,021	-	65,701,939	89,082	-
Trade and other payables	61,073,688	-	61,073,688	-	-
Obligation under finance lease	27,743	-	27,743	-	-
Derivatives financial instrument	469,310	-	469,310	-	-
Bank overdrafts	1,145	1,145	-	-	-
Total financial liabilities	127,362,907	1,145	127,272,680	89,082	-

8. Capital management

The Group actively and regularly reviews and manages its capital position to maintain a balance between its liability and equity level.

The management of the Group's capital position is undertaken by the management team of the Group. The management team ensures that the Group is adequately capitalised to meet economic and regulatory requirements. Capital injections and repatriations are executed in a timely manner, working closely with the business and infrastructure groups. The management team meets on a regular basis and manages capital by taking into account key considerations which may include business developments, regulatory requirements, profitability and market movements such as foreign exchange and interest rate.

9. Revenue

Revenue consists of the following:

	2017 USD	2016 USD
Sales	**679,392,069**	643,756,769
	=========	=========

10. Net finance income/(costs)

	2017 USD	2016 USD
Finance income		
Interest income	**24,447**	31,185
Exchange differences	**-**	3,316,859
	---------------	---------------
	24,447	3,348,044
	---------------	---------------
Finance costs		
Loan interest and Letter of Credit charges	**(1,193,120)**	(2,117,686)
Exchange differences	**(125,142)**	-
	---------------	---------------
	(1,318,262)	(2,117,686)
	---------------	---------------
Net finance (costs)/income	**(1,293,815)**	1,230,358
	=========	=========

11. Taxation

Taxation represents a provision made by the Group based on the current rates applicable on their chargeable income and deferred taxation for temporary differences.

The tax rate applicable is 10% - 40%.

Tax recognised in statement of profit or loss and other comprehensive income:

	2017 USD	2016 USD
Current tax expense		
Current year	**737,463**	720,783
Adjustment for prior years	**(565,079)**	(627,431)
	172,384	93,352
Deferred tax expense		
Origination and reversal of temporary difference	**316,098**	89,420
Recognition of previously unrecognised tax losses	**232,465**	-
	548,563	89,420
Total tax expense	**720,947**	182,772

Reconciliation of effective tax rate

	2017 USD	2016 USD
Profit before taxation	**6,384,408**	6,530,410
Tax at the applicable tax rate	**1,650,302**	1,770,921
Effect of tax rates in foreign jurisdictions	**117,870**	(576,659)
Non-deductible expenses	**804,292**	522,123
Tax exempt income	**(1,789,219)**	(1,281,244)
Group relief surrendered	**(32,198)**	(39,349)
Deemed tax credit	**(495,840)**	(92,492)
Tax losses utilised	**(36,795)**	(11,618)
Others	**816,304**	151,440
Deferred tax not recognised	**251,264**	(986)
Over provided in prior years	**(565,033)**	(259,364)
	720,947	182,772

PG Group Limited

As at the end of the reporting period, certain subsidiaries of PG Group Limited have unused tax losses arising in Mainland China of USD 828,614 (2016: USD 759,997) that will expire in five years for offsetting against future taxable profits. Deferred tax assets have not been recognized in respect of the tax losses due to the unpredictability of future profit streams.

Multinational Textile Group Limited and its subsidiaries

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2017

12(i). **Property, plant and equipment**

	Land and buildings leasehold USD	Plant and machinery USD	Fixtures, fittings and equipment USD	Motor vehicles USD	Total USD
Cost					
At 01 April 2015	6,013,782	1,374,725	8,284,257	1,015,452	16,688,216
Additions during the year	180,685	21,020	802,770	109,454	1,113,929
Disposals during the year	-	-	(32,339)	(64,192)	(96,531)
Acquisition of subsidiary	-	-	28,141	-	28,141
Adjustment during the year	-	-	(43,057)	-	(43,057)
Exchange re-alignment	(4,502)	(896)	(17,354)	(3,133)	(25,885)
Effect of changes in exchange rates	(169,435)	(22,869)	(68,578)	(2,163)	(263,045)
At 31 March 2016	6,020,530	1,371,980	8,953,840	1,055,418	17,401,768
At 01 April 2016	**6,020,530**	**1,371,980**	**8,953,840**	**1,055,418**	**17,401,768**
Additions during the year	**212,261**	**1,333,690**	**552,460**	**84,574**	**2,182,985**
Disposal during the year	**2,638**	**-**	**(140,608)**	**-**	**(137,970)**
Transfer to investment properties	**(3,553,283)**	**-**	**-**	**-**	**(3,553,283)**
Acquisition of subsidiary	**-**	**-**	**51,519**	**-**	**51,519**
Adjustment during the year	**(5,487)**	**-**	**(128,243)**	**-**	**(133,730)**
Exchange re-alignment	**(8,995)**	**-**	**(17,818)**	**(6,916)**	**(33,729)**
Effect of changes in exchange rates	**(224,805)**	**(187,495)**	**(158,800)**	**(7,229)**	**(578,329)**
At 31 March 2017	**2,442,859**	**2,518,175**	**9,112,350**	**1,125,847**	**15,199,231**
Depreciation					
At 01 April 2015	2,268,748	1,039,405	6,262,027	582,961	10,153,141
Charge for the year	182,041	131,646	1,129,380	182,785	1,625,852
Disposals during the year	-	-	-	(64,192)	(64,192)
Adjustment during the year			(34,889)	(8,401)	(43,290)
Exchange re-alignment	(1,150)	(468)	(8,719)	-	(10,337)
Effect of changes in exchange rates	(45,621)	(30,922)	(52,304)	(2,071)	(130,918)
At 31 March 2016	2,404,018	1,139,661	7,295,495	691,082	11,530,256
At 01 April 2016	**2,404,018**	**1,139,661**	**7,295,495**	**691,082**	**11,530,256**
Charge for the year	**141,045**	**88,711**	**921,809**	**199,027**	**1,350,590**
Disposal during the year	**-**	**-**	**(100,718)**	**-**	**(100,718)**
Transfer to investment property	**(326,717)**	**-**	**-**		**(326,717)**
Adjustment during the year	**3,814**	**-**	**(115,724)**	**-**	**(111,910)**
Exchange re-alignment	**(1,800)**	**-**	**(12,657)**	**-**	**(14,457)**
Effect of changes in exchange rates	**(111,538)**	**(146,939)**	**(154,860)**	**(5,984)**	**(419,321)**
At 31 March 2017	**2,108,822**	**1,081,433**	**7,833,343**	**884,125**	**11,907,723**
Net book value					
At 31 March 2017	**334,037**	**1,436,742**	**2,954,059**	**241,722**	**3,291,508**
At 31 March 2016	3,616,512	232,319	1,658,345	364,336	5,871,512

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2017

12(i).**Property, plant and equipment (continued)**

Land and building freehold held by Poeticgem Limited has been transferred to investment properties during the year.

12(ii).**Capital work in progress**

	USD
Cost	
At 01 April 2016	-
Addition during the year	1,677,712
Effect of changes in exchange rates	(2,586)

At 31 March 2017	1,675,126

Depreciation	
At 01 April 2016	-
Charge for the year	74

At 31 March 2017	74

Net book value	
At 31 March 2017	**1,675,052**
	=======
At 31 March 2016	-
	=======

13. **Intangible assets**

	Goodwill USD	Trademarks and Brand name USD	Design and development USD	Total USD
Cost				
At 01 April 2015	6,808,753	182,995	-	6,991,748
Addition during the year	-	27,590	219,272	246,862
Impairment on goodwill	(110,747)	-	-	(110,747)
Exchange realignment	(144)	-	(36,597)	(36,741)
At 31 March 2016	6,697,862	210,585	182,675	7,091,122
At 01 April 2016	6,697,862	210,585	182,675	7,091,122
Addition during the year	364,728	73,978	2,317	441,023
Impairment on goodwill	-	-	(182,675)	(182,675)
Exchange realignment	24,425	-	-	24,425
At 31 March 2017	**7,087,015**	**284,563**	**2,317**	**7,373,895**
Amortisation				
At 01 April 2015	-	154,467	-	154,467
Charge for the year	-	15,375	-	15,375
Exchange realignment	-	267	-	267
At 31 March 2016	-	170,109	-	170,109
At 01 April 2016	-	170,109	-	170,109
Charge for the year	-	21,161	**1,796**	22,957
Exchange realignment	-	119	**521**	640
At 31 March 2017	-	**191,389**	**2,317**	**193,706**
At 31 March 2017	**7,087,015**	**93,174**	-	**7,180,189**
At 31 March 2016	6,697,862	40,476	182,675	6,921,013

Trademarks and Brand name are amortised over a period of 3 - 5 years which in the opinion of the directors is the estimated economic life.

14. **Available-for-sale investments**

	2017 USD	2016 USD
Non-current assets		
Others	**5,364,607**	**2,446,894**
	========	========
Current assets		
Others	**797,824**	**-**
	========	========

During the year, the gross loss of the Group's available-for-sale investments recognised directly in other comprehensive income amounted to USD 556,957 (2016: gross loss of USD 2,269).

The above investments have been designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

15. **Held-to-maturity investments**

	2017 USD	2016 USD
Bonds	**3,153,108**	3,355,568
	========	========

The Group has the positive intention and ability to hold the Bonds till maturity.

Bonds with fixed interest of 4.62% - 8.5% and maturity date in 2017-2024.

16. **Investment in Joint Venture**

	2017 USD	2016 USD
Cost		
At 01 April	**1,213,241**	-
Addition during the year	**658,140**	1,213,241
	-------------	-------------
At 31 March	**1,871,381**	1,213,241
	-------------	-------------
Share of net liabilities		
At 01 April	**(457,067)**	-
Net liabilities during the year	**(283,775)**	(457,067)
	-------------	-------------
At 31 March	**(740,842)**	(457,067)
	-------------	-------------
Net book value at 31 March	**1,130,539**	756,174
	========	========

The amount due from a joint venture is unsecured, interest-free and have no fixed term of repayment.

In the opinion of the directors, these loans are considered as part of the Group's net investment in the joint venture.

Particulars of the Group's joint venture are as follows:

			Percentage of			
Name	Particulars of issued shares held	Place of registration and business	Ownership interest	Voting power	Profit sharing	Principal activities
Sourcing Solutions Limited	Registered capital of USD 1 each	Hong Kong	50	50	50	Trading of garments products
Redwood Internet ventures Limited	Registered capital of USD 1 each	Hong Kong	50	50	50	Provision of Agency Services

The above investment in joint venture is directly held by the Company.

17. **Investment Property**

	Total USD
Cost	
At 01 April 2015	19,270,052
Effect of changes in exchange rates	(12,885)
At 31 March 2016	19,257,167
At 01 April 2016	**19,257,167**
Addition / transfer	**6,985**
Transfer from property, plant and equipment	**3,553,283**
Effect of changes in exchange rates	**(1,256,578)**
At 31 March 2017	**21,560,857**
Depreciation	
At 01 April 2015	2,649,781
Charge for the year	415,289
Effect of changes in exchange rates	233,568
At 31 March 2016	3,298,638
At 01 April 2016	**3,298,638**
Charge for the year	**430,493**
Transfer from property, plant and equipment	**326,717**
Effect of changes in exchange rates	**-**
At 31 March 2017	**4,055,848**
Net book value	
At 31 March 2017	**17,505,009**
At 31 March 2016	15,958,529

17. **Investment Property (continued)**

Norwest Industries Limited

The investment properties are one residential property in the United Kingdom and two industrial properties in Hong Kong. The investment properties consist of two classes of asset, i.e., residential and industrial, based on the nature, characteristics, risks of each property. The investment properties are measured initially at cost less accumulated depreciation and provision for any impairment in value.

The industrial properties were revalued on 31 March 2017 based on valuations performed by an independent professionally qualified valuers, at HKD 106,000,000 (2016: HKD 96,000,000). The fair value of the residential property of GBP 8,500,000 (2016: GBP 8,500,000) was determined by the company's directors and no valuation has been performed by an independent professionally qualified valuer.

At 31 March 2017, all of the investment properties were pledged to secure the general banking facilities granted to the Norwest Industries Limited and subsidiaries.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

Fair value measurement as at 31 March 2017 using

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:				
Residential property	-	**GBP 8,500,0000**	-	**GBP 8,500,000**
Industrial properties	-	**HKD 106,000,000**	-	**HKD 106,000,000**
	========	==========	==========	===========

Fair value measurement as at 31 March 2016 using

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:				
Residential property	-	GBP 8,500,000	-	GBP 8,500,000
Industrial properties	-	HKD 96,000,000	-	HKD 96,000,000
	========	==========	==========	==========

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2016: Nil).

17. **Investment Property (continued)**

<u>*Poeticgem Limited*</u>

During the year an individual property held by poeticgem Limited has been transferred from plant and equipment.

Security
Properties with a carrying value of GBP 2,294,691 (2016: USD NIL) are subject to legal change.

Valuation
Properties with a carrying value of GBP 2,294,691 (2016:USD NIL) are currently being held for the purpose of rental income from a third party. No formal valuation has been undertaken by an external independent valuer or the directors. In the opinion of the directors, the open market value of the property is not materially difference form the stated amount.

<u>Fair value hierarchy</u>

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

<u>Fair value measurement as at 31 March 2017 using</u>

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:				
Properties	**-**	**GBP 2,294,691**	**-**	**GBP 2,294,691**
	========	==========	==========	===========

<u>Fair value measurement as at 31 March 2016 using</u>

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:				
Residential property	-	-	-	-
	========	==========	==========	==========

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2017

18. **Receivables**

	2017	2016
	USD	USD
Long term receivable from holdings	**300,000**	300,000
Refundable deposits in Poeticgem	**71,453**	59,470
Security deposit in Norwest	**46,520**	13,415
Other	**-**	32,073
	417,973	404,958

19. **Deferred tax assets**

	2017	2016
	USD	USD
At 01 April	**640,340**	200,952
Movement during the year	**(71,284)**	(8,200)
Charge to the statement of comprehensive income	**(550,816)**	447,588
At 31 March	**18,240**	640,340
Deferred tax assets on:		
- Depreciation	**18,240**	573,759
- Cash flow hedges	**-**	66,581
	18,240	640,340

20. **Inventories**

	2017	2016
	USD	USD
Finished goods and goods for resale	**1,243,930**	970,788
Raw materials	**4,025,929**	6,607,790
Good in transit	**56,468**	
	5,326,327	7,578,578
Cost of inventory recognised in the consolidated statement of profit or loss and other comprehensive income	**598,786,462**	565,155,551

21. Trade and other receivables

	2017 **USD**	2016 USD
Trade and accounts receivables	**94,719,976**	116,874,653
Non-trade receivables and prepaid expenses	**30,897,046**	17,145,338
Pledged time deposits	**17,538,274**	19,491,405
Amounts due from related parties	**7,075,270**	5,684,977
	150,230,566	159,196,373

An analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2017 **USD**	2016 USD
Neither past due nor impaired	**77,467,520**	100,757,181
Past due but not impaired:	**17,252,456**	16,117,472
	94,719,976	116,874,653

Norwest Industries Limited

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$ Nil (2016: 344,802).

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

As at the end of the reporting period, Norwest Industries Limited and its subsidiaries had transferred certain bills of exchange amounting to USD 7,275,380 (2016: USD 1,723,921) to banks with recourse in exchange for cash. The proceeds of the Norwest Industries Limited and its subsidiaries from transferring the bills receivable of USD 7,254,236 (2016: USD 1,720,891) have been accounted for as collateralised bank advances and have been included in interest-bearing bank borrowings until the bills are collected or Norwest Industries Limited and its subsidiaries make good of any losses incurred by the banks.

PG Group Limited

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

As at the end of the reporting period, included in PG Group Limited and its subsidiaries trade receivables of USD 1,678,706 (2016: USD 570,310) is an amount due from Grupo Extremo SUR S.A. (“Grupo”), a related company which is repayable on credit terms similar to those offered to the major customers of the PG Group Limited and its subsidiaries.

21. **Trade and other receivables (continued)**

<u>FX Import Hong Kong Limited</u>

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

22. **Stated capital**

	2017	2016
	USD	USD
Stated capital		
21,948,270 ordinary shares of USD 1 each	**21,948,270**	21,948,270
	=========	=========

All shares rank equally with regard to the Group's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

Multinational Textile Group Limited and its subsidiaries

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2017

23. **Reserves**

	Hedging reserves	Translation reserves	Capital reserves	Retained earnings	Available-for-sale investment reserves	Total
	USD	**USD**	**USD**	**USD**	**USD**	**USD**
At 01 April 2016	(328,830)	(2,734,507)	(1,368,633)	54,632,897	(590)	50,200,337
Transactions with owners of the Company						
Contributions and distributions						
Adjustment during the year	-	-	-	(125,420)	-	(125,420)
Total comprehensive income						
Profit for the year	-	-	-	2,066,688	-	2,066,688
Other comprehensive income						
Net movement in available-for-sale investment reserves	-	-	-	-	(471,488)	(471,488)
Net movement in exchange reserves	-	-	-	(932,012)	-	(932,012)
Foreign currency translation differences on foreign operations	-	(2,184,880)	-	-	-	(2,184,880)
Net gain on cash flow hedges	381,650	-	-	-	-	381,650
At 31 March 2017	**52,820**	**(4,919,387)**	**(1,368,633)**	**55,642,153**	**(472,078)**	**48,934,875**

Translation reserves

The translation reserves comprises all foreign currency differences arising from the translation of the consolidated financial statements of foreign operations as well as from the translation of liabilities that hedge the Group's net investment in a foreign subsidiary.

Hedging reserves

The hedging reserves comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

24. **Non-controlling interest**

	Stated capital USD	**Share Application monies USD**	**Hedging reserves USD**	**Translation reserves USD**	**Capital reserves USD**	**Retained earnings USD**	**Available-for-sale investment reserves USD**	**Total USD**
At 01 April 2016	1,687,965	-	(48,999)	(137,478)	1,122,247	7,014,466	(104)	9,638,097
Transactions with owners of the Company								
Contributions and distributions								
Issue of shares to minority	83,926	-	-	-	-	-	-	83,926
Acquisition of non-controlling interests without a change in control	41,031		-	-	-	-	-	41,031
Share application monies to minority	-	489	-	-		-	-	489
Dividend declared and paid	-	-	-	-	-	(967,314)	-	(967,314)
Total comprehensive income								
Profit for the year	-	-	-	-	-	3,596,773	-	3,596,773
Other comprehensive income								
Net movement in available for sale investment reserves	-	-	-	-	-	-	(83,204)	(83,204)
Net movement in exchange reserves	-	-	-	-	-	149,791	-	149,791
Foreign currency translation differences on foreign operations	-	-	-	(665,286)	-	-	-	(665,286)
Net gain on cash flow hedges	-	-	66,204	-	-	-	-	66,204
At 31 March 2017	**1,812,922**	**489**	**17,205**	**(802,764)**	**1,122,247**	**9,793,716**	**(83,308)**	**11,860,507**

During the year, the Company acquired the remaining 25% shareholding in Casa Forma London Limited.

25. **Long term loans**

	2017	2016
	USD	USD
Bank loans	**3,804,887**	**-**
Other loans	**77,760**	89,082
	3,882,647	89,082

Banking facilities(Green Apparel limited & Progress manufacturing HK)

General banking facilities granted by a bank were secured by fellow subsidiaries' corporate guarantee, directors' personal guarantee, bank guarantee and fellow subsidiary's properties.

26. **Deferred tax liabilities**

Deferred tax liabilities arise on accelerated tax depreciation.

	2017	2016
	USD	USD
At 01 April	**2,253**	202,852
Movement during the year	**(2,253)**	(200,599)
At 31 March	**-**	2,253

27. **Short term loans**

	2017	2016
	USD	USD
Other bank loans *(note 27 (i)-(iv))*	**34,942,018**	36,200,483
Trust receipt loan*(note 27 (i)-(iv))*	**28,359,827**	29,035,597
Other payables	**969,938**	465,859
	---------------	---------------
	64,271,783	65,701,939
	=========	=========

(i) Other bank loans

One of the subsidiaries, PG Group has import loans carrying interest at 2.3583% - 2.9822% (2016: Nil), per annum and were repaid in April 2017.

(ii) Norwest Industries Limited and its subsidiaries

The bank loan is secured by the Company's investment properties, interest-bearing at 2.25% over one month HIBOR per annum and repayable by 119 equal monthly instalments which commenced on 10th September 2006.

Norwest Industries Limited has banking facilities secured by way of:

(i) the Company's pledged time deposits;

(ii) bank guarantees of aggregate USD 1,802,315 (2016: USD 1,805,116);

(iii) guarantees from fellow subsidiary, directors of the Company and a related party, and

(iv) the Company's insurance deposits.

(iii) Mortgage loan

Norwest Industries Limited and its subsidiaries has mortgage loan which is secured, bears interest at 2.25% over 1 month HIBOR and is repayable by 119 monthly equal instalments which commenced on 10th September 2006.

The Subsidiary, Norwest Industries Limited and its subsidiaries have also mortgage loan which is secured, bears interest at 2% below the Hongkong and Shanghai Banking Corporation Limited's best lending rate and is repayable by 120 equal monthly instalments commencing on 30th September 2007.

The bank loan is secured by the Group's investment properties, interest-bearing at 2% over LIBOR per annum and repayable on 11 August 2020.

27. **Short term loans (continued)**

(iv) Simple Approach Limited, Zamira Fashion Limited, Poeticgem International Limited and PDS Asia Star Corporation Limited

Banking facilities

General banking facilities granted by a bank were secured by fellow subsidiaries' corporate guarantee, directors' personal guarantee, bank guarantee and fellow subsidiary's properties.

28. **Cash and cash equivalents**

Cash and cash equivalents comprise of:

	2017	2016
	USD	USD
Cash in hand and at banks	**20,246,331**	10,252,267
Bank overdrafts	**(8,393)**	(1,145)
	20,237,938	10,251,122

Norwest Industries Limited

	2017	2016
	USD	USD
Cash and bank balances	**12,569,470**	3,829,515
Pledged time deposits	**17,538,274**	18,861,230
	30,107,744	22,690,745
Less: Pledged time deposits for banking facilities:		
-with original maturity of less than three months when acquired	**(11,563,395)**	(8,648,751)
-with original maturity of more than three months when acquired	**(5,974,879)**	(10,212,479)
Cash and cash equivalents	**12,569,470**	3,829,515

At the end of the reporting period, the cash and bank balances of Norwest Industries Limited and its subsidiaries denominated in Renminbi ("RMB") amounted to USD 10,249 (2016: USD 2,055,078). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of Norwest Industries Limited and its subsidiaries and earn interest at the respective short term time deposit rates. The bank balances and pledged time deposits are deposited with creditworthy banks with no recent history of default.

29. **Trade and other payables**

	2017 USD	2016 USD
Trade and bills payables	**54,023,698**	53,807,016
Non trade payables and accrued expenses	**7,862,474**	7,266,672
	---------------	---------------
	61,886,172	61,073,688
	=========	=========

30. **Derivative financial instruments**

Currency derivatives

One of the Sub-subsidiaries, Poeticgem Limited utilises currency derivatives to hedge significant future transactions and cash flows. The Sub-subsidiary is a party to a variety of foreign currency contracts and options in the management of its exchange rate exposures.

	2017 USD	2016 USD
Forward foreign exchange (fair value)	**(3,923)**	(7,440)
	=======	=======

The terms of the forward foreign exchange contracts have been negotiated to match the terms of the commitments referred to below. The cash flow hedges of the expected future purchase were assessed to be highly effective and as at 31 March 2017, a recognised loss of USD 3,923 (2016: USD 7,440) was included in the hedging reserves in respect of these contracts.

Fair value of cash flow hedge is shown in other reserves in statement of changes in equity.

At balance sheet date, the total notional amounts of outstanding forward foreign exchange contracts that the Sub-subsidiary has committed to are as below:

	2017 USD	2016 USD
Forward foreign exchange contracts (cash flow hedges)	**1,328,947**	6,319,993
	=========	========

These commitments have been entered into, to hedge against future payments to suppliers in the ordinary course of business.

30. **Derivative financial instruments (continued)**

Currency derivatives (continued)

Foreign currency contracts

One of the Subsidiaries, Norwest Industries Limited and its subsidiaries utilise foreign currency contracts.

Assets

	2017 USD	2016 USD
Foreign currency contracts	**158,017**	58,351
	=======	========

Liabilities

	2017 USD	2016 USD
Foreign currency contracts	**53,074**	461,870
	=======	========

The carrying amounts of foreign currency contracts are the same as their fair values.

Forward currency contracts – cash flow hedges

Norwest Industries Limited

At 31 March 2017, the Subsidiary Norwest Industries Limited and its subsidiaries as a group held 36 forward currency contracts (2016: 58) and they are designate as hedges in respect of expected future sales to customers in the United Kingdom for which the said group has firm commitments.

The terms of the forward currency contracts have been negotiated to match the terms of the commitments. The cash flow hedges of the expected future sales between April 2017 and July 2017 were assessed to be highly effective and a net gains of USD 441,359 (2016: a net losses of USD 1,377,943) was included in the hedging reserve as follows:

	2017 USD	2016 USD
Total fair value losses/(gains) included in the hedging reserves	**(14,762)**	242,216
Deferred tax on fair value gains	**(14,880)**	(39,965)
Reclassified from other comprehensive income to the statement of profit or loss	(493,074)	1,408,013
Deferred tax on reclassifications to profit or loss	**81,357**	(232,322)
	---------------	---------------
Net (losses)/gains on cash flow hedges	**(441,359)**	1,377,943
	=========	=========

Multinational Textile Group Limited and its subsidiaries

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2017

31. **Segment Reporting**

Information about reportable segments

	Garments and other consumer products		**Other segments**		**Total**	
	2017 USD	2016 USD	**2017 USD**	2016 USD	**2017 USD**	2016 USD
External revenues	**679,392,069**	643,756,769	**-**	-	**679,392,069**	643,756,769
Inter-segment revenue	**5,680,039**	1,821,725	**10,046,576**	7,738,575	**15,726,615**	9,560,300
Segment revenue	**685,072,108**	645,578,494	**10,046,576**	7,738,575	**695,118,684**	653,317,069
Interest revenue	**28,557**	31,185		-	**28,557**	31,185
Interest expense	**(1,097,496)**	(1,816,315)		(16,056)	**(1,097,496)**	(1,832,371)
Depreciation and amortisation	**(1,804,114)**	(2,048,876)		(7,640)	**(1,804,114)**	(2,056,516)
Segment profit/(loss) before tax	**7,343,639**	8,250,249	**(959,230)**	455,285	**6,384,409**	8,705,534
Segment assets	**200,866,685**	198,579,955	**9,242,657**	8,481,065	**210,109,342**	207,061,020
Capital expenditure	**3,890,245**	1,009,013	**-**	-	**3,890,245**	1,009,013
Segment liabilities	**165,877,450**	153,247,499	**5,444,017**	6,191,739	**171,321,467**	159,439,238

31. **Segment Reporting (continued)**

Reconciliations of information on reportable segments to IFRS measures

	2017	2016
	USD	USD
Revenue		
Total revenue for reportable segments	**685,072,108**	645,578,494
Revenue for other segments	**10,046,576**	7,738,575
Elimination of inter-segment revenue	**(15,726,615)**	(9,560,300)
	---------------	---------------
Consolidated revenue	**679,392,069**	643,756,769
	=========	=========

	2017	2016
	USD	USD
Profit or loss		
Total profit before tax for reportable segments	**7,343,638**	8,250,249
Total profit/(loss) before tax for Other segments	**(959,230)**	455,285
Unallocated amounts: Other corporate expenses		(2,175,124)
	---------------	---------------
Consolidated profit from continuing operations before tax	**6,384,408**	6,530,410
	=========	=========

	2017	2016
	USD	USD
Assets		
Total assets for reportable segments	**200,867,109**	198,579,955
Assets for other segments	**9,242,657**	8,481,065
Other unallocated amounts	**6,385,525**	6,379,537
	---------------	---------------
Consolidated total assets	**216,495,290**	213,440,557
	=========	=========

	2017	2016
	USD	USD
Liabilities		
Total liabilities for reportable segments	**165,877,450**	153,247,499
Liabilities for other segments	**5,444,017**	6,191,739
Other unallocated amounts	**(37,569,829)**	(27,785,385)
	---------------	---------------
Consolidated total liabilities	**133,751,638**	131,653,853
	=========	=========

31. **Segment Reporting (continued)**

Geographical information

	2017	2016
	USD	USD
Revenue		
Europe	**16,504,611**	37,099,629
Asia	**662,887,458**	606,657,140
Africa	**-**	-
	---------------	---------------
Consolidated revenue	**679,392,069**	643,756,769
	=========	=========

	2017	2016
	USD	USD
Non-current assets		
Europe	**5,563,894**	6,757,752
Asia	**25,714,294**	24,753,784
Africa	**2,657,217**	4,083,289
	---------------	---------------
	33,935,405	35,594,825
	=========	=========

* The above exclude Available-for-sale investments, deferred tax assets and receivables.

32. **Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subject to common control.

One director of the Company is deemed to have beneficial interests in the Administration Agreement between the Company, the Administrator and Secretary.

During the year under review, the Company entered into the following related party transactions.

	2017	2016
	USD	USD
Transactions during the year:		
Amount received from other related parties	**173,571**	165,148
Consultancy fees accrued from JSM Trading Limited	**3,641,000**	5,935,225
Consultancy fees paid to JSM Trading Limited	**(3,641,000)**	(5,218,000)
Amount advanced to other related parties	**(365,717)**	(232,334)
Corporate fees accrued from PDS Multinational Fashions Limited	**3,996,189**	1,805,857
Corporate fees paid PDS Multinational Fashions Limited	**(4,814,997)**	(1,933,000)
Amount received from Norp Knit Industries Limited	**-**	(9,130)
Amount (given)/repaid by Frou Holdings Limited	**-**	(1,561)
Amount received from Grupo Extremo SUR S.A	**339,350**	24,695
Sap fee accrued due to Pearl Global (HK) Limited	**43,026**	62,014
Sap fee paid to Pearl Global (HK) Limited	**(95,344)**	-
Amount advanced to Pearl Global Industries Limited	**(15,011)**	(1,000,000)
Amount received from Pearl Global Industries Limited	**-**	3,818
Interest accrued on loan from Pearl Global Industries Limited	**-**	12,760
Interest paid to Pearl Global Industries Limited	**-**	(132,823)
Amount advanced to JJ Star Industries Ltd	**(970,926)**	**-**
Management fees accrued towards Digital Internet Technologies Limited	**(39,600)**	**-**
Amount advance to Digital Internet Technologies Limited	**(877)**	**-**

32. **Related party transactions (continued)**

Balances outstanding 31 March:

Amount payable to other related parties	**(666,498)**	(492,927)
Amount payable to JSM Trading Limited	**-**	-
Amount receivable from other related parties	**1,093,018**	727,301
Amount payable to Grupo Extremo SUR S.A	**(131,504)**	-
Amount receivable from Grupo Extremo SUR S.A	**-**	207,846
Amount receivable from Frou Holdings Limited	**475,509**	475,509
Amount receivable from PDS Multinational Fashions Limited	**1,296,049**	477,241
Amount payable to Pearl Global (HK) Limited	**(9,696)**	(62,014)
Amount receivable from Pearl Global Industries Limited	**23,461**	8,450
Amount payable to JJ Star Industries Limited	**(240,000)**	(240,000)
Amount receivable from JJ Star Industries Limited	**970,926**	-
Amount receivable from Digital Internet Technologies Limited	**40,477**	-
	========	========

33. **Contingent liabilities**

- At 31 March 2017, one of the Sub-subsidiary Poeticgem Limited's bankers, HSBC plc have given a guarantee to H M Revenue & Customs amounting to USD 627,100 (GBP 500,000) and to RBS PLC amounting to USD 46,324 (GBP 36,935) on behalf of the Sub-subsidiaries. Poeticgem Limited has extended an Unlimited Multilateral Guarantee on 28 August 2012 to HSBC on behalf of its subsidiaries, Pacific Logistics Limited and FX Import Company Limited. The bank has a fixed and floating charge over the assets of Poeticgem Limited which is supported by a debenture dated 11 September 2012.

33. **Contingent liabilities (continued)**

- At 31 March 2017, one of the Sub-subsidiaries FX Import Company Limited's bankers, HSBC Bank PLC, has provided a guarantee to H M Revenue and Customs amounting to USD 188,130 (GBP 150,000). Under this guarantee the maximum liability as at 31 March 2017 is USD 215,520 (GBP 150,000). FX Import Company Limited has extended an Unlimited Multilateral Guarantee on 28 August 2012 to HMRC on behalf of its parent company Poeticgem Limited and fellow subsidiaries Pacific Logistics Limited. The bank has a fixed charge over the assets of FX Import Company Limited which is supported by a debenture dated 28 August 2012.

- Pacific Logistics Limited has also extended an Unlimited Multilateral Guarantee on 28 August 2012 to its parent company Poeticgem Limited and fellow subsidiaries FX Import Company Limited. The bank has a fixed and floating charge over the assets of Pacific Logistics Limited as security.

- At 31 March 2017, one of the subsidiaries, Norwest Industries Limited and its subsidiaries had contingent liabilities which have not been provided for in the consolidated financial statements and were as follows:

	2017	2016
	USD	USD
Guarantees given to banks in connection with:		
facilities granted to subsidiaries and fellow subsidiaries	**60,230,061**	40,862,437
Guarantee given to a third party	**10,012,860**	-
	70,242,921	40,862,437

At 31 March 2017, the banking facilities guaranteed by Norwest Industries Limited to its fellow subsidiaries were utilised to the extent of approximately USD 59,182,328 (2016: USD 32,798,880).

- At 31 March 2017, the subsidiaries DPOD Manufacturing Limited, Simple Approach Limited, Zamira Fashion Limited and Poeticgem International Limited had contingent liabilities which had not been provided for in the consolidated financial statements and were as follows:

	2017	2016
	USD	USD
Irrevocable letters of credit	**26,885,151**	47,079,173

At the end of reporting, there were mutual guarantees between the subsidiaries and its sub-subsidiary.

34. **Commitments**

Operating lease commitments

	2017	2016
	USD	USD
Minimum lease payments under operating leases recognised in the consolidated statement of profit or loss and other comprehensive income for the year	**384,296**	413,554
	=========	========

The subsidiaries Norwest industries and its subsidiaries, Simple Approach Limited, Zamira Fashion Limited, PG Group, Casa Forma Limited and PDS Asia Star Corporation Limited and Sub-subsidiaries Poeticgem Limited, Peoticgem International Limited, FX Import Company Limited and FX Import Hong Kong Limited had outstanding commitments for future minimum lease payments under its non-cancellable operating leases, which fall due as follows:

	Land and buildings		**Others**	
	2017	2016	**2017**	2016
	USD	USD	**USD**	USD
Within one year	**1,744,482**	1,817,519	**88,223**	69,378
Between two and five years	**1,265,136**	1,246,643	**87,637**	1,319
More than five years	**8,905**	79,461	**-**	-
	------------	------------	------------	------------
	3,018,523	3,143,623	**175,860**	70,697
	========	=======	========	=======

Operating lease payments represent rent payable by the subsidiaries and sub-subsidiaries for its rented premises. Leases are negotiated for an average term of one to four years.

Norwest Industries Limited and its subsidiaries (as lessee)

Norwest Industries Limited and its subsidiaries lease certain of its staff quarters and office properties under operating lease commitments. Leases for these properties are negotiated for terms ranging from “one to four” years.

Norwest Industries Limited and its subsidiaries (as lessor)

Norwest Industries Limited and its subsidiaries leased part of its investment property (note 17 of the consolidated financial statements) under an operating lease commitments with the lease negotiated for a term of four years. At 31 March 2017, the Group and the Company had a total future minimum lease receivables of USD 43,071 (2016: USD 326,239) under a non-cancellable operating lease falling within a year.

Capital commitments

One of the Subsidiaries Poeticgem Limited has capital commitments contracted for at the reporting date but not yet incurred are as follow:

34. **Commitments (continued)**

	2017	2016
	USD	USD
Non-current asset investments	**258,400**	258,400
	=========	========

35. **Obligations under finance leases**

Simple Approach Limited holds a motor vehicle with an estimated useful life of three years under three years finance lease. The future minimum lease payments are as follows:

	2017	2016
	USD	USD
Within one year	**12,125**	27,743
Later than one year but within five years	**4,221**	-
	------------	------------
	16,346	27,743
	=======	========
The obligation is classified as:		
Current liability	**12,125**	27,743
Non-current liability	**4,221**	-
	------------	------------
	16,346	27,743
	=======	========

36. **Personnel expenses**

	2017	2016
	USD	USD
Wages, salaries and benefits	**37,361,872**	34,922,116
	========	========

37. **Holding company**

The ultimate holding Company is PDS Multinational Fashions Limited, a company incorporated in India with its shares listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries
for the year ended 31 March 2017

The performances of the Subsidiaries and Sub-subsidiaries for the year ended 31 March 2017 are as shown below:

	Norwest Industries Limited USD	Global Textiles Group Limited USD	PDS Asia Star USD	Progress Apparels Bangladesh Limited USD	Poeticgem Limited USD	Techno Design GmbH USD	Zamira Fashions Limited USD
Revenue	414,342,597	4,443,262	47,109,885	-	9,269,437	6,100,064	39,873,000
Cost of sales	(368,012,624)	-	(43,252,324)	-	(10,543,770)	(5,116,049)	(35,033,720)
Gross profit	46,329,973	4,443,262	3,857,561	-	(1,274,333)	984,015	4,839,280
Operating income	9,446,479	-	798,413	-	11,703,449	-	381,755
Other income	1,824,702	32,399	122,119	-	386,045	33,712	10,866
Marketing, selling and distribution expenses	(13,061,738)	-	(225,349)	-	(2,346,103)	(114,309)	(621,719)
Loss from joint venture	(278,774)	-	-	-	-	-	-
General and administrative expenses	(35,822,551)	(4,745,014)	(4,171,634)	(657,982)	(8,575,225)	(616,902)	(3,990,012)
Depreciation and amortisation	(1,271,509)	-	(81,923)	-	(145,432)	(6,443)	(119,384)
Results from operating activities	7,166,582	(269,353)	299,187	(657,982)	(251,599)	280,073	500,786
Net financing costs	(1,514,717)	(3,178)	56,764	-	462,937	(34,774)	878,586
Profit/(loss) before income tax	5,651,865	(272,531)	355,951	(657,982)	211,338	245,299	1,379,372
Income tax expense	(345,305)	-	-	-	(22,823)	-	(245,140)
Total profit/(loss) for the year	5,306,560	(272,531)	355,951	(657,982)	188,515	245,299	1,134,232

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2017

The performances of the Subsidiaries and Sub-subsidiaries for the year ended 31 March 2017 are as shown below:

	FX Import Company Limited USD	Casa Forma Ltd USD	Simple Approach Limited USD	Poetic Knitwear Limited USD	SACB Holdings Limited USD	FX Import Hong Kong Limited USD	Nor Delhi Manufacturing Limited USD
Revenue	847,182	12,710	67,944,943	-	-	11,167,074	-
Cost of sales	(667,552)	(962,352)	(58,230,694)	-	-	(8,671,188)	-
Gross profit	179,630	(949,642)	9,714,249	-	-	2,495,886	-
Operating income	1,240,787	1,112,995	1,441,015	-	-	9,301	-
Other income	-	4,609	100,725	-	-	-	-
Marketing, selling and distribution expenses	(463,364)	(4,718)	(3,314,597)	-	-	(1,713,387)	-
General and administrative expenses	(1,007,445)	(143,505)	(7,090,629)	(2,738)	(15,370)	(948,289)	(5,202)
Depreciation and amortisation	(2,345)	(645)	(78,804)	-	-	-	-
Results from operating activities	(52,737)	19,094	771,959	(2,738)	(15,370)	(161,402)	(5,202)
Net financing income/(costs)	54,863	(3,269)	49,626	-	-	5,776	(1,666)
Profit/(loss) before income tax	2,126	15,825	821,585	(2,738)	(15,370)	(155,626)	(6,868)
Income tax expense	-	-	(146,931)	-	-	-	-
Total profit/(loss) for the year	2,126	15,825	674,654	(2,738)	(15,370)	(155,626)	(6,868)

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2017

The performances of the Subsidiaries and Sub-subsidiaries for the year ended 31 March 2017 are as shown below:

	DPOD Manufacturing Limited	Poeticgem International Limited	MultiTech Ventures limited	Grupo Sourcing Limited	Pacific Logistics Limited	PG Group Limited	Green Apparel Industries Ltd	Poetic Brands Limited	Progress Manufacturing Group Limited
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Revenue	7,566,558	55,274,838	-	927,744	-	23,243,549	603,808	695,707	-
Cost of sales	(7,285,383)	(44,908,933)	-	(681,475)	-	(19,377,670)	(477,454)	(711,783)	-
Gross profit	281,175	10,365,905	-	246,269	-	3,865,879	126,354	(16,076)	-
Operating income	438,723	5,289	-	25,327	-	28,804	-	-	-
Other income	252	863	-	6,693	459	16,240	38	-	-
Marketing, selling and distribution expenses	(45,860)	(7,622,306)		(32,968)	-	(764,638)	(9,513)	(8,481)	(3,797)
Share of loss in joint venture			(5,000)	-	-				
General and administrative expenses	(956,180)	(2,429,635)	(17,121)	(365,566)	(6,354)	(2,402,947)	(450,236)	(195,376)	(573,478)
Depreciation and amortisation	(5,566)	(29,071)	-	(15,577)	-	(3,321)	-	-	-
Results from operating activities	(287,456)	291,045	(22,121)	(135,822)	(5,895)	740,017	(333,357)	(219,933)	(577,275)
Net financing income/(costs)	(2,492)	91,840	-	(1,758)	(10)		(25,217)	(7,916)	(7,967)
Profit/(loss) before income tax									
Income tax expense	(289,948)	382,885	(22,121)	(137,580)	(5,905)	740,017	(358,574)	(227,849)	(585,242)
	-	-	-	(1,003)	-	176,136	-	-	-
Total profit/(loss) for the year									
	(289,948)	382,885	(22,121)	(138,583)	(5,905)	916,153	(358,574)	(227,849)	(585,242)

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2017

The performances of the Subsidiaries and Sub-subsidiaries for the year ended 31 March 2017 are as shown below:

	Multinational OSG Bangladesh USD	Sure Investment Limited USD	Design Arc UK USD	Casa Forma London USD	Blueprint design USD
Revenue	-	-	-	-	513,099
Cost of sales	-	-	-	(41,915)	(394,830)
Gross profit	-	-	-	(41,915)	118,269
Operating income	-	-	-	170,983	-
Other income	-	-	-	609,995	-
Marketing, selling and distribution expenses		-	-	(82,289)	(60,843)
General and administrative expenses	(3,642)	(6,626)	(35,959)	(778,999)	(47,679)
Depreciation and amortisation	-	-	-	(4,913)	-
Results from operating activities	(3,642)	(6,626)	(35,959)	(122,225)	9,747
Net financing income/(costs)	-	-	-	-	5,136
Profit/(loss) before income tax	(3,642)	(6,626)	(35,959)	(122,225)	14,883
Income tax expense	-	-	-	-	(2,603)
Total profit/(loss) for the year	(3,642)	(6,626)	(35,959)	(122,225)	12,280

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries
for the year ended 31 March 2017

The performances of the Subsidiaries and Sub-subsidiaries for the year ended 31 March 2016 are as shown below:

	Norwest Industries Limited USD	Global Textiles Group Limited USD	PDS Asia Star USD	Progress Apparels Bangladesh Limited USD	Poeticgem Limited USD	Techno Design GmbH USD	Zamira Fashions Limited USD
Revenue	**392,041,139**	**-**	**32,448,829**	**-**	**31,394,599**	**324,553**	**38,775,682**
Cost of sales	**(346,232,894)**	**-**	**(29,680,878)**	**-**	**(29,478,134)**	**(294,498)**	**(34,346,273)**
Gross profit	**45,808,245**	**-**	**2,767,951**	**-**	**1,916,465**	**30,055**	**4,429,409**
Operating income	**9,471,971**	**-**	**507,674**	**-**	**10,473,478**	**-**	**895,629**
Other income	**2,201,615**	**3,432,865**	**250,756**	**-**	**520,688**	**16,265**	**306,718**
Marketing, selling and distribution expenses	**(13,606,611)**	**-**	**(366,863)**	**-**	**(3,967,501)**	**(6,431)**	**(1,071,827)**
Loss from joint venture	-	-	-	-	-	-	-
General and administrative expenses	**(37,587,169)**	**(3,391,924)**	**(2,915,475)**	**(36,860)**	**(8,067,883)**	**(420,858)**	**(3,902,837)**
Depreciation and amortisation	**(1,355,121)**	**-**	**(115,179)**	**-**	**(178,655)**	**(6,722)**	**(116,357)**
Results from operating activities	**4,932,930**	**40,941**	**128,864**	**(36,860)**	**696,592**	**(387,691)**	**540,735**
Net financing costs	**407,193**	**(1,529)**	**(15,777)**	**-**	**(123,316)**	**(6,877)**	**649,204**
Profit/(loss) before income tax	**5,340,123**	**39,412**	**113,087**	**(36,860)**	**573,276**	**(394,568)**	**1,189,939**
Income tax expense	**113,107**	**-**	**-**	**-**	**(78,589)**	**-**	**(115,541)**
Total profit/(loss) for the year	**5,453,230**	**39,412**	**113,087**	**(36,860)**	**494,687**	**(394,568)**	**1,074,398**

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2017

The performances of the Subsidiaries and Sub-subsidiaries for the year ended 31 March 2016 are as shown below:

	FX Import Company Limited USD	Casa Forma Ltd USD	Simple Approach Limited USD	Poetic Knitwear Limited USD	SACB Holdings Limited USD	FX Import Hong Kong Limited USD	Nor Delhi Manufacturing Limited USD
Revenue	5,107,402	-	52,725,139	-	-	12,654,301	-
Cost of sales	(4,068,890)	(469,940)	(45,342,677)	-	-	(9,383,148)	-
Gross profit	1,038,512	(469,940)	7,382,462	-	-	3,271,153	-
Operating income	1,521,192	838,719	1,572,550	-	-	144,908	-
Other income	584	805,217	302,362	-	-	-	-
Marketing, selling and distribution expenses	(1,088,118)	(201,515)	(2,675,820)	-	-	(2,412,988)	-
General and administrative expenses	(1,244,838)	(1,064,020)	(5,485,919)	(3,063)	(14,012)	(848,656)	(2,496)
Depreciation and amortisation	(4,695)	(7,640)	(88,485)	-	-	(3,554)	-
Results from operating activities	222,637	(99,179)	1,007,150	(3,063)	(14,012)	150,863	(2,496)
Net financing income/(costs)	42,625	(1,258)	(230,459)	-	-	(45,125)	-
Profit/(loss) before income tax	265,262	(100,437)	776,691	(3,063)	(14,012)	105,738	(2,496)
Income tax expense	(52,815)	-	(140,136)	-	-	-	-
Total profit/(loss) for the year	212,447	(100,437)	636,555	(3,063)	(14,012)	105,738	(2,496)

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2017

The performances of the Subsidiaries and Sub-subsidiaries for the year ended 31 March 2016 are as shown below:

	DPOD Manufacturing Limited USD	Poeticgem International Limited USD	MultiTech Ventures limited USD	Grupo Sourcing Limited USD	Pacific Logistics Limited USD	PG Group Limited USD	Green Apparel Industries Ltd USD	Poetic Brands Limited USD	Progress Manufacturing Group Limited USD
Revenue	**10,060,892**	**46,669,303**	-	-	-	**23,103,580**	-	**273,075**	-
Cost of sales	**(9,322,001)**	**(38,467,744))**	-	-	-	**(19,620,855)**	-	**(297,096)**	-
Gross profit	**738,891**	**8,201,599**	-	-	-	**3,482,725**	-	**(24,021)**	-
Operating income	**192,407**	**55,061**	-	-	**1,660**	-	-	-	-
Other income	-	-	-	-	-	**28,398**	-	-	-
Marketing, selling and distribution expenses	**(242,768)**	**(5,536,049)**	-	-	-	**(994,955)**	-	**(687)**	**(6,017)**
General and administrative expenses	**(1,338,582)**	**(2,029,263)**	**(6,816)**	**(1,708,)**	**(7,408)**	**(2,137,055)**	**(1,896)**	**(16,966)**	**(2,711)**
Depreciation and amortisation	**(4,205)**	**(13,184)**	-	-	-	**(4,556)**	-	-	-
Results from operating activities	**(654,255)**	**678,164**	**(6,816)**	**(1,708)**	**(5,748)**	**374,557**	**(1,896)**	**(41,674)**	**(8,728)**
Net financing income/(costs)	**63,885**	**(48,747)**	-	-	**(4,971)**	**(74,287)**	-	**(2,656)**	-
Profit/(loss) before income tax	**(590,370)**	**629,417**	**(6,816)**	**(1,708)**	**(10,719)**	**300,270**	**(1,896)**	**(44,330)**	**(8,728)**
Income tax expense	-	-	-	-	**(9,218)**	**122,558**	-	-	-
Total profit/(loss) for the year	**(590,370)**	**629,417**	**(6,816)**	**(1,708)**	**(19,937)**	**422,828**	**(1,896)**	**(44,330)**	**(8,728)**

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss
for the year ended 31 March 2017

	Appendix	**2017 USD**	2016 USD
Revenue	1	**679,392,069**	643,756,769
Cost of sales	2	**(598,786,462)**	(565,155,551)
Gross profit		**80,605,607**	78,601,218
Operating income	3	**8,640,272**	7,595,395
Other income		**2,115,138**	1,463,548
Marketing, selling and distribution expenses	4	**(10,563,404)**	(10,954,588)
Share of loss of a joint venture		**(283,775)**	(457,067)
General and administrative expenses	5	**(71,031,501)**	(68,891,938)
Depreciation and amortisation		**(1,804,114)**	(2,056,516)
Results from operating activities		**7,678,223**	5,300,052
Finance income		**24,447**	3,348,044
Finance costs		**(1,318,262)**	(2,117,686)
Net finance (costs)/income		**(1,293,815)**	1,230,358
Profit before taxation		**6,384,408**	6,530,410

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss
for the year ended 31 March 2017

Appendix 1

Revenue

	2017 USD	2016 USD
Sales	**679,392,069**	643,756,769
	=========	==========

Appendix 2

Cost of sales

	2017 USD	2016 USD
Opening stock	**7,591,558**	14,204,185
Purchases	**550,698,083**	524,363,249
Production costs/sub-contracting expenses	**23,769,575**	29,246,304
Other cost of sales	**18,167,314**	4,913,804
Closing stock	**(1,453,352)**	(7,591,558)
Testing charges	**13,284**	5,696
Effect of exchange difference on re-translation of opening stock	**-**	13,871
	---------------	---------------
	598,786,462	565,155,551
	=========	==========

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss
for the year ended 31 March 2017

Appendix 3

Operating income

	2017 USD	2016 USD
Other operating income	**8,640,272**	7,595,395
	=========	==========

Appendix 4

Marketing, selling and distribution expenses

	2017 USD	2016 USD
Sample expenses	**4,653,306**	4,326,758
Transportation costs	**1,378,502**	2,132,304
Agents' commission	**2,473,737**	2,403,440
Motor, Travel and Subsistence expenses	**821,230**	794,465
Bad debts	**266,138**	628,461
Handling charges	**271,722**	159,387
Entertainment expenses	**285,710**	148,812
Claim and penalty	**168,442**	134,968
Advertising costs	**84,882**	92,303
Testing and service charges	**65,150**	70,266
Inspection charges	**94,585**	63,424
	----------------	----------------
	10,563,404	10,954,588
	=========	==========

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss
for the year ended 31 March 2017

Appendix 5

General and administrative expenses

	2017 USD	2016 USD
Wages and salaries	**37,211,473**	34,922,116
Consulting fees	**10,583,055**	11,527,624
Travelling expenses	**4,429,117**	4,173,646
Rent and rates	**2,923,658**	3,052,008
Bank charges	**3,238,787**	2,263,965
Courier charges	**1,935,425**	1,902,325
Telephone, printing and stationery	**1,429,213**	1,498,723
Legal and professional fees	**663,334**	1,436,143
Miscellaneous expenses	**1,918,783**	2,112,655
Director’s quarter expense	**159,679**	157,827
Management fees	**3,133,815**	2,042,997
Vehicle expenses	**664,805**	628,851
Insurance expenses	**660,237**	660,931
Staff welfare and medical insurance	**131,353**	128,080
Quality control	**3,570**	48,401
Audit and accounting fees	**451,691**	408,229
Water and electricity	**320,645**	354,578
Taxes and duties	**2,425**	122,801
Repairs and maintenance	**407,419**	423,760
Computer running costs	**157,238**	183,505
Office expenses and supplies	**212,005**	205,493
Motor vehicle leasing	**155,692**	190,554
Entertainment expenses	**109,166**	266,313
Loss on disposal of tangible assets	**28,167**	13,430
Bad debts written off	**5000**	26,185
Donations	**77,331**	19,740
Licence fees	**17,939**	12,977
Fixed assets /Investment written off	**479**	108,081
	71,031,501	68,891,938

Multinational Textile Group Limited and its subsidiaries

Consolidated financial statements
for the year ended 31 March 2017

Contents	*Page*

Multinational Textile Group Limited and its subsidiaries

Consolidated financial statements

31 March 2017

Multinational Textile Group Limited

Financial statements

31 March 2017

Multinational Textile Group Limited

Financial statements
for the year ended 31 March 2017

Contents *Page*

Multinational Textile Group Limited

Corporate data

Directors:	Deepak Kumar Seth Payel Seth Pallak Seth Jayechund Jingree Sushil Kumar Jogoo Dr. Kevin Yasheel Jingree (alternative to Jayechund Jingree)	 (Resigned on 31 May 2016)
Company secretary:	Rogers Capital Corporate Services Limited *(Previously known as Kross Border Corporate Services Limited)* St Louis Business Centre Cnr Desroches & St Louis Streets Port Louis Mauritius	
Registered office:	St Louis Business Centre Cnr Desroches & St Louis Streets Port Louis Mauritius	
Auditor:	Lancasters, Chartered Accountants 14, Lancaster Court Lavoquer Street Port Louis Mauritius	
Banker:	HSBC Bank (Mauritius) Limited 6th Floor, HSBC Centre Ebene, Mauritius	

Multinational Textile Group Limited

Directors' report

The directors are pleased to present their report together with the audited financial statements of Multinational Textile Group Limited (the "Company") for the year ended 31 March 2017.

Principal activity

The principal activity of the Company is the holding of investments and provision of consultancy services.

Results and dividend

The results for the year are shown on page 7.

The directors do not recommend the payment of a dividend for the year under review (2016: NIL).

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial period giving a true and fair view of the state of affairs of the Company and of the profit or loss of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern on the year ahead.

By order of the Board of Directors

Director Date:

Multinational Textile Group Limited

Secretary's certificate
for the year ended 31 March 2017

Statement from secretary under Section 166 (d) of the Mauritius Companies Act 2001

In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the company under the Mauritius Companies Act 2001.

For and on behalf of **ROGERS CAPITAL CORPORATE SERVICES LIMITED**
Company secretary

Date:………………………………

Lancasters
Chartered Accountants

Auditors' report to member of Multinational Textile Group Limited

Opinion

We have audited the financial statements of Multinational Textile Group Limited (the "Company") set out on pages 7 to 34 which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of Multinational Textile Group Limited as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Company Secretary's Certificate as required by the Companies Act 2001, but does not include the financial statements nor our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

GGi
INDEPENDENT MEMBER

Auditors' report to member of Multinational Textile Group Limited (continued)

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the financial statements, the directors are responsible for assessing 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 unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

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

- Identify and assess the risks 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.

- 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 the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 conclusions are 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 presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with the directors 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.

Lancasters
Chartered Accountants

Auditors' report to member of Multinational Textile Group Limited (continued)

Other matter

This report is made solely for the Company's member, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Lancasters

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Date: 25 AUG 2017

Pasram Bissessur FCCA, ACA, MBA (UK)
Licensed by FRC

GGi
INDEPENDENT MEMBER

Multinational Textile Group Limited

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2017

	Note	**2017 USD**	2016 USD
Revenue	6	**8,649,937**	9,841,277
Expenses		**(4,420,512)**	(9,513,941)
Profit from operating activities		**4,229,425**	327,336
Finance income		**212,422**	157,293
Finance costs		**(188,916)**	(29,836)
Net finance income	7	**23,506**	127,457
(Loss) / gain on disposal of investments		**(99,000)**	96,667
Impairments		**(713,400)**	-
		(812,400)	96,667
Profit before taxation		**3,440,531**	551,460
Taxation	8	**(133,277)**	(22,138)
Profit for the year		**3,307,254**	529,322
Other comprehensive income		**-**	-
Total comprehensive income for the year		**3,307,254**	529,322

The notes on pages 11 to 34 form part of these financial statements

Multinational Textile Group Limited

Statement of financial position
At 31 March 2017

	Note	2017 USD	2016 USD
Assets			
Investments	9	**15,625,147**	15,504,145
Receivables	10	**-**	658,578
Total non-current assets		**15,625,147**	16,162,723
Other receivables	11	**12,848,463**	9,592,572
Cash and cash equivalents		**946,661**	866,833
Total current assets		**13,795,124**	10,459,405
Total assets		**29,420,271**	26,622,128
Equity			
Stated capital	12	**21,948,270**	21,948,270
Revenue reserves		**6,236,220**	2,928,966
Total equity		**28,184,490**	24,877,236
Liabilities			
Current liabilities			
Other payables	13	**1,162,646**	1,734,945
Tax payable	8	**73,135**	9,947
Total current liabilities		**1,235,781**	1,744,892
Total equity and liabilities		**29,420,271**	26,622,128

Approved by the Board of Directors on ……………………………. and signed on its behalf by

.........................……………… ....…………….....................
Director Director

The notes on pages 11 to 34 form part of these financial statements

Multinational Textile Group Limited

Statement of changes in equity
for the year ended 31 March 2017

	Stated capital USD	Revenue reserves USD	Total USD
Balance at 01April 2015	21,948,270	2,399,644	24,347,914
Total comprehensive income for the year			
Profit for the year	-	529,322	529,322
Balance at 31 March 2016	21,948,270	2,928,966	24,877,236
Total comprehensive income for the year			
Profit for the year	-	3,307,254	3,307,254
Balance at 31 March 2017	**21,948,270**	**6,236,220**	**28,184,490**

The notes on pages 11 to 34 form part of these financial statements

Multinational Textile Group Limited

Statement of cash flows
for the year ended 31 March 2017

	2017 USD	2016 USD
Cash flows from operating activities		
Profit before taxation	**3,440,531**	551,460
Adjustments for:		
Dividend income	**(4,073,400)**	(2,091,000)
Interest income	**(146,131)**	(157,293)
Investment impaired	**140,145**	-
Impairment of loan	**573,255**	-
Unrealised loss on foreign exchange	**188,915**	-
Interest on loan	**-**	29,836
Interest waived off	**-**	12,405
Loss/(gain) on investments	**99,000**	(96,667)
	222,315	(1,751,259)
Change in other receivables	**(1,678,877)**	1,410,615
Change in other payables	**(572,300)**	386,648
Cash (used in) / from operating activities	**(2,028,862)**	46,004
Interest paid	**-**	(132,823)
Tax paid	**(70,089)**	(84,190)
Net cash used in operating activities	**(2,098,951)**	(171,009)
Cash flows from investing activities		
Dividend received	**3,458,000**	2,193,000
Interest received	**32,746**	170,959
Acquisition of investments	**(360,146)**	(176,805)
Share application monies	**(450,000)**	(449,999)
Redemption of preference shares	**-**	1,000,000
Net cash from investing activities	**2,680,600**	2,737,155
Cash flows from financing activities		
Repayment of loan by subsidiaries	**132,515**	556,380
Advance given to related parties	**(16,544)**	(2,401)
Advance given to subsidiaries	**(1,117,792)**	(1,959,025)
Repayment of loan to related parties	**500,000**	(1,000,000)
Net cash used in financing activities	**(501,821)**	(2,405,046)
Net movement in cash and cash equivalents	**79,828**	161,100
Cash and cash equivalents at 01 April	**866,833**	705,733
Cash and cash equivalents at 31 March	**946,661**	866,833

The notes on pages 11 to 34 form part of these financial statements

1. **General information**

The Company was incorporated as a private limited company on 28 March 2006 and was granted a Category 1 Global Business Licence on 29 March 2006. The principal activity of the Company is the holding of investments and provision of consultancy services.

The Company is a holder of a category 1 Global Business Licence under the Mauritius Companies Act and the Financial Services Act 2007. Since the Company operates in an international environment and conducts most of its transactions in foreign currencies the Company has chosen to retain the United States Dollar (USD) as its reporting currency.

2. **Basis of preparation**

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in compliance with the requirements of the Mauritius Companies Act.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except where stated otherwise.

(c) Functional and presentation currency

The financial statements are presented in United States Dollar (USD) which is the Company's functional and presentational currency.

(d) Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2. **Basis of preparation (continued)**

(d) Use of judgements and estimates (continued)

Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties (if any) that have a significant risk of resulting in a material adjustment in the year ending 31 March 2017 is included in the relevant notes as follows:

- Recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(e) Going concern

The Company's management have made an assessment on the ability of the Company to continue as going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the ability of the Company to continue as going concern. Therefore, the financial statements are prepared on the going concern basis.

3. **Application of new and revised International Financial Reporting Standards (IFRSs)**

3.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 01 April 2016.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to of the order of notes, Other Comprehensive Income (OCI) of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income.

The application of the above adoption did not have significant impact on the Company's financial statements.

Disclosure Initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of the above adoption did not have significant impact on the Company's financial statements.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised. Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this.

Guidance is provided for deductible temporary differences related to unrealised losses are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.

The application of the above adoption did not have significant impact on the Company's financial statements.

3. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

3.2 New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

New or amended standards	**Effective date - annual period beginning on or after:**
IFRS 9 – Financial Instruments	01 January 2018
IFRS 15 – Revenue from contracts with customers	01 January 2018

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

The Company is assessing the potential impact on its financial statements resulting from application of IFRS 9.

3. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

3.2 New and revised IFRSs in issue but not yet effective (continued)

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Company is currently in the process of performing a more detailed assessment of the impact of this standard on the Company and will provide more information in the year 31 March 2018 financial statements. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

4. **Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income as “net foreign exchange gains/losses”, except for those arising on financial instruments at fair value through profit or loss which are recognised as a component of net gains/losses from financial instruments at fair value through profit or loss.

4. **Significant accounting policies (continued)**

(b) *Revenue recognition*

Revenue is recognised as follows:

- Dividend income: when the Company's right to receive dividend is established.
- Interest income: as it accrues (taking into account the effective yield on the assets).
- Other income is recognised in the statement of profit or loss and other comprehensive income on an accrual basis consisting of Management fees, professional fees income, corporate service fees income, Sap fees income and consultancy fees income.

(c) *Finance income and costs*

Finance income comprises of interest income and gains on foreign exchange. Interest income is recognised as it accrues in statement of profit or loss and other comprehensive income, using the effective interest method.

Finance costs comprise losses on foreign exchange and interest expense.

Foreign currency gains and losses are reported on a net basis.

(d) *Income tax*

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

4. **Significant accounting policies (continued)**

(d) Income tax (continued)

Deferred tax (continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflect the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(e) Investments in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investment in subsidiary is shown at cost and provision for impairment is only made where, in opinion of the directors, there is a diminution in value which is other than temporary. Where there has been such a diminution in value of an investment, it is recognised as an expense in the year in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

4. **Significant accounting policies (continued)**

(f) Investment in associate

The Company's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Investment in associate is shown at cost less impairment. The cost of investment includes transaction costs. Unrealised gains and losses arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

On disposal of an investment the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

(g) Financial instruments

The Company classifies non-derivative financial assets into loans, receivables and available for sale financial assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4. **Significant accounting policies (continued)**

(g) Financial instruments (continued)

(ii) Non-derivative financial assets - Measurement

Loans and receivables - These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets - Available-for-sale investments whose fair value can be measured reliably are valued at fair value and the resulting temporary unrealised gains/losses are reported in equity. Available-for-sale investments whose fair value cannot be measured reliably are carried at cost less impairment.

(iii) Non-derivative financial liabilities - Measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method

(h) Receivables and other receivables

Receivables and other receivables are stated at amortised cost.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(j) Stated capital

Ordinary shares

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(k) Loan from related party

The loan from related party are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at amortised cost.

(l) Other payables

Other payables are stated at amortised cost.

4. **Significant accounting policies (continued)**

(m) Impairment

(i) Non-derivative financial assets

Financial assets not classified as fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Company considers a decline of 20% to be significant and a period of nine months to be prolonged.

(n) Expenses

All expenses are recognised in the statement of profit or loss and other comprehensive income on an accrual basis.

(o) Related parties

Related parties may be individuals or other entities where the individual or other entities has the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in governing the financial and operating policies, or vice versa, or where the Company are subject to common control or common significant influence.

(p) Provisions

A provision is recognised if, as a result of a past event, the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

5. **Financial instruments – Fair values and risk management**

(a) Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2017	Loans and receivables USD	Other financial liabilities USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets not measured at fair value							
Investments	**435,805**	**-**	**435,805**	**-**	**-**	**-**	**-**
Other receivables	**11,947,786**	**-**	**11,947,786**	**-**	**-**	**-**	**-**
Cash and cash equivalents	**946,661**	**-**	**946,661**	**-**	**-**	**-**	**-**
	13,330,252	**-**	**13,330,252**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value							
Other payables	**-**	**(1,162,646)**	**(1,162,646)**	**-**	**-**	**-**	**-**
	-	**(1,162,646)**	**(1,162,646)**	**-**	**-**	**-**	**-**

Multinational Textile Group Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2017

5. **Financial instruments – Fair values and risk management (continued)**

(a) Accounting classifications and fair values (continued)

31 March 2016	Loans and receivables USD	Other financial liabilities USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets not measured at fair value							
Investments	435,805	-	435,805	-	-	-	-
Receivables	658,577	-	658,577	-	-	-	-
Other receivables	9,591,894	-	9,591,894	-	-	-	-
Cash and cash equivalent	866,833	-	866,833	-	-	-	-
	11,553,109	-	11,553,109	-	-	-	-
Financial liabilities not measured at fair value							
Other payables	-	(1,734,945)	(1,734,945)	-	-	-	-
	-	(1,734,945)	(1,734,945)	-	-	-	-

5. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management

Introduction and preview

Financial instruments carried on the statement of financial position include investments, receivables, other receivables, cash and cash equivalents and other payables. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are market risk, credit risk and liquidity risk.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews their risk management policies and systems to reflect changes in markets and emerging best practice.

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

- *Interest rate risk*

  Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant exposure to interest rate risk other than relating to its bank balances as the loans are either interest free or bear a fixed rate of interest.

- *Price risk*

  The Company is not exposed to commodity price risk.

5. **Financial instruments – Fair values and risk management (continued)**

(b) *Financial risk management*

Market risk (continued)

- *Currency risk*

The Company invests in stocks denominated in Great Britain Pound (GBP) and EURO (EUR). Consequently, the Company is exposed to the risk that the exchange rate of the US Dollar relative to the Great Britain Pound & EURO may change in a manner, which has a material effect on the reported values of the Company's assets and liabilities, which are denominated in GBP and EUR.

Currency profile

	Financial assets 2017 USD	**Financial liabilities 2017 USD**	Financial assets 2016 USD	Financial liabilities 2016 USD
USD	**12,059,422**	**1,162,646**	10,174,716	1,734,945
GBP	**796,839**	**-**	823,404	-
EUR	**473,991**	**-**	554,989	-
	--------------	--------------	-------------	--------------
	13,330,252	**1,162,646**	11,553,109	1,734,945
	========	========	========	========

A 10 % strengthening of USD against the GBP and EUR at 31st March 2017 would have increased net profit before tax by USD 127,083 (2016: USD 137,839). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis in 2016.

Sensitivity Analysis:

Currency	**2017 USD**	2016 USD
GBP	**79,684**	82,340
EUR	**47,399**	55,499
	-------------	-------------
	127,083	137,839
	========	========

Similarly, a 10% weakening of the USD against the GBP and EUR at 31st March 2017 would have had the exact reverse effect.

5. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management

Credit risk

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The Company limits its credit risk by carrying out transactions through companies within the group. At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

	2017	2016
	USD	USD
Investments	**435,805**	435,805
Receivables	**-**	658,577
Other receivables	**11,947,786**	9,591,894
Cash and cash equivalents	**946,661**	866,833
	13,330,252	11,553,109

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Company's reputation.

	Due on Demand	**Within one year**	**One to five years**	**Total**
31 March 2017	**USD**	**USD**	**USD**	**USD**
Financial liabilities				
Other payables	**1,162,646**	**-**	**-**	**1,162,646**
Total Financial liabilities	**1,162,646**	**-**	**-**	**1,162,646**
31 March 2016	USD	USD	USD	USD
Financial liabilities				
Other payables	1,734,945	-	-	1,734,945
Total Financial liabilities	1,734,945	-	-	1,734,945

Multinational Textile Group Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2017

6. **Revenue**

Revenue consists of the following:

	2017 USD	2016 USD
Management fees income	**2,229,035**	4,504,777
Professional fees income	**1,529,914**	2,248,318
Dividend income	**4,073,400**	2,091,000
Consultancy fees income	**219,528**	347,994
Corporate service fees income	**310,060**	343,188
Sap fees income	**288,000**	306,000
	8,649,937	9,841,277

7. **Net finance income**

	2017 USD	2016 USD
Finance Income		
Interest Income	**146,132**	149,531
Gain on foreign exchange	**66,290**	7,762
	212,422	157,293
Finance Costs		
Interest on borrowings	**-**	(16,056)
Interest waived off	**-**	(13,780)
Loss on foreign exchange	**(188,916)**	-
	(188,916)	(29,836)
Net finance income	**23,506**	127,457

8. **Taxation**

The Company is subject to income tax in Mauritius at the rate of 15%. It is, however, entitled to a tax credit equivalent to the higher of the foreign tax paid and 80% of the Mauritian tax on its foreign source income.

8. **Taxation (continued)**

A reconciliation of the actual income tax expense based on accounting loss and actual income tax expense is as follows:

Recognised in statement of profit or loss and other comprehensive income

	2017	2016
	USD	USD
Current year tax expense	**133,277**	22,138

Reconciliation of effective taxation

	2017	2016
	USD	USD
Profit before taxation	**3,440,531**	551,460
Income tax at 15%	**516,080**	82,719
Non-deductible expense	**150,304**	42,465
Exempt income	**-**	(14,500)
Foreign tax credit	**(533,107)**	(88,546)
	133,277	22,138

Current tax liability	**2017**	2016
	USD	USD
Balance at 01 April	**9,947**	71,999
Current year tax expense	**133,277**	22,138
Tax paid during the year	**(70,089)**	(84,190)
Balance at 31 March	**73,135**	9,947

9. **Investments**

Investments consist of unquoted shares in subsidiaries and other investment.

Investment in subsidiaries

	2017	2016
	USD	USD
Cost		
At 01 April	**15,068,341**	15,706,340
Additions during the year	**360,146**	362,001
Disposal during the year	**(99,000)**	(1,000,000)
Impairment of investment during the year	**(140,145)**	-
At 31 March	**15,189,342**	15,068,341

Other investment

	2017	2016
	USD	USD
Cost		
At 01 April	**435,805**	321,000
Additions during the year	**-**	114,805
At 31 March	**435,805**	435,805

Total investment	**15,625,147**	15,504,146

Name of company	*Type of shares*	*Number of shares*	*2017 % held*	*2016 % held*	*Country of incorporation*
Subsidiaries					
Global Textiles Group Limited	Equity	3,987,266	**100%**	100%	Mauritius
SACB Holdings Limited	Equity	25,500	**51%**	51%	Mauritius
Norwest Industries Limited	Equity	3,400,000	**85%**	85%	Hong Kong
Zamira Fashions Limited	Equity	167,500	**67%**	67%	Hong Kong
PG Group Limited	Equity	510,000	**51%**	51%	Hong Kong
Simple Approach Ltd	Equity	187,500	**75%**	75%	Hong Kong
Simple Approach Ltd	Preference	2,190,000	**100%**	100%	Hong Kong
Nor Delhi Manufacturing Limited	Equity	2,000,000	**100%**	100%	Hong Kong

9. **Investments (continued)**

Name of company	*Type of shares*	*Number of shares*	*2017 % held*	*2016 % held*	*Country of incorporation*
Subsidiaries					
Casa Forma Limited	Equity	250,000	**100%**	100%	United Kingdom
PDS Asia Star Corporation Limited	Equity	180,000	**60%**	60%	Hong Kong
Techno Design HK (*previously known as DPOD Manufacturing Limited*)	Equity	55,000	**55%**	55%	Hong Kong
Poeticgem International Limited	Equity	10,000	**100%**	100%	Hong Kong
Multinational OSG Service Bangladesh Limited	Equity	9,700	**97%**	97%	Bangladesh
Techno Design GmbH	Equity	55,000	**55%**	55%	Germany
Green Apparel Industries Limited	Equity	150,000	**75%**	100%	Hong Kong
Grupo Sourcing Limited	Equity	51,000	**51%**	100%	Hong Kong
MultiTech Venture Limited	Equity	1	**100%**	100%	Mauritius
Progress Apparels (Bangladesh) Limited	Equity	40,091	**99.9%**	99.9%	Bangladesh
Progress Manufacturing Group Limited	Equity	10,000	**100%**	100%	Hong Kong
Casa Forma London Limited	Equity	10,000	**100%**	-	United Kingdom
Blueprint Design Limited	Equity	10,000	**100%**	-	Hong Kong
Sure Investments Limited	Equity	1	100%	-	Mauritius
Other investments					
Juhu Exchange Limited	Preference	200,000	**1.83%**	1.83%	Mauritius
Juhu Exchange Limited	Equity	2,518	**3.72%**	3.72%	Mauritius
Flying Jamon Ltd	Preference	3,286	**5.91%**	5.91%	United Kingdom

At the reporting date, the directors have reviewed the carrying amounts of the investments in subsidiaries and considered that no provision for impairment is required for the year under review except for Casa Forma London Limited which have been fully impaired as the subsidiary is likely to be dissolved shortly.

10. **Receivables**

	2017 **USD**	2016 USD
Loan to subsidiaries	**-**	358,578
Loan to related parties	**-**	300,000
	-	658,578

Unsecured interest free loan with no fixed term of repayment

11. **Other receivables**

	2017 **USD**	2016 USD
Loan/advances to subsidiaries	**4,749,129**	6,029,776
Loan/advances to third parties	**1,657,500**	2,157,500
Loan/advances to related parties	**1,746,819**	17,942
Interest receivable	**607,411**	494,026
Corporate service fees paid in advance	**1,294,244**	477,241
Sap fees receivable	**343,500**	240,000
Professional fees receivable	**-**	123,540
Management fees receivable	**625,994**	51,869
Prepaid expenses	**678**	678
Dividend receivable	**615,400**	-
Deposit on shares	**899,999**	-
Other receivable	**307,789**	-
	12,848,463	9,592,572

- The above loan to subsidiaries and related parties are unsecured, interest free with no fixed term of repayment.
- The above loan to third party are unsecured, interest bearing with no fixed term of repayment

12. **Stated capital**

	2017 **USD**	2016 USD
Stated capital		
21,948,270 ordinary shares of USD 1 each	**21,948,270**	21,948,270

All shares in issue are fully paid up.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

13. Other payables

	2017	2016
	USD	USD
Payable to subsidiaries	**736,900**	846,586
Management fees payable	**-**	495,608
Design and development fees payable	**240,000**	240,000
Service fee charges payable	**9,696**	62,014
Consultancy fees payable	**30,000**	45,000
Non-trade payables and accrued expenses	**-**	45,737
Other payable	**1,150**	-
Accrued expenses	**144,900**	-
	---------------	---------------
	1,162,646	1,734,945
	=========	=========

14. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subject to common control.

One director of the Company is deemed to have beneficial interests in the Administration Agreement between the Company, the Administrator and Secretary.

During the year under review, the Company entered into the following related party transactions.

		2017	2016
Name of related companies:	*Nature*	**USD**	USD
Casa Forma Limited	Advance	**258,326**	-
Casa Forma London	Advance	**49,206**	-
Digital Internet Technologies Limited	Advance / (repaid)	**39,600**	(120,000)
DPOD manufacturing Limited	Reassigned	**4,809**	38,439
Flying Jamon Ltd	Repaid	**-**	(114,804)
Frou Holdings Limited	Repaid	**-**	(1,561)
FX Import Company Limited	Advance	**69,929**	25,000
FX Import Hong-Kong Limited	Advance	**3,000**	-
Global Textiles Group Limited	Advance / (repaid)	**124,453**	(337,657)
Green Apparel Industries Limited	(Repaid)/Advance	**(200,000)**	200,000
Grupo Sourcing Limited	Share issued	**(100,000)**	100,000

Multinational Textile Group Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2017

14. **Related party transactions (continued)**

Name of related companies:	*Nature*	**2017 USD**	2016 USD
JJ Star Industries Limited	(Repaid)/Advance	**1,500**	57,000
JSM Trading FZE	Repaid	**-**	(5,218,000)
Kleider Sourcing Hong-Kong Limited	(Repaid)/Advance	**(1,500)**	361,998
Krayons Sourcing Limited	Advance	**67,350**	74,856
MultiTech Venture Limited	Advance	**451,750**	(355,314)
Nor Delhi Manufacturing Limited	Advance	**-**	75,170
Nor Europe Manufacturing Limited	Advance	**18,000**	45,000
Nor India Manufacturing Limited	(Repaid)/Advance	**(4,500)**	67,500
Nor Lanka Manufacturing Limited	Advance	**106,500**	1,844,544
Norwest Industries Limited	Advance	**730,043**	5,040,000
PDS Asia Star Corporation Limited	Advance	**9,687**	146,187
PDS Multinational Fashions Limited	Advance / (repaid)	**817,003**	(1,933,000)
Pearl Global HK limited	Repaid	**-**	(50,000)
Pearl Global Industries Limited	Advance	**(52,318)**	(1,132,823)
PG Group limited	Dividend receivable	**20,400**	260,847
PoeticGem Australia Limited	Repaid	**(1,500)**	21,000
Poeticgem International Limited	Advance	**63,700**	-
Poeticgem Limited	(Repaid)/Advance	**(628,148)**	1,091,506
Progress Manufacturing Group Limited	Advance / (repaid)	**1,500**	(100,000)
Razamtazz Limited	Advance / (repaid)	**14,791**	(532,075)
SACB Holdings Limited	Repaid	**(132,515)**	(615,977)
Seven Fortunes	Advance	**-**	8,811
Simple Approach Limited	(Repaid)/Advance	**(200,000)**	1,314,233
Sourcing Solution HK Limited	Advance	**-**	18,000
Spring Near East Manufacturing Ltd	Advance	**13,500**	301,500
Star Trust	Repaid	**-**	(840)
Sure Investments Limited	Advance	**4,639**	-
Techno Design GmbH	Repaid)/Advance	**(63,505)**	408,793
Techno Design HK	Advance	**110,819**	38,439
Techno Manufacturing Limited	Repaid	**(75,000)**	(875,000)
Twin Asia limited	Advance	**54,000**	-
Zamira Fashion Limited	Advance	**-**	147,000
		========	========

14. **Related party transactions (continued)**

Balances outstanding at 31 March:	*Natu*	**2017 USD**	2016 USD
Casa Forma Limited	Amount receivable	**731,754**	473,428
Casa Forma London Limited	Amount receivable	**49,206**	-
Digital Internet Technologies Limited	Amount receivable	**39,600**	-
DPOD Manufacturing Limited	Amount payable	**-**	(4,809)
Frou Holdings Ltd	Amount receivable	**475,509**	475,509
FX Import Company Limited	Amount receivable	**106,489**	36,560
FX Import Hong-Kong Limited	Amount receivable	**6,000**	3,000
Global Textile Group Limited	Amount payable	**(37,890)**	(162,343)
Green Apparel Industries Limited	Amount receivable	**-**	200,000
Grupo Sourcing Limited	Amount receivable	**-**	100,000
JJ Star Industries Limited	Amount payable	**(240,000)**	(238,500)
Kleider Sourcing Hong-Kong Limited	Amount receivable	**-**	1,500
Krayon Sourcing Limited	Amount receivable	**67,350**	-
MultiTech Venture Limited	Amount receivable	**807,064**	355,314
Nor Delhi Manufacturing Ltd	Amount payable	**(36,899)**	(36,899)
Nor Europe Manuf Co ltd	Amount receivable	**18,000**	-
Nor India Manufacturing Limited	Amount receivable	**-**	4,500
Nor Lanka Manufacturing Limited	Amount receivable	**211,500**	105,000
Norwest Industries Limited	Amount receivable	**820,043**	90,000
PDS Asia Star Corporation Limited	Amount receivable	**830,000**	820,313
PDS Multinational Fashions Limited	Amount receivable	**1,294,244**	477,241
Pearl Global Industries Limited	Amount payable	**(9,696)**	(62,014)
PG Group limited	Amount receivable	**20,400**	-
PoeticGem Australia Limited	Amount receivable	**-**	1,500
Poeticgem International Limited	Amount receivable	**63,700**	-
Poeticgem Limited	Amount receivable	**22,500**	650,648
Progress Manufacturing Group Limited	Amount receivable	**101,500**	100,000
Razamtazz Limited	Amount receivable	**960,877**	946,086
SACB Holdings Limited	Amount receivable	**2,202,365**	2,334,880
Simple Approach Limited	Amount payable	**(200,000)**	-
		========	========

14. **Related party transactions (continued)**

Balances outstanding at 31 March:	*Nature*	**2017 USD**	2016 USD
Spring Near East Manuf co Ltd	Amount receivable	**13,500**	**-**
Star Trust	Amount receivable	**1,640**	1,640
Sure Investments Limited	Amount receivable	**4,639**	**-**
Techno Design GmbH	Amount receivable	**491,484**	554,989
Techno Design HK Limited	Amount receivable	**110,819**	**-**
Techno Manufacturing Limited	Amount receivable	**438,000**	513,000
Twin Asia Limited	Amount receivable	**54,000**	**-**
		=======	=======

15. **Capital management**

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines "capital" as including all components of equity. Trading balances that arise as a result of trading transactions with other group Companies are not regarded by the Company as capital.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the group. The results of the directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

16. **Consolidated and separate financial statements**

These are the separate financial statements that have been prepared as per IAS 27 "Separate Financial Statements". The consolidated financial statements are prepared separately and are available at the registered office of the Company.

17. **Holding company**

The Company is a wholly owned subsidiary of PDS Multinational Fashions Limited, a company incorporated in India with its shares listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

18. **Event after balance sheet date**

There has been no significant event after the reporting date which requires disclosure or amendment to these financial statements.

Multinational Textile Group Limited

Statement of profit and loss and other comprehensive income
for the year ended 31 March 2017

	2017 USD	2016 USD
Revenue		
Management fees income	**2,229,035**	4,504,777
Professional fees income	**1,529,914**	2,248,318
Dividend income	**4,073,400**	2,091,000
Consultancy fees income	**219,528**	347,994
Corporate service fees income	**310,060**	343,188
Sap fees income	**288,000**	306,000
	8,649,937	9,841,277
Expenses		
Consultancy fees	**2,255,013**	7,287,843
Corporate service fees	**1,998,997**	1,805,857
Design and development fees	**45,000**	240,000
Service fee charges	**43,026**	62,014
Professional fee	**17,436**	44,407
Accounting fee	**28,350**	28,350
Audit fee	**25,300**	25,300
Receivables written off	**-**	12,405
Bank charges	**5,320**	4,815
License fees	**2,070**	2,070
Telephone, fax and courier charges	**-**	702
Sundry expenses	**-**	178
	4,420,512	9,513,941
Profit from operating activities	**4,229,425**	327,336
(Loss)/ gain on disposal of investments	**(99,000)**	96,667
Impairment of investments	**(140,145)**	-
Impairment of loan	**(573,255)**	-
	(812,400)	96,667
Net finance income	**23,506**	127,457
Profit before taxation	**3,440,531**	551,460

Multinational Textile Group Limited

Financial statements
for the year ended 31 March 2017

Contents	*Page*

Multinational Textile Group Limited

Financial statements

31 March 2017

Global Textiles Group Limited

Financial statements

31 March 2017

Global Textiles Group Limited

Financial statements
for the year ended 31 March 2017

Contents | *Page*

Global Textiles Group Limited

Corporate data

Directors:	Jayechund Jingree Sushil Kumar Jogoo Deepak Kumar Seth Payel Seth Pallak Seth Kevin Yasheel Jingree (alternate to Jayechund Jingree)	Resigned on 31 May 2016
Company Administrator & Secretary:	Rogers Capital Corporate Services Limited *(previously known as Kross Border Corporate Services Limited)* St Louis Business Centre Cnr Desroches & St Louis Streets Port Louis Republic of Mauritius	
Registered office:	St Louis Business Centre Cnr Desroches & St Louis Streets Port Louis Republic of Mauritius	
Auditor:	Lancasters Chartered Accountants 14, Lancaster Court Lavoquer Street Port Louis Republic of Mauritius	
Banker:	HSBC Bank (Mauritius) Limited 6th Floor HSBC Centre 18, Cybercity Ebene Republic of Mauritius	

Global Textiles Group Limited

Directors' report

The directors are pleased to present their report together with the audited financial statements of Global Textiles Group Limited (the "Company") for the year ended 31 March 2017.

Principal activity

The principal activity of the Company is the holding of investments and of providing consultancy services.

Results and dividend

The results for the year are shown on page 7.

The directors do not recommend the payment of a dividend for the year under review (2016: NIL).

Statement of directors' responsibilities in respect of financial statements

Company law requires the directors to prepare financial statements for each financial period giving a true and fair view of the state of affairs of the Company and of the statement of profit or loss and other comprehensive income of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern on the year ahead.

By order of the Board of Directors

Director Date:

Global Textiles Group Limited

Secretary's certificate
for the year ended 31 March 2017

Secretary's certificate under Section 166 (d) of the Mauritius Companies Act 2001

In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies Act 2001.

For and on behalf of **ROGERS CAPITAL CORPORATE SERVICES LIMITED**
Company secretary

Date:………………………………

Lancasters
Chartered Accountants

Auditors' report to member of Global Textiles Group Limited

Opinion

We have audited the financial statements of Global Textiles Group Limited (the "Company") set out on pages 7 to 31 which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of Global Textiles Group Limited as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Company Secretary's Certificate as required by the Companies Act 2001, but does not include the financial statements nor our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

GGi
INDEPENDENT MEMBER

Lancasters
Chartered Accountants

Auditors' report to member of Global Textiles Group Limited (continued)

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the financial statements, the directors are responsible for assessing 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 unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

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

- Identify and assess the risks 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.

- 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 the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 conclusions are 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 presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with the directors 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.

GGi
INDEPENDENT MEMBER

Lancasters
Chartered Accountants

Auditors' report to member of Global Textiles Group Limited (continued)

Other matter

This report is made solely for the Company's member, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Lancasters

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Pasram Bissessur FCCA, ACA, MBA (UK)
Licensed by FRC

Date: 26 May 2017

DGGi
INDEPENDENT MEMBER

Global Textiles Group Limited

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2017

		2017	2016
		USD	USD
Revenue	6	**4,443,262**	3,399,257
Expenses		**(4,745,015)**	(3,391,925)
(Loss)/profit from operating activities		**(301,753)**	7,332
Net finance income	7	**29,221**	32,080
(Loss)/profit before taxation		**(272,532)**	39,412
Taxation	8	**-**	-
(Loss)/profit for the year		**(272,532)**	39,412
Other comprehensive income			-
Total comprehensive income for the year		**(272,532)**	39,412

The notes on pages 11 to 31 form part of these financial statements

Global Textiles Group Limited

Statement of financial position
at 31 March 2017

		2017	2016
		USD	USD
Assets			
Investments in subsidiaries	9	**2,628,862**	2,575,935
Receivables	10	**904,056**	904,056
		--------------	--------------
Total non-current assets		**3,532,918**	3,479,991
		--------------	--------------
Other receivables	11	**1,086,404**	1,103,111
Cash and cash equivalents		**126,687**	51,808
		--------------	--------------
Total current assets		**1,213,091**	1,154,919
		--------------	--------------
Total assets		**4,746,009**	4,634,910
		========	========
Equity			
Stated capital	12	**3,987,266**	3,987,266
Revenue reserves		**21,706**	294,238
		--------------	--------------
Total equity		**4,008,972**	4,281,504
		--------------	--------------
Liabilities			
Other payables	13	**274,927**	15,749
Advance from holding company	14	**462,110**	337,657
		---------------	---------------
Total current liabilities		**737,037**	353,406
		---------------	---------------
Total equity and liabilities		**4,746,009**	4,634,910
		=========	=========

Approved by the Board of Directors on ………………………………and signed on its behalf by:

…………………………………… ……………………………………
Director *Director*

The notes on pages 11 to 31 form part of these financial statements

Global Textiles Group Limited

Statement of changes in equity
for the year ended 31 March 2017

	Stated capital USD	Revenue reserves USD	Total USD
Balance as at 01 April 2015	3,987,266	254,826	4,242,092
Total comprehensive income for the year			
Profit for the year	-	39,412	39,412
Balance as at 31 March 2016	3,987,266	294,238	4,281,504
Total comprehensive income for the year			
Loss for the year	-	(272,532)	(272,532)
Balance as at 31 March 2017	**3,987,266**	**21,706**	**4,008,972**

The notes on pages 11 to 31 form part of these financial statements

Global Textiles Group Limited

Statement of cash flows
for the year ended 31 March 2017

	2017 USD	2016 USD
Cash flows from operating activities		
(Loss)/profit before taxation	**(272,532)**	39,412
Adjustments for:		
Change in other receivables	**127,383**	7,125
Change in other payables	**238,813**	(76,363)
Net cash from/(used in) operating activities	**93,664**	(29,826)
Cash flows from investing activities		
Acquisition of investment	**(52,927)**	-
Cash flows from financing activities		
Advance from holding company	**124,453**	386,984
Advance to subsidiary	**(110,676)**	(335,945)
Advance from related party	**20,365**	-
Advance from subsidiary	**-**	202,324
Repayment to subsidiary	**-**	(202,324)
Net cash from financing activities	**34,142**	51,039
Movement in cash and cash equivalents	**74,879**	21,213
Cash and cash equivalents at beginning of the year	**51,808**	30,595
Cash and cash equivalents at end of the year	**126,687**	51,808

The notes on pages 11 to 31 form part of these financial statements

Global Textiles Group Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2017

1. **General information**

The Company was incorporated as a private limited Company on 29 March 2006 and was granted a Category 1 Global Business Licence on 31 March 2006. The principal activity of the Company is the holding of investments and of providing consultancy services.

2. **Basis of preparation**

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis except where stated otherwise.

(c) Functional currency and presentation currency

The financial statements are presented in United States Dollar (USD) which is the Company's functional currency and presentation currency.

(d) Use of the estimates and judgement

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

<u>Assumption and estimation uncertainties</u>

Information about assumptions and estimation uncertainties (if any) that have a significant risk of resulting in a material adjustment in the year ended 31 March 2017 is included in the relevant notes as follows:

- Recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

2. **Basis of preparation (continued)**

(d) Use of the estimates and judgement (continued)

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. **Application of new and revised International Financial Reporting Standards (IFRSs)**

3.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 01 April 2016.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to of the order of notes, Other Comprehensive Income (OCI) of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income.

The application of the above adoption did not have significant impact on the Company's financial statements.

3. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

Disclosure Initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of the above adoption did not have significant impact on the Company's financial statements.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised. Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this.

Guidance is provided for deductible temporary differences related to unrealised losses are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.

The application of the above adoption did not have significant impact on the Company's financial statements.

3.2 New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

New or amended standards	**Effective date - annual period beginning on or after:**
IFRS 9 – Financial Instruments	01 January 2018
IFRS 15 – Revenue from contracts with customers	01 January 2018

3. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

3.2 New and revised IFRSs in issue but not yet effective (continued)

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

The Company is assessing the potential impact on its financial statements resulting from application of IFRS 9.

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Company is currently in the process of performing a more detailed assessment of the impact of this standard on the Company and will provide more information in the year 31 March 2018 financial statements. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

4. **Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment, I which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

(b) Revenue recognition

Revenue is recognised as follows:

- Dividend income: when the Company's right to receive payment is established.
- Marketing and consultancy income are accounted for as it accrues

(c) Finance income and finance costs

The Company's net finance income includes interest income and foreign exchange differences.

(d) Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items directly in equity or in OCI.

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also include any tax arising from dividends.

4. **Significant accounting policies (continued)**

(d) Taxation (continued)

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflect the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(e) Investment in subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

4. **Significant accounting policies (continued)**

(e) Investment in subsidiaries (continued)

Investment in subsidiaries are shown at cost and provision for impairment is only made where, in opinion of the directors, there is a diminution in value which is other than temporary. Where there has been such a diminution in value of an investment, it is recognised as an expense in the year in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

(f) Financial instruments

The Company classifies non-derivative financial assets into loans and receivables.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets **-** *Measurement*

Loans and receivables **-** These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Receivables and other receivables

Receivables and other receivables are recognised at cost less impairment.

4. **Significant accounting policies (continued)**

(f) Financial instruments (continued)

(ii) Non-derivative financial assets – Measurement (continued)

Cash and cash equivalents

Cash comprises cash at bank and deposits. Cash equivalents are short term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(iii) Non-derivative financial liabilities - Measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

The Company has the following non-derivative financial liabilities: Amount from holding company and other payables.

Advance from holding company

Amount due to shareholder is recognised initially at fair value, net of transaction costs incurred and are subsequently carried at amortised cost.

Other payables

Other payables are recognised at fair value, net of transaction costs incurred and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(g) Share capital

Ordinary shares

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

4. **Significant accounting policies (continued)**

(h) Impairment

(i) Non-derivative financial assets

Financial assets not classified as fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherewise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Company considers a decline of 20% to be significant and a period of nine months to be prolonged.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

4. **Significant accounting policies (continued)**

(h) Impairment (continued)

(ii) Non-financial assets (continued)

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Expenses

All expenses are recognised in the statement of profit and loss and comprehensive income on an accrual basis.

(j) Provisions

A provision is recognised if, as a result of a past event, the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

5. **Financial instruments – Fair values and risk management**

(a) Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amounts			Fair value			
31 March 2017	**Loans and receivables USD**	**Other financial liabilities USD**	**Total USD**	**Level 1 USD**	**Level 2 USD**	**Level 3 USD**	**Total USD**
Financial assets not measured at fair value							
Receivables	**904,056**	**-**	**904,056**	**-**	**-**	**-**	**-**
Other receivables	**1,085,726**	**-**	**1,085,726**				
Cash and cash equivalents	**126,687**	**-**	**126,687**	**-**	**-**	**-**	**-**
	2,116,469	**-**	**2,116,469**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value							
Other payables	**-**	**274,927**	**274,927**	**-**	**-**	**-**	**-**
Advance from holding company	**-**	**462,110**	**462,110**	**-**	**-**	**-**	**-**
	-	**737,037**	**737,037**	**-**	**-**	**-**	**-**

5. **Financial instruments – Fair values and risk management (continued)**

(a) Accounting classifications and fair values (continued)

	Carrying amounts			Fair value			
31 March 2016	Loans and receivables USD	Other financial liabilities USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets not measured at fair value							
Receivables	904,056	-	904,056	-	-	-	-
Other receivables	1,102,433	-	1,102,433	-	-	-	-
Cash and cash equivalents	51,808	-	51,808	-	-	-	-
	2,058,297	-	2,058,297	-	-	-	-
Financial liabilities not measured at fair value							
Other payables	-	15,749	15,749	-	-	-	-
Advance from holding company	-	337,657	337,657	-	-	-	-
	-	353,406	353,406	-	-	-	-

5. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management

Introduction and preview

Financial instruments carried on the statement of financial position include receivables, other receivables, cash and cash equivalents, other payables and advance from holding company. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are market risk, credit risk and liquidity risk.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews their risk management policies and systems to reflect changes in markets and emerging best practice.

Risk management is carried out by the Board of directors through board meetings. The Company provide principles for overall risk management.

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant exposure to interest rate risk.

5. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management (continued)

(ii) Currency risk

The Company has certain financial instruments denominated in GBP. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to GBP may change in a manner, which has a material effect on the reported values of the Company's assets and liabilities, which are denominated in USD.

Currency profile

	Financial assets 2017 USD	**Financial liabilities 2017 USD**	Financial assets 2016 USD	Financial liabilities 2016 USD
USD	**795,431**	**242,000**	813,297	15,749
GBP	**1,321,038**	**495,037**	1,245,000	337,657
	2,116,469	**737,037**	2,058,297	353,406

Sensitivity Analysis:

A 10 % strengthening of USD against the GBP at 31st March 2017 would have increased net profit before tax by USD 82,600 (2016: USD 90,734). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in 2016.

Currency	**2017 USD**	2016 USD
GBP	**82,600**	90,734

Similarly a 10% weakening of the USD against the GBP at 31 March 2017 would have had the exact reverse effect.

Credit risk

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The Company limits its credit risk by carrying out transactions through companies within the group. At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

5. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management (continued)

Credit risk (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

	2017 USD	
Receivables	**904,056**	904,056
Other receivables	**1,085,726**	1,102,433
Cash and cash equivalents	**126,687**	51,808
	---------------	--------------
	2,116,469	2,058,297
	---------------	========

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Company's reputation.

31 March 2017	**Within one year USD**	**One to five years USD**	**Total USD**
Financial liabilities			
Other payables	**274,927**	**-**	**274,927**
Advance from holding company	**462,110**	**-**	**462,110**
	-------------	-------------	-------------
	737,037	**-**	**737,037**
	========	========	========
31 March 2016			
Financial liabilities			
Other payables	15,749	-	15,749
Advance from holding company	337,657	-	337,657
	-------------	-------------	-------------
	353,406	-	353,406
	========	========	========

6. **Revenue**

Revenue consists of:

	2017	2016
	USD	USD
Marketing income	**3,448,983**	3,069,219
Consultancy income	**994,279**	330,038
	4,443,262	3,399,257

7. **Net finance income**

	2017	2016
	USD	USD
Finance income:		
Interest received on loan	**32,399**	33,608
Realised exchange gain	**187**	8,228
Unrealised exchange gain	**61,238**	6,207
	93,824	48,043
Finance costs:		
Realised exchange loss	**2,556**	2,268
Unrealised exchange loss	**62,047**	13,695
	(64,603)	(15,963)
Net finance income	**29,221**	32,080

8. **Taxation**

The Company is subject to income tax in Mauritius at the rate of 15%. It is, however, entitled to a tax credit equivalent to the higher of the foreign tax paid and a deemed credit of 80% of the Mauritian tax on its foreign source income.

The reconciliation of the actual tax charge with the effective tax charge is as follows:

Recognised in statement of profit or loss and other comprehensive income

	2017	2016
	USD	USD
Current year income tax	**-**	-

8. **Taxation (continued)**

Reconciliation of effective taxation

	2017	2016
	USD	USD
(Loss)/profit before taxation	**(272,532)**	39,412
	========	========
Income tax at 15%	**(40,880)**	5,912
Non-allowable expenses	**8,252**	1,814
Non-taxable income	**(9,186)**	(886)
Foreign tax credit	**33,451**	(5,472)
Deferred tax asset not recognised	**8,363**	(1,368)
	--------------	--------------
Income tax payable	**-**	-
	========	========

9. **Investments in subsidiaries**

Investments consist of unquoted shares

	2017	2016
	USD	USD
Cost		
At 01 April	**2,575,935**	2,575,935
Addition during the year	**52,927**	-
	--------------	--------------
	2,628,862	2,575,935
	=========	=========

Name of company	***Type of shares***	***Number of shares***	***% held***	***Country of incorporation***
Poeticgem Limited	Equity	50,000	100	United Kingdom
Poetic Brands Limited	Equity	50,000	100	United Kingdom
Design Arc UK Limited	Equity	42,500	85	United Kingdom

At the reporting date, the directors have reviewed the carrying amounts of the investments in subsidiaries and considered that no provision for impairment is required for the year under review.

10. **Receivables**

	2017	2016
	USD	USD
Unsecured, interest free loan with no fixed repayment terms	**544,056**	1,044,056
Unsecured, interest rate 9% per annum with no fixed repayment terms	**360,000**	360,000
Unsecured, interest free loan with no fixed repayment terms *(Reclassified to other receivables)*	**-**	(500,000)
	904,056	904,056

The above loan amount is not expected to be received within the next twelve months.

11. **Other receivables**

	2017	2016
	USD	USD
Unsecured, interest free loan with no fixed repayment terms *(Reclassified from receivables)*	**500,000**	500,000
Advance to subsidiary	**446,622**	335,946
Non-trade receivables	**139,104**	266,487
Prepayments	**678**	678
	1,086,404	1,103,111

12. **Stated capital**

	2017	2016
	USD	USD
3,987,266 ordinary shares of USD 1 each	**3,987,266**	3,987,266

All shares in issue are fully paid up. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

13. Other payables

	2017 USD	2016 USD
Non-trade payables and accrued expenses	**201,635**	15,749
Amount payable to subsidiary	**52,927**	-
Advance from related party	**20,365**	-
	274,927	15,749

14. Advance from holding company

	2017 USD	2016 USD
Interest free loan and repayable on demand	**462,110**	337,657

15. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subject to common control.

One director of the Company is deemed to have beneficial interests in the Administration Agreement between the Company, the Administrator and Secretary.

During the year under review, the Company entered into the following related party transactions

Transactions during the year:	*Nature:*	2017 USD	2016 USD
Design Arc UK Limited	Capital contribution	**52,927**	-
PG Group Limited	Advance received	**20,365**	-
Multinational Textiles Group Limited	Advance received	**124,453**	386,984
Multinational Textiles Group Limited	Advance received offset against consultancy receivable	**-**	49,327
Poetic Brands Limited	Advance given	**110,676**	335,946
Poetic Brands Limited	Amount paid (capital contribution)	**-**	75,935
Poeticgem Limited	Interest accrued	**32,399**	32,192
Poeticgem Limited	Interest received	**64,591**	49,603
Norwest Industries Limited	Marketing fees accrued	**3,002,362**	2,722,993
Norwest Industries Limited	Marketing fees received	**3,173,482**	2,740,912
Simple Approach Limited	Marketing fees accrued	**162,727**	122,223

Global Textiles Group Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2017

15. **Related party transactions (continued)**

		2017	2016
		USD	USD
Transactions during the year (continued):	*Nature:*		
Simple Approach Limited	Marketing fees received	**172,501**	128,172
PG Group Limited	Marketing fees accrued	**247,894**	219,328
PG Group Limited	Marketing fees received	**247,894**	219,328
PG Home Group Limited	Marketing fees accrued	**36,000**	36,000
PG Home Group Limited	Marketing fees received	**36,000**	36,000
Progress Manufacturing Group Limited	Consultancy fees accrued	**387,966**	33,542
Progress Manufacturing Group Limited	Consultancy fees received	**350,827**	24,387
Twins Asia Limited	Consultancy fees accrued	**79,113**	-
Twins Asia Limited	Consultancy fees received	**29,550**	-
Grupo Sourcing Limited	Consultancy fees accrued	**96,000**	-
Grupo Sourcing Limited	Consultancy fees received	**72,000**	-
JJ Star Industrial Limited	Consultancy fees accrued	**-**	99,996
JJ Star Industrial Limited	Consultancy fees received	**24,999**	74,997
PDS Asia Star Corp Limited	Consultancy fees accrued	**260,200**	196,500
PDS Asia Star Corp Limited	Consultancy fees received	**260,200**	196,500
Fareast Vogue Limited	Consultancy fees accrued	**90,000**	-
Fareast Vogue Limited	Consultancy fees received	**90,000**	-
Green Apparel Industries Limited	Consultancy fees accrued	**81,000**	-
Green Apparel Industries Limited	Consultancy fees received	**81,000**	-
		======	======

Balances outstanding at 31 March:			
Design Arc UK Limited	Amount payable	**52,927**	-
PG Group Limited	Amount payable	**20,365**	-
Multinational Textiles Group Limited	Amount payable	**462,110**	337,657
Multinational Textiles Group Limited	Loan receivable	**500,000**	500,000
Poetic Brands Limited	Loan receivable	**446,622**	335,946
Poeticgem Limited	Loan receivable	**904,056**	904,056
Poeticgem Limited	Interest receivable	**-**	32,192
Norwest Industries Limited	Marketing fees receivable	**19,248**	190,368
Simple Approach Limited	Marketing fees receivable	**-**	9,774
Progress Manufacturing Group Limited	Consultancy fees receivable	**46,294**	9,155
Twins Asia Limited	Consultancy fees receivable	**49,563**	-
Grupo Sourcing Limited	Consultancy fees receivable	**24,000**	-
JJ Star Industrial Limited	Consultancy fees receivable	**-**	24,999
		======	======

16. **Capital management**

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines "capital" as including all components of equity. Trading balances that arise as a result of trading transactions with other group Companies are not regarded by the Company as capital.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the group. The results of the directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

17. **Exemption from preparing consolidated financial statements**

The Company is a wholly owned subsidiary of Multinational Textile Group Limited and has taken advantage of paragraph 4 of International Financial Reporting Standards (IFRS 10) – 'Consolidated Financial Statements', which dispenses it from the need to present consolidated financial statements. The registered office of Multinational Textile Group Limited where the consolidated financial statements are available is St Louis Business Centre, Cnr Desroches & St Louis Streets, Port-Louis, Mauritius.

18. **Holding and ultimate holding company**

The Company is a wholly owned subsidiary of Multinational Textile Group Limited, a Company incorporated in the Republic of Mauritius. The ultimate holding Company is PDS Multinational Fashions Limited, a company incorporated in India with its shares listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

19. **Events subsequent to reporting date**

There is no significant event after the reporting date which requires disclosure or amendment to these financial statements.

Global Textiles Group Limited

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2017

	2017 USD	2016 USD
Revenue		
Marketing income	**3,448,983**	3,069,219
Consultancy income	**994,279**	330,038
	4,443,262	3,399,257
Expenses		
Consultancy fees	**4,707,668**	3,358,971
Audit and accounting fees	**15,065**	15,065
Professional fees	**14,000**	9,725
Administration charges	**3,500**	3,550
Bank charges	**2,712**	2,544
Licence fees	**2,070**	2,070
	4,745,015	3,391,925
(Loss)/profit from operating activities	**(301,753)**	7,332
Net finance income	**29,221**	32,080
(Loss)/profit before taxation	**(272,532)**	39,412

Global Textiles Group Limited

Financial statements
for the year ended 31 March 2017

Contents	*Page*

Global Textiles Group Limited

Financial statements

31 March 2017

Company Registration no. 06060342 (England and Wales)

CASA FORMA LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

CASA FORMA LIMITED

CONTENTS

CASA FORMA LIMITED

COMPANY INFORMATION

Directors	Mr P Seth Mr A Banaik
Company number	06060342
Registered Office	Quadrant House 4 Thomas More Square London E1W 1YW
Auditor	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW

CASA FORMA LIMITED

THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements of the company for the year ended 31 March 2017.

Principal activities
The principal activity of the company during the year was that of interior and architectural design.

Results and dividends
Profit for the year amounted to £12,103 (2016: loss £163,849). The directors have not recommended a dividend.

Directors
The directors who served the company during the year were as follows:

Mr P Seth
Mr A Banaik

Auditor
The auditors, UHY Hacker Young, are deemed to be appointed under Section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently:
- make judgements and estimates that are reasonable and prudent:
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Statement of directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the financial information included on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant information of which the company's auditor is unaware: and
- the director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board

……………………...............

Mr A Banaik

Director

19 May 2017

CASA FORMA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

CASA FORMA LIMITED

FOR THE YEAR ENDED 31 MARCH 2017

We have audited the financial statements of Casa Forma Limited for the year ended 31 March 2017 which comprise the statement of comprehensive income, statement of financial position, the cash flow statement, the statement of changes in equity and the related notes . The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended:
- have been properly prepared in accordance with IFRSs as adopted by the EU and
- have been prepared in accordance with the requirements of the Companies Act 2006.

CASA FORMA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

CASA FORMA LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements, and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report.

Vinodkumar Vadgama (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

19 May 2017

Chartered Accountants
Statutory Auditor

CASA FORMA LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	Restated 2016 £
Revenue		860,894	957,235
Cost of sales		(735,968)	(289,328)
Gross profit		124,926	667,907
Other income	4	3,525	12,798
Administrative expenses		(113,848)	(844,554)
Operating profit / (loss)		14,603	(163,849)
Finance costs	5	(2,500)	-
Profit / (Loss) before taxation		12,103	(163,849)
Taxation	6	-	-
Profit / (Loss) for the financial year		12,103	(163,849)

None of the company's activities were discontinued in the year.

There are no other comprehensive income and expenses, other than those passing through the income statement.

The notes on pages 10 to 19 form part of these financial statements.

CASA FORMA LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

	Note	2017 £	2017 £	Restated 2016 £	Restated 2016 £
Non-current assets					
Property, plant and equipment	7		1,480		16,257
Current assets					
Inventories	8		39,202		39,202
Trade and other receivables	9		31,283		165,322
Cash and cash equivalents			15,456		227,279
			85,941		431,803
Total assets			87,421		448,060
Current liabilities					
Trade and other payables	10		(531,547)		(904,289)
Net current liabilities			(445,606)		(472,486)
Net liabilities			(444,126)		(456,229)
Shareholders' equity					
Share capital	13		250,000		250,000
Retained earnings	14		(694,126)		(706,229)
Total equity			(444,126)		(456,229)

These financial statements were approved by the board of directors and authorised for issue on 19 May 2017 and were signed on its behalf by:

Mr A Banaik
Director

Company Registration Number: 06060342
The notes on pages 10 to 19 form part of these financial statements.

CASA FORMA LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Share capital £	Retained earnings £	Restated Total £
Balance at 1 April 2015	250,000	(542,380)	(292,380)
Total comprehensive loss for the year	-	(163,849)	(163,849)
Balance at 1 April 2016	250,000	(706,229)	(456,229)
Total comprehensive income for the year	-	12,103	12,103
Balance at 31 March 2017	250,000	(694,126)	(444,126)

The notes on pages 10 to 19 form part of these financial statements.

CASA FORMA LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	Restated 2016 £
Cash flows from operating activities	15	(209,323)	227,014
Finance costs		(2,500)	-
Net increase/(decrease) in cash and cash equivalents cash equivalents		(211,823)	227,014
Cash and cash equivalents at the start of the year		227,279	265
Cash and cash equivalents at end of the year		15,456	227,279

	2017 £	2016 £
Cash and cash equivalents comprise:		
Cash at bank and in hand	15,456	227,279

The notes on pages 10 to 19 form part of these financial statements.

CASA FORMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES

Basis of accounting
The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the Companies Act 2006 applicable to companies reporting under IFRSs.

Revenue
The revenue in the statement of comprehensive income represents amounts invoiced during the year and includes design fees and other income exclusive of Value Added Tax. For procurement income revenue is recognised on project completion exclusive of Value Added Tax.

Property, plant and equipment
All property, plant and equipment are initially recorded at cost.

Depreciation
Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & fittings – 20% per annum on reducing balance
Computer equipment – 25% per annum on reducing balance

Inventories
Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Fundamental accounting concept
The accounts have been prepared on a going concern basis as, in the opinion of the directors, the immediate parent company, Multinational Textile Group Limited, shall continue to financially support the company in the foreseeable future to meet the liabilities as they fall due.

Taxation
The 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 net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

ACCOUNTING POLICIES (CONTINUED)

Deferred tax is the tax expected to be payable or recoverable on differences between the 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 the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, 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 taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments
The company does not use or trade derivative financial instruments. Financial instruments that the company uses are non-derivative and are recognised initially at fair value. Subject to initial recognition, non-derivative financial instruments are measured as described as follows:

- **Trade and other receivables**
  Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

- **Trade and other payables**
  Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are stated at their nominal value.

- **Cash and cash equivalents**
  Cash for the purposes of the statement of cash flows comprises cash at bank and in hand. Cash equivalents are short term liquid investments convertible into cash and are subject to insignificant risk of changes in value. Bank overdrafts which form part of cash and cash equivalents for the purpose of the cash flow statements are shown under current liabilities.

ACCOUNTING POLICIES (CONTINUED)

- **New IFRSs and interpretations not applied**

The following standards, amendments and interpretations are not yet effective and have not yet been adopted early by the company:

	Effective for period beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15: Effective date of IFRS 15	1 January 2018

The adoption of these standards, amendments and interpretations is not expected to have a material impact of the company's results for the year or equity.

Prior period adjustments
Certain balances within the statement of comprehensive income and statement of financial position have been adjusted and reclassified for the year ended 31 March 2016 to better reflect the nature and profit of these transactions.

As a result of the above adjustments, revenue has decreased by £119,387 from £1,076,622 to £957,235, cost of sales have decreased by £19,387 from £308,715 to £289,328 and loss for the financial year has increased by £100,000 from £63,849 to £163,849. In addition, trade and other payables have increased by £100,000 from £804,289 to £904,289 and net liabilities have increased by £100,000 from £356,229 to £456,229.

2. OPERATING PROFIT/ (LOSS)

Operating profit/(loss) has been arrived at After charging:	2017 £	2016 £
Staff costs (see note 3)	9,806	477,870
Depreciation of property, plant and equipment	493	5,063
Fees payable to auditors:		
Audit of annual financial statements	4,000	4,000
Other services – review of the interim financial statements	2,700	2,700
	========	========

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2017 No	2016 No
Operational	1	7
Management	2	4
	3	11
	========	========

The aggregate payroll costs of the above were:

	2017 £	2016 £
Wages and salaries	1,243	435,458
Social Security costs	8,563	42,412
	9,806	477,870
	========	========

4. OTHER INCOME

	2017 £	2016 £
Rental income	3,525	12,798
	========	========

5. FINANCE COSTS

	2017 £	2016 £
Other interest	2,500	-
	========	========

6. TAXATION

	2017 £	2016 £
Current tax expense:		
UK corporation tax	-	-
	========	========
Reconciliation of current tax expense to accounting profit/ (loss):		
Profit / (loss) before taxation	12,103	(163,849)
	========	========
Notional taxation charge at the UK corporation tax rate of 20% (2016: 20%)	2,421	(32,770)
Tax effects of:		
Expenses not deductible for tax purposes	140	838
Depreciation in excess of capital allowances	-	319
Other tax adjustments	(2,561)	31,613
Total current tax charge for the year	-	-
	========	========

The company had unused tax losses of approximately £290,000 (2016: £300,000) available to carry forward against future trading profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. The tax losses can be carried forward.

7. PROPERTY, PLANT & EQUIPMENT

	Fixtures & Fittings	Computer Equipment	Total
	£	£	£
Cost			
At 1 April 2016	26,830	68,790	95,620
Disposals	(26,830)	(64,110)	(90,940)
At 31 March 2017	-	4,680	4,680
Depreciation			
At 1 April 2016	22,558	56,805	79,363
Charge for the year		494	494
Disposal	(22,558)	(54,100)	(76,658)
At 31 March 2017	-	3,199	3,199
Net book value			
At 31 March 2017	-	1,480	1,480
At 31 March 2016	4,272	11,985	16,257

	Fixtures & Fittings	Computer Equipment	Total
Cost			
At 1 April 2015	26,830	68,790	95,620
Additions	-	-	-
At 31 March 2016	26,830	68,790	95,620
Depreciation			
At 1 April 2015	21,490	52,810	74,300
Charge for the year	1,068	3,995	5,063
At 31 March 2016	22,558	56,805	79,363
Net book value			
At 31 March 2016	4,272	11,985	16,257
At 31 March 2015	5,340	15,980	21,320

8. INVENTORIES

	2017 £	2016 £
Finished goods	39,202	39,202
	========	========

9. TRADE AND OTHER RECEIVABLES

	2017 £	2016 £
Trade receivables	29,807	135,733
VAT recoverable	412	-
Other receivables	1,064	22,672
Prepayments and accrued income	-	6,917
	31,283	165,322
	========	========

Other receivables include a rent deposit of £1,064 (2016: £20,000) for which there is a charge.

10. TRADE AND OTHER PAYABLES

	2017 £	Restated 2016 £
Bank overdraft	30	797
Trade payables	9,245	53,387
Amounts owed to parent undertaking	514,426	304,426
Amounts owed to fellow group undertakings	2,196	203,810
Social securities and other taxes	-	10,249
VAT payable	-	96,037
Accruals and deferred income	5,650	235,583
	531,547	904,289
	========	========

The company has given a legal charge to its bank in respect of banking facilities including company credit card.

Certain balances have been adjusted and reclassified for the year ended 31 March 2016 to better reflect the nature of these transactions.

11. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2017, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2017	**2016**
	£	**£**
Originating leases which expire:		
Within one year	-	162,167
Between 2-5 years	-	-
	-	162,167

12. RELATED PARTY TRANSACTIONS

At the year-end, the company owed the following amounts to its parent and fellow group undertakings:

- Poeticgem Limited - £2,196 (2016: £203,810)
- Multinational Textile Group Limited - £514,426 (2016: £304,426)

In 2016 the company carried out projects for Mr Pallak Seth, a director of the company, generating sales of NIL (2015: NIL). In 2017 no projects were carried out for Mr Pallak Seth.

Rent amounting to £3,525 (2016: £12,798) was received in the year from Spring Near East Manufacturing Company Limited, Hong Kong, a fellow group company. No balance was outstanding at the year-end.

During the year the company incurred head office management charges from Multinational Textile Group Limited of £NIL (2016: £7,500).

13. SHARE CAPITAL

Allotted, called up and fully paid:	**2017**	**2016**
	£	**£**
250,000 Ordinary shares of £1 each	250,000	250,000

14. RETAINED EARNINGS

	2017 £	Restated 2016 £
Balance brought forward	(706,229)	(542,380)
Profit / (Loss) for the financial year	12,103	(163,849)
Balance carried forward	(694,126)	(706,229)

15. NOTES TO THE CASH FLOW STATEMENTS

Reconciliation of operating profit to net cash inflow from operating activities

	2017 £	Restated 2016 £
Operating profit/(loss)	14,603	(163,849)
Depreciation	493	5,063
Loss on disposal of asset	14,283	-
Decrease in debtors	134,039	57,749
(Decrease)/increase in creditors	(372,741)	328,051
Net cash outflow/inflow from operating activities	(209,323)	227,014

16. CAPITAL RISK MANAGEMENT

The company manages its capital to ensure that it will be able to continue as a going concern whilst maximising the return to stakeholders through the optimisation of the equity balance. The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising of issued capital, reserves and retained earnings.

17. FINANCIAL RISK MANAGEMENT

The following section provides quantitative and qualitative disclosures on the effect that these risks have upon the company.

Credit Risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available the company uses other publicly available financial information. The company's exposure and the credit ratings of its counterparties are continuously monitored.

The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash. Management monitors forecasts of the company's liquidity reserve, comprising cash and cash equivalents, on the basis of expected cash flow. At 31 March 2017, the company held cash and cash equivalents of £15,456 (2016: £227,279).

Foreign currency risk
The company's functional and presentation currency and the majority of its spending as well as financing facilities are in GBP. As such, no exchange rate risk exists. The company has no deposit or loan facilities, hence is not affected by interest rate fluctuations.

18. ULTIMATE PARENT COMPANY

The immediate parent company is Multinational Textile Group Limited, a company registered in Mauritius, and the ultimate parent company is PDS Multinational Fashions Limited, a company registered in India.

PDS Multinational Fashions Limited prepares group financial statements and copies can be obtained from # 758 and 759, 2nd Floor, 19th Main Road, Sector-2, HSR Layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

PDS ASIA STAR CORPORATION LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

PDS ASIA STAR CORPORATION LIMITED

CONTENTS

PDS ASIA STAR CORPORATION LIMITED

DIRECTORS' CONSOLIDATED REPORT

The directors present their annual consolidated report and the annual audited financial statements for the year ended March 31, 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are garment trading and investment holding. The principle activity and other particulars of the subsidiary are set out in the Note (20) to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Company and its subsidiary (the "Group") for the year ended March 31, 2017 are set out in the statements of comprehensive income on page 7.

The directors do not recommend any payments of dividend for the year.

PLANT AND EQUIPMENT

Movements in plant and equipment are set out in Note (13) to the financial statements.

SHARE CAPITAL AND RESERVES

Details of share capital of the Company are set out in Note (19) to the financial statements.

There were no movements in reserves except for changes to retained profits which arose from profit or loss.

DIRECTORS

(a) Directors of the Company

The directors of the Group during the year and at the date of this report were:

Deepak Kumar SETH	
Faiza Habeeb SETH	(Resigned on January 11, 2017)
FENG Qing	
Pallak SETH	

In accordance with Article 7 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

(b) Directors of the Company's subsidiary

During the year and up to date of this report, FENG Qing is also the director of the subsidiary of the Company.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Except for the related party transactions as disclosed in Note (22) to the finance statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group or its subsidiary were entered into or existed during the year.

PERMITTED INDEMNITY PROVISION

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Group and holding company (whether made by the Group or otherwise) or an associated company (if made by the Group).

BUSINESS REVIEW

The Group is a wholly owned subsidiary of another body corporate. Accordingly, the Group is exempted from preparing a business review.

AUDITORS

The Group's auditors, Messrs. Louis Lai & Luk CPA Limited, retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

Deepak Kumar SETH
Chairman

Hong Kong, May 25, 2017.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PDS ASIA STAR CORPORATION LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of PDS Asia Star Corporation Limited ("the Company") and its subsidiary ("the Group") set out on pages 7 to 32, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fundamental Uncertainty Relating to The Going Concern

In forming our opinion, we have considered the adequacy of the disclosure made in Note (2d) to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon ongoing support from the immediate holding company and the attaining of profitable and positive cash flow operations, and the Group may turn to a commercially viable concern. The consolidated financial statements do not include any adjustments that may be necessary should the implementation of such measures become unsuccessful.

We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor’s report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those charged with Governance for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.

- 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 Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
PDS ASIA STAR CORPORATION LIMITED
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 25, 2017.

PDS ASIA STAR CORPORATION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2017

	NOTES	2017	2016
		HK$	HK$
REVENUE	(6)	364,480,071	251,736,452
OTHER INCOME AND GAIN, NET	(6)	8,528,770	6,611,367
COST OF GOODS SOLD		(335,505,204)	(230,712,574)
STAFF COSTS		(18,678,733)	(16,699,536)
DEPRECIATION		(635,468)	(893,551)
OTHER OPERATING EXPENSES		(13,125,947)	(8,314,930)
PROFIT FROM OPERATIONS		5,063,489	1,727,228
FINANCE COST	(7)	(2,302,401)	(849,905)
PROFIT BEFORE TAXATION	(8)	2,761,088	877,323
TAXATION	(11)	-	-
PROFIT FOR THE YEAR		2,761,088	877,323
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Item that may be reclassified to profit or loss:			
Exchange difference on translating of foreign operations		(131,115)	(582,841)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,629,973	294,482
		=========	========

THE NOTES ON PAGES 11 TO 32 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

PDS ASIA STAR CORPORATION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	NOTES	2017	2016
		HK$	HK$
Non-Current Assets			
Plant and equipment	(13)	431,602	960,237
Current Assets			
Deposit and prepayment		412,177	303,838
Trade and other receivables	(14)	41,688,162	66,208,591
Amounts due from fellow subsidiaries	(15)	14,108,493	3,518,210
Cash and cash equivalent		9,523,836	1,007,147
		65,732,668	71,037,786
Current Liabilities			
Amounts due to fellow subsidiaries	(16)	34,195,600	21,895,419
Amount due to immediate holding company	(16)	6,457,400	6,382,035
Trade and other payables	(17)	19,284,346	23,091,217
Secured bank borrowing	(18)	18,333,421	35,365,822
		78,270,767	86,734,493
Net Current Liabilities		(12,538,099)	(15,696,707)
NET LIABILITIES		(12,106,497)	(14,736,470)
EQUITY			
Share capital	(19)	2,334,000	2,334,000
Translation reserve		(762,004)	(630,889)
Retained earnings		(13,678,493)	(16,439,581)
TOTAL EQUITY		(12,106,497)	(14,736,470)

APPROVED BY THE BOARD OF DIRECTORS ON MAY 25, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH Director	FENG Qing Director

THE NOTES ON PAGES 11 TO 32 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

PDS ASIA STAR CORPORATION LIMITED

CONSOLIATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2017

	Share Capital	Translation Reserve	Retained Earnings	Total
	HK$	HK$	HK$	HK$
At April 1, 2015	2,334,000	(48,048)	(17,316,904)	(15,030,952)
Total comprehensive income for the year	-	(582,841)	877,323	294,482
At March 31, 2016	2,334,000	(630,889)	(16,439,581)	(14,736,470)
Total comprehensive income for the year	-	(131,115)	2,761,088	2,629,973
At March 31, 2017	2,334,000	(762,004)	(13,678,493)	(12,106,497)
	=======	======	========	========

THE NOTES ON PAGES 11 TO 32 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

PDS ASIA STAR CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
	HK$	HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,761,088	877,323
Adjustments for:		
Depreciation	635,468	893,551
Interest income	(2,257)	(25,840)
Interest expenses	2,302,401	849,905
Fixed asset written off	-	97,470
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5,696,700	2,692,409
(Increase)/Decrease in deposit and prepayment	(108,339)	76,332
Decrease/(Increase) in trade and other receivables	24,520,429	(36,691,710)
Net receipt from fellow subsidiaries	1,709,898	6,791,157
Net receipt from/(payment to) immediate holding company	75,365	(75,365)
(Decrease)/Increase in trade and other payables	(3,806,871)	7,650,603
Net cash generated from/(used in) operations	28,087,182	(19,556,574)
Interest received	2,257	25,840
Interest paid	(2,302,401)	(849,905)
Net cash generated from/(used in) operating activities	25,787,038	(20,380,639)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment to acquire plant and equipment and net cash used in investing activities	(122,352)	(234,644)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts of secured bank borrowing and net cash generated from financing activities	(17,032,401)	18,414,254
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	8,632,285	(2,201,029)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,007,147	3,760,094
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(115,596)	(551,918)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9,523,836	1,007,147
	========	========

THE NOTES ON PAGES 11 TO 32 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

PDS ASIA STAR CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

PDS Asia Star Corporation Limited is a company incorporated in Hong Kong with limited liability. Its principal activities are garment trading and investment holding. The Company's registered office is 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong. The directors consider that the immediate holding company is Multinational Textile Group Limited, a company incorporated in Mauritius. The ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India and its shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS(s)") (which also include Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)")) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$"), which is also the Company's functional and presentation currency.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note (5) to the consolidated financial statements.

b. Changes in Accounting Policies and Disclosures

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Group, and accordingly, they have had no material impact on the Group's financial statements for the year ended March 31, 2017.

c. Issued but Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not early applied any new and revised HKFRSs that have been issued but are not year effective for the accounting year ended March 31, 2017, in these consolidated financial statements. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

d. Going Concern

The holding company has confirmed the willingness to provide such financial assistance as is necessary to maintain the Group as a going concern. On the strength of this assurance, the financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to March 31. Subsidiary is an entity over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiary is consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balance and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary have been changes where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the Consolidated Statement of Financial Position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the Consolidated Statement of Comprehensive Income as an allocation of the total profit or loss and total comprehensive income for the year between non controlling interests and the shareholders of the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the controlling and non-controlling interests within consolidated equity to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received recognised directly in equity and attributed to the owners of the Company.

In the Company's Statements of Financial Position the investments in subsidiary is stated at cost less allowance for impairment losses. The results of subsidiary is accounted for by the Company on the basis of dividends received and receivable.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

f. Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and aggregate identified impairment loss, if any.

Depreciation is provided to write off the cost less residual value of plant and equipment over its expected useful lives.

Computer equipment	33%
Furniture and fixtures	25% - 33%
Leasehold improvement	33%
Motor vehicle	33%
Office equipment	33%
Software	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss on disposal of plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the Consolidated Statement of Comprehensive Income.

When assets are sold or otherwise disposed of, their carrying amounts are written off from the consolidated financial statements and any resulting gain or loss is included in the Consolidated Statement of Comprehensive Income.

g. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

h. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

i. Financial Assets

The Group's financial assets are only classified under loans and receivables category.

j. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortized cost using effective interest method, less any identified impairment losses. An impairment loss is recognised in the Consolidated Statement of Comprehensive Income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

k. Financial Liabilities

Financial liabilities of the Group are classified, at initial recognition, as loans and borrowings or derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities comprise trade and other payables and amounts due to fellow subsidiaries and immediate holding company, and bank borrowing which are subsequently measured at amortized cost, using the effective interest method.

l. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the date of issuance of shares.

m. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

n. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

o. 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 net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income.

The Group is engaged in garment trading and conducts its business outside of Hong Kong. As the income of the Group neither arises in nor is derived from Hong Kong, no Hong Kong profits tax has been provided in these financial statements.

p. Turnover

Turnover represents invoiced amount of sales less discounts and returns.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

q. Recognition of Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the bases as follows:

- Revenue from sales of goods is recognised when goods are delivered to buyers.
- Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the rate applicable.
- Commission income is recognised when the services are rendered.
- Other income is recognised on a receipt basis.

r. Borrowing Costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

s. Retirement Benefit Scheme

The Group participates in Mandatory Provident Fund Scheme ("MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Pursuant to the rules of the MPF Scheme, each of the employer and employees are required to make contributions to the scheme at rates specified in the rules.

The MPF Scheme is a defined contribution plan and the Group is only obliged to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The retirement benefit cost arising from the MPF Scheme charged to the Consolidated Statement of Comprehensive Income represent contribution payable to the funds by the Group in accordance with the rules of the MPF Scheme.

t. Employee Benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Group in exchange for services rendered by its employees and directors. The employee benefits are classified as staff costs and charged to the Consolidated Statement of Comprehensive Income.

No provision on employee entitlements to annual leave is provided in the financial statements as the directors consider that no material liability would arise as a result of such entitlement in the near future. Sick leave and maternity leave are not recognised until the time of leave.

2. <u>PRINCIPAL ACCOUNTING POLICIES (CONT'D)</u>

u. <u>Related Parties</u>

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the Group or a parent of the Group.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

v. Financial Risks

The financial risks in connection with the Group's financial instruments include risks as follows.

(i) Market risk includes three types of risk as below:

- Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

- Price risk: the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Market risk embodies not only the potential for loss but also the potential for gain.

(ii) Credit risk: the risk that the corresponding party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss.

(iii) Liquidity risk (also referred to as funding risk): the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

(iv) Cash flow interest rate risk: the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

3. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Group's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(i) Financial instruments by category

The financial assets of the Group comprise trade and other receivable, deposits, amounts due from fellow subsidiaries, and cash and cash equivalents which are categorized as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the Consolidated and Company Statements of Financial Position or in the corresponding notes to the consolidated financial statements. The financial liabilities of the Group comprise trade and other payables, and amounts due to immediate holding company and fellow subsidiaries which are categorized as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the Consolidated Statement of Financial Position or in the corresponding notes to the consolidated financial statements.

(ii) Financial risk management

The Group's financial risks are limited by the financial management policies and practices described below.

(a) Liquidity risk

As the holding company and fellow subsidiaries have confirmed its willingness to provide continuous financial support to the Group, the management is of the opinion that the Group is adequately protected from the liquidity risk.

(b) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

As the holding company and fellow subsidiaries have confirmed the willingness to provide continuous financial support, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate of fair values of current assets and liabilities

The nominal values of current assets and liabilities are assumed to approximate their fair values.

6. REVENUE, OTHER INCOME AND GAINS

	2017	2016
	HK$	HK$
Revenue recognised during the year including revenue arising from:		
Turnover:		
Sales of goods	364,480,071	251,736,452
Other income and gain, net:		
Bank interest income	2,257	25,840
Commission income	6,193,225	3,938,511
Exchange differences, net	438,056	654,358
Marketing fee received	947,961	417,450
Sundry income	947,271	1,527,904
Service income	-	47,304
	8,528,770	6,611,367
Total revenue recognised	373,008,841	258,347,819

7. FINANCE COST

	2017	2016
Bank finance charges	2,302,401	849,905

8. PROFIT BEFORE TAXATION

	2017	2016
Profit before taxation is stated after charging and (crediting):		
Depreciation	635,468	893,551
Exchange differences, net	(438,056)	(654,358)
Fixed asset written off	-	97,470
Staff costs (including directors' remuneration)		
- Salaries and allowance	13,248,488	12,029,926
- Mandatory provident fund contribution	98,595	184,974
- Medical and social welfare contribution	5,309,759	4,470,341
- Staff welfare expenses	21,891	14,295

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

(i) Remuneration of the directors of the Group disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	2017	2016
	HK$	HK$
Emoluments:		
Acting as directors	-	-
Provision for management services	640,223	605,045
Retirement benefits	-	-
	640,223	605,045
	======	======

(ii) Loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Group and its holding company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

Loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director

	Outstanding principal				
Name of borrower	At beginning of year	At end of year	Greatest outstanding	Overdue amount	Provision
	HK$	HK$	HK$	HK$	HK$
PoeticGem Australia Limited	-	295,640	-	-	-
Norwest USA Inc.	58,350	58,350	58,350	-	-
Techno Design HK Limited (formerly known as DPOD Manufacturing Limited)	3,037,312	9,102,277	9,102,277	-	-
Techno Design GMBH	-	68,855	68,855	-	-
Nor Europe Manufacturing S.L.	1,528	-	1,528	-	-
JJ Star Industrial Limited	-	1,665,595	1,665,595	-	-
Sourcing Solutions HK Ltd	421,020	676,832	676,832	-	-

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS (CONT'D)

(ii) Loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Group and its holding company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow (Cont'd):

Loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director (Cont'd)

		Outstanding principal			
Name of borrower	At beginning of year	At end of year	Greatest outstanding	Overdue amount	Provision
	HK$	HK$	HK$	HK$	HK$
Grupo Sourcing Limited	-	21,680	21,680	-	-
Green Apparel Industries Limited	-	163,380	163,380	-	-
Twins Asia Limited	-	700,200	700,200	-	-
Progress Manufacturing Group Limited	-	93,664	93,664	-	-
Fareast Vogue Limited	-	1,262,020	1,262,020	-	-
	3,518,210	14,108,493			

Principal terms: The loans, quasi-loans and credit transactions are interest free, unsecured and have no fixed repayment terms.

Guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director

In the opinion of the directors, apart from the related party transactions as disclosed in Note (22), the directors or shadow directors, if any, of the Group had no material interests in those significant transactions, arrangements or contracts in relation to the Group's business entered into by the Group or another company in the same group of companies or subsisted during the year.

10. AUDITOR'S REMUNERATION

Auditor's remuneration and expenses for the year disclosed pursuant to Part 2 of Schedule 4 of the Hong Kong Companies Ordinance are as follow:

	2017	2016
	HK$	HK$
Auditor's remuneration	51,225	62,283
Auditor's expenses	-	-
	51,225	62,283
	=====	=====

11. TAXATION

No Hong Kong profits tax has been provided in these financial statements as the income of the Group neither arises in nor is derived from Hong Kong.

12. LOSS ATTRIBUTABLE TO SHAREHOLDERS

Included in the profit of HK$2,761,088 (2016: HK$877,323) attributable to shareholders of the Group is a profit of HK$16,685,598 (2016: loss of HK$2,602,437) which is dealt with in the Company's own accounts.

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PDS ASIA STAR CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. PLANT AND EQUIPMENT

GROUP	Computer equipment	Furniture and fixtures	Leasehold improvement	Motor vehicle	Office equipment	Software	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Cost							
At 1/4/2015	406,085	935,878	250,728	926,717	195,493	165,216	2,880,117
Additions	32,071	10,370	-	-	192,203	-	234,644
Written off	-	(318,919)	-	-	-	-	(318,919)
Exchange alignment	(16,401)	(33,415)	(10,549)	-	(11,819)	(6,952)	(79,136)
At 31/3/2016	421,755	593,914	240,179	926,717	375,877	158,264	2,716,706
Additions	122,352	-	-	-	-	-	122,352
Exchange alignment	(28,757)	(33,932)	(13,966)	-	(21,857)	(9,203)	(107,715)
At 31/3/2017	515,350	559,982	226,213	926,717	354,020	149,061	2,731,343
Accumulated Depreciation							
At 1/4/2016	213,472	400,634	182,506	128,698	144,797	62,473	1,132,580
Charge for the year	124,754	242,081	66,572	308,875	97,515	53,754	893,551
Written off	-	(221,449)	-	-	-	-	(221,449)
Exchange realignment	(10,542)	(17,199)	(8,924)	-	(7,915)	(3,633)	(48,213)
At 31/3/2016	327,684	404,067	240,154	437,573	234,397	112,594	1,756,469
Charge for the year	88,121	141,685	-	308,874	62,593	34,195	635,468
Exchange realignment	(21,985)	(30,836)	(13,965)	-	(17,014)	(8,396)	(92,196)
At 31/3/2017	393,820	514,916	226,189	746,447	279,976	138,393	2,299,741
Net Book Value							
At 31/3/2017	121,530	45,066	24	180,270	74,044	10,668	431,602
At 31/3/2016	94,071	189,847	25	489,144	141,480	45,670	960,237

14. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$	HK$
Trade receivables (Note (i))	38,335,394	61,750,569
Trade deposit paid	2,984,943	4,311,303
Other receivables	367,825	146,719
	41,688,162	66,208,591
	========	========

(i) Aging analysis of trade receivables is as follows:

	2017	2016
Neither past due nor impaired	31,959,747	51,431,322
Past due but not impaired	6,375,647	10,319,247
	38,335,394	61,750,569
	========	========

15. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

The amounts due from fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayments. No provisions for bad and doubtful debts have been recognised on the amounts due from fellow subsidiaries. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

16. AMOUNTS DUE TO FELLOW SUBSIDIARIES/IMMEDIATE HOLDING COMPANY

The amounts are unsecured, interest-free and have no fixed terms of repayment. The fellow subsidiaries/immediate holding company had agreed not to demand repayment until the Group is financially capable of repayment. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

17. TRADE AND OTHER PAYABLES

	2017	2016
	HK$	HK$
Trade payables (Note (i))	17,632,323	21,117,452
Trade deposit received	1,639,048	1,680,352
Other payables and accruals	12,975	293,413
	19,284,346	23,091,217
	========	========

(i) Maturity of the trade payables is as follows:

	2017	2016
Due for payment:		
Not later than one year	17,632,323	21,117,452
	========	========

18. SECURED BANK BORROWINGS

The carrying amount of the secured bank borrowings at the end of reporting period is analyzed as follows:

	2017	2016
	HK$	HK$
Amount repayable within one year:		
Trust receipt loan	2,256,896	9,694,451
Discounted bills loan	16,076,525	25,671,371
	18,333,421	35,365,822
	========	========

19. SHARE CAPITAL

	2017		2016	
	No. of shares	Amount	No. of shares	Amount
		HK$		HK$
Issued and fully paid: Ordinary shares of US$1 each				
At March 31	300,000	2,334,000	300,000	2,334,000
	=======	=======	=======	=======

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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PDS ASIA STAR CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	2017	2016
		HK$	HK$
Non-Current Assets			
Plant and equipment		193,760	514,060
Interest in a subsidiary	(20a)	7,556,598	7,556,598
		7,750,358	8,070,658
Current Assets			
Deposit and prepayment		103,377	103,377
Trade and other receivables		41,544,258	65,948,391
Amounts due from fellow subsidiaries		14,108,493	3,518,210
Amount due from a subsidiary		8,790,499	-
Cash and cash equivalent		276,243	628,889
		64,822,870	70,198,867
Current Liabilities			
Amounts due to fellow subsidiaries		34,195,600	21,895,419
Amount due to a subsidiary		-	13,925,324
Amount due to immediate holding company		6,457,400	6,382,035
Trade and other payables		19,284,346	23,084,062
Secured bank borrowing		18,333,421	35,365,822
		78,270,767	100,652,662
Net Current Liabilities		(13,447,897)	(30,453,795)
NET LIABILITIES		(5,697,539)	(22,383,137)
EQUITY			
Share capital		2,334,000	2,334,000
Retained earnings	(20b)	(8,031,539)	(24,717,137)
TOTAL EQUITY		(5,697,539)	(22,383,137)

APPROVED BY THE BOARD OF DIRECTORS ON MAY 25, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH
Director

FENG Qing
Director

20. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONT'D)

a. INTEREST IN A SUBSIDIARY

	2017	2016
	HK$	HK$
Unlisted investment, at cost	7,556,598	7,556,598
	=======	=======

Details of subsidiary are as follows:

Name of subsidiary	Place of incorporation	Percentage of ownership and voting power	Nature of business
派帝賽思貿易(上海)有限公司 *	The People's Republic of China	100%	Garment trading

* Not audited by Louis Lai & Luk CPA Limited

b. RESERVE

	Retained Earnings
	HK$
At April 1, 2015	(22,114,700)
Total comprehensive expense for the year	(2,602,437)
At March 31, 2016	(24,717,137)
Total comprehensive income for the year	16,685,598
At March 31, 2017	(8,031,539)
	========

21. OPERATING LEASE COMMITMENTS

At the end of reporting period, the Group had the outstanding commitments under its non-cancellable operating leases, which fall due as follows:

	2017	2016
	HK$	HK$
Within one year	1,036,362	1,294,597
In the second to fifth years inclusive	821,498	1,433,217
	1,857,860	2,727,814
	=======	=======

Operating lease payments represent rental payments payable by the Group for its leased premises. Leases are negotiated for an averaged term two to three years.

PDS ASIA STAR CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. RELATED PARTY TRANSACTIONS

During normal course of business, the Group had the following transactions with the related parties below.

Name of Company	Relationship	Nature of transactions	2017	2016
			HK$	HK$
Designed and Sourced Ltd.	Fellow subsidiary	Commission expenses	-	32,408
		Recharge income	-	(151,880)
		Other income	-	(531,181)
Techno Design Ltd. (formerly known as DPOD Manufacturing Ltd.)	Fellow subsidiary	Amount due from	9,102,277	3,037,312
		Recharge income	(280,080)	(567,940)
Poeticgem Australia Manufacturing Co. Ltd.	Fellow subsidiary	Amount due from/(to)	295,640	(1,676,590)
		Recharge income	(163,380)	(233,400)
Global Textiles Group Ltd.	Fellow subsidiary	Consultancy fee	2,024,356	1,528,770
Multinational Textile Group Ltd.	Immediate holding company	Amount due to	(6,457,400)	(6,382,035)
		Management and service fee	630,180	933,600
Nor Europe Manufacturing SL	Fellow subsidiary	Amount due to	-	1,528
		Commission expenses	-	1,508
Nor Lanka Manufacturing Ltd.	Fellow subsidiary	Recharge income	(466,800)	(898,590)
Norwest Industries Ltd.	Fellow subsidiary	Amount due to	(22,884,539)	(16,277,303)
		Commission expenses	1,635,232	1,870,010
		Recharge income	(826,739)	(99,599)
		Recharge expenses	1,508,832	449,540
		Management and service fee	2,334,000	-
Norwest USA Inc.	Fellow subsidiary	Amount due from	58,350	58,350
Poeticgem Ltd.	Fellow subsidiary	Amount due to	(242,363)	(1,084,786)
		Recharge expenses	1,464,114	-
Poeticgem International Ltd.	Fellow subsidiary	Amount due to	(284,182)	(231,244)
		Recharge expenses	52,937	217,031

22. RELATED PARTY TRANSACTIONS (CONT'D)

Name of Company	Relationship	Nature of transactions	2017	2016
			HK$	HK$
Simple Approach Ltd.	Fellow subsidiary	Amount due to	(442,891)	(67,734)
		Commission income	-	(42,077)
		Recharge income	(420,120)	(373,440)
		Recharge expenses	1,394,305	907,321
Spring Near East Manufacturing Co. Ltd.	Fellow subsidiary	Amount due to	(6,498,305)	(2,557,762)
		Recharge income	(947,604)	(2,730,780)
		Commission expenses	50,369	75,422
Zamira Fashion Limited	Fellow subsidiary	Recharge income	(420,120)	(373,440)
Kleider Sourching Hong Kong Ltd.	Fellow subsidiary	Recharge income	(3,843,320)	(140,040)
		Purchases	(186,720)	619,511
JJ Star Industrial Ltd.	Fellow subsidiary	Amount due from	1,665,596	-
		Recharge income	(233,400)	(186,720)
Sourcing Solutions Ltd.	Fellow subsidiary	Amount due from	676,832	421,020
		Recharge income	(140,040)	(140,040)
Techno Design GMBH	Fellow subsidiary	Amount due from	68,855	-
		Recharge income	-	(154,044)
		Recharge expense	(32,448)	-
		Sales	(59,966)	-
Grupo Sourcing Ltd.	Fellow subsidiary	Amount due from	21,680	-
		Recharge income	(93,360)	-
Green Apparel Industries Ltd.	Fellow subsidiary	Amount due from	163,380	-
		Recharge income	(93,360)	-
Twins Asia Ltd.	Fellow subsidiary	Amount due from	700,200	-
		Recharge income	(700,200)	-
Progress Manufacturing Group Ltd.	Fellow subsidiary	Amount due from	93,664	-
		Recharge income	(93,360)	-
Fareast Vogue Ltd.	Fellow subsidiary	Amount due from	1,262,020	-
		Recharge income	(140,040)	-
			=======	=======

23. CURRENCY RISK

(i) Exposure to currency risk

The following table details the Group's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of reporting period.

	(Expressed in HKD) 2017				
	CNY	GBP	EUR	USD	Total
Deposit and prepayment	411,677	-	-	-	411,677
Trade and other receivables	809,577	-	1,078,119	39,820,346	41,708,042
Trade and other payables	(32,722)	-	(864,075)	(18,374,574)	(19,271,371)
Cash and cash equivalents	1,111,914	31,806	21,397	8,244,882	9,409,999
Net exposure arising from recognised assets and liabilities	2,300,446	31,806	235,441	29,690,654	32,258,347

	(Expressed in HKD) 2016				
	CNY	GBP	EUR	USD	Total
Deposit and prepayment	303,338	-	-	-	303,338
Trade and other receivables	17,734,111	-	2,044,701	46,429,779	66,208,591
Trade and other payables	(3,828,194)	-	(638,150)	(18,331,460)	(22,797,804)
Cash and cash equivalents	398,350	4,112	191,942	350,124	585,528
Net exposure arising from recognised assets and liabilities	14,607,605	4,112	1,598,493	28,448,443	44,299,653

23. CURRENCY RISK

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax in response to reasonably possible changes (e.g.±10%) in the foreign exchange rates to which the Group has significant exposure at the end of reporting period.

	2017		2016	
	Increase	Decrease	Increase	Decrease
	HK$	HK$	HK$	HK$
Chinese Yuan (CNY)	192,087	(192,087)	1,219,735	(1,219,735)
British Pounds (GBP)	2,656	(2,656)	343	(343)
Euro Dollars (EUR)	19,659	(19,659)	133,474	(133,474)
	214,402	(214,402)	1,353,552	(1,353,552)
	======	======	======	======

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Group's exposure to currency risk for the variables.

The stated changes represent Management's assessment of reasonably possible change in foreign exchange rates over the period until the end of next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on Group's profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2016.

24. BANKING FACILITIES

General banking facilities granted by a bank were secured by the fellow subsidiaries' cash deposit, immediate holding company's corporate guarantee and directors' personal guarantee.

25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

26. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Group's Board of Director on May 25, 2017.

PDS ASIA STAR CORPORATION LIMITED
CONSOLIDATED DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	2017	2016
	HK$	HK$
SALES	364,480,071	251,736,452
COST OF GOODS SOLD	(335,505,204)	(230,712,574)
GROSS PROFIT	28,974,867	21,023,878
OTHER INCOME		
Bank interest income	2,257	25,840
Commission income	6,193,225	3,938,511
Marketing fee received	947,961	417,450
Sundry income	947,271	1,527,904
Exchange differences, net	438,056	654,358
Service income	-	47,304
	37,503,637	27,635,245
OPERATING EXPENSES (SCH II)	(34,742,549)	(26,757,922)
PROFIT BEFORE TAXATION	2,761,088	877,323
	=========	=========

PDS ASIA STAR CORPORATION LIMITED
CONSOLIDATED DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

	2017	2016
	HK$	HK$
OPERATING EXPENSES		
Depreciation		
Depreciation expenses	635,468	893,551
Staff Costs		
Directors' remuneration	640,223	605,045
Mandatory provident fund contribution	98,595	184,974
Medical and social welfare contribution	5,309,759	4,470,341
Salaries	12,608,265	11,424,881
Staff welfare expenses	21,891	14,295
	18,678,733	16,699,536
Finance Cost		
Bank finance charges	2,302,401	849,905
Other Operating Expenses		
Auditor's remuneration	51,225	62,283
Bank charges	1,580,152	1,423,992
Building management fee	90,266	87,406
China levy	90,140	954,938
Cleaning expense	23,424	3,938
Commission expenses	1,689,331	2,177,035
Consultancy fee	2,618,655	1,903,791
Courier	662,475	793,348
Electricity expenses	101,377	103,096
Entertainment	58,679	120,600
Fixed asset written off	-	97,470
Immigration expenses	9,879	42,580
Insurance	12,362	220,355
IT charges	57,099	128,370
Legal and professional fee	32,652	10,794
License fee	9,124	9,124
Local travelling	1,828,514	1,630,879
Management and service fee	2,964,180	933,600
Mobile and telephone expenses	319,446	167,916
Motor vehicle expenses	90,597	46,856
Office supplies	275,955	148,897
Overseas travelling	273,683	429,261
Printing and stationery	103,419	116,313
Recharge income	(873,199)	(4,476,022)
Recruitment expenses	21,918	4,392
Rent	941,154	979,035
Repair and maintenance	4,092	-
Sampling expenses	58,684	98,719
Taxi and car hire charges	30,664	95,964
	13,125,947	8,314,930
	34,742,549	26,757,922

PDS ASIA STAR CORPORATION LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	2017	2016
	HK$	HK$
SALES	364,227,601	249,343,342
COST OF GOODS SOLD	(335,247,008)	(228,070,433)
GROSS PROFIT	28,980,593	21,272,909
OTHER INCOME		
Commission income	6,193,225	3,712,499
Marketing fee received	947,961	417,450
Sundry income	946,648	783,101
Exchange differences, net	554,666	883,365
	37,623,093	27,069,324
OPERATING EXPENSES (SCH II)	(20,937,495)	(29,671,761)
PROFIT/(LOSS) BEFORE TAXATION	16,685,598	(2,602,437)
	=========	=========

PDS ASIA STAR CORPORATION LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

	2017	2016
	HK$	HK$
OPERATING EXPENSES		
Depreciation		
Depreciation expenses	320,300	321,562
Staff Costs		
Salaries	3,693,939	4,170,901
Mandatory provident fund contribution	98,595	184,974
Medical benefits and expenses	253,129	252,176
Staff welfare expenses	10,515	14,295
	4,056,178	4,622,346
Finance Cost		
Bank finance charges	2,302,401	849,905
Other Operating Expenses		
Auditor's remuneration	51,225	57,996
Bank charges	1,576,867	1,417,775
Business registration fee	10,295	3,748
Cleaning expenses	-	3,938
Commission expenses	1,689,331	2,144,627
Consultancy fee	2,278,381	1,567,126
Courier	36,600	34,322
Electricity	6,321	-
Entertainment	6,025	16,959
Immigration expenses	-	11,295
Insurance	12,363	220,356
IT charges	57,099	128,370
Legal and professional fee	19,859	10,794
License fee`	9,124	9,124
Local travelling	131,705	72,330
Management and service fee	2,964,180	933,600
Mobile and telephone expenses	15,480	35,637
Motor vehicle expenses	47,653	33,898
Office rent	88,309	-
Office supplies	6,883	19,339
Overseas travelling	72,876	185,753
Printing and stationery	35,872	12,911
Recharge income	(817,583)	(4,224,543)
Recruitment expenses	19,764	-
Sampling expenses	48,052	48,550
Service expenses	5,886,383	21,107,407
Taxi and car hire charges	5,552	26,636
	14,258,616	23,877,948
	20,937,495	29,671,761

SIMPLE APPROACH LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

SIMPLE APPROACH LIMITED

CONTENTS

SIMPLE APPROACH LIMITED

DIRECTORS' CONSOLIDATED REPORT

The directors present their consolidated report and the audited financial statements for the year ended March 31, 2017.

PRINCIPAL ACTIVITY

The principal activity of the Company is garment trading. The principal activity of the subsidiary is set out in Note (20a) to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Company and its subsidiary (the "Group") for the year are set out in the consolidated statement of comprehensive income on page 7.

The directors do not recommend the payment of a dividend.

SHARE CAPITAL AND RESERVES

Details of share capital of the Group are set out in Note (19) to the consolidated financial statements.

There were no movements in reserves except for changes to retained earnings which arose from profit or loss.

PLANT AND EQUIPMENT

Movements in plant and equipment are set out in Note (12) to the consolidated financial statements.

DIRECTORS

(a) Directors of the Company

The directors of the Company during the year and up to date of this consolidated report were:

Sandeep Malhotra
Deepak Burman
Rohit Girotra

In accordance with Article 7 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

(b) Directors of the Company's subsidiary

During the year and up to date of this consolidated report, Rohit Girotra and Deepak Kumar Seth are the directors of the subsidiary of the Company.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

Except for the related party transactions as disclosed in Note (24) to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Group was a party and in which directors of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group or its subsidiary were entered into or existed during the year.

PERMITTED INDEMNITY PROVISION

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of the directors of the Company and holding Company (whether made by the Company or otherwise) or an associated Company (if made by the Company).

BUSINESS REVIEW

By a special resolution passed on September 30, 2014, the Group resolved to dispense the preparation of a business review for the financial year ended March 31, 2017 and every subsequent financial year. Accordingly, the Group is exempted from preparing a business review for this financial year.

AUDITORS

The Group's auditors, Messrs. Louis Lai & Luk CPA Limited, retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

Sandeep Malhotra
Chairman

Hong Kong, May 24, 2017.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SIMPLE APPROACH LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Simple Approach Limited ("the Company") and its subsidiary ("the Group") set out on pages 7 to 36, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
SIMPLE APPROACH LIMITED
(incorporated in Hong Kong with limited liability)

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those charged with Governance for Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
SIMPLE APPROACH LIMITED
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.

- 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
SIMPLE APPROACH LIMITED
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 24, 2017.

SIMPLE APPROACH LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2017

	NOTES	2017	2016
		HK$	HK$
REVENUE	(6)	527,044,088	409,039,089
COST OF SALES		(451,691,347)	(351,765,943)
GROSS PROFIT		75,352,741	57,273,146
OTHER INCOME	(6)	12,355,661	14,575,484
SELLING AND DISTRIBUTION COSTS		(25,714,800)	(20,756,151)
DEPRECIATION EXPENSES		(611,276)	(686,466)
STAFF COSTS		(28,685,002)	(25,999,069)
OTHER OPERATING EXPENSES		(24,174,967)	(16,247,978)
PROFIT FROM OPERATIONS		8,522,357	8,158,966
FINANCE COSTS	(7)	(2,149,377)	(2,133,069)
PROFIT BEFORE TAXATION	(8)	6,372,980	6,025,897
TAXATION	(11)	(1,139,732)	(1,087,170)
PROFIT FOR THE YEAR		5,233,248	4,938,727
OTHER COMPREHENSIVE INCOME Item that may be reclassified to profit or loss: - Exchange difference on translating foreign operations		(191,938)	(868,232)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDER FOR THE YEAR		5,041,310 =========	4,070,495 =========

THE NOTES ON PAGES 12 TO 36 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

SIMPLE APPROACH LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	NOTES	2017	2016
		HK$	HK$
Non-Current Assets			
Plant and equipment	(12)	869,667	894,833
Current Assets			
Deposits and prepayment		1,262,992	838,614
Amount due from immediate holding company	(13)	1,556,000	-
Amounts due from fellow subsidiaries	(13)	7,906,179	5,336,060
Amount due from a director	(9ii)	6,089,460	4,229,247
Trade and other receivables	(14)	157,514,995	152,482,263
Cash and cash equivalents		4,595,231	9,812,811
		178,924,857	172,698,995
Current Liabilities			
Amounts due to fellow subsidiaries	(15)	1,142,094	1,962,828
Trade and other payables	(16)	45,099,416	47,065,034
Secured bank borrowings	(17)	98,455,781	93,525,469
Obligation under finance leases	(18)	127,008	215,233
Provision for taxation		114,272	1,010,621
		144,938,571	143,779,185
Net Current Assets		33,986,286	28,919,810
NET ASSETS		34,855,953	29,814,643
EQUITY			
Share capital	(19)	18,983,200	18,983,200
Translation reserve		(649,636)	(457,698)
Retained earnings		16,522,389	11,289,141
TOTAL EQUITY		34,855,953	29,814,643

APPROVED BY THE BOARD OF DIRECTORS ON MAY 24, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Sandeep Malhotra	Rohit Girotra
Director	Director

THE NOTES ON PAGES 12 TO 36 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

SIMPLE APPROACH LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2017

	Share Capital	Translation Reserve	Retained Earnings	Total
	HK$	HK$	HK$	HK$
At April 1, 2015	26,763,200	410,534	6,350,414	33,524,148
Total comprehensive income for the year	-	(868,232)	4,938,727	4,070,495
Redemption of preference shares	(7,780,000)	-	-	(7,780,000)
At March 31, 2016 and April 1, 2016	18,983,200	(457,698)	11,289,141	29,814,643
Total comprehensive income for the year	-	(191,938)	5,233,248	5,041,310
At March 31, 2017	18,983,200	(649,636)	16,522,389	34,855,953
	========	======	========	========

THE NOTES ON PAGES 12 TO 36 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

SIMPLE APPROACH LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
	HK$	HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,372,980	6,025,897
Adjustments for:		
Depreciation	611,276	686,466
Bank interest income	(25,104)	(30,005)
Interest expenses	2,149,377	2,133,069
Plant and equipment written off	3,715	6,720
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	9,112,244	8,822,147
Decrease in inventories	-	469,674
(Increase)/Decrease in deposits and prepayment	(424,378)	361,315
Increase in trade and other receivables	(5,032,732)	(17,117,101)
(Decrease)/Increase in trade and other payables	(1,965,618)	9,980,338
Net payment to immediate holding company	(1,556,000)	(985,975)
Net payment to fellow subsidiaries	(3,390,853)	(1,616,979)
Net payment to a related company	-	(9,200)
Net payment to a director	(1,860,213)	(466,800)
NET CASH USED IN OPERATIONS	(5,117,550)	(562,581)
Bank interest received	25,104	30,005
Bank interest paid	(2,149,377)	(2,133,069)
Hong Kong profits tax paid	(1,967,019)	(12,415)
Tax paid in other jurisdiction	(63,871)	(50,713)
Net cash used in operating activities	(9,272,713)	(2,728,773)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment and net cash used in investing activities	(592,321)	(621,487)

THE NOTES ON PAGES 12 TO 36 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

SIMPLE APPROACH LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
	HK$	HK$
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipt from secured bank borrowing	4,930,312	9,129,212
Inception of finance leases	-	270,914
Repayment of obligations under finance leases	(88,225)	(55,681)
Redemption of preference shares	-	(7,780,000)
Net cash generated from financing activities	4,842,087	1,564,445
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,022,947)	(1,785,815)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	9,812,811	12,461,409
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(194,633)	(862,783)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	4,595,231	9,812,811

THE NOTES ON PAGES 12 TO 36 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

1. GENERAL

Simple Approach Limited is a company incorporated in Hong Kong with limited liability. The principal activity of the Group is garment trading. The address of its registered office is 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong. The directors consider that the immediate holding company is Multinational Textile Group Limited, a company incorporated in Mauritius.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS(s)") (which also include Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)")) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$"), which is also the Company's functional and presentation currency.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note (5) to the consolidated financial statements.

b. Changes in Accounting Policies and Disclosures

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Group, and accordingly, they have had no material impact on the Group's consolidated financial statements for the year ended March 31, 2017.

c. Issued but Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not early applied any new and revised HKFRSs that have been issued but are not year effective for the accounting year ended March 31, 2017, in these consolidated financial statements. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to March 31. Subsidiary is an entity over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiary is consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balance and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary have been changes where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the Consolidated Statement of Financial Position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the Consolidated Statement of Comprehensive Income as an allocation of the total profit or loss and total comprehensive income for the year between non controlling interests and the shareholders of the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the controlling and non-controlling interests within consolidated equity to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received recognised directly in equity and attributed to the owners of the Company.

In the Company's Statements of Financial Position the investments in subsidiary is stated at cost less allowance for impairment losses. The results of subsidiary is accounted for by the Company on the basis of dividends received and receivable.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e. Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and aggregate identified impairment loss, if any.

Depreciation is provided to write off the cost less residual value of plant and equipment over its expected useful lives.

Office equipment	20% - 33 ⅓%
Furniture and fixtures	33 ⅓%
Computer equipment	30% - 33 ⅓%
Leasehold improvement	33 ⅓%
Plant and machinery	33 ⅓%
Motor vehicles	33 ⅓%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss on disposal of plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the Consolidated Statement of Comprehensive Income.

When assets are sold or otherwise disposed of, their carrying amounts are written off from the financial statements and any gain or loss on the disposal is included in the Consolidated Statement of Comprehensive Income.

f. Inventories

Inventories are stated at the lower of cost and net realisbale value.

Cost of raw materials is arrived at by reference to the suppliers' invoiced cost and is in general assigned to individual items on the first-in, first-out basis.

Net realizable value is based on estimated selling prices less any further costs expected to be incurred. When inventories are sold, the carrying amount of those inventories is recognised as an expenses in the year in which the related revenue is recognised.

g. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

h. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

i. Financial Assets

Financial assets of the Group are only classified under loans and receivables category.

j. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortized cost using effective interest method, less any identified impairment losses. An impairment loss is recognised in the Consolidated Statement of Comprehensive Income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

k. Financial Liabilities

Financial liabilities of the Group are classified, at initial recognition, as loans and borrowings or derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities comprise trade and other payables, and amounts due to fellow subsidiaries and a director, which are subsequently measured at amortized cost, using the effective interest method.

l. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the date of issuance of shares.

m. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

n. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable loss for the year. Taxable loss differs from net loss as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable loss, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable loss will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax loss nor the accounting loss.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income.

p. Turnover

Turnover represents invoiced amount of sales less discounts and returns.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

q. Recognition of Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for services provided in the normal course of the Group's business. It is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the bases as follows:

- Revenue from sales of goods is recognised when the goods are delivered to buyer.
- Interest income from bank deposits is accrued on a time proportion basis on the principal outstanding and at the rate applicable.
- Commission income, management fee income and design fee income are recognised when the services are rendered.
- Other income is recognised on a receipt basis.

r. Retirement Benefit Scheme

The Group participates in Mandatory Provident Fund Scheme ("MPF Scheme"). The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme is held separately from those of the Group in funds under the control of an independent trustee. Pursuant to the rules of the MPF Scheme, each of the employer and employees are required to make contributions to the scheme at rates specified in the rules.

The MPF Scheme is a defined contribution plan and the Group is only obliged to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The retirement benefit costs arising from the MPF Scheme charged to the Consolidated Statement of Comprehensive Income represent contribution payable to the funds by the Group in accordance with the rules of the scheme.

s. Employee Benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Group in exchange for services rendered by its employees and directors. The employee benefits are classified as staff costs and charged to the Consolidated Statement of Comprehensive Income.

Provision on employees' entitlements to unconsumed annual leaves as of the end of reporting period are not provided in the financial statements as such leaves are not permitted to be carried forward and utilized by the respective employees in the following year. Sick leave and maternity leave are recognised until the time of leave as directors consider that no material liability would arise as a result of such entitlements in the near future.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

t. Borrowing Cost

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

u. Bank Borrowings

Interest bearing bank loans and overdrafts are initially measured as fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs, if any) and the settlement or redemption of borrowings is recognised over the terms of borrowings in accordance with the Group's policy for borrowing cost as stated in the preceding note.

v. Operating Leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

w. Finance Leases

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset to the Group are accounted for as finance leases.

Assets held under finance leases are recognised as assets of the Group at the lower of their fair value or present value of the minimum lease payments at the date of acquisition. The depreciation policy for such assets is consistent with that for equivalent depreciable assets which are owned by the Group, unless there is no reasonable certainty that the Group will obtain the ownership of such assets by the end of the lease terms, in which case the assets will be fully depreciated over the shorter of the lease terms of their estimated useful life.

The corresponding liability to the lessor is included in the consolidated statement of financial position as an obligation under finance lease. The finance costs, which represent the difference between the total leasing commitments and the outstanding principal amount at the date of inception of the finance lease, are charged to the consolidated statement of comprehensive income at a constant periodic rate on the remaining balance of the obligations under finance leases or hire purchase contracts for each accounting period.

x. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

y. Related Parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the Group or a parent of the Group.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

z. Financial Risks

The financial risks in connection with the Group's financial instruments include risks as follows.

(i) Market risk includes three types of risk as below:

- Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

- Price risk: the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Market risk embodies not only the potential for loss but also the potential for gain.

(ii) Credit risk: the risk that the corresponding party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss.

(iii) Liquidity risk (also referred to as funding risk): the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

(iv) Cash flow interest rate risk: the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

3. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Group's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(i) Financial instruments by category

The financial assets of the Group comprise trade and other receivable, deposits, amounts due from ultimate holding company and fellow subsidiaries, and cash and cash equivalents which are categorized as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the Consolidated and Company Statements of Financial Position or in the corresponding notes to the consolidated financial statements. The financial liabilities of the Group comprise trade and other payables, and amounts due to fellow subsidiaries and a director which are categorized as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the Consolidated Statement of Financial Position or in the corresponding notes to the consolidated financial statements.

(ii) Financial risk management

The Group's financial risks are limited by the financial management policies and practices described below:

(a) Credit risk

The Group has no significant concentrations of credit risk because the creditworthiness of each of the Group's customers has been assessed before any goods are supplied to them on credit. The directors are not aware of any factor indicating that any debtors would not be capable of repaying their outstanding amounts. Accordingly, the directors are of the opinion that the Group is adequately protected from the credit risk.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. As at the end of reporting period, the Group keeps sufficient cash equivalents. Accordingly, the liquidity risk on difficult realization of cash equivalent is immaterial.

(c) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate of fair values of current assets and liabilities

The nominal value of current assets and liabilities are assumed to approximate their fair values.

6. REVENUE AND OTHER INCOME

Revenue recognised during the year are as follows:

	2017	2016
	HK$	HK$
Revenue:		
Sale of goods	527,044,088	409,039,089
Other income:		
Bank interest income	25,104	30,005
Commission income	10,266,776	10,636,519
Claim and recovery	911,083	1,563,249
Design fee income	-	2,334,000
Exchange difference, net	371,378	-
Sundry income	781,320	11,711
	12,355,661	14,575,484
Total revenue recognised	539,399,749	423,614,573

7. FINANCE COSTS

	2017	2016
Bank interest paid	1,482,455	1,796,919
Bank finance charges	655,391	325,327
Hire purchase interest	11,531	10,823
	2,149,377	2,133,069

8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	2017	2016
Depreciation	611,276	686,466
Exchange difference, net	(371,378)	10,151
Plant and equipment written off	3,715	6,720
Rental payment under operating leases - properties	1,659,001	1,519,067
Staff costs (including directors' remuneration)		
- Salaries and allowance	26,757,745	24,217,390
- Contribution to retirement benefit scheme - MPF	470,807	425,756
- Director's quarter expenses	1,230,219	1,224,417
- Recruitment expenses	226,231	131,506

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

(i) Remuneration of the directors of the Group disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	2017	2016
	HK$	HK$
Emoluments:		
Acting as directors	-	-
Provision for management services	3,135,640	3,303,495
Retirement benefits	18,000	18,000
	3,153,640	3,321,495
	=======	=======

(ii) Loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Group and its holding company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

Loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director

	Outstanding principal				
Name of borrower	At beginning of year	At end of year	Greatest outstanding	Overdue amount	Provision
	HK$	HK$	HK$	HK$	HK$
Sandeep Malhotra	4,229,247	6,089,460	6,089,460	-	-
	=======	=======			
Techno Design HK Ltd.	268,814	268,814	268,814	-	-
Nordelhi Manufacturing Ltd.	1,729,518	1,729,517	1,729,518	-	-
Norwest Industries Ltd.	-	2,254,770	2,254,770	-	-
PDS Asia Star Corporation Ltd.	67,733	442,891	442,891	-	-
Spring Near East Manufacturing Ltd.	925,594	925,594	925,594	-	-
Zarmira Fashion Ltd.	2,338,987	2,284,593	2,338,987	-	-
Nor Europe Manufacturing Co., Ltd.	5,414	-	5,414	-	-
	5,336,060	7,906,179			
	=======	=======			
Multinational Textile Group Ltd.	-	1,556,000	1,556,000	-	-
	=======	=======			

Principal terms: The loans, quasi-loans and credit transactions are interest free, unsecured and have no fixed repayment terms.

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS (CONT'D)

(ii) Loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Group and its holding company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow: (Cont'd)

Guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director

During the year, no guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director.

(iii) Material interests of directors (including shadow directors) of the Group disclosed pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

In the opinion of the directors, except for the related party transactions as disclosed in Note (24) to the financial statements, the directors or shadow directors, if any, of the Group had no material interests in those significant transactions, arrangements or contracts in relation to the Group's business entered into by the Group or another company in the same group of companies or subsisted during the year.

10. AUDITOR'S REMUNERATION

Auditor's remuneration and expenses for the year disclosed pursuant to Part 2 of Schedule 4 of the Hong Kong Companies Ordinance are as follow:

	2017	2016
	HK$	HK$
Auditor's remuneration	111,031	141,277
Auditor's expenses	2,750	3,630
	113,781	144,907
	======	======

11. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the current year. Profits tax of subsidiary has been provided at the prevailing rate of the country the subsidiary operates.

	2017	2016
	HK$	HK$
Hong Kong Profits Tax		
- Current year	1,056,527	1,041,787
- Overprovision for previous year	(20,000)	(20,000)
Overseas income tax:		
- Current year	103,205	62,215
- Underprovision for previous year	-	3,168
	1,139,732	1,087,170
	=======	=======

The tax charge for the year can be reconciled to the profit per Consolidated Statement of Comprehensive Income as follows:

	2017	2016
	HK$	HK$
Profit before taxation	6,372,980	6,025,897
	=======	=======
Tax at the domestic income tax rate	1,096,024	1,021,090
Tax effect of expenses that are not deductible in determining taxable profit	103,048	121,030
Tax effect of income that are not taxable in determining taxable profit	(21)	(42)
Net tax allowance claimed	(39,319)	(38,076)
Over-provision for previous year	(20,000)	(16,832)
Taxation expense for the year	1,139,732	1,087,170
	=======	=======

12. PLANT AND EQUIPMENT

	Office Equipment	Furniture and Fixtures	Computer Equipment	Leasehold Improvement	Motor Vehicles	Plant and Machinery	Total
Cost	HK$	HK$	HK$	HK$	HK$	HK$	HK$
At 1/4/2015	744,360	191,943	990,412	779,227	-	6,568	2,712,510
Additions	91,809	-	96,722	92,956	340,000	-	621,487
Written off	-	-	(15,118)	-	-	-	(15,118)
Exchange alignment	(12,246)	-	(32,993)	-	-	-	(45,239)
At 31/3/2016 and 1/4/2016	823,923	191,943	1,039,023	872,183	340,000	6,568	3,273,640
Additions	186,218	14,594	160,753	230,756	-	-	592,321
Written off	(390,947)	(122,810)	(387,266)	(28,600)	-	-	(929,623)
Exchange alignment	(5,014)	-	(13,668)	-	-	-	(18,682)
At 31/3/2017	614,180	83,727	798,842	1,074,339	340,000	6,568	2,917,656
Accumulated Depreciation							
At 1/4/2015	500,578	136,288	770,457	328,340	-	1,094	1,736,757
Charge for the year	165,559	44,339	123,711	265,675	84,994	2,188	686,466
Written back	-	-	(8,398)	-	-	-	(8,398)
Exchange alignment	(10,570)	-	(25,448)	-	-	-	(36,018)
At 31/3/2016 and 1/4/2016	655,567	180,627	860,322	594,015	84,994	3,282	2,378,807
Charge for the year	132,475	13,958	111,311	238,021	113,322	2,189	611,276
Written back	(389,917)	(122,798)	(384,596)	(28,597)	-	-	(925,908)
Exchange alignment	(4,518)	-	(11,668)	-	-	-	(16,186)
At 31/3/2017	393,607	71,787	575,369	803,439	198,316	5,471	2,047,989
Net Book Value							
At 31/3/2017	220,573	11,940	223,473	270,900	141,684	1,097	869,667
At 31/3/2016	168,356	11,316	178,701	278,168	255,006	3,286	894,833

13. AMOUNTS DUE FROM IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES

The amounts due from immediate holding company/fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayments. No provisions for bad and doubtful debts have been recognised on the amounts due from these companies. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

14. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$	HK$
Trade receivables (Note (i))	135,026,454	126,325,278
Advance to vendors	15,682,622	16,258,230
Other receivables	6,805,919	9,898,755
	157,514,995	152,482,263

(i) Aging analysis of trade receivables is as follows:

	2017	2016
Neither past due nor impaired	125,454,984	113,350,816
Past due but not impaired	9,571,470	12,974,462
	135,026,454	126,325,278

Trade receivables are due within 90 days from date of billing.

15. AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES

The amounts due to immediate holding company/fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The immediate holding company/fellow subsidiaries agreed not to demand repayment of the amounts due until the Group is financially capable of repayment. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

16. TRADE AND OTHER PAYABLES

	2017	2016
	HK$	HK$
Trade payable (Note (i))	38,123,333	41,917,563
Bills payable	1,655,389	3,212,164
Trade deposit received	35,362	-
Other payables and accruals	5,285,332	1,935,307
Total	45,099,416	47,065,034

(i) Maturity of the trade payables is as follows:

	2017	2016
Due for payment:		
Not later than one year	38,123,333	41,917,563

17. SECURED BANK BORROWINGS

	2017	2016
Discounted bills loan	16,000,648	12,161,739
Trust receipts loan	43,372,583	46,873,892
Factoring loan	39,082,550	34,489,838
	98,455,781	93,525,469

18. OBLIGATIONS UNDER FINANCE LEASES

The Group holds a motor vehicle with an estimated useful life of three years under three years finance lease. The future minimum lease payments are as follows:

	2017	2016
	HK$	HK$
Within one year	94,207	88,225
Later than one year but within five years	32,801	127,008
	127,008	215,233

The obligation is classified as:

	2017	2016
Current liability	94,207	88,225
Non-current liability	32,801	127,008
	127,008	215,233

19. SHARE CAPITAL

	2017		2016	
	No. of shares	Amount	No. of shares	Amount
		HK$		HK$
Issued and fully paid:				
Ordinary shares of US$1 each	250,000	1,945,000	250,000	1,945,000
9% redeemable preference shares of US$1 each	2,190,000	17,038,200	2,190,000	17,038,200
At March 31	2,440,000	18,983,200	2,440,000	18,983,200

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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SIMPLE APPROACH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	2017	2016
		HK$	HK$
Non-Current Assets			
Plant and equipment		830,878	854,352
Investment in a subsidiary	(20a)	1,704,341	1,704,341
		2,535,219	2,558,693
Current Assets			
Deposits and prepayment		1,250,140	824,921
Amount due from immediate holding company		1,556,000	-
Amounts due from fellow subsidiaries		-	5,336,060
Amount due from a subsidiary	(20b)	6,089,460	461,634
Amount due from a director		7,906,179	4,229,247
Trade and other receivables		157,471,715	152,458,352
Cash and cash equivalents		3,892,232	7,533,398
		178,165,726	170,843,612
Current Liabilities			
Amounts due to fellow subsidiaries		1,142,094	1,962,828
Amount due to a subsidiary		1,192,320	-
Trade and other payables		45,091,495	47,056,595
Secured bank borrowings		98,455,781	93,525,469
Obligation under finance leases		127,008	215,233
Provision for taxation		14,740	945,232
		146,023,438	143,705,357
Net Current Assets		32,142,288	27,138,255
NET ASSETS		34,677,507	29,696,948
EQUITY			
Share capital		18,983,200	18,983,200
Retained earnings		15,694,307	10,713,748
TOTAL EQUITY		34,677,507	29,696,948

APPROVED BY THE BOARD OF DIRECTORS ON MAY 24, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Sandeep Malhotra
Director

Rohit Girotra
Director

20. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONT'D)

(a) Particulars of principal subsidiary

Name of subsidiary	Place of incorporation	Percentage of ownership and voting power		Nature of business
		2017	2016	
Simple Approach (Canada) Limited	Canada	100%	100%	Garment trading and procures sales orders behalf of a foreign affiliated for a marketing fee

(b) The amount due from a subsidiary is interest-free, unsecured and has no fixed repayment terms. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

21. OPERATING LEASE COMMITMENTS

(a) At the end of reporting period, the Group had outstanding commitments under its non-cancellable operating leases, which fall due as follows:

	2017	2016
	HK$	HK$
Within one year	3,935,959	908,297
In the second to fifth years inclusive	187,874	1,220,349
	4,123,833	2,128,646
	=======	=======

(b) Operating lease arrangements represent rental payable by the Group for its rented premises. Leases are negotiated for a term of one to three years.

22. MOVEMENT IN THE RESERVES OF THE COMPANY

	Retained Earnings
	HK$
At April 1, 2015	5,924,173
Total comprehensive income for the year	4,789,575
At March 31, 2016 and April 1, 2016	10,713,748
Total comprehensive income for the year	4,980,559
At March 31, 2017	15,694,307
	========

23. BANKING FACILITIES

General banking facilities granted by a bank were secured by the Group's fixed deposit, fellow subsidiaries' corporate guarantee, ultimate holding and immediate holding companies' corporate guarantee, directors' personal guarantee, bank guarantee and fellow subsidiary's properties.

24. RELATED PARTY TRANSACTIONS

During normal course of business, the Group had the following material transactions with its related parties below.

Name of Company	Relationship	Nature of transaction	2017	2016
			HK$	HK$
Global Textile Group Ltd., Mauritius	Fellow subsidiary	Consultancy fee	1,266,094	950,895
		Amount due to	-	(76,042)
Multinational Textile Group Ltd., Mauritius	Immediate holding company	Management fee	1,470,420	1,307,040
		SAP facilities charges	163,380	151,710
		Amount due from	1,556,000	-
Norwest Industries Ltd., Hong Kong	Fellow subsidiary	Rental fee	1,035,000	1,035,000
		Sampling expense	-	68,386
		Commission income	(10,166,405)	(10,501,558)
		Commission expenses	18,143,696	13,550,393
		Recharge expenses	2,017,052	407,375
		Amount due from/(to)	2,254,770	(1,772,465)

24. RELATED PARTY TRANSACTIONS (CONT'D)

Name of Company	Relationship	Nature of transaction	2017	2016
			HK$	HK$
Poeticgem Ltd., UK	Fellow subsidiary	Recharge expenses	511,231	819,796
		Amount due to	(42,536)	(114,321)
Zamira Fashion Ltd., Hong Kong	Fellow subsidiary	Design fee income	-	(2,334,000)
		Recharge expenses/(income)	188,995	(66,301)
		Amount due from	2,284,593	2,338,987
PDS Asia Star Corporation Ltd., Hong Kong.	Fellow subsidiary	Commission expenses	-	42,077
		Recharge income	(959,812)	(511,667)
		Amount due from	442,891	67,733
Spring Near East Manufacturing Co. Ltd., Hong Kong	Fellow subsidiary	Amount due from	925,594	925,594
Techno Design HK Ltd. Hong Kong	Fellow subsidiary	Recharge income	-	(50,181)
		Amount due from	268,814	268,814
Nordelhi Manufacturing Ltd., Hong Kong	Fellow subsidiary	Amount due from	1,729,517	1,729,518
Nor Europe Manufacturing Co. Ltd., Hong Kong	Fellow subsidiary	Recharge income	(34,981)	(70,972)
		Amount due from	-	5,414
Techno Manufacturing Ltd.	Fellow subsidiary	Recharge income	(23,340)	(33,444)
Nor Lanka Manufacturing Ltd.	Fellow subsidiary	Amount due to	(1,099,558)	-
FX Import Hong Kong Ltd.	Fellow subsidiary	Recharge income	(4,359)	-
			=======	=======

25. CONTINGENT LIABILITIES

(a) The Group had the following contingent liabilities not provided for in the consolidated financial statements at the end of reporting period:

	2017	2016
	HK$	HK$
Irrevocable letter of credit	115,401,569	168,223,987
	=========	=========

(b) At the end of reporting period, there were mutual guarantees between the Group and its fellow subsidiary.

26. CURRENCY RISK

(i) Exposure to currency risk

The following table details the Group's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong Dollars, translated using the spot rate at the end of reporting period.

(Expressed in HKD)
2017

	USD	GBP	EURO	RMB	BDT	CAD	Total
Trade and other receivables	151,395,374	-	5,110,955	-	(2,505)	43,280	156,547,104
Cash and cash equivalent	3,858,756	110,919	7,749	-	114,014	382,440	4,473,878
Trade and other payables	(44,590,592)	-	-	(35,964)	(69,002)	(7,921)	(44,703,479)
Bank borrowings	95,606,697	-	2,849,084	-	-	-	98,455,781
Net exposure arising from recognised assets and liabilities	206,270,235	110,919	7,967,788	(35,964)	42,507	417,799	214,773,284

(Expressed in HKD)
2016

	USD	GBP	EURO	RMB	BDT	CAD	Total
Trade and other receivables	145,910,105	-	6,156,896	-	99,950	-	152,166,951
Cash and cash equivalent	8,004,345	151,874	40,949	-	1,317,421	195,773	9,710,362
Trade and other payables	(46,120,466)	(32,267)	-	(16,189)	(657,105)	(8,439)	(46,834,466)
Bank borrowings	(90,331,976)	-	(3,193,493)	-	-	-	(93,525,469)
Net exposure arising from recognised assets and liabilities	17,462,008	119,607	3,004,352	(16,189)	760,266	187,334	21,517,378

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26. CURRENCY RISK (CONT'D)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax in response to reasonably possible changes (e.g.±10%) in the foreign exchange rates to which the Group has significant exposure at the consolidated statement of financial osition date.

	2017		2016	
	Increase	Decrease	Increase	Decrease
	HK$	HK$	HK$	HK$
United States Dollars	-	-	-	-
British Pound	9,262	(9,262)	9,987	(9,987)
Euro Dollars	665,310	(665,310)	250,863	(250,863)
Chinese Yuan	(3,003)	3,003	(1,352)	1,352
Bangladeshi Taka	3,549	(3,549)	63,482	(63,482)
Canadian Dollar	34,886	(34,886)	15,642	(15,642)
	710,004	(710,004)	338,622	(338,622)
	======	======	======	======

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Group's exposure to currency risk for the variables.

The stated changes represent Management's assessment of reasonably possible change in foreign exchange rates over the period until the next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on Group's profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2016.

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27. INTEREST RATE RISK

	2017	2016
	HK$	HK$
Financial liabilities bearing variable interests:		
Discounted bills loan	16,000,648	12,161,739
Trust receipts loan	43,372,583	46,873,892
Factoring loan	39,082,550	34,489,838
	98,455,781	93,525,469
	========	========

Should market interest rate on March 31 increase by 10%, the profit or loss for the year would be reduced by a net amount of HK$179,473 (2016: HK$178,111). The carrying amounts of financial assets and financial liabilities measured at amortised cost and the carrying amount of financial liabilities bearing variable interest measure at fair value would not be affected by the assumed 10% increase in interest rates.

28. COMPARATIVE FIGURES

Certain Comparative figures have been reclassified to conform with current year's presentation.

29. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Company's Board of Directors on May 24, 2017.

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SIMPLE APPROACH LIMITED
CONSOLIDATED DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	2017	2016
	HK$	HK$
SALES	527,044,088	409,039,089
COST OF SALES		
Opening inventories	-	469,674
Purchases	448,412,318	347,051,477
Accessories and fabric consumption	3,279,029	4,244,792
	451,691,347	351,765,943
GROSS PROFIT	75,352,741	57,273,146
OTHER INCOME		
Bank interest income	25,104	30,005
Commission income	10,266,776	10,636,519
Claim and recovery	911,083	1,563,249
Exchange difference, net	371,378	-
Design fee income	-	2,334,000
Sundry income	781,320	11,711
	87,708,402	71,848,630
SELLING AND DISTRIBUTION COSTS (SCH II)	(25,714,800)	(20,756,151)
OPERATING EXPENSES (SCH III)	(55,620,622)	(45,066,582)
PROFIT BEFORE TAXATION	6,372,980	6,025,897

SIMPLE APPROACH LIMITED
CONSOLIDATED DETAILED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

	2017	2016
	HK$	HK$
SELLING AND DISTRIBUTION COST		
Advertising and promotion	3,703	13,372
Claims and penalty	1,306,591	96,008
Commission	18,573,526	13,860,682
Design fee	607,217	711,325
Freight charge	2,091,047	2,555,898
Import duty	-	573,373
Inspection fee	84,848	-
Sample charges	2,668,265	2,496,656
Storage charges	28,539	49,249
Testing charges	351,064	399,588
	25,714,800	20,756,151
	========	========
OPERATING EXPENSES		
Depreciation Expenses		
Depreciation	611,276	686,466
	--------------	-------------
Finance costs		
Bank interest expenses	1,482,455	1,796,919
Bank finance charge	655,391	325,327
Hire purchase interest	11,531	10,823
	2,149,377	2,133,069
	--------------	--------------
Staff Costs		
Director's quarter expense	1,230,219	1,224,417
Director's remuneration	1,887,421	2,061,078
Mandatory provident fund contribution	470,807	425,756
Recruitment expenses	226,231	131,506
Staff salaries and allowance	24,870,324	22,156,312
	28,685,002	25,999,069
	--------------	--------------

SIMPLE APPROACH LIMITED
CONSOLIDATED DETAILED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH III

	2017	2016
	HK$	HK$
OPERATING EXPENSES (CONT'D)		
Other Operating Expenses		
Auditors' remuneration	111,031	141,277
Bank charges	2,281,144	1,729,876
Cleaning	56,339	49,260
Consultancy fee	2,184,288	1,320,776
Courier charges	2,377,933	1,623,770
Donation	24,947	-
Entertainment	669,606	662,374
Exchange differences, net	-	10,151
General and office expenses	32,042	36,663
Insurance	103,097	176,174
Legal and professional fee	78,364	137,874
License fee	25,023	23,517
Local travelling	911,408	885,768
Management fee	1,470,420	1,307,040
Marketing fee	3,423,682	-
Motor vehicle expenses	730,130	773,177
Newspaper, books and magazine	4,573	4,522
Office supplies	152,790	57,117
Overseas travelling	3,658,066	3,640,975
Penalty	-	2,735
Plant and equipment written off	3,715	6,720
Printing and stationery	292,758	264,289
Recharge expenses	1,694,769	124,564
Rent, rates and building management fee	2,286,967	2,027,212
Repairs and maintenance	125,886	193,393
SAP facilities charges	163,380	174,207
Sundry expenses	652,358	250,085
Telephone, fax and postage	539,726	521,875
Visa expenses	9,376	4,547
Water, electricity and gas	111,149	98,040
	24,174,967	16,247,978
	55,620,622	45,066,582

SIMPLE APPROACH LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	2017	2016
	HK$	HK$
SALES	527,044,088	403,306,636
COST OF SALES		
Purchases	448,412,318	344,164,185
Accessories and fabric consumption	3,279,029	4,244,792
	451,691,347	348,408,977
GROSS PROFIT	75,352,741	54,897,659
OTHER INCOME		
Bank interest income	25,104	30,005
Commission income	10,266,776	11,561,461
Claim and recovery	911,083	1,563,249
Design fee income	-	2,334,000
Exchange difference, net	373,777	-
Management fee income	-	245,070
Sundry income	765,604	11,711
	87,695,085	70,643,155
SELLING AND DISTRIBUTION COSTS (SCH II)	(27,994,177)	(21,513,310)
OPERATING EXPENSES (SCH III)	(53,683,822)	(43,318,483)
PROFIT BEFORE TAXATION	6,017,086	5,811,362

SIMPLE APPROACH LIMITED
DETAILED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

	2017	2016
	HK$	HK$
SELLING AND DISTRIBUTION COST		
Claims and penalty	1,306,591	96,008
Commission	20,873,265	15,710,380
Design fee	607,217	711,325
Freight charge	2,091,047	2,356,937
Inspection fee	84,848	-
Sample charges	2,651,606	2,203,955
Storage charges	28,539	35,117
Testing charges	351,064	399,588
	27,994,177	21,513,310
OPERATING EXPENSES		
Depreciation Expenses		
Depreciation	598,497	671,377
Finance costs		
Bank interest expenses	1,482,455	1,796,919
Bank finance charge	655,391	325,327
Hire purchase interest	11,531	10,823
	2,149,377	2,133,069
Staff Costs		
Director's quarter expense	1,230,219	1,224,417
Director's remuneration	1,320,000	1,320,847
Mandatory provident fund contribution	470,807	425,756
Recruitment expenses	226,231	131,506
Staff salaries and allowance	24,139,581	21,699,401
	27,386,838	24,801,927

SIMPLE APPROACH LIMITED
DETAILED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH III

	2017	2016
	HK$	HK$
OPERATING EXPENSES (CONT'D)		
Other Operating Expenses		
Auditors' remuneration	111,031	141,277
Bank charges	2,278,588	1,554,840
Cleaning	56,339	49,260
Consultancy fee	2,184,288	1,320,776
Courier charges	2,315,277	1,570,557
Donation	21,992	-
Entertainment	620,956	620,987
Exchange differences, net	-	237,186
Insurance	99,746	172,329
Legal and professional fee	41,127	103,527
License fee	25,023	23,517
Local travelling	911,408	885,768
Management fee	1,470,420	1,307,040
Marketing fee	3,423,682	-
Motor vehicle expenses	730,130	773,177
Newspaper, books and magazine	4,573	4,522
Office supplies	152,790	57,117
Overseas travelling	3,416,500	3,415,738
Penalty	-	320
Plant and equipment written off	3,715	6,720
Printing and stationery	292,758	264,289
Recharge expenses	1,694,769	124,564
Rent, rates and building management fee	2,115,558	1,855,237
Repairs and maintenance	125,886	193,393
SAP facilities charges	163,380	174,207
Sundry expenses	651,936	250,085
Telephone, fax and postage	516,713	503,090
Visa expenses	9,376	4,547
Water, electricity and gas	111,149	98,040
	23,549,110	15,712,110
	53,683,822	43,318,483

ZAMIRA FASHION LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

ZAMIRA FASHION LIMITED

CONTENTS

ZAMIRA FASHION LIMITED

DIRECTORS' CONSOLIDATED REPORT

The directors present their annual report and the annual audited consolidated financial statements of the Group for the year ended March 31, 2017.

PRINCIPAL ACTIVITY

The principal activity of the Company is trading of garment. The principal activity and other particulars of the subsidiary are set out in the Note (19a) to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Company and its subsidiary (the "Group") for the year ended March 31, 2017 are set out in the consolidated statement of comprehensive income on page 6.

The directors do not recommend the payment of a dividend.

SHARE CAPITAL AND RESERVES

Details of share capital of the Group are set out in Note (18) to the consolidated financial statements.

There were no movements in reserves except for changes to retained earnings which arose from profit or loss.

PLANT AND EQUIPMENT

Movements in plant and equipment are set out in Note (11) to the consolidated financial statements.

DIRECTORS

The directors of the Group during the year and up to the date of this consolidated report were:

Deepak Kumar SETH
Thomas MUELLER
Pallak SETH

In accordance with Article 7 of the Company's Article of Association, all the directors retire and, being eligible, offer themselves for re-election.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Except for the related party transaction as disclosed in Note (22) to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

PERMITTED INDEMNITY PROVISION

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or its subsidiaries (if made by the Company).

BUSINESS REVIEW

By a special resolution passed on September 30, 2014, the Company resolved to dispense the preparation of a business review for the financial year ended March 31, 2017 and every subsequent financial year. Accordingly, the Company is exempted from preparing a business review for this financial year.

AUDITORS

The Group's auditors, Messrs. Louis Lai & Luk CPA Limited, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Thomas MUELLER
Chairman

Hong Kong, May 15, 2017.

INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF
ZAMIRA FASHION LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Zamira Fashion Limited and its subsidiaries ("the Group") set out on pages 6 to 31, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor’s report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
ZAMIRA FASHION LIMITED
(incorporated in Hong Kong with limited liability)

Responsibilities of Directors and those charged with governance for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
ZAMIRA FASHION LIMITED
(incorporated in the Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

- 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 the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 15, 2017.

ZAMIRA FASHION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2017

	NOTES	2017	2016 (Restated)
		HK$	HK$
REVENUE	(6)	309,292,028	300,819,879
PURCHASES AND RELATED COSTS		(271,789,660)	(266,445,933)
GROSS PROFIT		37,502,368	34,373,946
OTHER INCOME AND GAINS, NET	(6)	9,860,669	15,396,829
GAIN ON DISPOSAL OF PLANT AND EQUIPMENT		-	45,000
STAFF COSTS		(16,694,848)	(15,336,875)
DEPRECIATION EXPENSES		(926,052)	(902,694)
OTHER OPERATING EXPENSES		(17,841,715)	(23,256,335)
PROFIT FROM OPERATIONS		11,900,422	10,319,871
FINANCE COSTS	(7)	(1,200,725)	(1,077,583)
PROFIT BEFORE TAXATION	(8)	10,699,697	9,242,288
TAXATION	(10)	(1,901,540)	(952,601)
PROFIT FOR THE YEAR		8,798,157	8,289,687
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8,798,157	8,289,687

THE NOTES ON PAGES 10 TO 31 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

ZAMIRA FASHION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	NOTES	2017	2016 (Restated)
		HK$	HK$
Non-Current Assets			
Plant and equipment	(11)	4,017,019	1,489,618
Current Assets			
Inventories	(12)	8,519,371	5,270,613
Deposits and prepayment		925,613	773,051
Amounts due from fellow subsidiaries	(9ii)(13)	30,977	3,094,730
Amount due from a director	(9ii)	1,400,400	1,407,303
Trade and other receivables	(14)	53,971,983	65,391,705
Cash and cash equivalents		1,003,916	2,320,115
		65,852,260	78,257,517
Current Liabilities			
Amounts due to fellow subsidiaries	(15)	2,387,911	6,053,224
Trade and other payables	(16)	16,190,860	22,294,682
Secured bank borrowings	(17)	38,879,887	47,390,947
Provision for taxation		341,009	721,806
		57,799,667	76,460,659
Net Current Assets		8,052,593	1,796,858
NET ASSETS		12,069,612	3,286,476
EQUITY			
Share capital	(18)	1,945,000	1,945,000
Retained earnings		10,139,633	1,341,476
Translation reserve		(15,021)	-
TOTAL EQUITY		12,069,612	3,286,476

APPROVED BY THE BOARD OF DIRECTORS ON MAY 15, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Thomas MUELLER
Director

Pallak SETH
Director

THE NOTES ON PAGES 10 TO 31 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

ZAMIRA FASHION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2017

	Note	Share Capital	Translation Reserve	Retained Earnings	Total
		HK$	HK$	HK$	HK$
At April 1, 2015		1,945,000	-	(6,948,211)	(5,003,211)
Total comprehensive income for the year		-	-	8,345,930	8,345,930
At March 31, 2016, as previously reported		1,945,000	-	1,397,719	3,342,719
Prior year adjustment	(27)	-	-	(56,243)	(56,243)
At March 31, 2016, as restated		1,945,000	-	1,341,476	3,286,476
Total comprehensive income for the year		-	(15,021)	8,798,157	8,783,136
At March 31, 2017		1,945,000	(15,021)	10,139,633	12,069,612
		=======	=====	========	========

THE NOTES ON PAGES 10 TO 31 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

ZAMIRA FASHION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES	HK$	HK$
Profit before taxation	10,699,697	9,242,288
Adjustments for:		
Interest income	(1,060)	(502)
Interest expenses	1,200,725	1,077,228
Depreciation	926,052	902,694
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	12,825,414	11,221,708
(Increase)/Decrease in inventories	(3,248,758)	8,650,091
(Increase)/Decrease in deposits and prepayment	(152,562)	299,468
Decrease in trade and other receivables	11,419,722	14,915,707
Net payments to fellow subsidiaries	(601,560)	(2,131,428)
Net receipts/(payments to) a director	6,903	(1,407,303)
Decrease in trade and other payables	(6,103,822)	(9,538,344)
NET CASH GENERATED FROM OPERATIONS	14,145,337	22,009,899
Interest received	1,060	502
Hong Kong profits tax paid	(2,282,337)	(230,795)
Interest paid	(1,200,725)	(1,077,228)
Net cash generated from operating activities	10,663,335	20,702,378
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment and net cash used in investing activities	(3,453,453)	(327,649)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts of secured bank borrowings and net cash used in financing activities	(8,511,060)	(19,482,008)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,301,178)	892,721
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,320,115	1,427,394
EFFECT OF FOREIGN EXCHANGE DIFFERENCE	(15,021)	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,003,916	2,320,115
	========	========

THE NOTES ON PAGES 10 TO 31 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

ZAMIRA FASHION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Zamira Fashion Limited is a company incorporated in Hong Kong with limited liability. The principal activity of the Group is trading of garment. The Company's registered office is 10/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong. The directors consider that the ultimate holding company and immediate holding company are PDS Multinational Fashions Limited and Multinational Textile Group Limited respectively; a company incorporated in Mauritius. The ultimate holding company and the immediate holding company are respectively incorporated in India and Mauritius. The ultimate holding company's shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS(s)") (which also include Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)")) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$"), which is also the Company's functional and presentation currency.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note (5) to the consolidated financial statements.

b. Changes in Accounting Policies and Disclosures

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Group, and accordingly, they have had no material impact on the Group's financial statements for the year ended March 31, 2017.

c. Issued but Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not early applied any new and revised HKFRSs that have been issued but are not year effective for the accounting year ended March 31, 2017, in these consolidated financial statements. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d. Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and aggregate identified impairment loss, if any.

Depreciation is provided to write off the cost less residual value of plant and equipment over its expected useful lives.

Leasehold improvement	3 years
Furniture and fixtures	3 years
Office equipment	3 years
Motor vehicle	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss on disposal of plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the Consolidated Statement of Comprehensive Income.

When assets are sold or otherwise disposed of, their carrying amounts are written off from the consolidated financial statements and any resulting gain or loss is included in the Consolidated Statement of Comprehensive Income.

e. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to March 31. Subsidiary is an entity over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiary is consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balance and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary have been changes where necessary to ensure consistency with the policies adopted by the Group.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e. Basis of Consolidation (Cont'd)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the Consolidated Statement of Financial Position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the Consolidated Statement of Comprehensive Income as an allocation of the total profit or loss and total comprehensive income for the year between non controlling interests and the shareholders of the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the controlling and non-controlling interests within consolidated equity to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received recognised directly in equity.

In the Company's Statements of Financial Position the investments in subsidiary is stated at cost less allowance for impairment losses. The results of subsidiary are accounted for by the Company on the basis of dividends received and receivable.

f. Inventories

Inventories are stated at the lower of cost and net realisbale value.

Cost of raw materials is arrived at by reference to the suppliers' invoiced cost and is in general assigned to individual items on the first-in, first-out basis.

Net realizable value is based on estimated selling prices less any further costs expected to be incurred. When inventories are sold, the carrying amount of those inventories is recognised as an expenses in the year in which the related revenue is recognised.

g. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

h. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

i. Financial Assets

Financial assets of the Group are only classified under loans and receivables category.

j. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortized cost using effective interest method, less any identified impairment losses. An impairment loss is recognised in the Consolidated Statement of Comprehensive Income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

k. Financial Liabilities

Financial liabilities of the Group are classified, at initial recognition, as loans and borrowings or derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities comprise trade and other payables, and amounts due to fellow subsidiaries and a director, which are subsequently measured at amortized cost, using the effective interest method.

l. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Company's equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the date of issuance of shares.

m. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

n. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which those entities operate ("the functional currency"). The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which are the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

o. 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 net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income.

p. Turnover

Turnover represents invoiced amount of sales less discounts and returns.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

q. Recognition of Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the bases as follows:

- Revenue from sales of goods is recognised when the goods are delivered to buyer.
- Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the rate applicable.
- Commission income is recognised in the year when services are rendered.
- Sundry income is recognised on a receipt basis.

r. Borrowing Costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

s. Bank Borrowings

Interest bearing bank loans and overdrafts are initially measured as fair value, and are subsequently measured at amortized cost, using the effective interest method. Any difference between the proceeds (net of transaction costs, if any) and the settlement or redemption of borrowings is recognised over the terms of borrowings in accordance with the Group's policy for borrowing cost as stated in the preceding note.

t. Operating Leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

u. Employee Benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Group in exchange for services rendered by its employees and directors. The employee benefits are classified as staff costs and charged to the Consolidated Statement of Comprehensive Income.

No provision on employee entitlements to annual leave is provided in the consolidated financial statements as the directors consider that no material liability would arise as a result of such entitlement in the near future. Sick leave and maternity leave are not recognised until the time of leave.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

v. Retirement Benefit Scheme

The Group participates in Mandatory Provident Fund Scheme ("MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Pursuant to the rules of the MPF Scheme, each of the employer and employees are required to make contributions to the scheme at rates specified in the rules.

The MPF Scheme is a defined contribution plan and the Group is only obliged to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The retirement benefit cost arising from the MPF Scheme charged to the Consolidated Statement of Comprehensive Income represent contribution payable to the funds by the Group in accordance with the rules of the MPF Scheme.

w. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements.

x. Related Parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the Group or a parent of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

y. Financial Risks

The financial risks in connection with the Group's financial instruments include risks as follows.

(i) Market risk includes three types of risk as below:

- Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

- Price risk: the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Market risk embodies not only the potential for loss but also the potential for gain.

(ii) Credit risk: the risk that the corresponding party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss.

(iii) Liquidity risk (also referred to as funding risk): the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

(iv) Cash flow interest rate risk: the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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3. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Group's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(i) Financial instruments by category

The financial assets of the Group comprise trade and other receivable, deposits, amounts due from ultimate holding company and fellow subsidiaries, and cash and cash equivalents which are categorized as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the Consolidated and Company Statements of Financial Position or in the corresponding notes to the consolidated financial statements. The financial liabilities of the Group comprise trade and other payables, and amounts due to fellow subsidiaries and a director which are categorized as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the Consolidated Statement of Financial Position or in the corresponding notes to the consolidated financial statements.

(ii) Financial risk management

The Group's financial risks are limited by the financial management policies and practices described below:

(a) Market risk - Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions, the Group uses forward contracts, transacted with one of fellow subsidiary and charge back to the Group for the gain/loss on foreign exchange contract. The Group is responsible for managing the net position in each foreign currency by using external forward currency contracts.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Financial risk management (Cont'd)

(b) Credit risk

The Group has no significant concentrations of credit risk because the creditworthiness of each of the Group's customers has been assessed before any goods are supplied to them on credit. The directors are not aware of any factor indicating that any debtors would not be capable of repaying their outstanding amounts. Accordingly, the directors are of the opinion that the Group is adequately protected from the credit risk.

(c) Liquidity risk

As the fellow subsidiaries have confirmed its willingness to provide continuous financial support to the Group, the management is of the opinion that the Group is adequately protected from the liquidity risk.

(d) Cash flow and fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate borrowings from a financial institution as disclosed in Note (25).

As the fellow subsidiaries have confirmed the willingness to provide continuous financial support, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate of fair values of current assets and liabilities

The nominal value of current assets and liabilities are assumed to approximate their fair values.

ZAMIRA FASHION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. REVENUE, OTHER INCOME AND GAINS

	2017	2016
	HK$	HK$
Revenue recognised during the year including revenue arising from:		
Revenue:		
Sales of goods	309,292,028	300,819,879
Other income and gains, net:		
Bank interest income	1,060	502
Claims and penalty to supplier	2,171,313	4,664,946
Commission income	789,943	2,283,300
Designing income	-	2,334,000
Sundry income	83,226	-
Exchange differences, net	6,815,127	6,114,081
	9,860,669	15,396,829
Total revenue recognised	319,152,697	316,216,708

7. FINANCE COSTS

	2017	2016
Bank finance charges	1,031,760	1,077,583
Other interest paid	168,965	-
	1,200,725	1,077,583

8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging and (crediting):

	2017	2016
Depreciation - owned assets	926,052	902,694
Exchange differences, net	(6,815,127)	(6,114,081)
Rental payments under operating leases	1,200,389	1,275,950
Staff costs (including director's remuneration)		
- Salaries and allowance	15,930,122	14,978,392
- MPF contribution	184,769	205,876
- Staff welfare expenses	273,866	152,607
Gain on disposal of plant and equipment	-	(45,000)

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

(i) Remuneration of the directors of the Group disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	2017	2016
	HK$	HK$
Emoluments:		
Acting as directors	-	-
Provision for management services	1,200,000	1,200,000
Retirement benefits	18,000	18,000
	1,218,000	1,218,000
	=======	=======

(ii) Loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Group and its holding company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

Loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director

		Outstanding principal				
Name of borrower	Relationship	At beginning of year	At end of year	Greatest outstanding	Overdue amount	Provision
		HK$	HK$	HK$	HK$	HK$
Thomas MUELLER	Director	1,407,303 =======	1,400,400 =======	1,407,303	-	-
Norwest Industries Ltd., Hong Kong	Fellow subsidiary [1]	- =======	30,977 =======	30,977 =======	-	-

[1] Connected with Deepak Kumar SETH and Pallak SETH.

Principal terms: The loans, quasi-loans and credit transactions are interest free, unsecured and have no fixed repayment terms.

Guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director

During the year, no guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director.

9. DIRECTOR'S REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS (CONT'D)

(iii) Material interests of directors (including shadow directors) of the Group disclosed pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

In the opinion of the directors, except for the related party transactions as disclosed in Note (22) to the financial statements, the directors or shadow directors, if any, of the Group had no material interests in those significant transactions, arrangements or contracts in relation to the Group's business entered into by the Group or another company in the same group of companies or subsisted during the year.

10. TAXATION

Hong Kong profits tax has been provided in the consolidated financial statements of the rate of 16.5% on the assessable profits for the year.

The tax charge for the year can be reconciled to the profit per Consolidated Statement of Comprehensive Income as follows:

	2017 HK$	2016 (Restated) HK$
Profit before taxation	10,699,697 ========	9,242,288 =======
Tax at the domestic income tax rate	1,765,450	1,524,977
Tax effect of expenses that are not deductible in determining taxable profit	1,005	-
Tax effect of income that are not taxable in determining taxable profit	(46)	(7,506)
Net tax allowance claimed	113,865	118,199
Deemed income subject to overseas taxation	21,266	57,347
Utilization of tax loss previously not recognized	-	(740,416)
Taxation expense for the year	1,901,540 ========	952,601 =======

No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Tax losses maybe carried forward indefinitely.

ZAMIRA FASHION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. PLANT AND EQUIPMENT

	Leasehold Improvement	Furniture and Fixtures	Office Equipment	Motor Vehicle	Plant and Machinery	Total
	HK$	HK$	HK$	HK$		HK$
Cost						
At 1/4/2015	1,861,275	771,768	1,189,689	1,563,009	-	5,385,741
Additions	167,621	32,867	127,161	-	-	327,649
Disposal	-	-	-	(498,000)	-	(498,000)
At 31/3/2016	2,028,896	804,635	1,316,850	1,065,009	-	5,215,390
Additions	216,485	47,265	124,854	-	3,064,849	3,453,453
At 31/3/2017	2,245,381	851,900	1,441,704	1,065,009	3,064,849	8,668,843
Accumulated Depreciation						
At 1/4/2015	1,570,058	490,757	674,737	585,526		3,321,078
Charge for the year	144,455	154,711	248,560	354,968	-	902,694
Written back on disposal	-	-	-	(498,000)	-	(498,000)
At 31/3/2016	1,714,513	645,468	923,297	442,494	-	3,725,772
Charge for the year	173,161	118,400	253,494	354,967	26,030	926,052
At 31/3/2017	1,887,674	763,868	1,176,791	791,461	26,030	4,651,824
Net Book Value						
At 31/3/2017	357,707	88,032	264,913	267,548	3,038,819	4,017,019
At 31/3/2016	314,383	159,167	393,553	622,515	-	1,489,618

12. INVENTORIES

	2017	2016
	HK$	HK$
Finished goods	8,519,371	5,270,613

13. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

The amounts due from fellow subsidiaries are unsecured, interest free and have no fixed repayment terms. No provisions for bad and doubtful debts have been recognised on the amounts due. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

14. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$	HK$
Trade receivables (Note 15a)	50,533,638	61,746,991
Other receivables	3,438,345	3,644,714
	53,971,983	65,391,705

(a) Aging analysis of trade receivables is as follows:

	2017	2016
Neither past due nor impaired	45,046,655	48,364,864
Past due but not impaired	5,486,983	13,382,127
	50,533,638	61,746,991

Trade receivables are due within 30-120 days from date of billing.

15. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts due to fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The fellow subsidiaries agreed not to demand repayment of the amounts due until the Company is financially capable of repayment. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

16. TRADE AND OTHER PAYABLES

	2017	2016
	HK$	HK$
Trade payables (Note 17a)	12,379,175	16,996,137
Accruals	3,811,685	5,298,545
	16,190,860	22,294,682

(a) Maturity of the trade payables is as follows:

	2017	2016
Due for payment:		
Not later than one year	12,379,175	16,996,137

17. SECURED BANK BORROWINGS

The carrying amount of the secured bank borrowings at the end of reporting period is analyzed as follows:

	2017	2016
	HK$	HK$
Amount repayable within one year:		
Factoring loan	27,520,253	27,663,315
Trust receipt loan	11,359,634	19,727,632
	38,879,887	47,390,947
	========	========

18. SHARE CAPITAL

	2017		2016	
	No. of shares	Amount	No. of shares	Amount
		HK$		HK$
Issued and fully paid: Ordinary shares of US$1 each				
At March 31	250,000	1,945,000	250,000	1,945,000
	=======	=======	=======	=======

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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ZAMIRA FASHION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTE	2017	2016 (Restated)
		HK$	HK$
Non-Current Assets			
Plant and equipment		964,763	1,489,618
Investment in a subsidiary	(19a)	3,596,400	697,800
		4,561,163	2,187,418
Current Assets			
Inventories		8,519,371	5,270,613
Deposits and prepayment		823,851	773,051
Amounts due from fellow subsidiaries		30,977	3,094,730
Amount due from a subsidiary company		874,772	-
Amount due from director		1,400,400	1,407,303
Trade and other receivables		52,991,063	65,241,575
Cash and cash equivalents		861,181	2,191,102
		65,501,615	77,978,374
Current Liabilities			
Amount due to a subsidiary	(19b)	57,400	71,100
Amounts due to fellow subsidiaries		2,387,911	6,053,224
Trade and other payables		15,835,498	22,294,682
Secured bank borrowings		38,879,887	47,390,947
Provision for taxation		341,009	721,806
		57,501,705	76,531,759
Net Current Assets		7,999,910	1,446,615
NET ASSETS		12,561,073	3,634,033
EQUITY			
Share capital		1,945,000	1,945,000
Retained earnings		10,616,073	1,689,033
TOTAL EQUITY		12,561,073	3,634,033

APPROVED BY THE BOARD OF DIRECTORS ON MAY 15, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Thomas MUELLER
Director

Pallak SETH
Director

19. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONT'D)

(a) Particulars of principal subsidiary

Name of subsidiary	Place of incorporation	Percentage of ownership and voting power 2017	Percentage of ownership and voting power (Restated) 2016	Nature of business
Zamira Denim Lab Limited	Hong Kong	100%	100%	Not yet commenced business
Zamira Fashion Limited Zhong Shan	People's Republic of China	100%	100%	Garment trading

(b) The amount due to a subsidiary is interest-free, unsecured and has no fixed repayment terms. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

20. MOVEMENT IN THE RESERVES OF THE COMPANY

	Retained Earnings (Restated) HK$
At April 1, 2015	(6,948,211)
Total comprehensive income for the year	8,352,630
At March 31, 2016, as previously reported	1,404,419
Prior year adjustment (Note 27)	284,614
At March 31, 2016, as restated	1,689,033
Total comprehensive income for the year	8,927,040
At March 31, 2017	10,616,073
	========

21. OPERATING LEASE COMMITMENTS

At the end of reporting period, the Group had the outstanding commitments under its non-cancellable operating leases, which fall due as follows:

	2017 HK$	2016 HK$
Within one year	330,658	661,317
In the second to fifth years inclusive	-	330,658
	330,658	991,975
	======	======

Operating lease payments represent rental payments payable by the Group for its leased premises. Leases are negotiated for an averaged term two years.

22. RELATED PARTY TRANSACTIONS

During normal course of business, the Group had the following transactions with the related parties below.

Name	Relationship	Nature of transactions	2017	2016
			HK$	HK$
Norwest Industries Ltd., Hong Kong	Fellow subsidiary	- Rental expenses	700,800	700,800
		- Interest expenses	168,965	-
		- Commission income	(789,943)	(1,779,793)
		- Recharge income	(3,896,266)	(2,895,234)
		- Recharge expenses	3,422,248	2,730,501
		- Amount due from/(to)	30,977	(3,714,237)
Poeticgem Ltd., UK	Fellow subsidiary	- Commission income	-	(503,507)
		- Amount due (to)/from	(103,318)	2,748,070
		- Recharge expenses	1,538,482	1,297,368
Simple Approach Ltd., Hong Kong	Fellow subsidiary	- Management and service fee	-	-
		- Designing fee	-	2,334,000
		- Recharge income	(268,585)	-
		- Recharge expenses	79,590	66,301
		- Amount due to	(2,284,593)	(2,338,987)
SSY Asia Limited, Hong Kong	Related company [1]	- Consultancy fee	600,000	600,000
Multinational Textile Group Ltd., Mauritius	Immediate holding company	- Management and service fee	1,073,640	1,050,300
		- Security system	93,360	93,360
Nor Europe Manufacturing Co. Ltd., Hong Kong	Fellow subsidiary	- Commission expenses	-	93,360
		- Recharge income	21,551	-
		- Recharge expenses	5,747	-
PDS Asia Star Corporation Ltd., Hong Kong	Fellow subsidiary	- Recharge expenses	420,120	373,440
Progress Manufacturing Group Ltd.	Fellow subsidiary	- Amount due from	-	346,660
			=======	=======

[1] Connected with Thomas MUELLER who is a controlling director of the captioned company.
[2] Connected with close family member of the director, Deepak Kumar SETH.

23. CONTINGENT LIABILITIES

(a) The Group had the following contingent liabilities not provided for in the consolidated financial statements at the end of reporting period:

	2017	2016
	HK$	HK$
Irrevocable letters of credit	89,161,403	97,614,225

(b) At the end of reporting period, there were mutual guarantees between the Group and its fellow subsidiary.

24. CURRENCY RISK

(i) Exposure to currency risk

The following table details the Group's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the Group to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of reporting period.

	(Expressed in HK$) 2017						
	USD	CHF	EUR	GBP	BDT	RMB	Total
Trade and other receivables	22,084,196	-	28,449,442	-	-	-	50,533,638
Bank and cash balances	601,591	8,248	62,046	15,940	66,924	-	754,749
Trade and other payables	(12,379,175)	-	(3,811,685)	-	-	-	(16,190,860)
Secured bank borrowings	(21,345,751)	-	(17,534,136)	-	-	-	(38,879,887)
Net exposure arising from recognised assets and liabilities	(11,039,139)	8,248	7,165,667	15,940	66,924	-	(3,782,360)

	(Expressed in HK$) 2016						
	USD	CHF	EUR	GBP	BDT	RMB	Total
Trade and other receivables	43,572,119	-	21,887,226	-	78,590	58,499	65,596,434
Bank and cash balances	895,286	436,850	171,130	12,474	430,167	-	1,945,907
Trade and other payables	(17,333,595)	-	(325,275)	-	(426,139)	(3,795)	(18,088,804)
Secured bank borrowings	(32,164,517)	-	(15,226,430)	-	-	-	(47,390,947)
Net exposure arising from recognised assets and liabilities	(5,030,707)	436,850	6,506,651	12,474	82,618	54,704	2,062,590

24. CURRENCY RISK (CONT'D)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit/loss after tax in response to reasonably possible changes (e.g.±10%) in the foreign exchange rates to which the Group has significant exposure at the end of reporting period.

	2017		2016	
	Increase	Decrease	Increase	Decrease
	HK$	HK$	HK$	HK$
Swiss Franc (CHF)	689	(689)	36,477	(36,477)
Euro (EUR)	598,333	(598,333)	543,305	(543,305)
British Pound (GBP)	1,331	(1,331)	1,042	(1,042)
Bangladeshi Taka (BDT)	5,588	(5,588)	6,899	(6,899)
Chinese Yuan (RMB)	-	-	4,568	(4,568)
	605,941	(605,941)	592,291	(592,291)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Group's exposure to currency risk for the variables.

The stated changes represent Management's assessment of reasonably possible change in foreign exchange rates over the period until the next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on Group's profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2016.

25. INTEREST RATE RISK

	2017	2016
	HK$	HK$
Financial liabilities bearing variable interests:		
Factoring loan	27,520,253	27,663,315
Trust receipts loan	11,359,634	19,727,632
	38,879,887	47,390,947

25. INTEREST RATE RISK (CONT'D)

Should market interest rate on March 31 increase by 10%, the profit or loss for the year would be reduced by a net amount of HK$103,176 (2016: HK$107,723). The carrying amounts of financial assets and financial liabilities measured at amortised cost and the carrying amount of financial liabilities bearing variable interest measure at fair value would not be affected by the assumed 10% increase in interest rates.

26. BANKING FACILITIES

General banking facilities granted by a bank were secured by ultimate holding company's, immediate holding company's, fellow subsidiaries', and related company's corporate guarantee, directors' personal guarantee, bank guarantee and fellow subsidiary's properties.

27. PRIOR YEAR ADJUSTMENT

The investment cost of the subsidiary company, Zamira Fashion Limited Zhongshan has not been included in the consolidated financial statement at the year ended March 31, 2016. For re-statement of comparative disclosures, carrying amount of trade and other receivables increased by HK$19,944, carrying amount of bank and cash balances increased by HK$129,013 and carrying amount of trade and other payables increased by HK$148,957 at March 31, 2016, which are the effect from the omitted assets and liabilities of the subsidiary company.

As of March 31, 2016, the holding company has overstated its cost by HK$1,708, bank interest income by HK$9 and operating expenses HK$339,788. Therefore, the provisions of taxation and retained profits have been restated in a total amount of HK$56,243. As such, certain 2016 comparatives have been amended as a result from change in assumption and understatement.

28. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Company's Board of Directors on May 15, 2017.

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ZAMIRA FASHION LIMITED
CONSOLIDATED DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	2017	2016
	HK$	HK$
SALES	309,292,028	300,819,879
COST OF SALES		
Opening inventories	5,270,613	13,920,704
Purchases	271,358,459	251,957,012
Freight charges	1,183,219	4,149,002
Testing charges	116,593	14,471
Handling charge	91,849	-
Inspection charges	35,586	29,716
Claims and penalty	2,240,257	1,645,641
Import duty	12,455	-
	280,309,031	271,716,546
Less: Closing inventories	8,519,371	5,270,613
	271,789,660	266,445,933
GROSS PROFIT	37,502,368	34,373,946
OTHER INCOME		
Bank interest income	1,060	502
Claims and penalty to supplier	2,171,313	4,664,946
Commission income	789,943	2,283,300
Sundry income	83,226	-
Designing income	-	2,334,000
Exchange differences, net	6,815,127	6,114,081
	9,860,669	15,396,829
GAIN ON DISPOSAL OF PLANT AND EQUIPMENT	-	45,000
	47,363,037	49,815,775
OPERATING EXPENSES (SCH II)	(36,663,340)	(40,573,487)
PROFIT BEFORE TAXATION	10,699,697	9,242,288

ZAMIRA FASHION LIMITED
CONSOLIDATED DETAILED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

	2017	2016 (Restated)
OPERATING EXPENSES	HK$	HK$
Depreciation Expenses		
Depreciation	926,052	902,694
Finance Costs		
Bank finance charges	1,031,760	1,077,583
Other interest paid	168,965	-
	1,200,725	1,077,583
Staff Costs		
Contribution to MPF	184,769	205,876
Director's remuneration	1,200,000	1,200,000
Salaries and bonus	15,036,213	13,778,392
Staff welfare expenses	273,866	152,607
	16,694,848	15,336,875
Other Operating Expenses		
Accountancy fee	36,626	22,138
Advertising expenses	-	10,177
Auditors' remuneration	118,684	104,879
Add: Under provision for the previous year	8,000	-
Bank charges	910,367	811,888
Building management fee	92,946	90,645
Business registration fee	500	4,500
Cleaning expenses	2,174	444
Commission paid	4,375,314	3,571,589
Consultancy fee	1,051,668	3,160,398
Courier expenses	1,365,880	1,283,755
Designing expenses	23,597	2,336,000
Electricity, water, gas	269,798	252,576
Entertainment	142,845	190,252
Insurance expenses	96,441	596,719
Legal and professional fee	56,324	83,953
License fee	22,862	21,878
Management and service fee	1,073,640	1,050,300
Medical and premium expenses	150,477	122,926
Motor vehicle expenses	749,349	577,671
Newspaper, books and magazines	35,432	36,047
Office supplies	143,002	169,972
Postage and stamp	357	585
Printing and stationery	281,221	266,670
Recharge expenses	1,279,785	1,572,376
Recruitment expenses	38,307	25,492
Rent and rates	1,230,472	1,298,068
Repair and maintenance	333,440	141,217
Sample charges	280,876	2,407,596
Security system	97,680	97,680
Sundry expenses	40,013	7,942
Telephone and internet	314,299	343,214
Travelling expenses	3,115,700	2,521,126
Visa expenses	103,639	75,662
	17,841,715	23,256,335
	36,663,340	40,573,487

ZAMIRA FASHION LIMITED
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	2017	2016
		(Restated)
	HK$	HK$
SALES	305,975,467	300,819,879
COST OF SALES		
Opening inventories	5,270,613	13,920,704
Purchases	268,714,738	251,957,012
Freight charges	1,183,219	4,149,002
Testing charges	116,593	13,392
Handling charge	88,572	-
Inspection charges	35,586	29,716
Claims and penalty	2,240,257	1,645,641
Import duty	12,455	-
	277,662,033	271,715,467
Less: Closing inventories	8,519,371	5,270,613
	269,142,662	266,444,854
GROSS PROFIT	36,832,805	34,375,025
OTHER INCOME		
Bank interest income	274	493
Claims and penalty to supplier	2,171,313	4,664,946
Commission income	789,943	2,283,300
Sundry income	83,226	-
Designing income	-	2,334,000
Exchange differences, net	6,781,986	6,114,081
	9,826,742	15,396,820
GAIN ON DISPOSAL OF PLANT AND EQUIPMENT	-	45,000
	46,659,547	49,816,845
OPERATING EXPENSES (SCH II)	(35,830,967)	(40,227,000)
PROFIT BEFORE TAXATION	10,828,580	9,589,845

ZAMIRA FASHION LIMITED
DETAILED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

OPERATING EXPENSES	2017 HK$	2016 (Restated) HK$
Depreciation Expenses		
Depreciation	899,493	902,694
Finance Costs		
Bank finance charges	1,031,760	1,077,583
Other interest paid	168,965	-
	1,200,725	1,077,583
Staff Costs		
Contribution to MPF	184,769	205,876
Director's remuneration	1,200,000	1,200,000
Salaries and bonus	14,730,122	13,630,163
Staff welfare expenses	273,866	133,678
	16,388,757	15,169,717
Other Operating Expenses		
Accountancy fee	-	3,162
Advertising expenses	-	10,177
Auditors' remuneration	112,290	103,817
Bank charges	908,496	810,698
Building management fee	92,946	90,645
Business registration fee	250	2,250
Cleaning expenses	2,174	444
Commission paid	4,375,314	3,571,589
Consultancy fee	1,051,668	3,160,398
Courier expenses	1,327,275	1,271,478
Designing expenses	23,597	2,336,000
Electricity, water, gas	269,798	252,576
Entertainment	140,140	186,250
Insurance expenses	96,441	596,719
Legal and professional fee	45,092	79,503
License fee	22,862	21,878
Management and service fee	1,073,640	1,050,300
Medical and premium expenses	150,477	122,926
Motor vehicle expenses	709,003	561,653
Newspaper, books and magazines	35,432	36,047
Office supplies	129,256	160,703
Postage and stamp	357	585
Printing and stationery	209,690	212,071
Recharge expenses	1,279,785	1,572,376
Recruitment expenses	38,307	25,492
Rent and rates	1,195,761	1,284,786
Repair and maintenance	328,568	135,550
Sample charges	173,517	2,400,743
Security system	97,680	97,680
Sundry expenses	9,098	7,750
Telephone and internet	314,299	343,214
Travelling expenses	3,025,140	2,491,884
Visa expenses	103,639	75,662
	17,341,992	23,077,006
	35,830,967	40,227,000

Report of the Directors and Audited Financial Statements

PG GROUP LIMITED

31 March 2017

CERTIFIED TRUE COPY

ERNST & YOUNG

EY 安永

Building a better working world

PG GROUP LIMITED

CONTENTS

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2017.

Principal activities
The principal activities of the Company during the year were the trading of home and garment products, and investment holding. The principal activities of the Company's subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results and dividends
The Group's profit for the year ended 31 March 2017 and its financial position at that date are set out in the financial statements on pages 6 to 43.

The directors recommended the payment of a final dividend of US$0.84 per ordinary share totalling US$840,000 in respect of the year.

Directors
The directors of the Company during the year were:

Berstein Jauregui Sebastian Felipe
Deepak Kumar Seth
Pallak Seth
Payel Seth

The persons who were directors of the subsidiaries of the Company during the year (not including those directors listed above) were:

Mahesh Kumar Seth
Vicente Vial Cerda

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party during the year.

PG GROUP LIMITED

REPORT OF THE DIRECTORS (continued)

Auditors
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

Hong Kong
15 May 2017

EY安永

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

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Independent auditors' report
To the members of PG Group Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the consolidated financial statements of PG Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 6 to 43, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements
The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

EY安永

Independent auditors' report (continued)
To the members of PG Group Limited
(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the consolidated financial statements (continued)
In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.
- 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the members of PG Group Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Certified Public Accountants
Hong Kong
15 May 2017

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2017

	Notes	2017 US$	2016 US$
REVENUE	5	23,243,549	23,103,580
Cost of sales		(19,377,670)	(19,620,855)
Gross profit		3,865,879	3,482,725
Other income and gain	5	45,044	28,398
Selling and administrative expenses		(3,140,600)	(3,136,566)
Finance costs	8	(29,306)	(74,287)
PROFIT BEFORE TAX	6	740,017	300,270
Income tax credit	9	176,136	122,558
PROFIT FOR THE YEAR		916,153	422,828
Attributable to:			
Owners of the parent		902,114	423,012
Non-controlling interest		14,039	(184)
		916,153	422,828

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2017

	2017 US$	2016 US$
PROFIT FOR THE YEAR	916,153	422,828
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(20,357)	(53,425)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(20,357)	(53,425)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	895,796	369,403
Attributable to:		
Owners of the parent	883,310	374,664
Non-controlling interest	12,486	(5,261)
	895,796	369,403

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2017

	Notes	2017 US$	2016 US$
NON-CURRENT ASSETS			
Property, plant and equipment	11	8,809	7,999
Intangible assets	12	4,021	3,977
Prepayments, deposits and other receivables	15	7,537	32,073
Deferred tax assets	19	-	229,808
Total non-current assets		20,367	273,857
CURRENT ASSETS			
Inventories	13	4,266	29,615
Trade and bills receivables	14	2,883,304	1,960,822
Prepayments, deposits and other receivables	15	85,916	94,117
Financial asset at fair value through profit or loss	16	-	195,400
Due from fellow subsidiaries	23(c)	188,417	-
Due from a related company	23(c)	-	207,846
Tax recoverable		6,814	4,285
Cash and cash equivalents		482,765	808,065
Total current assets		3,651,482	3,300,150
CURRENT LIABILITIES			
Trade and bills payables		360,907	678,662
Other payables, accruals and receipts in advance	17	210,032	142,324
Due to the immediate holding company	23(b)	20,400	-
Due to fellow subsidiaries	23(b)	369,801	51,681
Due to a related company	23(b)	131,504	-
Interest-bearing bank borrowings	18	230,670	-
Tax payable		-	408,601
Total current liabilities		1,323,314	1,281,268
NET CURRENT ASSETS		2,328,168	2,018,882
Net assets		2,348,535	2,292,739

continued/...

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2017

	Notes	2017 US$	2016 US$
EQUITY			
Equity attributable to owners of the parent			
Share capital	20	1,000,000	1,000,000
Reserves	21	1,284,142	1,240,832
		2,284,142	2,240,832
Non-controlling interest		64,393	51,907
Total equity		2,348,535	2,292,739

....
Berstein Jauregui Sebastian Felipe
Director

....
Pallak Seth
Director

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

	Share capital US$	Exchange reserve US$	Retained profits US$	Total equity attributable to owners of the parent US$	Non-controlling interest US$	Total equity US$
At 1 April 2015	1,000,000	(1,575)	967,743	1,966,168	57,168	2,023,336
Profit for the year	-	-	423,012	423,012	(184)	422,828
Other comprehensive income for the year: Exchange difference on translation of foreign operations	-	(48,348)	-	(48,348)	(5,077)	(53,425)
Total comprehensive income for the year	-	(48,348)	423,012	374,664	(5,261)	369,403
Final 2015 dividend declared	-	-	(100,000)	(100,000)	-	(100,000)
At 31 March 2016 and at 1 April 2016	1,000,000	(49,923)*	1,290,755*	2,240,832	51,907	2,292,739
Profit for the year	-	-	902,114	902,114	14,039	916,153
Other comprehensive income for the year: Exchange difference on translation of foreign operations	-	(18,804)	-	(18,804)	(1,553)	(20,357)
Total comprehensive income for the year	-	(18,804)	902,114	883,310	12,486	895,796
Final 2016 dividend declared	-	-	(840,000)	(840,000)	-	(840,000)
At 31 March 2017	1,000,000	(68,727)*	1,352,869*	2,284,142	64,393	2,348,535

* These reserve accounts comprise the consolidated reserves of US$1,284,142 (2016: US$1,240,832) in the consolidated statement of financial position.

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2017

	Notes	2017 US$	2016 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		740,017	300,270
Adjustments for:			
Finance costs	8	29,306	74,287
Interest income	5	(13,879)	(9,777)
Depreciation	6	3,324	4,557
Fair value gain on a financial asset at fair value through profit or loss	5	(2,245)	(1,241)
Write-down of inventories to net realisable value	6	4,248	29,615
		760,771	397,711
Decrease in inventories		21,326	728,420
Decrease/(increase) in trade and bills receivables		(922,133)	1,175,618
Decrease in prepayments, deposits and other receivables		29,074	276,407
Increase in amounts due from a fellow subsidiaries		(188,417)	-
Decrease/(increase) in an amount due from a related company		207,846	(207,846)
Decrease in trade and bills payables		(317,755)	(341,030)
Increase in other payables, accruals and receipts in advance		56,340	51,047
Increase in an amount due to a related company		131,504	-
Increase/(decrease) in an amount due to the immediate holding company		20,400	(33,933)
Increase/(decrease) in amounts due to fellow subsidiaries		318,120	(1,142,054)
Cash generated from operations		117,016	904,340
Interest received		13,879	9,777
Overseas tax refunded/(paid)		(2,413)	37,978
Net cash flows from operating activities		128,542	952,095
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	11	(4,258)	(2,351)
Purchase of a financial asset at fair value through profit or loss		-	(194,159)
Proceed from the disposal of a financial asset at fair value through profit or loss		197,645	-
Net cash flows from/(used in) investing activities		193,387	(196,510)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(29,306)	(74,287)
Dividends paid		(840,000)	(300,000)
Proceeds from interest-bearing bank borrowings		4,732,765	7,304,728
Repayments of interest-bearing bank borrowings		(4,502,095)	(7,522,912)
Net cash flows used in financing activities		(638,636)	(592,471)

continued/...

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2017

	2017 US$	2016 US$
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(316,707)	163,114
Cash and cash equivalents at beginning of year	808,065	736,529
Effect of foreign exchange rate changes, net	(8,593)	(91,578)
CASH AND CASH EQUIVALENTS AT END OF YEAR	482,765	808,065
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	482,765	808,065

1. CORPORATE AND GROUP INFORMATION

PG Group Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F, Surson Commercial Building, 140-142 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Company was primarily engaged in the trading of home and garment products, and investment holding.

The Company is a subsidiary of Multinational Textile Group Limited, a company incorporated in Mauritius. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Information about subsidiaries

Particulars of the Company's subsidiaries as at the end of the reporting period are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
PG Home Group Limited	Hong Kong	US$250,000	90	-	Trading of home and garment products, and investment holding
PG Home Group S.P.A. #	Chile	Chilean Pesos 3,000,000	-	90	Sales and marketing
PG Shanghai Manufacturer Co. Ltd #	Shanghai	US$200,025	100	-	Provision of sourcing services

\# Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, except for a financial asset at fair value through profit or loss which has been measured at fair value. These financial statements are presented in United States dollars ("US$").

Basis of consolidation
The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The financial statements of its subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of its subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Group, and accordingly, they have had no impact on the Group's financial statements for the year ended 31 March 2017.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended 31 March 2017, in these financial statements. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

The Group measures its financial asset at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets
Where an indication of impairment exists or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties
A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person
  (i) has control or joint control over the Group;
  (ii) has significant influence over the Group; or
  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:
  (i) the entity and the Group are members of the same group;
  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  (iii) the entity and the Group are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  (vi) the entity is controlled or jointly controlled by a person identified in (a);
  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates/estimated useful lives used for this purpose are as follows:

Leasehold improvements	Over the lease terms
Furniture and fixtures	10% - 33⅓%
Office equipment	10% - 33⅓%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)
Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

The Group's brand name and merchandise license are stated at cost less any impairment losses.

Operating leases
Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Financial instruments
Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss and loans and receivables, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is recognised in statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)
Subsequent measurement (continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in statement of profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on the actual basis and comprises invoiced value of purchases, freight and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalnets comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) royalty income, on an accrual basis; and

(c) interest income, on an accrual basis using the effective interest method.

Employee benefits

Retirement benefit costs

The Group operates a mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Chile and Mainland China are required to participate in central pension schemes operated by the respective local municipal governments. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the respective central pension schemes.

Foreign currencies

These financial statements are presented in US$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)
Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or the profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of overseas subsidiaries are currencies other than US$. As at the end of the reporting period, the assets and liabilities of the subsidiaries are translated into US$ at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss are translated into US$ at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiary are translated into US$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year are translated into US$ at the weighted average exchange rates for the year.

Dividends
Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Income tax and deferred tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectations are different from the original estimates, such differences will impact on the recognition of deferred tax assets and deferred tax in the periods in which such estimates have been changed.

5. REVENUE, OTHER INCOME AND GAIN

Revenue represents the net invoiced value of goods sold.

An analysis of other income and gain is as follows:

	2017 US$	2016 US$
Bank interest income	367	1,079
Interest income from a related party	13,512	8,698
Compensation from suppliers for late shipments	28,804	16,239
Royalty income	115	1,141
Fair value gain on a financial asset at fair value through profit or loss	2,246	1,241
	45,044	28,398

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2017 US$	2016 US$
Cost of inventories sold	19,377,670	19,620,855
Depreciation	3,324	4,557
Minimum lease payments under operating leases	121,277	127,572
Auditors' remuneration	17,164	16,892
Employee benefit expense (excluding directors' remuneration (note 7)):		
Salaries and allowances	801,341	681,935
Pension scheme contributions (defined contribution scheme)	209,954	129,593
	1,011,295	811,528
Foreign exchange differences, net	2,738	16,892
Write-down of inventories to net realisable value	4,248	29,615

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2017 US$	2016 US$
Fees	-	-
Other emoluments:		
Salaries and allowances	129,460	127,858
Pension scheme contributions	2,082	1,892
	131,542	129,750

8. FINANCE COSTS

	2017 US$	2016 US$
Interest on interest-bearing bank borrowings	29,306	74,287

9. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year (2016: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2017 US$	2016 US$
Current - Hong Kong		
Overprovision in the prior year	(408,601)	-
Current - Chile		
Credit for the year	-	(23,919)
Deferred tax (note 19)	232,465	(98,639)
Total tax credit for the year	(176,136)	(122,558)

A reconciliation of the tax credit applicable to profit before tax at the Hong Kong statutory tax rate to the tax credit at the effective tax rate is as follows:

	2017 US$	2016 US$
Profit before tax	740,017	300,270
Tax charge at the Hong Kong statutory tax rate of 16.5% (2016: 16.5%)	122,103	49,545
Difference in tax rates applied for specific provinces or local authority	(5,147)	(49,163)
Adjustments in respect of current tax of previous periods	(408,601)	-
Income not subject to tax	(139,497)	(127,299)
Expenses not deductible for tax	1,838	1,509
Tax losses not recognised	20,703	2,691
Others	232,465	159
Tax at the effective tax rate	(176,136)	(122,558)

9. INCOME TAX (continued)

As at the end of the reporting period, a subsidiary of the Group had unused tax losses arising in Mainland China of US$19,436 (2016: US$17,370), that will expire in five years for offsetting against future taxable profits of that subsidiary. Another overseas subsidiary of the Group also had tax losses arising in Chile of US$809,178 (2016: US$742,627), that are available indefinitely for offsetting against future taxable profits of that subsidiary.

At the end of the reporting period, deferred tax assets have not been recognised in respect of the unused tax losses of US$828,614 (2016: US$17,370), which are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these unused tax losses items as it is not considered probable that taxable profits will be available against which these unused tax losses can be utilised.

10. DIVIDEND

	2017 US$	2016 US$
Final - US$0.84 (2016: US$0.1) per ordinary share	840,000	100,000

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements US$	Furniture and fixtures US$	Office equipment US$	Total US$
31 March 2017				
At 31 March 2016 and 1 April 2016:				
Cost	40,720	64,232	74,936	179,888
Accumulated depreciation	(40,720)	(63,736)	(67,433)	(171,889)
Net carrying amount	-	496	7,503	7,999
At 1 April 2016, net of accumulated depreciation	-	496	7,503	7,999
Additions	-	-	4,159	4,159
Depreciation provided during the year	-	(173)	(3,151)	(3,324)
Exchange realignment	-	(2)	(23)	(25)
At 31 March 2017, net of accumulated depreciation	-	321	8,488	8,809
At 31 March 2017:				
Cost	40,720	64,034	77,854	182,609
Accumulated depreciation	(40,720)	(63,628)	(69,452)	(173,800)
Net carrying amount	-	406	8,402	8,809

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements US$	Furniture and fixtures US$	Office equipment US$	Total US$
31 March 2016				
At 1 April 2015:				
Cost	40,720	63,951	75,485	180,156
Accumulated depreciation	(40,720)	(62,852)	(65,859)	(169,431)
Net carrying amount	-	1,099	9,626	10,725
At 1 April 2015, net of accumulated depreciation	-	1,099	9,626	10,725
Additions	-	550	1,801	2,351
Depreciation provided during the year	-	(1,096)	(3,461)	(4,557)
Exchange realignment	-	(57)	(463)	(520)
At 31 March 2016, net of accumulated depreciation	-	496	7,503	7,999
At 31 March 2016:				
Cost	40,720	64,232	74,936	179,888
Accumulated depreciation	(40,720)	(63,736)	(67,433)	(171,889)
Net carrying amount	-	496	7,503	7,999

12. INTANGIBLE ASSETS

	Merchandise license US$	Brand name US$	Total US$
31 March 2017			
At 31 March 2016 and 1 April 2016:			
Cost	8,359	3,977	12,336
Accumulated amortisation	(8,359)	-	(8,359)
	-	3,977	3,977
At 1 April, 2016, net of accumulated amortisation	-	3,977	3,977
Exchange realignment	-	44	44
At 31 March 2017, net of accumulated amortisation	-	4,021	4,021
At 31 March 2017:			
Cost	8,359	4,021	12,380
Accumulated amortisation	(8,359)	-	(8,359)
	-	4,021	4,021
31 March 2016			
At 1 April 2015:			
Cost	8,359	4,248	12,607
Accumulated amortisation	(8,359)	-	(8,359)
	-	4,248	4,248
At 1 April, 2015, net of accumulated amortisation	-	4,248	4,248
Exchange realignment	-	(271)	(271)
At 31 March 2016, net of accumulated amortisation	-	3,977	3,977
At 31 March 2016:			
Cost	8,359	3,977	12,336
Accumulated amortisation	(8,359)	-	(8,359)
	-	3,977	3,977

13. INVENTORIES

	2017 US$	2016 US$
Finished goods	4,266	29,615

14. TRADE AND BILLS RECEIVABLES

	2017 US$	2016 US$
Trade receivables	503,753	510,204
Bills receivable	700,845	880,308
Amount due from a related party	1,678,706	570,310
	2,883,304	1,960,822

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade and bills receivables are non-interest-bearing and are on credit terms of 30 to 120 days. The Group seeks to maintain strict control over their outstanding receivables and overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances.

An aged analysis of the trade and bill receivables that are not individually nor collectively considered to be impaired is as follows:

	2017 US$	2016 US$
Neither past due nor impaired	1,393,483	1,339,705
Past due but not impaired:		
Less than one month	1,196,730	441,042
One to three months	290,657	162,386
Over three months	2,434	17,689
	2,883,304	1,960,822

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

14. TRADE AND BILLS RECEIVABLES (continued)

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

As at the end of the reporting period, included in the Group's trade receivables of US$1,678,706 (2016: US$570,310) is an amount due from Grupo Extremo SUR S.A. ("Grupo"), a related company as detailed in note 23(c), which is repayable on credit terms similar to those offered to the major customers of the Group.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 US$	2016 US$
Prepayments	61,529	66,671
Deposits	23,881	24,433
Other receivables	8,043	35,086
	93,453	126,190
Less: Portion classified as non-current	(7,537)	(32,073)
	85,916	94,117

None of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no history of default.

16. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 US$	2016 US$
Investments fund	-	195,400

The above investment is classified as held for trading.

17. OTHER PAYABLES, ACCRUALS AND RECEIPTS IN ADVANCE

	2017 US$	2016 US$
Accruals	53,199	42,179
Accrued employee benefits	4,504	3,344
Other payables	105,521	68,647
Dividend payable	39,200	-
Receipts in advance	9,107	28,154
	211,531	142,324

Other payables are non-interest-bearing and have an average term of three months.

18. INTEREST-BEARING BANK BORROWINGS

	2017 US$	2016 US$
Import loans	230,670	-

The import loans as at 31 March 2017 were denominated in US$, interest-bearing at 2.36%-2.98% per annum and were repaid in April 2017.

The interest-bearing bank borrowings are guaranteed by the immediate holding company and a director of the Company.

19. DEFERRED TAX ASSETS

	Losses available for offsetting against future taxable profits US$
At 1 April 2015	139,525
Deferred tax credited to profit or loss during the year (note 9)	98,639
Exchange realignment	(8,356)
At 31 March 2016 and 1 April 2016	229,808
Deferred tax charged to profit or loss during the year (note 9)	(232,465)
Exchange realignment	2,657
At 31 March 2017	-

20. SHARE CAPITAL

	2017 US$	2016 US$
Issued and fully paid:		
1,000,000 ordinary shares	1,000,000	1,000,000

21. RESERVES

The amounts of the Group's reserves and the movements therein for the current year and the prior year are presented in the consolidated statement of changes in equity on page 9 of the financial statements.

22. OPERATING LEASE ARRANGEMENTS

The Group leases its office premises under operating lease arrangements. The leases for the premises are negotiated for terms of three years.

At the end of the reporting period, the Group had total future minimum lease payments under the non-cancellable operating leases falling due as follows:

	2017 US$	2016 US$
Within one year	59,610	94,213
In the second to fifth years, inclusive	-	61,395
	59,610	155,608

23. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2017 US$	2016 US$
Immediate holding company:			
Management fees paid	(i)	16,350	16,152
A fellow subsidiary:			
Consultancy fees paid	(ii)	247,894	219,329
A related company:			
Sales of goods	(iii)	12,438,888	9,996,093
Commissions paid	(iv)	594,523	867,418
Interest income	(v)	13,512	8,698

Notes:

(i) The management fees paid were charged at rates mutually agreed between the Group and the immediate holding company.

(ii) The consultancy fees paid were charged at rates mutually agreed between the Group and the fellow subsidiary.

(iii) The sales of goods were made based on terms and conditions mutually agreed between the Group and the related company.

23. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

(iv) The commissions paid were related to sourcing services received and were charged at rates mutually agreed between the Group and the related company.

(v) The interest income received from a related company was charged at a rate mutually agreed between the Group and the related company.

(b) Outstanding balances with related parties

The balances with fellow subsidiaries and the immediate holding company are unsecured, interest-free and have no fixed terms of repayment.

(c) Particulars of amounts due from a related company, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, are as follows:

Name	31 March 2017 US$	Maximum amount outstanding during the year US$	31 March 2016 US$	Maximum amount outstanding during the year	1 April 2015 US$
Trade receivables from Grupo (note 14)	1,678,706	2,875,760	570,310	2,875,760	1,706,313
Due from/(to) Grupo	(131,504)	319,262	207,846	376,630	232,541
	1,547,202		778,156		1,938,854

The related company is a wholly-owned subsidiary of GES Corp. HK Limited, which is a shareholder of the Company.

The amount due from a related company is unsecured, interest-free and have no fixed terms of repayment.

(d) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements.

24. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Group comprise trade and bills receivables, deposits and other receivables, amounts due from a related company and a fellow subsidiary, and cash and cash equivalents, which are categorised as loans and receivables, and a financial asset at fair value through profit or loss which is categorised within financial assets at fair value through profit or loss - held for trading. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

24. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The financial liabilities of the Group comprise trade and bill payables, financial liabilities included in other payables, accruals and receipts in advance, interest-bearing bank borrowings, and amounts due to the immediate holding company, fellow subsidiaries and a related company, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

25. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amount		Fair value	
	2017	2016	2017	2016
	US$	US$	US$	US$
Financial asset				
Financial asset at fair value through profit or loss	-	195,400	-	195,400

Management has assessed that the fair values of trade and bills receivables, deposits and other receivables, amounts due from a fellow subsidiary and a related company, cash and cash equivalents, trade and bills payables, financial liabilities included in other payables, accruals and receipts in advance, interest-bearing bank borrowings, and amounts due to the immediate holding company, fellow subsidiaries and a related company, approximated to their carrying amounts largely due to the short term maturities of these instruments.

Management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation.

The fair values of financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sale transactions.

The fair values of listed equity investments and debt securities included in the investments fund as at 31 March 2016 were based on quoted market prices.

The Group did not have any financial assets and financial liabilities measured at fair value as at 31 March 2017.

As at 31 March 2016, the Group's financial asset at fair value through profit or loss is measured at Level 2 fair value. The Group did not have any financial liabilities measured at fair value as at 31 March 2016.

25. FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

During the year, there were no transfers of fair value measurements between Level 1 and Level 2, and no transfer into or out of Level 3 (2016: Nil).

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Group's financial management policies and practices described below:

Credit risk

The aggregate carrying amount of cash and cash equivalents, trade and bills receivables, deposits and other receivables, amounts due from a fellow subsidiary and a related company, and a financial asset at fair value through profit or loss represents the Group's maximum exposure to credit risk in relation to financial assets. The Group's cash and cash equivalents are deposited with creditworthy banks with no recent history of default. The Group has policies in place to evaluate credit risk when accepting new businesses and to limit its credit exposure to individual customers. The maximum exposure for trade and bills receivables is the carrying amount as disclosed in note 14 to the financial statements. At the end of the reporting period, the Group had certain concentrations of credit risks as 86% (2016: 50%) of the Group's trade and bills receivables were due from the Group's top five customers.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, either have no fixed terms of repayment or are repayable within three months subsequent to the end of the reporting period.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to the shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2017 US$	2016 US$
NON-CURRENT ASSETS		
Property, plant and equipment	847	847
Investments in subsidiaries	425,025	425,025
Total non-current assets	425,872	425,872
CURRENT ASSETS		
Trade and bills receivables	2,459,247	1,421,806
Prepayments and other receivables	13,419	11,692
Due from fellow subsidiaries	188,417	-
Due from a related company	-	207,846
Due from a subsidiary	24,109	743,235
Cash and cash equivalents	352,960	464,774
Total current assets	3,038,152	2,849,353
CURRENT LIABILITIES		
Trade and bills payables	325,363	375,896
Other payables, accruals and receipts in advance	81,784	28,188
Due to the immediate holding company	20,400	-
Due to fellow subsidiaries	369,801	51,681
Due to a related company	131,504	-
Due to a subsidiary	2,701	-
Interest-bearing bank borrowings	230,670	-
Tax payable	-	408,601
Total current liabilities	1,162,223	864,366
NET CURRENT ASSETS	1,875,929	1,984,987
Net assets	2,301,801	2,410,859

continued/...

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

	2017 US$	2016 US$
EQUITY		
Share capital	1,000,000	1,000,000
Retained profits (note)	1,301,801	1,410,859
Total equity	2,301,801	2,410,859

....
Berstein Jauregui Sebastian Felipe
Director

....
Pallak Seth
Director

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's retained profits is as follows:

	Retained profits US$
At 1 April 2015	1,074,458
Profit and total comprehensive income for the year	436,401
Final 2016 dividend declared	(100,000)
At 31 March 2016 and at 1 April 2016	1,410,859
Profit and total comprehensive income for the year	730,942
Final 2017 dividend declared	(840,000)
At 31 March 2017	1,301,801

28. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 15 May 2017.

TECHNO DESIGN HK LIMITED
(FORMERLY KNOWN AS DPOD MANUFACTURING LIMITED)

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

TECHNO DESIGN HK LIMITED
(FORMERLY KNOWN AS DPOD MANUFACTURING LIMITED)

CONTENTS

TECHNO DESIGN HK LIMITED
(FORMERLY KNOWN AS DPOD MANUFACTURING LIMITED)

REPORT OF THE DIRECTORS

The directors present their annual report and the annual audited financial statements of the Company for the year ended March 31, 2017.

PRINCIPAL ACTIVITY

The principal activity of the Company is garment trading.

RESULTS AND APPROPRIATIONS

The results of the Company for the year are set out in the financial statement of comprehensive income on page 7.

The directors do not recommend the payment of a dividend.

SHARE CAPITAL AND RESERVES

Details of share capital of the Company are set out in Note (19) to the financial statements. There were no movements during the year.

There were no movements in reserves except for changes to retained profits which arose from profit or loss.

PLANT AND EQUIPMENT

Movements in plant and equipment are set out in the Note (12) to the financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Birthe SIEMERS	
Deepak Kumar SETH	
Faiza Habeeb SETH	(Resigned on January 11, 2017)
Pallak SETH	
Rajive RANJAN	
Ajai SINGH	(Appointed on January 11, 2017)

In accordance with Article 7 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Except for the related party transactions as disclosed in Note (20) to the financial statements, no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

REPORT OF THE DIRECTORS (CONT'D)

PERMITTED INDEMNITY PROVISION

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company and holding company (whether made by the Company or otherwise) or an associated company (if made by the Company).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

BUSINESS REVIEW

The Company falls within reporting exemption for the financial year. Accordingly, the Company is exempted from preparing a business review.

AUDITORS

The Company's auditors, Messrs. Louis Lai & Luk CPA Limited, retire and being eligible, offer themselves for re-appointment.

On behalf of the Board

Deepak Kumar SETH
Chairman

Hong Kong, May 25, 2017.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
TECHNO DESIGN HK LIMITED
(FORMERLY KNOW AS DPOD MANUFACTURING LIMITED)
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Techno Design HK Limited ("the Company") set out on pages 7 to 27, which comprise the statement of financial position as at March 31, 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards 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 HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fundamental Uncertainty Relating to the Going Concern

In forming our opinion, we have considered the adequacy of the disclosure made in Note (2) to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. The financial statements have been prepared on a going concern basis, the validity of which depends upon ongoing support from the ultimate holding company and the attaining of profitable and positive cash flow operations, and the Company may turn to a commercially viable concern. The financial statements do not include any adjustments that may be necessary should the implementation of such measures become unsuccessful.

We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
TECHNO DESIGN HK LIMITED
(FORMERLY KNOW AS DPOD MANUFACTURING LIMITED)
(incorporated in Hong Kong with limited liability)

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are responsible for assessing 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 unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these financial statements.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
TECHNO DESIGN HK LIMITED
(FORMERLY KNOW AS DPOD MANUFACTURING LIMITED)
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks 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.

- 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 the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 conclusions are 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 presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
TECHNO DESIGN HK LIMITED
(FORMERLY KNOW AS DPOD MANUFACTURING LIMITED)
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 25, 2017.

TECHNO DESIGN HK LIMITED
(FORMERLY KNOWN AS DPOD MANUFACTURING LIMITED)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2017

	NOTES	2017	2016
		HK$	HK$
REVENUE	(6)	58,693,259	78,051,920
COST OF GOODS SOLD		(56,244,234)	(72,311,618)
GROSS PROFIT		2,449,025	5,740,302
OTHER INCOME AND GAINS, NET	(6)	2,653,259	1,492,705
DEPRECIATION		(43,172)	(32,614)
OTHER OPERATING EXPENSES		(7,200,368)	(11,289,110)
LOSS FROM OPERATIONS		(2,141,256)	(4,088,717)
FINANCE COSTS	(7)	(107,850)	(483,328)
LOSS BEFORE TAXATION	(8)	(2,249,106)	(4,572,045)
TAXATION	(11)	-	-
LOSS FOR THE YEAR		(2,249,106)	(4,572,045)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(2,249,106)	(4,572,045)

THE NOTES ON PAGES 11 TO 27 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

TECHNO DESIGN HK LIMITED
(FORMERLY KNOWN AS DPOD MANUFACTURING LIMITED)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	NOTES	2017	2016
		HK$	HK$
Non-Current Assets			
Plant and equipment	(12)	202,377	51,476
Current Assets			
Inventories	(13)	1,841,109	9,442,614
Amounts due from fellow subsidiaries	(14)	26,350,857	12,455,110
Trade and other receivables	(15)	6,051,863	6,916,818
Cash and cash equivalents		4,364,518	119,895
		38,608,347	28,934,437
Current Liabilities			
Amount due to immediate holding company	(16)	3,151,624	37,414
Amounts due to fellow subsidiaries	(16)	17,041,333	7,622,247
Amount due to a director	(16)	4,570,679	2,739,578
Trade and other payables	(17)	9,661,052	12,399,458
Secured bank borrowings	(18)	6,103,461	5,655,535
		40,528,149	28,454,232
Net Current (Liabilities)/Assets		(1,919,802)	480,205
NET (LIABILITIES)/ASSETS		(1,717,425)	531,681
EQUITY			
Share capital	(19)	778,000	778,000
Retained earnings		(2,495,425)	(246,319)
TOTAL EQUITY		(1,717,425)	531,681

APPROVED BY THE BOARD OF DIRECTORS ON MAY 25, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH
Director

Rajive RANJAN
Director

THE NOTES ON PAGES 11 TO 27 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

TECHNO DESIGN HK LIMITED
(FORMERLY KNOWN AS DPOD MANUFACTURING LIMITED)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2017

	Share Capital	Retained Earnings	Total
	HK$	HK$	HK$
At April 1, 2015	778,000	4,325,726	5,103,726
Total comprehensive expenses for the year	-	(4,572,045)	(4,572,045)
At March 31, 2016 and April 1, 2016	778,000	(246,319)	531,681
Total comprehensive expenses for the year	-	(2,249,106)	(2,249,106)
At March 31, 2017	778,000	(2,495,425)	(1,717,425)

THE NOTES ON PAGES 11 TO 27 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

TECHNO DESIGN HK LIMITED
(FORMERLY KNOWN AS DPOD MANUFACTURING LIMITED)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
	HK$	HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,249,106)	(4,572,045)
Adjustment for		
Bank interest income	(18)	(19)
Finance costs	107,850	483,328
Depreciation	43,172	32,614
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(2,098,102)	(4,056,122)
Decrease in inventories	7,601,505	889,593
Increase in amounts due from fellow subsidiaries	(13,895,747)	(6,993,003)
Decrease in amount due from a shareholder	-	518,646
Decrease in trade and other receivables	864,955	12,169,806
Increase in amount due to immediate holding company	3,114,210	37,414
Increase in amounts due to fellow subsidiaries	9,419,086	4,489,458
Increase in amount due to a director	1,831,101	1,310,568
Decrease in trade and other payables	(2,738,406)	(5,017,602)
CASH GENERATED FROM OPERATIONS	4,098,602	3,348,758
Bank interest received	18	19
Finance costs paid	(107,850)	(483,328)
Net cash generated from operating activities	3,990,770	2,865,449
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment to acquire plant and equipment and net cash used in investing activities	(194,073)	(13,294)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from/(Repayment to) borrowings and net cash generated from financing activities	447,926	(3,678,387)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,244,623	(826,232)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	119,895	946,127
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	4,364,518	119,895

THE NOTES ON PAGES 11 TO 27 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Techno Design HK Limited (Formerly Known DPOD Manufacturing Limited) is a company incorporated in Hong Kong with limited liability. Its principal activity is garment trading. The address of its registered office is 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong. The directors consider that the immediate holding company is Multinational Textile Group Limited, a company incorporated in Mauritius. The ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India and its shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS(s)") (which also include Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)")) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$"), which is also the Company's functional and presentation currency.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note (5) to the financial statements.

b. Changes in Accounting Policies and Disclosures

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Company, and accordingly, they have had no material impact on the Company's financial statements for the year ended March 31, 2017.

c. Issued but Not Yet Effective Hong Kong Financial Reporting Standards

The Company has not early applied any new and revised HKFRSs that have been issued but are not year effective for the accounting year ended March 31, 2017, in these financial statements. The Company is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d. Going Concern

The holding company, directors and fellow subsidiaries have has confirmed the willingness to provide such financial assistance as is necessary to maintain the Company as a going concern. On the strength of this assurance, the financial statements have been prepared on a going concern basis.

e. Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and aggregate identified impairment loss, if any.

Depreciation is provided to write off the cost less residual value of plant and equipment over its expected useful lives.

Computer equipment	3 years
Furniture & fixtures	4 years
Leasehold improvement	4 years
Office equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss on disposal of plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the Statement of Comprehensive Income.

When assets are sold or otherwise disposed of, their carrying amounts are written off from the financial statements and any resulting gain or loss is included in the Statement of Comprehensive Income.

f. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

g. Inventories

Inventories are stated at the lower of cost and net realisbale value.

Cost of raw materials is arrived at by reference to the suppliers' invoiced cost and is in general assigned to individual items on the first-in, first-out basis.

Net realizable value is based on estimated selling prices less any further costs expected to be incurred. When inventories are sold, the carrying amount of those inventories is recognised as an expenses in the year in which the related revenue is recognised.

h. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

i. Financial Assets

Financial assets of the Company are only classified under loans and receivables category.

j. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortized cost using effective interest method, less any identified impairment losses. An impairment loss is recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

k. Financial Liabilities

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company's financial liabilities comprise trade and other payables, and amounts due to fellow subsidiaries and a director, which are subsequently measured at amortized cost, using the effective interest method.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

l. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The Company's equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the date of issuance of shares.

m. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

n. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Hong Kong Dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

o. 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 net profit as reported in the Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the 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 the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

o. Taxation (Cont'd)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Statement of Comprehensive Income.

p. Turnover

Turnover represents invoiced amount of sales less discount and returns.

q. Recognition of Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the bases as follows:

- Revenue from sales of goods is recognised when good are delivered to buyers.
- Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the rate applicable.
- Commission income is recognised when services are rendered.
- Sundry income is recognised on a receipt basis.

r. Borrowing Costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

s. Bank Borrowings

Interest bearing bank loans and overdrafts are initially measured as fair value, and are subsequently measured at amortized cost, using the effective interest method. Any difference between the proceeds (net of transaction costs, if any) and the settlement or redemption of borrowings is recognised over the terms of borrowings in accordance with the Company's policy for borrowing cost as stated in the preceding note.

t. Operating Leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

u. Related Parties

A related party is a person or entity that is related to the Company.

(A) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Company or a parent of the Company.

(B) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

v. Financial Risks

The financial risks in connection with the Company's financial instruments include risks as follows.

(i) Market risk includes three types of risk as below:

- Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

- Price risk: the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Market risk embodies not only the potential for loss but also the potential for gain.

(ii) Credit risk: the risk that the corresponding party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss.

(iii) Liquidity risk (also referred to as funding risk): the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

(iv) Cash flow interest rate risk: the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

3. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(i) To safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Company's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(i) Financial instruments by category

The financial assets of the Company comprise trade and other receivable, deposits, amounts due from immediate holding company, fellow subsidiaries and shareholder, and cash and cash equivalents which are categorized as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the Statements of Financial Position or in the corresponding notes to the financial statements. The financial liabilities of the Group comprise trade and other payables, amounts due to fellow subsidiaries and a director, and secured bank borrowings which are categorized as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the Statement of Financial Position or in the corresponding notes to the financial statements.

(ii) Financial risk management

The Company's financial risks are limited by the financial management policies and practices described below.

(a) Credit risk

The Company has no significant concentrations of credit risk because the creditworthiness of each of the Company's customers has been assessed before any goods are supplied to them on credit. The directors are not aware of any factor indicating that any debtors would not be capable of repaying their outstanding amounts. Accordingly, the directors are of the opinion that the Company is adequately protected from the credit risk.

(b) Liquidity risk

As the holding company and fellow subsidiaries have confirmed its willingness to provide continuous financial support to the Company, the management is of the opinion that the Company is adequately protected from the liquidity risk.

(c) Cash flow and fair value interest rate risk

The Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

As the holding company and fellow subsidiaries have confirmed the willingness to provide continuous financial support, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate of fair values of current assets and liabilities

The nominal values of current assets and liabilities are assumed to approximate their fair values.

6. REVENUE, OTHER INCOME AND GAINS

	2017	2016
Revenue recognised during the year including revenue arising from:	HK$	HK$
Revenue:		
Sales of goods	58,693,259	78,051,920
Other income and gains, net:		
Bank interest income	18	19
Commission income	2,449,777	1,083,973
Sundry income	203,464	408,713
	2,653,259	1,492,705
Total revenue recognised	61,346,518	79,544,625

7. FINANCE COSTS

Other interest	107,850	453,865
Bill interest	-	29,463
	107,850	483,328

8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging and (crediting):

Depreciation	43,172	32,614
Exchange differences, net	19,347	(1,329,023)

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

(i) Remuneration of the directors of the Company disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	2017	2016
	HK$	HK$
Emoluments:		
Acting as directors	-	-
Provision for management services	-	-
Retirement benefits	-	-
	-	-

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS (CONT'D)

(ii) Loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Company and its holding company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

Loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director

	Outstanding principal				
Name of borrower	At beginning of year	At end of year	Greatest outstanding	Overdue amount	Provision
	HK$	HK$	HK$	HK$	HK$
Techno Manufacturing Ltd. [1]	7772,491	7,764,711	7,772,491	-	-
Techno Design GMBH [1]	4,682,619	18,586,146	18,586,146	-	-
	12,455,110	26,350,857			
	========	========			

[1] Fellow subsidiary, connected with Pallak SETH and Deepak Kumar SETH.

Guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director

During the year, no guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director.

(iii) Material interests of directors (including shadow directors) of the Company disclosed pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

In the opinion of the directors, the directors or shadow directors, if any, of the Company had no material interests in those significant transactions, arrangements or contracts in relation to the Company's business entered into by the Company or another company in the same group of companies or subsisted during the year.

10. AUDITOR'S REMUNERATION

Auditor's remuneration and expenses for the year disclosed pursuant to Part 2 of Schedule 4 of the Hong Kong Companies Ordinance are as follow:

	2017	2016
	HK$	HK$
Auditor's remuneration	29,588	28,450
Auditor's expenses	2,320	2,528
	31,908	30,978
	=====	=====

11. TAXATION

No Hong Kong profits tax has been provided in the financial statements as the income of the Company neither arises in nor is derived from Hong Kong.

No deferred tax has been recognised in the financial statements on the grounds that the Company has no taxable/deductible temporary differences during the current year.

12. PLANT AND EQUIPMENT

	Leasehold Improvement	Furniture & Fixtures	Computer Equipment	Office Equipment	Total
Cost	HK$	HK$	HK$	HK$	HK$
At 1/4/2016	-	-	13,294	87,883	101,177
Additions	85,487	10,362	46,611	51,613	194,073
At 31/3/2017	85,487	10,362	59,905	139,496	295,250
Aggregate Depreciation					
At 1/4/2016	-	-	3,323	46,378	49,701
Charge for the year	3,562	432	7,020	32,158	43,172
At 31/3/2017	3,562	432	10,343	78,536	92,873
Net Book Value					
At 31/3/2017	81,925	9,930	49,562	60,960	202,377
At 31/3/2016	-	-	9,971	41,505	51,476

13. INVENTORIES

	2017	2016
	HK$	HK$
Raw materials	1,841,109	9,442,614

14. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

The amounts are interest free, unsecured and have no fixed repayment terms. No provisions for bad and doubtful debts have been recognised on the amounts due from fellow subsidiaries. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

15. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$	HK$
Trade receivables (Note (i))	2,747,214	1,925,782
Trade deposit paid and other receivable	3,304,649	4,991,036
	6,051,863	6,916,818
	=======	=======

(i) Aging analysis of trade receivables is as follows:

	2017	2016
Neither past due nor impaired	768,464	2,130
Past due but not impaired	1,978,750	1,923,652
	2,747,214	1,925,782
	=======	=======

16. AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES/A DIRECTOR

The amounts are interest free, unsecured and have no fixed repayment terms. The immediate holding company/fellow subsidiaries and director had agreed not to demand repayment until the Company is financially capable of repayment. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

17. TRADE AND OTHER PAYABLES

	2017	2016
	HK$	HK$
Trade payables (Note (i))	6,178,692	9,219,224
Trade deposit received and other payable	3,482,360	3,180,234
	9,661,052	12,399,458
	=======	========

(i) Maturity of the trade payables is as follows:

	2017	2016
Due for payment:		
Not later than one year	4,319,730	8,944,524
Past due more than one year	1,858,962	274,700
	6,178,692	9,219,224
	=======	========

18. SECURED BANK BORROWINGS

The carrying amount of the secured bank borrowings at the end of reporting period is analyzed as follows:

	2017	2016
	HK$	HK$
Amount repayable within one year:		
Discounted bills loan	569,854	-
Trust receipt loan	5,533,607	5,655,535
	6,103,461	5,655,535
	=======	=======

19. SHARE CAPITAL

	2017		2016	
	No. of shares	Amount	No. of shares	Amount
		HK$		HK$
Issued and fully paid: Ordinary shares of US$1 each				
At March 31	100,000	778,000	100,000	778,000
	=======	=======	=======	=======

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company’s residual assets.

20. RELATED PARTY TRANSACTIONS

During normal course of business, the Company had the following transactions with the related parties below.

Name	Relationship	Nature of transactions	2017	2016
			HK$	HK$
Simple Approach Ltd., Hong Kong	Fellow subsidiary	- Amount due to	(268,815)	(268,815)
		- Recharge expenses	-	50,181
Norwest Industries Ltd., Hong Kong	Fellow subsidiary	- Amount due to	(4,923,306)	(2,898,497)
		- Recharge expenses	879,786	1,154,589
Poeticgem Ltd., UK	Fellow subsidiary	- Amount due to	(886)	(14,591)
		- Recharge expenses	11,396	-
Nor Lanka Manufacturing Ltd., Hong Kong	Fellow subsidiary	- Amount due to	(248,938)	(309,383)
		- Recharge expenses	1,251,519	3,243,413
		- Sales	200,094	-
Nor Lanka Manufacturing Colombo Ltd., Sri Lanka	Fellow subsidiary	- Amount due to	(52,627)	(36,438)
PDS Asia Star Corporation Ltd., Hong Kong	Fellow subsidiary	- Amount due to	(9,102,277)	(3,037,312)
		- Recharge expenses	281,158	567,940
Poeticgem International Ltd., Hong Kong	Fellow subsidiary	- Amount due to	(2,055,486)	(1,057,211)
		- Recharge expenses	998,273	922,129
Techno Manufacturing Ltd., Hong Kong	Fellow subsidiary	- Amount due from	7,764,711	7,772,491
Techno Design GmbH, Germany	Fellow subsidiary	- Amount due from	18,586,146	4,682,619
		- Sales	34,992,324	896,017
Green Apparel Industries Ltd., Hong Kong	Fellow subsidiary	- Amount due to	(389,000)	-
Multinational Textile Group Ltd., Mauritius	Immediate holding company	- Amount due to	(3,151,624)	(37,414)
		- Recharge expenses	272,169	382,644
Rajive RANJAN	Director	- Consultancy fees	1,711,599	1,831,101
		- Amount due to	(4,570,679)	(2,739,578)
Birthe SIEMERS	Director	- Consultancy fees	137,239	143,774
			========	========

21. CURRENCY RISK

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The Company manages currency risks, when it is considered significant, by enter into appropriate currency forward contracts.

(i) Exposure to currency risk

The following table details the Company's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong Dollars, translated using the spot rate at the end of reporting period.

	(Expressed in HKD) 2017		
	EUR	USD	GBP
Trade and other receivable	-	6,916,818	-
Trade and other payable	-	(9,653,364)	-
Bills payable	(448,379)	(5,655,081)	-
Cash and cash equivalents	917,237	3,405,002	5,976
Net exposure arising from recognised assets and liabilities	468,858	(4,986,625)	5,976

	(Expressed in HKD) 2016		
	EUR	USD	GBP
Trade and other receivable	-	6,916,818	-
Trade and other payable	-	(12,399,458)	-
Bills payable	-	-	-
Cash and cash equivalents	8,421	84,347	6,828
Net exposure arising from recognised assets and liabilities	8,421	(5,398,293)	6,828

22. CURRENCY RISK (CONT'D)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Company's profit after tax in response to reasonably possible changes (e.g.±10%) in the foreign exchange rates to which the Company has significant exposure at the end of reporting period.

	2017		2016	
	Increase	Decrease	Increase	Decrease
	HK$	HK$	HK$	HK$
Euro Dollars (EUR)	39,150	(39,150)	703	(703)
British Pounds (GBP)	499	(499)	570	(570)
United States Dollars (USD)	-	-	-	-
	39,649	(39,649)	1,273	(1,273)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Company's exposure to currency risk for the variables.

The stated changes represent Management's assessment of reasonably possible change in foreign exchange rates over the period until the end of next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on Company's profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2016.

23. INTEREST RATE RISK

	2017	2016
Financial liabilities bearing variable interests:	HK$	HK$
Discounted bills loan	569,854	-
Trust receipts loan	5,533,607	5,655,535
	6,103,461	5,655,535

Should market interest rate on March 31 increase by 100 basic point, the profit or loss for the year would be reduced by a net amount of HK$61,035 (2016: HK$56,555). The carrying amounts of financial assets and financial liabilities measured at amortised cost and the carrying amount of financial liabilities bearing variable interest measure at fair value would not be affected by the assumed 10% increase in interest rates.

24. BANKING FACILITIES

General banking facilities granted by a bank were secured by fellow subsidiaries cash deposit, immediate holding company's corporate guarantee and directors' personal guarantee.

25. CONTINGENT LIABILITIES

(a) The Company had the following contingent liabilities not provided for in the financial statements at the end of reporting period:

	2017	2016
	HK$	HK$
Irrevocable letters of credit	4,334,860	4,704,469
	=======	=======

(b) At the end of reporting period, there were mutual guarantees between the Company and its fellow subsidiary.

26. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Company's Board of Director on May 25, 2017.

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TECHNO DESIGN HK LIMITED
(FORMERLY KNOWN AS DPOD MANUFACTURING LIMITED)

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	2017	2016
	HK$	HK$
SALES	58,693,259	78,051,920
COST OF SALES		
Opening inventories	9,442,614	10,332,207
Purchases	43,726,991	52,046,799
Subcontracting charges	4,915,738	19,375,226
Less: Closing inventories	(1,841,109)	(9,442,614)
	56,244,234	72,311,618
GROSS PROFIT	2,449,025	5,740,302
OTHER INCOME AND GAIN, NET		
Bank interest income	18	19
Commission income	2,449,777	1,083,973
Sundry income	203,464	408,713
	2,653,259	1,492,705
	5,102,284	7,233,007
OPERATING EXPENSES (SCH II)	7,351,390	11,805,052
LOSS BEFORE TAXATION	(2,249,106)	(4,572,045)
	========	========

TECHNO DESIGN HK LIMITED
(FORMERLY KNOWN AS DPOD MANUFACTURING LIMITED)

DETAILED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

	2017	2016
	HK$	HK$
OPERATING EXPENSES		
Depreciation Expenses		
Depreciation	43,172	32,614
Finance Costs		
Other interest	107,850	453,865
Bill interest	-	29,463
	107,850	483,328
Other Operating Expenses		
Auditor's remuneration	29,588	28,450
Bank charges	240,424	624,209
Business registration fee	250	2,250
Commission	304,712	8,318
Computer expenses	12,921	68,068
Consultancy fees	2,093,909	2,280,247
Courier charges	264,396	642,355
Entertainment expense	723	48,851
Exchange differences, net	19,347	(1,329,023)
Inspection fees	-	28,986
Insurance	-	107,545
Internal audit fee	24,406	8,441
Legal and professional fees	8,015	20,621
Local travelling	50,843	109,916
Management fees	272,169	382,644
Membership fee	-	34,699
Office supplies	3,625	10,904
Overseas travelling	349,523	902,201
Penalty from customer	37,815	948,329
Printing and stationery	2,073	2,749
Recharge expenses	3,422,131	5,938,252
Recruitment expenses	-	97,242
Sales promotion expenses	-	20,682
Sample expenses	48,967	158,110
Storage charges	9,460	-
Telephone expenses	3,017	5,479
Testing charges	2,054	138,585
	7,200,368	11,289,110
	7,351,390	11,805,052

Report of the Directors and Audited Financial Statements

NORWEST INDUSTRIES LIMITED

31 March 2017

NORWEST INDUSTRIES LIMITED

CONTENTS

NORWEST INDUSTRIES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2017.

Principal activities

The principal activity of the Company has not changed during the year and was the trading of garments. Details of the principal activities of the Company's subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results and dividends

The Group's profit for the year ended 31 March 2017 and the Group's financial position at that date are set out in the financial statements on pages 6 to 75.

A final 2016 dividend of US$0.3 per ordinary share and an interim 2017 dividend of US$0.625 per ordinary share were paid during the year.

Directors

The directors of the Company during the year were:

Pallak Seth
Deepak Kumar Seth
Omprakash Makam Suryanarayan Setty

The persons who were directors of the subsidiaries of the Company during the year (not including those directors listed above) were:

Ajai Singh
Albert Farre Moll
Birthe Siemers
Esra Tasoren
Faiza Habeeb Seth
Ghanshyam Periwal
Gwynedd Gee Williams
Iftekhar Ullah Khan
Jayechund Jingree
Luo Jiehua
Mahesh Seth
Md. Abu Toab Noyon
Mohammad Morshed Alam
Muhammed Shahed Mahmud
Payel Seth
Rajnish Kapoor
Rajive Ranjan
Spagnolo Patrick
Sushil Kumar Jogoo

Sukhlina Minhas	(appointed on 31 August 2016)
Amandeep Kumar Bagga	(appointed on 31 August 2016)
Deepak Kumar Seth	(appointed on 31 August 2016)
Sandeep Malhotra	(appointed on 21 December 2016)

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors’ interests
At no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable the Company’s directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors’ interests in transactions, arrangements or contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which any of its subsidiaries, holding companies or fellow subsidiaries was a party during the year.

Auditors
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Omprakash Makam Suryanarayan Setty
Chairman

Hong Kong

Independent auditor's report
To the members of Norwest Industries Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the consolidated financial statements of Norwest Industries Limited (the "Company") and its subsidiaries (the "Group") set out on pages 6 to 75, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors of the Company are responsible for the other information. The other information comprises the information included in the report of the directors.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements
The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.
- 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report (continued)
To the members of Norwest Industries Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
We communicate with the board of directors 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.

Certified Public Accountants
Hong Kong

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2017

	Notes	2017 HK$	2016 HK$
REVENUE	4	3,214,029,176	3,041,436,302
Cost of sales		(2,854,647,772)	(2,686,000,579)
Gross profit		359,381,404	355,435,723
Other income and gains	4	86,502,800	107,768,471
Selling and distribution expenses		(105,135,962)	(91,136,644)
Administrative expenses		(272,032,178)	(296,693,071)
Other operating expenses		(11,939,320)	(17,454,958)
Finance costs	6	(10,770,088)	(12,887,640)
Share of loss of a joint venture		(2,162,437)	(3,545,904)
PROFIT BEFORE TAX	5	43,844,219	41,485,977
Income tax credit/(expense)	8	(2,678,507)	877,475
PROFIT FOR THE YEAR		41,165,712	42,363,452
Attributable to:			
Owners of the parent		23,867,377	32,282,928
Non-controlling interests		17,298,335	10,080,524
		41,165,712	42,363,452

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 March 2017

	Notes	2017 HK$	2016 HK$
PROFIT FOR THE YEAR		41,165,712	42,363,452
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value of available-for-sale investments, net of tax		(4,309,959)	109,332
Reclassification adjustments for gains on disposal included in the consolidated statement of profit or loss	5	-	(126,934)
		(4,309,959)	(17,602)
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the year	23	114,701	(1,879,102)
Reclassification adjustments for losses/(gains) included in the consolidated statement of profit or loss	23	3,831,195	(10,923,308)
Income tax effect	23	(516,534)	2,112,398
		3,429,362	(10,690,012)
Exchange differences on translation of foreign operations		(9,232,204)	(1,837,824)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(10,112,801)	(12,545,438)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		31,052,911	29,818,014
Attributable to:			
Owners of the parent		14,577,209	19,747,176
Non-controlling interests		16,475,702	10,070,838
		31,052,911	29,818,014

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2017

	Notes	2017 HK$	2016 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	10	8,981,686	12,305,353
Investment properties	11	113,651,972	123,805,497
Held-to-maturity financial assets	12	23,607,645	25,141,691
Interest in a joint venture	13	8,784,299	5,866,349
Goodwill	14	583,365	583,365
Intangible assets	15	692,716	283,015
Available-for-sale investments	16	23,429,178	-
Deposits	19	361,465	-
Deferred tax assets	24	141,728	3,184,889
Total non-current assets		180,234,054	171,170,159
CURRENT ASSETS			
Inventories	17	28,961,317	41,825,480
Trade and bills receivables	18	448,526,182	463,006,746
Prepayments, deposits and other receivables	19	66,501,465	80,531,926
Available-for-sale investments	16	6,199,100	-
Due from the immediate holding company	32(b)(iii)	-	1,855,530
Due from fellow subsidiaries	32(b)(i)	89,987,208	66,233,043
Due from non-controlling shareholder	32(b)(ii)	899,339	1,194,334
Due from a related company	32(b)(iv)	7,544,106	12,764,183
Derivative financial instruments	23	1,227,791	452,684
Pledged time deposits	20	136,272,526	146,324,519
Cash and bank balances	20	97,664,883	29,709,190
Total current assets		883,783,917	843,897,635
CURRENT LIABILITIES			
Trade and bills payables		244,398,006	240,136,676
Other payables and accruals	21	26,521,080	26,452,330
Interest-bearing bank borrowings	22	338,144,780	314,198,484
Due to the immediate holding company	32(b)(iii)	18,280,244	12,224,884
Due to fellow subsidiaries	32(b)(i)	48,690,698	21,449,323
Due to a non-controlling shareholder	32(b)(ii)	2,778	-
Due to a related company	32(b)(iv)	7,780	-
Derivative financial instruments	23	412,382	3,583,169
Tax payable		26,363,132	25,920,749
Total current liabilities		702,820,880	643,965,615
NET CURRENT ASSETS		180,963,037	199,932,020
Net assets		361,197,091	371,102,179

continued/…

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2017

	Notes	2017 HK$	2016 HK$
EQUITY			
Equity attributable to owners of the parent			
Share capital	25	31,120,000	31,120,000
Reserves	26	321,938,652	336,133,578
		353,058,652	367,253,578
Non-controlling interests		8,138,439	3,848,601
Total equity		361,197,091	371,102,179

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Omprakash Makam Suryanarayan Setty
Director

Deepak Kumar Seth
Director

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

	Note	Share capital HK$	Available-for-sale investment revaluation reserve HK$	Hedging reserve HK$	Capital reserve HK$	Retained profits HK$	Exchange reserve HK$	Total equity attributable to owners of the parent HK$	Non-controlling interests HK$	Total equity HK$
At 1 April 2015		31,120,000	17,602	8,075,790	(4,230,129)	339,881,674	(257,269)	374,607,668	(6,810,814)	367,796,854
Profit for the year		-	-	-	-	32,282,928	-	32,282,928	10,080,524	42,363,452
Other comprehensive income for the year:										
Changes in fair values of available-for-sale investments, net of tax		-	(17,602)	-	-	-	-	(17,602)	-	(17,602)
Cash flow hedges, net of tax		-	-	(10,690,012)	-	-	-	(10,690,012)	-	(10,690,012)
Exchange differences on translation of foreign operations		-	-	-	-	-	(1,828,138)	(1,828,138)	(9,686)	(1,837,824)
Total comprehensive income/(loss) for the year		-	(17,602)	(10,690,012)	-	32,282,928	(1,828,138)	19,747,176	10,070,838	29,818,014
Acquisition of non-controlling interests		-	-	-	(8,230,258)	-	-	(8,230,258)	8,230,254	(4)
Disposal of non-controlling interests		-	-	-	(199,008)	-	-	(199,008)	199,009	1
Final 2015 dividend paid	9	-	-	-	-	(9,336,000)	-	(9,336,000)	-	(9,336,000)
Interim 2016 dividend paid	9	-	-	-	-	(9,336,000)	-	(9,336,000)	-	(9,336,000)
Dividend paid to non-controlling shareholders		-	-	-	-	-	-	-	(8,011,846)	(8,011,846)
Capital contribution by non-controlling shareholders		-	-	-	-	-	-	-	171,160	171,160
At 31 March 2016		31,120,000	-*	(2,614,222)*	(12,659,395)*	353,492,602*	(2,085,407)*	367,253,578	3,848,601	371,102,179

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NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 March 2017

	Note	Share capital HK$	Available-for-sale investment revaluation reserve HK$	Hedging reserve HK$	Capital reserve HK$	Retained profits HK$	Exchange reserve HK$	Total equity attributable to owners of the parent HK$	Non-controlling interests HK$	Total equity HK$
At 1 April 2016		31,120,000	-	(2,614,222)	(12,659,395)	353,492,602	(2,085,407)	367,253,578	3,848,601	371,102,179
Profit for the year		-	-	-	-	23,867,377	-	23,867,377	17,298,335	41,165,712
Other comprehensive income for the year:										
Changes in fair values of available-for-sale investments, net of tax		-	(4,309,959)	-	-	-	-	(4,309,959)	-	(4,309,959)
Cash flow hedges, net of tax		-	-	3,429,362	-	-	-	3,429,362	-	3,429,362
Exchange differences on translation of foreign operations		-	-	-	-	-	(8,409,571)	(8,409,571)	(822,633)	(9,232,204)
Total comprehensive income/(loss) for the year		-	(4,309,959)	3,429,362	-	23,867,377	(8,409,571)	14,577,209	16,475,702	31,052,911
Disposal of non-controlling interests		-	-	-	13,865	-	-	13,865	(10,721)	3,144
Final 2016 dividend paid	9	-	-	-	-	(9,336,000)	-	(9,336,000)	-	(9,336,000)
Interim 2017 dividend paid	9	-	-		-	(19,450,000)	-	(19,450,000)	-	(19,450,000)
Dividend paid to non-controlling shareholders		-	-	-	-	-	-	-	(12,186,813)	(12,186,813)
Capital contribution by non-controlling shareholders		-	-	-	-	-	-	-	11,670	11,670
At 31 March 2017		31,120,000	(4,309,959)*	815,140*	(12,645,530)*	348,573,979*	(10,494,978)*	353,058,652	8,138,439	361,197,091

* These reserve accounts comprise the consolidated reserves of HK$321,938,652 (2016: HK$336,133,578) in the consolidated statement of financial position.

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2017

	Notes	2017 HK$	2016 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		43,844,219	41,485,977
Adjustments for:			
Interest income	4	(2,048,288)	(2,296,671)
Depreciation for property, plant and equipment	5	6,624,164	8,041,943
Depreciation for investment properties	5	3,074,699	3,221,795
Amortisation of intangible assets	5	164,144	109,354
Loss/(gain) on disposal of items of property, plant and equipment	5	1,801	(214,232)
Impairment/(reversal of impairment) of trade receivables	5	(344,802)	344,802
Gain on waiver of loans from non-controlling shareholders	5	-	(697,279)
Impairment of goodwill	5	-	859,173
Fair value losses/(gains), net:			
Available-for-sale investments (transfer from equity on disposal)	5	-	(126,934)
Cash flow hedges (transfer from equity)	5	3,831,195	(10,923,308)
Share of a loss of a joint venture		2,162,437	3,545,904
Finance costs	6	10,770,088	12,887,640
		68,079,657	56,238,164
Decrease in inventories		12,864,163	32,364,883
Decrease in trade and bills receivables		7,673,312	40,567,838
Decrease in prepayments, deposits and other receivables		13,280,514	51,103,075
Decrease/(increase) in amounts due from non-controlling shareholders		227,817	(246,989)
Decrease/(increase) in an amount due from the immediate holding company		1,775,328	(1,855,530)
Increase in amounts due from fellow subsidiaries		(24,437,339)	(26,348,613)
Decrease/(increase) in an amount due from a related company		5,220,077	(12,764,183)
Increase/(decrease) in trade and bills payables		13,107,896	(27,083,851)
Increase in other payables and accruals		171,463	710,475
Decrease in an amount due to the ultimate holding company		-	(10,325)
Increase in an amount due to the immediate holding company		6,612,662	8,451,650
Increase/(decrease) in amounts due to fellow subsidiaries		28,114,536	(12,420,193)
Increase in an amount due to a related company		7,780	-
Increase in an amount due to a non-controlling shareholder		2,778	-
Increase/(decrease) in derivative financial instruments		(3,831,195)	10,923,308
Cash generated from operations		128,869,449	119,629,709
Hong Kong profits tax refunded/(paid)		1,077,784	(580,412)
Interest paid		(10,700,088)	(12,887,640)
Net cash flows from operating activities		119,177,145	106,161,657

continued/…

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2017

	Notes	2017 HK$	2016 HK$
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of subsidiaries	28	-	(177,946)
Purchases of items of property, plant and equipment		(3,604,312)	(6,165,795)
Purchases of intangible assets		(573,845)	(214,044)
Purchases of held-to-maturity financial assets		(3,501,088)	(20,452,689)
Purchases of available-for-sale investments		(34,158,258)	-
Proceeds from disposal of held-to-maturity financial assets		2,593,333	1,524,299
Proceeds from disposal of items of property, plant and equipment		59,064	465,117
Proceeds from disposal of available-for-sale investments		-	3,345,400
Advance to a joint venture		(5,080,387)	(6,808,185)
Interest received		2,048,288	2,296,671
Decrease/(increase) in time deposits with original maturity of more than three months when acquired, pledged as security for banking facilities		32,803,067	(48,981,769)
Net cash flows used in investing activities		(9,414,138)	(75,168,941)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(28,786,000)	(18,672,000)
Dividend paid to non-controlling shareholders		(12,186,813)	(8,011,846)
Proceeds from/(repayments of) bank loans, net		30,692,413	(6,416,117)
Capital contribution from non-controlling shareholders		11,670	171,160
Acquisitions of non-controlling interests		-	(4)
Disposals of a non-controlling interest		3,144	1
Loans from non-controlling shareholders		-	31,120
Net cash flows used in financing activities		(10,265,586)	(32,897,686)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		99,497,421	(1,904,970)
Cash and cash equivalents at beginning of year		91,183,625	93,271,413
Effect of foreign exchange rate changes, net		(3,233,414)	(182,818)
CASH AND CASH EQUIVALENTS AT END OF YEAR		187,447,632	91,183,625

continued/…

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2017

	Notes	2017 HK$	2016 HK$
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	20	97,664,883	29,709,190
Time deposits with original maturity of less than three months when acquired, pledged as security for banking facilities	20	89,847,669	67,096,595
Bank overdrafts	22	(64,920)	(5,622,160)
Cash and cash equivalents as stated in the consolidated statement of cash flows		187,447,632	91,183,625

1. CORPORATE AND GROUP INFORMATION

Norwest Industries Limited is a limited company incorporated in Hong Kong. The registered office of the Company is located at 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

During the year, the Group was principally involved in the trading of garments.

The Company is a subsidiary of Multinational Textile Group Limited, a company incorporated in Mauritius. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Information about subsidiaries

Particulars of the Company's subsidiaries as at 31 March 2017 are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2017	2016	Principal activities
Direct subsidiaries					
Grand Pearl Trading Company Limited*#	People's Republic of China ("PRC")/ Mainland China	United States dollar ("US$") 150,000	100%	100%	Provision of sourcing services
Design Arc Europe Limited ("Design Arc Europe") (formerly known as Nor Europe Manufacturing Company Limited)	Hong Kong	US$100,000	70%	70%	Trading of garment products
Nor India Manufacturing Company Limited	Hong Kong	US$10,000	100%	100%	Trading of garment products
Nor Lanka Manufacturing Limited	Hong Kong	HK$10,000	100%	100%	Trading of garment products
Techno Manufacturing Company Limited	Hong Kong	US$10,000	100%	100%	Trading of footwear

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2017	2016	Principal activities
Direct subsidiaries (continued)					
Spring Near East Manufacturing Company Limited ("Spring Near East")	Hong Kong	US$200,000	65%	65%	Trading of garment products
PoeticGem Australia Limited (formerly known as Gem Australia Manufacturing Company Limited)	Hong Kong	US$100,000	100%	100%	Trading of garment products
DS Manufacturing Limited (formerly known as Designed and Sourced Limited)	Hong Kong	US$200,000	100%	100%	Provision of design services
Norwest USA., Inc.*	United States	US$50,000	100%	100%	Provision of sourcing services
Design Arc Asia Limited (formerly known as Nor France Manufacturing Company Limited)	Hong Kong	US$100,000	85%	85%	Provision of sourcing services
Kleider Sourcing Hongkong Limited ("Kleider HK")	Hong Kong	US$10,000	51%	51%	Provision of design, sourcing, and trading of garment products
Razamtazz Limited*	Mauritius	British Pound Sterling ("GBP") 8,500,000	100%	100%	Investments in properties

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2017	2016	Principal activities
Direct subsidiaries (continued)					
Krayons Sourcing Limited ("Krayons")	Hong Kong	US$10,000	80%	80%	Trading of garment products
JJ Star Industrial Limited ("JJ Star")	Hong Kong	US$50,000	57.5%	60%	Trading of garment products
Twins Asia Limited ("Twins Asia")	Hong Kong	US$100,000	85%	100%	Trading of garment products
Fareast Vogue Limited	Hong Kong	US$10,000	60%	-	Trading of garment products
PDS Far-east Limited	Hong Kong	US$1,000	100%	-	Inactive
Kindred Brands Limited (formerly known as NW Far-east Limited)	Hong Kong	US$1,000	60%	-	Inactive
Styleberry Limited	Hong Kong	US$10,000	85%	-	Trading of garment products
PDS Global Invetments Limited*	The British Virgin Islands	US$50,000	100%	-	Inactive

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2017	2016	
Indirect subsidiaries					
Nor France SAS*	France	Euro ("EUR")10,000	85%	85%	Trading of garment products
Nor Lanka Colombo Manufacturing Company Limited	Sri Lanka	Sri Lankan Rupee ("LKR") 64,427,000	100%	100%	Trading of garment products
Nor Europe Manufacturing S.L.*	Spain	EUR3,000	70%	70%	Provision of sourcing services
Nor Lanka Progress (Private) Limited*	Sri Lanka	US$1	100%	100%	Inactive
Kleider Sourcing Limited* ("Kleider BD")	Bangladesh	Bangladeshi Taka ("BDT") 1,000,000	51%	51%	Provision of sourcing services

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst &Young global network.

The subsidiary is registered as a wholly-foreign-owned enterprise under the PRC law.

In the prior year, the Group acquired Kleider Sourcing Limited from an independent third party. Further details of this acquisition are included in note 28 to the financial statements.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and available-for-sale investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK$”).

<u>Basis of consolidation</u>
The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of its subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the respective dates that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Group, and accordingly, they have had no impact on the Group's financial statements for the year ended 31 March 2017.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended 31 March 2017, in these financial statements. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment in a joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in a joint venture is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of a joint venture is included in the consolidated statement of profit or loss and consolidated other comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's investments in the joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of joint venture is included as part of the Group's investment in a joint venture.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the acquisition previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March 2017. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)
Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement
The Group measures its derivative financial instruments and available-for-sale investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets
Where an indication of impairment exists or when annual impairment testing for an asset is required (other than inventories and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties
A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person
  (i) has control or joint control over the Group;
  (ii) has significant influence over the Group; or
  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:
  (i) the entity and the Group are members of the same group;
  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  (iii) the entity and the Group are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  (vi) the entity is controlled or jointly controlled by a person identified in (a);
  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives/principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 33⅓%
Furniture and fixtures	25%
Motor vehicles	33⅓%
Office equipment	33⅓%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs and any directly attributable expenditure, and subsequently at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of each investment property, which is the shorter of 50 years and the term of the lease.

Any gain or loss on the retirement or disposal of investment properties recognised in the statement of profit or loss in the year the investment properties are derecognised is the difference between the net sales proceeds and the carrying amount of the investment properties.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Investments and other financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as loans and receivables, available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction cost that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss.

Held-to-maturity financial assets

Bonds are non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity financial assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and securities, and investments in life insurance policies. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets. If management has the ability and intention to hold the assets for the foreseeable future or until maturity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Available-for-sale financial investments (continued)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss - is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities
Initial recognition and measurement
Financial liabilities of the Group are classified, at initial recognition, as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)
Initial recognition and subsequent measurement (continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship with which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedge item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument for cash flow hedges is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in the statement of profit or loss.

Amounts recognised in other comprehensive income are transferred to the statement of profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, the amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs or the foreign currency firm commitment is met.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on the actual basis and comprises invoiced value of purchases, freight and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions
A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in the statement of profit or loss.

Income tax
Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Leases
Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Dividends
Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Revenue recognition
Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) handling fee income, when the services are rendered;

(c) rental income, on a time proportion basis over the lease terms; and

(d) interest income, on an accrual basis using the effective interest method.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Retirement benefit costs

The Group operates a mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's overseas subsidiaries/branches are required to participate in central pension schemes operated by the respective local governments. These subsidiaries/branches are required to contribute certain percentages of its payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Foreign currencies

These financial statements are presented in HK$, which is the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when their fair values were determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)
The functional currencies of certain overseas subsidiaries are currencies other than HK$. As at the end of the reporting period, the assets and liabilities of the subsidiaries are translated into HK$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into HK$ at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and are accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the period are translated into HK$ at the weighted average exchange rate for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements
In the process of applying the Group’s accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification of financial instruments
Management has made judgements on the classification of financial assets and financial liabilities in the process of applying the Group’s accounting policies, which have significant effect on the amounts recognised in the financial statements. The Group determines the classification of certain assets and liabilities as financial assets and financial liabilities by judging whether they meet the definition of financial assets and financial liabilities set out in HKAS 39.

HKAS 32 *Financial Instruments: Presentation* and HKAS 39 require that the Group carries certain of its financial assets at fair value, which requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group utilises different valuation methodologies. Any such changes in the fair values of these financial assets would affect directly the Group’s financial position and equity.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgement (continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of property, plant and equipment

Items of property, plant and equipment are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value.

Impairment of trade and bills receivables

The Group maintains an allowance for estimated loss arising from the inability of its customers to make the required payments. The Group makes its estimates based on the ageing of its trade and bills receivable balances, customers' creditworthiness, and historical write-off experience. If the financial condition of its customers was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected.

Income tax and deferred tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectations are different from the original estimates, such differences will impact on the recognition of deferred tax assets and deferred tax in the periods in which such estimates have been changed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)
Impairment of inventories
Management reviews the ageing analysis of inventories of the Group at the end of each reporting period, and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The assessment of the provision amount required involves management judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying value of the inventories and the provision charge/write-back of provision for obsolete and slow-moving inventory items in the period in which estimate has been changed.

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2017 was HK$583,365 (2016: HK$583,365). Further details are given in note 14.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

An analysis of the Group's other income and gains is as follows:

	2017 HK$	2016 HK$
Interest income	2,048,288	2,296,671
Handling fee income	40,845,272	41,754,663
Rental income	4,291,084	3,767,029
Net fair value gains on cash flow hedges	-	10,923,308
Foreign exchange differences, net	-	6,666,006
Sales of trim and trimmings	24,739,017	27,681,773
Others	14,579,139	14,679,021
	86,502,800	107,768,471

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2017 HK$	2016 HK$
Auditors' remuneration	1,124,437	962,287
Depreciation for property, plant and equipment	6,624,164	8,041,943
Depreciation for investment properties	3,074,699	3,221,795
Amortisation for intangible assets*	164,144	109,354
Impairment of goodwill*	-	859,173
Employee benefit expense (excluding directors' remuneration (note 7)):		
Salaries and allowances	128,113,394	130,340,676
Pension scheme contributions (defined contribution scheme)	6,742,810	6,546,556
	134,856,204	136,887,232
Minimum lease payments under operating leases	9,780,593	8,749,952
Loss/(gain) on disposal of items of property, plant and equipment, net	1,801	(214,232)
Impairment/(reversal of impairment) of trade receivables	(344,802)	344,802
Gain on waiver of loans from non-controlling shareholders	-	(697,279)
Fair value losses/(gains), net:		
Available-for-sale investments (transfer from equity on disposal)	-	(126,934)
Cash flow hedges (transfer from equity)	3,831,195	(10,923,308)
Foreign exchange differences, net	1,860,699	(6,666,006)

* These amounts are included in "Other operating expenses" in the consolidated statement of profit or loss.

6. FINANCE COSTS

	2017 HK$	2016 HK$
Interest on bank loans, overdrafts and other loans	10,770,088	12,887,640

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance, is as follows:

	2017 HK$	2016 HK$
Directors' fees	1,945,000	1,945,000

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2017 HK$	2016 HK$
Current - Hong Kong		
Charge for the year	162,348	62,865
Overprovision in prior years	(62,865)	(12,806)
Current - Elsewhere		
Charge for the year	1,435,220	2,342,447
Overprovision in prior years	(1,324,051)	(1,061,565)
Deferred (note 24)	2,467,855	(2,208,416)
Total tax charge/(credit) for the year	2,678,507	(877,475)

8. INCOME TAX (continued)

A reconciliation of the tax charge/(credit) at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge/(credit) at the Group's effective tax rate is as follows:

2017

	Hong Kong HK$	Others HK$	Total HK$
Profit/(loss) before tax	47,559,889	(3,715,670)	43,844,219
Tax at the applicable tax rate	7,847,381	(280,077)	7,567,304
Adjustments in respect of current tax of previous periods	(62,865)	(1,324,051)	(1,386,916)
Income not subject to tax	(11,831,715)	(437,461)	(12,269,176)
Expenses not deductible for tax	3,324,567	697,965	4,022,532
Tax on deemed profit arising from operations outside Hong Kong	-	954,361	954,361
Tax losses not recognised	1,877,006	-	1,877,006
Others	302,237	1,611,159	1,913,396
Tax at the effective rate	1,456,611	1,221,896	2,678,507

2016

	Hong Kong HK$	Others HK$	Total HK$
Profit/(loss) before tax	51,366,881	(9,880,904)	41,485,977
Tax at the applicable tax rate	8,475,535	433,219	8,908,754
Adjustments in respect of current tax of previous periods	(12,806)	(1,061,565)	(1,074,371)
Income not subject to tax	(13,812,411)	(75,038)	(13,887,449)
Expenses not deductible for tax	3,231,090	166,206	3,397,296
Tax on deemed profit arising from operations outside Hong Kong	-	966,675	966,675
Tax losses utilised from previous periods	(73,207)	-	(73,207)
Tax losses not recognised	483,338	-	483,338
Others	455,404	(53,915)	401,489
Tax at the effective rate	(1,253,057)	375,582	(877,475)

9. DIVIDENDS

	2017 HK$	2016 HK$
Final – US$0.3 (2016: US$0.3) per ordinary share	9,336,000	9,336,000
Interim – US$0.625 (2016: US$0.3) per ordinary share	19,450,000	9,336,000
	28,786,000	18,672,000

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$	Furniture and fixtures HK$	Motor vehicles HK$	Office equipment HK$	Total HK$
31 March 2017					
At 31 March 2016 and 1 April 2016:					
Cost	7,845,811	15,762,743	5,259,070	34,726,390	63,594,014
Accumulated depreciation	(6,605,328)	(11,924,903)	(3,863,101)	(28,895,329)	(51,288,661)
Net carrying amount	1,240,483	3,837,840	1,395,969	5,831,061	12,305,353
At 1 April 2016, net of accumulated depreciation	1,240,483	3,837,840	1,395,969	5,831,061	12,305,353
Additions	-	502,113	656,033	2,446,166	3,604,312
Disposals	(5,798)	(9,514)	-	(45,553)	(60,865)
Depreciation provided during the year	(468,917)	(1,816,787)	(751,870)	(3,586,590)	(6,624,164)
Exchange realignment	(69,775)	(36,623)	(53,644)	(82,908)	(242,950)
At 31 March 2017, net of accumulated depreciation	695,993	2,477,029	1,246,488	4,562,176	8,981,686
At 31 March 2017:					
Cost	6,421,055	13,537,214	5,721,653	30,651,619	56,331,541
Accumulated depreciation	(5,725,062)	(11,060,185)	(4,475,165)	(26,089,443)	(47,349,855)
Net carrying amount	695,993	2,477,029	1,246,488	4,562,176	8,981,686

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements HK$	Furniture and fixtures HK$	Motor vehicles HK$	Office equipment HK$	Total HK$
31 March 2016					
At 1 April 2015:					
Cost	7,505,273	14,266,168	5,033,821	32,422,406	59,227,668
Accumulated depreciation	(6,062,212)	(9,973,836)	(3,474,652)	(25,413,190)	(44,923,890)
Net carrying amount	1,443,061	4,292,332	1,559,169	7,009,216	14,303,778
At 1 April 2015, net of accumulated depreciation	1,443,061	4,292,332	1,559,169	7,009,216	14,303,778
Additions	375,802	1,479,044	509,135	3,801,814	6,165,795
Acquisition of a subsidiary (note 28)	-	97,075	-	121,243	218,318
Disposals	-	(14,038)	-	(236,847)	(250,885)
Depreciation provided during the year	(554,004)	(1,991,661)	(648,032)	(4,848,246)	(8,041,943)
Exchange realignment	(24,376)	(24,912)	(24,303)	(16,119)	(89,710)
At 31 March 2016, net of accumulated depreciation	1,240,483	3,837,840	1,395,969	5,831,061	12,305,353
At 31 March 2016:					
Cost	7,845,811	15,762,743	5,259,070	34,726,390	63,594,014
Accumulated depreciation	(6,605,328)	(11,924,903)	(3,863,101)	(28,895,329)	(51,288,661)
Net carrying amount	1,240,483	3,837,840	1,395,969	5,831,061	12,305,353

11. INVESTMENT PROPERTIES

	HK$
At 1 April 2015:	
Cost	134,749,080
Accumulated depreciation	(5,909,775)
Net carrying amount	128,839,305
At 1 April 2015, net of accumulated depreciation	128,839,305
Depreciation provided during the year	(3,221,795)
Exchange realignment	(1,812,013)
At 31 March 2016, net of accumulated depreciation	123,805,497
At 31 March 2016:	
Cost	132,911,863
Accumulated depreciation	(9,106,366)
Net carrying amount	123,805,497
At 31 March 2016 and 1 April 2016, net of accumulated depreciation	123,805,497
Depreciation provided during the year	(3,074,699)
Exchange realignment	(7,078,826)
At 31 March 2017, net of accumulated depreciation	113,651,972
At 31 March 2017:	
Cost	125,530,477
Accumulated depreciation	(11,878,505)
Net carrying amount	113,651,972

The Group's investment properties include a residential property in the United Kingdom and two industrial properties in Hong Kong. The directors of the Company have determined that the investment properties consist of two classes of asset, i.e., residential and industrial, based on the nature, characteristics, risks of each property. The investment properties are measured initially at cost less accumulated depreciation and provision for any impairment in value.

The Group's industrial investment properties were revalued on 31 March 2017 based on valuations performed by an independent professionally qualified valuer, at HK$106,000,000 (2016: HK$96,000,000). The fair value of the residential investment property of HK$82,993,150 (2016: HK$95,002,359) was determined by the Company's directors and no valuation has been performed by any independent professionally qualified valuer. The investment properties are leased under operating leases, further summary details of which are included in note 31(a) to the financial statements.

11. INVESTMENT PROPERTIES (continued)

At 31 March 2017, all of the Group's investment properties were pledged to secure the general banking facilities granted to the Group (notes 22).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 March 2017 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:	HK$	HK$	HK$	HK$
Residential property	-	82,993,150	-	82,993,150
Industrial properties	-	106,000,000	-	106,000,000
	-	188,993,150	-	188,993,150

	Fair value measurement as at 31 March 2016 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:	HK$	HK$	HK$	HK$
Residential property	-	95,002,359	-	95,002,359
Industrial properties	-	96,000,000	-	96,000,000
	-	191,002,359	-	191,002,359

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2016: Nil).

12. HELD-TO-MATURITY FINANCIAL ASSETS

	2017 HK$	2016 HK$
Listed securities:		
Debentures with fixed interest of 4.91% -6.42% (2016: 4.91% - 6.42%) and maturity date in 2020-2024 (2016: 2020-2024)	23,607,645	25,141,691

The movement in held-to-maturity financial assets is summarised as follows:

	2017 HK$	2016 HK$
At the beginning of year	25,141,691	6,528,374
Additions	3,501,088	20,452,689
Disposal	(2,593,333)	(1,524,299)
Exchange realignment	(2,441,801)	(315,073)
At the end of year	23,607,645	25,141,691

Held-to-maturity financial assets are denominated in US$ and GBP.

13. INTEREST IN A JOINT VENTURE

	2017 HK$	2016 HK$
Share of net liabilities	(5,708,341)	(3,545,904)
Amount due from a joint venture	14,492,640	9,412,253
	8,784,299	5,866,349

The amount due from a joint venture is unsecured, interest-free and has no fixed term of repayment. In the opinion of the directors, the balance is considered as part of the Group's net investment in the joint venture.

Particulars of the Group's joint venture are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Sourcing Solutions Limited	Registered capital of US$1 each	Hong Kong	50	50	50	Trading of garments products

The above investment in a joint venture is directly held by the Company.

14. GOODWILL

	HK$
Cost and net carrying amount at 1 April 2015	1,442,538
Impairment during the year ended 31 March 2016	(859,173)
At 31 March 2016, 1 April 2016 and 31 March 2017	583,365
At 31 March 2016 and 2017:	
Cost	1,442,538
Accumulated impairment	(859,173)
Net carrying amount	583,365

Impairment testing of goodwill

The recoverable amount of the cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial forecast covering a five-year period approved by management. The discount rate applied to the cash flow projections is 13% (2016: 12%) and cash flows beyond the five-year period were extrapolated using a growth rate of 6% (2016: 6%), which was the same as the long term average growth rate of the garment products industry.

Assumptions were used in the value-in-use calculation of the garment products and property investment cash-generating units for 31 March 2017 and 31 March 2016. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue **-** The basis used to determine the value assigned to the budgeted revenue is the average revenue achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Budgeted gross margins **-** The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates **-** The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development of garment products and discount rates are consistent with external information sources.

15. INTANGIBLE ASSETS

	License HK$
31 March 2016	
At 1 April 2015:	
Cost	221,037
Accumulated amortisation	(42,712)
Net carrying amount	178,325
Cost at 1 April 2015, net of accumulated amortisation	178,325
Additions	214,044
Amortisation provided during the year	(109,354)
At 31 March 2016	283,015
At 31 March 2016:	
Cost	435,081
Accumulated amortisation	(152,066)
Net carrying amount	283,015
31 March 2017	
At 31 March 2016 and 1 April 2016:	
Cost	435,081
Accumulated amortisation	(152,066)
Net carrying amount	283,015
Cost at 1 April 2016, net of accumulated amortisation	283,015
Additions	573,845
Amortisation provided during the year	(164,144)
At 31 March 2017	692,716
At 31 March 2017:	
Cost	1,008,926
Accumulated amortisation	(316,210)
Net carrying amount	692,716

16. AVAILABLE-FOR-SALE INVESTMENTS

	2017 HK$	2016 HK$
Investments in life insurance policies, at fair value	23,401,814	-
Listed equity investments, at fair value	6,226,464	-
	29,628,278	-
Less: Portion classified as non-current assets	(23,429,178)	-
	6,199,100	-

The Group entered into three life insurance policies with an insurance company to insure an executive director. Under these policies, the Group is the beneficiary and the policy holder. The Group paid upfront premiums for these policies and may surrender any time by filing a written request and receive cash based on the surrender value of the policy at the date of withdrawal, which is calculated by the insurer. In the opinion of the directors, the surrender values of the policies provided by the insurance company are the best approximation of their fair values, which are categorised within Level 3 of the fair value hierarchy.

During the year, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$4,309,959 (2016: gross gain of HK$109,332). For the year ended 31 March 2016, an amount of HK$126,934 was reclassified from other comprehensive income to the statement of profit or loss.

At 31 March 2017, the above investments consisted of investments in life insurance policies and listed equity investments which had been designated as available-for-sale investments and had no fixed maturity date or coupon rate.

The fair values of the listed equity investments were based on quoted market prices.

17. INVENTORIES

The Group's inventories represented fabrics sourced for supplies to manufacturers for their production of garments for the Group.

18. TRADE AND BILLS RECEIVABLES

	2017 HK$	2016 HK$
Trade receivables	421,365,018	416,921,474
Bills receivable	27,161,164	46,430,074
Less: Impairment	-	(344,802)
	448,526,182	463,006,746

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade and bills receivables are non-interest-bearing and are on terms of up to 120 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movements in provision for impairment of trade receivables are as follows:

	2017 HK$	2016 HK$
At beginning of year	344,802	-
Impairment losses recognised (note 5)	-	344,802
Impairment losses reversed (note 5)	(344,802)	-
At end of year	-	344,802

As at 31 March 2016, included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$344,802 with a carrying amount before provision of HK$893,009.

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in payments and only a portion of the receivables is expected to be recovered.

An aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2017 HK$	2016 HK$
Neither past due nor impaired	347,169,457	387,664,409
Past due but not impaired:		
Less than one month	74,479,447	50,518,930
One to three months	11,330,934	9,664,468
Over three months	15,546,344	14,610,732
	448,526,182	462,458,539

18. TRADE AND BILLS RECEIVABLES (continued)

As at the end of the reporting period, the Group had transferred certain bills of exchange amounting to HK$56,529,760 (2016: HK$13,374,096) to banks with recourse in exchange for cash. The proceeds of the Group from transferring the bills receivable of HK$56,365,469 (2016: HK$13,350,593) have been accounted for as collateralised bank advances and have been included in interest-bearing bank borrowings until the bills are collected or the Group makes good of any losses incurred by the banks (note 22).

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have had a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 HK$	2016 HK$
Prepayments	42,848,681	59,536,982
Deposits	1,763,217	1,988,007
Other receivables	22,251,032	19,006,937
	66,862,930	80,531,926
Less: Portion classified as non-current assets	(361,465)	-
	66,501,465	80,531,926

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

20. CASH AND BANK BALANCES AND PLEDGED TIME DEPOSITS

	2017 HK$	2016 HK$
Cash and bank balances	97,664,883	29,709,190
Pledged time deposits	136,272,526	146,324,519
	233,937,409	176,033,709
Less: Pledged time deposits for banking facilities:		
- with original maturity of less than three months when acquired	(89,847,669)	(67,096,595)
- with original maturity of more than three months when acquired	(46,424,857)	(79,227,924)
Cash and cash equivalents	97,664,883	29,709,190

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$79,642 (2016: HK$15,943,195). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged time deposits are deposited with creditworthy banks with no recent history of default.

21. OTHER PAYABLES AND ACCRUALS

	2017 HK$	2016 HK$
Other payables	3,243,914	8,718,740
Operating tax payables	6,349,279	9,207,166
Accrued employee benefits	2,397,933	2,669,276
Accruals	13,867,547	4,823,104
Advance from customers	662,407	1,034,044
	26,521,080	26,452,330

Other payables are non-interest-bearing and have an average term of three months.

22. INTEREST-BEARING BANK BORROWINGS

	2017		
	Contractual interest rate (%)	Maturity	HK$
Mortgage loan (note (c))*	2% below BLR^^	2017/on demand	475,000
Term loans***	1% over 1 month HIBOR, 1.75% over 1 month HIBOR, 1.47% per annum, 1.25% over LIBOR	2017 - 2021/ on demand	34,719,533
Collateralised bank advances**	LIBOR+2% or 1.25% p.a. over bank funding rate	2017/on demand	56,529,760
Import loan**	HKD: HIBOR+2% or USD/GBP/EUR: LIBOR+2%	2017/on demand	16,394,495
Currency loan (note (d))**	LIBOR+2%	2020/on demand	59,834,424
Trust receipt loans****	Cost of funding+2.25%, LIBOR+3.5%, HIBOR+2%, LIBOR+2%, Cost of funding+2%	2017/on demand	160,565,069
Factoring*****	0.18% of gross invoice amount with recourse term	2017/on demand	9,561,579
Bank overdraft******	3.5% p.a.	2017/on demand	64,920
			338,144,780

22. INTEREST-BEARING BANK BORROWINGS (continued)

	2016		
	Contractual interest rate (%)	Maturity	HK$
Mortgage loan (note (b))*	2.25% over 1 month HIBOR^	2016/on demand	451,700
Mortgage loan (note (c))*	2% below BLR^^	2017/on demand	1,615,000
Term loans***	1% over 1 month HIBOR, 1.75% over 1 month HIBOR, 1.25% over LIBOR, LIBOR+4% or 4%	2016 - 2020/ on demand	31,719,259
Collateralised bank advances**	LIBOR+2% or 1.25% p.a. over bank funding rate	2016/on demand	13,374,096
Import loan**	HKD: HIBOR+2% or USD/GBP/EUR: LIBOR+2%	2016/on demand	41,209,062
Currency loan (note (d))**	LIBOR+2%	2020/on demand	59,834,424
Trust receipt loans****	Cost of funding+2.25%, LIBOR+3.5%, HIBOR+2%, LIBOR+2%, Cost of funding+2%, 2% p.a. over the bank's standard bills finance rate, current prime rate, highest of PNBHK prime rate/US$ prime rate+1.5%/ or 6 month US$ 6M LIBOR+3.5%, LIBOR+3% or LIBOR as determined by the bank and 2.25% p.a.	2016/on demand	153,233,833
Factoring*****	0.18% of gross invoice amount with recourse term	2016/on demand	7,138,950
Bank overdraft******	4.25% p.a.	2016/on demand	5,622,160
			314,198,484

* Denominated in HK$
** Denominated in US$
*** Denominated in HK$ and GBP
**** Denominated in US$ and EUR
***** Denominated in US$ and GBP
****** Denominated in HK$ and US$
# London Interbank Offered Rate ("LIBOR")
^ Hong Kong Interbank Offered Rate ("HIBOR")
^^ The Hongkong and Shanghai Banking Corporation best lending rate ("BLR")

22. INTEREST-BEARING BANK BORROWINGS (continued)

Certain of the Group’s bank loan agreements contain repayment on demand clauses and the corresponding bank loans have been classified as current liabilities in the consolidated statement of financial position. Ignoring the effect of any repayment on demand clauses and based on the maturity terms of these loans, the interest-bearing bank borrowings of the Group are repayable:

	2017 HK$	2016 HK$
Analysed into:		
Within one year	262,915,153	243,401,180
In the second year	5,477,196	10,962,880
In the third to fifth years, inclusive	69,752,431	59,834,424
	338,144,780	314,198,484

Notes:

(a) The Group’s banking facilities are secured by way of:
- (i) the pledge of the Group’s time deposits amounted to HK$136,272,526 (2016: HK$146,324,519);
- (ii) bank guarantees with aggregate of HK$14,004,000 (2016: HK$14,004,000);
- (iii) guarantees from the immediate holding company, fellow subsidiaries, directors of the Company and a related party; and
- (iv) certain of the Group’s insurance deposits.

(b) The bank loan is secured by the Group’s investment property with a carrying amount of HK$12,781,365 (2016: HK$13,106,315) (note 11), interest-bearing at 2.25% over one month HIBOR per annum and repayable by 119 equal monthly installments which commenced on 10 September 2006.

(c) The bank loan is secured by the Group’s investment property with a carrying amount of HK$16,515,469 (2016: HK$16,923,990) (note 11), interest-bearing at 2% below HSBC’s best lending rate per annum and repayable by 120 equal monthly installments which commenced on 30 September 2007.

(d) The bank loan is secured by the Group’s investment property with a carrying amount of HK$84,355,138 (2016: HK$93,775,192) (note 11), interest-bearing at 2% over LIBOR per annum and repayable on 11 August 2020.

23. DERIVATIVE FINANCIAL INSTRUMENTS

Assets

	2017 HK$	2016 HK$
Forward currency contracts	1,227,791	452,684

Liabilities

	2017 HK$	2016 HK$
Forward currency contracts	412,382	3,583,169

Cash flow hedges

Forward currency contracts are designated as hedging instruments in respect of forecast future sales and forecast purchases in foreign currencies to which the Group has firm commitments. The forward currency contract balances vary with the levels of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

At 31 March 2017, the Group held 38 forward currency contracts (2016: 58) and they are designated as hedges in respect of expected future sales to customers in the United Kingdom for which the Group has firm commitments.

The terms of the forward currency contracts have been negotiated to match the terms of the commitments. The cash flow hedges relating to expected future settlement of sales and purchases between April 2017 to July 2017 were assessed to be highly effective and net gains of HK$3,429,362 (2016: net losses of HK$10,690,012) were included in the hedging reserve as follows:

	2017 HK$	2016 HK$
Total fair value losses/(gains) included in the hedging reserves	(114,701)	1,879,102
Deferred tax on fair value gains	(115,614)	(310,052)
Reclassified from other comprehensive income to the statement of profit or loss (note 5)	(3,831,195)	10,923,308
Deferred tax on reclassifications to profit or loss	632,148	(1,802,346)
Net losses/(gains) on cash flow hedges	(3,429,362)	10,690,012

24. DEFERRED TAX LIABILITIES/(ASSETS)

The movements in deferred tax liabilities/(assets) during the year are as follows:

	Tax losses HK$	Depreciation allowance in excess of/ (below) related depreciation HK$	Cash flows hedge HK$	Total HK$
At 1 April 2015	-	(459,939)	1,595,864	1,135,925
Deferred tax credited to the consolidated statement of profit or loss during the year (note 8)	(1,339,769)	(868,647)	-	(2,208,416)
Deferred tax credited to other comprehensive income during the year (note 8)	-	-	(2,112,398)	(2,112,398)
At 31 March 2016 and at 1 April 2016	(1,339,769)	(1,328,586)	(516,534)	(3,184,889)
Deferred tax charged to the consolidated statement of profit or loss during the year (note 8)	1,339,769	1,128,086	-	2,467,855
Deferred tax charged to other comprehensive income during the year (note 8)	-	-	516,534	516,534
Exchange alignment	-	58,772	-	58,772
At 31 March 2017	-	(141,728)	-	(141,728)

As at the end of the reporting period, the Group had unused tax losses arising in Hong Kong of HK$18,846,794 (2016: HK$8,119,812), which are subject to the agreement of the Hong Kong Inland Revenue Department and are available indefinitely for offsetting against the future taxable profits of the Group.

At the end of the reporting period, deferred tax assets have not been recognised in respect of the following items:

	2016 HK$	2015 HK$
Tax losses	3,109,721	-
Depreciation below related depreciation allowance	55,334	-
Cash flow hedges	26,116	-
	3,191,171	-

24. DEFERRED TAX LIABILITIES/(ASSETS) (continued)

Deferred tax assets have not been reocognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

25. SHARE CAPITAL

	2017 HK$	2016 HK$
Issued and fully paid:		
4,000,000 (2016: 4,000,000) ordinary shares	31,120,000	31,120,000

26. RESERVES

The amounts of the Group's reserves and the movements therein for the current year and the prior year are presented in the consolidated statement of changes in equity on pages 10 and 11 of the financial statements.

27. PARTLY-OWNED SUBSIDIAIRIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2017	2016
Percentage of equity interest held by non-controlling interests:		
Design Arc Europe	30%	30%
Spring Near East	35%	35%
Kleider HK	49%	49%
Krayons	20%	20%
JJ Star	42.5%	40%
Twins Asia	15%	-
Fareast Vogue	40%	-

	2017 HK$	2016 HK$
Profit/(loss) for the year allocated to non-controlling interests:		
Design Arc Europe	(1,298,903)	(471,151)
Spring Near East	4,953,510	3,659,062
Kleider HK	12,424,469	7,013,908
Krayons	1,071,488	990,511
JJ Star	458,869	(727,442)
Twins Asia	(34,927)	-
Fareast Vogue	(831,566)	-
Dividends paid to non-controlling interests:		
Spring Near East	1,645,812	1,586,542
Kleider HK	9,636,712	6,425,305
Krayons	904,290	-
Accumulated balances of the non-controlling interests at the reporting dates:		
Design Arc Europe	(4,201,623)	(2,902,720)
Spring Near East	7,201,665	3,893,967
Kleider HK	5,847,347	3,059,590
Krayons	1,157,230	990,032
JJ Star	(112,973)	(571,842)
Twins Asia	(34,927)	-
Fareast Vogue	(831,566)	-

27. PARTLY-OWNED SUBSIDIAIRIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2017	Design Arc Europe HK$	Spring Near East HK$	Kleider HK HK$	Krayons HK$	JJ Star HK$	Twins Asia HK$	Fareast Vogue HK$
Revenue	51,662,106	707,883,686	364,454,509	138,652,360	68,358,933	176,291,470	15,748,613
Total expenses, net	(57,645,611)	(701,915,197)	(340,645,569)	(138,303,446)	(78,842,100)	(177,767,557)	(18,160,527)
Profit/(loss) and total comprehensive income/(loss) for the year	(4,329,675)	14,152,887	25,356,059	5,357,442	1,079,692	(232,846)	(2,052,031)
Current assets	5,950,670	90,552,196	49,717,557	12,546,681	13,943,128	31,302,493	1,793,011
Non-current assets	29,875	1,073,834	517,716	72,034	304,020	146,369	11,376
Current liabilities	(19,985,951)	(70,679,437)	(38,592,198)	(6,767,465)	(14,597,060)	(31,743,131)	(3,805,501)
Net cash flows from/(used in) operating activities	(1,540,682)	3,565,765	8,884,009	3,396,742	313,756	(6,249,626)	92,883
Net cash flows used in investing activities	-	(1,569,085)	-	(45,844)	(182,251)	(152,749)	(13,211)
Net cash flows from/(used in) financing activities	1,011,791	(45,306)	(5,672,313)	-	7,054	8,736,627	-
Net increase/(decrease) in cash and cash equivalents	(528,891)	1,951,374	3,211,696	3,350,898	(117,435)	2,334,252	79,672

27. PARTLY-OWNED SUBSIDIAIRIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2016	Design Arc Europe HK$	Spring Near East HK$	Kleider HK HK$	Krayons HK$	JJ Star HK$
Revenue	115,011,333	636,660,266	245,405,944	87,091,406	51,375,534
Total expenses, net	(119,173,086)	(633,766,332)	(231,442,683)	(83,899,517)	(60,508,439)
Profit/(loss) and total comprehensive income/(loss) for the year	(1,570,502)	10,454,462	14,900,513	4,952,556	(1,818,604)
Current assets	17,101,197	90,641,293	35,304,696	28,946,282	30,498,155
Non-current assets	29,875	2,391,752	517,716	50,917	255,052
Current liabilities	(26,806,803)	(79,239,996)	(29,868,637)	(23,981,943)	(32,182,811)
Net cash flows from/(used in) operating activities	1,163,386	(285,465)	1,163,386	1,375,896	(2,250,876)
Net cash flows used in investing activities	-	(453,357)	-	(55,420)	(299,676)
Net cash flows from/(used in) financing activities	-	(1,397,418)	-	-	2,947,531
Net increase/(decrease) in cash and cash equivalents	1,163,386	(2,136,240)	1,163,386	1,320,476	396,979

28. BUSINESS COMBINATION

On 9 August 2015, the Group acquired a 99.97% equity interest in Kleider BD from an independent third party. Kleider BD is engaged in the provision of sourcing services. The acquisition was made as part of the Group's strategy of cost-saving in the purchase of garments.

The fair values of the identifiable assets and liabilities of Kleider BD as at the date of acquisition were as follows:

	Note	Fair value recognised on acquisition HK$
Property, plant and equipment	10	218,318
Trade receivables		140,784
Other receivables		337,587
Cash and bank balances		339,770
Other payables and accruals		(513,998)
Trade payables		(4,745)
Total identifiable net assets at fair value		517,716
Satisfied by cash		517,716

The fair values and gross contractual amounts of trade receivables and other receivables as at the date of acquisition amounted to HK$140,784 and HK$337,587, respectively.

An analysis of the cash flows in respect of the acquisition of Kleider BD is as follows:

	HK$
Cash consideration	(517,716)
Cash and bank balances acquired	339,770
Net outflow of cash and cash equivalents included in cash flows from investing activities	(177,946)

Since the acquisition, Kleider BD contributed HK$1,092 to the Group's consolidated revenue and HK$165,020 to the Group's consolidated profit for the year ended 31 March 2016.

Had the combination taken place at the beginning of 2016, the consolidated revenue of the Group and the consolidated profit of the Group for the year ended 31 March 2016 would have been HK$3,041,437,950 and HK$42,388,039, respectively.

29. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2017 HK$	2016 HK$
Guarantees given to banks in connection with facilities granted to fellow subsidiaries	467,988,047	317,008,823
Guarantee given to a third party	77,800,000	-
	545,788,047	317,008,823

At 31 March 2017, the banking facilities guaranteed by the Group to fellow subsidiaries were utilised to the extent of approximately HK$459,847,151 (2016: HK$254,452,131). None of the guarantee given to a third party was utilised.

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the consolidated financial statements.

30. PLEDGE OF ASSETS

Details of the Group's bank loans and overdrafts which are secured by the assets of the Group, are included in note 22 to the financial statements.

31. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 11 to the financial statements) under operating lease arrangements, with the leases negotiated for terms of four years. The terms of the leases generally also require the tenants to pay security deposits. At 31 March 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2017 HK$	2016 HK$
Within one year	334,664	2,530,949

31. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

The Group leases certain of its staff quarters and office properties under operating lease arrangements. Leases for these properties are negotiated for terms ranging from one to five years. At 31 March 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017 HK$	2016 HK$
Within one year	5,686,271	3,704,342
In the second to fifth years, inclusive	4,349,514	1,188,604
	10,035,785	4,892,946

32. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2017 HK$	2016 HK$
Fellow subsidiaries:			
Sales of goods	(i)	11,491,950	8,934,106
Handling fees received	(ii)	23,659,491	24,705,297
Marketing fees paid	(iii)	53,453,261	52,520,805
Rentals received	(iv)	1,790,260	1,735,800
Service fees received	(v)	-	1,169,101
Support services fee paid	(vi)	1,103,325	2,373,678
Support services fee received	(vii)	-	3,267,600
Sampling fees received	(viii)	9,484,151	9,817,423
Sampling fees paid	(ix)	2,297,033	373,440
Management fees paid	(x)	-	22,003,989
Immediate holding company:			
Marketing fee paid	(iii)	11,670,000	11,670,000
Management fees paid	(x)	14,668,479	36,406,363

32. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes:

(i) The sales were made according to the prices and conditions mutually agreed between the Group and the respective fellow subsidiaries.

(ii) The handling fees received were charged based on terms mutually agreed between the Group and the respective fellow subsidiaries.

(iii) The marketing fees paid were related to the provision of marketing services provided by fellow subsidiaries or the immediate holding company and were based on terms mutually agreed between the Group and the respective fellow subsidiaries or the immediate holding company.

(iv) The rentals received were based on the area of the office space occupied and on terms mutually agreed between the Group and the respective fellow subsidiaries.

(v) The service fees received were charged based on terms mutually agreed between the Group and the respective fellow subsidiaries.

(vi) The support services fees paid were charged based on terms mutually agreed between the Group and the respective fellow subsidiaries.

(vii) The support services fees received were charged based on terms mutually agreed between the Group and the respective fellow subsidiaries.

(viii) The sampling fees received were charged based on terms mutually agreed between the Group and the respective fellow subsidiaries.

(ix) The sampling fees paid were charged based on terms mutually agreed between the Group and the respective fellow subsidiaries.

(x) The management fees paid were charged on terms mutually agreed between the Group and the respective fellow subsidiaries or the immediate holding company.

32. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties:

(i) The balances with fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

(ii) The balances with non-controlling shareholders are unsecured, interest-free and have no fixed terms of repayment.

(iii) The balance with the immediate holding company is unsecured, interest-free and has no fixed terms of repayment.

(iv) Particulars of an amount due from a related company, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, are as follows:

Name	At 31 March 2017 HK$	Maximum amount outstanding during the year HK$	At 31 March 2016 HK$	Maximum amount outstanding during the year HK$	At 1 April 2015 HK$
JJ Star Fashion Limited	7,544,106	17,352,025	12,764,183	13,372,633	-

The above related company is controlled by the spouse of a director of a subsidiary, JJ Star.

The balances with related companies are unsecured, interest-free and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Group comprise held-to-maturity financial assets, trade and bills receivables, deposits and other receivables, amounts due from fellow subsidiaries, the immediate holding company, a related company and non-controlling shareholders, pledged time deposits, and cash and bank balances, which are categorised as loans and receivables, available-for-sale investments which are categorised as available-for-sale financial assets, and derivative financial instruments which are categorised as financial assets at fair value through profit or loss - held for trading. The carrying amounts of these financial assets are the amounts shown on the consolidated statement of financial position or in the corresponding notes to the financial statements.

33. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The financial liabilities of the Group comprise trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, and amounts due to fellow subsidiaries, the immediate holding company, a non-controlling shareholder and a related company, which are categorised as financial liabilities at amortised cost, and derivative financial instruments which are categorised as financial liabilities at fair value through profit or loss. The carrying amounts of these financial liabilities are the amounts shown on the consolidated statement of financial position or in the corresponding notes to the financial statements.

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts 2017 HK$	Fair values 2017 HK$	Carrying amounts 2016 HK$	Fair values 2016 HK$
Financial assets				
Held-to-maturity financial assets	23,607,645	24,084,455	25,141,691	26,039,007
Available-for-sale investments	29,628,278	29,628,278	-	-
Derivative financial instruments	1,227,791	1,227,791	452,684	452,684
	54,463,714	54,940,524	25,594,375	26,491,691
Financial liabilities				
Derivative financial instruments	412,382	412,382	3,583,169	3,583,169

Management has assessed that the fair values of trade and bills receivables, deposits and other receivables, amounts due from fellow subsidiaries, the immediate holding company, a related company and non-controlling shareholders, pledged time deposits, cash and bank balances, trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, amounts due to fellow subsidiaries, the immediate holding company, a non-controlling shareholder and a related company approximated to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the non-current portion of deposits has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In the opinion of the directors, the carrying amount is not significantly different from its fair value.

Management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation.

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sale transactions. The fair values of listed equity investments included in the available-for-sale investments and the fair values of listed debt securities included in the held-to-maturity are based on quoted market prices. The fair value of the available-for-sale investments for life insurance policies has been estimated based on the surrender value of the policies as detailed in note 16 to the consolidated financial statements. The directors believe that the estimated fair value resulting therefrom, which is recorded in the consolidated statement of financial position, and the related change in fair value, which is recorded in the other comprehensive loss, are reasonable, and that it was the most appropriate value at the end of the reporting period.

The Group enters into derivative financial instruments with financial institutions with high credit ratings. Derivative financial instruments, representing forward currency contracts, are measured using valuation techniques similar to forward pricing, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

As at 31 March 2017, the marked to market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
Assets measured at fair value:				
At 31 March 2017				
Available-for-sale investments	6,226,464	-	23,401,814	29,628,278
Derivative financial instruments	-	1,227,791	-	1,227,791
	6,226,464	1,227,791	23,401,814	30,856,069
At 31 March 2016				
Derivative financial instruments	-	452,684	-	452,684

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2017 HK$	2016 HK$
Available-for-sale investments - life insurance policies		
At beginning of year	-	-
Purchases	28,220,783	-
Total losses recognised in other comprehensive income	(4,818,969)	-
At end of year	23,401,814	-

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
Liabilities measured at fair value:				
At 31 March 2017				
Derivative financial instruments	-	412,382	-	412,382
At 31 March 2016				
Derivative financial instruments	-	3,583,169	-	3,583,169

During the year, there were no transfers of fair value measurements between Level 1 and Level 2, and no transfer into or out of Level 3 for both financial assets and financial liabilities (2016: Nil).

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
Assets for which fair values are disclosed:				
At 31 March 2017				
Held-to-maturity financial assets	-	24,084,455	-	24,084,455
At 31 March 2016				
Held-to-maturity financial assets	-	26,039,007	-	26,039,007

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's exposure to interest rate risk, foreign currency risk, credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Group's financial management policies and practices described below:

Interest rate risk

The Group's interest rate risk arises from cash and bank balances, pledged time deposits and bank borrowings which bears interest at variable rates.

The following table demonstrates the sensitivity to a reasonably possible change in HK$ interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on cash and time deposits at banks and floating rate borrowings). There is no impact on the Company's equity except on the retained profits.

	Increase/ (decrease) in basis points %	Increase/ (decrease) in profit before tax HK$
2017		
HK$	50	(521,037)
HK$	(50)	521,037
2016		
HK$	50	(690,824)
HK$	(50)	690,824

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the Group's functional currency. Approximately 25% (2016: 27%) of the Group's sales are denominated in GBP. The Group uses forward currency contracts to eliminate the foreign currency exposures on its sales transactions, for which the corresponding settlements are anticipated to take place more than one month after the Group has entered into firm commitments for the sales. The forward currency contracts must be in the same currency as that of the hedged items. The Group negotiates the terms of the hedge derivatives to match the terms of the hedged items to maximise hedge effectiveness. It is the Group's policy that a forward contract is not entered into until a firm commitment is in place.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the GBP exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Company's equity except on the retained profits.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	Change in the exchange rate %	Increase/ (decrease) in profit before tax HK$
31 March 2017		
If HK$ weakens against GBP	10	4,281,093
If HK$ strengthens against GBP	(10)	(4,281,093)
31 March 2016		
If HK$ weakens against GBP	10	10,358,997
If HK$ strengthens against GBP	(10)	(10,358,997)

Credit risk

The Group trades on credit terms only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant.

The credit risk of the Group’s other financial assets, which comprise deposits and other receivables, amounts due from group companies, bank balances and pledged time deposits, arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. At the end of the reporting period, the Group had certain concentrations of credit risk as 58.4% (2016: 32.5%) and 94.3% (2016: 66.7%) of the Group’s trade receivables were due from the Group’s largest single customer and three largest customers, respectively.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade and bills receivables are disclosed in note 18 to the financial statements.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Group’s financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, either have no fixed terms of repayment or are repayable on demand or are repayable within one year subsequent to the end of the reporting period.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to its shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2017 HK$	2016 HK$
NON-CURRENT ASSETS		
Property, plant and equipment	3,850,717	5,374,365
Investment properties	29,296,834	30,030,305
Investments in subsidiaries	103,805,328	104,973,485
Investment in a joint venture	7,298,497	5,414,767
Held-to-maturity financial assets	10,782,778	11,443,149
Available-for-sale investments	23,401,814	-
Deposits	361,465	-
Deferred tax assets	-	373,929
Total non-current assets	178,797,433	157,610,000
CURRENT ASSETS		
Trade and bills receivables	259,453,694	198,441,238
Prepayments, deposits and other receivables	24,378,622	24,491,474
Available-for-sale investments	3,224,504	-
Due from fellow subsidiaries	54,004,423	44,788,513
Due from subsidiaries	90,810,985	101,583,785
Loan to a subsidiary	1,750,500	1,750,500
Derivative financial instruments	1,001,739	452,684
Pledged time deposits	118,962,687	146,324,519
Cash and bank balances	51,263,644	9,583,803
Total current assets	604,850,798	527,416,516
CURRENT LIABILITIES		
Trade and bills payables	98,921,720	80,565,399
Other payables and accruals	17,800,064	18,268,373
Interest-bearing bank borrowings	252,691,220	212,140,954
Due to the immediate holding company	6,381,957	700,200
Due to a related party	7,780	-
Due to fellow subsidiaries	28,964,267	4,798,595
Due to subsidiaries	39,691,962	20,389,392
Derivative financial instruments	28,050	2,584,513
Tax payable	5,030,883	4,205,324
Total current liabilities	449,517,903	343,652,750
NET CURRENT ASSETS	155,332,895	183,763,766
Net assets	334,130,328	341,373,766

continued/…

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	2017 HK$	2016 HK$
EQUITY		
Share capital	31,120,000	31,120,000
Reserves (note)	303,010,328	310,253,766
Total equity	334,130,328	341,373,766

....
Omprakash Makam Suryanarayan Setty
Director

....
Deepak Kumar Seth
Director

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Available-for-sale investment revaluation reserve HK$	Hedging reserve HK$	Retained profits HK$	Total HK$
At 1 April 2015	17,602	7,503,283	292,848,646	300,369,531
Profit for the year	-	-	37,857,194	37,857,194
Other comprehensive loss for the year:				
Changes in fair values of available-for-sale investments, net of tax	(17,602)	-	-	(17,602)
Cash flow hedges, net of tax	-	(9,283,357)	-	(9,283,357)
Total comprehensive income/(loss) for the year	(17,602)	(9,283,357)	37,857,194	28,556,235
Final 2015 dividend paid	-	-	(9,336,000)	(9,336,000)
Interim 2016 dividend paid	-	-	(9,336,000)	(9,336,000)
At 31 March 2016 and at 1 April 2016	-	(1,780,074)	312,033,840	310,253,766
Profit for the year	-	-	23,098,757	23,098,757
Other comprehensive income/(loss) for the year:				
Changes in fair values of available-for-sale investments, net of tax	(4,309,959)	-	-	(4,309,959)
Cash flow hedges, net of tax	-	2,753,764	-	2,753,764
Total comprehensive income/(loss) for the year	(4,309,959)	2,753,764	23,098,757	21,542,562
Final 2016 dividend paid	-	-	(9,336,000)	(9,336,000)
Interim 2017 dividend paid	-	-	(19,450,000)	(19,450,000)
At 31 March 2017	(4,309,959)	973,690	306,346,597	303,010,328

37. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation and disclosures.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 May 2017

POETICGEM INTERNATIONAL LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

POETICGEM INTERNATIONAL LIMITED

CONTENTS

POETICGEM INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the annual audited financial statements of the Company for the year ended March 31, 2017.

PRINCIPAL ACTIVITY

The principal activity of the Company is trading of garment.

RESULTS AND APPROPRIATIONS

The results of the Company for the year are set out in the statement of comprehensive income on page 7.

Interim dividend at HK$389 (2016: HK$ Nil) per share totalling HK$3,890,000 (2016: HK$ Nil) has been declared by the directors and paid out of the retained earnings during the year.

SHARE CAPITAL AND RESERVES

Details of share capital of the Company are set out in Note (16) to the financial statements. There were no movements during the year.

There were no movements in reserves except for changes to retained earnings which arose from profit or loss and payment of dividends.

PLANT AND EQUIPMENT

Movements in plant and equipment are set out in Note (12) to the financial statements.

DIRECTORS

The directors of the Company during the year and up to date of this report were:

Pallak SETH	
Omprakash MAKAM SURYANARAYAN SETTY	
Deepak Kumar SETH	
Ajai SINGH	(Appointed on December 1, 2016)
Anuj BANAIK	(Appointed on December 1, 2016)

In accordance with Article 7 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiary were entered into or existed during the year.

PERMITTED INDEMNITY PROVISION

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company and holding company (whether made by the Company or otherwise) or an associated company (if made by the Company).

BUSINESS REVIEW

The Company falls within reporting exemption for the financial year. Accordingly, the Company is exempted from preparing a business review.

AUDITORS

The Company's auditors, Messrs. Louis Lai & Luk CPA Limited, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Pallak SETH
Chairman

Hong Kong, May 25, 2017.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
POETICGEM INTERNATIONAL LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Poeticgem International Limited ("the Company") set out on pages 7 to 25, which comprise the statement of financial position as at March 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2017, and of its financial performance and its cash flows for the year then ended, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards 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 HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fundamental Uncertainty Relating to the Going Concern

In forming our opinion, we have considered the adequacy of the disclosure made in Note (2d) to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon ongoing support from the fellow subsidiaries and ultimate holding company and the attaining of profitable and positive cash flow operations, and the Group may turn to a commercially viable concern. The consolidated financial statements do not include any adjustments that may be necessary should the implementation of such measures become unsuccessful.

We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
POETICGEM INTERNATIONAL LIMITED
(incorporated in Hong Kong with limited liability)

Information Other than the Financial Statements and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accounts and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are responsible for assessing 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 unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks 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.

- 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 the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 conclusions are 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
POETICGEM INTERNATIONAL LIMITED
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance and 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.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 25, 2017.

POETICGEM INTERNATIONAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2017

	NOTES	2017	2016
		HK$	HK$
REVENUE	(6)	428,574,508	362,032,780
COST OF SALES		(348,411,131)	(298,264,045)
GROSS PROFIT		80,163,377	63,768,735
OTHER INCOME AND GAINS	(6)	981,948	526,917
STAFF COSTS		(10,063,896)	(8,213,192)
DEPRECIATION		(225,503)	(102,283)
OTHER OPERATING EXPENSES		(67,357,120)	(50,704,975)
PROFIT FROM OPERATION		3,498,806	5,275,202
FINANCE COSTS	(7)	(528,795)	(392,214)
PROFIT BEFORE TAXATION	(8)	2,970,011	4,882,988
TAXATION	(11)	-	-
PROFIT FOR THE YEAR		2,970,011	4,882,988
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,970,011	4,882,988

THE NOTES ON PAGES 11 TO 25 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

POETICGEM INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	NOTES	2017	2016
		HK$	HK$
Non-Current Assets			
Plant and equipment	(12)	827,503	518,489
Current Assets			
Deposit and prepayment		287,584	84,874
Amounts due from fellow subsidiaries	(9ii)	4,499,271	1,298,705
Trade and other receivable	(13)	90,592,936	90,089,354
Cash and cash equivalents		3,321,040	1,435,367
		98,700,831	92,908,300
Current Liabilities			
Amount due to a fellow subsidiary	(14)	38,820,635	30,470,583
Amount due to ultimate holding company	(14)	495,586	-
Trade and other payable	(15)	61,889,237	63,713,341
		101,205,458	94,183,924
Net Current Liabilities		(2,504,627)	(1,275,624)
NET LIABILITIES		(1,677,124)	(757,135)
EQUITY			
Share capital	(16)	77,800	77,800
Accumulated losses		(1,754,924)	(834,935)
TOTAL EQUITY		(1,677,124)	(757,135)

APPROVED BY THE BOARD OF DIRECTORS ON MAY 25, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Pallak SETH
Director

Deepak Kumar SETH
Director

THE NOTES ON PAGES 11 TO 25 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

POETICGEM INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2017

	Note	Share Capital	Accumulated Losses	Total
		HK$	HK$	HK$
At April 1, 2015		77,800	(5,717,923)	(5,640,123)
Total comprehensive income for the year		-	4,882,988	4,882,988
At March 31, 2016 and April 1, 2016		77,800	(834,935)	(757,135)
Total comprehensive income for the year		-	2,970,011	2,970,011
Appropriation	(17)	-	(3,890,000)	(3,890,000)
At March 31, 2017		77,800	(1,754,924)	(1,677,124)

THE NOTES ON PAGES 11 TO 25 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

POETICGEM INTERNATIONAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
	HK$	HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,970,011	4,882,988
Adjustments for:		
Bank interest income	(45)	(20)
Depreciation	225,503	102,283
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	3,195,469	4,985,251
(Increase)/Decrease in deposit and prepayment	(202,710)	51,276
Increase in amount due from fellow subsidiaries	(3,200,566)	(742,434)
Increase in trade and other receivable	(10,010,006)	(85,534,252)
Increase in amount due to a fellow subsidiary	8,350,052	22,935,294
Increase in amount due to ultimate holding company	495,586	-
Increase in trade and other payable	7,682,320	59,213,311
CASH GENERATED FROM OPERATIONS	6,310,145	908,446
Bank interest received	45	20
Net cash generated from operating activities	6,310,190	908,466
CASH FLOW FROM INVESTING ACTIVITIES		
Payments to purchase plant and equipment and net cash used in investing activities	(534,517)	(603,336)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid and net cash used in financing activities	(3,890,000)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,885,673	305,130
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,435,367	1,130,237
CASH AND CASH EQUIVALENTS AT END OF YEAR	3,321,040	1,435,367
	========	========

THE NOTES ON PAGES 11 TO 25 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

POETICGEM INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Poeticgem International Limited is a company incorporated in Hong Kong with limited liability. Its principal activity is trading of garment. The address of its registered office is 10/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon. The directors consider that the immediate holding company is Multinational Textile Group Limited, a company incorporated in Mauritius. The ultimate holding company was incorporated in India and its shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS(s)”) (which also include Hong Kong Accounting Standards (“HKAS(s)”) and Interpretations (“Int(s)”)) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars (“HK$”), which is also the Company’s functional and presentation currency.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note (5) to the financial statements.

b. Changes in Accounting Policies and Disclosures

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Company, and accordingly, they have had no material impact on the Company’s financial statements for the year ended March 31, 2017.

c. Issued but not yet Effective Hong Kong Financial Reporting Standards

The Company has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended March 31, 2017, in these financial statements. The Company is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

d. Going Concern

The holding company and fellow subsidiary have confirmed their willingness to provide such financial assistance as is necessary to maintain the Company as a going concern. On the strength of this assurance, the financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e. Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and aggregate identified impairment loss, if any.

Depreciation is provided to write off the cost less residual value of plant and equipment over its expected useful lives.

Computer equipment	4 years
Furniture and fixture	4 years
Office equipment	3 years
Leasehold improvement	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss on disposal of plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the Statement of Comprehensive Income.

When assets are sold or otherwise disposed of, their carrying amounts are written off from the financial statements and any resulting gain or loss is included in the Statement of Comprehensive Income.

f. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

g. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

h. Financial Assets

The Company's financial assets are only classified under loans and receivables category.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

i. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortized cost using effective interest method, less any identified impairment losses. An impairment loss is recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

j. Financial Liabilities

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company's financial liabilities comprise trade and other payables and amount due to a fellow which are subsequently measured at amortized cost, using the effective interest method.

k. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The Company's equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the date of issuance of shares.

l. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months.

m. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Hong Kong Dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

n. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable loss for the year. Taxable loss differs from net loss as reported in the Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable loss, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable loss will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax loss nor the accounting loss.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Statement of Comprehensive Income.

o. Turnover

Turnover represents invoiced amount of sales less discounts and returns.

p. Recognition of Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the bases as follows:

- Revenue from sales of goods is recognised when the goods are delivered to buyer.
- Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the rate applicable.
- Management fee income is recognised in the year when services are rendered.
- Other income is recognised on a receipt basis.

q. Borrowing Costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

r. Bank Borrowings

Interest bearing bank loans and overdrafts are initially measured as fair value, and are subsequently measured at amortized cost, using the effective interest method. Any difference between the proceeds (net of transaction costs, if any) and the settlement or redemption of borrowings is recognised over the terms of borrowings in accordance with the Company's policy for borrowing cost as stated in the preceding note.

s. Operating Leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

t. Employee Benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Company in exchange for services rendered by its employees and directors. The employee benefits are classified as staff costs and charged to the Statement of Comprehensive Income.

No provision on employee entitlements to annual leave is provided in the consolidated financial statements as the directors consider that no material liability would arise as a result of such entitlement in the near future. Sick leave and maternity leave are not recognised until the time of leave.

u. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements.

v. Related Parties

A related party is a person or entity that is related to the Company.

(A) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Company or a parent of the Company.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

v. Related Parties (Cont'd)

(B) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

w. Financial Risks

The financial risks in connection with the Company's financial instruments include risks as follows.

(i) Market risk includes three types of risk as below:

- Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

- Price risk: the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Market risk embodies not only the potential for loss but also the potential for gain.

(ii) Credit risk: the risk that the corresponding party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss.

(iii) Liquidity risk (also referred to as funding risk): the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

(iv) Cash flow interest rate risk: the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

3. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(i) To safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Company's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risks are limited by the financial management policies and practices described below.

(a) Credit risk

The Company has no significant concentrations of credit risk because it has no financial assets.

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. As the fellow subsidiary and shareholder have confirmed the willingness to provide continuous financial support to the Company, the directors are of the opinion that the Company is adequately protected from the liquidity risk.

(c) Cash flow and fair value interest rate risk

The Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate of fair values of current assets and liabilities

The nominal value of current assets and liabilities are assumed to approximate their fair values.

6. REVENUE, OTHER INCOME AND GAINS

	2017	2016
	HK$	HK$
Revenue recognised during the year are as follows:		
Turnover:		
Sales of goods	428,574,508	362,032,780
Other income and gains, net:		
Bank interest income	45	20
Sundry income	6,652	53,300
Penalty	285,240	347,567
Exchange difference, net	690,011	126,030
	981,948	526,917
Total revenue recognised	429,556,456	362,559,697

7. FINANCE COST

	2017	2016
Bank overdraft interest	528,795	392,214

8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging and (crediting):

	2017	2016
Depreciation	225,503	102,283
Exchange differences, net	(690,011)	(126,030)
Rental payment under operating leases	644,520	871,470
Staff costs		
- Staff salaries	10,019,512	8,207,182
- Staff welfare	44,384	6,010

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

(i) Remuneration of the directors of the Company disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	2017	2016
	HK$	HK$
Emoluments:		
Acting as directors	-	-
Provision for management services	-	-
	-	-

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS (CONT'D)

(ii) Loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Company and its holding company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

Loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director

		Outstanding principal			
Name of borrower	At beginning of year	At end of year	Greatest outstanding	Overdue amount	Provision
	HK$	HK$	HK$	HK$	HK$
Nor India Manufacturing Co., Ltd. [1]	10,248	546	13,516	-	-
PDS Asia Star Corporation Ltd. [1]	231,244	284,182	284,182	-	-
DPOD Manufacturing Co., Ltd. [1]	1,057,213	2,055,486	2,055,486	-	-
Potic Brands Ltd. [1]	-	750,098	750,098	-	-
Nor Europe Manufacturing Ltd. [1]	-	1,408,960		-	-
	1,298,705	4,499,271			

[1] Fellow subsidiaries, which connected with Pallak SETH and Deepak Kumar SETH

Principal terms: The loans, quasi-loans and credit transactions are interest free, unsecured and have no fixed repayment terms.

Guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director

During the year, no guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director.

(iii) Material interests of directors (including shadow directors) of the Company disclosed pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

In the opinion of the directors, the directors or shadow directors, if any, of the Company had no material interests in those significant transactions, arrangements or contracts in relation to the Company's business entered into by the Company or another company in the same group of companies or subsisted during the year.

10. AUDITOR'S REMUNERATION

Auditor's remuneration and expenses for the year disclosed pursuant to Part 2 of Schedule 4 of the Hong Kong Companies Ordinance are as follow:

	2017	2016
	HK$	HK$
Auditor's remuneration	40,270	24,300
Auditor's expenses	1,500	2,000
	41,770	26,300

11. TAXATION

No Hong Kong profits tax has been provided in the financial statements as the income of the Company neither arises in nor is derived from Hong Kong.

No deferred tax has been recognised in the financial statements on the grounds that the Company has no taxable/deductible temporary differences during the current year.

12. PLANT AND EQUIPMENT

	Computer equipment	Furniture and fixture	Leasehold improvement	Office equipment	Total
Cost	HK$	HK$	HK$	HK$	HK$
At 1/4/2016	12,377	136,403	337,874	136,930	623,584
Additions	177,683	52,006	280,511	24,317	534,517
At 31/3/2017	190,060	188,409	618,385	161,247	1,158,101
Aggregate Depreciation					
At 1/4/2016	1,719	8,525	56,018	38,833	105,095
Charge for the year	23,270	77,109	81,569	43,555	225,503
At 31/3/2017	24,989	85,634	137,587	82,388	330,598
Net Book Value					
At 31/3/2017	165,071	102,775	480,798	78,859	827,503
At 31/3/2016	10,658	127,878	281,856	98,097	518,489

POETICGEM INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$	HK$
Trade receivables (Note (i))	89,161,708	89,916,209
Other receivables	132,648	52,070
Advance to renders	1,298,580	121,075
	90,592,936	90,089,354

(i) Aging analysis of trade receivables is as follows:

	2017	2016
Neither past due nor impaired	89,161,708	89,916,209

Trade receivables are due within 90 days from date of billing.

14 AMOUNT DUE TO A FELLOW SUBSIDIARY/ULTIMATE HOLDING COMPANY

The amount due to a fellow subsidiary/ultimate holding company is unsecured, interest-free and has no fixed terms of repayment. The fellow subsidiary agreed not to demand repayment of the amount due until the Company is financially capable of repayment. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

15. TRADE AND OTHER PAYABLES

	2017	2016
	HK$	HK$
Trade payables (Note (i))	61,444,932	62,965,168
Accruals	16,160	7,800
Other payables	428,145	740,373
	61,889,237	63,713,341

(i) Maturity of the trade payables is as follows:

	2017	2016
Due for payment:		
Not later than one year	61,444,932	62,965,168

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16. SHARE CAPITAL

	2017		2016	
	No. of shares	Amount	No. of shares	Amount
		HK$		HK$
Issued and fully paid:				
Ordinary shares of US$1 each				
At March 31	10,000	77,800	10,000	77,800
	=====	=====	=====	=====

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

17. APPROPRIATION

	2017	2016
	HK$	HK$
Interim dividend at HK$389 (2016: Interim dividend HK$ Nil) per share	3,890,000	-
	=======	=======

18. OPERATING LEASE COMMITMENTS

At the end of reporting period, the Company had the outstanding commitments under its non-cancellable operating leases, which fall due as follows:

	2017	2016
	HK$	HK$
Within one year	172,058	152,164
In the second to fifth years inclusive	-	-
	172,058	152,164
	======	======

Operating lease payments represent rental payments payable by the Company for its leased premises. Leases are negotiated for an averaged term one year.

19. CONTINGENT LIABILITIES

(a) The Company had the following contingent liabilities not provided for in the financial statements at the end of reporting period:

	2017	2016
	HK$	HK$
Irrevocable letters of credit	37,803,720	99,399,746

(b) At the end of reporting period, there were mutual guarantees between the Company and its fellow subsidiary.

20. CURRENCY RISK

(i) Exposure to currency risk

The following table details the Company's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the Company to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of reporting period.

	(Expressed in HK$) 2017				
	USD	EUR	GBP	BDT	Total
Trade and other receivables	99,966,711	-	-	132,648	100,099,359
Bank and cash balances	2,899,921	142,700	131,733	137,460	3,311,814
Trade and other payables	(70,131,925)	(200,076)	(619,355)	(81,315)	(71,032,671)
Net exposure arising from recognised assets and liabilities	32,734,707	(57,376)	(487,622)	188,793	32,378,502

	(Expressed in HK$) 2016				
	USD	EUR	GBP	BDT	Total
Trade and other receivables	104,044,651	-	-	52,070	104,096,721
Bank and cash balances	687,227	3,552	25,039	665,681	1,382,360
Trade and other payables	(63,596,060)	-	-	(159,476)	(63,755,536)
Net exposure arising from recognised assets and liabilities	41,135,818	3,552	25,039	558,275	41,723,545

20. CURRENCY RISK (CONT'D)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Company's profit/loss after tax in response to reasonably possible changes (e.g.±10%) in the foreign exchange rates to which the Group has significant exposure at the end of reporting period.

	2017		2016	
	Increase	Decrease	Increase	Decrease
	HK$	HK$	HK$	HK$
US Dollars (USD)	-	-	3,434,841	(3,434,841)
Euro Dollars (EUR)	(4,791)	4,791	297	(297)
British Pound (GBP)	(40,716)	40,716	2,091	(2,091)
Bangladeshi Taka (BDT)	15,764	(15,764)	46,616	(46,616)
Indian Rupss (INR)	72	(72)	72	(72)
	(29,671)	29,671	3,483,917	(3,483,917)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Company's exposure to currency risk for the variables.

The stated changes represent Management's assessment of reasonably possible change in foreign exchange rates over the period until the next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on Company's profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2016.

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POETICGEM INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

21. RELATED PARTY TRANSACTIONS

During normal course of business, the Company had the following transactions with the related parties below.

Name	Relationship	Nature of transactions	2017	2016
			HK$	HK$
PDS Asia Star Corporation Ltd., Hong Kong	Fellow subsidiary	- Amount due from	284,182	231,244
		- Recharge income	52,937	217,031
Poeticgem Ltd., UK	Fellow subsidiary	- Amount due to	(14,504,692)	(14,383,244)
		- Marketing fee	48,322,300	34,961,988
		- Recharge income	2,830,557	-
Norwest Industries Ltd., Hong Kong	Fellow subsidiary	- Amount due to	(6,746,482)	(8,274,771)
		- Recharge expense	1,080,010	739,481
DPOD Manufacturing Ltd., Hong Kong	Fellow subsidiary	- Amount due from	2,055,486	1,057,213
		- Recharge income	998,273	533,131
Nor India Manufacturing Co., Limited	Fellow subsidiary	- Amount due from	546	10,248
		- Recharge income	30,599	10,248
Nor Lanka MFG, Colombo Ltd.	Fellow subsidiary	- Amount due to	(7,812,536)	(7,812,536)
		- Marketing fee	-	7,229,036
Grupo Sourcing Ltd.	Fellow subsidiary	- Amount due to	(1,649,349)	-
		- Commission fee	153,318	-
		- Purchases	3,832,947	-
Norlanka Manufacturing Ltd., Hong Kong	Fellow subsidiary	- Amount due to	(8,107,577)	-
		- Commission fee	8,107,577	-
			========	========

22. BANKING FACILITIES

General banking facilities granted by a bank were secured by the fellow subsidiaries' cash deposit, immediate holding company's corporate guarantee and directors' personal guarantee.

23. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Company's Board of Directors on May 25, 2017.

POETICGEM INTERNATIONAL LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	2017	2016
	HK$	HK$
SALES	428,574,508	362,032,780
COST OF SALES		
Purchases	348,411,131	298,264,045
GROSS PROFIT	80,163,377	63,768,735
OTHER INCOME		
Bank interest income	45	20
Sundry income	6,652	53,300
Penalty on supplies	285,240	347,567
Exchange difference, net	690,011	126,030
	81,145,325	64,295,652
OPERATING EXPENSES (SCH II)	(78,175,314)	(59,412,664)
PROFIT BEFORE TAXATION	2,970,011	4,882,988
	=========	=========

POETICGEM INTERNATIONAL LIMITED
DETAILED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

	2017	2016
OPERATING EXPENSES	HK$	HK$
Depreciation Expenses		
Depreciation	225,503	102,283
Finance Costs		
Bank overdraft interest	528,795	392,214
Staff Costs		
Staff salaries	10,019,512	8,207,182
Staff welfare	44,384	6,010
	10,063,896	8,213,192
Other Operating Expenses		
Agent commission	6,664	41,242
Auditor's remuneration	40,270	24,300
Bank charges	563,233	494,886
Business registration fee	250	2,250
Car parking change	7,132	3,536
Cleaning expenses	81,130	78,339
Club and membership fees	6,649	-
Commission	8,240,452	-
Communication expense	75	-
Consultancy fees	279,292	-
Corporate charges	495,586	-
Courier expenses	2,185,538	1,720,765
Design Consultancy fee	193,980	168,257
Design expenses	458,902	32,606
Entertainment	219,523	90,258
Factory audit charge	-	10,736
Freight change	882,268	166,865
Inspection fees	6,730	-
Insurance	289,597	62,667
Internet charge	524	-
Legal and professional fee	81,246	28,473
License fees	24,809	-
Marketing consultancy fee	1,532,660	-
Marketing fee paid	48,322,300	42,190,024
Mobile phones expenses	117,730	108,061
Printing and stationery	126,102	160,950
Rates	87,666	103,761
Recharge expenses	7,469	747,686
Recharge income	(1,993,759)	-
Recruitment expense	157,875	-
Rent	644,520	871,470
Repair and maintenance	66,699	184,967
Repatriation expenses	3,958	6,221
Sample expenses	585,624	659,019
Security charges	97,005	97,866
Storage charge	-	32,513
Sundry expenses	230,129	187,106
Telephone expenses	156,653	138,860
Testing charges	32,594	6,950
Transport charge	-	6,982
Travelling expense	2,472,085	1,763,994
Utilities	340,452	275,439
Vehicle fuel	195,012	171,092
Visa expenses	110,496	66,834
	67,357,120	50,704,975
	78,175,314	59,412,664

SACB Holdings Limited

Financial statements

31 March 2017

SACB Holdings Limited

Financial statements
for the year ended 31 March 2017

SACB Holdings Limited

Corporate data

Directors:	Deepak Kumar Seth	(Appointed on 05 May 2006)
	Payel Seth	(Appointed on 05 May 2006)
	Pallak Seth	(Appointed on 05 May 2006)
	Jayechund Jingree	(Appointed on 29 March 2006)
	Dr. Kevin Yasheel Jingree (as alternate to Jayechund Jingree)	(Appointed on 20 August 2013 and resigned on 31 May 2016)
	Sushil Kumar Jogoo	(Appointed on 29 March 2006)

Company secretary: Rogers Capital Corporate Services Limited
(previously known as Kross Border Corporate Services Limited)
St Louis Business Centre
Cnr Desroches & St Louis Streets
Port Louis
Republic of Mauritius

Registered office: St Louis Business Centre
Cnr Desroches & St Louis Streets
Port Louis
Republic of Mauritius

Auditor: Lancasters
Chartered Accountants
14 Lancaster Court
Lavoquer Street
Port Louis
Republic of Mauritius

Banker: HSBC Bank (Mauritius) Limited
6th Floor, HSBC Centre
18 Cybercity
Ebene
Republic of Mauritius

SACB Holdings Limited

Directors' report

The directors are pleased to present their report together with the audited financial statements of SACB Holdings Limited (the "Company") for the year ended 31 March 2017.

Principal activity

The principal activity of the Company is that of investment holding.

Results and dividends

The results for the year ended are shown on page 7.

The directors do not recommend the payment of a dividend for the year under review (2016: NIL).

Statement of directors' responsibilities in respect of financial statements

Company law requires the directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company and of the statement of profit or loss and other comprehensive income of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors' responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern on the year ahead.

By order of the Board

Director Date:

SACB Holdings Limited

Secretary's certificate
for the year ended 31 March 2017

Secretary's certificate under Section 166 (d) of the Mauritius Companies Act 2001

In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies Act 2001.

For and on behalf of **ROGERS CAPITAL CORPORATE SERVICES LIMITED**
Company secretary

Date:....................................

Lancasters
Chartered Accountants

Auditors' report to member of SACB Holdings Limited

Opinion

We have audited the financial statements of SACB Holdings Limited (the "Company") set out on pages 7 to 28 which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of SACB Holdings Limited as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 15 in the financial statements which indicates that the Company incurred a net loss of USD 15,370 during the year ended 31 March 2017 and, as of that date; the Company's current liabilities exceeded its total assets by USD 29,907. These conditions, along with other matters as set forth in Note 15, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Company Secretary's Certificate as required by the Companies Act 2001, but does not include the financial statements nor our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

GGi
INDEPENDENT MEMBER

Auditors' report to member of SACB Holdings Limited (continued)

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and for such internal control as the directors determine 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, the directors are responsible for assessing 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 unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

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

- Identify and assess the risks 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.

- 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 the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 conclusions are 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.

Lancasters
Chartered Accountants

Auditors' report to member of SACB Holdings Limited (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with the directors 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.

Other matter

This report is made solely for the Company's member, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Pasram Bissessur FCCA, ACA, MBA (UK)
Licensed by FRC

Date:

GGi
INDEPENDENT MEMBER

SACB Holdings Limited

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2017

	Note	2017 USD	2016 USD
Revenue		-	-
Expenses			
Administration charges		**5,400**	4,315
Accounting and audit fees		**4,950**	4,950
Bank charges		**2,200**	363
License fees		**2,070**	2,070
Professional fees		**750**	2,315
		15,370	14,013
Loss before taxation		**(15,370)**	(14,013)
Taxation	6	-	-
Loss for the year		**(15,370)**	(14,013)
Other comprehensive income		-	-
Total comprehensive loss for the year		**(15,370)**	(14,013)

The notes on pages 11 to 28 form part of these financial statements

SACB Holdings Limited

Statement of financial position
at 31 March 2017

	Note	2017 USD	2016 USD
Assets			
Non-current assets			
Investment in associate	7	**800,069**	800,069
Other receivables	8	**1,370,804**	1,570,781
Cash and cash equivalents		**57,999**	6,971
Total current assets		**1,428,803**	1,577,752
Total assets		**2,228,872**	2,377,821
Equity			
Stated capital	9	**50,000**	50,000
Revenue deficit		**(79,907)**	(64,537)
Total shareholder's deficit		**(29,907)**	(14,537)
Liabilities			
Current liabilities			
Other payables	11	**56,414**	57,478
Loan from holding company	10	**2,202,365**	2,334,880
Total current liabilities		**2,258,779**	2,392,358
Total liabilities		**2,258,779**	2,392,358
Total equity and liabilities		**2,228,872**	2,377,821

The financial statements have been approved by the Board of Directors on ……………………and signed on its behalf by:

……………………………………… ………………………………………

Director *Director*

The notes on pages 11 to 28 form part of these financial statements

SACB Holdings Limited

Statement of changes in equity
for the year ended 31 March 2017

	Stated capital	Revenue deficit	Total Shareholder's deficit
	USD	USD	USD
Balance at 01 April 2015	50,000	(50,524)	(524)
Total comprehensive loss for the year			
Loss for the year	-	(14,013)	(14,013)
Other comprehensive income	-	-	-
Balance at 31 March 2016	50,000	(64,537)	(14,537)
Total comprehensive loss for the year			
Loss for the year	-	(15,370)	(15,370)
Other comprehensive income	-	-	-
Balance at 31 March 2017	**50,000**	**(79,907)**	**(29,907)**

The notes on pages 11 to 28 form part of these financial statements

SACB Holdings Limited

Statement of cash flows
for the year ended 31 March 2017

	2017 USD	2016 USD
Cash flows from operating activities		
Loss for the year	**(15,370)**	(14,013)
Change in:		
Other receivables	**199,977**	-
Other payables	**(1,064)**	(529)
Net cash from / (used) in operating activities	**183,543**	(14,542)
Cash flows from investing activities		
Repayment of loan from related party	-	(594,500)
Net cash used in investing activities	-	(594,500)
Cash flows from financing activities		
Loan received from holding company	**17,485**	615,980
Loan repayment to holding company	**(150,000)**	-
Net cash (used in) / from financing activities	**(132,515)**	615,980
Net increase in cash and cash equivalents	**51,028**	6,938
Cash and cash equivalents at beginning of year	**6,971**	33
Cash and cash equivalents at end of year	**57,999**	6,971

The notes on pages 11 to 28 form part of these financial statements

SACB Holdings Limited

Notes to the financial statements
for the year ended 31 March 2017

1. **General information**

The Company was incorporated as a private limited company on 29 March 2006 and was granted a Category 1 Global Business Licence on 31 March 2006. The principal activity of the Company is the holding of investments.

2. **Basis of preparation**

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and Mauritius Companies Act 2001.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis except where stated otherwise.

(c) Functional currency and presentation currency

The financial statements are presented in United States Dollar (USD) which is the Company's functional currency and presentation currency.

(d) Use of the estimates and judgement

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties (if any) that have a significant risk of resulting in a material adjustment in the year ending 31 March 2017 is included in the relevant notes as follows:

- Recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

2. **Basis of preparation (continued)**

(d) Use of the estimates and judgement (continued)

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. **Application of new and revised International Financial Reporting Standards (IFRSs)**

3.1 Amendments to IFRSs that is mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 01 April 2016.

Amendments to IAS 1 Disclosure Initiative

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to the order of notes, other comprehensive income of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income. The application of this amendment did not result in a significant impact on the financial performance or financial position of the Company as the Company already had the appropriate disclosures in its financial statements.

3. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

3.2 New and revised IFRSs in issue but not yet effective

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2017 and which have not been adopted in these financial statements.

These standards, where applicable, will be applied in the year when they are effective.

Standard/Interpretation		Effective date Periods beginning on or after	Applicable/Not applicable
IFRS 16	Leases	1 January 2019	Not applicable
IFRS 2	Share-based payment amendments	1 January 2018	Not applicable
IFRS 9	Financial Instruments	1 January 2018	Applicable
IFRS 15	Revenue from contracts with customers	1 January 2018	Not applicable
IAS 7	Disclosure Initiative	1 January 2017	Applicable
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	Applicable

Disclosure Initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.
The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.
This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.
The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

SACB Holdings Limited

Notes to the financial statements
for the year ended 31 March 2017

4. **Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

(a) *Foreign currency transactions*

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment, I which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

(b) *Revenue recognition*

Revenue is recognised as follows:

- Dividend income: when the Company's right to receive payment is established.
- Interest income: as it accrues (taking into account the effective yield on the assets).

(c) *Taxation*

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items directly in equity or in OCI.

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also include any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

4. **Significant accounting policies (continued)**

   (c) Taxation (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflect the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4. **Significant accounting policies (continued)**

(d) Investment in associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are shown at cost and provision is only made where, in opinion of the directors, there is a diminution in value which is other than temporary. Where there has been such a diminution in value of an investment, it is recognised as an expense in the year in which the diminution is identified.

(e) Financial instruments

The Company classifies non-derivative financial assets into the following categories: loans and receivables.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

4. **Significant accounting policies (continued)**

(e) Financial instruments (continued)

(i) Non-derivative financial assets and financial liabilities – Recognition and derecognition (continued)

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets - Measurement

Loans and receivables - These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

(iii) Non-derivative financial liabilities - Measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(f) Share capital

Ordinary shares

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(g) Loan from holding company

Loan from holding company are recognised initially at fair value, net of transaction costs incurred. Loan from holding company subsequently carried at amortised cost: Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

4. **Significant accounting policies (continued)**

(h) Impairment

(i) Non-derivative financial assets

Financial assets not classified as fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherewise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Company considers a decline of 20% to be significant and a period of nine months to be prolonged.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

4. **Significant accounting policies (continued)**

(h) Impairment (continued)

(ii) Non-financial assets (continued)

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Related parties

Related parties may be individuals or other entities where the individual or other entities has the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in governing the financial and operating policies, or vice versa, or where the Company are subject to common control or common significant influence.

(j) Provisions

A provision is recognised if, as a result of a past event, the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

5. **Financial instruments – Fair values and risk management**

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2017	Carrying amounts			Fair value			
	Loans and receivables USD	Other financial liabilities USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets not measured at fair value							
Other receivables	1,370,804	-	1,370,804	-	-	-	-
Cash and cash equivalents	57,999	-	57,999	-	-	-	-
	1,428,803	-	1,428,803	-	-	-	-
Financial liabilities not measured at fair value							
Loan from holding company	-	(2,202,365)	(2,202,365)	-	-	-	-
Other payables	-	(56,414)	(56,414)	-	-	-	-
	-	(2,258,779)	(2,258,779)	-	-	-	-

5. **Financial instruments – Fair values and risk management (continued)**

(a) Accounting classifications and fair values (continued)

31 March 2016	Carrying amounts Loans and receivables USD	Other financial liabilities USD	Total USD	Fair value Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets not measured at fair value							
Other receivables	1,570,104	-	1,570,104	-	-	-	-
Cash and cash equivalents	6,971	-	6,971	-	-	-	-
	1,577,075	-	1,577,075	-	-	-	-
Financial liabilities not measured at fair value							
Loan from holding company	-	(2,334,880)	(2,334,880)	-	-	-	-
Other payables	-	(57,478)	(57,478)	-	-	-	-
	-	(2,392,358)	(2,392,358)	-	-	-	-

5. Financial instruments – Fair values and risk management (continued)

(b) Financial risk management

Introduction and preview

Financial instruments carried on the statement of financial position include other receivables, cash and cash equivalents, loan from holding company and other payables. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are market risk, credit risk and liquidity risk.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practice.

Overview

The Company has exposure to the following risks from its use of financial instruments:
- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates will affect the Company's income or the fair value of its holdings of financial instruments.

(i.) Interest rate risk

The Company is not significantly exposed to interest rate risk. The income and operating cash flows are substantially independent of changes in market interest rates. The Company's only significant interest-bearing financial asset is cash and cash equivalents which are on a call account.

(ii.) Currency risk

All of the Company's financial liabilities are denominated in United States Dollar. Consequently, the Company is not exposed to the risk of foreign currency exchange rates.

(iii.) Price risk

The Company is not exposed to commodity price risk.

5. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet contractual obligations, and arises from the Company's cash and cash equivalents.

The Company also limits its exposure to credit risk by dealing only with counterparties that has a good credit rating and management does not expect counter party to fail to meet its obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

	Carrying Amount	
	2017 USD	2016 USD
Other receivables	**1,370,804**	1,570,781
Cash and cash equivalents	**57,999**	6,971
	1,428,803	1,577,752

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Company's reputation.

	Within One year USD	**One to five years USD**	**Total USD**
Year ended March 2017			
Financial liabilities			
Loan from holding company	**2,202,365**	**-**	**2,202,365**
Other payables	**56,414**	**-**	**56,414**
Total financial liabilities	**2,258,779**	**-**	**2,258,779**

5. Financial risk management (continued)

Liquidity risk (continued)

	Within One year USD	One to five years USD	Total USD
Year ended March 2016			
Financial liabilities			
Loan from holding company	2,334,880	-	2,334,880
Other payables	57,478	-	57,478
Total financial liabilities	2,392,358	-	2,392,358

6. Taxation

Income tax

The Company is subject to income tax in Mauritius at the rate of 15%. It is however, entitled to a tax credit equivalent to the higher of the foreign tax paid and 80% of the Mauritian tax on its foreign source income.

Deferred tax

A deferred tax asset has not been recognised in respect of the tax losses carried forward as the directors consider that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised. Tax losses can be carried forward up to a maximum of five years.

	2017 USD	2016 USD
Current year income tax	**-**	-
Reconciliation of effective tax		
Loss before taxation	**(15,370)**	(14,013)
Income tax at 15%	**(2,305)**	(2,102)
Foreign tax credit	**1,844**	1,681
Deferred tax asset not recognised	**461**	421
Income tax payable	**-**	-

SACB Holdings Limited

Notes to the financial statements
for the year ended 31 March 2017

7. **Investment in associate**

Investment consists of unquoted shares

	2017	2016
	USD	USD
Cost		
At 01 April/ 31 March	**800,069**	800,069

Name of company	*Type of shares*	*Number of shares*	*% held*	*Country of incorporation*
GWD Enterprise Limited	Equity	100 A shares and 25 B shares	25	United Kingdom

8. **Other receivables**

	2017	2016
	USD	USD
Loan to associate	**1,370,127**	1,570,104
Prepaid expenses	**677**	677
	1,370,804	1,570,781

The above loan is unsecured, interest free and repayable on demand.

9. **Stated capital**

	2017	2016
	USD	USD
50,000 ordinary shares of USD 1 each	**50,000**	50,000

All shares in issue are fully paid up.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

SACB Holdings Limited

Notes to the financial statements
for the year ended 31 March 2017

10. Loan from holding company

	2017 USD	2016 USD
Unsecured, interest free loan with no fixed repayment terms	**2,202,365**	2,334,880

11. Other payables

	2017 USD	2016 USD
Other payables	**50,714**	52,508
Accrued expenses	**5,700**	4,970
	56,414	57,478

12. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subject to common control.

Two directors of the Company are deemed to have beneficial interests in the Administration Agreement between the Company, the Administrator and Secretary.

During the year under review, the Company entered into the following related party transactions.

	Nature	2017 USD	2016 USD
Transactions during the year:			
Loan to associate – GWD Enterprise Limited	Loan given	**(199,977)**	(812,642)
Loan from holding company – Multinational Textile Group Limited	Loan received	**17,485**	2,133,217
Repayment of loan by related party – FG4 Limited	Amount repaid	**-**	218,142
Balances outstanding at 31 March:			
Loan from holding company - Multinational Textile Group Limited	Loan payable	**(2,202,365)**	(2,334,880)
Loan to associate - GWD Enterprise Limited	Loan receivable	**1,370,126**	1,570,104

Compensation to key management personnel

The Company did not pay any compensation to its key management personnel during the year. (2016: Nil).

13. **Capital management**

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines "capital" as including all components of equity. Trading balances that arise as a result of trading transactions with other group Companies are not regarded by the Company as capital.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the group. The results of the directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

14. **Exemption from equity accounting**

The Company is exempted under paragraph 17 of International Accounting Standards (IAS) 28 – 'Interests in Associates and Joint Ventures 2011' which dispenses it from the need to equity account the investments in GWD Enterprise Limited. The consolidated financial statements will be prepared by Multinational Textile Group Limited. The registered office of Multinational Textile Group Limited is St Louis Business Centre, Cnr Desroches & St Louis Streets, Port-Louis, Mauritius.

15. **Going concern**

The Company incurred a loss of USD 15,370 for the year ended 31 March 2017 (2016: USD 14,013) and as of that date, the Company's total liabilities exceeded its total assets by USD 29,907 (2016: USD 14,537). The holding company confirmed its willingness to provide financial support to the Company to meet its obligations as they fall due for a period of not less than twelve months. Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

16. **Holding and ultimate holding company**

    The Company is a subsidiary of Multinational Textile Group Limited, a Company incorporated in the Republic of Mauritius. The ultimate holding Company is PDS Multinational Fashions Limited, a company incorporated in India with its shares listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

17. **Events after reporting date**

    There has been no significant event after the reporting date which requires disclosure or amendment to these financial statements.

Multinational OSG Services
Bangladesh Pvt Ltd.

Correspondence Off: House # 490, Road # 8 (East side)
DOHS, Baridhara, Dhaka # 1206
Tel: +88-02-8412793, 8412794
Fax: +88-02- 8413428

MULTINATIONAL OSG SERVICES BANGLADESH PVT LTD

BALANCE SHEET AS AT MAR 31, 2017

PARTICULARS	NOTE	2016-17 TAKA
CAPITAL & LIABILITIES :		
AUTHORIZED SHARE CAPITAL: 500,000 Ordinary Shares of Tk. 100.00 each		50,000,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL :		
10,000 Ordinary Shares of Tk. 100.00 each fully paid	1	1,000,000
Advance Against Share Capital	2	500
Share Money Deposit	3	16,338,000
Provision for Vat & Tax		17,500
	TOTAL	**17,356,000**
PROPERTY & ASSETS :		
Preliminary Expenses		156,100
Cash and cash equivalents	4	1,774,544
Advance against Property	5	14,697,558
Deferred Revenue Expenses		727,798
	TOTAL	**17,356,000**

Dated, 20th Apr'2017

For, Multinational OSG Services Bangladesh Pvt Ltd.

Md. Shahed Mahmud

Managing Director

Multinational OSG Services
Bangladesh Pvt Ltd.

Correspondence Off: House # 490, Road # 8 (East side)
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MULTINATIONAL OSG SERVICES BANGLADESH PVT LTD

NOTES TO THE ACCOUNTS AS AT MAR 31, 2017

Note-1. **Share Capital:**

The Company was incorporated on February 14, 2014 with Authorized capital of BDT 1,00,00,000.00 divided into 1,00,000 Ordinary shares of taka 100.00 each which gets increased to BDT 5,00,00,000.00 divided into 5,00,000 Ordinary shares to 24th September'2016.

The Paid up Capital of Taka 10,00,000.00 divided into 10,000 Ordinary shares of taka 100.00 each details are as follows :

SL No	Name of Shareholders	Number of Shares
1	Multinational Textile Group Limited	9,700 Shares
2	Mr. Pallak Seth	100 Shares
3	Mr. Carlos Maurice Coene	100 Shares
4	Md. Shahed Mahmud	100 Shares

Note - 2. **Advance against Share Capital:**

A total amount of Taka 10, 00,500.00 was remitted against paid up Share capital. Out of which Taka 10,00,000.00 allotted as paid up share capital and the remainder taka 500.00 is booked as Advance Against Share Capital which will be adjusted subsequently.

Note-3. **Share Money Deposit**

Share Money Deposit refers to Fund received from Multinational Textile Group on 31st March'17 worth $ 209,462.

Note4. **Cash & Cash Equivalents:**

Cash and cash equivalents comprise cash in hand and cash at bank.

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Bangladesh Pvt Ltd.

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Note-5. Advance against Property

Advance against Property referred to Advance/Down payment made against Household Property/Flat purchase.

For & On behalf of
Multinational OSG Services Bangladesh Pvt. Ltd.

Md. Shahed Mahmud
Managing Director

Regd Office: 33, Karwan Bazar, Shah Ali Tower, Tejgaon, Dhaka-1215

Multinational OSG Services
Bangladesh Pvt Ltd.

Correspondence Off: House # 490, Road # 8 (East side)
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MULTINATIONAL OSG SERVICES BANGLADESH PVT LTD

INCOME STATEMENT AS AT MAR'31 2017

PARTICULARS	NOTE	2016-17 TAKA
INCOME:		
		-
EXPENSES:		
Legal & Professional Charges		122,500
Government Fees		
Bank charges		
		122,500
Net Profit/(Loss) carry forward to BS		**(122,500)**

Dated, 20th Apr'2017

Md. Shahed Mahmud

Shahed Mahmud

Managing Director

Regd Office: 33, Karwan Bazar, Shah Ali Tower, Tejgaon, Dhaka-1215

Report of the Directors and Audited Financial Statements

NORDELHI MANUFACTURING LIMITED

31 March 2017

NORDELHI MANUFACTURING LIMITED

CONTENTS

NORDELHI MANUFACTURING LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2017.

Principal activity
The Company remained inactive for the current year and the prior year.

Results and dividends
The Company's loss for the year ended 31 March 2017 and its financial position at that date are set out in the financial statements on pages 5 to 19.

The directors do not recommend the payment of any dividend in respect of the year.

Directors
The directors of the Company during the year were:

Pallak Seth
Deepak Kumar Seth
Payel Seth

There being no provision in the Company's articles of association for the retirement of the directors who will continue in office for the ensuing year.

Directors' interests
At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which any of its holding companies or fellow subsidiaries was a party during the year.

Auditors
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

Hong Kong

Independent auditor's report
To the member of Nordelhi Manufacturing Limited
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Nordelhi Manufacturing Limited (the "Company") set out on pages 5 to 19, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are responsible for assessing 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 unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the member of Nordelhi Manufacturing Limited
(Incorporated in Hong Kong with limited liability)

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 our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks 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.
- 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 the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 conclusions are 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 presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the member of Nordelhi Manufacturing Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Certified Public Accountants
Hong Kong

NORDELHI MANUFACTURING LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2017

	Notes	2017 HK$	2016 HK$
Other income and gain	4	1	12,715
Administrative expenses		(40,353)	(32,076)
Other operating expenses		(12,926)	-
LOSS BEFORE TAX	5	(53,278)	(19,361)
Income tax credit	7	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(53,278)	(19,361)

NORDELHI MANUFACTURING LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2017

	Notes	2017 HK$	2016 HK$
CURRENT ASSETS			
Due from the immediate holding company	10(a)	287,074	287,074
Due from a fellow subsidiary	10(a)	3,478,964	3,317,528
Bank balances		190,740	393,338
Total current assets		3,956,778	3,997,940
CURRENT LIABILITIES			
Other payables and accruals	8	93,251	101,251
Due to fellow subsidiaries	10(a)	1,749,633	1,729,517
Total current liabilities		1,842,884	1,830,768
Net assets		2,113,894	2,167,172
EQUITY			
Share capital	9	2,000,000	2,000,000
Retained profits		113,894	167,172
Total equity		2,113,894	2,167,172

....
Pallak Seth
Director

....
Deepak Kumar Seth
Director

NORDELHI MANUFACTURING LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

	Share capital HK$	Retained profits HK$	Total equity HK$
At 1 April 2015	2,000,000	186,533	2,186,533
Loss and total comprehensive loss for the year	-	(19,361)	(19,361)
At 31 March 2016 and at 1 April 2016	2,000,000	167,172	2,167,172
Loss and total comprehensive loss for the year	-	(53,278)	(53,278)
At 31 March 2017	2,000,000	113,894	2,113,894

NORDELHI MANUFACTURING LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2017

	Note	2017 HK$	2016 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(53,278)	(19,361)
Adjustment for bank interest income	4	(1)	(1)
		(53,279)	(19,362)
Increase in an amount due from a fellow subsidiary		(161,436)	(313,458)
Decrease in other payables and accruals		(8,000)	(13,690)
Increase in amounts due to fellow subsidiaries		20,116	-
Cash used in operations		(202,599)	(346,510)
Interest received		1	1
Net cash flows used in operating activities		(202,598)	(346,509)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(202,598)	(346,509)
Cash and cash equivalents at beginning of year		393,338	739,847
CASH AND CASH EQUIVALENTS AT END OF YEAR		190,740	393,338
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		190,740	393,338

1. CORPORATE INFORMATION

Nordelhi Manufacturing Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company remained inactive for the current year and the prior year.

The Company is a wholly-owned subsidiary of Multinational Textile Group Limited, a company incorporated in Mauritius. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements are presented in Hong Kong dollars ("HK$") and have been prepared under the historical cost convention.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Company, and accordingly, they have had no impact on the Company's financial statements for the year ended 31 March 2017.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended 31 March 2017, in these financial statements. The Company is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) ; and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
Financial assets carried at amortised cost (continued)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Financial liabilities
Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company’s cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions
A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax
Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition
Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably. Interest income is recognised on an accrual basis using the effective interest method.

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Transactions in foreign currencies are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Income tax and deferred tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectations are different from the original estimates, such differences will impact on the recognition of deferred tax assets and deferred tax in the periods in which such estimates have been changed.

4. OTHER INCOME AND GAIN

	2017 HK$	2016 HK$
Bank interest income	1	1
Foreign exchange differences, net	-	12,714
	1	12,715

5. LOSS BEFORE TAX

The Company’s loss before tax is arrived at after charging/(crediting):

	2017 HK$	2016 HK$
Auditor’s remuneration	12,000	20,000
Foreign exchange differences, net	12,926	(12,714)

6. DIRECTORS’ REMUNERATION

No directors received any fees or emoluments in respect of their services rendered to the Company during the year (2016: Nil).

7. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Company did not generate any assessable profits in Hong Kong during the year (2016: Nil).

A reconciliation of the tax credit applicable to loss before tax at the Hong Kong statutory rate to the tax amount at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2017		2016	
	HK$	%	HK$	%
Loss before tax	(53,278)		(19,361)	
Tax at the statutory tax rate	(8,791)	(16.5)	(3,195)	(16.5)
Income not subject to tax	-	-	(2,098)	(10.8)
Expenses not deductible for tax	8,791	16.5	5,293	27.3
Tax at the effective rate	-	-	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2016: Nil).

8. OTHER PAYABLES AND ACCRUALS

	2017 HK$	2016 HK$
Other payables	81,251	81,251
Accruals	12,000	20,000
	93,251	101,251

9. SHARE CAPITAL

	2017 HK$	2016 HK$
Issued and fully paid:		
2,000,000 (2016: 2,000,000) ordinary shares	2,000,000	2,000,000

10. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with related parties

The balances with the immediate holding company and fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

(b) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 6 to the financial statements.

11. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise bank balances, and amounts due from the immediate holding company and a fellow subsidiary, which are categorised as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements. The financial liabilities of the Company comprise financial liabilities included in other payables and accruals, and amounts due to fellow subsidiaries, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

At the end of each reporting period, the carrying amounts of the Company's financial assets and financial liabilities approximated to their fair values.

The fair values of financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sale transactions. The fair values of bank balances, amounts due from the immediate holding company and a fellow subsidiary, financial liabilities included in other payables and accruals, and amounts due to fellow subsidiaries approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company did not have any financial assets and liabilities measured at fair value as at the end of the reporting period.

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below.

Credit risk

The aggregate carrying amount of bank balances, and amounts due from the immediate holding company and a fellow subsidiary represents the Company's maximum exposure to credit risk in relation to financial assets. The Company's bank balances are deposited with creditworthy banks with no recent history of default.

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, either have no fixed terms of repayment or are repayable within three months subsequent to the end of each reporting period.

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to its shareholder, return capital to the shareholder or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 May 2017

HARTMANN & PARTNER
STEUERBERATUNGSGESELLSCHAFT MBB
GRONAU - AHAUS

Techno Design GmbH

Willich

Jahresabschluss zum 31. März 2017

Inhaltsverzeichnis

1

Auftrag und Auftragsdurchführung

Die Geschäftsführung der Firma

Techno Design GmbH
Gießerallee 33
47877 Willich
(im folgenden auch "Gesellschaft" genannt),

hat uns beauftragt, den Jahresabschluss der Gesellschaft zum 31. März 2017 zu erstellen und über die Erstellung schriftlich zu berichten.

Im Rahmen des uns erteilten Auftrags haben wir den Jahresabschluss auf der Grundlage der uns vorgelegten Belege, Bücher und Bestandsnachweise sowie der uns erteilten Auskünfte nach den Vorschriften der §§ 242 ff HGB erstellt. Eine Beurteilung der Ordnungsmäßigkeit dieser Unterlagen und Angaben war nicht Gegenstand des Auftrags. Die Aufdeckung und Aufklärung strafrechtlicher Tatbestände, wie z.B. Untreuehandlungen oder Unterschlagungen sowie die Feststellung außerhalb der Rechnungslegung begangener Ordnungswidrigkeiten, sind nicht Gegenstand der bei der Abschlusserstellung vorgenommenen Tätigkeiten.

Wir haben die abschließenden Arbeiten in den Monaten April und Mai 2017 mit Unterbrechung durchgeführt. Art und Umfang der Tätigkeiten haben wir in unseren Arbeitspapieren festgehalten.

Die Geschäftsführung der Gesellschaft hat uns die Vollständigkeit des Jahresabschlusses schriftlich bestätigt.

Unserem Auftrag liegen die als Anlage 1 beigefügten Allgemeinen Auftragsbedingungen für Steuerberater, Steuerbevollmächtigte und Steuerberatungsgesellschaften zugrunde. Die Haftungshöchstsumme bestimmt sich nach Nr. 5 der Allgemeinen Auftragsbedingungen. Im Verhältnis zu Dritten sind Nr. 5 Abs. 5 der Allgemeinen Auftragsbedingungen maßgebend.

Hauptteil

Rechtliche Verhältnisse

Firma:	Techno Design GmbH
Sitz:	Willich
Anschrift:	Gießerallee 33 47877 Willich
Rechtsform:	GmbH
Gesellschafter:	Multinational Textile Group Limited Sitz in Mauritius, unit St. Louis Business Centre Cnr Desroches & St. Louis Streets. Port Louis, Mauritius (Registrierungsnummer: 61811C1/BGL) DESIGN POD LIMITED Sitz in 9/F, Surson Commercial Building 140 -142 Austin Road, Tsimshatsui, Kwoloon, Hong Kong (Registrierungsnummer: 956414)
Eintragung ins Handelsregister:	Amtsgericht Krefeld HRB 14782 eingetragen am 02.04.2014
Gegenstand des Unternehmens:	Die Entwicklung, Produktion, Beschaffung sowie Handel und Vertrieb von Bekleidung, Accessoires und Heimtextilien.
Geschäftsjahr:	1. April bis 31. März
Stammkapital:	100.000,00 €
Gesellschaftsvertrag:	14.02.2014

Geschäftsführung:	Rajive Ranjan
Größenklassen:	Kleinstkapitalgesellschaft

Steuerliche Verhältnisse

Allgemeine Angaben

Die Gesellschaft wird beim Finanzamt Viersen unter der Steuernummer 102/5848/1248 geführt.

Im Rahmen der steuerlichen Gewinnermittlung wird neben der Handelsbilanz eine Steuerbilanz erstellt. Eine Überleitungsrechnung liegt dem Bericht bei.

Der Gewerbebetrieb unterliegt der Gewerbesteuerpflicht gemäß § 2 Abs. 1 GewStG

Des Weiteren ist die Gesellschaft körperschaftsteuerpflichtig gemäß § 1 Abs. 1 KStG.

Das Unternehmen unterliegt der Regelbesteuerung gemäß den §§ 16 - 18 des UStG.

BILANZ

Techno Design GmbH

Willich

zum

31. März 2017

AKTIVA

	Euro	31.03.2017 Euro	31.03.2016 Euro
A. Anlagevermögen			
I. Immaterielle Vermögensgegenstände			
entgeltlich erworbene Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Werte sowie Lizenzen an solchen Rechten und Werten		4,00	4,00
II. Sachanlagen			
andere Anlagen, Betriebs- und Geschäftsausstattung		5.020,00	5.317,00
B. Umlaufvermögen			
I. Vorräte			
1. fertige Erzeugnisse und Waren		113.338,81	1.599,28
2. geleistete Anzahlungen		0,00	10.000,00
		113.338,81	11.599,28
II. Forderungen und sonstige Vermögensgegenstände			
1. Forderungen aus Lieferungen und Leistungen		1.769.511,75	293.967,82
2. Forderungen gegen verbundene Unternehmen		0,00	15.974,84
3. sonstige Vermögensgegenstände		92.650,81	95.140,18
		1.862.162,56	
III. Kassenbestand, Bundesbankguthaben, Guthaben bei Kreditinstituten und Schecks		533.913,48	18.582,97
C. Rechnungsabgrenzungsposten		5.122,22	5.864,21
D. Nicht durch Eigenkapital gedeckter Fehlbetrag		379.990,97	603.497,98
		2.899.552,04	
1.049.948,28			

PASSIVA

	Euro	31.03.2017 Euro	31.03.2016 Euro
A. Eigenkapital			
I. Gezeichnetes Kapital		100.000,00	100.000,00
II. Verlustvortrag		703.497,98-	353.249,20-
III. Jahresüberschuss		223.507,01	350.248,78-
nicht gedeckter Fehlbetrag		379.990,97	603.497,98
buchmäßiges Eigenkapital		0,00	0,00
B. Rückstellungen			
sonstige Rückstellungen		10.000,00	13.800,00
C. Verbindlichkeiten			
1. Verbindlichkeiten aus Lieferungen und Leistungen		112.229,35	17.336,02
2. Verbindlichkeiten gegenüber verbundenen Unternehmen		2.728.785,32	
1.016.286,67			
3. sonstige Verbindlichkeiten		48.537,37	2.525,59
		2.889.552,04	405.082,84
- davon aus Steuern Euro 47.041,38 (Euro 2.237,93)			
- davon im Rahmen der sozialen Sicherheit Euro 229,72 (Euro 0,00)			
		2.899.552,04	
1.049.948,28			

	Euro	Geschäftsjahr Euro	Vorjahr Euro
1. Umsatzerlöse		5.558.145,91	293.952,90
2. Gesamtleistung		5.558.145,91	293.952,90
3. sonstige betriebliche Erträge			
a) Erträge aus der Auflösung von Rückstellungen	1.052,10		0,00
b) übrige sonstige betriebliche Erträge	94.724,92		72.189,42
	95.777,02		72.189,42
- davon Erträge aus der Währungsumrechnung Euro 65.059,80 (Euro 48.914,27)			
4. Materialaufwand			
a) Aufwendungen für Roh-, Hilfs- und Betriebsstoffe und für bezogene Waren		4.176.860,07	225.163,34
b) Aufwendungen für bezogene Leistungen	579.716,91		34.449,93
		4.756.576,98	259.613,27
5. Personalaufwand			
a) Löhne und Gehälter	210.704,86		153.392,43
b) soziale Abgaben und Aufwendungen für Altersversorgung und für Unterstützung	41.426,46		30.897,96
	252.131,32		184.290,39
6. Abschreibungen auf immaterielle Vermögensgegenstände des Anlagevermögens und Sachanlagen	5.870,52		6.088,17
7. sonstige betriebliche Aufwendungen			
a) Raumkosten	45.300,12		44.983,20
b) Versicherungen, Beiträge und Abgaben	18.956,17		960,96
c) Reparaturen und Instandhaltungen	12.299,35		4.596,58
d) Fahrzeugkosten	37.635,29		40.973,53
e) Werbe- und Reisekosten	72.087,06		20.242,86
f) Kosten der Warenabgabe	49.392,62		23.133,55
g) verschiedene betriebliche Kosten	54.871,88		74.573,65
h) Verluste aus dem Abgang von Gegenständen des Anlagevermögens	847,86		0,00
i) übrige sonstige betriebliche Aufwendungen	126.278,15		58.578,45
			417.668,50
268.042,78			
- davon Aufwendungen aus der Währungsumrechnung Euro 99.231,57 (Euro 57.578,45)			

8.	sonstige Zinsen und ähnliche Erträge		2.486,65	2.435,47
9.	Ergebnis nach Steuern		224.162,26	349.456,82-
10.	sonstige Steuern	655,25		791,96
11.	Jahresüberschuss		223.507,01	350.248,78-

Angaben zur Identifikation der Gesellschaft laut Registergericht

Firmenname laut Registergericht:	Techno Design GmbH
Firmensitz laut Registergericht:	Willich
Registereintrag:	Handelsregister
Registergericht:	Amtsgericht Krefeld
Register-Nr.:	HRB 14782

Angaben zu Ausleihungen, Forderungen und Verbindlichkeiten gegenüber Gesell-schaftern (§ 42 Abs. 3 GmbHG / § 264c Abs. 1 HGB)

Gegenüber den Gesellschaftern bestehen die nachfolgenden Rechte und Pflichten:

Sachverhalte	Betrag Euro
Verbindlichkeiten	441.423,80

Unterschrift der Geschäftsführung

Ort, Datum

Unterschrift

Bescheinigung

Bescheinigung der Steuerberatungsgesellschaft über die Erstellung

Wir haben auftragsgemäß den vorstehenden Jahresabschluss - bestehend aus Bilanz, Gewinn- und Verlustrechnung - des Unternehmens

Techno Design GmbH

für das Geschäftsjahr vom 01.04.2016 bis 31.03.2017 unter Beachtung der deutschen handelsrechtlichen Vorschriften erstellt. Grundlage für die Erstellung waren die uns vorgelegten Belege, Bücher und Bestandsnachweise, die wir auftragsgemäß nicht geprüft haben, sowie die uns erteilten Auskünfte. Die Buchführung sowie die Aufstellung des Inventars und des Jahresabschlusses nach den deutschen handelsrechtlichen Vorschriften liegen in der Verantwortung der gesetzlichen Vertreter der Gesellschaft.

Wir haben unseren Auftrag unter Beachtung der Verlautbarung der Bundessteuerberaterkammer zu den Grundsätzen für die Erstellung von Jahresabschlüssen durchgeführt. Dieser umfasst die Entwicklung der Bilanz und der Gewinn- und Verlustrechnung auf Grundlage der Buchführung und des Inventars sowie der Vorgaben zu den anzuwendenden Bilanzierungs- und Bewertungsmethoden. Auftragsgemäß haben wir keine Beurteilung der Richtigkeit und Vollständigkeit der Dokumente und der von der Firma bereitgestellten Informationen durchgeführt.

Attestation report on the preparation by the tax advisory firm

- German version prevails-

In accordance with the terms of our engagement, we have prepared the following annual financial statements - comprising the balance sheet and the income statement - for

Techno Design GmbH

for the period from 01. April 2016 to 31. March 2017 (financial statements) in accordance with the provisions of German commercial law. As agreed upon, no notes to the financial statements have been prepared. The basis for the preparation of these documents were accounting records, invoices and other supporting documentations presented to us, which we have not audited in accordance with the terms of our engagement, and the information provided to us. The bookkeeping system and the annual financial statements in accordance with the provisions of German commercial law are the responsibility of the management of the company.

We performed our engagement in accordance with the Verlautbarung der Bundessteuerberaterkammer zu den Grundsätzen für die Erstellung von Jahresabschlüssen (Pronouncement by the German Federal Chamber of Tax Advisers on the Principles for the Preparation of Annual Financial Statements). This engagement comprises the preparation of the balance sheet and income statement on the basis of the bookkeeping system, as well as of the accounting policies required to be applied. According to our engagement no assessment of the accuracy and completeness of the documents and informations provided by the company was carried out.

Gronau-Epe, den 12.05.2017

Hartmann & Partner
Steuerberatungsgesellschaft mbB

Lindner	Leuders
(Steuerberater)	(Steuerberater)

Erläuterungsteil

Konto Inventar	Bezeichnung Inventarbezeichnung	Datum AfA-Art R-ND R-%	Entw. der	Stand zum 01.04.2016 Euro	Zugang Abgang- Euro	Umbuchung Euro	Abschreibung Zuschreibung- Euro	Stand zum 31.03.2017 Euro
135	**EDV-Software**							
135005	MIKUS, 1 Corel Draw X3 VV, gebr.	01.04.2014	AHK	1,00				1,00
		Linear	Abschr.					0,00
		01/00 / 100,00	**BW**	**1,00**				**1,00**
135006	MIKUS, 1 DTP-SW Photo-Shop CS2, gebr.	01.04.2014	AHK	1,00				1,00
		Linear	Abschr.					0,00
		01/00 / 100,00	**BW**	**1,00**				**1,00**
135007	Kirscht, 1 Firewall DFL-200, gebr.	01.04.2014	AHK	1,00				1,00
		Linear	Abschr.					0,00
		01/00 / 100,00	**BW**	**1,00**				**1,00**
135008	Kirscht, Corel Draw Gra-phics, gebr.	01.04.2014	AHK	110,76				110,76
		Linear	Abschr.	109,76				109,76
		01/00 / 100,00	**BW**	**1,00**				**1,00**
135009	KerioConnect für Mailser-ver, 10 Nutzerlizenzen	27.06.2014	AHK	601,00				601,00
		Linear	Abschr.	601,00				601,00
		01/00 / 100,00	**BW**	**0,00**				**0,00**
Summe	EDV-Software	Ansch-/Herst-K		714,76				714,76
		Abschreibung		710,76				710,76
		Buchwerte		**4,00**				**4,00**

Konto Inventar	Bezeichnung Inventarbezeichnung	Datum AfA-Art R-ND R-%	Entw. der	Stand zum 01.04.2016 Euro	Zugang Abgang- Euro	Umbuchung Euro	Abschreibung Zuschreibung- Euro	Stand zum 31.03.2017 Euro
650	**Büroeinrichtung**							
650001	PC-Verkabelung, gebr.	01.04.2014	AHK	1,00				1,00
		Linear	Abschr.					0,00
		01/00 / 100,00	**BW**	**1,00**				**1,00**
650004	DEKA, USV MGE Pulsar Ex-reme 3000, gebr.	01.04.2014	AHK	1,00				1,00
		Linear	Abschr.					0,00
		01/00 / 100,00	**BW**	**1,00**				**1,00**
650005	Kirscht, 1 Sony Notebook, gebr.	01.04.2014	AHK	1,00				1,00
		Linear	Abschr.					0,00
		01/00 / 100,00	**BW**	**1,00**				**1,00**
650006	Server exone Challenge 1911 incl. Software, gebr	01.04.2014	AHK	241,00				241,00
		Linear	Abschr.	240,00				240,00
		01/00 / 100,00	**BW**	**1,00**				**1,00**
650007	Kirscht, PC exone Bus-iness, gebr.	01.04.2014	AHK	166,01				166,01
		Linear	Abschr.	165,01				165,01
		01/00 / 100,00	**BW**	**1,00**				**1,00**
650008	GML, Apple iPad, Notebook Sony Valo, gebr.	01.04.2014	AHK	305,75	305,75-			0,00
		Linear	Abschr.	304,75	304,75-			0,00
		02/00 / 50,00	**BW**	**1,00**	**1,00-**			**0,00**
650009	PC exone Business, gebr.	01.04.2014	AHK	372,26				372,26
		Linear	Abschr.	371,26				371,26
		02/00 / 50,00	**BW**	**1,00**				**1,00**
650010	Computertischsystem, gebr.	01.04.2014	AHK	49,01				49,01
		Linear	Abschr.	48,01				48,01
		01/00 / 100,00	**BW**	**1,00**				**1,00**
650011	Diverse Büroeinrichtung, gebr.	01.04.2014	AHK	1.184,51				1.184,51
		Linear	Abschr.	790,51	393,00			1.183,51
		03/00 / 33,33	**BW**	**394,00**			**393,00**	**1,00**
650012	Conline, Regale, Tische, Stühle, gebr.	01.04.2014	AHK	688,00				688,00
		Linear	Abschr.	458,00	229,00			687,00
		03/00 / 33,33	**BW**	**230,00**			**229,00**	**1,00**
650013	Goosens, Büromöbel, gebr.	01.04.2014	AHK	667,26				667,26
		Linear	Abschr.	444,26	222,00			666,26
		03/00 / 33,33	**BW**	**223,00**			**222,00**	**1,00**
650014	MS, Regalelemente, gebr.	01.04.2014	AHK	130,01				130,01
		Linear	Abschr.	129,01				129,01
		01/00 / 100,00	**BW**	**1,00**				**1,00**
650015	MS, Schrankelement, gebr.	01.04.2014	AHK	70,76				70,76

		Linear	Abschr.	69,76						69,76
		01/00 / 100,00	**BW**	**1,00**						**1,00**
650016	MS, Drehstühle, Schranke-lemente, gebr.	01.04.2014	AHK	259,25						259,25
		Linear	Abschr.	258,25						258,25
		02/00 / 50,00	**BW**	**1,00**						**1,00**
650017	Elektro Sommer, 1 Klima-gerät Einhell, gebr.	01.04.2014	AHK	368,50						368,50
		Linear	Abschr.	367,50						367,50
		02/00 / 50,00	**BW**	**1,00**						**1,00**
650018	4 Notebooks Asuspro incl. Installation Betriebssystem	27.06.2014	AHK		5.300,00		1.326,18-			3.973,82
		Linear	Abschr.		3.240,00		1.435,14			3.753,82
						921,32-				
		00/11 / 100,00	**BW**		**2.060,00**	**404,86-**			**1.435,14**	**220,00**
650019	Apple MacBook	24.11.2014	AHK		1.679,83					1.679,83
		Linear	Abschr.	794,83		560,00				1.354,83
		03/00 / 33,33	**BW**	**885,00**				**560,00**		**325,00**
650020	Apple IPad Wi-Fi Cellular 16 G	19.12.2015	AHK	444,54		444,54-				0,00
		Linear	Abschr.	50,54		37,00				0,00
						87,54-				
		03/00 / 33,33	**BW**	**394,00**		**357,00-**		**37,00**		**0,00**
650021	ASUS Notebook RR	01.07.2016	AHK			833,21				833,21
		Linear	Abschr.			208,21				208,21
		03/00 / 33,33	**BW**	**0,00**		**833,21**		**208,21**		**625,00**
650022	ASUS Notebook JS	11.08.2016	AHK			799,21				799,21
		Linear	Abschr.			178,21				178,21
		03/00 / 33,33	**BW**	**0,00**		**799,21**		**178,21**		**621,00**
650023	Apple iPad Air 2 Wi-Fi Cell 64GB RR	11.08.2016	AHK			727,57				727,57
		Linear	Abschr.			162,57				162,57
		03/00 / 33,33	**BW**	**0,00**		**727,57**		**162,57**		**565,00**
650024	Mastercard BS, Apple iPho-ne 7 + Zubehör	01.11.2016	AHK			709,20				709,20
		Linear	Abschr.			74,20				74,20
		04/00 / 25,00	**BW**	**0,00**		**709,20**		**74,20**		**635,00**
650025	we do IT GmbH, 1 exone Business PC (Datev PC)	10.01.2017	AHK			919,00				919,00
		Linear	Abschr.			77,00				77,00
		03/00 / 33,33	**BW**	**0,00**		**919,00**		**77,00**		**842,00**
Summe	Büroeinrichtung	Ansch-/Herst-K			11.929,69		3.988,19			13.841,41
							2.076,47-			
		Abschreibung			7.731,69		3.576,33			9.994,41
							1.313,61-			
		Buchwerte			**4.198,00**		**3.988,19**		**3.576,33**	**3.847,00**
						762,86-				

Konto Inventar	Bezeichnung Inventarbezeichnung	Datum AfA-Art R-ND R-%	Entw. der	Stand zum 01.04.2016 Euro	Zugang Abgang- Euro	Umbuchung Euro	Abschreibung Zuschreibung- Euro	Stand zum 31.03.2017 Euro
670	**Geringwertige Wirtschaftsgüter**							
670001	GWG 2014	07.11.2014	AHK	252,06				252,06
		GWG/voll	Abschr.	252,06				252,06
		01/00 / 100,00	**BW**	**0,00**				**0,00**
670002	Siemens Bodenstaubsau- ger	26.10.2015	AHK	132,69				132,69
		GWG/voll	Abschr.	132,69				132,69
		01/00 / 100,00	**BW**	**0,00**				**0,00**
670003	Iphone 6 RR	30.06.2015	AHK	171,39				171,39
		GWG/voll	Abschr.	171,39				171,39
		01/00 / 100,00	**BW**	**0,00**				**0,00**
670004	Möbeleinsatztresor Format M 410	23.03.2016	AHK	167,23				167,23
		GWG/voll	Abschr.	167,23				167,23
		01/00 / 100,00	**BW**	**0,00**				**0,00**
670005	Flipchart	19.01.2016	AHK	149,99				149,99
		GWG/voll	Abschr.	149,99				149,99
		01/00 / 100,00	**BW**	**0,00**				**0,00**
670006	iPhone SE 64GB CR	14.07.2016	AHK		193,24			193,24
		GWG/voll	Abschr.		193,24			193,24
		01/00 / 100,00	**BW**	**0,00**	**193,24**		**193,24**	**0,00**
670007	Cyberport GmbH, 1 Dell UltraSharp Monitor 24''	20.09.2016	AHK		221,15			221,15
		GWG/voll	Abschr.		221,15			221,15
		01/00 / 100,00	**BW**	**0,00**	**221,15**		**221,15**	**0,00**
670008	Cyberport GmbH, 1 Dell UltraSharp 24" Monitor	24.11.2016	AHK		206,63			206,63
		GWG/voll	Abschr.		206,63			206,63
		01/00 / 100,00	**BW**	**0,00**	**206,63**		**206,63**	**0,00**
670009	we do IT GmbH, Office 2016 JS	18.10.2016	AHK		209,00			209,00
		GWG/voll	Abschr.		209,00			209,00
		01/00 / 100,00	**BW**	**0,00**	**209,00**		**209,00**	**0,00**
670010	we do IT GmbH, 1 exter- ner USB 3.o HDD Speicher	14.11.2016	AHK		65,00			65,00
		GWG/voll	Abschr.		65,00			65,00
		01/00 / 100,00	**BW**	**0,00**	**65,00**		**65,00**	**0,00**
670012	Telekom Deutschland, 1 iPhone SE64 GB si BS	20.12.2016	AHK		151,22			151,22
		GWG/voll	Abschr.		151,22			151,22
		01/00 / 100,00	**BW**	**0,00**	**151,22**		**151,22**	**0,00**
670013	KLARNA, 4 Rollständer	01.12.2016	AHK		486,95			486,95
		GWG/voll	Abschr.		486,95			486,95
		01/00 / 100,00	**BW**	**0,00**	**486,95**		**486,95**	**0,00**
Summe	Geringwertige Wirtschafts- güter	Ansch-/Herst-K		873,36	1.533,19			2.406,55

Abschreibung	873,36	1.533,19		2.406,55
Buchwerte	**0,00**	**1.533,19**	**1.533,19**	**0,00**

Konto Inventar	Bezeichnung Inventarbezeichnung	Datum AfA-Art R-ND R-%	Entw. der	Stand zum 01.04.2016 Euro	Zugang Abgang- Euro	Umbuchung Euro	Abschreibung Zuschreibung- Euro	Stand zum 31.03.2017 Euro
690	**Sonstige Betriebs-u.Gesch.ausstattung**							
690001	DEKA, Kopierer Panasonic DP-180, gebr.	01.04.2014	AHK	1,00				1,00
		Linear	Abschr.					0,00
		01/00 / 100,00	**BW**	**1,00**				**1,00**
690002	Gottwald, Klimaanlage Midea, gebr.	01.04.2014	AHK	236,76				236,76
		Linear	Abschr.	235,76				235,76
		02/00 / 50,00	**BW**	**1,00**				**1,00**
690003	1 Mädchen-Anprobierfigur, Gr. 116, gebr.	01.04.2014	AHK	41,26				41,26
		Linear	Abschr.	40,26				40,26
		01/00 / 100,00	**BW**	**1,00**				**1,00**
690004	1 Mädchen-Anprobierfigur, Gr. 140, gebr.	01.04.2014	AHK	47,25				47,25
		Linear	Abschr.	46,25				46,25
		01/00 / 100,00	**BW**	**1,00**				**1,00**
690005	1 Black Berry 870, gebr.	01.04.2014	AHK	1,00				1,00
		Linear	Abschr.					0,00
		01/00 / 100,00	**BW**	**1,00**				**1,00**
690006	1 Trolly, gebr.	01.04.2014	AHK	30,25				30,25
		Linear	Abschr.	29,25				29,25
		01/00 / 100,00	**BW**	**1,00**				**1,00**
690007	3 Klimageräte, gebr.	01.04.2014	AHK	106,75				106,75
		Linear	Abschr.	105,75				105,75
		02/00 / 50,00	**BW**	**1,00**				**1,00**
690008	Koffer, gebr.	01.04.2014	AHK	27,00				27,00
		Linear	Abschr.	26,00				26,00
		01/00 / 100,00	**BW**	**1,00**				**1,00**
690009	Reisetasche, gebr.	01.04.2014	AHK	23,51				23,51
		Linear	Abschr.	22,51				22,51
		01/00 / 100,00	**BW**	**1,00**				**1,00**
690010	Multimediasystem, gebr.	01.04.2014	AHK	1,00				1,00
		Linear	Abschr.					0,00
		01/00 / 100,00	**BW**	**1,00**				**1,00**
690011	Garderobe, gebr.	01.04.2014	AHK	201,26				201,26
		Linear	Abschr.	200,26				200,26
		02/00 / 50,00	**BW**	**1,00**				**1,00**
690012	Zegna, 1 Tasche, 1 PC-Tasche, gebr.	01.04.2014	AHK	313,01				313,01
		Linear	Abschr.	312,01				312,01
		02/00 / 50,00	**BW**	**1,00**				**1,00**
690013	Berliner Büstenfabrik, 2 Anprobierfiguren, gebr.	01.04.2014	AHK	1.465,76				1.465,76
		Linear	Abschr.	978,76	486,00			1.464,76
		03/00 / 33,33	**BW**	**487,00**			**486,00**	**1,00**

690014	Breckinghaus, Koffer, gebr.	01.04.2014	AHK	337,25				337,25
		Linear	Abschr.	224,25	112,00			336,25
		03/00 / 33,33	**BW**	**113,00**			**112,00**	**1,00**
690015	Bally, Tasche, gebr.	01.04.2014	AHK	339,75	339,75-			0,00
		Linear	Abschr.	226,75	28,00 254,75-			0,00
		03/00 / 33,33	**BW**	**113,00**	**85,00-**		**28,00**	**0,00**
690016	Spülmaschine Siemens	24.11.2015	AHK	419,33				419,33
		Linear	Abschr.	25,33	60,00			85,33
		07/00 / 14,29	**BW**	**394,00**			**60,00**	**334,00**
690017	Painting for Office Help & Hop	09.06.2016	AHK		900,00			900,00
		Linear	Abschr.		75,00			75,00
		10/00 / 10,00	**BW**	**0,00**	**900,00**		**75,00**	**825,00**
Summe	Sonstige Betriebs-u.Gesch. ausstattung	Ansch-/Herst-K		3.592,14	900,00 339,75-			4.152,39
		Abschreibung		2.473,14	761,00 254,75-			2.979,39
		Buchwerte		**1.119,00**	**900,00** **85,00-**		**761,00**	**1.173,00**

englische

Auswertungen

-german version prevails-

Balance Sheet

Techno Design GmbH
Willich

as at

31.03.2017

ASSETS

	Euro	31.03.2017 Euro	31.03.2016 Euro
A. Fixed assets			
I. Intangible fixed assets			
Purchased concessions, industrial and similar rights and assets and licences in such rights and assets		4,00	4,00
II. Tangible fixed assets			
Other equipment, operating and office equipment		5.020,00	5.317,00
B. Current assets			
I. Inventories			
1. Finished goods and merchandise		113.338,81	1.599,28
2. Prepayments (inventories)		0,00	10.000,00
		113.338,81	11.599,28
II. Receivables and other assets			
1. Trade receivables		1.769.511,75	293.967,82
2. Receivables from affiliated companies		0,00	15.974,84
3. Other assets		92.650,81	95.140,18
		1.862.162,56	
III. Cash-in-hand, central bank balances, bank balances and cheques		533.913,48	18.582,97
C. Prepaid expenses		5.122,22	5.864,21
D. Deficit not covered by equity		379.990,97	603.497,98
		2.899.552,04	1.049.948,28

Equity and liabilities

	Euro	31.03.2017 Euro	31.03.2016 Euro
A. Equity			
I. Subscribed capital		100.000,00	100.000,00
II. Accumulated losses brought forward		703.497,98-	353.249,20-
III. Net income for the financial year		223.507,01	350.248,78-
Deficit not covered		379.990,97	603.497,98
Book equity		0,00	0,00
B. Provisions			
Other provisions		10.000,00	13.800,00
C. Liabilities			
1. Trade payables		112.229,35	17.336,02
2. Liabilities to affiliated companies		2.728.785,32	1.016.286,67
3. Other liabilities		48.537,37	2.525,59
		2.889.552,04	405.082,84
- of which taxes Euro 47.041,38 (Euro 2.237,93)			
- of which social security Euro 229,72 (Euro 0,00)			
		2.899.552,04	1.049.948,28

	Euro	Financial year Euro	Prior year Euro
1. Sales		5.558.145,91	293.952,90
2. Gross revenue for the period		5.558.145,91	293.952,90
3. Other operating income			
a) Income from reversal of provisions		1.052,10	0,00
b) Miscellaneous other operating income		94.724,92	72.189,42
		95.777,02	72.189,42
- of which currency translation gains Euro 65.059,80 (Euro 48.914,27)			
4. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise		4.176.860,07	225.163,34
b) Cost of purchased services		579.716,91	34.449,93
		4.756.576,98	259.613,27
5. Personnel expenses			
a) Wages and salaries		210.704,86	153.392,43
b) Social security, post-employment and other employee benefit costs		41.426,46	30.897,96
		252.131,32	184.290,39
6. Depreciation, amortisation and write-downs Amortisation and write-downs of intangible fixed assets and depreciation and write downs of tangible fixed assets		5.870,52	6.088,17
7. Other operating expenses			
a) Occupancy costs		45.300,12	44.983,20
b) Insurance premiums, fees and contributions		18.956,17	960,96
c) Cost of third-party repairs and maintenance		12.299,35	4.596,58
d) Vehicle fleet expenses		37.635,29	40.973,53
e) Advertising expenses		72.087,06	20.242,86
f) Selling and distribution expenses		49.392,62	23.133,55
g) Miscellaneous other operating expenses		54.871,88	74.573,65
h) Losses on disposal of fixed assets		847,86	0,00
i) Miscellaneous other operating expenses		126.278,15	58.578,45
			417.668,50268.04
- of which currency translation gains Euro 99.231,57 (Euro 57.578,45)			

8.	Other interest and similar income		2.486,65	2.435,47
9.	Net income/net loss after tax		224.162,26	349.456,82-
10.	Other taxes	655,25		791,96
11.	Net income for the financial year		223.507,01	350.248,78-

Anlagen

Company Registration No. 09390969 (England and Wales)

POETIC BRANDS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

POETIC BRANDS LIMITED

CONTENTS

POETIC BRANDS LIMITED

COMPANY INFORMATION

Directors	Mr Anuj Banaik Mrs Payel Seth Mr Elliot Francis Matthews
Company number	09390969
Registered office	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
Auditor	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW

POETIC BRANDS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and the audited financial statements for the year ended 31 March 2017.

Principal activities
The principal activity of the company is import and distribution of garments including selling licencing rights in exchange of royalties.

Results and dividends
The results for the year are set out on page 6.

The directors do not recommend the payment of a dividend for the year.

Directors
The following directors have held office since 1 April 2016:

Mr Anuj Banaik
Mrs Payel Seth
Mr Elliot Francis Matthews

Auditor
The auditors, UHY Hacker Young, were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

Statement of directors' responsibilities (continued)
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy, at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the financial information included on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant information of which the company's auditor is unaware; and
- the director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board

…………………….
Mr Anuj Banaik
Director

19 May 2017

POETIC BRANDS LIMITED

INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF

POETIC BRANDS LIMITED

FOR THE YEAR ENDED 31 MARCH 2017

We have audited the financial statements of Poetic Brands Limited for the year ended 31 March 2017, which comprise the statement of comprehensive income, statement of financial position, statement of cash flows, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor
As explained more fully in the Directors’ Responsibilities Statement set out on page 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors’ Report for the financial year for which the financial statements are prepared is consistent with those financial statements, and
- the Directors’ Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors’ Report.

POETIC BRANDS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

POETIC BRANDS LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report.

Vinodkumar Vadgama (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

Chartered Accountants
Statutory Auditor

19 May 2017

POETIC BRANDS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Year ended 31 March 2017 £	Period ended 31 March 2016 £
Continuing operations			
Revenue	4	532,049	180,964
Cost of revenue		(544,345)	(196,883)
Gross loss		(12,296)	(15,919)
Operating expenses			
Administration expenses		(161,954)	(13,458)
Loss before taxation		(174,250)	(29,377)
Taxation	7	-	-
Loss for the financial period	13	(174,250)	(29,377)

None of the company's activities were discontinued in the year.

There are no other comprehensive income and expenses, other than those passing through the statement of comprehensive income.

The notes on pages 10 to 19 form part of these financial statements.

POETIC BRANDS LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

	Notes	2017 £	2016 £
Current assets			
Inventories	8	61,032	-
Trade and other receivables	9	231,255	213,733
Cash and cash equivalents		146,903	110,884
		439,190	324,617
Total assets		439,190	324,617
Current liabilities			
Trade and other payables	10	(234,171)	(71,190)
		(234,171)	(71,190)
Net current assets		205,019	253,427
Non current liabilities			
Borrowings	11	(358,646)	(232,804)
		(358,646)	(232,804)
Total liabilities		(592,817)	(303,994)
Net liabilities		(153,627)	20,623
Shareholders' equity			
Share capital	12	50,000	50,000
Retained earnings	13	(203,627)	(29,377)
Total equity		(153,627)	20,623

The financial statements were approved by the board of directors and authorised for issue on 19 May 2017 and were signed on its behalf by:

Mr Anuj Banaik
Director

Company registration no. 09390969

The notes on pages 10 to 19 form part of these financial statements.

POETIC BRANDS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Share capital £	Retained earnings £	Total £
Balance at 15 January 2015			
Issued share capital	50,000	-	50,000
Comprehensive income			
Loss for the period	-	(29,377)	(29,377)
Balance at 1 April 2016	50,000	(29,377)	20,623
Comprehensive income			
Loss for the year	-	(174,250)	(174,250)
Balance at 31 March 2017	50,000	(203,627)	(153,627)

The notes on pages 10 to 19 form part of these financial statements.

POETIC BRANDS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	14	36,019	60,884
Net cash generated from operating activities		36,019	60,884
Financing activities			
Proceeds from issue of shares		-	50,000
Net cash generated from financing activities		-	50,000
Net increase in cash and cash equivalents		36,019	110,884
Net increase in cash and cash equivalents		36,019	110,884
Cash and cash equivalents at the start of the period		110,884	-
Cash and cash equivalents at the end of the period		146,903	110,884

	2017 £	2016 £
Cash and cash equivalents comprise:		
Cash at bank and in hand	146,903	110,884

The notes on pages 10 to 19 form part of these financial statements.

1. **General information**

Poetic Brands Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The principal activity of the company is disclosed in the Directors' Report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

2. **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the Companies Act 2006 applicable to companies reporting under IFRSs.

2.1 **Going concern**

The financial statements have been prepared on a going concern basis.

The directors consider the going concern basis to be appropriate because, in their opinion, the company will continue to obtain sufficient funding from its fellow group companies to enable it to pay its debts as they fall due. If the company were unable to obtain this funding, it would be unable to continue trading and adjustments would have to be made to reduce the value of assets to their realisable amount and to provide for any further liabilities which might arise.

2.2 **Impairment**

The carrying values of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying value of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

2. **Summary of significant accounting policies (continued)**

2.3 **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

- **Sales of goods**

  Revenue / royalties represent amounts receivable from the distribution of garments net of discounts and value added tax. Revenue / royalties are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

2.4 **Taxation**

Income tax expense represents the current tax payable and deferred tax provisions.

- **Current tax**

  The tax currently payable is based on taxable profit for the period. Taxable profit differs from profits as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

- **Deferred tax**

  Deferred tax is the tax expected to be payable or recoverable on differences between the 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 the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

  The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

  Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, 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 taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

2. Summary of significant accounting policies (continued)

2.5 Foreign currencies

Transactions in currencies, other than pounds sterling, are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Foreign exchange differences arising on translation are included in the income statement in the period in which they arise.

2.6 Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

2.7 Financial instruments

The company does not use or trade derivative financial instruments. Financial instruments that the company uses are non-derivative and are recognised initially at fair value. Subject to initial recognition, non-derivative financial instruments are measured as described as follows:

- **Trade and other receivables**
  Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

- **Trade and other payables**
  Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are stated at their nominal value.

- **Cash and cash equivalents**
  Cash for the purposes of the cash flow statement comprises cash at bank and in hand. Cash equivalents are short term liquid investments convertible into cash and are subject to insignificant risk of changes in value. Bank overdrafts which form part of cash and cash equivalents for the purpose of the cash flow statements are shown under current liabilities.

- **Borrowings**
  Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

2. Summary of significant accounting policies (continued)

2.8 New IFRSs and interpretations not applied

The following standards, amendments and interpretations are not yet effective and have not yet been adopted early by the company:

	Effective for period beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15: Effective date of IFRS 15	1 January 2018

The adoption of these standards, amendments and interpretations is not expected to have a material impact of the company’s results for the year or equity.

3. Significant judgements and estimates

The preparation of the company’s financial statements in conforming with IFRSs require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management’s best knowledge of the relevant facts and circumstances. Information about such judgements and estimates is contained in either the accounting policies or in the notes to the financial statements.

4. Revenue

The total revenue of the company for the period has been derived from its principal activity, excluding value added tax and is reportable as follows:

Analysis of revenue by geographical market and customer allocation as follows:

	2017 £	**2016** £
United Kingdom	532,049	180,964
	532,049	180,964

5. Operating loss

	2017 £	2016 £
Operating loss has been arrived at after charging:		
Staff costs (see note 6 below)	127,829	6,144
Loss on foreign exchange transactions	15,880	1,759
	========	========

Auditor remuneration

During the year, the company obtained the following services from the company's auditor and its associates:

	2017 £	2016 £
Fees payable to the company's auditor:		
Audit of annual financial statements	3,700	3,500
	========	========

6. Staff numbers and costs

	2017 £	2016 £
Employee costs include:		
Staff wages and salaries	114,705	5,481
Social security costs	13,124	663
	127,829	6,144
	========	========

The average number of employees (including directors) during the year was:

	2017 Number	2016 Number
Management and administration	3	1
	3	1
	========	========

Directors' emoluments

Emoluments for qualifying services	-	-
	========	========

7. **Taxation for the period**

Income tax expense	**2017** **£**	**2016** **£**
Current tax expense		
UK corporation tax	-	-
Total current tax	-	-
Reconciliation of current tax expenses to accounting loss:		
Loss before taxation	(174,250)	(29,377)
Notional taxation charge at the UK corporation tax rate of 20% (2016: 20%)	(34,850)	(5,875)
Tax effects of:		
Group relief surrendered	34,850	5,875
Total current tax charge for the period	-	-

8. **Inventories**

	2017 **£**	**2016** **£**
Finished goods and goods for resale	61,032	-

9. Trade and other receivables

	2017	2016
	£	£
Current assets		
Trade receivables	87,940	72,947
Other receivables	30,772	30,000
Prepayments	112,543	110,786
	231,255	213,733

As at 31 March 2017, none of the trade receivables were overdue.

All amounts are due to be recovered within 12 months of the balance sheet date. The fair value of trade and other receivables is the same as the carrying value shown above.

The maximum exposure to credit risk for trade and other receivables is represented by their carrying amount.

10. Trade and other payables

	2017	2016
	£	£
Trade payables	86,210	50,347
Other payables	140,157	6,000
Social security and other taxes	4,304	2,354
VAT liability	-	8,989
Accruals and deferred income	3,500	3,500
	234,171	71,190

All trade payables are due to be paid within 12 months of the balance sheet date. The fair value of trade and other payables is the same as the carrying value shown above.

11. **Borrowings**	**2017** **£**	**2016** **£**
Loan from related party (note 17)	358,646	232,804
	========	========

This represents an unpaid interest free loan from Global Textile Group Limited, a fellow group company.

The carrying value of all the company's long-term borrowings approximate to their fair value as at the balance sheet date.

12. **Share capital**	**2017** **£**	**2016** **£**
Issued and fully paid		
10,000 Ordinary shares of £1 each	50,000	50,000
	========	========

13. **Retained earnings**	**2017** **£**	**2016** **£**
Balance at the start of the period	(29,377)	-
Net loss for the period	(174,250)	(29,377)
Balance at the end of the period	(203,627)	(29,377)
	========	========

14. **Notes to the cash flow statement**	**2017** **£**	**2016** **£**
Cash flows from operating activities		
Loss from operations	(174,250)	(29,377)
Operating cash outflow before working capital	(174,250)	(29,377)
Increase in inventories	(61,032)	-
Increase in receivables	(17,522)	(213,733)
Increase in payables	288,823	303,994
Cash generated from operations	36,019	60,884
	========	========

15. **Capital risk management**

The company manages its capital to ensure that it will be able to continue as a going concern whilst maximising the return to stakeholders through the optimisation of the equity balance. The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising of issued capital, reserves and retained earnings.

16. **Financial risk management**

The following section provides quantitative and qualitative disclosures on the effect that these risks have upon the company.

Credit Risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available the company uses other publicly available financial information. The company's exposure and the credit ratings of its counterparties are continuously monitored.

The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics.

The company's principal financial assets are receivables and cash at bank.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash. Management monitors forecasts of the company's liquidity reserve, comprising cash and cash equivalents, on the basis of expected cash flow. At 31 March 2017, the company held cash and cash equivalents of £146,903 (2016: £110,884).

Foreign currency risk
The company's functional and presentation currency and the majority of its spending are in GBP. As such, no exchange rate risk exists. The company has no deposit or loan facilities, hence is not affected by interest rate fluctuations.

17. **Related party transactions**

During the year, the company entered into the following transactions with related parties:

	Amounts owed by related parties		Amounts owed to related parties	
	2017	2016	2017	2016
	£	£	£	£
Global Textile Group Limited, Mauritius	-	-	358,646*	232,804*
Norwest Industries Limited, HK	-	-	206	-
Poeticgem International Limited, Hong Kong	-	-	77,421	-
Grupo Sourcing Limited	-	-	70,422	-

The immediate parent company of Poetic Brands Limited is Global Textile Group Limited.

Norwest Industries Limited, Hong Kong, Poeticgem International Limited, Hong Kong and Grupo Sourcing Limited are fellow subsidiaries of Global Textile Group Limited, Mauritius.

* These loans are interest free and repayable on demand.

18. **Control**

The immediate parent company is Global Textile Group Limited, a company registered in Mauritius and the ultimate parent company is PDS Multinational Fashions Limited, a company registered in India.

PDS Multinational Fashions Limited prepares group financial statements and copies can be obtained from # 758 and 759, 2nd Floor, 19th Main Road, Sector-2, HSR Layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

Company Registration no. 02608346 (England and Wales)

POETICGEM LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

POETICGEM LIMITED

CONTENTS

POETICGEM LIMITED

COMPANY INFORMATION

Directors	Mr Anuj Banaik Mrs Payel Seth
Secretary	Mr Krishna Kanodia
Company Number	02608346
Registered Office	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
Auditor	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW

POETICGEM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the audited financial statements for the year ended 31 March 2017.

Principal activities

The company's principal activity is the import and distribution of garments.

Fair review of the business

The results for the year and the financial position at the year end for the company were considered satisfactory by the directors who expect growth in the foreseeable future.

The company's key performance indicator is measured by reference to maintaining growth in net profit.

Profit before tax in 2016 of £400,179 has decreased to £161,622 which is due to tough market conditions.

Other key financial performance indicators can be summarised as follows:

i)	Improvement and efficiency of asset usage	**2017**	**2016**
	a) Average credit period for trade receivables	34 days	25 days
ii)	Financial stability of the company	**2017**	**2016**
	Working capital ratio	4.28:1	4.36:1
	Liquidity ratio	4.28:1	4.29:1

Key risks and uncertainties

The main risks of the company are summarised below:

- *Currency risk*
  Expenses and revenue of the company are mainly denominated in USD and GBP. As a result, the company is subject to risk of foreign currency movements. It is the company's policy to monitor this risk and to take necessary steps to minimise any adverse effects.

- *Liquidity risk*
  Liquidity risk is the risk that the company may encounter in meeting its financial obligations as they fall due. During the year, the company continued to be funded from liquid resources retained in the UK. The directors continue to monitor the company's liquidity, taking steps, wherever necessary, to ensure that financial obligations and commitments are met as and when they fall due.

- *Market risk*
  Pressure on margins: As the competition amongst value retailers is increasing, profit margins are under constant pressure. However, the company is spreading its customer base from value retailers to high margin fashion retailers to counter this risk.

- *Credit risk*
  Credit risk arises from trade receivables where the party fails to discharge their obligation in relation to the instrument. To minimise the risk, management have appropriate credit assessment methods in place to establish credit worthiness of new customers and monitor receivables by regularly reviewing aged receivable reports.

Other business review

- *Environmental policy*
  The company recognises the importance of environmental responsibilities and where practical has an environmental policy in place which includes the recycling of paper and all office materials. The directors believe the nature of its activities has a minimal effect on the environment.

- *Health and safety*
  The company recognises the importance of safeguarding the health, safety and welfare of its employees and has a health and safety policy in place. Regular updates are communicated to all employees.

- *Employees*
  The company aims to ensure that the employees work in a safe and healthy environment. The company encourages the workforce to be involved by providing appropriate training, learning and career development programmes. It is also making information available to employees through the medium of frequent staff meetings, together with personal appraisals and feedback sessions.

By order of the board

……………………….............
Mr Anuj Banaik
Director

18 May 2017

POETICGEM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the audited financial statements for the year ended 31 March 2017.

As stated in note 2, the directors have chosen to prepare the financial statements as if they were statutory financial statements for the purpose of group consolidation.

Results and dividends
The company's profit for the year after taxation was £144,169 (2016: £348,099).

The directors do not recommend the payment of a dividend.

Future developments
The business environment looks challenging due to the current economic market conditions which will have an impact on the UK retail industry. Poeticgem Limited will continue to follow the plans of customer diversification and optimisation of synergies between group companies of PDS Multinational Fashions Limited to bring overall growth and improvement in profitability.

Going concern
The directors confirm that, having reviewed the company's forecasts, they consider that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Directors
The following directors have held office since 1 April 2016:

Mr Anuj Banaik
Mrs Payel Seth

Financial instruments
Details of the company's financial instruments, risk management objectives and the company's exposure to risk associated with its financial instruments are given in Note 20 to the financial statements.

Charitable and political donations	**2017**	**2016**
	£	**£**
During the year the company made the following charitable donations:		
Charlie Waller Memorial Trust	-	10,000
Donation for Soham	14,000	-
Other small donations[(a)]	3,258	2,350
	17,258	12,350
	========	========

[(a)]These payments were made to various charitable organisations such as Justgiving. The company does not make donations to political parties.

Auditor
The auditors, UHY Hacker Young, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently:
- make judgements and estimates that are reasonable and prudent:
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements: and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the financial information included on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant information of which the company's auditor is unaware: and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Responsibility statement

Each of the persons who is a director at the date of approval of this report confirms that to the best of his or her knowledge and belief:

- the financial statements prepared in accordance with IFRSs as adopted by the EU give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and
- the directors' report includes a fair view of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties that they face.

By order of the board

……………………...............

Mr Anuj Banaik

Director

18 May 2017

POETICGEM LIMITED

INDEPENDENT AUDITOR'S REPORT ON THE NON-STATUTORY

FINANCIAL STATEMENTS

POETICGEM LIMITED

FOR THE YEAR ENDED 31 MARCH 2017

We have audited the financial statements of Poeticgem Limited for the year ended 31 March 2017 for group reporting purposes, which comprise the statement of comprehensive income, statement of financial position, statement of cash flows, statement of change in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

POETICGEM LIMITED

INDEPENDENT AUDITOR'S REPORT ON THE NON-STATUTORY

FINANCIAL STATEMENTS

POETICGEM LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended and
- have been properly prepared in accordance with IFRSs as adopted by the EU.

UHY Hacker Young

Chartered Accountants
Statutory Auditor

18 May 2017

POETICGEM LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Continuing operations			
Revenue	4	15,743,340	27,745,578
Cost of revenue		(8,063,452)	(19,514,606)
Gross profit		7,679,888	8,230,972
Other income	5	670,588	318,611
Distribution costs		(1,498,325)	(2,629,225)
Administrative expenses		(6,679,619)	(5,476,812)
Operating profit	6	172,532	443,546
Finance income	8	14,944	14,012
Finance costs	9	(25,854)	(57,379)
Profit for the year before taxation		161,622	400,179
Taxation	10	(17,454)	(52,080)
Profit for the financial year	25	144,169	348,099
Other comprehensive income			
Net effect of cash flow hedges	24	2,050	(5,178)
Total comprehensive income for the year		146,219	342,921

The notes on pages 14 to 41 form part of these financial statements.

POETICGEM LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

	Notes	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Non-current assets			
Property, plant and equipment	11	266,341	2,526,446
Investments in subsidiaries	12	856,445	574,445
Other investments	13	833,959	783,285
Investment property	14	2,294,691	-
Trade and other receivables	16	510,088	494,508
		4,761,524	4,378,684
Current assets			
Inventories	15	1,392	141,274
Trade and other receivables	16	7,881,978	6,991,218
Cash and cash equivalents		574,954	1,312,249
		8,458,324	8,444,741
Total assets		13,219,848	12,823,425
Current liabilities			
Trade and other payables	17	(1,849,376)	(1,862,431)
Current tax liabilities		(4,561)	(67,500)
Other financial liabilities	24	(3,128)	(5,178)
Borrowings	18	(118,316)	-
		(1,975,381)	(1,935,109)
Net current assets		6,482,943	6,509,632
Non current liabilities			
Trade and other payables	17	(308,255)	(96,755)
Borrowings	18	(561,054)	(561,054)
Deferred tax liabilities	22	-	(1,568)
		(869,309)	(659,377)
Total liabilities		(2,844,690)	(2,594,486)
		========	========
Net assets		10,375,158	10,228,939

POETICGEM LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017 (CONTINUED)

	Notes	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Shareholders' equity			
Share capital	23	50,000	50,000
Other reserves	24	(3,128)	(5,178)
Retained earnings	25	10,328,286	10,184,117
Total equity		10,375,158	10,228,939

The financial statements were approved by the board of directors and authorised for issue on 18 May 2017 and were signed on its behalf by:

Mr Anuj Banaik
Director

Company Registration No. 02608346

The notes on pages 14 to 41 form part of these financial statements.

POETICGEM LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Share capital £	Other reserves £	Retained earnings £	Total £
Balance at 1 April 2015	50,000	-	9,836,018	9,886,018
Total comprehensive income for the year	-	(5,178)	348,099	342,921
Balance at 1 April 2016	50,000	(5,178)	10,184,117	10,228,939
Total comprehensive income for the year	-	2,050	144,169	146,219
Balance at 31 March 2017	50,000	(3,128)	10,328,286	10,375,158

The notes on pages 14 to 41 form part of these financial statements.

POETICGEM LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Cash (used in) / generated from operations	29	(552,159)	2,874,974
Finance costs		(25,854)	(57,379)
Finance income		14,944	14,012
Net cash (used in) / generated from operating activities		(563,069)	2,831,607
Payment of income taxes		(81,958)	(155,545)
		(645,027)	2,676,062
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(145,810)	(50,446)
Purchases of available-for-sale finance assets		(50,674)	(283,756)
Payments on acquisition of subsidiary		(14,100)	-
Net cash (used in)/generated from investing activities		(210,584)	(334,202)
Cash flows from financing activities			
Repayment of borrowings		-	(4,900,000)
Proceeds of advances from debt factoring		118,316	(125,420)
Net cash generated from / (used in) financing activities		118,316	(5,025,420)
Net (decrease) in cash and cash equivalents		(737,295)	(2,683,560)
Cash and cash equivalents at the start of the year		1,312,249	3,995,809
Cash and cash equivalents at the end of the year		574,954	1,312,249

	2017 £	2016 £
Cash and cash equivalents comprise:		
Cash at bank and in hand	574,954	1,312,249
	574,954	1,312,249

The notes on pages 14 to 41 form part of these financial statements.

POETICGEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1. **General information**

Poeticgem Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The principal activity of the company is disclosed in the strategic report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environments in which the company operates.

2. **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the Companies Act 2006 applicable to companies reporting under IFRSs.

These financial statements do not reflect the consolidation of the company's subsidiaries and are not statutory financial statements. The directors have nonetheless prepared and presented on the basis they are statutory financial statements for disclosure purposes in all other respects.

2.1 **Property, plant and equipment**

Property, plant and equipment are stated at cost net of accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	1% straight line
Leasehold land and buildings	1% straight line on long lease and over lease term for short lease
Plant and machinery	33.33% reducing balance
Fixtures, fittings and equipment	25% reducing balance
Motor vehicles	25% reducing balance

2.2 **Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	1% straight line

2.3 **Impairment**

The carrying values of the company's assets' are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying value of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

2. Summary of significant accounting policies (continued)

2.4 **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

- **Sale of goods**
  Revenue represents amounts receivable from the distribution of garments net of discounts and value added tax. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

- **Commission receivable**
  Commission receivable is earned when the supplier delivers to the end customers.

- **Rental income**
  Rental income is earned at arm's length on the freehold property which is occupied by a third party. Rental income under operating leases is credited to the statement of comprehensive income on a straight line basis over the term of the lease.

- **Interest income**
  Interest revenue is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

- **Corporate income**
  Corporate income represents the recovery of cost of services rendered by senior management. It is accounted for on an accrual basis.

2.5 **Leasing and hire purchase commitments**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Assets obtained under finance leases and hire purchase contracts are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.6 **Investments**

Investments in subsidiary undertakings are stated at cost less provision for impairment.

2.7 **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price and other costs incurred in bringing the inventories to their present location and condition. Cost is measured using the FIFO method. Net realisable value represents the estimated selling price.

2. Summary of significant accounting policies (continued)

2.8 Taxation

Income tax expense represents the current tax payable and deferred tax provisions.

- **Current tax**

  The tax currently payable is based on taxable profit for the year. Taxable profit differs from profits as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable of deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

- **Deferred tax**

  Deferred tax is the tax expected to be payable or recoverable on differences between the 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 the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

  The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

  Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, 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 taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

2.9 Foreign currencies

Transactions in currencies other than in pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Foreign exchange differences arising on translation are included in the income statement in the period in which they arise.

2.10 Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

2. Summary of significant accounting policies (continued)

2.11 Financial instruments

Financial instruments are measured initially at cost, which is the fair value of whatever was paid or received to acquire or incur them. The company has the following categories of financial assets and liabilities:

- **Trade and other receivables**
  Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are stated at their nominal value as reduced by appropriated allowances for estimated irrecoverable amounts. This also includes factored debts as described overleaf.

- **Trade and other payables**
  Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payable are stated at their nominal value.

- **Factored debts**
  Factored debts are shown as gross assets within trade receivables and a corresponding liability is shown in respect of proceeds received within payables. The interest and factoring charges are recognised in the statement of comprehensive income during the period to which they relate using the effective interest method.

- **Available-for-sale financial assets**
  Available-for-sale assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available-for-sale financial assets are stated at fair value.

- **Other financial liabilities**
  Trade payables are recognised and carried at original invoice cost and are a short-term liability of the company.

- **Cash and cash equivalents**
  Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the company statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2. **Summary significant accounting policies (continued)**

- **Interest-bearing loans and borrowings**
  Interest-bearing bank loans and overdrafts are recorded as the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the statement of comprehensive income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

- **Derivative financial instruments and hedge accounting**
  The company uses derivative financial instruments such as forward currency contracts to hedge its exposure to exchange rate movements on merchandise purchases, certain other costs and sales denominated in foreign currencies.

  Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

  The company applies cash flow hedge accounting whereby changes in the fair value of the hedging instrument are recognised directly in equity rather than the statement of comprehensive income. When the hedged item is recognised in the financial statements, the accumulated gains and losses are removed from equity and recognised in the profit and loss.

  Hedge effectiveness testing is carried out retrospectively and prospectively and where ineffectiveness arises on hedged item, the changes in fair value are taken directly to the statement of comprehensive income for the year.

2.12 **New IFRSs and interpretations not applied**

The following standards, amendments and interpretations are not yet effective and have not yet been adopted early by the company:

	Effective for period beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15: Effective date of IFRS 15	1 January 2018

The adoption of these standards, amendments and interpretations is not expected to have a material impact of the company’s results for the year or equity.

3. **Significant judgements and estimates**

The preparation of the company's financial statements in conforming with IFRSs requiring management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances. Information about such judgements and estimates is contained in either the accounting policies or in the notes to the financial statements.

Current economic environment

The current economic environment could have an impact on a number of estimates necessary to prepare the financial statements, in particular, the recoverable amount of assets and contingent liabilities. The company has taken these factors into account in assessing the estimates set out below.

Foreign payable and foreign receivables

Certain foreign payables and foreign receivable are not retranslated at the rates prevailing on the balance sheet date, because in the directors' opinion the payables are covered by the forward exchange contracts and the receivables will be collected at the sterling amount recognised in the financial statements. Any net overstatement or net understatement of foreign exchange differences is not considered to be material.

Available-for-sale financial assets

In determining whether available-for-sale financial assets are impaired, the directors evaluate the duration and extent to which the fair value of an investment is less than its cost. In the directors' opinion, these financial assets have not been impaired and are correctly stated.

Derivative financial instruments

Derivative financial instruments are recognised at fair value and change significantly from period to period.

4. **Revenue**

a) **Company activities**
The company's activity is in a single business segment, being the supply of ladies, men's and children's garments.

b) **Revenue by geographical market and customer location**
The company's operations are located primarily in the UK and the business activity is reportable as follows:

Analysis of revenue by category:	**2017**	**2016**
	£	**£**
Sale of garments	7,088,893	20,804,903
Commission receivable	8,654,447	6,940,675
	15,743,340	27,745,578

Analysis of revenue by geographical market and customer location are as follows:

	2017	**2016**
	£	**£**
UK	4,691,767	18,135,913
Rest of the World	8,654,447	6,942,789
Europe	2,397,126	2,666,876
	15,743,340	27,745,578

5. **Other income**

	2017	**2016**
	£	**£**
Rent receivable	125,248	118,556
Exchange gain/(loss)	375,356	(26,445)
Corporate income	-	30,810
Sundry income	169,984	195,690
	670,588	318,611

6. Operating profit

Operating profit has been arrived at After charging/(crediting):	**2017** **£**	**2016** **£**
Staff costs (see note 7)	4,652,510	3,675,393
Depreciation of property, plant and equipment	72,431	90,581
Amortisation of freehold and leasehold	12,703	27,812
Depreciation of investment property	26,087	-
Operating lease rentals	275,042	244,103
(Profit)/Loss on foreign exchange transactions	(375,356)	26,445
Fees payable to auditors:		
Audit of annual financial statements	25,000	25,000
Other services – review of the interim financial statements	17,314	17,472
Other services relating to taxation	-	9,632
Other services	7,409	13,191
	========	========

7. Staff numbers and costs

The payroll costs (including directors) were as follows:	**2017** **£**	**2016** **£**
Staff wages and salaries	4,078,445	3,212,321
Directors' remuneration	100,000	100,350
Social security costs	474,065	362,722
	4,652,510	3,675,393
	========	========

The average number of employees (including directors) during the year was:

	2017 Number	**2016 Number**
Designers	35	30
Sales	21	23
Management and administration	17	17
Quality control	5	4
	78	74
	========	========

Directors' emoluments	**£**	**£**
Emoluments for qualifying services	100,971	101,448
	========	========

		2017	2016
8.	**Finance income**	**2017**	**2016**
		£	**£**
	Other interest	14,944	14,012
		14,944	14,012

9.	**Finance costs**	**2017**	**2016**
		£	**£**
	Interest on borrowings	25,854	57,379
		25,854	57,379

10.	**Taxation for the period**	**2017**	**2016**
		£	**£**
	Current tax expense:		
	UK Corporation tax	-	67,500
	Adjustment for prior year	19,022	(15,420)
		19,022	52,080
	Deferred tax:		
	Origination and reversal of temporary differences	(1,568)	-
	Income tax expenses	17,454	52,080

Reconciliation of current tax expenses to accounting profit:	**2017**	**2016**
	£	**£**
Profit before taxation	161,622	400,179
Notional taxation charge at the UK corporation tax rate of 20% (2016: 20%)	32,324	80,036
Tax effects of:		
Expenses not deductible for tax purposes	9,701	20,140
Excess depreciation over capital allowances	7,972	4,872
Adjustments in respect of prior years	19,022	(15,420)
Other tax adjustments	11,327	(8,424)
Tax losses surrendered from group company	(62,892)	(29,124)
Total current charge for the year	17,454	52,080

POETICGEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

11. **Property, plant and equipment**

	Land and Buildings Freehold £	Land and buildings leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 April 2016	2,542,828	602,093	940,098	804,637	2,916	4,892,572
Additions	-	82,151	54,743	3,571	-	140,465
Transfer	(2,542,828)	-	-	-	-	(2,542,828)
At 31 March 2017	-	684,244	994,841	808,208	2,916	2,490,209
Accumulated depreciation						
At 1 April 2016	227,392	599,981	802,332	734,178	2,242	2,366,125
Charge for the year	-	12,703	50,668	21,764	-	85,135
Transfer	(227,392)	-	-	-	-	(227,392)
At 31 March 2017	-	612,684	853,000	755,942	2,242	2,223,868
Carrying amount						
At 31 March 2017	-	71,560	141,841	52,266	674	266,341
At 31 March 2016	2,315,436	2,112	137,766	70,459	674	2,526,446

11. **Property, plant and equipment (continued)**

	Land and Buildings Freehold £	Land and buildings leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 April 2015	2,506,312	602,093	926,168	804,637	2,916	4,842,126
Additions	36,516	-	13,930	-	-	50,446
At 31 March 2016	2,542,828	602,093	940,098	804,637	2,916	4,892,572
Accumulated depreciation						
At 1 April 2015	202,698	596,867	735,463	710,691	2,017	2,247,736
Charge for the year	24,694	3,114	66,869	23,487	225	118,390
At 31 March 2016	227,392	599,981	802,332	734,178	2,242	2,366,126
Carrying amount						
At 31 March 2016	2,315,436	2,112	137,766	70,459	674	2,526,446
At 31 March 2015	2,303,614	5,226	190,707	93,946	899	2,594,392

Security
Properties with a carrying value of £2,315,436 (2015: £2,303,614) are subject to a legal charge.

12. **Investments in subsidiaries**

	Shares in Subsidiary undertakings 2017 £	2016 £
Cost		
At the beginning of the year	574,445	574,445
Additions during the year	282,000	-
At the end of the year	856,445	574,445

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid.

Holdings of more than 20%
The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or Incorporation	Class	Shares held %
Subsidiary undertakings			
Pacific Logistics Limited	England and Wales	Ordinary	100
Poetic Knitwear Limited	England and Wales	Ordinary	100
FX Import Company Limited	England and Wales	Ordinary	100
FX Import Hong Kong Limited	Hong Kong	Ordinary	100

The aggregate amount of capital and reserves and the results of the undertakings at 31 March 2017 were as follows:

	Capital and reserves £	Profit / (loss) for the period £
Pacific Logistics Limited	(372,664)	(4,517)
Poetic Knitwear Limited	(699,476)	(2,094)
FX Import Company Limited	(134,407)	1,626
FX Import Hong Kong Limited	280,384	(124,726)

13. Other investments

	2017	2016
	£	£
• Available-for-sale:		
At start of the year	783,285	499,528
Additions during the year	-	333,992
Net profit / (loss) – exchange difference	50,674	(50,235)
At the end of the year	833,959	783,285

Other investments are available-for-sale financial assets consisting of ordinary shares and therefore, have no maturity date or coupon rate. In the directors' opinion, the fair value of this unlisted security is the same as the carrying value at the balance sheet date.

14. Investment property

	Freehold
	£
Cost	
At 1 April 2016	-
Additions	5,342
Transfers from owner-occupied property	2,315,436
At 31 March 2017	2,320,778
Accumulated depreciation	
At 1 April 2016	-
Charge for the year	26,087
At 31 March 2017	26,087
Carrying value	
At 31 March 2017	2,294,691
At 31 March 2016	-

Security
Properties with a carrying value of £2,294,691 (2016: £Nil) are subject to a legal charge.

Valuation
Properties with a carrying value of £2,294,691 (2016: £Nil) are currently being held for the purpose of rental income from a third party. No formal valuation has been undertaken by an external independent valuer or the directors. In the opinion of the directors, the open market value of the property is not materially difference from the above stated amount.

15. **Inventories**	**2017**	**2016**
	£	**£**
Finished goods and goods for resale	1,392	141,274
	========	========

16. **Trade and other receivables**	**2017**	**2016**
	£	**£**
Current assets		
Trade receivables	656,258	1,411,210
Other receivables	1,191,810	1,019,924
Receivables from fellow group companies	4,227,738	2,637,397
Receivables from subsidiary companies	1,478,714	1,641,657
Prepaid expenses	318,510	267,064
Receivables from related parties	8,948	13,966
	7,881,978	6,991,218
	========	========
Non-current assets		
Other receivables	56,971	41,391
Receivables from subsidiary companies	453,117	453,117
	510,088	494,508
	========	========

At 31 March 2017, the ageing analysis of overdue trade receivables is as follows:

		Overdue but not impaired	
	Total	**<3 months**	**>3 months**
	£	**£**	**£**
2017	235,434	170,610	64,823
2016	383,378	346,028	37,350

All the amounts are due to be recovered within 12 months of the balance sheet date. The fair value of trade and other receivables is the same as the carrying value shown above.

The maximum exposure to credit risk for trade and other receivables is represented by their carrying amount. The company does not have a significant concentration of credit risk for its trade receivables because its customer base is large.

17. **Trade and other payables**

	2017 £	2016 £
Current liabilities		
Trade payables	781,692	566,084
Other payables	56,400	-
Payables to fellow group companies	117,238	597,259
Payable to related parties	104,762	83,303
Social security and other taxes	200,497	154,869
Accrued expenses	588,787	460,916
	1,849,376	1,862,431
Non-current liabilities		
Other payables	308,255	96,755
	308,255	96,755

Trade payables and accrued expenses mainly comprise of amounts owed for trading purchases and associated costs.

The fair value of trade and other payables is the same as the carrying value shown above.

18. **Borrowings**

	2017 £	2016 £
Invoice financing	118,316	-
Loan from parent undertaking	561,054	561,054
	679,370	561,054

The borrowings are repayable as follows:

	2017 £	2016 £
On demand or within one year	118,316	-
Between two and five years	-	-
In the third to fifth years inclusive	561,054	561,054
	679,370	561,054
Less: Amount due for settlement within 12 months (shown under current liabilities)	(118,316)	-
Amount due for settlement after 12 months	561,054	561,054

The weighted average of interest rates paid was as follows:

	2017 %	2016 %
Bank overdrafts	NIL	NIL
Bank loans	NIL	NIL

18. **Borrowings (continued)**

Bank loans are arranged at floating rates, thus exposing the company to cash flow interest rate risk.

The other principal features of the company's borrowings are as follows:

i) Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts approximates to 2.5 percent per annum and is determined based on 2 percent plus base rate.

ii) The company's bank loans are secured by a legal charge over the freehold property at Teleflex Plot, Burnleys, Kiln Farm, Milton Keynes and fixed and floating charges over the assets of the company and a cross guarantee between Poeticgem Limited and its subsidiary Pacific Logistics Limited. The average effective interest rate on bank loans approximates to 2.50 percent per annum and is determined based on 2.00 percent plus base rate.

At 31 March 2017 the company had available £8,995,000 (2016: £9,336,913) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The company has advances from factors that are secured by a charge on the trade receivables of the company.

Other loans represent an amount of £561,054 (2016: £561,054) due to Global Textile Group Limited, the company's immediate parent company. The amount is unsecured and repayable after more than one year. Interest is chargeable at a rate of 9% per annum on an amount of £248,270.

The carrying value of all the company's long term borrowings approximate to their fair value as at the balance sheet date.

19. **Derivative financial instruments**

	2017	**2016**
	£	**£**
Forward foreign exchange (fair value)	(3,128)	(5,178)
	========	========

The terms of the forward foreign exchange contracts have been negotiated to match the terms of the commitments referred to below. The cash flow hedges of the expected future purchases were assessed to be highly effective and as at 31 March 2017, a recognised loss of £3,128 (2016: £5,178) was included in the hedging reserves in respect of these contracts.

At the balance sheet date, the total notional amounts of outstanding forward foreign exchange contracts that the company has committed to are as follows:

	2017	**2016**
	£	**£**
Forward foreign exchange contracts (cash flow hedges)	1,059,597	4,398,659
	========	========

These commitments have been entered into to hedge against future payments to suppliers in the ordinary course of business.

20. **Financial instruments**

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

	Financial assets at fair value through profit or loss – held for trading £	Available-for-sale financial assets £	Loan and receivables £	Financial liabilities at amortised cost £	2017 Total £
Financial assets					
Available-for-sale investments	-	833,959	-	-	833,959
Other long-term receivables	-	-	56,971	-	56,971
Trade receivables	-	-	656,258	-	656,258
Other receivables	-	-	1,191,810	-	1,191,810
Receivables from fellow group companies	-	-	4,227,738	-	4,227,738
Receivables from subsidiary companies	-	-	1,931,831	-	1,931,831
Receivables from related parties	-	-	8,948	-	8,948
Cash and cash equivalents	-	-	574,954	-	574,954
Total financial assets	**-**	833,959	8,648,510	-	9,482,469
Financial liabilities					
Trade payables, other payables and accruals-current	-	-	-	1,370,479	1,370,479
Other payables-not current	-	-	-	364,655	364,655
Secured borrowings	-	-	-	-	-
Payable to immediate parent company	-	-	-	561,054	561,054
Payables to fellow group companies	-	-	-	117,238	117,238
Payables to related parties	-	-	-	104,762	104,762
Derivate financial liabilities	3,128	-	-	-	3,128
Total financial liabilities	3,128	-	-	2,518,188	2,521,316

20. **Financial instruments (continued)**

The carrying amounts of each of the categories of financial instruments as at last year's balance sheet date are as follows:

	Financial assets at fair value through profit or loss – held for trading	Available-for-sale financial assets	Loan and receivables	Financial liabilities at amortised cost	2016 Total
	£	£	£	£	£
Financial assets					
Available-for-sale investments	-	783,285	-	-	783,285
Other long-term receivables	-	-	41,391	-	41,391
Trade receivables	-	-	1,411,210	-	1,411,210
Other receivables	-	-	1,019,924	-	1,019,924
Receivables from fellow group companies	-	-	2,637,397	-	2,637,397
Receivables from subsidiary companies	-	-	2,094,774	-	2,094,774
Receivables from related parties	-	-	13,966	-	13,966
Cash and cash equivalents	-	-	1,312,249	-	1,312,249
Total financial assets	-	783,285	8,530,911	-	9,314,196
	========	========	========	========	========
Financial liabilities					
Trade payables, other payables and accruals-current	-	-	-	1,027,000	1,027,000
Other payables-not current	-	-	-	96,755	96,755
Secured borrowings	-	-	-	-	-
Payable to immediate parent company	-	-	-	561,054	561,054
Payables to fellow group companies	-	-	-	597,259	597,259
Payables to related parties	-	-	-	83,303	83,303
Derivate financial liabilities	5,178	-	-	-	5,178
Total financial liabilities	5,178	-	-	2,365,371	2,370,549
	========	========	========	========	========

21. **Financial risk management objectives and policies**

The company's exposure to interest rate risk, foreign currency risk, credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the company's financial management policies and practices described below:

a) **Interest rate risk**
The company's exposure to the risk of changes in market interest rates relates primarily to the company's interest-bearing bank borrowings with floating interest rates.

The company's policy to manage its interest rate risk is to reduce or maintain its current level of interest-bearing borrowings. As the company is not expected to significantly increase its level of interest-bearing borrowings, it has not used any interest rate swaps to hedge its exposure to interest rate risk.

Sensitivity analysis
The following table demonstrates the sensitivity to a possible change in interest rates (+/- 0.25%), with all other variables held constant on the company's profit or loss (through the impact on floating rate borrowings) and the company's equity.

	Increase/ (decrease) in profit before tax	**Increase/ (decrease) in equity**
	£	**£**
2017		
Increase in basis point of 0.25%	NIL	NIL
Decrease in basis point of 0.25%	NIL	NIL
2016		
Increase in basis point of 0.25%	NIL	NIL
Decrease in basis point of 0.25%	NIL	NIL

b) **Foreign currency risk**
The company has transactional currency exposures. Such exposures arise mainly from purchases and sales in currencies other than the company's functional currency. Approximately 65% (2016: 77%) of the company's purchases and sales are denominated in currencies other than the functional currency of the company.

21. Financial risk management objectives and policies (continued)

b) Foreign currency risk (continued)

At 31 March 2017, the company held 6 forward currency contracts (2016: 17) designated as hedges in respect of expected future purchases.

i) Currency exposures

The following table details the company's exposure at the balance sheet date to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	US dollar
	$
At 31 March 2017	
Other investments	1,233,829
Trade and other receivables	832,922
Cash and cash equivalents	139,562
Trade payables	(466,834)
Net exposure arising from recognised assets and liabilities	1,739,479

	US dollar
	$
At 31 March 2016	
Other investments	1,222,480
Trade and other receivables	1,690,271
Cash and cash equivalents	577,987
Trade payables	(734,721)
Net exposure arising from recognised assets and liabilities	2,756,017

21. **Financial risk management objectives and policies (continued)**

b) **Foreign currency risk (continued)**

ii) Sensitivity analysis

The company is exposed to a number of foreign currencies. The most significant transactional currency exposure is US dollar with sterling.

The following table demonstrates the sensitivity to a possible change if the sterling weakened/strengthened by 10% against the US dollar, with all other variables held constant, on the company's profit or loss and the company's equity.

	Increase/ (decrease) in profit before tax $	**Increase/ (decrease) in equity $**
2017		
10% weakened	(173,948)	(173,948)
10% strengthened	173,948	173,948
2016		
10% weakened	(275,602)	(275,602)
10% strengthened	275,602	275,602

c) **Credit risk**

The company is exposed to credit risk to the extent of non-payment by either its customers or the counterparties of its financial instruments.

The company trades on credit terms only with recognised and creditworthy third parties. If the wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Receivable balances are monitored on an ongoing basis and there is no significant concentration of credit risk within the company. The company's exposure to bad debts is also not significant as the company's trade receivables relate to diversified debtors and most of the trade receivables are factored and insured.

Since the company trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the company's other financial assets, which comprise deposits and other receivables, amounts due from group companies, bank balances and pledged time deposits, arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments.

21. **Financial risk management objectives and policies (continued)**

d) **Liquidity risk**

The company's policy is to hold financial instruments and financial assets (eg. trade receivables) and maintain undrawn committed facilities at a level sufficient to ensure that the company has available funds to meet its medium-term capital and funding obligations and to meet any unforeseen obligations and opportunities. The company holds cash and short-term investments which, together with the undrawn committed facilities and group borrowings, enable the company to manage its liquidity risk.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings.

The maturity profile of the company's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows:

	Within 1 year or on demand £	**More than 1 year but less than 2 years £**	**More than 2 years £**	**2017 Total £**
Trade payables	781,692	-	-	781,692
Other payables	645,187	56,400	251,855	953,442
Social security and other taxes	200,497	-	-	200,497
Borrowings	118,317	-	561,054	679,371
Payables to fellow group companies	117,238	-	-	117,238
Payables to related parties	104,762	-	-	104,762
	1,967,693	56,400	812,909	2,837,002

	Within 1 year or on demand £	**More than 1 year but less than 2 years £**	**More than 2 years £**	**2016 Total £**
Trade payables	566,084	-	-	566,084
Other payables	460,916	-	96,755	557,671
Social security and other taxes	154,869	-	-	154,869
Borrowings	-	-	561,054	561,054
Payables to fellow group companies	597,259	-	-	597,259
Payables to related parties	83,303	-	-	83,303
	1,862,431	-	657,809	2,520,240

The maturity analysis applies to financial instruments only and therefore, statutory liabilities are not included.

21. **Financial risk management objectives and policies (continued)**

e) **Capital management**

The company aims to manage its overall capital to ensure that it continues to operate as a going concern and maintains sufficient financial flexibility to undertake planned investments, whilst providing adequate return to shareholders.

The company's capital structure is reviewed on a quarterly basis to ensure that an appropriate level of gearing is being used.

The company calculates its gearing ratio as borrowings, including current and non-current borrowings, divided by total capital as represented by borrowings less cash and cash equivalents plus total equity.

22. **Deferred tax liabilities**

The analysis of deferred tax liabilities is as follows:

	2017	**2016**
	£	**£**
Deferred tax liabilities	-	(1,568)
	========	========

This gross movement on the deferred tax account is as follows:

At the start of the year	(1,568)	(1,568)
Credited/(charged) to statement of comprehensive income	1,568	-
At the end of the year	-	(1,568)
	========	========

The movement in deferred tax liabilities during the year is as follows:

	Decelerated/ (accelerated) tax depreciation	**Rolled-over and held over gains**	**Total**
	£	**£**	**£**
At 1 April 2015	(1,568)	-	(1,568)
At 31 March 2016	(1,568)	-	(1,568)
At 1 April 2016	(1,568)	-	(1,568)
Tax credit to statement of comprehensive income	1,568	-	1,568
At 31 March 2017	**-**	**-**	**-**
	========	========	========

23. **Share capital**

	2017 £	2016 £
Issued and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

24. **Other reserves**

	2017 £	2016 £
Hedging reserve		
Cash flow hedges:		
Fair value at the start of the year	(5,178)	-
Fair value of cash flow hedges	2,050	(5,178)
Fair value at the end of the year	(3,128)	(5,178)

25. **Retained earnings**

	2017 £	2016 £
Balance at the start of the year	10,184,117	9,836,018
Profit for the financial year	144,169	348,099
Balance at the end of the year	10,328,286	10,184,117

26. **Operating lease arrangements**

	2017 £	2016 £
Minimum lease payments under operating leases recognised in the statement of comprehensive income for the year	275,042	244,103

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Other	
	2017 £	2016 £	2017 £	2016 £
Within one year	274,290	165,600	70,342	45,976
Between two and five years	423,268	343,967	69,875	874
More than five years	7,100	52,658	-	-
	704,658	562,225	140,217	46,850

Operating lease payments represent rentals payable by the company.

27. **Contingent liabilities**

At 31 March 2017, the company had the following contingent liabilities:

The company's bankers, HSBC plc have given the following guarantee on behalf of the company:

HM Revenue and Customs	£500,000
RBS PLC	£36,935

The company has extended an Unlimited Multilateral Guarantee on 28 August 2012 to its subsidiaries, Pacific Logistics Limited and FX Import Company Limited.

The bank has a fixed and floating charge over the assets of the company which is supported by a debenture dated 11 September 2012.

28. **Capital commitments**

Capital commitments contracted for at the balance sheet date but not yet incurred are as follows:

	2017		**2016**	
	$	**£**	**$**	**£**
Non-current asset investments	258,400	207,500	258,400	179,535*
	========	========	========	========

*Amounts have been translated at the exchange rate prevailing at the balance sheet date.

29. **Notes to the cash flow statement**

	2017	**2016**
	£	**£**
Cash flows from operating activities		
Profit from operations	172,532	443,546
Adjustments for:		
Depreciation of property, plant and equipment	72,431	90,580
Depreciation of investment property	26,087	-
Amortisation of freehold and leasehold	12,703	27,812
Operating cash inflows before working capital	283,753	561,938
Decrease in inventories	139,882	152,054
(Increase) / Decrease in receivables	(906,339)	5,408,386
(Decrease) in payables	(69,455)	(3,247,404)
Cash (used in) / generated from operations	(552,159)	2,874,974
	========	========

30. **Related party transactions**

a) **Transactions with related companies**

During the year, the company entered into the following transactions with related parties:

	Sales/management fee FOB transfers/ rent/commissions interest received		Commission interest paid/ purchases/expenses		Amounts owed by related party		Amounts owed to related party	
	2017	2016	2017	2016	2017	2016	2017	2016
	£	£	£	£	£	£	£	£
FX Import Company Limited, UK	184,401	194,150	-	-	859,200*	1,033,184*	-	-
Global Textile Group Limited, Mauritius	-	-	21,972	22,407	-	-	561054^	574,746
Pearl Global Industries Limited, India	-	-	-	-	9,236	-	-	-
Norwest Industries Limited, HK	4,769,424	4,297,231	769,852	1,124,046	2,306,359	197,859	-	-
Pacific Logistics Limited, UK	-	-	-	-	372,595▲	336,423▲	-	-
Poetic Knitwear Limited, UK	-	-		-	700,044	695,167	-	-
Simple Approach Limited, Hong Kong	-	-	-	-	3,771	9,796	-	-
Spring Near East Manufacturing Limited, Hong Kong	-	-	-	-	523,847	299,250	-	-
Razamtazz Limited, Mauritius	-	66,360	-	-	-	247,565	-	-
Zamira Fashion Limited, Hong Kong	-	-	-	43,145	9,159	-	-	235,264
Gem Australia, Hong Kong	3,112	103,917	-	-	-	4,661	33,942	-
Poeticgem International Limited, Hong Kong	4,119,377	2,970,422	-	-	1,243,469	1,232,706	-	-
Nor Lanka Manufacturing Limited, Sri Lanka	-	47,025	300,009	712,476	-	-	83,296	333,840
JJ Star Industrial Limited	-	-	-	-	22,971	126,594	-	-
Nor India Manufacturing Limited, HKG	-	-	-	46,231	-	-	-	-
PDS Asia Star Corporation Limited, Hong Kong	-	2,554	-	-	21,395	92,955	-	-
Sino West Manufacturing Limited, Hong Kong	-	-	-	-	-	6,715	-	-
Multinational Textile Group Limited, Mauritius	-	-	21,000	733,350	-	210,204	15,517	-
Design & Source, Hong Kong	-	-	-	-	-	-	-	14,464
Casa Forma Limited, UK	-	-	-	-	2,199	203,810	-	-
Sourcing Solutions Limited	-	-	-	-	1,326	4,032	-	-
Dpod Manufacturing Co Limited, Hong Kong	-	-	-	-	79	1,250	-	-
Techno Design GMBH	-	-	-	-	924	-	-	-
Design Arc UK Ltd	-	-	-	-	20,000	-	-	-
Blueprint Design Ltd	-	-	-	-	60,851	-	-	-
Digital Internet Tec	-	-	-	-	699	-	-	-
Green Smart Shirts	-	-	-	-	338	-	-	-
Progress Apparels	-	-	-	-	924	-	-	-
Progress Manufacturing	-	-	-	-	417	-	-	-
Krayons Sourcing Limited	-	-	-	-	3,840	-	-	-
Nordelhi Manufacturing Ltd	-	-	-	-	1,783	-	-	-

The above balances are interest free and repayable on demand

* The amount owed by FX Import Company Limited includes an interest free long-term loan of £451,500 (2016: £451,500).

▲ The amount owed by Pacific Logistics Limited includes an interest free long-term loan of £1,617 (2016: £1,617).

^ The amount payable to Global Textile Group Limited, Mauritius is unsecured and repayable after more than one year. Interest is chargeable at a rate of 9% per annum on an amount of £248,270.

30. **Related party transactions (continued)**

a) **Transactions with related companies (continued)**

The above companies are related as follows:

The ultimate parent company of Poeticgem Limited is PDS Multinational Fashions Limited, India.

The immediate parent company of Poeticgem Limited is Global Textile Group Limited, Mauritius.

Pacific Logistics Limited and Poetic Knitwear Limited are all wholly owned subsidiaries of Poeticgem Limited.

Poeticgem Limited owns 100% share in FX Import Company Limited.

Norwest Industries Limited, Hong Kong, Zamira Fashion Limited, Hong Kong and Simple Approach Limited, Hong Kong are fellow subsidiaries of Global Textile Group Limited, Mauritius.

Nor Lanka Manufacturing Colombo Limited, Sri Lanka is a wholly owned subsidiary of Nor Lanka Manufacturing Limited, Hong Kong, which is a wholly owned subsidiary of Norwest Industries Limited, Hong Kong.

Gem Australia, Hong Kong, Razamtazz Limited, UK and Nor India Manufacturing Limited, Hong Kong are wholly owned subsidiaries of Norwest Industries Limited, Hong Kong.

Multinational Textile Group Limited, Mauritius owns 100% share in Poeticgem International Limited, Hong Kong and 60% share in PDS Asia Star Corporation Limited, Hong Kong.

Casa Forma Limited is a wholly owned subsidiary of Multinational Textile Group Limited, the intermediate parent company of Poeticgem Limited.

Norwest Industries Limited, Hong Kong owns 85% share in Nor France Manufacturing Co. Ltd, Hong Kong, 100% share in Design & Source, Hong Kong, 65% share in Spring Near East Manufacturing Limited, Hong Kong, 50% share in Sourcing Solutions Limited, Hong Kong, 57.5% share in JJ Star Industries, Hong Kong, 100% share in Sino West Manufacturing Company Limited, Hong Kong and 51% share in Kleider Sourcing Hong Kong Limited, Hong Kong.

Multinational Textile Group Limited, Mauritius is a subsidiary of the company's ultimate parent company, PDS Multinational Fashions Limited, India.

b) **Loans and advances to / (from) related parties**

i) **Loans and advances to / (from) key management of the company and their close family members**	**2017 £**	**2016 £**
At start of the year	(69,336)	(57,050)
Amounts advanced during the year	1,198,522	991,509
Amounts repaid during the year	(1,225,000)	(1,003,795)
At end of the year	(95,814)	(69,336)

The above loans are interest free.

Directors' emoluments	**Salaries/ Bonus £**	**Benefits £**	**2017 £**	**2016 £**
Mr Anuj Banaik	99,629	1,342	100,971	101,448

c) **Other transactions with related parties**

Mr Pallak Seth, close family member of Mrs Payel Seth, has given a personal guarantee of £4,000,000 in respect of a bank loan taken by the company.

During the year, the company purchased the issued share capital of F.X. Import Company Limited from Chris Severs, a former director of F.X. Import Company Limited, for £282,000. The liability outstanding at the year-end was £267,900.

31. **Control**

The immediate parent company is Global Textile Group Limited, a company registered in Mauritius, and the ultimate parent company is PDS Multinational Fashions Limited, a company registered in India.

PDS Multinational Fashions Limited prepares group financial statements and copies can be obtained from 758 and 759, 2nd Floor, 19th Main Road, Sector-2, HSR Layout, Bangalore 560102, Karnataka, India.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

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Company Registration No. 03170332 (England and Wales)

F.X. IMPORT COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

F.X. IMPORT COMPANY LIMITED

CONTENTS

F.X. IMPORT COMPANY LIMITED

COMPANY INFORMATION

Directors	Mr Deepak Seth Mr Pallak Seth Mrs Payel Seth
Secretary	Mr Krishna Kanodia
Company number	03170332
Registered office	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
Auditor	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW

F.X. IMPORT COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and the audited financial statements for the year ended 31 March 2017.

Principal activities
The principal activity of the company is the importing and distribution of garments.

Results and dividends
The results for the year are set out on page 6.

The directors do not recommend the payment of a dividend for the year.

Directors
The following directors have held office since 1 April 2016:

Mr Christopher R Severs (resigned on 30 October 2016)
Mr Deepak Seth
Mr Pallak Seth
Mrs Payel Seth

Auditor
The auditors, UHY Hacker Young, are deemed to be appointed under Section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy, at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the financial information included on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant information of which the company's auditor is unaware; and
- the director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board

…………………….
Mr Deepak Seth
Director

19 May 2017

F.X. IMPORT COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

FX IMPORT COMPANY LIMITED

FOR THE YEAR ENDED 31 MARCH 2017

We have audited the financial statements of F.X Import Company Limited for the year ended 31 March 2017, which comprise the statement of comprehensive income, statement of financial position, statement of cash flows, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended:
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

F.X. IMPORT COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

FX IMPORT COMPANY LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements, and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception

- We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to prepare financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report.

Vinodkumar Vadgama (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

19 May 2017

Chartered Accountants
Statutory Auditor

F.X. IMPORT COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Continuing operations			
Revenue	4	1,603,013	4,428,755
Cost of revenue		(518,025)	(2,732,462)
Gross profit		1,084,988	1,696,293
Other income	6	-	387
Distribution costs		(2,802)	(205,533)
Administration expenses		(1,080,560)	(1,305,510)
Operating profit	5	1,626	185,637
Finance costs	8	-	(9,850)
Profit before taxation		1,626	175,787
Taxation	9	-	(35,000)
Profit for the financial year	19	1,626	140,787
		========	========

None of the company's activities were discontinued in the year.

There are no other comprehensive income and expenses, other than those passing through the statement of comprehensive income.

The notes on pages 10 to 27 form part of these financial statements.

F.X. IMPORT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

	Notes	2017 £	2016 £
Non current assets			
Property, plant and equipment	10	5,558	6,790
Intangible assets	11	-	13
Investment in subsidiary	12	865	865
		6,423	7,668
Current assets			
Inventories	13	-	-
Trade and other receivables	14	652,953	1,309,393
Cash and cash equivalents		319,861	258,524
		972,814	1,567,917
Total assets		979,237	1,575,585
Current liabilities			
Trade and other payables	15	(600,144)	(1,136,118)
		(600,144)	(1,136,118)
Net current assets		372,670	431,799
Non current liabilities			
Borrowings	16	(513,500)	(575,500)
		(513,500)	(575,500)
Total liabilities		(1,113,644)	(1,711,618)
Net liabilities		(134,407)	(136,033)
		========	========
Shareholders' equity			
Share capital	18	25,200	25,200
Retained earnings	19	(159,607)	(161,233)
Total equity		(134,407)	(136,033)
		========	========

The financial statements were approved by the board of directors and authorised for issue on 19 May 2017 and were signed on its behalf by:

Mr Deepak Seth
Director

Company registration no. 03170332

The notes on pages 10 to 27 form part of these financial statements.

F.X. IMPORT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Share capital £	Retained earnings £	Total £
Balance at 31 March 2015	25,200	(302,020)	(276,820)
Comprehensive income			
Profit for the year	-	140,787	140,787
Balance at 1 April 2016	25,200	(161,233)	(136,033)
Comprehensive income			
Profit for the year	-	1,626	1,626
Balance at 31 March 2017	25,200	(159,607)	(134,407)

The notes on pages 10 to 27 form part of these financial statements.

F.X. IMPORT COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	21	61,844	58,485
Finance cost paid		-	(9,850)
Net cash generated from operating activities		61,844	48,635
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(507)	-
Net cash (used) in investing activities		(507)	-
Net increase in cash and cash equivalents		61,337	48,635
Cash and cash equivalents at the start of the year		258,524	209,889
Cash and cash equivalents at the end of the year		319,861	258,524

	2017 £	2016 £
Cash and cash equivalents comprise:		
Cash at bank and in hand	319,861	258,524

The notes on pages 10 to 27 form part of these financial statements.

1. **General information**
FX Import Company Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The principal activity of the company is disclosed in the Directors' Report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

2. **Summary of significant accounting policies**
The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the Companies Act 2006 applicable to companies reporting under IFRSs.

2.1 **Going concern**
The financial statements have been prepared on a going concern basis. At the balance sheet date, the company's current assets exceeded its current liabilities by £372,670 (2016: £431,799).

The directors consider the going concern basis to be appropriate because, in their opinion, the company's trading performance will improve in the coming year with the development of new customers despite continuing difficult market conditions. The company will also continue to obtain sufficient funding from within the group to enable it to pay its debts as they fall due. If the company were unable to obtain this funding, it would be unable to continue trading and adjustments would have to be made to reduce the value of assets to their realisable amount and to provide for any further liabilities which might arise.

2.2 **Group accounts**
The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore, taken advantage of the exemptions provided by Section 399 of the Companies Act 2006 not to prepare group accounts.

2.3 **Intangible assets**
Trademarks are stated at cost, less accumulated amortisation and impairment losses and are amortised over a period of 5 years which, in the opinion of the directors, is the estimated useful economic life.

2.4 **Property, plant and equipment**
Property, plant and equipment are stated at cost net of accumulated depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings leasehold	5% straight line
Fixtures, fittings and equipment	25% reducing balance
Motor vehicles	25% reducing balance

2. **Summary of significant accounting policies (continued)**

2.5 **Impairment**

The carrying values of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying value of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

2.6 **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the distribution of garments net of discounts and value added tax is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Commission receivable is earned when the supplier delivers goods to the end customers.

2.7 **Leasing**

Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease term.

2.8 **Investments**

Investments in subsidiary undertakings are stated at cost, less provision for impairment.

2.9 **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price and other costs incurred in bringing the inventories to their present location and condition. Cost is measured using the FIFO method. Net realisable value represents the estimated selling price.

2.10 **Employee benefits**

Obligations for contributions to the defined contribution pension scheme are charged to the income statement in the period to which they relate.

2.11 **Taxation**

Income tax expense represents the current tax payable and deferred tax provisions.

- **Current tax**

  The tax currently payable is based on taxable profit for the year. Taxable profit differs from profits as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2. **Summary of significant accounting policies (continued)**

- **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the 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 the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, 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 taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

2.12 **Foreign currencies**

Transactions in currencies, other than pounds sterling, are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Foreign exchange differences arising on translation are included in the income statement in the period in which they arise.

2.13 **Factored debts**

Factored debts are shown as gross assets within trade receivables and a corresponding liability is shown in respect of proceeds received within payables. The interest and factoring charges are recognised in the income statement during the period to which they relate using the effective interest method.

2.14 **Related parties**

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

2. **Summary of significant accounting policies (continued)**

2.15 **Financial instruments**

The company does not use or trade derivative financial instruments. Financial instruments that the company uses are non-derivative and are recognised initially at fair value. Subject to initial recognition, non-derivative financial instruments are measured as described as follows:

- **Trade and other receivables**
  Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. This also includes factored debts as described in note 2.13.

- **Trade and other payables**
  Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are stated at their nominal value.

- **Cash and cash equivalents**
  Cash for the purposes of the statement of cash flows comprises cash at bank and in hand. Cash equivalents are short term liquid investments convertible into cash and are subject to insignificant risk of changes in value. Bank overdrafts which form part of cash and cash equivalents for the purpose of the cash flow statements are shown under current liabilities.

2.16 **New IFRSs and interpretations not applied**

The following standards, amendments and interpretations are not yet effective and have not yet been adopted early by the company:

	Effective for period beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15: Effective date of IFRS 15	1 January 2018

The adoption of these standards, amendments and interpretations is not expected to have a material impact of the company’s results for the year or equity.

3. **Significant judgements and estimates**
The preparation of the company's financial statements in conforming with IFRSs require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances. Information about such judgements and estimates is contained in either the accounting policies or in the notes to the financial statements.

4. **Revenue**

a) **Company's activities**
The company's activity is in a single business segment, being the importing and distribution of garments.

b) **Revenues by geographical market customer location**
The company's operations are located primarily in the UK and the business activity is reportable as follows:

	2017 £	2016 £
Analysis of revenue by category:		
Sale of garments	653,630	3,420,675
Commission receivable	949,383	1,008,080
	1,603,013	4,428,755

Analysis of revenues by geographical market and customer location are as follows:

	2017 £	2016 £
UK	653,630	3,420,675
Rest of the World	949,383	1,008,080
	1,603,013	4,428,755

5. **Operating profit**

Operating profit has been arrived at after charging:

	2017 £	2016 £
Amortisation of intangible assets	13	847
Depreciation of property, plant and equipment	1,739	2,264
(Profit) on foreign exchange transactions	(42,923)	(38,098)
Staff costs (see note 7 below)	409,317	445,469

F.X. IMPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

5. **Operating profit (continued)**

Auditor remuneration
During the year, the company obtained the following services from the company's auditor:

	2017	**2016**
	£	**£**
Fees payable to the company's auditor:		
Audit of annual financial statements	5,000	5,000
Review of the interim financial statements	1,450	5,800
	========	========

6. **Other income**

	2017	**2016**
	£	**£**
Sundry income	-	387
	-	387
	========	========

7. **Staff numbers and costs**

	2017	**2016**
	£	**£**
Employee costs include:		
Staff wages and salaries	354,320	335,189
Directors' remuneration	29,167	54,167
Social security costs	25,002	47,024
Directors' pension costs – defined contribution plans	828	689
Staff redundancy costs	-	8,400
	409,317	445,469
	========	========

The average number of employees (including directors) during the year was:

	2017	**2016**
	Number	**Number**
Designer	4	4
Sales	2	4
Management and administration	1	1
	7	9
	========	========

7. Staff numbers and costs (continued)

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

Directors' remuneration	**2017**	**2016**
	£	**£**
Emoluments for qualifying services	48,825	72,447
	========	========

8. **Finance costs**	**2017**	**2016**
	£	**£**
Bank and factoring interest paid	-	9,850
	-	9,850
	========	========

9. **Taxation for the year**

Income tax expense	**2017**	**2016**
	£	**£**
Current tax expense:		
UK corporation tax	-	35,000
Total current tax	-	35,000
	========	========

9. **Taxation for the year (continued)**

	2017	2016
	£	£
Reconciliation of current tax expense to accounting loss:		
Profit before taxation	1,626	175,787
	========	========
Notional taxation charge at the UK corporation tax rate of 20% (2016: 20%)	325	35,157
Tax effects of:		
Expenses not deductible for tax purposes	149	1,400
Capital allowances in excess of depreciation	(234)	(111)
Other adjustments	(240)	(1,446)
Total current tax charge for the year	-	35,000
	========	========

The company has unused tax losses of approximately £Nil (2016: £Nil) available to carry forward against future trading profits.

No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. The tax losses can be carried forward.

10. **Property, plant and equipment**

	Fixtures fittings and equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1 April 2016	19,318	27,362	46,680
Additions	507	-	507
At 31 March 2017	19,825	27,362	47,187
	=======	=======	=======
Accumulated depreciation			
At 1 April 2016	16,703	23,187	39,890
Charge for the year	695	1,044	1,739
At 31 March 2017	17,398	24,231	41,629
	=======	=======	=======
Carrying amount			
At 31 March 2017	2,427	3,131	5,558
	=======	=======	=======
At 31 March 2016	2,615	4,175	6,790
	=======	=======	=======

10. **Property, plant and equipment (continued)**

	Fixtures fittings and equipment	**Motor vehicles**	**Total**
	£	**£**	**£**
Cost			
At 1 April 2015	19,318	27,362	46,680
Additions	-	-	-
At 31 March 2016	19,318	27,362	46,680
Accumulated depreciation			
At 1 April 2015	15,831	21,795	37,626
Charge for the year	872	1,392	2,264
At 31 March 2016	16,703	23,187	39,890
Carrying amount			
At 31 March 2016	2,615	4,175	6,790
At 31 March 2015	3,487	5,567	9,054

11. **Intangible assets**

	Trademarks	
	2017	**2016**
	£	**£**
Cost		
At the start of the year	9,745	9,745
Additions	-	-
At the end of the year	9,745	9,745
Amortisation		
At the start of the year	9,732	8,885
Charge for the year	13	847
At the end of the year	9,745	9,732
Net book value		
At the end of the year	-	13
At the start of the year	13	860

12. **Investment in subsidiary**

	Shares in subsidiary undertaking	
	2017	**2016**
	£	**£**
At the beginning of the year/ end of the year	865	865
	========	========

Investment in group undertakings are recorded at cost, which is the fair value of the consideration paid.

Holdings of more than 20%
The company holds more than 20% of the share capital of the following company:

Company	**Country of registration or Incorporation**	**Shares held** **Class**	**%**
Subsidiary undertakings			
FX Import Hong Kong Limited	Hong Kong	Ordinary	100

The aggregate amount of capital and reserves and the results of the undertakings at 31 March 2017 were as follows:

	Principal activity	**Capital and reserves**	**Profit for the year**
		£	**£**
FX Import Hong Kong Limited	Importing and distribution of garments	280,384	(124,726)

13. **Inventories**

	2017	**2016**
	£	**£**
Finished goods and goods for resale	-	-
	========	========

14. **Trade and other receivables**

	2017	**2016**
	£	**£**
Trade receivables	323,088	520,723
Other receivables	219,449	601,762
Prepayments	8,216	20,049
Receivables from subsidiary company	102,200	166,859
	652,953	1,309,393

As at 31 March 2017, none of the trade receivables were overdue.

The average credit period given for trade receivables at the end of the year is 68 days (2016: 43 days).

All amounts are due to be recovered within 12 months of the balance sheet date. The fair value of trade and other receivables is the same as the carrying value shown above.

The maximum exposure to credit risk for trade and other receivables is represented by their carrying amount. The company does not have a significant concentration of credit risk for its trade receivables because they are all factored and its customer base is large and unrelated.

15. **Trade and other payables**

	2017	2016
	£	£
Trade payables	37,663	104,018
Payables to parent undertaking	493,210	607,085
Payables to related parties	12,626	331,235
Social security and other taxes	5,112	10,227
Accrued expenses	16,533	48,553
Corporation tax	35,000	35,000
	600,144	1,136,118
	========	========

Trade payables and accrued expenses mainly comprise of amounts owed for trading purchases and associated costs.

All trade and other payables are due to be paid within 12 months of the balance sheet date. The fair value of trade and other payables are the same as the carrying value shown above.

16. **Borrowings**

	2017	2016
	£	£
Loan from parent undertaking	451,500	451,500
Loans from related parties	-	62,000
Loans from other creditors	62,000	62,000
	513,500	575,500
	========	========
The borrowings are repayable as follows:		
In the third to fifth years inclusive	513,500	575,500
	513,500	575,500
Less: Amount due for settlement within 12 months (shown under current liabilities)	-	-
Amount due for settlement after 12 months	513,500	575,500
	========	========

17. Deferred tax

Unrecognised deferred tax assets and liabilities

Deferred tax assets have not been recognised in respect of the following items:

	2017 £	2016 £
Tax losses	-	-
Original and reversal of temporary differences	-	-
	-	-

Deferred tax assets have not been recognised in respect of the losses due to uncertainty of full and immediate utilisation of these losses.

18. Share capital

	2017 £	2016 £
Issued and fully paid		
25,200 Ordinary 'A' shares of £1 each	25,200	25,200

During the year, Mr Christopher R Severs 25% shareholding in F.X. Import Company Limited was transferred to Poeticgem Limited for £282,000. 100% of the shares are now held by Poeticgem Limited.

19. Retained earnings

	2017 £	2016 £
Balance at the start of the year	(161,233)	(302,020)
Profit for the year	1,626	140,787
Balance at the end of the year	(159,607)	(161,233)

20. Operating lease arrangements

	2017	2016
	£	£
Minimum lease payments under operating lease recognised in the statement of comprehensive income for the year	31,365	29,955
	========	========

	Land and buildings	
	2017	2016
	£	£
Within one year	31,365	31,365
Between two and five years	20,910	52,275
	52,275	83,640
	========	========

Operating lease payments represent rentals payable by the company for a lease arrangement entered into by the parent company, Poeticgem Limited, on behalf of the company.

21. Notes to the cash flow statement

	2017	2016
	£	£
Cash flows from operating activities		
Profit from operations	1,626	185,637
Adjustments for:		
Depreciation of property, plant and equipment	1,739	2,264
Amortisation of intangible assets	13	847
Operating cash flows before working capital	3,378	188,748
Decrease in stock	-	9,193
Decrease / (Increase) in receivables	656,440	(183,526)
(Decrease) / Increase in payables	(597,974)	44,070
Cash generated from operations	61,844	58,485
	========	========

22. **Related party transactions**

During the year, the following transactions were carried out with Mr C R Severs, a director of the company until 30 October 2016, who also owned 25% of the shareholding of the company:

- Year end balances arising from services provided

	2017 £	2016 £
Receivable from Chris Severs	-	62,000
	========	========

- Loans from directors

	2017 £	2016 £
Long term loan	-	62,000
	========	========

During the year, the company entered into the following transactions with related parties:

	Sales/ FOB transfers/ Rent/Commission received		Management charges/ Commission paid/ purchases/expenses		Amounts owed to/ (by) related party	
	2017 £	2016 £	2017 £	2016 £	2017 £	2016 £
Poeticgem Limited, UK	-	-	184,401	194,150	859,200*	1,033,184
Norwest Industries Limited, Hong Kong	-	-	36,269	34,538	12,626	331,235
FX Import Hong Kong Limited, Hong Kong	949,383	1,008,080	-	82,313	(102,200)	(166,859)
Multinational Textile Group Limited, Hong Kong	-	-	73,452	40,042	85,510	25,401

23. **Related party transactions (continued)**

The above companies are related as follows:

Poeticgem Limited owns 100% share capital of FX Import Company Limited.

Norwest Industries Limited, Hong Kong is a fellow subsidiary of Global Textile Group Limited, parent company of Poeticgem Limited.

FX Import Hong Kong Limited is a wholly owned subsidiary of FX Import Company Limited.

Norwest Industries Limited, Hong Kong is a fellow subsidiary of Multinational Textiles Group Limited.

The above balances are interest free and repayable on demand.

Poeticgem Limited has given an unlimited guarantee on certain of the banking facilities of FX Import Company Limited. At the balance sheet date, no exposure arises on this guarantee.

*This balance includes a long-term loan of £451,500 (2016: £451,500).

24. **Capital commitments**

The company has no significant capital commitments at 31 March 2017.

25. **Contingent liabilities**

At the balance sheet date, the company's bankers, HSBC Bank PLC, have provided a guarantee on behalf of the company to HM Revenue and Customs amounting to £150,000. The company's maximum contingent liability under this guarantee as at 31 March 2017 is £150,000.

The company has extended an Unlimited Multilateral Guarantee on 8 August 2012 to its parent and fellow subsidiaries, Poeticgem Limited and Pacific Logistics Limited.

The bank has a fixed charge over the assets of the company which is supported by a debenture dated 28 August 2012.

26. **Capital risk management**

The company manages its capital to ensure that it will be able to continue as a going concern whilst maximising the return to stakeholders through the optimization of the equity balance. The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising of issued capital, reserves and retained earnings. The company also receives borrowings from its parent and fellow group companies.

27. **Financial risk management**

The following section provides quantitative and qualitative disclosures on the effect that these risks have upon the company.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available the company uses other publicly available financial information. The company's exposure and the credit ratings of its counterparties are continuously monitored.

The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics.

The company's principal financial assets are receivables and cash at bank.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Management monitors forecasts of the company's liquidity reserve, comprising cash and cash equivalents, on the basis of expected cash flow. At 31 March 2017, the company held cash and cash equivalents of £319,861 (2016: £258,524). It also receives borrowings of which £513,500 (2016: £575,500) was outstanding at the year end.

i) Currency exposures

The following table details the company's exposure at the balance sheet date to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	US dollar
	$
At 31 March 2017	
Trade and other receivables	142,137
Cash and cash equivalents	106,454
Trade payables	(122,213)
Net exposure arising from recognised assets and liabilities	126,378

	US dollar
	$
At 31 March 2016	
Trade and other receivables	622,650
Cash and cash equivalents	212,748
Trade payables	(513,297)
Net exposure arising from recognised assets and liabilities	322,101

27. **Financial risk management (continued)**

ii) Sensitivity analysis

The company is exposed to a number of foreign currencies. The most significant transactional currency exposure is US dollar with sterling.

The following table demonstrates the sensitivity to a possible change if the sterling weakened/strengthened by 10% against the US dollar, with all other variables held constant, on the company's profit or loss and the company's equity.

	Increase/ (decrease) in profit before tax $	**Increase/ (decrease) in equity $**
2017		
10% weakened	(12,638)	(12,638)
10% strengthened	12,638	12,638
2016		
10% weakened	(32,210)	(32,210)
10% strengthened	32,210	32,210

28. **Control**

The controlling party of the company is Poeticgem Limited by virtue of its 100% ownership of the ordinary share capital and overall board control.

The ultimate parent company is PDS Multinational Fashions Limited, a company registered in India. PDS Multinational Fashions Limited prepares group financial statements and copies can be obtained from # 758 and 759, 2nd Floor, 19th Main Road, Sector-2, HSR Layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

Company Registration No. 06863593 (England and Wales)

POETIC KNITWEAR LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

POETIC KNITWEAR LIMITED

CONTENTS

POETIC KNITWEAR LIMITED

COMPANY INFORMATION

Directors	Mr Gary M Isaacs Mr Pallak Seth Mr Deepak K Seth
Secretary	Mr Krishna Kanodia
Company Number	06863593
Registered Office	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
Auditor	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW

POETIC KNITWEAR LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and the audited financial statements for the year ended 31 March 2017.

Principal activities and review of the business
The principal activity of the company is that of import and distribution of knitwear clothing.

Results and dividends
The results for the year are set out on page 6.

Directors
The following directors have held office since 1 April 2016:

Mr Gary M Isaacs
Mr Pallak Seth
Mr Deepak K Seth

Auditor
The auditors, UHY Hacker Young, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently:
- make judgements and estimates that are reasonable and prudent:
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements: and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the financial information included on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant information of which the company's auditor is unaware: and
- the director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board

……………………..................

Mr Gary M Isaacs

Director

16 May 2017

POETIC KNITWEAR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

POETIC KNITWEAR LIMITED

FOR THE YEAR ENDED 31 MARCH 2017

We have audited the financial statements of Poetic Knitwear Limited for the year ended 31 March 2017, which comprise the statement of comprehensive income, statement of financial position, statement of cash flows, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended:
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements, and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit or
- the directors were not entitled to prepare financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report.

Vinodkumar Vadgama (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

Chartered Accountants
Statutory Auditor

16 May 2017

POETIC KNITWEAR LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Year Ended 31 March 2017 £	Year Ended 31 March 2016 £
Continuing operations			
Revenue		-	-
Cost of Revenue		-	-
Gross profit		-	-
Administrative expenses		(2,094)	(2,030)
(Loss) for the year before taxation	4	(2,094)	(2,030)
Taxation	6	-	-
(Loss) for the financial year	10	(2,094)	(2,030)

None of the company's activities were discontinued in the year.

There are no other comprehensive income and expenses other than those passing through the income statement.

The notes on page 10 to 17 form part of these financial statements.

POETIC KNITWEAR LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

	Notes	Year Ended 31 March 2017 £	Year Ended 31 March 2016 £
Current assets			
Trade and other receivables	7	406	-
Cash and cash equivalents		2,162	1,786
Total assets		2,568	1,786
Current liabilities			
Trade and other payables	8	(702,044)	(699,168)
Net current liabilities		(699,476)	(697,382)
Total liabilities		(702,044)	(699,168)
Net assets		(699,476)	(697,382)
Shareholder's equity			
Share capital	9	100	100
Retained earnings	10	(699,576)	(697,482)
Total equity		(699,476)	(697,382)

The financial statements were approved by the board of directors and authorised for issue on 16 May 2017 and were signed on its behalf by:

Mr Gary M Isaacs
Director

Company registration no. 06863593

The notes on page 10 to 17 form part of these financial statements.

POETIC KNITWEAR LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2015	100	(695,452)	(695,352)
Comprehensive income			
Loss for the year	-	(2,030)	(2,030)
Balance at 1 April 2016	100	(697,482)	(697,382)
Comprehensive income			
Loss for the year	-	(2,094)	(2,094)
Balance at 31 March 2017	100	(699,576)	(699,476)

The notes on page 10 to 17 form part of these financial statements.

POETIC KNITWEAR LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Year Ended 31 March 2017 £	Year Ended 31 March 2016 £
Cash flows from operating activities		
(Loss) for the year	(2,094)	(2,030)
Operating cash flows before movements in working capital	(2,094)	(2,030)
Increase in payables	2,876	2,000
Increase in receivables	(406)	-
Net cash generated by operating activities	376	(30)
Net increase in cash and cash equivalents	376	(30)
Cash and cash equivalents at the start of the year	1,786	1,816
Cash and cash equivalents at the end of the year	2,162	1,786
Cash and cash equivalents comprise:		
Cash at bank and in hand	2,162	1,786

The notes on page 10 to 17 form part of these financial statements.

POETIC KNITWEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1. **General information**

Poetic Knitwear Limited is a company incorporated in England and Wales. The address of the registered office and principal activity of the company is given on pages 1 and 2.

These financial statements are presented in pound sterling because that is the currency of the primary economic environment in which the company operates.

2. **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the financial statements are set out below.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the Companies Act 2006 applicable to companies reporting under IFRSs.

2.1 **Going concern**

The financial statements have been prepared on a going concern basis even though at the balance sheet date the company's current liabilities exceeded its current assets by £699,476 (2015: £697,382).

The directors consider the going concern basis to be appropriate because in their opinion, the company will continue to obtain sufficient funding from its fellow group companies to enable it to pay its debts as they fall due. If the company were unable to obtain this funding, it would be unable to continue trading and adjustments would have to be made to reduce the value of the assets to their realisable amount and to provide for any further liabilities which might arise.

2. Summary of significant accounting policies (continued)

2.2 Taxation

Income tax expense represents the current tax payable and deferred tax provisions.

- **Current tax**

  The tax currently payable is based on taxable profit for the year. Taxable profit differs from profits as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

- **Deferred tax**

  Deferred tax is the tax expected to be payable or recoverable on differences between the 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 the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

  The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

  Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, 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 taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

2.3 Foreign currencies

Transactions in currencies other than in pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Foreign exchange differences arising on translation are included in the income statement in the period in which they arise.

2. Summary of significant accounting policies (continued)

2.4 Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

2.5 Financial instruments

The company does not use or trade derivative financial instruments. Financial instruments that the company uses are non-derivative and are recognised initially at fair value. Subject to initial recognition non-derivative financial instruments are measured as described as follows:

- **Trade and other payables**
  Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are stated at their nominal value.

- **Cash and cash equivalents**
  Cash for the purpose of the statement of cash flows, comprises cash at bank and in hand. Cash equivalents are short term liquid investments convertible into cash and are subject to insignificant risk of change in value. Bank overdrafts which form part of cash and cash equivalents for the purpose of the statement of cash flows are shown under current liabilities.

2.6 New IFRSs and interpretations not applied

The following standards, amendments and interpretations are not yet effective and have not yet been adopted early by the company:

	Effective for period beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15: Effective date of IFRS 15	1 January 2018

The adoption of these standards, amendments and interpretations is not expected to have a material impact of the company's results for the year or equity.

3. **Significant judgements and estimates**

The preparation of the company's financial statements in conforming to IFRSs require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. Theses judgements and estimates are based on management's best knowledge of the relevant facts and circumstances. Information about such judgements and estimates is contained in either the accounting policies or in the notes to the financial statements. There are no significant estimates in the current year.

4. **Operating profit/ (loss)**

Auditor remuneration

During the year the company obtained the following services from the company's auditor and its associates:

Fees payable to the company's auditor:		
Audit of annual financial statements	2,000	2,000
	========	========

5. **Staff numbers and costs**

The average number of employees (including directors) during the year was:

	No.	**No.**
Management and administration	3	3
	========	========

POETIC KNITWEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

6. **Taxation for the year**

	Year ended 31 March 2017	Year ended 31 March 2016
Income tax expense	**£**	**£**
Current tax expense:		
UK corporation tax	-	-
	========	========
Reconciliation of current tax expense to accounting loss		
(Loss)/profit before taxation	(2,094)	(2,030)
	========	========
National taxation charge at the UK corporation tax rate of 20% (2015: 20%)	(419)	(406)
Tax effects on:		
Group relief surrendered	419	406
Total current tax charge for the year	-	-
	========	========

7. **Other Debtors**

	31 March 2017	31 March 2016
	£	**£**
VAT recoverable	406	-
	406	-
	========	=======

POETIC KNITWEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

8.	**Trade and other payables**	**Year ended 31 March 2017 £**	**Year ended 31 March 2016 £**
	Payable to parent company (note 13)	700,044	695,168
	Accrued expenses	2,000	4,000
		702,044	699,168
		========	========

Trade payables and accrued expenses mainly comprise of amounts owed for administrative costs.

All trade and other payables are due to be paid within 12 months of the balance sheet date. The fair value of all trade and other payables is the same as the carrying value shown above.

9.	**Share capital**	**Year ended 31 March 2017 £**	**Year ended 31 March 2016 £**
	Issued and fully paid		
	100 Ordinary shares of £1 each	100	100
		========	========

10.	**Retained earnings**	**Year ended 31 March 2017 £**	**Year ended 31 March 2016 £**
	Balance at the start of the year	(697,482)	(695,452)
	Net (loss) for the year	(2,094)	(2,030)
	Balance at the end of the year	(699,576)	(697,482)
		========	========

11. Capital risk management

The company manages its capital to ensure that it will be able to continue as a going concern whilst maximising the return to stakeholders through the optimisation of the equity balance. The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising of issued capital, reserves and retained earnings.

12. Financial risk management

The following section provides quantitative and qualitative disclosures on the effect that these risks have upon the company.

Credit Risk
As the company has not traded in the year, it was not exposed to such risk.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash. Management monitors forecasts of the company's liquidity reserve, comprising cash and cash equivalents, on the basis of expected cash flow. At 31 March 2017, the company held cash and cash equivalents of £2,162 (2016: £1,786).

Foreign currency risk
The company has not undertaken any transactions denominated in foreign currencies. Hence, the company is not exposed to exchange rate fluctuations.

13. Related party transactions

During the year, the company entered into the following transactions with related parties:

	Other income (received) / paid		**Amounts owed to / (by) related party**	
	2017	**2016**	**2017**	**2016**
	£	**£**	**£**	**£**
Poeticgem Limited, UK	-	-	700,044	695,168

The above companies are related as follows:

Poetic Knitwear Limited is 100% owned by Poeticgem Limited.

The above balances are interest free and repayable on demand.

14. **Control**

The immediate parent company is Poeticgem Limited, a company registered in England and Wales and the ultimate parent company is PDS Multinational Fashions Limited, a company registered in India. PDS Multinational Fashions Limited prepares group financial statements and copies can be obtained from # 758 and 759, 2nd Floor, 19th Main Road, Sector-2, HSR Layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

Company Registration No. 04944346 (England and Wales)

PACIFIC LOGISTICS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

PACIFIC LOGISTICS LIMITED

CONTENTS

PACIFIC LOGISTICS LIMITED

COMPANY INFORMATION

Directors	Mr Anuj Banaik Mrs Payel Seth
Secretary	Mr Krishna Kanodia
Company number	04944346
Registered office	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
Auditor	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW

PACIFIC LOGISTICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and the audited financial statements for the year ended 31 March 2017.

Principal activities
The principal activity of the company is the provision of logistics services to the clothing industry.

Results and dividends
The results for the year are set out on page 6.

The directors do not recommend the payment of a dividend for the year.

Directors
The following directors have held office since 1 April 2016:

Mrs Payel Seth
Mr Anuj Banaik

Auditor
The auditors, UHY Hacker Young, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

PACIFIC LOGISTICS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Statement of directors' responsibilities (continued)
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy, at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the financial information included on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant information of which the company's auditor is unaware; and
- the director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board

…………………….
Mr Anuj Banaik
Director

16 May 2017

PACIFIC LOGISTICS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

PACIFIC LOGISTICS LIMITED

FOR THE YEAR ENDED 31 MARCH 2017

We have audited the financial statements of Pacific Logistics Limited for the year ended 31 March 2017, which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flow, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 2 – 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements, and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

PACIFIC LOGISTICS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

PACIFIC LOGISTICS LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to prepare financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report.

Vinodkumar Vadgama (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

Chartered Accountants
Statutory Auditor

17 May 2017

PACIFIC LOGISTICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Continuing operations			
Revenue		-	-
Cost of revenue		-	1,100
Gross profit		-	1,100
Operating expenses			
Administration expenses		(4,867)	(8,203)
Operating loss	4	(4,867)	(7,103)
Interest receivable and similar income		350	-
Loss before taxation		(4,517)	(7,103)
Taxation	6	-	(6,109)
Loss for the financial year	11	(4,517)	(13,212)

None of the company's activities were discontinued in the year.

There are no other comprehensive income and expenses, other than those passing through the income statement.
The notes on pages 10 to 19 form part of these financial statements.

PACIFIC LOGISTICS LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

	Notes	2017 £	2016 £
Current assets			
Deferred tax assets	9	-	-
Cash and cash equivalents		2,931	2,026
		2,931	2,026
Total assets		2,931	2,026
Current liabilities			
Trade and other payables	7	(373,978)	(368,556)
		(373,978)	(368,556)
Net current liabilities		(371,047)	(366,530)
Non current liabilities			
Borrowings	8	(1,617)	(1,617)
		(1,617)	(1,617)
Total liabilities		(375,595)	(370,173)
Net assets/ (liabilities)		(372,664)	(368,147)
Shareholders' equity			
Share capital	10	10,000	10,000
Retained earnings	11	(382,664)	(378,147)
Total equity		(372,664)	(368,147)

The financial statements were approved by the board of directors and authorised for issue on 16 May 2017 and were signed on its behalf by:

Mr Anuj Banaik
Director

Company registration no. 04944346

The notes on pages 10 to 19 form part of these financial statements.

PACIFIC LOGISTICS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2015	10,000	(364,935)	(354,935)
Comprehensive income			
Loss for the year	-	(13,212)	(13,212)
Balance at 31 March 2016	10,000	(378,147)	(368,147)
Balance at 1 April 2016	10,000	(378,147)	(368,147)
Comprehensive income	-	(4,517)	(4,517)
Loss for the year			
Balance at 31 March 2017	10,000	(382,664)	(372,664)

The notes on pages 10 to 19 form part of these financial statements.

PACIFIC LOGISTICS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generate by / (used) in operations	12	905	(7,630)
Net cash generate by / (used) in operating activities		905	(7,630)
Net increase / (decrease) in cash and cash equivalents		905	(7,630)
Cash and cash equivalents at the start of the year		2,026	9,656
Cash and cash equivalents at the end of the year		2,931	2,026

	2017 £	2016 £
Cash and cash equivalents comprise:		
Cash at bank and in hand	2,931	2,026

The notes on pages 10 to 19 form part of these financial statements.

1. **General information**

Pacific Logistics Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The principal activity of the company is disclosed in the Directors' Report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

2. **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the Companies Act 2006 applicable to companies reporting under IFRSs.

2.1 **Going concern**

The financial statements have been prepared on a going concern basis even though at the balance sheet date, the company's current liabilities exceeded its current assets by £371,047 (2016: £366,530).

The directors consider the going concern basis to be appropriate because, in their opinion, the company will continue to obtain sufficient funding from its fellow group companies to enable it to pay its debts as they fall due. If the company were unable to obtain this funding, it would be unable to continue trading and adjustments would have to be made to reduce the value of assets to their realisable amount and to provide for any further liabilities which might arise.

2.2 **Impairment**

The carrying values of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying value of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

2. **Summary of significant accounting policies (continued)**

2.3 **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

- **Rendering of logistic services**

  Revenue represents amounts receivable from the provision of logistics services net of discounts and value added tax. Revenue is recognised when the amount of revenue can be measured reliably and the economic benefits associated with the transaction have been received by the company.

2.4 **Taxation**

Income tax expense represents the current tax payable and deferred tax provisions.

- **Current tax**

  The tax currently payable is based on taxable profit for the year. Taxable profit differs from profits as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

- **Deferred tax**

  Deferred tax is the tax expected to be payable or recoverable on differences between the 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 the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

  The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

  Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2. **Summary of significant accounting policies (continued)**

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 taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

2.5 **Foreign currencies**

Transactions in currencies, other than pounds sterling, are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Foreign exchange differences arising on translation are included in the income statement in the period in which they arise.

2.6 **Related parties**

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

2.7 **Financial instruments**

The company does not use or trade derivative financial instruments. Financial instruments that the company uses are non-derivative and are recognised initially at fair value. Subject to initial recognition, non-derivative financial instruments are measured as described as follows:

- **Trade and other payables**
  Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are stated at their nominal value.

- **Cash and cash equivalents**
  Cash for the purposes of the cash flow statement comprises cash at bank and in hand. Cash equivalents are short term liquid investments convertible into cash and are subject to insignificant risk of changes in value. Bank overdrafts which form part of cash and cash equivalents for the purpose of the cash flow statements are shown under current liabilities.

- **Borrowings**
  Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

2. Summary of significant accounting policies (continued)

2.8 New IFRSs and interpretations not applied

The following standards, amendments and interpretations are not yet effective and have not yet been adopted early by the company:

	Effective for period beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15: Effective date of IFRS 15	1 January 2018

The adoption of these standards, amendments and interpretations is not expected to have a material impact of the company's results for the year or equity.

3. Significant judgements and estimates

The preparation of the company's financial statements in conforming with IFRSs require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances. Information about such judgements and estimates is contained in either the accounting policies or in the notes to the financial statements. There are no significant estimates in the current year.

4. Operating loss

	2017	**2016**
	£	**£**
Operating loss has been arrived at after charging:		
Loss on foreign exchange transactions	8	3,294
	========	========

Auditor remuneration

During the year, the company obtained the following services from the company's auditor and its associates:

	2017	**2016**
	£	**£**
Fees payable to the company's auditor:		
Audit of annual financial statements	4,744	4,475
	========	========

5. Staff numbers and costs

The average number of employees (including directors) during the year was:

	2017 Number	2016 Number
Management and administration	2	2
	2	2
Directors' emoluments		
Emoluments for qualifying services	-	-

6. Taxation for the year

Income tax expense	**2017** **£**	**2016** **£**
Current tax expense		
UK corporation tax	-	-
	-	-
Deferred tax:		
Origination and reversal of temporary differences	-	6,109
Income tax expense	-	6,109
Reconciliation of current tax expenses to accounting loss:		
(Loss) before taxation	(4,517)	(7,103)
Notional taxation charge at the UK corporation tax rate of 20% (2015: 20%)	(903)	(1,420)
Tax effects of:		
Group relief surrendered	903	1,420
Total current tax charge for the year	-	-

7. **Trade and other payables**

	2017	**2016**
	£	**£**
Payables to parent company (note 16)	370,978	364,805
Social security and other taxes	-	351
Accrued expenses	3,000	3,400
	373,978	368,556

All trade payables are due to be paid within 12 months of the balance sheet date. The fair value of trade and other payables is the same as the carrying value shown above.

8. **Borrowings**

	2017	**2016**
	£	**£**
Loan from related party (note 16)	1,617	1,617

This represents an unpaid interest free loan from Poeticgem Limited, the parent company.

The carrying value of all the company's long-term borrowings approximate to their fair value as at the balance sheet date.

9. **Deferred tax**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2017	**2016**
	£	**£**
Deferred tax assets	-	-
	========	========

The gross movement on the deferred tax account is as follows:

	2017	**2016**
	£	**£**
At the start of the year	-	6,109
Movement during the year	-	(6,109)
At the end of the year	-	-
	========	========

The movement in deferred income tax assets during the year is as follows:

	Decelerated tax depreciation
	£
At 1 April 2015	6,109
Movement during the year	-
At 31 March 2016	6,109
Movement during the year	-
At 31 March 2017	**-**
	========

PACIFIC LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

		2017	2016
10.	**Share capital**	**£**	**£**
	Issued and fully paid		
	10,000 Ordinary shares of £1 each	10,000	10,000
		========	========

		2017	2016
11.	**Retained earnings**	**£**	**£**
	Balance at the start of the year	(378,147)	(364,935)
	Net loss for the year	(4,517)	(13,212)
	Balance at the end of the year	(382,664)	(378,147)
		========	========

		2017	2016
12.	**Notes to the cash flow statement**	**£**	**£**
	Cash flows from operating activities		
	Loss from operations	(4,517)	(13,212)
	Adjustments for:		
	Depreciation of property, plant and equipment	-	-
	Operating cash outflow before working capital	(4,517)	(13,212)
	Decrease in receivables	-	310,788
	Increase / (Decrease) in payables	5,421	(305,206)
	Cash generated by / (used) in operations	905	(7,630)
		========	========

13. **Contingent liabilities**

The company has extended an Unlimited Multilateral Guarantee on 28 August 2012 to its parent and fellow subsidiaries, Poeticgem Limited and FX Import Company Limited.

The bank has a fixed and floating charge over the assets of the company as security.

14. **Capital risk management**

The company manages its capital to ensure that it will be able to continue as a going concern whilst maximising the return to stakeholders through the optimisation of the equity balance. The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising of issued capital, reserves and retained earnings.

15. **Financial risk management**

The following section provides quantitative and qualitative disclosures on the effect that these risks have upon the company.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available the company uses other publicly available financial information. The company's exposure and the credit ratings of its counterparties are continuously monitored.

The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics.

The company's principal financial assets are receivables and cash at bank.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Management monitors forecasts of the company's liquidity reserve, comprising cash and cash equivalents, on the basis of expected cash flow. At 31 March 2017, the company held cash and cash equivalents of £2,931 (2016: £2,026).

Foreign currency risk

The company's functional and presentation currency and the majority of its spending are in GBP. As such, no exchange rate risk exists. The company has no deposit or loan facilities, hence is not affected by interest rate fluctuations.

16. **Related party transactions**

During the year, the company entered into the following transactions with related parties:

	Amounts owed to related parties	
	2017	**2016**
	£	**£**
Poeticgem Limited, UK	372,595	366,422

The immediate parent company of Pacific Logistics Limited is Poeticgem Limited.

The above loan is interest free and repayable on demand.

17. **Control**

The immediate parent company is Poeticgem Limited, a company registered in England and Wales and the ultimate parent company is PDS Multinational Fashions Limited, a company registered in India.

PDS Multinational Fashions Limited prepares group financial statements and copies can be obtained from # 758 and 759, 2nd Floor, 19th Main Road, Sector-2, HSR Layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

Report of the Directors and Audited Financial Statements

FX IMPORT HONG KONG LIMITED

31 March 2017

FX IMPORT HONG KONG LIMITED

CONTENTS

FX IMPORT HONG KONG LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2017.

Principal activity

The principal activity of the Company is the trading of garments. There was no significant change in the nature of the Company's principal activity during the year.

Results and dividends

The Company's loss for the year ended 31 March 2017 and its financial position at that date are set out in the financial statements on pages 6 to 27.

The directors do not recommend the payment of any dividend in respect of the year.

Directors

The directors of the Company during the year were:

Deepak Kumar Seth
Pallak Seth
Payel Seth
Christopher Robert Severs (resigned on 30 October 2016)

In accordance with articles 86(2) and 88(1) of the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests

At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which any of its holding companies or fellow subsidiaries was a party during the year.

Auditors
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Deepak Kumar Seth
Chairman

Hong Kong
26 May 2017

Independent auditors' report
To the member of FX Import Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of FX Import Hong Kong Limited (the "Company") set out on pages 6 to 27, which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are responsible for assessing 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 unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditors' report (continued)
To the member of FX Import Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

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 our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks 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.
- 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 the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 conclusions are 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 presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the member of FX Import Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Certified Public Accountants
Hong Kong
26 May 2017

FX IMPORT HONG KONG LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2017

	Notes	2017 HK$	2016 HK$
REVENUE	4	87,179,416	98,327,848
Cost of sales		(67,819,017)	(72,950,403)
Gross profit		19,360,399	25,377,445
Other income	4	72,371	1,125,367
Selling and distribution costs		(13,110,974)	(15,727,252)
Administrative expenses		(7,448,061)	(9,648,351)
Other operating expenses		(80,920)	(306,899)
PROFIT/(LOSS) BEFORE TAX	5	(1,207,185)	820,310
Income tax expense	7	-	-
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(1,207,185)	820,310

FX IMPORT HONG KONG LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2017

	Notes	2017 HK$	2016 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	8	46,494	45,733
Deposits	10	12,966	90,936
Total non-current assets		59,460	136,669
CURRENT ASSETS			
Trade and bills receivables	9	7,060,924	18,260,586
Prepayments, deposits and other receivables	10	447,839	691,215
Due from a fellow subsidiary	14(b)	2,207,027	-
Cash and cash equivalents		3,031,332	3,865,840
Total current assets		12,747,122	22,817,641
CURRENT LIABILITIES			
Trade payables		3,797,824	9,141,007
Other payables and accruals	11	588,365	279,704
Due to the immediate holding company	14(b)	990,186	1,868,408
Due to a fellow subsidiary	14(b)	4,669,783	7,744,262
Due to an intermediate holding company		46,680	-
Total current liabilities		10,092,838	19,033,381
NET CURRENT ASSETS		2,654,284	3,784,260
Net assets		2,713,744	3,920,929
EQUITY			
Share capital	12	10,000	10,000
Retained profits		2,703,744	3,910,929
Total equity		2,713,744	3,920,929

....
Pallak Seth
Director

....
Deepak Kumar Seth
Director

FX IMPORT HONG KONG LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

	Share capital HK$	Retained profits HK$	Total equity HK$
At 1 April 2016	10,000	3,090,619	3,100,619
Profit and total comprehensive income for the year	-	820,310	820,310
At 31 March 2016 and at 1 April 2016	10,000	3,910,929	3,920,929
Loss and total comprehensive loss for the year	-	(1,207,185)	(1,207,185)
At 31 March 2017	10,000	2,703,744	2,713,744

FX IMPORT HONG KONG LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2017

	Notes	2017 HK$	2016 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(1,207,185)	820,310
Adjustments for:			
Interest income	4	(220)	(1,174)
Depreciation	5	38,112	27,566
		(1,169,293)	846,702
Decrease/(increase) in trade and bills receivables		11,199,662	(5,260,338)
Decrease/(increase) in prepayments, deposits and other receivables		321,346	(473,570)
Increase/(decrease) in trade payables		(5,343,183)	2,321,320
Increase in other payables and accruals		308,661	68,460
Increase in an amount due to an intermediate holding company		46,680	-
Decrease in an amount due to the immediate holding company		(878,222)	(4,387,951)
Changes in balances with fellow subsidiaries		(5,281,506)	7,132,708
Cash generated from/(used in) operations		(795,855)	247,331
Interest received		220	1,174
Net cash flows from/(used in) operating activities		(795,635)	248,505
CASH FLOW USED IN INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(38,873)	(40,921)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(834,508)	207,584
Cash and cash equivalents at beginning of year		3,865,840	3,658,256
CASH AND CASH EQUIVALENTS AT END OF YEAR		3,031,332	3,865,840
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		3,031,332	3,865,840

1. CORPORATE INFORMATION

FX Import Hong Kong Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

During the year, the Company was engaged in the trading of garments.

The Company is a wholly-owned subsidiary of FX Import Co. Ltd., a company incorporated in the United Kingdom. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 STATEMENT OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention. The Company changed its functional currency from Hong Kong dollars ("HK$") to United States dollar ("US$") in the current year as the directors of the Company considered this would better reflect the primary economic environment that the Company operates to generate and expend cash.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Company, and accordingly, they have had no impact on the Company's financial statements for the year ended 31 March 2017.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended 31 March 2017, in these financial statements. The Company is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Company are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Company are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets

Where an indication of impairment exists or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate used for office equipment is 33%.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases
Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets
The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Company maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) interest income, on an accrual basis using the effective interest method; and

(c) commission income, when the services are rendered.

Employee benefits

Retirement benefit costs

The Company operates a mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Foreign currency transactions

The Company's functional currency is US$, which is different from its presentation currency. These financial statements are presented in HK$ as the Company is incorporated and operates in Hong Kong and, in the opinion of the directors, the financial statements are more suitable to be presented in HK$. Foreign currency transactions are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when their fair values were measured.

As at the end of the reporting period, the assets and liabilities of the Company are translated into the presentation currency of the Company at the exchange rate prevailing at the end of the reporting period and the statement of profit or loss is translated into HK$ at the weighted average exchange rate for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions (continued)
For the purpose of the statement of cash flows, the cash flows of the Company are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company which arise throughout the year are translated into HK$ at the weighted average exchange rate for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement
In the process of applying the Company's accounting policies, management has made the following judgement apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Determination of functional currency
In determining the functional currency of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the Company is determined based on management's assessment of the economic environment in which the Company operates and the Company's process of determining sales prices. Management has assessed that prices are mainly denominated and settled in US$ and therefore, management concluded that the functional currency of the Company is US$.

Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Income tax and deferred tax
Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectations are different from the original estimates, such differences will impact on the recognition of deferred tax assets and deferred tax in the periods in which such estimates have been changed.

4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold.

An analysis of other income is as follows:

	2017 HK$	2016 HK$
Commission income from the immediate holding company	-	960,550
Interest income	220	1,174
Penalties charged to suppliers	72,151	163,643
	72,371	1,125,367

5. PROFIT BEFORE TAX

The Company's profit before tax is arrived at after charging/(crediting):

	2017 HK$	2016 HK$
Auditor's remuneration	62,400	60,000
Depreciation	38,112	27,566
Minimum lease payments under operating leases	398,036	468,866
Employee benefit expense (excluding directors' remuneration (note 6)):		
Salaries and allowances	4,347,833	4,019,805
Pension scheme contributions (defined contribution scheme)	-	4,255
	4,347,833	4,024,060
Foreign exchange differences, net	(44,947)	211,240

6. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2016: Nil).

7. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Company did not generate any assessable profits in Hong Kong during the year (2016: Nil).

A reconciliation of the tax charge applicable to profit before tax at the Hong Kong statutory rate to the tax charge at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2017		2016	
	HK$	%	HK$	%
Profit/(loss) before tax	(1,207,185)		820,310	
Tax at the statutory tax rate	(199,186)	(16.5)	135,351	16.5
Income not subject to tax	-	-	(135,351)	(16.5)
Expense not deductible	199,186	16.5	-	-
Tax at the effective tax rate	-	-	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2016: Nil).

8. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$
31 March 2017	
At 31 March 2016 and 1 April 2016:	
Cost	85,700
Accumulated depreciation	(39,967)
Net carrying amount	45,733
At 1 April 2016, net of accumulated depreciation	45,733
Additions	38,873
Depreciation provided during the year	(38,112)
At 31 March 2017, net of accumulated depreciation	46,494
At 31 March 2017:	
Cost	124,573
Accumulated depreciation	(78,079)
Net carrying amount	46,494

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	Office equipment HK$
31 March 2016	
At 1 April 2015:	
Cost	44,779
Accumulated depreciation	(12,401)
Net carrying amount	32,378
At 1 April 2015, net of accumulated depreciation	32,378
Additions	40,921
Depreciation provided during the year	(27,566)
At 31 March 2016, net of accumulated depreciation	45,733
At 31 March 2016:	
Cost	85,700
Accumulated depreciation	(39,967)
Net carrying amount	45,733

9. TRADE AND BILLS RECEIVABLES

	2017 HK$	2016 HK$
Trade receivables	7,060,924	14,843,719
Bill receivables	-	3,416,867
	7,060,924	18,260,586

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 90 days for major customers. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Company does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

9. TRADE AND BILLS RECEIVABLES (continued)

The aged analysis of trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2017 HK$	2016 HK$
Neither past due nor impaired	5,634,671	14,811,591
Past due but not impaired:		
Less than one month	1,420,974	3,374,156
One to three months	5,279	-
Over three months	-	74,839
	7,060,924	18,260,586

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have had a good track record with the Company. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 HK$	2016 HK$
Prepayments	4,541	323,224
Deposits	102,732	104,071
Other receivables	353,532	354,856
	460,805	782,151
Less: Portion classified as non-current	(12,966)	(90,936)
	447,839	691,215

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

11. OTHER PAYABLES AND ACCRUALS

	2017 HK$	2016 HK$
Accrued employee benefits	12,368	169,070
Accruals	428,911	52,374
Receipts in advance	147,086	58,260
	588,365	279,704

12. SHARE CAPITAL

	2017 HK$	2016 HK$
Issued and fully paid:		
10,000 (2016: 10,000) ordinary shares	10,000	10,000

13. OPERATING LEASE ARRANGEMENTS

The Company leases its office premises under operating lease arrangements, with leases negotiated for terms ranging from two to four years. The terms of the leases generally also require the tenants to pay security deposits.

At the end of the reporting period, the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017 HK$	2016 HK$
Within one year	261,278	399,160
In the second to fifth years, inclusive	142,655	174,564
	403,933	573,724

14. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties during the year:

	Notes	2017 HK$	2016 HK$
Immediate holding company:			
Commissions paid	(i)	10,709,907	11,753,276
Commissions received	(ii)	-	960,550
Fellow subsidiary:			
Commission paid	(i)	2,077,908	3,892,829
Human resources support expenses	(iii)	613,935	584,712

Notes:

(i) The commissions paid were in relation to sourcing services rendered by the immediate holding company and a fellow subsidiary, and were charged at rates mutually agreed between the Company and the respective related parties.

(ii) The commissions received were in relation to sourcing services provided by the Company to the immediate holding company, and were charged at a rate mutually agreed between the Company and the immediate holding company.

(iii) The human resources support expenses were charged by a fellow subsidiary based on rates mutually agreed between the Company and the fellow subsidiary.

(b) Outstanding balances with related parties

The balances with the immediate holding company, an intermediate holding company and a fellow subsidiary are unsecured, interest-free and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 6 to the financial statements.

15. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade and bills receivables, deposits and other receivables, an amount due from a fellow subsidiary and cash and cash equivalents which are categorised as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements. The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals, and amounts due to the immediate holding company, an intermediate holding company and a fellow subsidiary, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

16. FAIR VALUE

At the end of the reporting period, the carrying amounts of the Company's financial assets and financial liabilities approximated to their fair values.

The fair values of financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sale transactions. The fair values of trade and bills receivables, deposits and other receivables, an amount due from a fellow subsidiary, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, amounts due to the immediate holding company, an intermediate holding company and a fellow subsidiary approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company did not have any financial assets and liabilities measured at fair value as at the end of each reporting period.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to foreign currency risk, credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Foreign currency risk
The Company has transactional currency exposures. Such exposures mainly arise from sales or purchases in currencies (mainly British Pound Sterling ("GBP")) other than the functional currency of the Company. The Company manages its foreign currency risk by monitoring closely the movements in exchange rates.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the GBP exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Company's equity except on the retained profits.

	Change in the GBP exchange rate	Increase/ (decrease) in profit before tax
	%	HK$
2017		
If HK$ weakens against GBP	1	1,369,590
If HK$ strengthens against GBP	(1)	(1,369,590)
2016		
If HK$ weakens against GBP	1	1,341,404
If HK$ strengthens against GBP	(1)	(1,341,404)

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The carrying amounts of trade and bills receivables, deposits and other receivables, an amount due from a fellow subsidiary and cash and cash equivalents represent the Company's maximum exposure to credit risk in relation to financial assets. The Company's cash and cash equivalents are deposited with creditworthy banks with no recent history of default. The Company has policies in place to evaluate credit risk when accepting new businesses and to limit its credit exposure to individual customers. The maximum exposure for trade and bills receivables is the carrying amount as disclosed in note 9 to the financial statements. At the end of the reporting period, 81% (2016: 30%) of the Company's trade and bills receivables were due from the Company's top customer.

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, either have no fixed terms of repayment or are repayable within three months subsequent to the end of the reporting period.

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to its shareholder, return capital to the shareholder or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 May 2017.

MultiTech Venture Limited

Financial statements

For the period from 25 November 2015, date of incorporation, to 31 March 2017

MultiTech Venture Limited

Financial statements
for the period from 25 November 2015, date of incorporation, to 31 March 2017

Contents *Page*

MultiTech Venture Limited

Corporate data

		Date of appointment
Directors:	Deepak Kumar Seth	(Appointed on 20 June 2016)
	Payel Seth	(Appointed on 20 June 2016)
	Pallak Seth	(Appointed on 20 June 2016)
	Sharmil Shah	(Appointed on 25 November 2015)
	Dhanun Ujoodha	(Appointed on 25 November 2015)
	Sheik Mohamad Ally	
	Shameem Kureemun (alternate to Dhanun Ujoodha)	(Appointed on 25 November 2015)
	Ghoorah Reshma (alternate to Sharmil Shah)	(Appointed on 25 November 2015)

Company Administrator& Secretary:

Rogers Capital Corporate Services Limited
(previously known as Kross Border Corporate Services Limited)
St Louis Business Centre
Cnr Desroches & St Louis Streets
Port Louis
Republic of Mauritius

Registered office:

St Louis Business Centre
Cnr Desroches & St Louis Streets
Port Louis
Republic of Mauritius

Auditor:

Lancasters
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Republic of Mauritius

Banker:

HSBC Bank (Mauritius) Limited
6^{th} Floor HSBC Centre
18, Cybercity Ebene
Republic of Mauritius

MultiTech Venture Limited

Directors' report

The directors are pleased to present their report together with the audited financial statements of MultiTech Venture Limited (the "Company") for the period from 25 November 2015, date of incorporation, to 31 March 2017.

Principal activity

The principal activity of the Company is the holding of investments.

Results and dividend

The results for the period are shown on page 7.

The directors do not recommend the payment of a dividend for the period under review.

Statement of directors' responsibilities in respect of financial statements

Company law requires the directors to prepare financial statements for each financial period giving a true and fair view of the state of affairs of the Company and of the statement of profit or loss and other comprehensive income of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern on the year ahead.

By order of the Board of Directors

Director Date:

MultiTech Venture Limited

Secretary's certificate
for the period from 25 November 2015, date of incorporation, to 31 March 2017

Secretary's certificate under Section 166 (d) of the Mauritius Companies Act 2001

In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies Act 2001.

For and on behalf of **ROGERS CAPITAL CORPORATE SERVICES LIMITED**
Company secretary

Date:………………………………

Lancasters
Chartered Accountants

Auditors' report to member of MultiTech Venture Limited

Opinion

We have audited the financial statements of MultiTech Venture Limited (the "Company") set out on pages 7 to 26 which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of MultiTech Venture Limited as at 31 March 2017, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Company Secretary's Certificate as required by the Companies Act 2001, but does not include the financial statements nor our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

GGi
INDEPENDENT MEMBER

Auditors' report to member of MultiTech Venture Limited (continued)

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the financial statements, the directors are responsible for assessing 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 unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

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

- Identify and assess the risks 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.

- 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 the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 conclusions are 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 presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with the directors 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.

Lancasters
Chartered Accountants

Auditors' report to member of MultiTech Venture Limited (continued)

Other matter

This report is made solely for the Company's member, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Lancasters

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Date: 26 May 2017

Pasram Bissessur FCCA, ACA, MBA (UK)
Licensed by FRC

GGi
INDEPENDENT MEMBER

MultiTech Venture Limited

Statement of profit or loss and other comprehensive income
for the period from 25 November 2015, date of incorporation, to 31 March 2017

	Note	USD
Revenue	7	-
Expenses		(18,937)
Loss from operating activities		(18,937)
Amount receivable written off		(5,000)
Share of loss of equity accounted investee		(5,000)
Loss before taxation		(28,937)
Taxation	8	-
Loss for the period		(28,937)
Other comprehensive income		-
Total comprehensive loss for the period		(28,937)

The notes on pages 11 to 26 form part of these financial statements

MultiTech Venture Limited

Statement of financial position
as at 31 March 2017

	Note	USD
Assets		
Investment in joint venture	9	-
Other receivables	10	740,678
Cash and cash equivalents		42,395
Total current assets		783,073
Total assets		783,073
Equity		
Stated capital	11	1
Share application money	12	799,999
Revenue deficit		(28,937)
Total equity		771,063
Liabilities		
Other payables	13	4,945
Advance from holding company	14	7,065
Total current liabilities		12,010
Total equity and liabilities		783,073

Approved by the Board of Directors on ………………………………and signed on its behalf by:

…………………………………… ……………………………………
Director *Director*

The notes on pages 11 to 26 form part of these financial statements

MultiTech Venture Limited

Statement of changes in equity
for the period from 25 November 2015, date of incorporation, to 31 March 2017

	Stated capital USD	Share application money USD	Revenue deficit USD	Total USD
Total transaction with owners of the Company				
Issue of share	1	-	-	1
Share application money	-	799,999	-	799,999
Total comprehensive loss for the period				
Loss for the period	-	-	(28,937)	(28,937)
Balance as at 31 March 2017	1	799,999	(28,937)	771,063

The notes on pages 11 to 26 form part of these financial statements

MultiTech Venture Limited

Statement of cash flows
for the period from 25 November 2015, date of incorporation, to 31 March 2017

	USD
Cash flows from operating activities	
Loss before taxation	(28,937)
Adjustments for:	
Receivable written off	5,000
Share of loss of equity accounted investee	5,000

	(18,937)
Change in other receivables	(678)
Change in other payables	4,945

Net cash used in operating activities	(14,670)

Cash flows from investing activities	
Acquisition of investment	(5,000)

Cash flows from financing activities	
Issue of share	1
Advance received	7,065
Share application money received	799,999
Advance given	(745,000)

Net cash from financing activities	62,065

Movement in cash and cash equivalents	42,395
Cash and cash equivalents at beginning of the period	-

Cash and cash equivalents at end of the period	42,395
	========

The notes on pages 11 to 26 form part of these financial statements

Notes to and forming part of the financial statements
for the period from 25 November 2015, date of incorporation, to 31 March 2017

1. **General information**

   The Company was incorporated as a private limited Company on 25 November 2015 and was granted a Category 1 Global Business Licence on 26 November 2015. The principal activity of the Company is the holding of investments.

2. **Reporting period**

   The Company was incorporated on 25 November 2015 and has prepared its first financial statements as from its date of incorporation to 31 March 2017 and thus no comparative figures are available.

3. **Basis of preparation**

   (a) *Statement of compliance*

   The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

   (b) *Basis of measurement*

   The financial statements have been prepared on a historical cost basis except where stated otherwise.

   (c) *Functional currency and presentation currency*

   The financial statements are presented in United States Dollar (USD) which is the Company's functional currency and presentation currency.

   (d) *Use of the estimates and judgement*

   In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

   Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

   Assumption and estimation uncertainties

   Information about assumptions and estimation uncertainties (if any) that have a significant risk of resulting in a material adjustment in the year ended 31 March 2017 is included in the relevant notes as follows:

   - Recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used;
   - Impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs;
   - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

3. **Basis of preparation (continued)**

(d) Use of the estimates and judgement (continued)

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4. **Application of new and revised International Financial Reporting Standards (IFRSs)**

4.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 01 April 2016.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business.

Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured.

The application of the above adoption did not have significant impact on the Company's financial statements.

4. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

4.1 Amendments to IFRSs that are mandatorily effective for the current year (continued)

Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendments allow an entity to apply the equity method in its separate financial statements to account for its investments in subsidiaries, associates and joint ventures.

The application of the above adoption did not have significant impact on the Company's financial statements.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to of the order of notes, Other Comprehensive Income (OCI) of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income.

The application of the above adoption did not have significant impact on the Company's financial statements.

Disclosure Initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of the above adoption did not have significant impact on the Company's financial statements.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised. Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this. Guidance is provided for deductible temporary differences related to unrealised losses are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.

The application of the above adoption did not have significant impact on the Company's financial statements.

4. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

4.2 New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

New or amended standards	Effective date - annual period beginning on or after:
IFRS 9 – Financial Instruments	01 January 2018
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

The Company is assessing the potential impact on its financial statements resulting from application of IFRS 9.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted.

5. **Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

(a) *Foreign currency transactions*

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment, I which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

(b) *Revenue recognition*

Revenue is recognised as follows:

- Dividend income: when the Company’s right to receive payment is established.
- Interest income: as it accrues (taking into account the effective yield on the assets).

(c) *Taxation*

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items directly in equity or in OCI.

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also include any tax arising from dividends.

5. **Significant accounting policies (continued)**

(c) Taxation (continued)

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflect the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(d) Investments in jointly controlled entities

The Company's has interests in joint ventures.

A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Company has equity accounted its investment in jointly controlled entities.

5. **Significant accounting policies (continued)**

(e) Financial instruments

The Company classifies non-derivative financial assets into loans and receivables.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets **-** *Measurement*

Loans and receivables **-** These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Other receivables

Other receivables are recognised at cost less impairment.

Cash and cash equivalents

Cash comprises cash at bank and deposits. Cash equivalents are short term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

5. **Significant accounting policies (continued)**

(e) Financial instruments (continued)

(iii) Non-derivative financial liabilities - Measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

The Company has the following non-derivative financial liabilities: Advance from holding company and other payables.

Advance from holding company

Advance from holding company is recognised initially at fair value, net of transaction costs incurred and are subsequently carried at amortised cost.

Other payables

Other payables are recognised at fair value, net of transaction costs incurred and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(f) Share capital

Ordinary shares

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(g) Impairment

(i) Non-derivative financial assets

Financial assets not classified as fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherewise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Company considers a decline of 20% to be significant and a period of nine months to be prolonged.

5. **Significant accounting policies (continued)**

(g) Impairment (continued)

(ii) Non-financial assets (continued)

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Provisions

A provision is recognised if, as a result of a past event, the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

6. **Financial instruments – Fair values and risk management**

(a) Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amounts			Fair value			
	Loans and receivables USD	Other financial liabilities USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets not measured at fair value							
Other receivables	740,000	-	740,000	-	-	-	-
Cash and cash equivalents	42,395	-	42,395	-	-	-	-
	782,395	-	782,395	-	-	-	-
Financial liabilities not measured at fair value							
Other payables	-	4,945	4,945	-	-	-	-
Advance from holding company	-	7,065	7,065	-	-	-	-
	-	12,010	12,010	-	-	-	-

6. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management

Introduction and preview

Financial instruments carried on the statement of financial position include other receivables, cash and cash equivalents, other payables and advance from holding company. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are market risk, credit risk and liquidity risk.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews their risk management policies and systems to reflect changes in markets and emerging best practice.

Risk management is carried out by the Board of directors through board meetings. The Company provide principles for overall risk management.

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant exposure to interest rate risk.

6. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management (continued)

(ii) Currency risk

Currency risk is the risk that the Company might be exposed to exchange rates fluctuations arising from currencies other than the functional currency which might have a material impact on the Company's financial assets and liabilities which are denominated in these currencies. All of the Company's financial assets and liabilities are denominated in USD. Consequently, the Company is not exposed to the risk of foreign currency exchange rates.

Credit risk

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The Company limits its credit risk by carrying out transactions through companies within the group. At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

	USD
Other receivables	740,000
Cash and cash equivalents	42,395

	782,395
	========

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Company's reputation.

	Within one year USD	One to five years USD	Total USD
Financial liabilities			
Other payables	4,945	-	4,945
Advance from holding company	7,065	-	7,065
	--------------	--------------	--------------
	12,010	-	12,010
	========	========	========

7. Revenue

No revenue was generated during the period under review.

8. Taxation

The Company is subject to income tax in Mauritius at the rate of 15%. It is, however, entitled to a tax credit equivalent to the higher of the foreign tax paid and a deemed credit of 80% of the Mauritian tax on its foreign source income.

The reconciliation of the actual tax charge with the effective tax charge is as follows:

Recognised in statement of profit or loss and other comprehensive income

	USD
Current year income tax	-
	=======

Reconciliation of effective taxation

	USD
Loss before taxation	(28,937)
	========
Income tax at 15%	(4,340)
Non-allowable expenses	1,875
Foreign tax credit	1,972
Deferred tax asset not recognised	493

Income tax payable	-
	========

9. **Investments in joint venture**

Investments consist of unquoted shares

	USD
Cost:	
At 25 November	-
Addition during the period	5,000
At end of period	5,000
Share of loss of equity accounted investee for the period	
At 25 November	-
Movement during the period (up to cost of investment)	(5,000)
At end of period	(5,000)
Carrying amount:	
At end of period	-

Name of company	***Type of shares***	***Number of shares***	***% held***	***Country of incorporation***
Redwood Internet Ventures Limited	Equity	5,000	50	Hong Kong

Summarised financial information in respect of Redwood Internet Ventures Limited are set out below:

	USD
Total assets	800,776
Total liabilities	(893,441)
Net liabilities	92,665
Company's share of associate's net liabilities	46,333
Revenue	-
Loss for the period	(113,201)
Share of associate's loss for the period	(56,601)

10. Other receivables

	USD
Advance given to subsidiary	740,000
Prepayments	678

	740,678
	=======

11. Stated capital

	USD
Issued and fully paid:	
1 ordinary share of USD 1 each	1
	=========

12. Share application money

	USD
Amount received from Multinational Textiles Group Limited	799,999
	=========

13. Other payables

	USD
Accrued expenses	4,945
	=========

14. Advance from holding company

	USD
Unsecured, interest free with no fixed term of repayment.	7,065
	=========

15. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subject to common control.

One director of the Company is deemed to have beneficial interests in the Administration Agreement between the Company, the Administrator and Secretary.

15. **Related party transactions (continued)**

During the period under review, the Company entered into the following related party transactions.

		USD
Transactions during the period:	*Nature:*	
Redwood Internet Ventures Limited	Advance given	740,000
Multinational Textiles Group Limited	Advance received	7,065
		=======
Balances outstanding at 31 March:		
Redwood Internet Ventures Limited	Amount receivable	740,000
Multinational Textiles Group Limited	Amount payable	7,065
		=======

16. **Capital management**

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines "capital" as including all components of equity. Trading balances that arise as a result of trading transactions with other group Companies are not regarded by the Company as capital.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the group. The results of the directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

17. **Holding and ultimate holding company**

The Company is a wholly owned subsidiary of Multinational Textile Group Limited, a Company incorporated in the Republic of Mauritius. The ultimate holding Company is PDS Multinational Fashions Limited, a company incorporated in India with its shares listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

18. **Events subsequent to reporting date**

There is no significant event after the reporting date which requires disclosure or amendment to these financial statements.

MultiTech Venture Limited

Statement of profit or loss and other comprehensive income
for the period from 25 November 2015, date of incorporation, to 31 March 2017

	USD
Revenue	**-**

Expenses	
Administration charges	4,250
Audit and accounting fees	4,000
Professional fees	3,280
Licence fees	3,082
Set up costs	2,500
Disbursement fee	1,125
Bank charges	700

	18,937

Loss from operating activities	(18,937)
Amount receivable written off	(5,000)
Share of loss of equity accounted investee	(5,000)

Loss before taxation	(28,937)
	========

MultiTech Venture Limited

Financial statements
for the period from 25 November 2015, date of incorporation, to 31 March 2017

Contents	*Page*

MultiTech Venture Limited

Financial statements

For the period from 25 November 2015, date of incorporation, to 31 March 2017

PROGRESS MANUFACTURING GROUP LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

PROGRESS MANUFACTURING GROUP LIMITED

CONTENTS

PROGRESS MANUFACTURING GROUP LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the annual audited financial statements of the Company for the year ended March 31, 2017.

PRINCIPAL ACTIVITY

The Company has not yet commenced business during the year.

RESULTS AND APPROPRIATIONS

The results of the Company for the year are set out in the statement of comprehensive income on page 6.

The directors do not recommend the payment of a dividend.

SHARE CAPITAL AND RESERVES

Details of share capital of the Company are set out in Note (12) to the financial statements. There were no movements during the year.

There were no movements in reserves except for changes to retained profits which arose from profit or loss.

DIRECTORS

The directors of the Company during the period up to the date of this report were:

Pallak SETH	
Deepak Kumar SETH	
Ajai SINGH	(Appointed on January 11, 2017)

In accordance with Article 23 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Except for the related party transactions as disclosed in Note (14) of the financial statements, no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company and holding company (whether made by the Company or otherwise) or an associated company (if made by the Company).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiary were entered into or existed during the year.

BUSINESS REVIEW

The Company falls within reporting exemption for the financial year. Accordingly, the Company is exempted from preparing a business review for this financial year.

AUDITORS

The Company's auditors, Messrs. Louis Lai & Luk CPA Limited, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

____

Pallak SETH
Chairman

Hong Kong, May 25, 2017.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PROGRESS MANUFACTURING GROUP LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Progress Manufacturing Group Limited ("the Company") set out on pages 6 to 19 which comprise the statement of financial position as at March 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2017 and of its financial performance and its cash flows for the year then ended, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards 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 HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fundamental Uncertainty Relating to The Going Concern Basis

In forming our opinion, we have considered the adequacy of the disclosure made in Note (2d) to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. The financial statements have been prepared on a going concern basis, the validity of which depends upon ongoing support from the immediate holding company and fellow subsidiaries and the attaining of profitable and positive cash flow operations, and the Company may turn to a commercially viable concern. The financial statements do not include any adjustments that may be necessary should the implementation of such measures become unsuccessful.

We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
PROGRESS MANUFACTURING GROUP LIMITED
(incorporated in Hong Kong with limited liability)

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are responsible for assessing 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 unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks 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.

INDEPENDENT AUDITOR’S REPORT (CONT’D)
TO THE MEMBERS OF
PROGRESS MANUFACTURING GROUP LIMITED
(incorporated in Hong Kong with limited liability)

Auditor’s Responsibilities for the Audit of the Financial Statements (Cont’d)

- 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 the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 conclusions are 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 presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 25, 2017.

PROGRESS MANUFACTURING GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2017

	NOTES	2017	2016
		HK$	HK$
REVENVE	(2n)	-	-
BANK INTEREST INCOME		2	-
STAFF COSTS		(536,804)	-
FINANCE COSTS		(62,223)	-
OTHER OPERATING EXPENSES		(3,940,659)	(67,712)
LOSS BEFORE TAXATION	(6)	(4,539,684)	(67,712)
TAXATION	(9)	-	-
LOSS FOR THE YEAR		(4,539,684)	(67,712)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(4,539,684)	(67,712)
		========	=====

THE NOTES ON PAGES 10 TO 19 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PROGRESS MANUFACTURING GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	NOTES	2017	2016
		HK$	HK$
Current Assets			
Amount due from a fellow subsidiary	(10)	14,664,578	2,236,308
Prepayment		442,176	99,747
Cash and cash equivalents		467,271	325,090
		15,574,025	2,661,145
Current Liabilities			
Amount due to immediate holding company	(11)	789,670	778,000
Amounts due to fellow subsidiaries	(11)	4,476,618	1,869,057
Other payable		2,309,423	-
Accrued expenses		79,910	4,000
Secured bank loan		12,448,000	-
		20,103,621	2,651,057
NET (LIABILITIES)/ASSETS		(4,529,596)	10,088
EQUITY			
Share capital	(12)	77,800	77,800
Retained earnings		(4,607,396)	(67,712)
TOTAL EQUITY		(4,529,596)	10,088

APPROVED BY THE BOARD OF DIRECTORS ON MAY 25, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Pallak SETH
Director

Deepak Kumar SETH
Director

THE NOTES ON PAGES 10 TO 19 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PROGRESS MANUFACTURING GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2017

	Share Capital	Retained Earnings	Total
	HK$	HK$	HK$
Issuance of share capital	77,800	-	77,800
Total comprehensive expense for the period	-	(67,712)	(67,712)
At March 31, 2016	77,800	(67,712)	10,088
Total comprehensive expense for the year	-	(4,539,684)	(4,539,684)
At March 31, 2017	77,800	(4,607,396)	(4,529,596)

THE NOTES ON PAGES 10 TO 19 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PROGRESS MANUFACTURING GROUP LIMITED

STATEMENT OF CASH FLOWS

FOR YEAR ENDED MARCH 31, 2017

	2017	2016
	HK$	HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(4,539,684)	(67,712)
Adjustments for:		
Interest income	(2)	-
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(4,539,686)	(67,712)
Increase in amount due from a fellow subsidiary	(12,428,270)	(2,236,308)
Increase in prepayment	(342,429)	(99,747)
Increase in amount due to immediate holding company	11,670	778,000
Increase in amounts due to fellow subsidiaries	2,607,561	1,869,057
Increase in other payable	2,309,423	-
Increase in accrued expenses	75,910	4,000
Cash (used in)/generated from operations	(12,305,821)	247,290
Interest received	2	-
Net cash (used in)/generated from operating activities	(12,305,819)	247,290
CASH FLOW FROM INVESTING ACTIVITIES	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from bank loan and net cash generated from financing activities	12,448,000	77,800
NET INCREASE IN CASH AND CASH EQUIVALENTS	142,181	325,090
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	325,090	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	467,271	325,090

THE NOTES ON PAGES 10 TO 19 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PROGRESS MANUFACTURING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Progress Manufacturing Group Limited is a company in Hong Kong with limited liability. The Company has not yet commenced business. The address of its registered office is 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong. The directors consider that the immediate holding company is Multinational Textile Group Limited, a company incorporated in Mauritius. The ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India and its shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS(s)”) (which also include Hong Kong Accounting Standards (“HKAS(s)”) and Interpretations (“Int(s)”)) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars (“HK$”), which is also the Company’s functional and presentation currency.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note (5) to the financial statements.

b. Changes in Accounting Policies and Disclosures

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Company, and accordingly, they have had no material impact on the Company’s financial statements for the year ended March 31, 2017.

c. Issued but Not Yet Effective Hong Kong Financial Reporting Standards

The Company has not early applied any new and revised HKFRSs that have been issued but are not year effective for the accounting year ended March 31, 2017, in these financial statements. The Company is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

d. Going Concern

The immediate holding company and fellow subsidiaries have confirmed that they will provide such financial assistance as is necessary to maintain the Company as a going concern. On the strength of this assurance, the financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

f. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

g. Financial Assets

The Company's financial assets are only classified under loans and receivables category.

h. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortized cost using effective interest method, less any identified impairment losses. An impairment loss is recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

i. Financial Liabilities

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company's financial liabilities comprise trade and other payables and amount due to a fellow which are subsequently measured at amortized cost, using the effective interest method.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

j. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The Company's equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the date of issuance of shares.

k. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months.

l. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Hong Kong Dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

m. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable loss for the year. Taxable loss differs from net loss as reported in the Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable loss, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable loss will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax loss nor the accounting loss.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

m. Taxation (Cont'd)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Statement of Comprehensive Income.

n. Turnover

The Company had no turnover during the year.

o. Related Parties

A related party is a person or entity that is related to the Company.

(A) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Company or a parent of the Company.

(B) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

p. Financial Risks

The financial risks in connection with the Company's financial instruments include risks as follows.

(i) Market risk includes three types of risk as below:

- Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

- Price risk: the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Market risk embodies not only the potential for loss but also the potential for gain.

(ii) Credit risk: the risk that the corresponding party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss.

(iii) Liquidity risk (also referred to as funding risk): the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

(iv) Cash flow interest rate risk: the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

3. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(i) To safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Company's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risks are limited by the financial management policies and practices described below.

(a) Credit risk

The Company has no significant concentrations of credit risk because it has no financial assets.

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. As the fellow subsidiary and shareholder have confirmed the willingness to provide continuous financial support to the Company, the directors are of the opinion that the Company is adequately protected from the liquidity risk.

(c) Cash flow and fair value interest rate risk

The Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate of fair values of current assets and liabilities

The nominal value of current assets and liabilities are assumed to approximate their fair values.

6. LOSS BEFORE TAXATION

	2017	2016
	HK$	HK$
Loss before taxation is stated after charging:		
Exchange differences, net	31	175
	====	====

7. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

(i) Remuneration of the directors of the Company disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	2017	2016
	HK$	HK$
Emoluments:		
Acting as directors	-	-
Provision for management services	-	-
Retirement benefits	-	-
	-	-
	======	======

(ii) Loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Company and its holding company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

Loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director

During the year, no loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director.

Guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director

During the year, no guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director.

(iii) Material interests of directors (including shadow directors) of the Company disclosed pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

In the opinion of the directors, the directors or shadow directors, if any, of the Company had no material interests in those significant transactions, arrangements or contracts in relation to the Company's business entered into by the Company or another company in the same group of companies or subsisted during the year.

8. AUDITOR'S REMUNERATION

Auditor's remuneration and expenses for the year disclosed pursuant to Part 2 of Schedule 4 of the Hong Kong Companies Ordinance are as follow:

	2017	2016
	HK$	HK$
Auditor's remuneration	19,500	4,000
Auditor's expenses	-	-
	19,500	4,000

9. TAXATION

No Hong Kong profits tax has been provided as the Company made no assessable profits for the year.

No deferred tax has been recognised in the financial statements on the grounds that the Company has no taxable/deductible temporary differences during the current year.

10. AMOUNT DUE FROM A FELLOW SUBSIDIARY

The amount due from a fellow subsidiary is unsecured, interest free and has no fixed repayment terms. No provisions for bad and doubtful debts have been recognised on the amounts due. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

11. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES

The amount due to immediate holding company/fellow subsidiaries is unsecured, interest-free and has no fixed terms of repayment. The immediate holding company/fellow subsidiaries agreed not to demand repayment of the amount due until the Company is financially capable of repayment. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

12. SHARE CAPITAL

	2017		2016	
	No. of shares	Amount	No. of shares	Amount
		HK$		HK$
Ordinary shares of US$1 each, issued and fully paid:				
At March 31	10,000	77,800	10,000	77,800

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

13. CURRENCY RISK

(i) Exposure to currency risk

The following table details the Company's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the Company to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of reporting period.

	(Expressed in HK$) 2017	(Expressed in HK$) 2016
	USD	USD
Prepayment	1,366,552	99,747
Bank and cash balances	459,472	267,655
Net exposure arising from recognised assets and liabilities	1,826,024	367,402
	=======	======

(ii) Sensitivity analysis

The following table indicates the approximate change in the Company's profit/loss after tax in response to reasonably possible changes (e.g.±10%) in the foreign exchange rates to which the Group has significant exposure at the end of reporting period.

	2017		2016	
	Increase	Decrease	Increase	Decrease
	HK$	HK$	HK$	HK$
United States Dollars	-	-	-	-
	======	======	======	======

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Company's exposure to currency risk for the variables.

The stated changes represent Management's assessment of reasonably possible change in foreign exchange rates over the period until the next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on Company's profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of reporting period for presentation purposes.

14. RELATED PARTY TRANSACTIONS

During normal course of business, the Company had the following transactions with the related parties below.

Name	Relationship	Nature of transactions	2017	2016
			HK$	HK$
Global Textiles Group Ltd., Mauritius	Fellow subsidiary	- Management fees	-	260,957
		- Sample expenses	2,995,127	-
Zamira Fashion Ltd.	Fellow subsidiary	- Recharge expenses	3,005	-
PDS Asia Star Corporations Ltd.	Fellow subsidiary	- Recharge expenses	93,360	-
Norwest Industries Ltd.	Fellow subsidiary	- Recharge expenses	52,449	-
			=======	======

15. COMMENCEMENT OF BUSINESS

The Company was incorporated on July 17, 2015 and not yet commenced business on the same date.

16. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Company's Board of Directors on May 25, 2017.

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PROGRESS MANUFACTURING GROUP LIMITED
DETAILED INCOME STATEMENT
FOR YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

	2017	2016
	HK$	HK$
BANK INTEREST INCOME	2	-
OPERATING EXPENSES		
Staff costs		
Salaries to oversea employees	513,480	-
Staff welfare	23,324	-
	536,804	-
Finance costs		
Interest on Term Loan	61,766	-
Bank overdraft interest	457	-
	62,223	-
Other Operating Expenses		
Auditors' remuneration	19,500	4,000
Bank charges	120,570	3,213
Business registration fee	250	2,250
Courier expenses	152	324
Design consultancy fee	62,240	46,680
Exchange difference, net	31	175
Formation expenses	-	6,920
Insurance	93,772	-
IT charges	11,670	-
Legal and professional fee	3,800	3,800
Printing and Stationery	2,880	170
Recharge expenses	148,814	-
Recruitment expenses	392,766	-
Sample expenses	2,995,128	-
Transportation	1,739	-
Travelling expenses	87,347	180
	3,940,659	67,712
	(4,539,686)	(67,712)
LOSS BEFORE TAXATION	(4,539,684)	(67,712)

AUDITORS' REPORT
&
AUDITED FINANCIAL STATEMENTS
OF
PROGRESS APPARELS (BANGLADESH) LIMITED
AS AT 31 March 2017

A. QASEM & CO.
Chartered Accountants Since 1953

Gulshan Pink City
Suites # 01-03, Level : 7, Plot # 15, Road # 103
Gulshan Avenue, Dhaka - 1212, Bangladesh

Phone: 880-2-8881824-6
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E-mail: aqasem@aqcbd.com

INDEPENDENT AUDITORS' REPORT
To the shareholders of Progress Apparels (Bangladesh) Limited

We have audited the accompanying financial statements of Progress Apparels (Bangladesh) Limited as at 31 March 2017 which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs) 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 Bangladesh Standards on Auditing (BSAs). 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 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.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Progress Apparels (Bangladesh) Limited as at 31 March 2017, and of its financial performance for the year then ended in accordance with the Companies Act, 1994, Bangladesh Financial Reporting Standards (BFRS), and comply with other applicable rules and regulations.

We also report that

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) In our opinion, proper books of account as required by law have been kept by the management so far as it appeared from our examination of those books; and

c) The financial statements of the company dealt by the report are in agreement with the books of accounts.

aqasemco.
A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
25 May 2017

Progress Apparels (Bangladesh) Limited
Statement of Financial Position
For the year ended 31 March 2017

	Notes	As at 31 March 2017	As at 31 March 2016
		Amounts in BDT	
Assets			
Non-current assets			
Property, plant and equipment	4.00	27,831,112	-
Capital work in progress	5.00	40,706,954	14,872,896
		68,538,067	**14,872,896**
Current assets			
Inventories	6.00	1,000,200	-
Advances, deposits and prepayments	7.00	22,752,769	3,332,656
Cash and cash equivalents	8.00	7,614,113	5,793,885
		31,367,082	**9,126,541**
Total assets		**99,905,148**	**23,999,437**
Shareholders' equity & liabilities			
Shareholders' equity			
Share capital	9.00	4,009,200	4,009,200
Share money deposit	10.00	38,825	-
Retained earnings		(54,735,027)	(2,925,393)
		(50,687,002)	**1,083,807**
Liabilities			
Current liabilities			
Other payables	11.00	3,843,544	553,939
Inter company payables	12.00	146,748,606	22,361,691
		150,592,150	**22,915,630**
Total shareholders' equity & liabilities		**99,905,148**	**23,999,437**

FOOTNOTES:
1. Auditors' Report - Page 1.
2. The accompanying notes 1.00-17.00 form an integral part of these financial statements.

Managing Director

Director

A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
25 May 2017

Progress Apparels (Bangladesh) Limited
Statement of Profit or Loss and other Comprehensive Income
For the year ended 31 March 2017

	Notes	For the period from 1 April 2016 to 31 March 2017	For the period from 12 July 2015 to 31 March 2016
		Amounts in BDT	
Revenue			
Export sales		-	-
Less: cost of good sold		-	-
Gross profit		-	-
Other operating income		-	-
		-	-
Operating expenses			
General & administrative expenses	13.00	50,974,918	2,925,393
Training line expenses	14.00	834,716	-
		51,809,634	2,925,393
Operating (loss)		**(51,809,634)**	**(2,925,393)**
Financial income		-	-
(Loss) before tax		**(51,809,634)**	**(2,925,393)**
Income tax expenses		-	-
(Loss) after tax		**(51,809,634)**	**(2,925,393)**
Other comprehensive income		-	-
Total comprehensive income		**(51,809,634)**	**(2,925,393)**

FOOTNOTES:

1. Auditors' Report - Page 1.
2. The accompanying notes 1.00-17.00 form an integral part of these financial statements.

Managing Director

Director

A. Qasem & Co
Chartered Accountants

Dated, Dhaka
25 May 2017

Progress Apparels (Bangladesh) Limited
Statement of Changes in Shareholder's Equity
For the year ended 31 March 2017

Amounts in BDT

Particulars	Share capital	Retained earnings	Share money deposits	Total
Opening balance	-	-	-	-
Addition during the period				
Share capital	4,009,200	-	-	4,009,200
Total comprehensive (loss) for the period	-	(2,925,393)	-	(2,925,393)
Balance as at 31 March 2016	**4,009,200**	**(2,925,393)**	**-**	**1,083,807**
Opening balance	4,009,200	(2,925,393)	-	1,083,807
Addition during the period				
Share money deposit	-	-	38,825	38,825
Total comprehensive (loss) for the period	-	(51,809,634)	-	(51,809,634)
Balance as at 31 March 2017	**4,009,200**	**(54,735,027)**	**38,825**	**(50,687,002)**

Progress Apparels (Bangladesh) Limited
Statement of Cash Flows
For the year ended 31 March 2017

	For the period from 1 April 2016 to 31 March 2017	For the period from 12 July 2015 to 31 March 2016
	Amount in BDT	
Cash flows from operating activities		
(Loss) before tax	(51,809,634)	(2,925,393)
(Increase) in current assets	**(20,420,313)**	**(3,332,656)**
(Increase) in advances, deposits and prepayments	(19,420,113)	(3,332,656)
(Increase) in inventories	(1,000,200)	-
Increase in current liabilities	**127,676,520**	**22,915,630**
Increase in other payable	3,289,605	553,939
Increase in inter company payable	124,386,915	22,361,691
Cash generated from operating activities	**55,446,574**	**16,657,581**
Direct tax	-	-
Net cash flows from operating activities	**55,446,574**	**16,657,581**
Cash flows from investing activities		
Payment for capital work in progress	(25,834,058)	(14,872,896)
Payment for property, plant & equipments	(27,831,112)	-
Net cash used in investing activities	**(53,665,171)**	**(14,872,896)**
Cash flows from financing activities		
Share capital	-	4,009,200
Share money deposit	38,825	-
Net cash generated by financing activities	**38,825**	**4,009,200**
Net change in cash and cash equivalents	**1,820,228**	**5,793,885**
Cash and cash equivalents at the beginning of the period	5,793,885	-
Cash and cash equivalents at the end of the period	**7,614,113**	**5,793,885**
Represented by:		
Cash in hand	1,326,761	215,916
Cash at bank	6,287,352	5,577,969
	7,614,113	**5,793,885**

Progress Apparels (Bangladesh) Limited
Notes to the financial statements
For the year ended 31 March 2017

1.00 Significant accounting policies and other material information

1.01 Company profile

Progress Apparels (Bangladesh) Limited (the "Company") was incorporated in Bangladesh on 12 July 2015 as a private company limited by shares under the Companies Act, 1994 with its registered office located at House N0. 490, Road 8 (East), Baridhara DOHS, Dhaka 1206, The factory is located at MS SFB # 01 & 02 , Adamjee EPZ, Siddhirgonj, Narayangonj.

1.02 Nature of business

The principal activity of the Company is to manufacture and trade ready made garments for 100% export.

2.00 Basis of preparation

2.01 Statement of compliance

The financial statements of the company have been prepared under historical cost convention in a going concern concept and on accrual basis in accordance with generally accepted accounting principles and practice followed in Bangladesh in compliance with The Companies Act 1994, The Securities and Exchange Rules 1987, International Accounting Standards (IASs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), as Bangladesh Accounting Standards (BASs) and other applicable laws and regulations.

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and the requirements of the Companies Act, 1994.

2.02 Functional and presentational currency and level of precision

The financial statements are presented in Bangladesh Taka (BDT), which is the Company's functional currency. Financial information presented in BDT have been rounded off to the nearest BDT.

2.03 Use of estimates and judgment

The financial statements was prepared by the management on the basis of best judgments, estimations and assumptions complying the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the year in which the estimates are revised and in any future years affected.

2.04 Reporting period

The financial report covers the period from 1 April 2016 to 31 March 2017

2.05 Consistency of presentation

The presentation and classification of all items in the financial statements have been retained from one period to another period unless where it is apparent that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies or changes is required by another BFRSs.

2.06 Comparative information

Comparative information has been disclosed in respect of the previous period for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period financial statements. Certain figures for previous period have been rearranged wherever considered necessary, as to ensure better comparability with the current period financial and to comply with relevant BASs. The comparative in SOPL&OCI is stated from the company's incorporation, i.e. 12 July 2015

2.07 Preparation and presentation of financial statements of the company

The Board of Directors of the company is responsible for the preparation and presentation of the financial statements of the company.

2.08 Components of the financial statements

According to the Bangladesh Accounting Standard BAS-1 'Presentation of Financial Statements' the complete set of Financial Statements includes the following components:

i) Statement of financial position as at 31 March 2017
ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2017
iii) Statement of changes in shareholder's equity for the year ended 31 March 2017
iv) Statement of cash flows for the year ended 31 March 2017
v) Accounting policies and explanatory notes.

3.00 Summary of significant policies

3.01 Principle of accounting policies

Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of BAS-1 "Presentation of Financial Statements" in preparation and presentation of financial statements.

3.02 Accrual basis of accounting

The financial statements have been prepared, except statements of cash flows, under accrual basis of accounting in accordance with applicable Bangladesh Accounting Standards which do not vary from the requirements of the Companies Act, 1994 and other laws and rules as applicable in Bangladesh.

3.03 Going concern

The financial statements are prepared on a going concern basis. As per management assessment, there is no material uncertainty relating to events or condition which may cast doubt upon the Company's ability to continue as a going concern.

3.04 Statement of cash flows

The Statement of cash flows has been prepared in accordance with the requirements of BAS 7: Statement of cash flows. The cash generating from operating activities has been reported using the direct method.

3.05 Accounting policies, changes in accounting estimates and errors

Accounting policies

Accounting policies are the specific principles, bases, conventions, requirements and practices used by an entity in preparing and presenting its financial statements.

An existing accounting policy should only be changed where a new accounting will result in reliable and more relevant information being presented.

Any changes in accounting policy required to be accounted for retrospectively except where it is not practicable to determine the effect in prior periods.

Accounting estimates
The preparation of financial statements requires many estimates to be made on the basis of latest available and reliable information.

The effect of a change in accounting estimates should therefore be recognized prospectively.

Prior period errors
A prior period error is where an error has occurred even though reliable information was available when those financial statements were authorized for issue.

3.06 Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

3.07 Taxation

The company is currently in pre operating stage. It is noted that as per SRO No.219-Law/income Tax/2011, dated 04-07-2014 issued by internal resources division for all industries operating in the export processing zones of Bangladesh have been exempted from payment of income tax from the date of commencement of commercial operation as mentioned below:

Tax exemption period	Tax exemption Rate
First & second year	100%
Third & fourth year	50%
Fifth year	25%

3.08 Recognition of capital work in progress

Recognition and measurement
According to BAS 16 "Property, Plant and Equipment" items of property, plant and equipment, excluding freehold land, freehold building and leasehold building, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes (after deducting trade discount and rebates) and any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner.

Part of an item of property, plant and equipment having different useful lives, are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs
The cost of replacing or upgrading part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

Capital work in progress

Capital work in progress consists of acquisition costs, capital components and related installation cost, until the date when the asset is ready to use for its intended purpose. In case of import of components, Capital work in progress is recognized when risks and rewards associated with such assets are transferred to the Company.

3.09 Transaction with related parties

The company carried out a number of transactions with related parties in the course of business and on arms length basis. Transaction with related parties has been appropriately recognized and disclosed in accordance with BAS 24 "Related Party Disclosures".

3.10 Foreign currency transactions

Foreign currency transactions are translated into Bangladeshi Taka (BDT) at the rate ruling on the transaction date. All monetary assets and liabilities at the statement of financial position date are retranslated using rates prevailing on that date. In accordance with Schedule-XI of the Companies Act 1994 all differences arising on outstanding foreign currency loans are adjusted against the project cost for which such foreign currency borrowing took place. This treatment is not in accordance with BAS-21: The Effects of changes in Foreign Exchange Rates, which requires all differences arising from foreign exchange transactions to be recognized in the comprehensive income statement. However management feels the impact on profit due to difference in treatment is immaterial.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at banks which are held and available for use by the company without any restriction. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at financial institutions and short-term highly liquid investments with maturities of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.12 Payables

The Company recognises a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

3.13 Provisions and contingencies

A provision is recognised on the date of statement of financial position if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.14 General comments and obligations

a. All the issued shares have been fully called and paid up;
b. There is no preference shares issued by the company;
c. The company has not incurred any expenditure in foreign currency against royalties and technical fees;
d. Auditors are paid only the statutory audit fees;
e. No foreign exchange was remitted to the shareholders during the year under audit;
f. No money was spent by the company for compensating any member of the board for rendering special services;
g. No bank guarantee was issued by the company on behalf of its directors.

4.00 Property, plant and equipment

Amounts in BDT

Particulars	Cost				Rate %	Depreciation				Written Down Value as at 31 March 2017
	Opening balance as at 01/04/2016	Addition during the year	Adjustment for the year	Closing balance as at 31 March 2017		Opening balance as at 01/04/2016	Charged for the year	Adjustment for the year	Closing balance as at 31/03/2017	
Plant and machineries	-	23,658,255	-	23,658,255		-	-	-	-	23,658,255
Furniture and fixtures	-	1,864,991	-	1,864,991		-	-	-	-	1,864,991
Office Equipment	-	212,005	-	212,005		-	-	-	-	212,005
Computer equipment	-	1,890,209	-	1,890,209		-	-	-	-	1,890,209
Software/ERP	-	37,652	-	37,652		-	-	-	-	37,652
Air conditioner	-	168,000	-	168,000		-	-	-	-	168,000
As at March 31, 2017	-	**27,831,112**	-	**27,831,112**		-	-	-	-	**27,831,112**
As at March 31, 2016	-	-	-	-		-	-	-	-	-

5.00 Capital work-in-progress

	31-Mar-17	31-Mar-16
	Amounts in BDT	
Construction work-in-progress	40,706,954	14,872,896
	40,706,954	**14,872,896**

	Notes	As at 31 March 2017	As at 31 March 2016
		Amounts in BDT	
6.00 Inventories			
Accessories and trims		9,450	-
Fabric stock		712,251	-
Stationaries & general consumable		278,499	-
		1,000,200	-
7.00 Advances, deposits and prepayments			
Advances to employees		6,050,214	273,406
Binyash		-	1,500,000
Rent- advance		117,800	-
Security deposit- others	7.01	200,000	-
Security deposit- rent		16,300,437	1,559,250
Security deposit- utilities		84,318	-
		22,752,769	**3,332,656**
7.01 Security deposit- others			
Spicy pizza		50,000	-
Rayan C.N.G		150,000	-
		200,000	-
8.00 Cash and cash equivalents			
Cash at bank	8.01	6,287,352	5,577,969
Cash in hand		1,326,761	215,916
		7,614,113	**5,793,885**
8.01 Cash at bank			
Commercial Bank of Ceylon- BDT a/c		6,244,357	4,082,895
Commercial Bank of Ceylon- USD a/c		42,995	1,495,074
		6,287,352	**5,577,969**

9.00 Share capital

Authorized capital			
1,00,000 Ordinary Shares of Taka 100 each		**10,000,000**	**10,000,000**

As per Memorandum and Articles of Association of the Company, the shareholders agreed to take the shares in proportion in the capital as detailed below:

Issued and paid up capital		**4,009,200**	**4,009,200**

		As at 31 March 2017	As at 31 March 2016
		Amounts in BDT	

Shareholding position as at 31 March 2017 was as follows:

Paid up capital	Shares held	Value in BDT	Value in BDT
Multinational Textile Group Ltd.	40,091	4,009,100	4,009,100
Md. Shahed Mahmud	1	100	100
	40,092	**4,009,200**	**4,009,200**

10.00 Share money deposit

Share application money		38,825	-
		38,825	-

11.00 Other payables

Liability to others		1,822,841	269,108
Salary payable		184,804	260,613
Sundry creditors	11.01	867,855	-
TDS & VDS payable		732,177	24,218
Wages Payable		235,867	-
		3,843,544	**553,939**

11.01 Sundry creditors

Provision for goods & invoice received		867,855	
		867,855	-

12.00 Inter company payables

Green Smarts Shirts Limited		35,250	-
Progress Manufacturing Group Limited		146,713,356	22,175,624
Norwest Industries Limited Hong Kong		-	186,067
		146,748,606	**22,361,691**

	For the year ended 31 March 2017	For the period from 12 July 2015 to 31 March2016
	Amounts in BDT	
13.00 General & administrative expenses		
Accommodation expenses	1,008,435	-
Advertisement charges	121,095	-
Auditors remuneration	225,030	-
Bank charges	33,836	5,456
Business promotion expenses	-	117,000
Car parking charges	31,540	-
Communication expenses	494,645	23,512
Company formation expenses	-	160,000
Consultancy fees	447,019	132,825
Courier	399,384	-
Customs clearing charges	107,140	-
Domestic travel	3,081,353	98,717
Entertainment	832,141	16,761
Equipment rent	5,060	-
Exchange loss/(gain)	(634,718)	-
Expatriate work permit/Visa charges	16,500	-
Festive bonus	58,099	-
Generator hire charges	48,845	-
Government fees	315,327	278,830
Handling/Transport charges	43,820	-
Hotel stay charges	1,874,986	-
Housekeeping	107,042	-
Immigration/Visa expenses	38,964	-
Import charges	24	
Incentives employees	29,584	-
Insurance general & travel	52,537	-
Legal and professional charges	38,410	111,406
License fee	58,650	
Medical benefit	90,640	-
Membership & subscription fees	62,500	-
Miscellaneous expenses	1,844,870	22,000
Office supplies	1,104,868	17,170
Over time expenses	189,350	-
Overseas travels	3,886,570	204,807
Plant and machinery hire charges	481,356	-
Postage and stamps expenses	11,360	-
Printing and stationery	105,339	3,321
Recruitment expenses	1,088,296	526,253
Rent	21,918,549	841,722
Repairing and maintenance	179,581	-
Salary and wages	8,163,170	334,565
Sample expenses	105,969	-
Sea freight charges	229,159	-
Security charges	648,940	-
Service expenses	179,089	-
Staff welfare expenses	18,600	-
Utility	213,863	-
Vehicle fuel	732,438	-
Wages	885,664	31,048
	50,974,918	**2,925,393**

	For the year ended 31 March 2017	For the period from 12 July 2015 to 31 March2016
	Amounts in BDT	
14.00 Training line expenses		
Fabric	633,377	-
Spare parts	15,105	-
Stationary and general consumable	134,129	-
Trims and accessories	52,105	-
	834,716	**-**

15.00 Employee information

The company has 48 salaried employee and 174 salaried worker as on 31 March 2017. All of them receive total remuneration in excess of BDT 36,000 per annum.

16.00 Related party disclosure

Name of the parties	Nature	Type of relation	As at 31 March 2017	As at 31 March 2016
Progress Manufacturing Group Limited	Payable	Associate company	146,713,356	22,175,624
Green Smarts Shirts Limited	Payable	Associate company	35,250	-
Norwest Industries Limited Hong Kong	Payable	Associate company	-	186,067

17.00 Events after the reporting period

a. Form-IV - Notice of Increase Share Capital - in order to increase authorized share capital from BDT 10,000,000 to BDT 100,000,000 is submitted to Registrar of Joint Stock Companies (RJSC), Dhaka.

b. Form-117 - Instrument of Transfer of Shares - in order to transfers 40,091 shares from Multinational Textile Group Limited to Progress Manufacturing Group Limited - Hong Kong, and 1 shares from Muhammad Shahed Mahmud to Ajai Sing is submitted to RJSC, Dhaka. Approval from RJSC-Dhaka is awaited.

Managing Director **Director**

GREEN APPAREL INDUSTRIES LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE FOR THE PERIOD FROM MARCH 15, 2016
(DATE OF INCORPORATION) TO MARCH 31, 2017

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

GREEN APPAREL INDUSTRIES LIMITED

CONTENTS

GREEN APPAREL INDUSTRIES LIMITED

DIRECTORS' CONSOLIDATED REPORT

The directors present their annual consolidated report and the annual audited financial statements for the period from March 15, 2016 (Date of Incorporation) to March 31, 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are garment trading and investment holding. The principle activity and other particulars of the subsidiary are set out in the Note (20a) to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Company and its subsidiary (the "Group") for the period from March 15, 2016 (Date of Incorporation) to March 31, 2017 are set out in the consolidated statements of comprehensive income on page 7.

The directors do not recommend any payments of dividend for the period.

PLANT AND EQUIPMENT

Movements in plant and equipment are set out in Note (13) to the consolidated financial statements.

SHARE CAPITAL AND RESERVES

Details of share capital of the Company are set out in Note (19) to the consolidated financial statements.

Movements in reserves are set out in the consolidated statement of change in equity on page .

DIRECTORS

(a) Directors of the Company

The directors of the Group during the year and at the date of this report were:

Pallak SETH	(Appointed on March 15, 2016)
Deepak Kumar SETH	(Appointed on March 15, 2016)
Md Fateh-ul ISLAM	(Appointed on April 1, 2016)

In accordance with Article 23 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

(b) Directors of the Company's subsidiary

During the year and up to date of this report, Md. Fateh Ul Islam., Pallak Seth, Ajai Singh, Om Prakash Makam Shetty, Md. Shahed Mahmud are also the directors of the subsidiary of the Company.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Except for the related party transactions as disclosed in Note (21) to the finance statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group or its subsidiary were entered into or existed during the year.

PERMITTED INDEMNITY PROVISION

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Group and holding company (whether made by the Group or otherwise) or an associated company (if made by the Group).

BUSINESS REVIEW

The Group is a partially owned subsidiary of another body corporate. Accordingly, the Group is exempted from preparing a business review.

AUDITORS

The Group's auditors, Messrs. Louis Lai & Luk CPA Limited, retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

Deepak Kumar SETH
Chairman

Hong Kong, May 25, 2017.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
GREEN APPAREL INDUSTRIES LIMITED
(incorporated in the Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Green Apparel Industries Limited ("the Company") and its subsidiary ("the Group") set out on pages 7 to 27, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from March 15, 2016 (Date of Incorporation) to March 31, 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fundamental Uncertainty Relating to the Going Concern

In forming our opinion, we have considered the adequacy of the disclosure made in Note (2d) to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon ongoing support from the fellow subsidiaries and the attaining of profitable and positive cash flow operations, and the Group may turn to a commercially viable concern. The consolidated financial statements do not include any adjustments that may be necessary should the implementation of such measures become unsuccessful.

We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those charged with Governance for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
GREEN APPAREL INDUSTRIES LIMITED
(incorporated in the Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.

- 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
GREEN APPAREL INDUSTRIES LIMITED
(incorporated in the Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 25, 2017.

GREEN APPAREL INDUSTRIES LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM MARCH 15, 2016 (DATE OF INCORPORATION) TO MARCH 31, 2017

	NOTES	HK$
REVENUE	(6)	4,683,698
OTHER INCOMES	(6)	2
PURCHASES		(3,705,564)
CHANGE IN INVENTORIES		1,988
STAFF COST		(961,235)
DEPRECIATION		(574)
OTHER OPERATING EXPENSES		(2,621,634)
LOSS FROM OPERATIONS		(2,603,319)
FINANCE COSTS	(7)	(178,983)
LOSS BEFORE TAXATION	(8)	(2,782,302)
TAXATION	(11)	-
LOSS FOR THE PERIOD		(2,782,302)
OTHER COMPREHENSIVE EXPENSE		
Item that may be reclassified to profit or loss:		
- Exchange difference on translating foreign operations		(289,956)
- Disposal of partial interests of a subsidiary without losing control		297
		(3,071,961)
		=======
LOSS ATTRIBUTABLE TO:		
- Owners of the Company	(12)	(2,781,035)
- Non-controlling interests		(1,267)
		(2,782,302)
		=======
TOTAL COMPREHENSIVE EXPENSE ATTRIBUTABLE TO:		
- Owners of the company		(3,070,743)
- Non-controlling interest		(1,218)
		(3,071,961)
		=======

THE NOTES ON PAGES 11 TO 27 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

GREEN APPAREL INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

		HK$
Non-Current Assets		
Plant and equipment	(13)	20,094
Capital work in progress-building		13,015,166
Goodwill		25,670
		13,060,930
Current Assets		
Inventory	(14)	1,988
Deposits and prepayment		6,209,370
Amount due from fellow subsidiaries	(9ii,15)	758,102
Cash and cash equivalents		3,259,795
		10,229,255
Current Liabilities		
Amount due to fellow subsidiaries	(16)	3,625,804
Accruals and other payables	(17)	4,064,248
Bank borrowings		17,116,000
		24,806,052
Net Current Liabilities		(14,576,797)
NET LIABILITIES		(1,515,867)
EQUITY		
Share capital	(19)	1,556,000
Retained earnings		(3,070,636)
Equity attributable to owners of the company		(1,514,636)
Non-controlling interests		(1,231)
TOTAL EQUITY		(1,515,867)

APPROVED BY THE BOARD OF DIRECTORS ON MAY 25, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH
Director

FENG Qing
Director

THE NOTES ON PAGES 11 TO 27 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

GREEN APPAREL INDUSTRIES LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM MARCH 15, 2016 (DATE OF INCORPORATION) TO MARCH 31, 2017

	Share Capital	Translation Reserve	Accumulated Losses	Non-controlling Interests	Total
	HK$	HK$	HK$	HK$	HK$
Issuance of share capital	1,556,000	-	-	-	1,556,000
Investment in subsidiary	-	-	-	94	94
Recalculation of Non-controlling interest	-	-	107	(107)	-
Total comprehensive income for the period	-	(289,659)	(2,781,084)	(1,218)	(3,071,961)
At March 31, 2017	1,556,000	(289,659)	(2,780,977)	(1,231)	(1,515,867)
	=======	======	=======	====	=======

THE NOTES ON PAGES 11 TO 27 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

GREEN APPAREL INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM MARCH 15, 2016 (DATE OF INCORPORATION) TO MARCH 31, 2017

	HK$
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before taxation and operating loss before working capital changes	(2,782,302)
Adjustments for:	
Interest expenses	178,983
Interest income	(2)
Depreciation	574
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(2,602,747)
Increase in inventory	(1,988)
Increase in deposits and prepayment	(5,687,008)
Increase in accrual expenses and other payables	(689,615)
Net payment to fellow subsidiaries	(1,110,593)
Net receipt from fellow subsidiaries	2,867,702
Cash used in operations	(7,224,249)
Interest paid	(178,983)
Interest income	2
Net cash used in operating activities	(7,403,230)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of plant and equipment	(8,554,041)
Acquisition of a subsidiary net of cash acquired	834,725
Net cash used in investing activities	(7,719,316)
CASH FLOWS FROM FINANCING ACTIVITIES	
Issuance of subsidiary's share capital	297
Issuance of share capital	1,556,000
Net receipt from bank loan	17,116,000
Net cash generated from financing activities	18,672,297
NET INCREASE CASH AND CASH EQUIVALENTS	3,549,751
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	-
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(289,956)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3,259,795

THE NOTES ON PAGES 11 TO 27 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

GREEN APPAREL INDUSTRIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Green Apparel Industries Limited is a company incorporated in Hong Kong with limited liability. Its principal activities are garment trading and investment holding. The Company's registered office is 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong. The directors consider that the immediate holding company is Multinational Textile Group Limited, a company incorporated in Mauritius. The ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India and its shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS(s)") (which also include Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)")) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$"), which is also the Company's functional and presentation currency.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note (5) to the consolidated financial statements.

b. Changes in Accounting Policies and Disclosures

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Group, and accordingly, they have had no material impact on the Group's financial statements for the year ended March 31, 2017.

c. Issued but Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not early applied any new and revised HKFRSs that have been issued but are not year effective for the accounting year ended March 31, 2017, in these consolidated financial statements. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

d. Going Concern

The holding company has confirmed the willingness to provide such financial assistance as is necessary to maintain the Group as a going concern. On the strength of this assurance, the financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to March 31. Subsidiary is an entity over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiary is consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balance and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary have been changes where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the Consolidated Statement of Financial Position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the Consolidated Statement of Comprehensive Income as an allocation of the total profit or loss and total comprehensive income for the year between non controlling interests and the shareholders of the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the controlling and non-controlling interests within consolidated equity to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received recognised directly in equity and attributed to the owners of the Company.

In the Company's Statements of Financial Position the investments in subsidiary is stated at cost less allowance for impairment losses. The results of subsidiary is accounted for by the Company on the basis of dividends received and receivable.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

f. Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and aggregate identified impairment loss, if any.

Depreciation is provided to write off the cost less residual value of plant and equipment over its expected useful lives.

Office equipment	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss on disposal of plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the Consolidated Statement of Comprehensive Income.

When assets are sold or otherwise disposed of, their carrying amounts are written off from the consolidated financial statements and any resulting gain or loss is included in the Consolidated Statement of Comprehensive Income.

g. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

h. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

i. Financial Assets

The Group's financial assets are only classified under loans and receivables category.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

j. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortized cost using effective interest method, less any identified impairment losses. An impairment loss is recognised in the Consolidated Statement of Comprehensive Income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

k. Financial Liabilities

Financial liabilities of the Group are classified, at initial recognition, as loans and borrowings or derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities comprise trade and other payables and amounts due to fellow subsidiaries and immediate holding company, and bank borrowing which are subsequently measured at amortized cost, using the effective interest method.

l. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the date of issuance of shares.

m. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months.

n. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is the Group's functional and presentation currency.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

n. Translation of Foreign Currency (Cont'd)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

o. 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 net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income.

p. Turnover

Turnover represents invoiced amount of sales less discounts and returns.

q. Recognition of Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the bases as follows:

- Revenue from sales of goods is recognised when goods are delivered to buyers.
- Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the rate applicable.
- Other income is recognised on a receipt basis.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

r. Borrowing Costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

s. Employee Benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Group in exchange for services rendered by its employees and directors. The employee benefits are classified as staff costs and charged to the Consolidated Statement of Comprehensive Income.

No provision on employee entitlements to annual leave is provided in the financial statements as the directors consider that no material liability would arise as a result of such entitlement in the near future. Sick leave and maternity leave are not recognised until the time of leave.

t. Related Parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the Group or a parent of the Group.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

u. Financial Risks

The financial risks in connection with the Group's financial instruments include risks as follows.

(i) Market risk includes three types of risk as below:

- Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

- Price risk: the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Market risk embodies not only the potential for loss but also the potential for gain.

(ii) Credit risk: the risk that the corresponding party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss.

(iii) Liquidity risk (also referred to as funding risk): the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

(iv) Cash flow interest rate risk: the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

3. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Group's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(i) Financial instruments by category

The financial assets of the Group comprise trade and other receivable, deposits, amounts due from fellow subsidiaries, and cash and cash equivalents which are categorized as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the Consolidated and Company Statements of Financial Position or in the corresponding notes to the consolidated financial statements. The financial liabilities of the Group comprise trade and other payables, and amounts due to immediate holding company and fellow subsidiaries which are categorized as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the Consolidated Statement of Financial Position or in the corresponding notes to the consolidated financial statements.

(ii) Financial risk management

The Group's financial risks are limited by the financial management policies and practices described below.

(a) Liquidity risk

As the holding company and fellow subsidiaries have confirmed its willingness to provide continuous financial support to the Group, the management is of the opinion that the Group is adequately protected from the liquidity risk.

(b) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

As the holding company and fellow subsidiaries have confirmed the willingness to provide continuous financial support, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate of fair values of current assets and liabilities

The nominal values of current assets and liabilities are assumed to approximate their fair values.

GREEN APPAREL INDUSTRIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. REVENUE, OTHER INCOME AND GAINS

	HK$
Revenue recognised during the year including revenue arising from:	
Turnover:	
Sales of goods	4,683,698
Other income and gain, net:	
Bank interest income	2
Total revenue recognised	4,683,700
	=======

7. FINANCE COST

Bank finance charges	178,983
	=======

8. LOSS BEFORE TAXATION

Loss before taxation is stated after charging and (crediting):	
Depreciation	574
Exchange differences, net	16,631
Staff costs (including directors' remuneration)	
- Staff salaries	917,029
- Staff bonus	14,292
- Staff allowance	29,914
	=======

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

(i) Remuneration of the directors of the Group disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	HK$
Emoluments:	
Acting as directors	-
Provision for management services	212,491
Retirement benefits	-
	212,491
	======

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS (CONT'D)

(ii) Loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Group and its holding company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

Loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director

Name of borrower	Outstanding principal At beginning of year	At end of year	Greatest outstanding	Overdue amount	Provision
	HK$	HK$	HK$	HK$	HK$
DPOD Manufacturing Co., Ltd [1]	-	389,000	389,000	-	-
Gropo Sourcing Ltd [1]	-	287,860	287,860	-	-
Progress Manufacturing Group Limited [1]	-	77,800	77,800	-	-
	-	754,600			
	=====	======			

[1] Fellow subsidiary, connected by Deepak Kumar SETH and Pallak SETH

Principal terms: The loans, quasi-loans and credit transactions are interest free, unsecured and have no fixed repayment terms.

Guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Group for a director

During the year, no guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or a controlled body corporate of such a director.

(iii) Material interests of directors (including shadow directors) of the Group disclosed pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

In the opinion of the directors, except for the related party transactions disclosed in Note (21) to the consolidated financial statements, the directors or shadow directors, if any, of the Group, no material interests in those significant transactions, arrangements or contracts in relation to the Group's business entered into by the Company or another company in the same group of companies or subsisted during the year.

10. AUDITOR'S REMUNERATION

Auditor's remuneration and expenses for the year disclosed pursuant to Part 2 of Schedule 4 of the Hong Kong Companies Ordinance are as follow:

	HK$
Auditor's remuneration	30,361
Auditor's expenses	-
	30,361

11. TAXATION

No Hong Kong profits tax has been provided in these financial statements as there is no assessable profit during the period.

12. LOSS ATTRIBUTABLE TO SHAREHOLDERS

Included in the profit of HK$2,781,035 attributable to shareholders of the Group is a loss of HK$1,105,135 which is dealt with in the Company's own accounts.

13. PLANT AND EQUIPMENT

	Office equipment
	HK$
Cost	
Additions	20,668
At 31/3/2017	20,668
Accumulated Depreciation	
Charge for the period	574
At 31/3/2017	574
Net Book Value	
At 31/3/2017	20,094

14. INVENTORY

	HK$
General consumable	590
Spare parts	1,398
	1,988

15. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

The amounts due from fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayments. No provisions for bad and doubtful debts have been recognised on the amounts due from fellow subsidiaries. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

16. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts are unsecured, interest-free and have no fixed terms of repayment. The fellow subsidiaries had agreed not to demand repayment until the Group is financially capable of repayment. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

17. ACCRUALS AND OTHER PAYABLES

	HK$
Other payables	3,897,978
Accruals	166,270
	4,064,248

18. BANK BORROWINGS

The carrying amount of the bank borrowings at the end of reporting period is analyzed as follows:

	HK$
Amount repayable within one year:	
Revolving loan	17,116,000

19. SHARE CAPITAL

	No. of shares	Amount
		HK$
Issued and fully paid:		
Ordinary shares of US$1 each		
At March 31	200,000	1,556,000
	======	=======

The Company was incorporated on March 15, 2016 with share capital of US$200,000 divided into 200,000 ordinary shares of US$1 each was issued to the subscriber to provide initial working capital to the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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20. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	HK$
Non-Current Assets		
Plant equipment		20,094
Investment in a subsidiary	(20a)	404,560
Capital work in progress-building		202,280
		626,934
Current Assets		
Amount due from subsidiaries		20,523,715
Amount due from fellow subsidiaries		754,660
Prepayment and deposit		18,793
Cash and cash equivalents		54,067
		21,351,235
Current Liabilities		
Amounts due to fellow subsidiaries		3,625,804
Accruals and other payables		785,500
Bank borrowings		17,116,000
		21,527,304
Net Current Liabilities		(176,069)
NET ASSETS		450,865
EQUITY		
Share capital		1,556,000
Retained earnings	(20b)	(1,105,135)
TOTAL EQUITY		450,865

APPROVED BY THE BOARD OF DIRECTORS ON MAY 25, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH	Pallak SETH
Director	Director

20. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONT'D)

a. INTEREST IN A SUBSIDIARY

	HK$
Unlisted investment, at cost	404,560
	======

Details of subsidiary are as follows:

Name of subsidiary	Place of incorporation	Percentage of ownership and voting power	Nature of business
Green Smart Shirts Limited *	Bangladesh	99.90%	Garment manufacturing and trading

* Not audited by Louis Lai & Luk CPA Limited

b. RESERVE

	Retained Earnings
	HK$
Total comprehensive income for the period	(1,105,135)
At March 31, 2017	(1,105,135)
	=======

21. RELATED PARTY TRANSACTIONS

During normal course of business, the Group had the following transactions with the related parties below.

Name of Company	Relationship	Nature of transactions	HK$
Global Textiles Group Limited	Fellow subsidiary	Consultancy fee	630,180
Multinational Textile Group Limited	Immediate holding company	Management expenses	3,037,312
PDS Asia Star Corporation Limited	Fellow subsidiary	Consultancy fee	630,180
			=======

22. CURRENCY RISK

(i) Exposure to currency risk

The following table details the Group's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of reporting period.

	(Expressed in HKD)		
	BDT	USD	Total
Deposit and prepayment	6,190,577	-	6,190,577
Trade and other payables	(3,278,748)	-	(3,278,748)
Bank borrowing	-	(17,116,000)	(17,116,000)
Cash and cash equivalents	3,205,728	44,624	3,250,352
Net exposure arising from recognised assets and liabilities	6,117,557	(17,071,376)	(10,953,819)
	=======	========	========

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax in response to reasonably possible changes (e.g.±10%) in the foreign exchange rates to which the Group has significant exposure at the end of reporting period.

	Increase	Decrease
	HK$	HK$
Bangladeshi Dallars (BDT)	510,816	(510,816)
	======	======

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Group's exposure to currency risk for the variables.

The stated changes represent Management's assessment of reasonably possible change in foreign exchange rates over the period until the end of next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on Group's profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of reporting period for presentation purposes.

23. BANKING FACILITIES

General banking facilities granted by a bank were secured by the fellow subsidiaries' cash deposit, immediate holding company's corporate guarantee and directors' personal guarantee.

24. COMMENCEMENT OF BUSINESS

The Company was incorporated on March 15, 2016 and commenced business on March 15, 2016.

25. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Group's Board of Director on May 25, 2017.

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GREEN APPAREL INDUSTRIES LIMITED
CONSOLIDATED DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM MARCH 15, 2016
(DATE OF INCORPORATION) TO MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	HK$
SALES	4,683,698
COST OF SALES	
Purchases	3,705,564
Less: Closing inventory	(1,988)
	3,703,576
GROSS PROFIT	980,122
BANK INTEREST INCOME	2
	980,124
LESS: OPERATING EXPENSES - SCH II	(3,762,426)
LOSS BEFORE TAXATION	(2,782,302)

GREEN APPAREL INDUSTRIES LIMITED
CONSOLIDATED DETAILED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)
FOR THE PERIOD FROM MARCH 15, 2016
(DATE OF INCORPORATION) TO MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

OPERATING EXPENSES	HK$
Depreciation Expenses	
Depreciation	574
Financial Costs	
Bank interest expenses	178,983
Staff Cost	
Director's remuneration	212,491
Staff salaries	704,538
Staff bonus	14,292
Staff allowance	29,914
	961,235
Operating Expenses	
Advertising expenses	2,573
Air freight	167
Auditor's remuneration	30,361
Bank charges	108,286
Bought sample expenses	366
Consulting fees	1,522,546
Conveyance expenses	8,828
Courier charges	3,138
Designing expense	525
Electricity, water and gas expense	18,586
Entertainment	22,735
Exchange difference, net	16,631
Food allowance	1,441
Generator running and fuel	22,148
Gift and testimonials	767
Government fees	13,457
Housekeeping and clearing fee	11,910
Insurance	16,238
Internet expense	31,990
Legal and professional charges	26,538
Licence renewal and registration fee	8,109
Management expense	56,016
Miscellaneous expenses	706
Office expenses	35,078
Postage and stamp expenses	80
Printing and stationery	16,788
Rate and tax local	25,726
Recruitment expenses	156,845
Rent	188,190
Repair and maintenance	4,688
Security bill	30,919
Service charges	15,740
Staff training	908
Taxi and car hire charges	41,465
Telephone expense	388
Transport allowance	300
Travelling oversea	180,457
	2,621,634
	3,762,426

GREEN APPAREL INDUSTRIES LIMITED
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM MARCH 15, 2016
(DATE OF INCORPORATION) TO MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

	HK$
SALES	4,683,698
COST OF SALES	(3,703,576)
GROSS PROFIT	980,122
BANK INTEREST INCOME	2
	980,124
OPERATING EXPENSES	
Depreciation Expenses	
Depreciation	574
Financial Costs	
Bank interest expenses	180,304
Other Operating Expenses	
Auditor's remuneration	19,500
Bank charges	107,477
Consulting fees	1,522,546
Exchange difference, net	252
Legal and professional charges	18,351
Management expense	56,016
Printing and stationery	850
Rate and tax local	700
Recruitment expenses	156,845
Taxi and car hire charges	2,023
Transport allowance	300
Travelling oversea	19,521
	1,904,381
	2,085,259
LOSS BEFORE TAXATION	(1,105,135)

SURE INVESTMENTS LIMITED

Financial statements

For the period of 13 October 2016 to 31 March 2017

SURE INVESTMENTS LIMITED

Financial statements
for the period from 13 October 2016, date of incorporation, to 31 March 2017

Contents	*Page*

SURE INVESTMENTS LIMITED

Corporate data

		Date of appointment
Directors:	Deepak Kumar Seth	13 October 2016
	Pallak Seth	13 October 2016
	Payel Seth	13 October 2016
	Jayechund Jingree	13 December 2016

Registered Agent: Rogers Capital Corporate Services Limited
St Louis Business Centre
Cnr Desroches & St Louis Streets
Port Louis
Mauritius

Registered office: St Louis Business Centre
Cnr Desroches & St Louis Streets
Port Louis
Mauritius

Auditor: Lancasters
Chartered Accountants
14, Lancaster Court
Lavoquer Streets
Port Louis
Mauritius

Banker: HSBC Bank (Mauritius) Limited (*operative as from 04 May 2017*)
6th Floor HSBC Centre
18, Cybercity Ebene
Republic of Mauritius

SURE INVESTMENTS LIMITED

Directors' report

The directors are pleased to present their report together with the audited financial statements of the Company for the period from 13 October 2016, date of incorporation, to 31 March 2017.

Principal activity

The principal activity of the Company is that of investment holding in real estate in countries other than Mauritius.

Results and dividend

The results for the period are shown on page 6.

The directors do not recommend the payment of dividend for the period under review.

Statement of Directors' Responsibilities in respect of financial statements

The directors are required to prepare financial statements for each financial period in accordance with the International Financial Reporting Standards ("IFRS"). In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern on the year ahead.

By order of the Board

Director Date:

Lancasters
Chartered Accountants

Auditors' report to member of SURE INVESTMENTS LIMITED

Opinion

We have audited the financial statements of SURE INVESTMENTS LIMITED (the "Company") set out on pages 6 to 21 which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of SURE INVESTMENTS LIMITED as at 31 March 2017, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 14 in the financial statements which indicates that the Company incurred a net loss of USD 6,626 during the period ended 31 March 2017 and, as of that date; the Company's current liabilities exceeded its total assets by USD 6,625. These conditions, along with other matters as set forth in Note 14, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report , but does not include the financial statements nor our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

GGi
INDEPENDENT MEMBER

Auditors' report to member of **SURE INVESTMENTS LIMITED (continued)**

Responsibilities of the Directors for the Financial Statements (continued)

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine 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, the directors are responsible for assessing 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 unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

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

- Identify and assess the risks 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.

- 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 the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 conclusions are 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.

Lancasters
Chartered Accountants

Auditors' report to member of SURE INVESTMENTS LIMITED (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with the directors 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.

Other matter

This report is made solely for the Company's member. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Pasram Bissessur FCCA, ACA, MBA (UK)
Licensed by FRC

Date:

GGi
INDEPENDENT MEMBER

SURE INVESTMENTS LIMITED

Statement of profit or loss and other comprehensive income
for the period from 13 October 2016, date of incorporation, to 31 March 2017

		13.10.16 31.03.17 USD
Revenue		-
Expenses		(6,626)
Loss before taxation		(6,626)
Income tax expenses	7	-
Profit for the period		(6,626)
Other comprehensive income		-
Total comprehensive income for the period		(6,626)

The notes on pages 10 to 21 form an integral part of these financial statements

SURE INVESTMENTS LIMITED

Statement of financial position
as at 31 March 2017

	Note	USD
Assets		
Current assets		
Other receivables	8	**174**
		=========
Equity		
Stated capital	9	**1**
Revenue reserves		**(6,626)**

Total equity		**(6,625)**

Current liabilities		
Loan from holding company	10	**4,639**
Other payables	11	**2,160**

Total current liabilities		**6,799**

Total equity and liabilities		**174**
		=========

Approved by the Board of Directors on …………………………. and signed on its behalf by:

……………………………………….…
Director

The notes on pages 10 to 21 form an integral part of these financial statements

SURE INVESTMENTS LIMITED

Statement of changes in equity
for the period from 13 October 2016, date of incorporation, to 31 March 2017

	Stated capital USD	Revenue reserves USD	Total USD
At 13 October 2016	-	-	-
Issue of shares	1	-	1
Total comprehensive income for the period:			
Loss for the period	-	(6,626)	(6,626)
Balance at 31 March 2017	**1**	**(6,626)**	**(6,625)**

The notes on pages 10 to 21 form an integral part of these financial statements

SURE INVESTMENTS LIMITED

Statement of cash flows
for the period from 13 October 2016, date of incorporation, to 31 March 2017

	USD
Cash flows from operating activities	
Loss for the period	**(6,626)**
Changes in:	
Other receivables	**(174)**
Other payables	**2,160**
Net cash used in operating activities	**(4,640)**
Net cash from financing activities	
Loan granted from holding company	**4,640**
Net movement in cash and cash equivalents	**-**
Cash and cash equivalents at 13 October	**-**
Cash and cash equivalents at 31 March	**-**

The notes on pages 10 to 21 form an integral part of these financial statements.

1. **General information**

The Company was incorporated as a private limited Company in the Republic of Mauritius on 13 October 2016 and was granted a Category 2 Global Business Licence under the Mauritius Companies Act and the Financial Services Act 2007 on 13 October 2016. The principal activity of the Company is that of investment holding in real estate in countries other than Mauritius.

2. **Reporting period**

The Company was incorporated on 13 October 2016 and has prepared its first financial statements as from its date of incorporation to 31 March 2017 and therefore, there are no comparative figure.

3. **Basis of preparation**

(a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the IASB. There are no statutory requirements for the Company to subject its financial statements for an audit since the Company holds a Category 2 Global Business Licence under the Financial Services Act. These financial statements have been prepared for the purpose of providing financial information to its member(s).

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except where stated otherwise.

(c) Functional and presentation currency

The financial statements are presented in United States Dollar (USD) which is the Company's functional and presentational currency.

(d) Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

3. **Basis of preparation (continued)**

(d) Use of judgements and estimates (continued)

Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties (if any) that have a significant risk of resulting in a material adjustment in the period ending 31 March 2017 is included in the relevant notes as follows:

- Recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts; and
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

4. **Application of new and revised International Financial Reporting Standards (IFRSs)**

4.1 Amendments to IFRSs that are mandatorily effective for the current period

Effective for the financial year commencing 1 January 2017

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 01 January 2016.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to of the order of notes, OCI of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

The adoption of the above amendments shall not have significant impact on the Company's financial statements.

4. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

4.1 Amendments to IFRSs that are mandatorily effective for the current period (continued)

Annual Improvements to IFRSs 2012-2014 Cycle

The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Company's financial statements.

4.2 New and revised IFRSs in issue but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards earlier.

Standard/Interpretation		**Effective date Periods beginning on or after**
IAS 7	*Disclosure amendments*	1 January 2017
IFRS 9	*Financial Instruments*	1 January 2018

4. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

4.2 New and revised IFRSs in issue but not yet effective (continued)

Disclosure Initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 7.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Group, which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Group.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

5. **Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Foreign currency differences are generally recognised in profit or loss.

(b) Revenue recognition

Revenue is recognised as follows:

- Dividend income which is recognised in profit or loss on the date on which the Company's right to receive payment is established; and
- Interest income which is recognised using the effective interest method.

(c) Expenses

Expenses are accounted for in the statement of profit or loss and other comprehensive income on an accrual basis.

(d) Financial instruments

The Company classifies non-derivative financial assets into the following categories: loans and receivables.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

5. **Significant accounting policies (continued)**

(d) Financial instruments (continued)

(i) Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets - Measurement

Loans and receivables - These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

(iii) Non-derivative financial liabilities - Measurement

Non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities include loan due to holding company and other payables.

Loan from holding company

Loan from holding company is recognised initially at fair value, net of transaction costs incurred and are subsequently carried at amortised cost.

Other payables

Other payables are recognised at fair value, net of transaction costs incurred and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

5. **Significant accounting policies (continued)**

(e) Share capital

Ordinary shares

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(f) Impairment

(i) Non-derivative financial assets

Financial assets not classified as fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

(ii) Non-derivative financial assets

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and other comprehensive income and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(iii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

5. **Significant accounting policies (continued)**

(f) Impairment (continued)

(iv) Non-financial assets (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

6. **Financial instruments – Fair values and risk management**

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount		
	Loans and receivables USD	**Other financial liabilities USD**	**Total USD**
Financial liabilities not measured at fair value			
Loan from Holding Company	**-**	**4,639**	**4,639**
Other payables	**-**	**2,160**	**2,160**
	-	**6,799**	**6,799**

6. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management

Introduction and preview

Financial instruments carried in the statement of financial position include loan due to holding company and other payables. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risks are market risk and credit risk.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practice.

- *Market risk*

Market risk represents the potential loss that can be caused by a change in the market value of the financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility.

(i) Interest rate risk

The Company is not significantly exposed to interest rate risk. The income and operating cash flows are substantially independent of changes in market interest rates. The Company's only significant interest-bearing financial liability is loan from holding company, which is interest-free. No sensitivity analysis has been disclosed for interest rate risk as it is not material in the opinion of directors.

(ii) Currency risk

Currency risk is the risk that the Company might be exposed to exchange rates fluctuations arising from currencies other than the functional currency might have a material impact on the Company's financial assets and liabilities which are denominated in these currencies.

All of the Company's financial assets and financial liabilities are denominated in United States Dollar. Consequently, the Company is not exposed to the risk of foreign currency exchange rates.

(iii) Price risk

The Company is not exposed to equity price risk.

6. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management (continued)

- *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the Company's contractual maturities of financial liabilities:

	Due on demand USD	Due for less than 1 year USD	Due for more than 1 year USD	Total USD
Financial liabilities				
Loan from holding company	**4,639**	**-**	**-**	**4,639**
Other payables	**-**	**2,160**	**-**	**2,160**
	======	=======	========	======

- *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet contractual obligations.

The Company also limits its exposure to credit risk by dealing only with companies within the group that have a good credit rating and management does not expect counter party to fail to meet its obligations.

The Company is not exposed to credit risk.

7. **Taxation**

The Company operates under a GBC 2 license and hence is exempt from tax obligations in Mauritius.

8. **Other receivables**

	USD
Non-trade receivables and prepaid expenses	174
	========

Notes to the financial statements
for the period from 13 October 2016, date of incorporation, to 31 March 2017

9. **Stated capital**

	USD
Stated capital	
1 Ordinary share of USD 1 each	1
	========

The holder of ordinary share is entitled to receive dividends as declared from time to time and has the rights to vote as shareholder meetings of the Company.

10. **Loan from Holding Company**

	USD
Interest-free, unsecured with no repayment terms	4,639
	========

11. **Other payables**

	USD
Non-trade payables and accrued expenses	2,160
	=========

12. **Related party transactions**

One of the directors of the Company is deemed to have a beneficial interest in the Administration Agreement between the Company, the Administrator and Secretary. During the period under review, the Company entered into the following related party transactions:

Transactions during the period:	*Relationship*	*Nature*	USD
Multinational Textiles Group Ltd	Holding Company	Amount received	4,639
Rogers Capital Corporate Services Limited	Administrator	Administration fees	4,640
Rogers Capital Corporate Services Limited	Administrator	Administration Fees paid	(4,640)
			=======
Balances outstanding at 31 March:			
Multinational Textiles Group Ltd	Holding Company	Loan Payable	4,639
Rogers Capital Corporate Services Limited	Administrator	Administration Fees paid	-
			=======

13. **Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of gearing ratio.

14. **Going concern**

The Company incurred a loss for the period of 13 October 2016 to 31 March 2017 of USD 6,626 and as at date, its total liabilities exceeded its total assets by USD 6,625. The holding company (Multinational Textile Group Limited) confirmed that it will continue to provide financial support to the Company to enable it to meet its obligations as they fall due for a period of not less than twelve months. Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

15. **Holding Company and ultimate holding company**

The Company is wholly owned by Multinational Textile Group Limited having its registered office address at St Louis Business Centre, Cnr Desroches & St Streets, Port Louis, Mauritius while the ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with its shares listed on the National Stock Exchange of India Limited and Bombay Stock Exchange.

16. **Events after reporting date**

There have been no material events after the financial reporting date which would require disclosure or adjustment to the financial summaries of 31 March 2017.

SURE INVESTMENTS LIMITED

Statement of profit or loss and other comprehensive income
for the period from 13 October 2016, date of incorporation, to 31 March 2017

	13.10.16- 31.03.17 USD
Revenue	-

Expenses	
Set-up costs	2,665
Administration charges	1,270
Audit fees	1,200
Accounting fees	800
Disbursement fees	500
Licence fees	191

	6,626

Loss before the period	(6,626)
	=========

Company Registration no. 10124457 (England and Wales)

CASA FORMA LONDON LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2017

CASA FORMA LONDON LIMITED

CONTENTS

CASA FORMA LONDON LIMITED

COMPANY INFORMATION

Directors	Mr D Seth Mr P Seth Mrs F Seth
Company number	10124457
Registered Office	Quadrant House – Floor 6 4 Thomas More Square London E1W 1YW
Auditor	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW

CASA FORMA LONDON LIMITED

THE DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2017

The directors present their report and the financial statements of the company for the period ended 31 March 2017.

Principal activities

The principal activity of the company had been that of interior and architectural design until the company ceased to operate before the end of the year. The plan is for the company to be dissolved. Accordingly these financial statements are not prepared on a going concern basis.

Results and dividends

Loss for the period amounted to £93,472. The directors have not recommended a dividend.

The company was incorporated on 14 April 2016 and began trading on 1 July 2016. The company ceased trading before the end of the year.

Directors

The directors who served the company during the year were as follows:

Mr D Seth	(appointed 14 April 2016)
Mr P Seth	(appointed 14 April 2016)
Mr M Bowen	(appointed 14 April 2016 and resigned 31 October 2016)
Mrs R Bowen	(appointed 14 April 2016 and resigned 31 October 2016)
Mrs F Seth	(appointed 14 April 2016)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate for the preparation of the financial statements of the company and accordingly the financial statements of the company have not been prepared on a going concern basis.

Statement of directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the financial information included on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant information of which the company's auditor is unaware; and
- the director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board

……………………...............

Mr D Seth

Director

19 May 2017

CASA FORMA LONDON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

CASA FORMA LONDON LIMITED

FOR THE PERIOD ENDED 31 MARCH 2017

We have audited the financial statements of (name of company) for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). These financial statements have not been prepared on a going concern basis for the reason set out in note 1 to the financial statements.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

CASA FORMA LONDON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

CASA FORMA LONDON LIMITED (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2017

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements, and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 required us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not mad; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report.

Vinodkumar Vadgama (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

Chartered Accountants
Statutory Auditor

19 May 2017

CASA FORMA LONDON LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2017

	Note	Discontinued Operations 2017 £
Revenue		130,761
Cost of sales		(32,055)
Gross profit		98,706
Administrative expenses		(658,678)
Operating loss		(559,972)
Other gains and losses	3	466,500
Loss before taxation		(93,472)
Taxation	5	-
Loss for the financial period		(93,472)

There are no other comprehensive income and expenses, other than those passing through the income statement.

The notes on pages 10 to 18 form part of these financial statements.

CASA FORMA LONDON LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

	Note	2017 £
Non-current assets		
Property, plant and equipment	6	-
Current assets		
Trade and other receivables	7	1,307
Cash and cash equivalents		49,771
		51,078
Total assets		51,078
Current liabilities		
Trade and other payables	8	(4,550)
Borrowings	9	(40,000)
		(44,550)
Net current assets		6,528
Net assets		6,528
Shareholders' equity		
Share capital	11	100,000
Retained earnings	12	(93,472)
Total equity		6,528

These financial statements were approved by the board of directors and authorised for issue on 19 May 2017 and were signed on its behalf by:

……………………….
Mr D Seth
Director

Company Registration Number: 10124457
The notes on pages 10 to 18 form part of these financial statements.

CASA FORMA LONDON LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2017

	Share capital £	Retained earnings £	Total £
Balance at 14 April 2016			
Issued share capital	100,000	-	100,000
Comprehensive income			
Loss for the period	-	(93,472)	(93,472)
Balance at 31 March 2017	100,000	(93,472)	6,528

The notes on pages 10 to 18 form part of these financial statements.

CASA FORMA LONDON LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2017

	Note	2017 £
Cash flows from operating activities	13	(556,729)
Net cash (used in) operating activities		(556,729)
Financing activities		
Proceeds from issue of shares		100,000
Proceeds of loan from group undertaking		506,500
Net cash generated from financing activities		606,500
Net increase in cash and cash equivalents cash equivalents		49,771
Cash and cash equivalents at the start of the year		-
Cash and cash equivalents at end of the year		49,771

	2017 £
Cash and cash equivalents comprise:	
Cash at bank and in hand	49,771

The notes on pages 10 to 18 form part of these financial statements.

1. ACCOUNTING POLICIES

Basis of accounting
The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the Companies Act 2006 applicable to companies reporting under IFRSs.

A summary of the more important accounting policies, which have been applied, is set out below. For the reasons explained in the Directors' Report the financial statements have not been prepared on a going concern basis. No adjustments were necessary to the amounts at which the remaining assets and liabilities are included in these financial statements.

Revenue
The revenue shown in the statement of comprehensive income represents amounts invoiced during the year, exclusive of Value Added Tax.

Property, plant and equipment
All property, plant and equipment are initially recorded at cost.

Depreciation
Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & fittings – 20% per annum on reducing balance

Operating lease agreements
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Taxation
The 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 net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

1. ACCOUNTING POLICIES (CONTINUED)

Deferred tax is the tax expected to be payable or recoverable on differences between the 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 the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, 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 taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments
The company does not use or trade derivative financial instruments. Financial instruments that the company uses are non-derivative and are recognised initially at fair value. Subject to initial recognition, non-derivative financial instruments are measured as described as follows:

- **Trade and other receivables**
  Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

- **Trade and other payables**
  Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are stated at their nominal value.

- **Cash and cash equivalents**
  Cash for the purposes of the statement of cash flows comprises cash at bank and in hand. Cash equivalents are short term liquid investments convertible into cash and are subject to insignificant risk of changes in value. Bank overdrafts which form part of cash and cash equivalents for the purpose of the cash flow statements are shown under current liabilities.

1. ACCOUNTING POLICIES (CONTINUED)

New IFRSs and interpretations not applied

The following standards, amendments and interpretations are not yet effective and have not yet been adopted early by the company:

	Effective for period beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers Including amendments to IFRS 15: Effective date of IFRS 15	1 January 2018

The adoption of these standards, amendments and interpretations is not expected to have a material impact of the company's results for the year or equity.

2. OPERATING (LOSS)

Operating (loss) has been arrived at After charging:	**2017** **£**
Staff costs (see note 4)	387,260
Fees payable to auditors:	
Audit of annual financial statements	5,450
	========

3. OTHER GAINS AND LOSSES

	2017 **£**
Amounts written off due to group companies	466,500
	466,500
	========

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2017 **No**
Operational	9
Management	2
	11
	========

The aggregate payroll costs of the above were:

	2017 **£**
Wages and salaries	339,585
Social Security costs	23,240
Severance/redundancy payments	24,415
	387,260
	========

5. TAXATION

	2017
	£
Current tax expense:	
UK corporation tax	-
Reconciliation of current tax expense to accounting (loss):	
(Loss) before taxation	(93,472)
Notional taxation charge at the UK corporation tax rate of 20%	(18,694)
Tax effects of:	
Other tax adjustments	18,694
Total current tax charge for the year	-

No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

6. PROPERTY, PLANT & EQUIPMENT

	Fixtures, Fittings & Equipment £	Total £
Cost		
At 14 April 2016	-	-
Additions	6,546	6,546
Disposals	(6,546)	(6,546)
At 31 March 2017	-	-
Depreciation		
At 14 April 2016	-	-
Charge for the year	-	-
At 31 March 2017	-	-
Net book value		
At 31 March 2017	-	-

7. TRADE AND OTHER RECEIVABLES

	2017 £
VAT recoverable	1,307
	1,307

8. TRADE AND OTHER PAYABLES

	2017
	£
Accruals and deferred income	4,550
	4,550

9. BORROWINGS

	2017
	£
Loan from group undertaking	40,000

10. RELATED PARTY TRANSACTIONS

During the period, the company entered into the following transactions with related parties:

The company received a loan from its immediate parent company, Multinational Textile Group Limited, amounting to £506,500. In view of the company's trading and financial position, Multinational Textile Group Limited has agreed to waive £466,500 of the amount owed. At the year end, the balance outstanding was £40,000.

11. SHARE CAPITAL

Issued and fully paid:	**2017**
	£
100,000 Ordinary shares of £1 each	100,000

During the period, 100,000 shares were issued at par.

During the period, Michael Bowen and Radhika Bowen, the resigning directors, sold their entire shareholding to Multinational Textile Group Limited.

12. RETAINED EARNINGS

	2017 £
Balance brought forward	-
Loss for the financial year	(93,472)
Balance carried forward	(93,472)

13. NOTES TO THE CASH FLOW STATEMENTS

Reconciliation of operating profit to net cash inflow from operating activities

	2017 £
Operating loss	(93,472)
(Increase) in debtors	(1,307)
Increase in creditors	4,550
Proceeds of loans and receivables written off	(466,500)
Net cash outflow from operating activities	(556,729)

14. CAPITAL RISK MANAGEMENT

The company manages its capital whilst maximising the return to stakeholders through the optimisation of the equity balance. The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising of issued capital, reserves and retained earnings.

15. FINANCIAL RISK MANAGEMENT

The following section provides quantitative and qualitative disclosures on the effect that these risks have upon the company.

Credit Risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available the company uses other publicly available financial information. The company's exposure and the credit ratings of its counterparties are continuously monitored.

The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash. Management monitors forecasts of the company's liquidity reserve, comprising cash and cash equivalents, on the basis of expected cash flow. At 31 March 2017, the company held cash and cash equivalents of £49,771.

Foreign currency risk
The company's functional and presentation currency and the majority of its spending as well as financing facilities are in GBP. As such, no exchange rate risk exists. The company has no deposit or loan facilities, hence is not affected by interest rate fluctuations.

16. ULTIMATE PARENT COMPANY

The immediate parent company is Multinational Textile Group Limited, a company registered in Mauritius, and the ultimate parent company is PDS Multinational Fashions Limited, a company registered in India.

PDS Multinational Fashions Limited prepares group financial statements and copies can be obtained from # 758 and 759, 2nd Floor, 19th Main Road, Sector-2, HSR Layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

BLUEPRINT DESIGN LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE PERIOD FROM JUNE 30, 2016
(DATE OF INCORPORATION) TO MARCH 31, 2017

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

BLUEPRINT DESIGN LIMITED

CONTENTS

BLUEPRINT DESIGN LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the annual audited financial statements of the Company for the period from June 30, 2016 (Date of Incorporation) to March 31, 2017.

PRINCIPAL ACTIVITY

The principal activity of the Company is trading of garment.

RESULTS AND APPROPRIATIONS

The results of the Company for the period are set out in the statement of comprehensive income on page 6.

The directors do not recommend the payment of a dividend.

SHARE CAPITAL AND RESERVES

Details of share capital of the Company are set out in Note (13) to the financial statements. There were no movements during the year.

There were no movements in reserves except for changes to retained profits which arose from profit or loss.

DIRECTORS

The directors of the Company during the period up to the date of this report were:

Pallak SETH	(Appointed on June 30, 2016)
Deepak Kumar SETH	(Appointed on June 30, 2016)
Omprakash MAKAM SURYANARAYAN SETTY	(Appointed on June 30, 2016)

In accordance with Article 22 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Except for the related party transactions as disclosed in Note (15) of the financial statements, no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

BLUEPRINT DESIGN LIMITED

REPORT OF THE DIRECTORS (CONT'D)

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiary were entered into or existed during the period.

PERMITTED INDEMNITY PROVISION

At no time during the financial period and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company and holding company (whether made by the Company or otherwise) or an associated company (if made by the Company).

BUSINESS REVIEW

The Company falls within reporting exemption for the financial period. Accordingly, the Company is exempted from preparing a business review for this financial period.

AUDITORS

During the period, Messrs. Louis Lai & Luk CPA Limited has been appointed as the auditors of the Company. They now retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Pallak SETH
Chairman

Hong Kong, May 25, 2017.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
BLUEPRINT DESIGN LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Blueprint Design Limited ("the Company") set out on pages 6 to 21, which comprise the statement of financial position as at March 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from June 30, 2016 (Date of Incorporation) to March 31, 2017 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2017, and of its financial performance and its cash flows for the period from June 30, 2016 (Date of Incorporation) to March 31, 2017 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing issued by the International Accounting Standards Board and Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards 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 HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBER OF
BLUEPRINT DESIGN LIMITED
(incorporated in Hong Kong with limited liability)

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are responsible for assessing 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 unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

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 our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these financial statements.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBER OF
BLUEPRINT DESIGN LIMITED
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks 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.

- 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 the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 conclusions are 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.

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.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 25, 2017.

BLUEPRINT DESIGN LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM JUNE 30, 2016 (DATE OF INCORPORATION) TO MARCH 31, 2017

	NOTES	HK$
REVENUE	(6)	5,776,596
COST OF SALES		(4,825,748)
GROSS PROFIT		950,848
OTHER INCOME	(6)	39,842
STAFF COSTS		(213,691)
OTHER OPERATING EXPENSES		(661,485)
PROFIT FROM OPERATION		115,514
FINANCE COSTS	(7)	(65)
PROFIT BEFORE TAXATION	(8)	115,449
TAXATION	(11)	(20,190)
PROFIT FOR THE PERIOD		95,259
OTHER COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		95,259
		=======

THE NOTES ON PAGES 10 TO 21 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BLUEPRINT DESIGN LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	NOTES	HK$
Current Assets		
Prepayment		32,417
Payment in advance		4,449,394
Trade receivable		5,476,178
Cash and cash equivalents		42,191
		10,000,180
Current Liabilities		
Amounts due to subsidiaries	(12)	8,305,734
Trade payables		1,484,812
Accruals		16,385
Provision for taxation		20,190
		9,827,121
NET ASSETS		173,059
EQUITY		
Share capital	(13)	77,800
Retained Earnings		95,259
TOTAL EQUITY		173,059

APPROVED BY THE BOARD OF DIRECTORS ON MAY 25, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH
Director

Pallak SETH
Director

THE NOTES ON PAGES 10 TO 21 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BLUEPRINT DESIGN LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM JUNE 30, 2016 (DATE OF INCORPORATION) TO MARCH 31, 2017

	Share Capital	Retained Earnings	Total
	HK$	HK$	HK$
Issuance of share capital	77,800	-	77,800
Total comprehensive income for the period	-	95,259	95,259
At March 31, 2017	77,800	95,259	173,059
	=====	=====	======

THE NOTES ON PAGES 10 TO 21 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BLUEPRINT DESIGN LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM JUNE 30, 2016 (DATE OF INCORPORATION) TO MARCH 31, 2017

	HK$
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	115,449
Adjustment for:	
Bank overdraft interest	65
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	115,514
Increase in prepayment	(32,417)
Increase in payment in advance	(4,449,394)
Increase in trade receivables	(5,476,178)
Increase in amounts due to subsidiaries	8,305,734
Increase in trade payables	1,484,812
Increase in accruals	16,385
CASH USED IN OPERATIONS	(35,544)
Bank interest paid	(65)
Net cash used in operating activities	(35,609)
CASH FLOWS FROM INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of share capital and net cash generated from financing activities	77,800
NET INCREASE IN CASH AND CASH EQUIVALENTS	42,191
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	42,191
	=======

THE NOTES ON PAGES 10 TO 21 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BLUEPRINT DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Blueprint Design Limited is a company in Hong Kong with limited liability. The principal activity of the Company is provision of trading of garment. The address of its registered office is 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong. The directors consider that the immediate holding company is Multinational Textile Group Limited, a company incorporated in Mauritius.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS(s)") (which also include Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)")) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note (5) to the financial statements.

b. Changes in Accounting Policies and Disclosures

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Company, and accordingly, they have had no material impact on the Company's financial statements for the period from June 30, 2016 (Date of Incorporation) to March 31, 2017.

c. Issued but not yet Effective Hong Kong Financial Reporting Standards

The Company has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the accounting period from June 30, 2016 (Date of Incorporation) to March 31, 2017, in these financial statements. The Company is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

e. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

f. Financial Assets

The Company's financial assets are only classified under loans and receivables category.

g. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortized cost using effective interest method, less any identified impairment losses. An impairment loss is recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

h. Financial Liabilities

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company's financial liabilities comprise trade and other payables and amount due to a fellow which are subsequently measured at amortized cost, using the effective interest method.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

i. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The Company's equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the date of issuance of shares.

j. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months.

k. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Hong Kong Dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

l. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable loss for the year. Taxable loss differs from net loss as reported in the Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable loss, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable loss will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax loss nor the accounting loss.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

l. Taxation (Cont'd)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Statement of Comprehensive Income.

m. Turnover

Turnover represents invoiced amount of sales less discounts and returns.

n. Recognition of Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the bases as follows:

- Revenue from sales of goods is recognized when goods are delivered to buyers.

- Other income is recognised on a receipt basis.

o. Employee Benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Company in exchange for services rendered by its employees and directors. The employee benefits are classified as staff costs and charged to the Statement of Comprehensive Income.

No provision on employee entitlements to annual leave is provided in the financial statements as the directors consider that no material liability would arise as a result of such entitlement in the near future. Sick leave and maternity leave are not recognised until the time of leave.

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2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

p. Related Parties

A related party is a person or entity that is related to the Company.

(A) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Company or a parent of the Company.

(B) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

q. Financial Risks

The financial risks in connection with the Company's financial instruments include risks as follows.

(i) Market risk includes three types of risk as below:

- Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

- Price risk: the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Market risk embodies not only the potential for loss but also the potential for gain.

(ii) Credit risk: the risk that the corresponding party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss.

(iii) Liquidity risk (also referred to as funding risk): the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

(iv) Cash flow interest rate risk: the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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3. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(i) To safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Company's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risks are limited by the financial management policies and practices described below.

(a) Credit risk

The Company has no significant concentrations of credit risk because it has no financial assets.

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. As the fellow subsidiary and shareholder have confirmed the willingness to provide continuous financial support to the Company, the directors are of the opinion that the Company is adequately protected from the liquidity risk.

(c) Cash flow and fair value interest rate risk

The Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate of fair values of current assets and liabilities

The nominal value of current assets and liabilities are assumed to approximate their fair values.

6. REVENUE, OTHER INCOME AND GAINS

Revenue recognised during the period are as follows:

	HK$
Turnover:	
Sales of goods	5,776,596
Other income and gains, net:	
Exchange difference, net	39,842
Total revenue recognised	5,816,438
	=======

7. FINANCE COSTS

Bank overdraft interest	65
	=======

8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging and (crediting):

Auditors' remuneration	12,000
Exchange differences, net	(39,842)
Staff costs	
- Salaries	213,691
	======

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

(i) Remuneration of the directors of the Company disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	HK$
Emoluments:	
Acting as directors	-
Provision for management services	-
Retirement benefits	-
	-
	======

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS (CONT'D)

(ii) Loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Company and its holding company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

Loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director

During the period, no loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director.

Guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director

During the period, no guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director.

(iii) Material interests of directors (including shadow directors) of the Company disclosed pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

In the opinion of the directors, the directors or shadow directors, if any, of the Company had no material interests in those significant transactions, arrangements or contracts in relation to the Company's business entered into by the Company or another company in the same group of companies or subsisted during the year.

10. AUDITOR'S REMUNERATION

Auditor's remuneration and expenses for the year disclosed pursuant to Part 2 of Schedule 4 of the Hong Kong Companies Ordinance are as follow:

	HK$
Auditor's remuneration	12,000
Auditor's expenses	-
	12,000

11. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the period.

No deferred tax has been recognised in the financial statements on the grounds that the Company only has depreciable assets of a negligible amount during the current year and its deferred tax is insignificant in comparison to the Company's overall financial position.

	HK$
Hong Kong Profits tax:	
- Current year	20,190
	======

12. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts due to fellow subsidiaries are unsecured, interest-free and has no fixed terms of repayment. The fellow subsidiaries agreed not to demand repayment of the amount due until the Company is financially capable of repayment. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

13. SHARE CAPITAL

	No. of shares	Amount
		HK$
Issued and fully paid:		
Ordinary shares of US$1 each		
At March 31	10,000	77,800
	=====	=====

The Company was incorporated on June 30, 2016. On the date of incorporation, 10,000 ordinary shares of USD$1 each was issued to the subscriber at par to provide initial working capital of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

14. CURRENCY RISK

(i) Exposure to currency risk

The following table details the Company's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the Company to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of reporting period.

	(Expressed in HK$) 2017
	USD
Prepayment	32,417
Payment in advance	4,449,394
Trade receivables	5,476,178
Cash and cash equivalents	42,056
Trade payables	(1,484,812)
Accruals	(4,385)
Net exposure arising from recognised assets and liabilities	8,510,848
	=======

(ii) Sensitivity analysis

The following table indicates the approximate change in the Company's profit/loss after tax in response to reasonably possible changes (e.g.±10%) in the foreign exchange rates to which the Group has significant exposure at the end of reporting period.

	Increase	Decrease
	HK$	HK$
US Dollars (USD)	-	-
	======	======

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Company's exposure to currency risk for the variables.

The stated changes represent Management's assessment of reasonably possible change in foreign exchange rates over the period until the next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on Company's profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of reporting period for presentation purposes.

15. RELATED PARTY TRANSACTIONS

During normal course of business, the Company had the following transactions with the related parties below.

Name	Relationship	Nature of transactions	HK$
Norwest Industries Limited	Fellow subsidiary	- Sample charges	36,058
		- Commission expenses	20,788
Fareast Vogue Limited	Fellow subsidiary	- Sample charges	32,733
		- Commission expenses	306,907
		- Purchases	401,413
			======

16. COMMENCEMENT OF BUSINESS

The Company was incorporated on June 30, 2016 and commenced business on the September 5, 2016.

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Company's Board of Directors on May 25, 2017.

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BLUEPRINT DESIGN LIMITED
DETAILED INCOME STATEMENT
FOR THE PERIOD FROM JUNE 30, 2016
(DATE OF INCORPORATION) TO MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

		HK$
TURNOVER		5,776,596

LESS: COST OF SALES		
	Purchase	4,316,838
	Subcontracting charges	508,910
		4,825,748

GROSS PROFIT		950,848
EXCHANGE DIFFERENCE, NET		39,842
		990,690
OPERATING EXPENSES		
Finance Costs		
	Bank overdraft interest	65

Staff Costs		
	Salaries	213,691

Other Operating Expenses		
	Auditors' remuneration	12,000
	Bank charges	16,150
	Business registration fee	250
	Commission expenses	327,695
	Courier expenses	20,210
	Formation expenses	6,920
	Insurance	6,483
	Legal and professional fee	3,800
	Overseas travelling expenses	109,379
	Penalty from customers	7,215
	Printing & Stationery	280
	Sample charges	134,923
	Testing charges	6,844
	Transportation expenses	9,336
		661,485

		875,241
PROFIT BEFORE TAXATION		115,449
		=======

DESIGN ARC UK LTD

Statement of profit or loss and other comprehensive income
31.Mär.17

	31.Mär.17
Revenue	-
Cost of sales	-
Gross profit	-
Operating income	-
Other income	-
Marketing, selling and distribution expenses	-
Manufacturing and other expenses	-
Share of loss of a joint venture	-
General and administrative expenses	27,500
Depreciation and amortisation	-
Results from operating activities	**27,500**
Finance income	-
Finance costs	-
Net finance income	-
Group loss on disposal	-
Negative goodwill written off	-
Share of profit from associate	-
Profit before income tax	**27,500**
Income tax expense	-
Profit for the period	**27,500**
Other comprehensive income	
Items that are or may be reclassified to profit or loss	
Net(loss)/gain on cash flow hedges	-
Group loss on disposal of subsidiary	-
Foreign currency translation differences for foreign operations	-
Net movement in exchange reserves	-
Net movement in available for sale investment reserves	-
Transfer to non-controlling interest	-
Transfer from holding	-
Transfer from non controlling interest	-
Transfer from non-controlling interest	-
Other comprehensive income for the period, net of tax	-
Total comprehensive income for the period	**27,500**
Profit attributable to:	
Owners of the company	-
Non-controlling interest	-
Profit for the period	-

For & on behalf of Design Arc UK Ltd

Krishna Kanodia

(Company Secretary)

DESIGN ARC UK LTD

Statement of financial position

31.Mär.17

	31.Mär.17 GBP
Assets	
Non-current assets	
Property, plant and equipment	-
Intangible assets	-
Available-for-sale investments	-
Held-to-Maturity Investments	-
Investment in associate	-
Investment Property	-
Receivables	-
INV	-
Deferred tax assets	-
Total non-current assets	-
Current assets	
Inventories	-
Available-for-sale investments	-
Derivative Financial instruments	-
Trade and other receivables	42,500
Cash and cash equivalents	-
Total current assets	42,500
Total assets	42,500
Equity and liabilities	
Capital and reserves	
Stated capital	42,500
Share application monies	
Reserves	(23,375)
Total equity attributable to equity holders of the parent	19,125
Non-controlling interest	3,375
Total equity	22,500
Liabilities	
Non-current liabilities	
Long term loans	20,000
Obligations under finance lease	-
Employee benefit	-
Deferred tax liabilities	-
Total non-current liabilities	20,000
Current liabilities	
Short term loans	-
Bank overdrafts	-
Tax payable	-
Obligations under finance lease	-
Trade and Other payables	-
Derivative financial instruments	-
Total current liabilities	-
Total liabilities	20,000
Total equity and liabilities	42,500
	-

For & on behalf of Design Arc UK Ltd

Krishna Kanodia

(Company Secretary)

GRUPO SOURCING LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE PERIOD FROM MARCH 15, 2016
(DATE OF INCORPORATION) TO MARCH 31, 2017

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

GRUPO SOURCING LIMITED

CONTENTS

GRUPO SOURCING LIMITED

DIRECTORS' CONSOLIDATED REPORT

The directors present their annual consolidated report and the annual audited financial statements for the period from March 15, 2016 (Date of Incorporation) to March 31, 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are garment trading and investment holding. The principle activity and other particulars of the subsidiary are set out in the Note (18) to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Company and its subsidiary (the "Group") for the period from March 15, 2016 (Date of Incorporation to March 31, 2017 are set out in the statements of comprehensive income on page 7.

The directors do not recommend any payments of dividend for the period.

PLANT AND EQUIPMENT

Movements in plant and equipment are set out in Note (11) to the financial statements.

SHARE CAPITAL AND RESERVES

Details of share capital of the Company are set out in Note (17) to the financial statements.

There were no movements in reserves except for changes to retained profits which arose from profit or loss.

DIRECTORS

(a) Directors of the Company

The directors of the Group during the period and at the date of this report were:

Deepak Kumar SETH	(Appointed on March 15, 2016)
Pallak SETH	(Appointed on March 15, 2016)
Zamal Uddin AHMED	(Appointed on April 1, 2016)

In accordance with Article 7 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

(b) Director of the Company's subsidiary

During the period and up to date of this report, Muhammad Shahed Mahmud is also the director of the subsidiary of the Company.

GRUPO SOURCING LIMITED

DIRECTORS' CONSOLIDATED REPORT (CONT'D)

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Except for the related party transactions as disclosed in Note (19) to the finance statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group or its subsidiary were entered into or existed during the period.

PERMITTED INDEMNITY PROVISION

At no time during the financial period and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Group and holding company (whether made by the Group or otherwise) or an associated company (if made by the Group).

BUSINESS REVIEW

The Group is a wholly owned subsidiary of another body corporate. Accordingly, the Group is exempted from preparing a business review.

AUDITORS

During the period, Messrs. Louis Lai & Luk CPA Limited has been appointed as the auditors of the Company. They now retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Deepak Kumar SETH
Chairman

Hong Kong, May 25, 2017.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF

GRUPO SOURCING LIMITED

(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Grupo Sourcing Limited ("the Company") and its subsidiary ("the Group") set out on pages 7 to 28, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from March 15, 2016 (date of Incorporation) to March 31, 2017 and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the period then ended, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fundamental Uncertainty Relating to the Going Concern

In forming our opinion, we have considered the adequacy of the disclosure made in Note (2d) to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon ongoing support from the fellow subsidiaries and the attaining of profitable and positive cash flow operations, and the Group may turn to a commercially viable concern. The consolidated financial statements do not include any adjustments that may be necessary should the implementation of such measures become unsuccessful.

We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

INDEPENDENT AUDITOR’S REPORT (CONT'D)
TO THE MEMBERS OF
GRUPO SOURCING LIMITED
(incorporated in Hong Kong with limited liability)

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor’s report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by HDICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR’S REPORT (CONT'D)
TO THE MEMBERS OF
GRUPO SOURCING LIMITED
(incorporated in Hong Kong with limited liability)

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.

- 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 Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR’S REPORT (CONT'D)
TO THE MEMBERS OF
GRUPO SOURCING LIMITED
(incorporated in Hong Kong with limited liability)

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (Cont’d)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 25, 2017.

GRUPO SOURCING LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM MARCH 15, 2016 (DATE OF INCORPORATION) TO MARCH 31, 2017

	NOTES	HK$
REVENUE	(6)	7,196,452
OTHER INCOME AND GAINS	(6)	248,303
COST OF GOODS SOLD		(5,286,151)
DEPRECIATION EXPENSES		(106,910)
AMORTISATION		(13,933)
STAFF COSTS		(914,863)
OTHER OPERATING EXPENSES		(2,190,177)
LOSS BEFORE TAXATION	(7)	(1,067,279)
TAXATION	(9)	(7,779)
LOSS FOR THE PERIOD		(1,075,058)
OTHER COMPREHENSIVE EXPENSE		
Item that may be reclassified to profit or loss:		
- Exchange difference on translating foreign operations		(21,530)
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD		(1,096,588)
LOSS ATTRIBUTABLE TO:		
- Owners of the Company		(1,074,978)
- Non-controlling interests		(80)
		(1,075,058)
TOTAL COMPREHENSIVE EXPENSE ATTRIBUTABLE TO:		
- Owners of the company		(1,096,508)
- Non-controlling interest		(80)
		(1,096,588)

THE NOTES ON PAGES 11 TO 28 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

GRUPO SOURCING LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	NOTES	HK$
Non-Current Assets		
Plant and equipment	(11)	371,777
Intangible assets	(12)	4,495
Goodwill	(13)	185,144
		561,416
Current Assets		
Deposits and prepayment		12,693
Trade and other receivables	(14)	6,324,377
Cash and cash equivalents		799,554
		7,136,624
Current Liabilities		
Amounts due to fellow subsidiaries	(15)	6,669,056
Trade and other payables	(16)	1,324,122
Provision for taxation		23,396
		8,016,574
Net Current Liabilities		(879,950)
NET LIABILITIES		(318,534)
EQUITY		
Share capital	(17)	778,000
Reserve		(1,096,593)
Equity attributable to owners of the company		(318,593)
Non-controlling interests		59
TOTAL EQUITY		(318,534)

APPROVED BY THE BOARD OF DIRECTORS ON MAY 25, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH Director	Pallak SETH Director

THE NOTES ON PAGES 11 TO 28 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

GRUPO SOURCING LIMITED

CONSOLIATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM MARCH 15, 2016 (DATE OF INCORPORATION) TO MARCH 31, 2017

	Share Capital	Translation Reserve	Retained Earnings	Non-controlling Interests	Total
	HK$	HK$	HK$	HK$	HK$
Issuance of chare capital	778,000	-	-	-	778,000
Acquisition of subsidiary	-	-	-	54	54
Recalculation of non-controlling interest	-	-	(85)	85	-
Total comprehensive expenses for the period	-	(21,529)	(1,074,979)	(80)	(1,096,588)
At March 31, 2017	778,000	(21,529)	(1,075,064)	59	(318,534)
	======	=====	=======	===	=======

THE NOTES ON PAGES 11 TO 28 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

GRUPO SOURCING LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM MARCH 15, 2016 (DATE OF INCORPORATION) TO MARCH 31, 2017

	HK$
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before taxation	(1,067,279)
Adjustments for:	
Amortisation	13,933
Depreciation	106,910
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(946,436)
Decrease in deposits and prepayment	127
Increase in trade and other receivables	(6,324,377)
Increase in trade and other payable	464,006
Net receipt from fellow subsidiaries	6,669,056
Increase in tax payable	14,463
Net cash used in operating activities	(123,161)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of plant and equipment	(84,935)
Payment to acquire intangible asset	(17,978)
Acquisition of a subsidiary net of cash acquired	269,160
Net cash generated from investing activities	166,247
CASH FLOWS FROM FINANCING ACTIVITIES	
Issuance of share capital and net cash generated from financing activities	778,000
NET INCREASE CASH AND CASH EQUIVALENTS	821,086
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	-
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(21,532)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	799,554

THE NOTES ON PAGES 11 TO 28 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

GRUPO SOURCING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Grupo Sourcing Limited is a company incorporated in Hong Kong with limited liability. Its principal activities are garment trading and investment holding. The Company's registered office is 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong. The directors consider that the immediate holding company is Multinational Textile Group Limited, a company incorporated in Mauritius. The ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India and its shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS(s)") (which also include Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)")) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$"), which is also the Company's functional and presentation currency.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note (5) to the consolidated financial statements.

b. Changes in Accounting Policies and Disclosures

Certain new and revised HKFRSs became effective for the first time during the current financial period but are not applicable to the Group, and accordingly, they have had no material impact on the Group's financial statements for the period from March 15, 2016 (Date of Incorporation) to March 31, 2017.

c. Issued but Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the accounting period from March 15, 2016 (Date of Incorporation) to March 31, 2017, in these consolidated financial statements. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

d. Going Concern

The holding company has confirmed its willingness to provide such financial assistance as is necessary to maintain the Group as a going concern. On the strength of this assurance, the financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to March 31. Subsidiary is an entity over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiary is consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balance and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary have been changes where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the Consolidated Statement of Financial Position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the Consolidated Statement of Comprehensive Income as an allocation of the total profit or loss and total comprehensive income for the period between non controlling interests and the shareholders of the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the controlling and non-controlling interests within consolidated equity to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received recognised directly in equity and attributed to the owners of the Company.

In the Company's Statements of Financial Position the investments in subsidiary is stated at cost less allowance for impairment losses. The results of subsidiary is accounted for by the Company on the basis of dividends received and receivable.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

f. Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and aggregate identified impairment loss, if any.

Depreciation is provided to write off the cost less residual value of plant and equipment over its expected useful lives.

Furniture and fixtures	25%
Office equipment	33.33%
Computer equipment	33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss on disposal of plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the Consolidated Statement of Comprehensive Income.

When assets are sold or otherwise disposed of, their carrying amounts are written off from the consolidated financial statements and any resulting gain or loss is included in the Consolidated Statement of Comprehensive Income.

g. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

h. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

i. Financial Assets

The Group's financial assets are only classified under loans and receivables category.

j. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortized cost using effective interest method, less any identified impairment losses. An impairment loss is recognised in the Consolidated Statement of Comprehensive Income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

k. Financial Liabilities

Financial liabilities of the Group are classified, at initial recognition, as loans and borrowings or derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities comprise trade and other payables and amounts due to fellow subsidiaries and immediate holding company, and bank borrowing which are subsequently measured at amortized cost, using the effective interest method.

l. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the date of issuance of shares.

m. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

n. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

o. 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 period. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income.

p. Turnover

Turnover represents invoiced amount of sales less discounts and returns.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

q. Recognition of Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the bases as follows:

- Revenue from sales of goods is recognised when goods are delivered to buyers.
- Inspection and commission income is recognised when the services are rendered.
- Other income is recognised on a receipt basis.

r. Borrowing Costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

s. Retirement Benefit Scheme

The Group participates in Mandatory Provident Fund Scheme ("MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Pursuant to the rules of the MPF Scheme, each of the employer and employees are required to make contributions to the scheme at rates specified in the rules.

The MPF Scheme is a defined contribution plan and the Group is only obliged to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The retirement benefit cost arising from the MPF Scheme charged to the Consolidated Statement of Comprehensive Income represent contribution payable to the funds by the Group in accordance with the rules of the MPF Scheme.

t. Employee Benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Group in exchange for services rendered by its employees and directors. The employee benefits are classified as staff costs and charged to the Consolidated Statement of Comprehensive Income.

No provision on employee entitlements to annual leave is provided in the financial statements as the directors consider that no material liability would arise as a result of such entitlement in the near future. Sick leave and maternity leave are not recognised until the time of leave.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

u. Related Parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the Group or a parent of the Group.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

v. Financial Risks

The financial risks in connection with the Group's financial instruments include risks as follows.

(i) Market risk includes three types of risk as below:

- Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

- Price risk: the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Market risk embodies not only the potential for loss but also the potential for gain.

(ii) Credit risk: the risk that the corresponding party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss.

(iii) Liquidity risk (also referred to as funding risk): the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

(iv) Cash flow interest rate risk: the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

3. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Group's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(i) Financial instruments by category

The financial assets of the Group comprise trade and other receivable, deposits, amounts due from fellow subsidiaries, and cash and cash equivalents which are categorized as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the Consolidated and Company Statements of Financial Position or in the corresponding notes to the consolidated financial statements. The financial liabilities of the Group comprise trade and other payables, and amounts due to immediate holding company and fellow subsidiaries which are categorized as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the Consolidated Statement of Financial Position or in the corresponding notes to the consolidated financial statements.

(ii) Financial risk management

The Group's financial risks are limited by the financial management policies and practices described below.

(a) Liquidity risk

As the holding company and fellow subsidiaries have confirmed its willingness to provide continuous financial support to the Group, the management is of the opinion that the Group is adequately protected from the liquidity risk.

(b) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

As the holding company and fellow subsidiaries have confirmed the willingness to provide continuous financial support, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate of fair values of current assets and liabilities

The nominal values of current assets and liabilities are assumed to approximate their fair values.

6. REVENUE, OTHER INCOME AND GAINS

	HK$
Revenue recognised during the period including revenue arising from:	
Revenue:	
Sales and marketing income	7,195,452
Other income and gain, net:	
Commission income	153,318
Inspection income	4,279
Sundry income	90,706
	248,303
Total revenue recognised	7,443,755

7. LOSS BEFORE TAXATION

Loss before taxation is stated after charging:

Depreciation	106,910
Amortisation of intangible assets	13,933
Exchange differences, net	9,533
Staff costs (including directors' remuneration)	
- Salaries and allowance	913,250
- Staff welfare expenses	1,612

8. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

(i) Remuneration of the directors of the Group disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	HK$
Emoluments:	
Acting as directors	-
Provision for management services	-
Retirement benefits	-
	-

8. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS (CONT'D)

(ii) Loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Group and its holding company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

Loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director

During the year, no loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or a controlled body corporate of such a director.

Guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director

In the opinion of the directors, the directors or shadow directors, if any, of the Group had no material interests in those significant transactions, arrangements or contracts in relation to the Group's business entered into by the Group or another company in the same group of companies or subsisted during the year.

9. TAXATION

No Hong Kong profit tax has been provided in the financial statements as the Group made no assessable profits for the period. Profit tax of subsidiary has been provided at the prevailing rate of the country the subsidiary operates.

	HK$
Overseas income tax	7,779
	=====

No deferred tax has been recognised in the financial statements on the grounds that the Group only has taxable temporary differences of a negligible amount during the current and prior years and its deferred tax liability is insignificant in comparison to the Group's and Company's overall financial position.

The charge for the year can be reconciled to the loss per the Consolidated Statement of Comprehensive Income as follows:

	HK$
Profit before taxation	1,067,279
	=======
Tax loss at the domestic income tax rate	(106,595)
Tax loss not recognised	114,374
Taxation expense for the period	7,779
	=======

GRUPO SOURCING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. LOSS ATTRIBUTABLE TO SHAREHOLDERS

Included in the loss of HK$1,074,979 attributable to shareholders of the Group is a loss of HK$693,780 which is dealt with in the Company's own accounts.

11. PLANT AND EQUIPMENT

	Office equipment	Computer equipment	Furniture and fixture	Total
Cost	HK$	HK$	HK$	HK$
Acquisition from a subsidiary	91,396	55,295	256,936	403,627
Additions	6,054	28,582	50,299	84,935
Exchange realignment	(904)	(547)	(2,543)	(3,994)
At 31/3/2017	96,546	83,330	304,692	484,568
Accumulated Depreciation				
Acquisition from a subsidiary	1,154	-	8,273	9,427
Charge for the period	28,780	21,745	56,385	106,910
Exchange realignment	(941)	(702)	(1,903)	(3,546)
At 31/3/2017	28,993	21,043	62,755	112,791
Net Book Value				
At 31/3/2017	67,553	62,287	241,937	371,777

12. INTANGIBLE ASSET

	Computer System
Cost	HK$
Additions and at 31/3/2017	17,978
Accumulated Amortisation	
Amortise for the year	13,933
Exchange realignment	(450)
At 31/3/2017	13,483
Net Book Value	
At 31/3/2017	4,495

13. GOODWILL

	HK$
Cost and carrying amount	
Acquisition at a subsidiary and as at 31/3/2017	185,144
	======

14. TRADE AND OTHER RECEIVABLES

Trade receivables (Note (i))	6,324,377
	=======

(i) Aging analysis of trade receivables is as follows:

Neither past due nor impaired	6,324,377
	=======

15. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts are unsecured, interest-free and have no fixed terms of repayment. The fellow subsidiaries had agreed not to demand repayment until the Group is financially capable of repayment. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

16. TRADE AND OTHER PAYABLES

	HK$
Trade payables (Note (i))	1,004,006
Trade deposit received	104,085
Other payables and accruals	216,031
	1,324,122
	========

(i) Maturity of the trade payables is as follows:

Due for payment:	
Not later than one year	1,004,006
	========

17. SHARE CAPITAL

	No. of shares	Amount
		HK$
Issued and fully paid:		
Ordinary shares of US$1 each		
At March 31	100,000	778,000
	=======	=======

The Company was incorporated on March 15, 2016. On the date of incorporation, 100,000 ordinary shares of US$1 each was issued to the subscriber at par to provide initial working capital of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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18. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	HK$
Non-Current Assets		
Investment in a subsidiary	(18a)	1,377,060
Current Assets		
Trade receivable		5,307,871
Amount due from a subsidiary		778,000
Cash and cash equivalents		592,958
		6,678,829
Current Liabilities		
Amounts due to fellow subsidiaries		6,665,238
Trade and other payables		1,305,829
		7,971,067
Net Current Liabilities		(1,292,238)
NET ASSETS		84,822
EQUITY		
Share capital		778,000
Retained earnings	(18b)	(693,178)
TOTAL EQUITY		84,822

APPROVED BY THE BOARD OF DIRECTORS ON MAY 25, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH
Director

Pallak SETH
Director

18. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONT'D)

a. INTEREST IN A SUBSIDIARY

	HK$
Unlisted investment, at cost	1,377,060
	=======

Details of subsidiary are as follows:

Name of subsidiary	Place of incorporation	Percentage of ownership and voting power	Nature of business
Grupo Sourcing Limited *	Bangladesh	99.99%	Trading and supply of goods and services including garments related activities

* Not audited by Louis Lai & Luk CPA Limited

b. RESERVE

	Retained Earnings
	HK$
Total comprehensive income for the year and at March 31, 2017	693,178
	======

19. RELATED PARTY TRANSACTIONS

During normal course of business, the Group had the following transactions with the related parties below.

Name of Company	Relationship	Nature of transactions	HK$
Multinational Textile Group Ltd.	Immediate holding company	Management and service fee	140,040
Poeticgem International Ltd.	Fellow subsidiary	Sales	3,988,478
		Commission income	153,318
			=======

20. CURRENCY RISK

(i) Exposure to currency risk

The following table details the Group's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of reporting period.

	(Expressed in HKD) 2017		
	BDT	USD	Total
Deposit and prepayment	12,693	-	12,693
Trade and other receivables	1,016,506	-	1,016,506
Trade and other payables	(18,293)	-	(18,293)
Tax payables	(23,396)	-	(23,396)
Cash and cash equivalents	206,596	591,924	798,520
Net exposure arising from recognised assets and liabilities	1,194,106	591,924	1,786,030
	=======	======	=======

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax in response to reasonably possible changes (e.g.±10%) in the foreign exchange rates to which the Group has significant exposure at the end of reporting period.

	Increase	Decrease
	HK$	HK$
Bangladeshi Taka (BDT)	99,708	(99,708)
	=====	=====

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Group's exposure to currency risk for the variables.

The stated changes represent Management's assessment of reasonably possible change in foreign exchange rates over the period until the end of next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on Group's profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of reporting period for presentation purposes.

21. COMMENCEMENT OF BUSINESS

The Company was incorporated on March 15, 2016 and commenced business on the same date.

22. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Group's Board of Director on May 25, 2017.

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GRUPO SOURCING LIMITED
CONSOLIDATED DETAILED INCOME STATEMENT
FOR THE PERIOD FROM MARCH 15, 2016
(DATE OF INCORPORATION) TO MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

	HK$
SALES	7,196,452
COST OF SALES	(5,286,151)
GROSS PROFIT	1,910,301
OTHER INCOME	
Commission income	153,318
Inspection income	90,210
Sundry income	4,775
	2,158,604
OPERATING EXPENSES	
Depreciation Expenses	
Depreciation	106,910
Amortisation	13,933
	120,843
Staff Costs	
Staff salaries and allowance	913,251
Staff welfare	1,612
	914,863
Other Operating Expenses	
Air freight charges	195,604
Auditor's remuneration	28,682
Bank charges	29,194
Car parking charge	2,018
Club and membership fee	2,573
Consulting fees	840,240
Courier charges	26,374
Electricity, water and gas expense	23,988
Entertainment	6,876
Visa charges	12,591
Exchange difference	13,640
Generator running and fuel	1,099
Government fees	4,337
Housekeeping and clearing fee	7,988
Insurance	10,952
Internet expense	300
Legal and professional fee	56,606
Sample expenses	1,086
Management expenses	140,040
Office expenses	52,789
Printing and stationery	12,219
Business registration fee	11,398
Recruitment expenses	157,367
Rent	65,583
Repair & maintainance	6,983
Security charges	33,296
Stamp duty	763
Taxi and car hire charges	114,340
Telephone expense	22,948
Transportation charges	25,745
Travelling oversea	282,558
	2,190,177
	3,225,883
LOSS BEFORE TAXATION	(1,067,279)

GRUPO SOURCING LIMITED
DETAILED INCOME STATEMENT
FOR THE PERIOD FROM MARCH 15, 2016
(DATE OF INCORPORATION) TO MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

	HK$
SALES	5,757,774
COST OF SALES	(5,286,151)
GROSS PROFIT	471,623
OTHER INCOME	243,528
	715,151
OPERATING EXPENSES	
Air freight charges	195,604
Auditors' remuneration	19,500
Bank charges	28,481
Business registration fee	250
Consultancy fee	840,240
Courier charges	8,154
Exchange differences, net	(115)
Internet expenses	300
Legal and professional fee	21,572
Management expenses	140,040
Print and stationery	1,250
Recruitment expenses	151,710
Stamp duty	763
Transportation charges	580
	1,408,329
LOSS BEFORE TAXATION	(693,178)
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Report of the Directors and Audited Financial Statements

PG HOME GROUP LIMITED

31 March 2017

PG HOME GROUP LIMITED

CONTENTS

PG HOME GROUP LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2017.

Principal activities

The principal activities of the Company during the year were the trading of home and garment products, and investment holding. The principal activity of the Company's subsidiary is set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results and dividends

The Group's loss for the year ended 31 March 2017 and the Group's financial position at that date are set out in the financial statements on pages 5 to 37.

The directors do not recommend the payment of any dividend in respect of the year.

Directors

The directors of the Company during the year were:

Berstein Jauregui Sebastian Felipe
Deepak Kumar Seth
Mahesh Kumar Seth
Pallak Seth
Payel Seth
Vial Cerda Vicente

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests

At no time during the year was the Company, its subsidiary or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company's subsidiary or any of its holding companies or fellow subsidiaries was a party during the year.

<u>Auditors</u>
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

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Pallak Seth
Chairman

Hong Kong

Independent auditors' report
To the members of PG Home Group Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the consolidated financial statements of PG Home Group Limited (the "Company") and its subsidiary set out on pages 5 to 37, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements
The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing 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 unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the member of PG Home Group Limited
(Incorporated in Hong Kong with limited liability)

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 our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks 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.
- 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 the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 conclusions are 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 presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the member of PG Home Group Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Certified Public Accountants
Hong Kong

PG HOME GROUP LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2017

	Notes	2017 US$	2016 US$
REVENUE	5	6,841,399	7,860,740
Cost of sales		(5,475,108)	(6,947,554)
Gross profit		1,366,291	913,186
Other income and gain	5	12,652	3,224
Administrative expenses		(976,338)	(961,555)
Finance costs	8	(29,755)	(79,256)
PROFIT/(LOSS) BEFORE TAX	6	372,850	(124,401)
Income tax credit/(charge)	9	(232,465)	122,558
PROFIT/(LOSS) FOR THE YEAR		140,385	(1,843)

PG HOME GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2016

	2017 US$	2016 US$
PROFIT/(LOSS) FOR THE YEAR	140,385	(1,843)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	65,686	(50,766)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	81,167	(52,609)

PG HOME GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	Notes	2017 US$	2016 US$
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,670	5,351
Intangible assets	11	4,021	3,977
Deferred tax assets	17	-	229,808
Prepayments and deposits	14	7,537	12,269
Total non-current assets		15,228	251,405
CURRENT ASSETS			
Inventories	12	4,266	29,615
Trade and bills receivables	13	424,057	539,016
Prepayments, deposits and other receivables	14	8,043	41,206
Financial asset at fair value through profit or loss	15	-	195,400
Tax recoverable		6,814	4,285
Cash and cash equivalents		72,939	312,615
Total current assets		516,119	1,122,137
CURRENT LIABILITIES			
Trade and bills payables		35,544	302,766
Other payables, accruals and receipts in advance	16	97,962	99,434
Due to the immediate holding company	21(b)	24,109	722,465
Total current liabilities		157,615	1,124,665
NET CURRENT ASSETS/(LIABILITIES)		358,504	(2,528)
Net assets		373,732	248,877
EQUITY			
Share capital	18	250,000	250,000
Reserves	19	123,732	(1,123)
Total equity		373,732	248,877

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Pallak Seth
Director

Berstein Jauregui Sebastian Felipe
Director

PG HOME GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2016

	Share capital US$	Exchange reserve US$	Retained profits/ (accumulated losses) US$	Total equity US$
At 1 April 2015	250,000	7,078	44,408	301,486
Loss for the year	-	-	(1,843)	(1,843)
Other comprehensive loss for the year:				
Exchange differences on translation of foreign operations	-	(50,766)	-	(50,766)
Total comprehensive loss for the year	-	(50,766)	(1,843)	(52,609)
At 31 March 2016 and at 1 April 2016	250,000	(43,688)	42,565	248,877
Profit for the year	-	-	140,385	140,385
Other comprehensive loss for the year:				
Exchange differences on translation of foreign operations	-	(15,550)	-	21,998
Total comprehensive profit for the year	-	(15,550)	140,385	81,167
At 31 March 2017	250,000	(59,218)	182,950	373,732

* These reserve accounts comprise the consolidated surplus reserves of US$123,732 (2016: consolidated reserves of US$1,123) in the consolidated statement of financial position.

PG HOME GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2016

	Notes	2017 US$	2016 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(124,401)	(124,401)
Adjustments for:			
Finance costs	8	79,256	79,256
Interest income	5	(92)	(92)
Depreciation	6	2,622	2,622
Fair value gain on a financial asset at fair value through profit or loss	5	(1,241)	(1,241)
Write-down of inventories to net realisable value	6	29,615	29,615
		(14,241)	(14,241)
Decrease/(increase) in inventories		728,420	728,420
Decrease in trade and bills receivables		408,156	408,156
Decrease in prepayments, deposits and other receivables		52,636	52,636
Decrease in trade and bills payables		(222,501)	(222,501)
Increase/(decrease) in other payables, accruals and receipts in advance		(61,660)	(61,660)
Decrease in an amount due to the immediate company		(715,481)	(715,481)
Cash generated from operations		175,329	175,329
Interest received		92	92
Tax refunded/(paid)		37,978	37,978
Net cash flows from operating activities		213,399	213,399
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	10	(1,801)	(1,801)
Purchase of a financial asset at fair value through profit or loss		(194,159)	(194,159)
Net cash flows used in investing activities		(195,960)	(195,960)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(79,256)	(79,256)
Proceeds from/(repayment of) interest-bearing bank borrowings, net		(97,436)	(97,436)
Net cash flows used in financing activities		(176,692)	(176,692)

continued/…

PG HOME GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2016

	2017 US$	2016 US$
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(159,253)	(159,253)
Cash and cash equivalents at beginning of year	487,697	487,697
Effect of foreign exchange rate changes, net	(15,829)	(15,829)
CASH AND CASH EQUIVALENTS AT END OF YEAR	312,615	312,615
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	312,615	312,615

1. CORPORATE INFORMATION

PG Home Group Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F, Surson Commercial Building, 140-142 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Company was primarily engaged in the trading of home and garment products, and investment holding.

The Company is a subsidiary of PG Group Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Information about the subsidiary

Particulars of the Company's subsidiary as at the end of the reporting period are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
PG Home Group S.P.A. #	Chile	Chilean Pesos 3,000,000	-	90	Sales and marketing

Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Group had net current liabilities at the end of the reporting period, as an intermediate holding company of the Company has agreed to provide adequate funds for the Group to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, except for a financial asset at fair value through profit or loss which has been measured at fair value. These financial statements are presented in United States dollars ("US$").

2.2 BASIS OF PREPARATION (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary (collectively referred to as the "Group") for the year ended 31 March 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The financial statements of its subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of its subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Group, and accordingly, they have had no impact on the Group's financial statements for the year ended 31 March 2017.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended 31 March 2017, in these financial statements. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

The Group measures its financial asset at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties
A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person
 (i) has control or joint control over the Group;
 (ii) has significant influence over the Group; or
 (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:
 (i) the entity and the Group are members of the same group;
 (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 (iii) the entity and the Group are joint ventures of the same third party;
 (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Impairment of non-financial assets
Where an indication of impairment exists or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates/estimated useful lives used for this purpose are as follows:

Furniture and fixtures	10%
Office equipment	10%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

The Group's brand name and merchandise license are stated at cost less any impairment losses.

Operating leases
Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss and loans and receivables, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for “Revenue recognition” below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
Financial assets carried at amortised cost (continued)
The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in statement of profit or loss.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables, accruals and receipts in advance, interest-bearing bank borrowings and an amount due to the immediate holding company.

Subsequent measurement of loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on the actual basis and comprises invoiced value of purchases, freight and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions
A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) royalty income, on an accrual basis; and

(c) interest income, on an accrual basis using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Retirement benefit costs

The Group operates a mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in Chile are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Foreign currencies

These financial statements are presented in US$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or the profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

The functional currency of overseas subsidiary is a currency other than US$. As at the end of the reporting period, the assets and liabilities of the subsidiary are translated into US$ at the exchange rates prevailing at the end of the reporting period, and its statement of profit or loss is translated into US$ at the weighted average exchange rate for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiary are translated into US$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year are translated into US$ at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Income tax and deferred tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectations are different from the original estimates, such differences will impact on the recognition of deferred tax assets and deferred tax in the periods in which such estimates have been changed.

5. REVENUE, OTHER INCOME AND GAIN

Revenue represents the net invoiced value of goods sold.

An analysis of other income and gain is as follows:

	2017 US$	2016 US$
Compensation from suppliers for late shipments	10,225	750
Royalty income	115	1,141
Interest income	66	92
Fair value gain on a financial asset at fair value through profit or loss	2,246	1,241
	12,652	3,224

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2017 US$	2016 US$
Cost of inventories sold	5,475,108	6,886,499
Depreciation	1,734	2,622
Minimum lease payments under operating leases	-	34,159
Auditors' remuneration	7,563	7,833
Employee benefit expenses (excluding directors' remuneration (note 7)):		
Salaries and allowances	267,346	323,001
Pension scheme contributions (defined contribution scheme)	-	1,694
	267,346	324,695
Foreign exchange differences, net	83,725	(40,054)
Write-down of inventories to net realisable value	4,266	29,615

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2017 US$	2016 US$
Fees	-	-
Other emoluments:		
Salaries and allowances	129,750	129,750
	129,750	129,750

8. FINANCE COSTS

	2017 US$	2016 US$
Interest on bank overdrafts	907	1,311
Interest on an amount due to the immediate holding company (note 22(b))	28,848	77,945
	29,755	79,256

9. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2015: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2016 US$	2015 US$
Current - Hong Kong		
Overprovision in the prior year	-	-
Current - Chile		
Credit for the year	(23,919)	(23,919)
Deferred tax (note 18)	(98,639)	(98,639)
Total tax credit for the year	(122,558)	(122,558)

9. INCOME TAX (continued)

A reconciliation of the tax credit applicable to loss before tax at the Hong Kong statutory tax rate to the tax amount at the effective tax rate is as follows:

	2016 US$	2015 US$
Loss before tax	(124,401)	(124,401)
Tax credit at the Hong Kong statutory tax rate	(20,526)	(20,526)
Difference in tax rates applied for specific provinces or local authority	(48,248)	(48,248)
Adjustments in respect of current tax of previous periods	-	-
Income not subject to tax	(55,293)	(55,293)
Expenses not deductible for tax	1,509	1,509
Others	-	-
Tax at the effective tax rate	(122,558)	(122,558)

10. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures US$	Office equipment US$	Total US$
31 March 2017			
At 31 March 2016:			
Cost	2,724	19,381	22,105
Accumulated depreciation	(2,712)	(14,042)	(16,754)
Net carrying amount	12	5,339	5,351
At 1 April 2016, net of accumulated depreciation	12	5,339	5,351
Additions	-	-	-
Depreciation provided during the year	-	(1,734)	(1,734)
Exchange realignment	(2)	(5)	(8)
At 31 March 2017, net of accumulated depreciation	10	3,660	3,670
At 31 March 2017:			
Cost	2,755	19,608	22,363
Accumulated depreciation	(2,745)	(15,948)	(18,693)
Net carrying amount	12	3,660	3,670

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture and fixtures US$	Office equipment US$	Total US$
31 March 2016			
At 31 March 2015:			
Cost	3,183	21,095	24,278
Accumulated depreciation	(2,622)	(15,059)	(17,681)
Net carrying amount	561	6,036	6,597
At 1 April 2015, net of accumulated depreciation	561	6,036	6,597
Additions	-	1,801	1,801
Depreciation provided during the year	(511)	(2,111)	(2,622)
Exchange realignment	(38)	(387)	(425)
At 31 March 2016, net of accumulated depreciation	12	5,339	5,351
At 31 March 2016:			
Cost	2,724	19,381	22,105
Accumulated depreciation	(2,712)	(14,042)	(16,754)
Net carrying amount	12	5,339	5,351

11. INTANGIBLE ASSETS

	Merchandise license US$	Brand name US$	Total US$
31 March 2017			
At 31 March 2016:			
Cost	8,359	3,977	12,336
Accumulated amortisation	(8,359)	-	(8,359)
Net carrying amount	-	3,977	3,977
At 1 April, 2016, net of accumulated amortisation	-	3,977	3,977
Exchange realignment	-	44	44
At 31 March 2017, net of accumulated amortisation	-	4,021	4,021
At 31 March 2017:			
Cost	8,359	4,021	12,336
Accumulated amortisation	(8,359)	-	(8,359)
Net carrying amount	-	4,021	4,021
31 March 2016			
At 31 March 2015:			
Cost	8,359	4,248	12,607
Accumulated amortisation	(8,359)	-	(8,359)
Net carrying amount	-	4,248	4,248
At 1 April, 2015, net of accumulated amortisation	-	4,248	4,248
Exchange realignment	-	(271)	(271)
At 31 March 2016, net of accumulated amortisation	-	3,977	3,977
At 31 March 2016:			
Cost	8,359	3,977	12,336
Accumulated amortisation	(8,359)	-	(8,359)
Net carrying amount	-	3,977	3,977

The brand name was not used during the years ended 31 March 2017 and 31 March 2016.

12. INVENTORIES

	2017 US$	2016 US$
Finished goods	4,266	29,615

13. TRADE AND BILLS RECEIVABLES

	2017 US$	2016 US$
Trade receivables	354,464	365,040
Bills receivable	69,593	173,976
	424,057	539,016

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade and bills receivables are non-interest-bearing and are on credit terms of 30 to 120 days. The Group seeks to maintain strict control over their outstanding receivables and overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances.

An aged analysis of the trade and bill receivables that are not individually nor collectively considered to be impaired is as follows:

	2017 US$	2016 US$
Neither past due nor impaired	516,238	516,238
Past due but not impaired:		
Less than one month	-	-
One to three months	5,089	5,089
Over three months	17,689	17,689
	424,057	539,016

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

13. TRADE AND BILLS RECEIVABLES (continued)

As at the end of the reporting period, the Group had transferred certain bills of exchange amounting to US$173,976 (2016: US$173,976) to a bank with recourse in exchange for cash. The proceeds of the Group from transferring the bills receivable of US$173,976 (2016: US$173,976) have been accounted for as collateralised bank advances and have been included in interest-bearing bank borrowings until the bills are collected or the Group makes good of any losses incurred by the banks (note 17).

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 US$	2015 US$
Prepayments	2,199	13,760
Deposits	5,338	4,629
Other receivables	8,043	35,086
	15,580	53,475
Less: Portion classified as non-current	(7,537)	(12,269)
	8,043	41,206

None of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no history of default.

15. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 US$	2016 US$
Investments fund	-	195,400

The above investment is classified as held for trading.

16. OTHER PAYABLES, ACCRUALS AND RECEIPTS IN ADVANCE

	2017 US$	2016 US$
Accruals	14,625	25,672
Accrued employee benefits	4,504	3,344
Operating tax payable	69,725	50,090
Receipts in advance	9,108	20,328
	97,962	99,434

Other payables are non-interest-bearing and have an average term of three months.

17. DEFERRED TAX ASSETS

	Losses available for offsetting against future taxable profits US$
At 1 April 2016	139,525
Deferred tax credited to profit or loss during the year (note 9)	98,639
Exchange realignment	(8,356)
At 31 March 2016 and 1 April 2017	229,808
Deferred tax debited to profit or loss during the year (note 9)	(253,168)
Exchange realignment	23,360
At 31 March 2017	-

18. SHARE CAPITAL

	2017 US$	2016 US$
Issued and fully paid:		
250,000 ordinary shares	250,000	250,000

19. RESERVES

The amounts of the Group's reserves and the movements therein for the current year and the prior year are presented in the consolidated statement of changes in equity on page 8 of the financial statements.

20. OPERATING LEASE ARRANGEMENT

The Group leases its office premises under an operating lease arrangement. The lease for the premises are negotiated for a term of two years.

At the end of the reporting period, the Group had a total future minimum lease payment under the non-cancellable operating lease falling due within one year of US$2,120 (2015: Nil).

21. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2017 US$	2016 US$
Immediate holding company:			
Interest expense	(i)	28,848	-
Fellow subsidiary:			
Sourcing expense	(ii)	307,261	271,555

Notes:

(i) The interest expense was charged at rates mutually agreed between the Group and the immediate holding company.

(ii) The sourcing fees were charged at rates mutually agreed between the Group and the fellow subsidiary.

(b) The amount due to the immediate holding company is unsecured, interest-bearing at 6% (2016: 6%) per annum and has no fixed terms of repayment.

22. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Group comprise trade and bills receivables, deposits and other receivables, and cash and cash equivalents, which are categorised as loans and receivables, and a financial asset at fair value through profit or loss which is categorised within financial assets at fair value through profit or loss - held for trading. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Group comprise trade and bill payables, financial liabilities included in other payables, accruals and receipts in advance, interest-bearing bank borrowings, and an amount due to the immediate holding company, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

23. FAIR VALUE

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amount		Fair value	
	2017	2016	2017	2016
	US$	US$	US$	US$
Financial asset				
Financial asset at fair value through profit or loss	-	195,400	-	195,400

Management has assessed that the fair values of trade and bills receivables, deposits and other receivables, cash and cash equivalents, trade and bills payables, financial liabilities included in other payables, accruals and receipts in advance, interest-bearing bank borrowings and an amount due to the immediate holding company approximated to their carrying amounts largely due to the short term maturities of these instruments.

Management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation.

The fair values of financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sale transactions.

The fair values of listed equity investments and debt securities included in the investments fund are based on quoted market prices.

As at 31 March 2017, the Group's financial asset at fair value through profit or loss is measured at Level 2 fair value. The Group did not have any financial liabilities measured at fair value as at 31 March 2017.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2, and no transfer into or out of Level 3 (2016: Nil).

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Group's financial management policies and practices described below:

Credit risk

The carrying amounts of cash and cash equivalents, trade and bills receivables, deposits and other receivables, and a financial asset at fair value through profit or loss represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's cash and cash equivalents are deposited with creditworthy banks with no recent history of default. The Group has policies in place to evaluate credit risk when accepting new businesses and to limit its credit exposure to individual customers. The maximum exposure for trade and bills receivables is the carrying amount as disclosed in note 13 to the financial statements. At the end of the reporting period, the Group had certain concentrations of credit risk as 19% (2016: 92%) of the Group's trade and bills receivables were due from the Group's top five customers.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, either have no fixed terms of repayment or are repayable within three months subsequent to the end of the reporting period.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to its shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016

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25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2017 US$	2016 US$
NON-CURRENT ASSET		
Investment in a subsidiary	5,967	5,967
CURRENT ASSETS		
Trade and bills receivables	411,992	496,307
Prepayments	-	1,740
Due from a subsidiary	1,204,531	1,353,131
Cash and cash equivalents	57,671	299,612
Total current assets	1,674,194	2,150,790
CURRENT LIABILITIES		
Trade and bills payables	35,544	252,338
Other payables, accruals and receipts in advance	54,055	74,699
Interest-bearing bank borrowings	-	-
Due to the immediate holding company	24,109	722,465
Total current liabilities	113,708	1,049,502
NET CURRENT ASSETS	1,560,486	1,101,288
Net assets	1,566,453	1,107,255
EQUITY		
Share capital	250,000	250,000
Retained profits	1,316,453	857,255
Total equity	1,566,453	1,107,255

Pallak Seth
Director

Berstein Jauregui Sebastian Felipe
Director

25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company’s retained profits is as follows:

	Retained profits US$
At 1 April 2016	522,148
Profit and total comprehensive income for the year	335,107
At 31 March 2016 and at 1 April 2017	857,255
Profit and total comprehensive income for the year	459,198
At 31 March 2017	1,316,453

26. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on

SOURCING SOLUTIONS LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

SOURCING SOLUTIONS LIMITED

CONTENTS

SOURCING SOLUTIONS LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the annual audited financial statements of the Company for the year ended March 31, 2017.

PRINCIPAL ACTIVITY

The principal activities of the Company are garment trading and provision of agency services.

RESULTS AND APPROPRIATIONS

The results of the Company for the year are set out in the statement of comprehensive income on page 6.

The directors do not recommend the payment of a dividend.

SHARE CAPITAL AND RESERVES

Details of share capital of the Company are set out in Note (16) to the financial statements. There were no movements during the year.

There were no movements in reserves except for changes to retained earnings which arose from profit or loss.

DIRECTORS

The directors of the Company during the year up to the date of this report were:

Pallak SETH
Deepak Kumar SETH
Imran Peter RATH

In accordance with Article 20 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Except for the related party transactions as disclosed in Note (18) of the financial statements, no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiary were entered into or existed during the year.

BUSINESS REVIEW

The Company falls within reporting exemption for the financial year. Accordingly, the Company is exempted from preparing a business review for this financial year.

PERMITTED INDEMNITY PROVISION

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company and holding company (whether made by the Company or otherwise) or an associated company (if made by the Company).

AUDITORS

The Company's auditors, Messrs. Louis Lai & Luk CPA Limited, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Deepak Kumar SETH
Chairman

Hong Kong, May 25, 2017.

INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF
SOURCING SOLUTIONS LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Sourcing Solution Limited ("the Company") set out on pages 6 to 23, which comprise the statement of financial position as at March 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2017, and of its financial performance and its cash flows for the year then ended, in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards 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 HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fundamental Uncertainty Relating to the Going Concern

In forming our opinion, we have considered the adequacy of the disclosure made in Note (2) to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. The financial statements have been prepared on a going concern basis, the validity of which depends upon ongoing support from the ultimate holding company and the attaining of profitable and positive cash flow operations, and the Company may turn to a commercially viable concern. The financial statements do not include any adjustments that may be necessary should the implementation of such measures become unsuccessful.

We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

Information Other than the Financial Statements and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
SOURCING SOLUTIONS LIMITED
(incorporated in Hong Kong with limited liability)

Responsibilities of Directors and Those charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are responsible for assessing 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 unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks 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.

INDEPENDENT AUDITOR’S REPORT (CONT'D)
TO THE MEMBERS OF
SOURCING SOLUTIONS LIMITED
(incorporated in Hong Kong with limited liability)

Auditor’s Responsibilities for the Audit of the Financial Statements (Cont’d)

- 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 the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 conclusions are 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 presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 25, 2017.

SOURCING SOLUTIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2017

	NOTES	1/4/2016 - 31/3/2017	12/3/2015 - 31/3/2016
		HK$	HK$
REVENUE	(6)	9,675,074	-
COST OF SALES		(8,794,994)	-
GROSS PROFIT		880,080	-
OTHER INCOME AND GAINS	(6)	2,227,483	610,634
OTHER OPERATING EXPENSES		(7,291,172)	(7,960,080)
LOSS FROM OPERATION		(4,183,609)	(7,349,446)
FINANCE COSTS	(7)	(326)	-
LOSS BEFORE TAXATION	(8)	(4,183,935)	(7,349,446)
TAXATION	(11)	-	-
LOSS FOR THE YEAR/PERIOD		(4,183,935)	(7,349,446)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR/PERIOD		(4,183,935)	(7,349,446)
		=======	=======

THE NOTES ON PAGES 10 TO 23 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

SOURCING SOLUTIONS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	NOTES	2017	2016
		HK$	HK$
Current Assets			
Amount due from a shareholder	(12)	38,900	38,900
Amount due from related companies	(9ii)	2,168,021	29,292
Trade and other receivables	(13)	3,651,978	9,408,657
Cash and cash equivalents		1,311,000	28,651
		7,169,899	9,505,500
Current Liabilities			
Amount due to related companies	(14)	15,376,384	9,891,945
Trade and other payables	(15)	3,229,596	6,872,201
Accrued expenses		19,500	13,000
		18,625,480	16,777,146
Net Current Liabilities		(11,455,581)	(7,271,646)
NET LIABILITIES		(11,455,581)	(7,271,646)
EQUITY			
Share capital	(16)	77,800	77,800
Retained earnings		(11,533,381)	(7,349,446)
TOTAL EQUITY		(11,455,581)	(7,271,646)

APPROVED BY THE BOARD OF DIRECTORS ON MAY 25, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH
Director

Pallak SETH
Director

THE NOTES ON PAGES 10 TO 23 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

SOURCING SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2017

	Share Capital	Retained Earnings	Total
	HK$	HK$	HK$
Issuance of share capital	77,800	-	77,800
Total comprehensive expense for the period	-	(7,349,446)	(7,349,446)
At March 31, 2016 and April 1, 2016	77,800	(7,349,446)	(7,271,646)
Total comprehensive expense for the year	-	(4,183,935)	(4,183,935)
At March 31, 2017	77,800	(11,533,381)	(11,455,581)
	=====	========	========

THE NOTES ON PAGES 10 TO 23 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

SOURCING SOLUTIONS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	1/4/2016 - 31/3/2017	12/3/2015 -31/3/2016
	HK$	HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(4,183,935)	(7,349,446)
Adjustment for:		
Bank interest income	(1)	-
Bank overdraft interest	326	-
OPERATING LOSS BEOFRE WORKING CAPITAL CHANGES	(4,183,610)	(7,349,446)
Increase in amount due from a shareholder	-	(38,900)
Increase in amount due from a related company	(2,138,729)	(29,292)
Decrease/(Increase) in trade and other receivables	5,756,679	(9,408,657)
Increase in amount due to related companies	5,484,439	9,891,945
(Decrease)/Increase in trade and other payable	(3,642,605)	6,872,201
Increase in accrued expenses	6,500	13,000
Net cash generated from/(used in) operations	1,282,674	(49,149)
Bank interest income	1	-
Bank overdraft interest	(326)	-
Net cash generated from/(used in) operating activities	1,282,349	(49,149)
CASH FLOW FROM INVESTING ACTIVITIES	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital and net cash generated from financing activities	-	77,800
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,282,349	28,651
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	28,651	-
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	1,311,000	28,651
	=======	=======

THE NOTES ON PAGES 10 TO 23 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

SOURCING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Sourcing Solutions Limited is a company in Hong Kong with limited liability. The principal activities of the Company are garment trading and provision of agency services. The address of its registered office is 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS(s)") (which also include Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)")) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention and are presented in Hong Kong Dollars ("HK$"), which is also the Company's functional and presentation currency.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note (5) to the Company's financial statements.

b. Changes in Accounting Policies and Disclosures

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Company, and accordingly, they have had no material impact on the Company's financial statements for the year ended December 31, 2016.

c. Issued but not yet Effective Hong Kong Financial Reporting Standards

The Company has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended March 31, 2017, in these financial statements. The Company is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d. Going Concern

The holding company and fellow subsidiary have confirmed their willingness to provide such financial assistance as is necessary to maintain the Company as a going concern. On the strength of this assurance, the financial statements have been prepared on a going concern basis.

e. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

f. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

g. Financial Assets

The Company's financial assets are only classified under loans and receivables category.

h. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortized cost using effective interest method, less any identified impairment losses. An impairment loss is recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

i. Financial Liabilities

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company's financial liabilities comprise trade and other payables and amount due to a fellow which are subsequently measured at amortized cost, using the effective interest method.

j. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The Company's equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the date of issuance of shares.

k. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months.

l. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Hong Kong Dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

m. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable loss for the year. Taxable loss differs from net loss as reported in the Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

m. Taxation (Cont'd)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable loss, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable loss will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax loss nor the accounting loss.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Statement of Comprehensive Income.

n. Turnover

Turnover represents invoiced amount of sales less discounts and returns.

o. Recognition of Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the bases as follows:

- Revenue from sales of goods is recognized when the goods are delivered to buyer.
- Interest income from back deposits is accrued on a time proportion basis on the principal outstanding and at the rate applicable.
- Commission income is recognised when services are rendered.
- Other income is recognised on a receipt basis.

p. Employee Benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Company in exchange for services rendered by its employees and directors. The employee benefits are classified as staff costs and charged to the Statement of Comprehensive Income.

No provision on employee entitlements to annual leave is provided in the financial statements as the directors consider that no material liability would arise as a result of such entitlement in the near future. Sick leave and maternity leave are not recognised until the time of leave.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

q. Related Parties

A related party is a person or entity that is related to the Company.

(A) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Company or a parent of the Company.

(B) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

r. Financial Risks

The financial risks in connection with the Company's financial instruments include risks as follows.

(i) Market risk includes three types of risk as below:

- Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

- Price risk: the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Market risk embodies not only the potential for loss but also the potential for gain.

(ii) Credit risk: the risk that the corresponding party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss.

(iii) Liquidity risk (also referred to as funding risk): the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

(iv) Cash flow interest rate risk: the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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3. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(i) To safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Company's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risks are limited by the financial management policies and practices described below.

(a) Credit risk

The Company has no significant concentrations of credit risk because it has no financial assets.

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. As the fellow subsidiary and shareholder have confirmed the willingness to provide continuous financial support to the Company, the directors are of the opinion that the Company is adequately protected from the liquidity risk.

(c) Cash flow and fair value interest rate risk

The Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate of fair values of current assets and liabilities

The nominal value of current assets and liabilities are assumed to approximate their fair values.

6. REVENUE, OTHER INCOME AND GAINS

	1/4/2016 - 31/3/2017	12/3/2015 - 31/3/2016
Revenue recognised during the year/period are as follows:	HK$	HK$
Turnover:		
Sale of goods	9,675,074	-
Other income and gains, net:		
Bank interest income	1	-
Commission income	2,227,482	601,718
Exchange gain	-	8,916
	2,227,483	610,634
Total revenue recognised	11,902,557	610,634

7. FINANCE COSTS

Bank overdraft interest	326	-

8. LOSS BEFORE TAXATION

Loss before taxation is stated after charging and (crediting):

Exchange differences, net	45,030	(8,916)

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

(i) Remuneration of the directors of the Company disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	1/4/2016 - 31/3/2017	12/3/2015 - 31/3/2016
	HK$	HK$
Emoluments:		
Acting as directors	-	-
Provision for management services	-	-
Retirement benefits	-	-
	-	-

9. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS (CONT'D)

(ii) Loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Company and its holding company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

Loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director

	Outstanding principal				
Name of borrower	At beginning of year	At end of year	Greatest outstanding	Overdue amount	Provision
	HK$	HK$	HK$	HK$	HK$
Nor Europe Manufacturing Co. Ltd. [1] (formerly known as Nor Barcelona Manufacturing Co. Ltd.)	29,292	-	29,292	-	-
Sourcing Solutions Pakistan (PVT) Ltd [2]	-	1,279,413	1,279,413	-	-
Sourcing Solutions Europe [2]	-	888,608	888,608	-	-
	29,292	2,168,021			
	=====	=======			

[1] Connected person: Pallak SETH and Deepak Kumar SETH
[2] Connected person: Imran Peter RATH

Principal terms: The loans, quasi-loans and credit transactions are interest free, unsecured and have no fixed repayment terms.

Guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director

During the year, no guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director.

(iii) Material interests of directors (including shadow directors) of the Company disclosed pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

In the opinion of the directors, except for the related party transactions as disclosed in Note (18) to the financial statements, the directors or shadow directors, if any, of the Company had no material interests in those significant transactions, arrangements or contracts in relation to the Company's business entered into by the Company or another company in the same group of companies or subsisted during the year.

10. AUDITOR'S REMUNERATION

Auditor's remuneration and expenses for the year disclosed pursuant to Part 2 of Schedule 4 of the Hong Kong Companies Ordinance are as follow:

	1/4/2016 - 31/3/2017	12/3/2015 - 31/3/2016
	HK$	HK$
Auditor's remuneration	19,500	13,000
Auditor's expenses	950	-
	20,450	13,000
	=====	=====

11. TAXATION

No Hong Kong profits tax has been provided in the financial statements as the Company made no estimated assessable profits for the year.

The tax charge for the year can be reconciled to the loss per Statement of Comprehensive Income as follows:

	1/4/2016 - 31/3/2017	12/3/2015 - 31/3/2016
	HK$	HK$
Loss before taxation	(4,183,935)	(7,349,446)
	=======	=======
Tax at the domestic income tax rate	(690,349)	(1,212,658)
Tax effect of expenses that are not deductible in determining taxable profit	-	5,302
Tax loss not yet recognised	690,349	1,207,356
Taxation expense for the year/period	-	-
	=======	=======

At the end of reporting period, the Company has unused tax losses of HK$11,501,244 (2016: HK$7,317,308) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Tax losses maybe carried forward indefinitely.

12. AMOUNT DUE FROM A SHAREHOLDER

The amount due from a shareholder is unsecured, interest free and has no fixed repayment terms. No provisions for bad and doubtful debts have been recognised on the amounts due. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

13. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$	HK$
Trade receivables (Note (i))	3,141,982	-
Other receivables	509,996	9,408,657
	3,651,978	9,408,657
	=======	=======

(i) Aging analysis of trade receivables is as follows:

	2017	2016
Neither past due nor impaired	3,141,982	-
	=======	=======

Trade receivables are due within 90 days from date of billings.

14. AMOUNT DUE TO RELATED COMPANIES

The amount due to related companies is unsecured, interest-free and has no fixed terms of repayment. The related companies agreed not to demand repayment of the amount due until the Company is financially capable of repayment. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

15. TRADE AND OTHER PAYABLES

	2017	2016
	HK$	HK$
Trade payables (Note (i))	3,229,596	-
Other payables	-	6,872,201
	3,229,596	6,872,201
	=======	=======

(i) Maturity of trade payables is as follows:

	2017	2016
Due for payment:		
Not later than one year	3,229,596	-
	=======	=======

16. SHARE CAPITAL

	2017		2016	
	No. of shares	Amount	No. of shares	Amount
		HK$		HK$
Ordinary shares, issued and fully paid:				
At March 31	10,000	77,800	10,000	77,800
	=====	=====	=====	=====

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

17. CURRENCY RISK

(i) Exposure to currency risk

The following table details the Company's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the Company to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of reporting period.

	(Expressed in HK$) 2017			
	USD	EUR	GBP	Total
Trade and other receivables	4,931,392	888,607	-	5,819,999
Bank and cash balances	1,269,875	13,009	22,276	1,305,160
Trade and other payables	(3,229,596)	-	-	(3,229,596)
Net exposure arising from recognised assets and liabilities	2,971,671	901,616	22,276	3,895,563
	=======	=======	=====	=======

	(Expressed in HK$) 2016			
	USD	EUR	GBP	Total
Trade and other receivables	5,294,278	3,853,558	-	9,147,836
Bank and cash balances	8,711	2,299	11,649	22,659
Trade and other payables	(6,581,974)	-	(33,486)	(6,615,460)
Net exposure arising from recognised assets and liabilities	(1,278,985)	3,855,857	(21,837)	2,555,035
	=======	=======	=====	=======

17. CURRENCY RISK

(ii) Sensitivity analysis

The following table indicates the approximate change in the Company's profit/loss after tax in response to reasonably possible changes (e.g.±10%) in the foreign exchange rates to which the Group has significant exposure at the end of reporting period.

	2017		2016	
	Increase	Decrease	Increase	Decrease
	HK$	HK$	HK$	HK$
Euro Dollars (EUR)	75,285	(75,285)	321,964	(321,964)
British Pound (GBP)	1,860	(1,860)	1,823	(1,823)
	77,145	(77,145)	323,787	(323,787)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Company's exposure to currency risk for the variables.

The stated changes represent Management's assessment of reasonably possible change in foreign exchange rates over the period until the next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on Company's profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2016.

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18. RELATED PARTY TRANSACTIONS

During normal course of business, the Company had the following transactions with the related parties below.

Name	Relationship	Nature of transactions	1/4/2016 - 31/3/2017	12/3/2015 - 31/3/2016
			HK$	HK$
PDS Asia Star Corporation Ltd., Hong Kong	Related company	- Recharge expenses	140,040	140,040
Poeticgem Ltd., UK	Related company	- Recharge expenses	15,534	49,169
Norwest Industries Ltd., Hong Kong	Related company	- Commission income	2,227,488	510,831
		- Recharge expenses	44,913	273,950
Nor Europe manufacturing Co. Ltd. (formerly as Nor Barcelona Manufacturing Co. Ltd.	Related company	- Commission income	-	29,292
Multinational Texile Group Limited	Related company	- Management fee	238,068	140,040
Sourcing Solutions Europe	Related company	- Recharge expenses	2,965,557	-
Sourcing Solution Pakistan (PVT) Ltd.	Related company	- Recharge expenses	1,917,544	-
			=======	======

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Company's Board of Directors on May 25, 2017.

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SOURCING SOLUTIONS LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	1/4/2016 - 31/3/2017	12/3/2015 - 31/3/2016
	HK$	HK$
SALES	9,675,074	-
COST OF SALES		
Purchases	8,784,890	-
Extra processing charges	10,104	-
	8,794,994	-
GROSS PROFIT	880,080	-
OTHER INCOME		
Bank interest income	1	-
Commission income	2,227,482	601,718
Exchange gain	-	8,916
	3,107,563	610,634
OPERATING EXPENSES (SCH II)	(7,291,498)	(7,960,080)
LOSS BEFORE TAXATION	(4,183,935)	(7,349,446)

SOURCING SOLUTIONS LIMITED
DETAILED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

	1/4/2016 - 31/3/2017	12/3/2015 - 31/3/2016
	HK$	HK$
OPERATING EXPENSES		
Finance Costs		
Bank overdraft interest	326	-
	-----------	----------
Other Operating Expenses		
Auditors' remuneration	19,500	13,000
Bank charges	88,076	4,345
Business registration fee	250	2,250
Car parking expenses	-	460
Commission expenses	-	20,875
Consultancy fees	1,605,522	486,540
Courier expenses	12,765	112
Designing expenses	10,419	-
Entertainment expenses	556	-
Exchange loss	45,030	-
Formation expenses	-	7,488
Inspection fees	5,018	-
Legal and professional fee	3,800	29,600
Management fee	238,068	140,040
Miscellaneous expenses	250	-
Printing, stationery and postage	3,629	2,922
Recharged expenses	5,083,588	7,167,086
Recruitment expenses	17,598	-
Sample charges	43,998	2,813
Staff welfare expenses	2,293	1,576
Travelling expenses	110,812	80,203
Vehicle Fuel	-	770
	7,291,172	7,960,080
	------------	------------
	7,291,498	7,960,080
	=======	=======

Report of the Directors and Audited Financial Statements

KLEIDER SOURCING HONG KONG LIMITED

31 March 2017

KLEIDER SOURCING HONG KONG LIMITED

CONTENTS

KLEIDER SOURCING HONG KONG LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2017.

Principal activities
The principal activities of the Company during the year were the trading of garment. The principal activity of the Company's subsidiary is set out in note 1 to the financial statements. There were no significant changes in the nature of the Company's principal activity during the year.

Results and dividends
The Company's profit for the year ended 31 March 2017 and its financial position at that date are set out in the financial statements on pages 6 to [26].

A final 2016 dividend of 66.7245 United State dollars ("US$") per ordinary share, the first interim 2017 dividend of US$45.5718 per ordinary share, the second interim 2017 dividend of US$60.1123 per ordinary share and the third interim 2016 dividend of US$80.3775 per ordinary share were paid on 31 May 2016, 31 August 2016, 24 October 2016 and 20 January 2017, respectively.

The directors do not recommend the payment of any final dividend in respect of the year.

Directors
The directors of the Company during the year were:

Pallak Seth
Deepak Kumar Seth
Iftekhar Ullah Khan

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company, its subsidiary or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company's subsidiary or any of its holding companies or fellow subsidiaries was a party during the year.

<u>Auditors</u>
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

Hong Kong
[Date]

Independent auditor's report
To the members of Kleider Sourcing Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Kleider Sourcing Hong Kong Limited (the "Company") set out on pages 6 to [26], which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are responsible for assessing 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 unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative 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 our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks 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.
- 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 the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 conclusions are 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 presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the members of Kleider Sourcing Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Certified Public Accountants
Hong Kong
[Date]

KLEIDER SOURCING HONG KONG LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2017

	Notes	2017 HK$	2016 HK$
REVENUE	5	364,454,509	245,405,944
Cost of sales		(328,191,919)	(221,938,281)
Gross profit		36,262,590	23,467,663
Other income and gains	5	1,547,119	937,252
Selling and distribution costs		(19,592)	(8,572)
Administrative expenses		(12,422,952)	(9,472,454)
Other operating expenses		(19,971)	(23,376)
PROFIT BEFORE TAX	6	25,347,194	14,900,513
Income tax expense	8	-	-
PROFIT FOR THE YEAR		25,347,194	14,900,513

KLEIDER SOURCING HONG KONG LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2017

	Notes	2017 HK$	2016 HK$
NON-CURRENT ASSET			
Investment in a subsidiary		517,716	517,716
CURRENT ASSETS			
Trade and bills receivables	11	36,349,318	31,302,601
Prepayments, deposits and other receivables	12	617,485	89,316
Due from the immediate holding company	15(b)	539,863	-
Due from a subsidiary	15(b)	2,309,724	-
Due from a fellow subsidiary	15(b)	3,843,320	2,723,000
Due from non-controlling shareholders	15(b)	35,010	35,010
Cash and cash equivalents		4,366,465	1,154,769
Total current assets		48,061,185	35,304,696
CURRENT LIABILITIES			
Trade and bills payables		34,963,899	28,274,874
Other payables and accruals	13	590,979	37,790
Due to the immediate holding company	15(b)	-	75,754
Due to an intermediate holding company	15(b)	-	11,670
Due to a subsidiary	15(b)	-	413,276
Due to a fellow subsidiary	15(b)	334,540	-
Tax payable		1,055,273	1,055,273
Total current liabilities		36,944,691	29,868,637
NET CURRENT ASSETS		11,116,494	5,436,059
Net assets		11,634,210	5,953,775
EQUITY			
Share capital	14	77,800	77,800
Reserves		11,556,410	5,875,975
Total equity		11,634,210	5,953,775

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Pallak Seth — Director

Deepak Kumar Seth — Director

KLEIDER SOURCING HONG KONG LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

	Share Capital HK$	Retained profits HK$	Total equity HK$
At 1 April 2015	77,800	4,969,908	5,047,708
Profit for the year	-	14,900,513	14,900,513
Final 2015 dividend	-	(4,045,600)	(4,045,600)
First interim 2016 dividend	-	(3,557,389)	(3,557,389)
Second interim 2016 dividend	-	(3,196,382)	(3,196,382)
Third interim 2016 dividend	-	(3,195,075)	(3,195,075)
Total comprehensive income for the year	-	906,067	906,067
At 31 March 2016 and at 1 April 2016	77,800	5,875,975	5,953,775
Profit for the year	-	25,347,194	25,347,194
Final 2016 dividend	-	(5,191,166)	(5,191,166)
First interim 2017 dividend	-	(3,545,486)	(3,545,486)
Second interim 2017 dividend	-	(4,676,737)	(4,676,737)
Third interim 2017 dividend	-	(6,253,370)	(6,253,370)
Total comprehensive income for the year	-	5,680,435	5,680,435
At 31 March 2017	77,800	11,556,410	11,634,210

KLEIDER SOURCING HONG KONG LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2017

	Note	2017 HK$	2016 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		25,347,194	14,900,513
Increase in trade and bills receivables		(5,046,717)	(14,912,441)
Increase in prepayments, deposits and other receivables		(528,169)	50,134
Decrease/(increase) in an amount due from the immediate holding company		(2,309,724)	6,171,611
Increase in an amount due from a fellow subsidiary		(1,120,320)	(2,723,000)
Increase in amounts due from non-controlling shareholders		-	(35,010)
Increase in trade and bills payables		6,689,025	10,437,913
Increase/(decrease) in other payables and accruals		553,189	5,890
Increase/(decrease) in an amount due to the immediate holding company		(615,617)	75,754
Increase in an amount due to an intermediate holding company		(11,670)	11,670
Increase/(decrease) in an amount due to a subsidiary		(413,276)	413,276
Increase/(decrease) in an amount due to a fellow subsidiary		334,540	(1,583)
Cash generated from operations and net cash flows from operating activities		22,878,455	14,394,727
CASH FLOWS USED IN AN INVESTING ACTIVITY			
Acquisition of a subsidiary	16	-	(517,716)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividends paid		(19,666,759)	(13,994,446)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,211,696	(117,435)
Cash and cash equivalents at beginning of year		1,154,769	1,272,204
CASH AND CASH EQUIVALENTS AT END OF YEAR		4,366,465	1,154,769
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		4,366,465	1,154,769

1. CORPORATE INFORMATION

Kleider Sourcing Hong Kong Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F, Surson Commercial Building 140-142, Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Company was primarily engaged in the trading of garment products and investment holding.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 BASIS OF PREPARATION

For the purposes of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance, these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, they have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance that are relevant to the preparation of company level financial statements by an intermediate parent company.

As the Company is a holding company that is a wholly owned subsidiary of another body corporate, it satisfies the exemption criteria set out in section 379(3)(a) of the Hong Kong Companies Ordinance, and is therefore not required to prepare consolidated financial statements.

Given the above, these financial statements are not prepared for the purposes of compliance with HKFRS 10 "Consolidated Financial Statements", so far as the preparation of consolidated financial statements is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the Group of which the Company is the parent. These financial statements have been prepared under the historical cost convention. They are presented in Hong Kong dollars ("HK$").

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Company, and accordingly, they have had no impact on the Company's financial statements for the year ended 31 March 2017.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended 31 March 2017, in these financial statements. The Company is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiary

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Company the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Company's voting rights and potential voting rights.

The result of the subsidiary is included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment loss.

Impairment of non-financial assets

Where an indication of impairment exists or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement of loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Company's financial liabilities include trade payables, financial liabilities included in other payables and accruals, amounts due to the immediate holding company, an intermediate holding company and fellow subsidiaries.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement of loans and borrowings (continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company’s cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and cash at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Company maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) commission income, when the services are rendered; and

(c) interest income, on an accrual basis using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in HK$, which is the Company's functional currency. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Company are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when their fair values were determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

The functional currency of a overseas subsidiary is a currency other than HK$. As at the end of the reporting period, the assets and liabilities of the subsidiary are translated into HK$ at the exchange rates prevailing at the end of the reporting period and its statement of profit or loss is translated into HK$ at the weighted average exchange rate for the year. The resulting exchange differences are recognised in other comprehensive income and are accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiary are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year are translated into HK$ at the weighted average exchange rate for the year.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as an allocation of retained profits within equity section of the consolidated statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Income tax and deferred tax
Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectations are different from the original estimates, such differences will impact on the recognition of deferred tax assets and deferred tax in the periods in which such estimates have been changed.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

An analysis of other income and gains is as follows:

	2017 HK$	2016 HK$
Commission income	1,547,119	933,284
Others	-	3,968
	1,547,119	937,252

6. PROFIT BEFORE TAX

The Company's profit before tax is arrived at after charging:

	2017 HK$	2016 HK$
Cost of inventories sold	328,191,919	221,938,281
Auditor's remuneration	39,300	37,720
Employee benefit expense (excluding directors' remuneration (note 7)):		
Salaries and allowances	751,438	612,781
Foreign exchange differences, net	19,721	20,721

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2017 HK$	2016 HK$
Fees	-	-
Other emoluments:		
Consultancy fees	1,180,000	1,272,534

8. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Company did not generate any assessable profits in Hong Kong during the year (2016: Nil)

A reconciliation of the tax amount applicable to profit before tax using the Hong Kong statutory rate of 16.5% to the tax at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2017 HK$	%	2016 HK$	%
Profit before tax	25,347,194		14,900,513	
Tax at the statutory tax rate	4,182,287	16.5	2,458,585	16.5
Income not subject to tax	(4,182,287)	(16.5)	(2,458,585)	(16.5)
Tax at the effective tax rate	-	-	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2016: Nil).

9. INVESTMENT IN A SUBSIDIARY

	2017 HK$	2016 HK$
Unlisted investment, at cost	517,716	517,716

Information about a subsidiary

Particulars of the Company's subsidiary as at the end of the reporting period are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company 2017	2016	Principal activities
Kleider Sourcing Limited* ("Kleider BD")	Bangladesh	Bangladeshi Taka ("BDT") 1,000,000	99.97	99.97	Provision of sourcing services

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst &Young global network.

10. DIVIDENDS

	2017 HK$	2016 HK$
Final 2016 - United State dollars ("US$") 66.7245 per ordinary share	5,191,166	4,045,600
First interim 2017 - US$45.5718 per ordinary share	3,545,486	3,557,389
Second interim 2017 - US$60.1123 per ordinary share	4,676,737	3,196,382
Third interim 2017 - US$80.3775 per ordinary share	6,253,370	3,195,075
	19,666,759	13,994,446

11. TRADE AND BILLS RECEIVABLES

	2017 HK$	2016 HK$
Trade receivables	19,171,667	21,378,865
Bills receivable	17,177,651	9,923,736
	36,349,318	31,302,601

The Company's trading terms with its customers are mainly on credit. The credit period is generally one month. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

The aged analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	2017 HK$	2016 HK$
Neither past due nor impaired	33,128,480	28,541,196
Past due but not impaired:		
Less than one month	2,683,710	1,865,631
One to three months	537,128	895,774
Over three months	-	-
	36,349,318	31,302,601

11. TRADE AND BILLS RECEIVABLES (continued)

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Company. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 HK$	2016 HK$
Other receivables	617,485	89,316

None of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no history of default.

13. OTHER PAYABLES AND ACCRUALS

	2017 HK$	2016 HK$
Other payables	551,679	-
Accruals	39,300	37,790
	590,979	37,790

Other payables are non-interest-bearing and have an average term of three months.

14. SHARE CAPITAL

	2017 HK$	2016 HK$
Issued and fully paid:		
10,000 (2016: 10,000) ordinary shares	77,800	77,800

15. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following material transactions with related parties during the year:

	Notes	2017 HK$	2016 HK$
Intermediate holding company:			
Management fees paid	(i)	2,486,807	2,816,975
Immediate holding company			
Sales of goods	(ii)	-	6,268,689
Service support fees paid	(iii)	1,072,626	902,696
Fellow subsidiary:			
Sales of goods	(ii)	271,813	-
Consultancy fee paid to a director	(iv)	1,180,000	1,272,534

Notes:

(i) The management fees paid were determined based on terms mutually agreed between the Company and an intermediate holding company.

(ii) The sales were made according to the prices and conditions mutually agreed between the Company and the respective related companies.

(iii) The service support fee was charged based on terms mutually agreed between the Company and the immediate holding company.

(iv) The consultancy fees paid was charged based on terms mutually agreed between the Company and a director of the Company.

(b) The balances with the immediate holding company, an intermediate holding company, non-controlling shareholders and a fellow subsidiary are unsecured, interest-free and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements

16. NOTES TO THE STATEMENT OF CASH FLOWS

Acquisition of a subsidiary

On 9 August 2015, the Company acquired a 99.97% interest in Kleider BD from an independent third party. Kleider BD is engaged in the provision of sourcing services. Further details of the transaction are included in note 17 to the financial statements. The purchase consideration for the acquisition was in the form of cash, with HK$517,716 paid at the acquisition date.

17. BUSINESS COMBINATION

On 9 August 2015, the Company acquired a 99.97% interest in Kleider BD from an independent third party. Kleider BD is engaged in the provision of sourcing services. The acquisition was made as part of the Company's strategy of cost-saving in the purchase of garments.

The fair values of the identifiable assets and liabilities of Kleider BD as at the date of acquisition were as follows:

	Fair value recognised on acquisition HK$
Property, plant and equipment	218,318
Trade receivables	140,784
Other receivables	337,587
Cash and cash equivalents	339,770
Trade payables	(4,745)
Other payables and accruals	(513,998)
	517,716
Satisfied by cash	517,716

The fair values and gross contractual amounts of trade receivables and other receivables as at the date of acquisition amounted to HK$140,789 and HK$337,587, respectively.

18. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade and bills receivables, deposits and other receivables, an amount due from the immediate holding company, an amount due from a subsidiary, an amount due from a fellow subsidiary, amounts due from non-controlling shareholders and cash and cash equivalents, which are categorised as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

18. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The financial liabilities of the Company comprise trade and bills payables, financial liabilities included in other payables and accruals, amounts due to the immediate holding company and an intermediate holding company, an amount due to a subsidiary and an amount due to a fellow subsidiary, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

19. FAIR VALUE

At the end of the reporting period, the carrying amounts of the Company's financial assets and financial liabilities approximated to their fair values.

The fair values of financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sale transactions. The fair values of trade and bills receivables, deposits and other receivables, amounts due from a fellow subsidiary and non-controlling shareholders, cash and cash equivalents, trade and bills payables, financial liabilities included in other payables and accruals, and amounts due to the immediate holding company and an intermediate holding company approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company did not have any financial assets and liabilities measured at fair value as at the end of the reporting period.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Credit risk

The aggregate carrying amount of cash and cash equivalents, trade and bills receivables, deposits and other receivables, and amounts due from a fellow subsidiary and non-controlling shareholders represents the Company's maximum exposure to credit risk in relation to financial assets. The Company's cash and cash equivalents are deposited with creditworthy banks with no recent history of default. The Company has policies in place to evaluate credit risk when accepting new businesses and to limit its credit exposure to individual customers. The maximum exposure for trade and bills receivables is the carrying amount as disclosed in note 11 to the financial statements. At the end of the reporting period, the Company had a certain level of concentration of credit risk as 81% (2016: 90%) of the Company's trade and bills receivables were due from the Company's largest customer.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, either have no fixed terms of repayment or are repayable within three months subsequent to the end of the reporting period.

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to its shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2017 and 2016.

21. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on [Date].

Independent Auditor's Report and Audited Financial Statements

of

Kleider Sourcing Limited

For the year ended 31 March, 2017

Mak & Co.
Chartered Accountants

Table of Content

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS
TO THE SHAREHOLDERS **OF KLEIDER SOURCING LIMITED**

We have audited the accompanying financial statements of **Kleider Sourcing Limited**, which comprise the Statement of Financial Position as of 31 March, 2017, the statement of comprehensive income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended and a summary of significant accounting policies and relevant 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 the accounting policies mentioned in **note - 2**, the Companies Act, 1994 and other applicable laws & regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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 the Bangladesh Standards on Auditing (BSA). 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 of 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 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.

Opinion

In our opinion, the financial statements present fairly, in all material respect, the financial position of **Kleider Sourcing Limited** as of 31 March 2017 and its financial performance and its cash flows for the period then ended in accordance with accounting policies mentioned in **note-2** and comply with the applicable sections of the Companies Act, 1994 and other applicable laws and regulations.

We also report that:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the entity so far as it appeared from our examination of those books;

(c) The Company's *Statement of Financial Position* and *Statement of Changes in Equity* dealt with by the report are in agreement with the books of account and returns.

Mak & Co.
Chartered Accountants

Dhaka, 20 April 2017

Independent Auditor's Report along with Audited Financial Statements
For the year ended on 31 March, 2017

Kleider Sourcing Limited

Notes to the Financial Statements

As at and for the year ended on 31 March 2017

1.00 Background of the Company

Kleider Sourcing Limited incorporated as private limited companies in Bangladesh under Companies Act 1994 on 19 December 2012 vide Company Registration no. C-106248/12. It has obtained trade license from Dhaka City Corporation (East) with registered address of 81/2, Fokirapool, Motijheel, Dhaka.

1.01 Nature of Business

Kleider Sourcing Limited engaged in buying house related activities in textile/RMG sector.

2.00 Basis of preparation of financial statements

2.01 Statement of Compliance

The financial statements have been prepared incompliance with the requirements of the Companies Act 1994, and other relevant local laws as applicable and in accordance with the accounting policies mentioned in the following paragraphs.

2.02 Regulatory Compliances

In addition to the provision of Companies Act 1994, the management complies with the applicable provisions of following act & laws:

- The Income Tax Ordinance 1984;
- The Income Tax Rules 1984;
- The Value Added Tax Act 1991;
- The Value Added Tax Rules 1991;

2.03 Components of the Financial Statements

According to the International Accounting Standards (IAS)-1 as adopted by ICAB as BAS-1 "Presentation of Financial Statements" the complete set of financial statements includes the following components.

- Statement of financial position (balance sheet) as at 31 March, 2017;
- Statement of comprehensive income (Income statement) for the period ended on 31 March, 2017
- Statement of changes in equity for the period ended on 31 March, 2017;
- Statement of cash flows for the period ended on 31 March, 2017; and
- Accounting policies and other explanatory notes for the period ended on 31 March, 2017.

2.04 Measurement Bases used in preparing the Financial Statements

The financial statements have been prepared on the historical cost basis, and therefore, do not take into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

2.05 Reporting Currency and Level of Precision

The financial statements are presented in Bangladeshi currency (Taka), which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka.

2.06 Preparation and Presentation of Financial Statements of the Company

The Board of Directors of the company is responsible for the preparation and presentation of financial statements of Kleider Sourcing Limited.

2.07 Use of Estimates and Judgments

The preparation of these financial statements, required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2.08 Reporting Period

This financial statement of the company covers period from 1 April, 2016 to 31 March 2017.

2.09 Cash Flow Statement

Statement of cash flows is prepared in accordance with "BAS 7: Cash Flow Statement" and the cash flows from operating activities have been presented under direct Method.

2.10 Recognition of PPE:

Property, Plant and Equipment (PPE) under construction/acquisition is measured at cost & no depreciation was charged as per provision of 'BAS-16: Property, Plant and Equipment'.

2.11 Depreciation:

Depreciation has been charged on straight-line method on all property, plant and equipment that have already been put on operation except land. Full month's depreciation is charged for the month of acquisition irrespective of the date of acquisition and no depreciation is charged for the month of disposal. The rates of depreciation and category of property, plant and equipment are as follows:

Asset Type	Rate
Furniture and Fixtures	10%
Office Equipment	15%
Computer Equipment	15%

2.12 Revenue Recognition

The company recognized revenue when risk of ownership has been transferred to the buyer, which satisfied all the condition for the revenue recognition as provided in BAS 18 "Revenue Recognition".

2.13 Provisions

As per "BAS 37: Provisions, Contingent Liabilities and Contingent Assets' a provision recognized on the date of statement of financial position if, as a result of past even Company has a present obligation that can be estimated reliably, and it is probable the outflow of economic benefits will be required to settle the obligation.

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

2.14 Contingencies

Contingencies arising from claim, litigation assessment, fines, penalties etc are recorded it is probable that a liability has been incurred and the amount can be measured reliably accordance with "BAS 37: Provisions, Contingent Liabilities and Contingent Assets".

2.15 Going Concern

The company has adequate resources to continue its operations for foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the accounts. The resources of the company are sufficient to meet the present obligation of its existing businesses and operations.

3.00 General

Figures are rounded off to the nearest Taka.

Mak & Co.
Chartered Accountants

Kleider Sourcing Ltd.

Statement of Financial Position (Balance Sheet)

As at March 31, 2017

Particulars	Notes	(Amount in Taka) 31.03.2017	31.03.2016
<u>**Property & Assets**</u>			
Non-current assets		**1,537,390**	**1,898,983**
Property, plant & equipment - net	4	1,537,390	1,898,983
Current assets		**53,369,713**	**9,122,680**
Advance, deposit & prepayments	5	2,930,943	1,158,708
Advance income Tax		4,885,231	4,480,195
Accounts receivable from Trampoline		2,334,569	3,353,006
Cash and cash equivalents	6	43,218,970	130,771
Total assets:		**54,907,103**	**11,021,663**
<u>**Liabilities & Shareholders' Equity**</u>			
Current liabilities		**9,581,818**	**4,249,909**
Liabilities for expenses & payable	7	4,696,587	4,249,909
Provision for income tax		4,885,231	-
Shareholders' Equity			
Share Capital	8	1,000,000	1,000,000
Share money deposit		27,465,000	-
Retained profit		16,860,285	5,771,754
		45,325,285	**6,771,754**
Total equity and liabilities:		**54,907,103**	**11,021,663**

The annexed notes (1-10) form an integral part of these financial statements.

Managing Director | **Director**

Signed as per our annexed report of even date.

Dated: Dhaka;
2017, April 20

Mak & Co.
Chartered Accountants

Mak & Co.
Chartered Accountants

Kleider Sourcing Ltd.

Statement of Comprehensive Income (Income Statement)

For the year ended on 31 March, 2017

Particulars	Notes	(Amount in Taka) 2017	2016
Turnover	9	49,269,204	24,046,698
Less: Cost of goods sold		-	-
Gross profit:		**49,269,204**	**24,046,698**
Less: Operating expenses:			
Administrative expenses	10	28,815,247	23,788,766
Profit from operation:		**20,453,957**	**257,932**
Other income		-	-
Profit before Interest & Taxes:		**20,453,957**	**257,932**
Less: Financial expenses		-	-
Profit before Income Tax:		**20,453,957**	**257,932**
Less: Income tax expenses		4,885,231	-
Net Profit:		**15,568,726**	**257,932**
Add: Other comprehensive income		-	-
Total comprehensive income		**15,568,726**	**257,932**

The annexed notes (1-10) form an integral part of these financial statements.

Managing Director **Director**

Signed as per our annexed report of even date.

Dated: Dhaka;
2017, April 20

Mak & Co.
Chartered Accountants

Mak & Co.
Chartered Accountants

Kleider Sourcing Ltd.

Statement of Changes in Equity
For the year ended on 31 March, 2017

(Amount in Taka)

Particulars	**Paid up Capital**	**Share Money Deposit**	**Retained Earnings**	**Total Equity**
Balance b/f	1,000,000	-	5,771,754	6,771,754
Prior year adjustment (Income tax expenses for 2015-16)	-	-	4,480,195	4,480,195
				-
Restated balance	**1,000,000**	**-**	**1,291,559**	**2,291,559**
Issue of Share	-	27,465,000	-	27,465,000
Profit (Loss) for the Period	-	-	15,568,726	15,568,726
Balance as at 31 March, 2017	**1,000,000**	**27,465,000**	**16,860,285**	**45,325,285**
Balance as at 31 March, 2016	**1,000,000**	**-**	**5,771,754**	**6,771,754**

The annexed notes (1-10) form an integral part of these financial statements.

Managing Director **Director**

Signed in terms of our separate report of even date annexed.

Dated: Dhaka;
2017, April 20

Mak & Co.
Chartered Accountants

Mak & Co.
Chartered Accountants

Kleider Sourcing Ltd.

Statement of Cash Flows

For the year ended on 31 March, 2017

Particulars	Note	(Amount in Taka) 2017	2016
Cash flows from operating activities:			
Cash received form customer		50,287,641	25,173,305
Cash paid to supplier and employee & government		(34,630,586)	(25,030,558)
Net cash used in operating activities (A):		**15,657,055**	**142,747**
Cash flows from investing activities:			
Purchase of fixed assets for the period		(33,856)	(168,552)
Purchase of intangible assets for the period		-	-
Net cash used in investing activities (B):		**(33,856)**	**(168,552)**
Cash flows from financing activities:			
Paid up capital			-
Share Money Deposit		27,465,000	-
Net cash generated from financing activities (C):		**27,465,000**	**-**
Net increase (decrease) in cash and cash equivalents during the year(A+B+C):		**43,088,199**	**(25,805)**
Cash and cash equivalent at the beginning of the period		130,771	156,576
Cash and cash equivalent at the ending of the period*		**43,218,970**	**130,771**
***Cash and cash equivalent includes:**			
Cash in hand	6	12,958	7,763
Cash at bank		43,206,012	123,008
		43,218,970	**130,771**

The annexed notes (1-10) form an integral part of these financial statements.

Managing Director **Director**

Signed in terms of our separate report of even date annexed.

Dated: Dhaka;
2017, April 20

Mak & Co.
Chartered Accountants

4 **Property, plant and equipment**

(Amount in Taka)

Particulars	Cost				Depreciation					WDV as at 31 March 2017
	Opening balance as at 01 April 2016	Addition during the year	Disposal during the year	Closing Balance as at 31 March 2017	Rate	Opening balance as at 01 April 2016	Charged during the year	Adjustment during the year	Closing Balance as at 31 March 2017	
Air Conditioner	468,000	-	-	468,000	15%	210,600	70,200	-	280,800	187,200
Oven	6,000	-	-	6,000	15%	2,700	900	-	3,600	2,400
Washing Machine	25,000	-	-	25,000	15%	11,250	3,750	-	15,000	10,000
Refrigerator	25,000	-	-	25,000	15%	11,250	3,750	-	15,000	10,000
GSM Cutter	18,500	-	-	18,500	15%	8,325	2,775	-	11,100	7,400
Digital Balance, GSM Measure	15,500	-	-	15,500	15%	6,975	2,325	-	9,300	6,200
Digital Weight Machine	27,500	-	-	27,500	15%	12,375	4,125	-	16,500	11,000
PABX System	60,000	-	-	60,000	15%	27,000	9,000	-	36,000	24,000
Barcode Reader	38,000	-	-	38,000	15%	17,100	5,700	-	22,800	15,200
Water Filter machine	19,000	-	-	19,000	15%	8,550	2,850	-	11,400	7,600
UPS	42,600	-	-	42,600	15%	19,170	6,390	-	25,560	17,040
Computer	792,226	-	-	792,226	15%	335,529	118,834	-	454,363	337,863
Printer	22,000	-	-	22,000	15%	9,900	3,300	-	13,200	8,800
Cannon Photocopy Machine	121,000	-	-	121,000	15%	54,450	18,150	-	72,600	48,400
Color Lager Jet Printer	35,500		-	35,500	15%	15,975	5,325	-	21,300	14,200
Laptop	98,000	-	-	98,000	15%	44,100	14,700	-	58,800	39,200
Fixture	756,752	33,856	-	790,608	10%	190,506	78,495	-	269,001	521,607
Interior Work	448,800	-	-	448,800	10%	134,640	44,880	-	179,520	269,280
As at March 31, 2017	**3,019,378**	**33,856**	**-**	**3,053,234**		**1,120,395**	**395,449**	**-**	**1,515,844**	**1,537,390**
As at March 31, 2016	**2,850,826**	**168,552**	**-**	**3,019,378**		**730,575**	**389,820**	**-**	**1,120,395**	**1,898,983**

Mak & Co.
Chartered Accountants

Notes	Particulars	Qty.	Per	Notes	Amount (in Taka) 31.03.2017	31.03.2016
5	**Advances, deposit & prepayments**					
	Security Deposit				450,000	450,000
	Min International				-	56,160
	Haque Accessories				-	20,000
	DK Associates				240,000	-
	Navana Real Estate				500,000	-
	Rahimafroz				75,000	-
	JM Consultant				-	57,700
	Sohel				-	35,000
	Birds A & Z				3,465	3,465
	Employee Payable- Iftekhar Ullah Khan				1,630,478	482,383
	Nava Real Estate				-	-
	Employee Payable- Md. Liton				29,000	16,000
	Advance Against Salary (Abu Sayeed)				3,000	-
	Advance Against Salary (Masudul)				-	38,000
					2,930,943	**1,158,708**
6	**Cash and cash equivalents**					
	Cash in hand				12,958	7,763
	Cash at bank				43,206,012	123,008
	[Dhaka bank Ltd., Banani Br. (A/C no.-0206100000020705)				**43,218,970**	**130,771**
7	**Liabilities for expenses & Payable**					
	MM Enterprise				52,249	52,249
	Rising Knit Textile				1,014,650	1,014,650
	Jishan Enterprise				45,433	-
	Aegis Securities				61,995	20,665
	Goodluck Sanitary				65,218	40,112
	Vat Input/Output Tax				79,180	17,425
	Universal Expenses				-	19,500
	Initial Upload				3,009,751	3,009,751
	Audit Fees Payable				50,000	-
	TDS- Professional Services				13,900	5,025
	Vat Payable				72,090	22,680
	TDS-Rent				40,050	12,600
	TDS-Salary				192,071	35,252
					4,696,587	**4,249,909**
8	**Share Capital**					
	Authorized Capital:				**100,000,000**	**10,000,000**
	[1,000,000 shares of Tk. 100 each]					
	Paid-up Capital:					
	Name of Shareholder	Qty.	Per			
	Iftekhar Ullah Khan	1	100		100	100
	Md. Abu Toab Nayan	1	100		100	100
	Mohammad Morshed Alam	1	100		100	100
	Kleider Sourcing Hongkong Ltd.	9,997	100		999,700	999,700
		10,000			**1,000,000**	**1,000,000**

Mak & Co.
Chartered Accountants

Notes	Particulars	Notes	Amount (in Taka) 31.03.2017	Amount (in Taka) 31.03.2016
9	**Turnover**			
	Sales-Others		19,900	16,400.00
	Foreign Exchange Gain		95,548	186,403.00
	Misc. Income		625,779	259,125.00
	Sales & Marketing Commission		48,527,978	23,584,770.00
			49,269,204	**24,046,698**
10	**Administrative Expenses**			
	Salary & Allowances		16,416,303	12,554,179
	Bonus-Staff		1,301,998	987,020
	Medical /Health Insurance-Employees		255,530	134,838
	Security Expenses		288,420	288,420
	Staff Welfare Expenses		904,868	72,589
	Overtime Expenses		70,789	70,440
	Bank Charge		13,833	9,109
	Club & Membership Fee		23,100	-
	Office Rent		1,068,000	1,008,000
	Legal and Professional Fee		-	28,750
	Audit Fees		51,250	-
	Rates & Taxes (Local)/Regn Fees		88,110	90,720
	Taxi & Car Hair Charge		720,000	720,000
	Vehicle Fuel		736,755	586,134
	Repair & Maintain Vehicle		44,740	42,088
	Repair & Maintain Others		167,896	106,860
	Repair & Maintain Furniture & Office		9,464	23,709
	Electricity Charges		362,297	323,271
	Water Charges		23,904	25,646
	House Keeping & Cleaning		13,840	16,005
	Office Supplies		1,111,131	693,003
	Courier Charges Local		370	11,408
	Courier Charges International		446,268	280,000
	Telephone Expenses		66,898	64,478
	Mobile Phone Expenses		122,000	142,257
	Internet & Email Charges		150,000	150,000
	Travel Local		1,224,490	987,170
	Travel Overseas		1,799,057	2,192,388
	Entertainment		49,372	78,600
	Communication Expenses		341,864	262,764
	Government Fee		82,175	-
	Quality Control & Inspection Fees		271,482	-
	Made Sample Expenses		193,594	1,449,100
	Depreciation		395,449	389,820
			28,815,247	**23,788,766**

Pérez & Navarro
Auditores, Consultores Ltda.

PG HOME GROUP S.P.A.
FINANCIAL STATEMENTS
MARCH 31st, 2017 AND 2016

Pérez & Navarro
Auditores, Consultores Ltda.

PG HOME GROUP S.P.A.
FINANCIAL STATEMENTS
March 31st, 2017 AND 2016

INDEX

Pérez & Navarro
Auditores, Consultores Ltda.

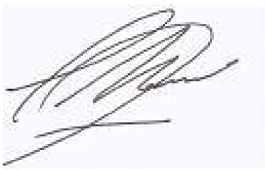
INDEPENDENT AUDITORS' REPORT

To the Board of Directors
P. G. HOME GROUP S.P.A.

We have audited the accompanying balance sheets of P.G. HOME GROUP S.P.A. as of March 31st, 2017 and 2016, and the related statements of income, changes in Equity and cash flow for the periods between April 1^{st} 2016 to March 31^{st} 2017 and April 1^{st} 2015 to March 31^{st} 2016. 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.

We conducted our audits in accordance with International auditing standards generally accepted. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of P.G. HOME GROUP S.P.A. as of March 31^{st}, 2017 and 2016 and income of its operations, the changes in Equity and its cash flows for the periods between April 1^{st} 2016 to March 31^{st} 2017 and April 1^{st} 2015 to March 31^{st} 2016 in conformity with and International Financial Reporting Standards.



Claudio Navarro Caviedes
Pérez & Navarro
Auditores, Consultores Ltda.

Chile, Santiago, May 12, 2017

PG HOME GROUP S.P.A.
BALANCE SHEETS
AS OF MARCH 31st, 2017 AND 2016

Assets

Non current	**March 31st, 2017**	**March 31st, 2016**
Fixed assets	**Ch$**	**Ch$**
Equipment and Computers	12.983.575	12.983.577
Office furniture	1.824.199	1.824.199
Accumulated depreciation	(12.377.654)	(11.224.552)
Total fixed assets	**2.430.120**	**3.583.224**
Other non current assets		
Deferred taxes	167.639.145	153.873.391
Intangible	2.662.835	2.662.835
Other non current assets	3.534.595	3.099.535
Prepaid expenses	1.455.863	5.115.822
Total other non current assets	**175.292.438**	**164.751.583**
Current		
Cash and equivalents	10.110.192	8.706.790
Mutual funds	-	130.834.952
Clients receivable	7.989.062	28.596.897
Sundry debtors	5.325.568	23.492.391
Inventories	2.824.860	19.829.498
Taxes recoverable	4.511.705	8.417.211
Total current assets	**30.761.387**	**219.877.739**
Total Assets	**208.483.945**	**388.212.546**

See accompanying notes to financial statements

PG HOME GROUP S.P.A.
BALANCE SHEETS
AS OF MARCH 31st, 2017 AND 2016

	March 31st, 2017	March 31st, 2016
Liabilities and equity	**Ch$**	**Ch$**
Equity		
Capital	3.000.000	3.000.000
Accumulated results:		
Previous periods	(474.917.573)	(248.062.855)
Profit (Loss) for the period	(43.649.217)	(226.854.718)
Total Equity	**(515.566.790)**	**(471.917.573)**
Non Current Liabilities		
Accounts payable to related parties	694.976.730	807.186.387
Total Non Current Liabilities	**694.976.730**	**807.186.387**
Current Liabilities		
Suppliers	2.674.826	33.765.318
Sundry credits	21.918.298	12.413.415
Withholdings	4.480.881	4.149.469
Current taxes payable	-	2.615.530
Total Current Liabilities	**29.074.005**	**52.943.732**
Total Liabilities and Equity	**208.483.945**	**388.212.546**

See accompanying notes to financial statements

PG HOME GROUP S.P.A.
STATEMENTS OF INCOME
FOR THE PERIODS BETWEEN APRIL 1st 2016 TO MARCH 31st 2017, AND APRIL 1st 2015 TO MARCH 31st 2016

	April 1st 2016 to March 31st, 2017	January 1st to March 31st, 2017	April 1st 2015 to March 31st, 2016	January 1st to March 31st, 2016
	Ch$	Ch$	Ch$	Ch$
Income				
Operational income				
Sale of goods	26.096.301	4.705.398	313.319.042	13.481.901
Advisories	52.792.404	13.528.967	76.469.335	12.028.402
Other income	76.207	-	768.629	-
Non operational income (expenses)		-	-	-
Financial income	1.492.989	-	834.952	834.952
Exchange rate difference and others	(4.136.587)	(555.915)	39.681.809	4.682.396
Total income	**76.321.314**	**17.678.450**	**431.073.767**	**31.027.651**
Expenses				
Cost of goods sold	(26.240.045)	(5.430.632)	(519.052.945)	(60.109.694)
Provision for stocks valuation	(2.824.859)	(2.824.859)	-	-
Royalties	(18.335.476)	-	(41.105.693)	(26.700.399)
Logistic costs	(1.421.500)	-	(48.734.904)	(5.443.657)
Financial expenses	(547.152)	-	(131.548.615)	(18.709.058)
Administrative expenses	(84.367.253)	(23.197.406)	-	-
Total expenses	**(133.736.285)**	**(31.452.897)**	**(740.442.157)**	**(110.962.808)**
Net result before income tax	(57.414.971)	(13.774.447)	(309.368.390)	(79.935.157)
Income taxes	13.765.754	5.751.095	82.513.672	49.435.388
(Loss) for the period	**(43.649.217)**	**(8.023.352)**	**(226.854.718)**	**(30.499.769)**

See accompanying notes to financial statements

PG HOME GROUP S.P.A.
STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS BETWEEN APRIL 1st 2016 TO MARCH 31st 2017, AND APRIL 1st 2015 TO MARCH 31st 2016

	April 1st 2016 to March 31st, 2017	April 1st 2015 to March 31st, 2016
Capital	**Ch.$**	**Ch.$**
Paid- in capital at the beginning of period	3.000.000	3.000.000
Capital increase during the period	-	-
Total variations during the period	**3.000.000**	**3.000.000**
Accumulated losses at the beginning of period	(474.917.573)	(248.062.845)
Profit (Loss) for the current period	(43.649.217)	(226.854.728)
Total accumulated profit (loss)	**(518.566.790)**	**(474.917.573)**
Total Equity at the end of the period	**(515.566.790)**	**(471.917.573)**

See accompanying notes to financial statements

PG HOME GROUP S.P.A.
STATEMENTS OF CASH FLOW
FOR THE PERIODS BETWEEN APRIL 1st 2016 TO MARCH 31st 2017, AND APRIL 1st 2015 TO MARCH 31st 2016

	April 1st 2016 to March 31st, 2017	April 1st 2015 to March 31st, 2016
Cash flow from operating activities	**Ch$**	**Ch$**
(Loss) for the period	(43.649.217)	(247.815.257)
Debits (credits) that do not represent cash flow		
Depreciation	1.153.102	1.765.107
Income tax	(13.765.754)	(85.822.328)
Exchange rate difference	4.136.587	(30.911.666)
Assets variations (increase)-decrease		
Accounts receivable and others	8.237.336	85.204.112
Inventories	(17.004.638)	546.528.705
Taxes	4.920.589	21.305.363
Liabilities variations (decrease)-increase		
Suppliers and others	21.585.609	(30.109.011)
Total operational cash flow	**(34.386.386)**	**260.145.025**
Cash flow from investing activities		
Investments in fixed and intangible assets	-	(1.212.350)
Total cash flow from investing activities	**-**	**(1.212.350)**
Cash flow from financing activities		
Loans from related parties,expenses reimbursements and transfer of funds from parent company	-	-
Payments and reimbursements of funds to parent company, and ajustments	(109.884.515)	(273.772.026)
Total cash flow from financing activities	**(109.884.515)**	**(273.772.026)**
Net cash flow for the period	**(144.270.901)**	**(14.839.351)**
Cash flow at the beginning of period	**154.381.093**	**154.381.093**
Cash flow at the end of period	**10.110.192**	**139.541.742**

See accompanying notes to financial statements

PG HOME GROUP S.P.A.
NOTES TO FINANCIAL STATEMENTS
AS OF MARCH 31st, 2017 AND 2016

1. - Company constitution

PG HOME GROUP S.P.A. was constituted by public deed dated July 31st, 2008 as a commercial entity for consulting and market research. Its legal address is Avenida Del Valle Nº 4980, office Nº 131, Huechuraba, Santiago. Its main operations are: developing advisory activities, related with market and design professional advisory services.

2. - Summary of Significant Accounting Policies

a) General:

The Financial Statements have been prepared in accordance to the International Financial Reporting Standards. The accounting periods comprise since April1st to March 31st, 2017 and April 1st 2015 to March 31st 2016.

b) Cash and cash equivalent definition:

For purposes of the statement of cash flow, the Company considers all investments with a maturity of three months or less to be cash equivalents. Al the end of the period 2016, there are no items to be considered cash equivalents. At the end of the period 2016, the investments in mutual funds are considered as cash equivalent. Those investments are valorized at their fair value at the closing date of each period.

c) Unrecoverable debts:

The provisions for unrecoverable debts are deducted from the asset which was affected by this provision.

d) Income Taxes and Deferred Taxes:

In both periods, the company has accounted the deferred taxes, determined on basis in the accumulated tax losses and the differences between the accounting and taxable net income, in accordance to the income tax regulations in force in Chile. The effects of the changes in the income tax rate are accounted by these purposes in the period when the law modification enters in force. On March 26th, 2016, was published the Law N° 20.780 which established a gradual increase in the income tax rate, in accordance to the following detail:

Year	Tax rate %
2017	25,5%
2018	27,0%

At the end of the period March 2017 and 2016, the deferred taxes has been determined in accordance to tax rate that will be in force on the future years, in which those differences will be applied to the taxation results.

2. - Summary of Significant Accounting Policies (continued)

In both periods, the company has accounted the deferred taxes, determined on basis in the accumulated tax losses and the differences between the accounting and taxable net income, in accordance to the income tax regulations in force in Chile. The effects of the changes in the income tax rate are accounted by these purposes in the period when the law modification enters in force.

e) Fixed assets and equipment:

Equipment, furniture and fixed assets in general have been accounted at their acquisition cost. The depreciation has been calculated using the straight-line method, according to the useful lives defined in the instructions from the parent company, taking into account the estimated residual values of the initial purchase price, as applicable.

The premises refitting item comprises the costs related with the local office implementation, which is under operating lease. These costs are depreciated in accordance to the remaining lease contract periods.

f) Vacation provision and other accrued costs:

The Company has accounted a provision for the accrued cost of vacations and other employee benefits. Provisions have also been established for costs accrued at the close of the financial statements for which no invoice or supporting documentation had yet been received. These provisions are shown in the sundry credits item.

g) Functional Currency:

These financial statements are expressed in Chilean Pesos. This functional currency has been defined by the Company in accordance that the most significant flows and transactions in Chile are expressed in that Chilean Pesos. The exchange rate applied to convert the US, Dollars balances at the end of the current period, was Ch. $ 663, 97 by each US Dollar as of March 31st, 2017.

h) Recognition of operating income:

The Company recognizes the operating income (services) in accordance to the completion percentage. Since 2012 the Company is developing advisory activities, related with market and design professional advisory services, to its parent company. These incomes are accounted in accordance to the previously explained criteria,

i) Administrative expenses reimbursements:

Since November 2009, the company has subscribed an agreement with its parent company in order to obtain the reimbursement of certain administrative expenses, paid during this year. The refunds of those expenses obtained for this concept are shown deducting the operational income and administrative expenses.

As revealed in note N°5, on May 2017, the Company has renewed the contract based on the terms detailed in that note.

2. - Summary of Significant Accounting Policies (continued)

j) Compensation to personnel for years of service:

This provision was made for this concept due the Company has agreed this benefit with its main staff.

k**) Inventories:**

The inventories of stocks have been valuated at their acquisition cost, which does not exceed their realizable value. The company has accounted provisions when the net realizable value of the stocks exceeds their book value.

l) Intangible:

This item comprises the trade brands that belong to the company and to its parent company, which are registered for that purpose in Chile. This item comprises also, the cost of the merchandise licenses, acquired by the Company. These assets are accounted to their cost which does not exceed their realizable value. These licenses were not amortized, due the products are in initial trade process.

m) Intangible:

This item comprises the trade brands that belong to the company and to its parent company, which are registered for that purpose in Chile. This item comprises also, the cost of the merchandise licenses, acquired by the Company. These assets are accounted to their cost which does not exceed their realizable value. These licenses were not amortized, due the products are in initial trade process.

3. Accounting Changes

There were no accounting changes in both periods.

4. Income Taxes and Deferred Taxes

a) As of March 31st, 2017

At the end of the period April 1st to March 31st, 2017 the company determined a taxable loss of Ch. $ 535.810.957. The detail of the determination of the assets by deferred taxes as March 31st, 2017 is the following:

Deferred tax concept	**Ch. $**	Tax rate	**Ch.$**
Tax loss	535.810.957	27%	144.668.958
Other taxable adjustments			22.970.186
Total accumulated asset by deferred tax to March 2017			**167.639.144**

2**)** The variation of the balance asset by deferred taxes in comparison to the previous period is the following**:**

Balance to March 2017	**Ch. $**
Deferred tax asset	153,873.391
Increase for the period	13.765.753
Balance to March 2017	**167.639.144**

3) Reconciliation between the nominal tax rate and the effective tax rate for the period April 1st to March 31st, 2017

	Ch. $
Net loss before income tax	(57.414.971)
Nominal tax rate	27%
Net nominal credit to results for the period, due to income tax,	15.502.042
Net effective credit to results for the period, due to income tax	**13.765.754**
Effective tax rate	**23,9%**

In accordance to note 2d) for the period ended as of March 31st, 2017, the income tax rate that was applied to account the deferred taxes originated by the tax loss, was determined in accordance to the period in which the Company estimated that tax losses will be applied to the future profits.

4. Income Taxes and Deferred Taxes, continued

b) As of March 31st, 2016

1) At the end of the period April 1st, 2015 to March 31st t, 2016 the company determined a taxable loss of Ch.$ 497.110.876. The detail of the determination of the assets by deferred taxes as March 31st, 2016 is the following:

Deferred tax concept	**Ch. $**	Tax rate	**Ch.$**
Tax loss	497.110.876	27%	134.219.936
Other non-taxable adjustments			19.653.455
Total accumulated asset by deferred tax to March 2016			**153.873.391**

2) The variation of the balance asset by deferred taxes in comparison to the previous period is the following:

Balance to March 2015	**Ch. $**
Deferred tax asset	87.463.885
Refunds by tax losses	(16.104.165)
Increase for the period	82.513.671
Balance to March 2016	**153.873.391**

5. Intercompany balances and transactions

a) Balances

Note 1: The expenses reimbursed are expressed in Chilean Pesos. Its conversion to United States Dollars is presented only for referential purposes.

a) Balance as of March 31st 2917	**Initial**	**Transactions**			**Final**
	Balance	**Transfer of funds**	**Collect of funds and reimbursements**	**Exchange rate**	**Balance**
	Ch$	**Ch$**	**Ch$**	**Ch.$**	**Ch.$**
Accounts payable P G Home Group Limited	807.186.387		(112.209.657)	-	694.976.730
Total	**807.186.387**	**-**	**(112.209.657)**	**-**	**694.976.730**

a) Balances, continued

b) Balance as of March 31st, 2016	Initial	Transactions			Final
	Balance	Invoicing and transfer of funds and exchange rate	Collect of funds and reimbursements	Exchange rate	Balance
	Ch.$	Ch.$	Ch.$	Ch.$	Ch.$
Accounts payable P G Home Group Limited	1.080.911.663			(273.725.276)	807.186.387
Total	**1.080.911.663**	**-**	**-**	**(273.725.276)**	**807.186.387**

b) Design professional advisory agreement

On 1st day of November 2009 the parent company PG Home Group Limited and PG Home Group S.P.A. have subscribed a market and design professional advisory agreement. This document establishes the following:

a) To assist the performance of each transaction that is made or could probably be made by PGHGL within the Chilean and South American market, in particular with respect to the determination of home décor products pursuant consumer's requirements.
b) To provide specialized advisory services to implement and develop a local strategic planning for the relevant market.
c) To provide assistance in furnishing and designing of catalogues for collections of home décor products to serve the regional market.
d) To provide assistance with respect to sampling, publicity, promotion and introduction and marketing of new products in the market.
e) To provide advisory services in the development and implementation of introduction and stay of new home décor products within the market.
f) To provide advisory services relating to purchase techniques and procedures as well as the development of suppliers, inventory keeping, among others, taking into account for these purposes the production methods and techniques used by other companies within the same industry.

Furthermore, in accordance with that agreement PG Home Group Limited, shall solely bear and reimburse to PG Home Group S.P.A. the following costs:
a) Employee costs
b) Expenses relating to Travel
c) Sampling and courier costs

On a monthly basis, PG Home Group S.P.A. Chile shall deliver to its Parent Company a written statement itemizing above cost and expenses. Parties agree to fix the service fees as the resulting sum of costs and expenses (excluding costs referred above) incurred by PGHG Chile to support services provided herein with a 2% accrued margin.

5. Intercompany balances and transactions, continued

On May 14th, 2016 both parties modified the Agreement by executing an Amendment dated April 15, 2013 to expand PGHG Chile's duties to undertake several license agreements for both the Chilean and South American market, to which PGHG Chile should negotiates and pays the correspondent royalties and also bear the costs to each of the hired licenses while in effect, included and not limited to payroll, design, marketing to said licensed products and other disbursements;

In that document both parties have agreed to increase the margin related to the cost plus structure by which PGHG Chile is remunerated, and they also wish to adapt the cost allocation due to the constant market changes by mains of providing a mutually agreed method to borne such costs, now therefore, the parties have agreed to reflect in written the mutual covenants and enter into this Second Amendment to Market and Design Professional Market Advisory Agreement, under the provisions set forth below:

The parties agree to amend the Clause III, Section 3.1. Letterhead B) referred to cost reimbursement and fees, in which the parties agree to fix the service fees as the resulting sum of costs and expenses incurred by PGHG Chile to support services provided herein with a ten percent (10%) accrued margin."

c) **Expenses reimbursements**. During the period January 1st to March 31st 017 the amount of the expenses reimbursements recovered from the parent company was an amount of Ch. $ 8.043.370.-

PG HOME GROUP S.P.A.
NOTES TO FINANCIAL STATEMENTS
AS OF MARCH 31st, 2017 AND 2016

6. Equity Changes

The Changes in the Equity occurred in both periods are the following:

a) As of March 31st, 2017:

	Capital	Accumulated losses	Profit (loss) for the period	Total
	Ch.$	**Ch.$**	**Ch.$**	**Ch.$**
Balance at the beginning of period	3.000.000	(248.062.845)	(226.854.728)	(471.917.573)
Reclassification profit (loss) previous period	-	(226.854.728)	226.854.728	-
(Loss) for the period	-	-	(43.649.217)	(43.649.217)
Balance at the end of the period	**3.000.000**	**(474.917.573)**	**(43.649.217)**	**(515.566.790)**

b) As of March 31st, 2016:

	Capital	Accumulated losses	Profit (loss) for the period	Total
	Ch.$	**Ch.$**	**Ch.$**	**Ch.$**
Balance at the beginning of period	3.000.000	37.181.185	(285.244.030)	(245.062.845)
Reclassification (loss) profit previous period	-	(285.244.030)	285.244.030	-
(Loss) for the period	-	-	(226.854.718)	(226.854.718)
Balance at the end of period	**3.000.000**	**(248.062.845)**	**(226.854.718)**	**(471.917.563)**

The capital is comprised by 1,000 shares, fully paid. There were not share transactions during the periods April 1st to March 31st, 2016 and 2012, and April1st 2016 to March 31st, 2017.

7. Commitments and Contingencies

There are not judgments, contingencies or litigations, which could affect the company,

8. Taxes payable and recoverable

a) Taxes recoverable:

	March 31st, 2017	March 31st, 2016
Current taxes recoverable	**Ch.$**	**Ch.$**
V.A.T	1.250.247	
Other recoverable taxes	2.932.344	2.932.344
Provisional monthly payment (to income tax)	329.114	5.484.867
Total	**4.511.705**	**8.417.211**

b) Taxes payable:

	March 31st, 2017	March 31st, 2016
Current taxes payable	**Ch.$**	**Ch.$**
Accrued income tax	-	1.682.842
Accrued Provisional Monthly payment	-	166.701
Debit V.A.T payable	-	765.987
Total	**-**	**2.615.530**

9. Administrative Expenses

The detail of the administrative expenses item for the period April 1st to March 31st, 2017 is the following:

	$
Rent Office	17.004.921
Adjustment income from previous periods	11.588.206
Accounting Fees	10.709.483
Professional advisories	8.858.100
Air passages	5.412.337
Vacations	4.788.110
Office community expenses	3.870.672
Quittance	3.823.556
Maintenances	2.374.226
Telephone-Internet	2.211.628
Office Maintenance	2.158.470
Post office	1.581.151
Fees	1.557.810
Electric Power	1.308.028
Depreciation Expenses	1.153.102
Expenses by trips	1.115.582
IVA Not Returnable	895.982
Commissions	719.188
Bonus	700.000
Travel	649.155
Attention consumptions	461.189
Assurances	385.762
Security	313.995
Bonus	248.915
Water	186.688
Office Maintenance	160.791
License county	62.201
Other Expenditures	25.403
Subscriptions	23.800
Notarial expenses	17.000
Interests, fines	1.802
TOTAL	**84.367.253**

9. Administrative Expenses, continued

The detail of the administrative expenses item for the period April 1st to March 31st 2016 is the following

	$
Salaries	33.312.488
Rent Office	17.824.276
Accounting Fees	15.845.223
Adjustment expenses previous periods	9.326.332
Commissions	6.968.943
B2B Portals	5.540.580
Office community spending	5.107.778
Fees	4.613.549
Professional advising	4.174.391
Maintenances	3.798.728
Telephone-Internet	3.001.841
IVA Not Returnable	2.944.354
Samples	2.637.024
Travel allowances	2.633.320
Office Maintenance	2.110.432
Electric Power	2.060.209
Gratification	2.024.773
Depreciation Expenses	1.764.851
Freights	1.653.941
Assurances	1.576.126
Advertising and Promotions	1.478.960
Pension Plan	1.140.627
Mobilization	939.695
Quittance	742.447
Security	530.365
Attention consumptions	495.428
Other Expenses	469.306
Food	317.652
Rent Parking	280.000
License county	278.237
Post office	221.055
Water	187.760
Notarial expenses	105.460
Bonus	90.000
Rent other	66.000
Bank interest	2.114
Interests, fines	1.574
Vacations	(4.717.224)
TOTAL	**131.548.615**

10. Lease contracts

The main lease contract subscribed by the Company since July 2012 corresponds to the office where the commercial activities are performed. The summary of main clauses of that contract is the following:

- Location of premise: Avenida del Valle Nº 4,980 offices Nº 131 and 132, Huechuraba, Santiago de Chile.
- Name of Landlord: Inversiones Los Sauzales Ltda.
- Contract term: Three years, period from August 1st 2012 to July 31st, 2016. In accordance to the lease contract, its term will be automatically renewed at the end of every period by one year if both parts do not state its opposite intention
- .Monthly Rent: Period from August 1st 2012 to July 31st 2016: UF, 60 plus V.A.T. Approximately Th. Ch. $ 1,351, Period from August 1st 2016 to July 31st 2016: UF 90, approximately Th. Ch. $ 2,027. The "unidades de fomento" is a local currency which value Changes every day in accordance to the inflation rate.

- Break clauses:

    - Not paying the monthly rent on time.
    - Using the property to a use other than that set out in the lease.
    - Do not keep the property in good condition.
    - Late or not payment of the costs of property use (electricity, etc.)

On May 2017 this contract was renewed by one year, in accordance to the clauses established in the document. The rent from this period is U.F. 55, approximately The Ch. $ 1.450.-

11. Inventories

The composition of these items to March 31st, 2017 and 2016 is the following

	March 31st, 2017 Ch.$	**March 31st, 2016 Ch.$**
Inventories to be sold, in warehouse	5.649.720	19.829.498
Less:		-
Provision for stocks	(2.824.860)	-
Total	**2.824.860**	**19.829.498**

12. Compensation to personnel for years of service

Due the Company has not agreed this benefit with its main staff; consequently no provision has been accounted a provision for this concept.

13. Fixed assets and intangibles

a) The composition of these items to March 31st, 2017 is the following:

	Furniture & Fixtures	Office Equipment	Brand	Total
	Ch.$	Ch.$	Ch.$	Ch.$
Cost				
Initial balance to 31.3.2016	1.824.199	12.983.575	2.662.835	17.470.609
Write –off	-	-	-	-
Acquisitions	-		-	-
Balance to March 31st , 2017	**1.824.199**	**12.983.575**	**2.662.835**	**17.470.609**
Less:	-	-	-	
Accumulated depreciation				
Initial balance to 31.3.2016	1.816.460	9.408.092	-	11.224.552
Movements for the period April 1 2016,to March 31st, 2017				
Net depreciation for the period		1.153.102	-	1.153.102
Write-off	-	-	-	-
Total to March 31st,2017	**1.816.460**	**10.561.194**	**-**	**12.377.654**
Net book value to March 31st, 2017	**7.739**	**2.422.381**	**2.662.835**	**5.092.955**

13. Fixed assets and intangibles

b) The composition of these items to March 31st, 2016 is the following:

	Furniture & Fixtures	Office Equipment	Brand	Total
	Ch.$	Ch.$	Ch.$	Ch.$
Cost				
Initial balance to 31.3.2015	1.824.199	11.771.228	2.662.835	16.258.262
Write –off	-	-	-	-
Acquisitions	-	1.212.349	-	1.212.349
Balance to March 31st , 2016	**1.824.199**	**12.983.577**	**2.662.835**	**17.470.611**
Less:	-	-		
Accumulated depreciation				
Initial balance to 31.3.2015	1.472.708	7.986.993	-	9.459.701
Movements for the period April 1 2015 ,to March 31st, 2016				
Net depreciation for the period	343.752	1.421.099	-	1.764.851
Write-off	-	-	-	-
Total to March 31st, 2016	**1.816.460**	**9.408.092**	**-**	**11.224.552**
Net book value to March 31st. 2016	**7.739**	**3.575.485**	**2.662.835**	**6.246.059**

c) Intangibles

	2017	2016
	Ch.$	**Ch.$**
Brands	2,662,836	2,662,836
Total	**2,662,836**	**2,662,836**

(1) The Company has subscribed a merchandise license agreement, in order to perform locally a new business line.

14. Prepaid expenses (non-current)

The composition of these items in both periods is the following:

	March 31st, 2017	March 31st, 2016
	Ch.$	Ch.$
Pre- paid royalties One Direction	-	3.038.350
Pre- paid royalties Transformers	-	2.077.472
Pre-payment office rent	1.455.863	
Total	**1.455.863**	**5.115.822**

15. Sundry credits

The composition of these items in both periods is the following:

	March 31st, 2017	March 31st, 2016
	Ch.$	Ch.$
Pension costs	2.982.578	2.613.512
Income tax payable, applied to wages	1.467.192	1.501.523
Income tax payable, applied to fees	31.111,00	34.434
Total	**4.480.881**	**4.149.469**

16. Suppliers

The composition of these items in both periods is the following:

	March 31st, 2017	March 31st, 2016
	Ch.$	Ch.$
Suppliers	1.149.721	16.728.708
Suppliers in other currencies	688.826	688.825
Deposits in transit	836.279	16.347.785
Total	**2.674.826**	**33.765.318**

17. Withholdings

The composition of these items in both periods is the following:

	March 31st, 2017	March 31st, 2016
	Ch.$	Ch.$
Pension costs	2.982.578	2.613.512
Income tax payable, applied to wages	1.467.192	1.501.523
Income tax payable, applied to fees	31.111,00	34.434
Total	**4.480.881**	**4.149.469**
	-	-

18. Income statement for the last quarter:

The composition of the income statement for these periods is the following:

	January 1st to March 31st, 2017	January 1st to March 31st, 2016
Income	**Ch.$**	**Ch.$**
Operational income		
Sale of goods	4.705.398	13.481.901
Advisories	13.528.967	12.028.402
Non-operational income (expenses)		
Financial income	-	834.952
Exchange rate difference and others	(555.915)	4.682.396
Total income	**17.678.450**	**31.027.651**
Expenses		
Cost of goods sold	(5.430.632)	(60.109.694)
Provision for stocks valuation	(2.824.859)	-
Royalties	-	(26.700.399)
Logistic costs	-	(5.443.657)
Financial expenses	-	(18.709.058)
Administrative expenses	(23.197.406)	-
Total expenses	**(31.452.897)**	**(110.962.808)**
Net result before income tax	(13.774.447)	(79.935.157)
Income taxes	5.751.095	49.435.388
(Loss) for the period	**(8.023.352)**	**(30.499.769)**

19. Clients receivable

The composition of this item is the following as of March 31st, 2016

	TOTAL		Current	0-30 days	31-60 days	61-90 days	91 and more days
Client	Ch.$	%	Ch.$	Ch.$	Ch.$	Ch.$	Ch.$
Remates Edwars	10.433.920	36%	10.433.920	-	-	-	-
Farid Gamal	6.205.202	22%	-	-	-	-	6.205.202
Supermercados Montserrat	5.638.601	20%	-	-	-	-	5.638.601
Others	3.407.315	12%	-	-	-	3.407.315	-
Tickets	2.911.859	10%	2.911.859	-	-	-	-
TOTAL	28.596.897	100%	13.345.779	-	-	3.407.315	11.843.803

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The composition of this item is the following as of March 31st, 2017

	TOTAL		Current	0-30 days	31-60 days	61-90 days	91 and more days
Client	Ch.$	%	Ch.$	Ch.$	Ch.$	Ch.$	Ch.$
Blue Express	152.740	2%	-	-	-	-	152.740
Farid Gamal	973.173	12%	-	-	-	-	973.173
Comercial Sercomat	(20.000)	0%	-	-	-	-	(20.000)
Remates Pacifico	1.187.025	15%	-	-	1.187.025	-	-
Rodrigo Espinoza	(50.720)	-1%	-	-	-	-	(50.720)
Zarate y Cia	556.920	7%	-	-	-	-	556.920
Empresas Cic	4.499.402	56%	4.499.402	-	-	-	-
Sociedad Silva Gutierrez	267.750	3%	267.750	-	-	-	-
Tickets	422.772	5%	422.772	-	-	-	-
TOTAL	7.989.062	100%	5.189.924	-	1.187.025	-	1.612.113

20. Subsequent events

No events had subsequently occurred by the date of these financial statements that might materially impact the content or presentation of the financial statements.

REDWOOD INTERNET VENTURES LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

REDWOOD INTERNET VENTURES LIMITED

CONTENTS

REDWOOD INTERNET VENTURES LIMITED

REPORT OF THE DIRECTORS

The directors present their consolidated annual report and the annual consolidated audited financial statements of the Company for the year ended March 31, 2017.

PRINCIPAL ACTIVITY

The Group has not yet commenced business during the year.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended March 31, 2017 are set out in the consolidated statement of comprehensive income on page 7.

The directors do not recommend the payment of a dividend.

SHARE CAPITAL AND RESERVES

Details of share capital of the Company and its subsidiary ("the Group") are set out in Note (13) to the consolidated financial statements. There were no movements during the year.

There were no movements in reserves except for changes to retained profits which arose from profit or loss.

DIRECTORS

(a) Directors of the Company

The directors of the Company during the year and at the date of this report were:

Pallak SETH
Deepak Kumar SETH
Arun CHANDRA MOHAN

In accordance with Article 23 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

(b) Directors of the Company's subsidiary

During the period and up to date of this report, Pallak SETH, Deepak Kumar SETH and Arun CHANDRA MOHAN are also the directors of the subsidiary of the Company.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiary were entered into or existed during the year.

BUSINESS REVIEW

The Group falls within reporting exemption for the financial period. Accordingly, the Group is exempted from preparing a business review for this financial year.

PERMITTED INDEMNITY PROVISION

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Group and holding company (whether made by the Group or otherwise) or an associated company (if made by the Group).

AUDITORS

During the period, Messrs. Louis Lai & Luk CPA Limited has been appointed as the auditors of the Company. They now retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

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Pallak SETH
Chairman

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
REDWOOD INTERNET VENTURES LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Redwood Internet Ventures Limited ("the Company") and its subsidiaries ("the Group") set out on pages 7 to 24, which comprise the statement of financial position as at March 31, 2017, and the consolidated statement of comprehensive income, consolidated statement of charges in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fundamental Uncertainty Relating To The Going Concern

In forming our opinion, we have considered the adequacy of the disclosure made in Note (2e) to the financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon ongoing support from the shareholder and the attaining of profitable and positive cash flow operations, and the Group may turn to a commercially viable concern. The consolidated financial statements do not include any adjustments that may be necessary should the implementation of such measures become unsuccessful.

We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged With Governance for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
REDWOOD INTERNET VENTURES LIMITED
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.

- 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
REDWOOD INTERNET VENTURES LIMITED
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

REDWOOD INTERNET VENTURES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2017

	NOTES	1/4/2017 - 31/3/2017	9/12/2015 - 31/3/2016
		USD	USD
REVENUE	(2q)	-	-
OPERATING EXPENSES		(71,857)	(44,546)
LOSS BEFORE TAXATION	(6)	(71,857)	(44,546)
TAXATION	(8)	3,202	-
LOSS FOR THE YEAR/PERIOD		(68,655)	(44,546)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR/PERIOD		(68,655)	(44,546)
		=====	=====

THE NOTES ON PAGES 11 TO 24 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

REDWOOD INTERNET VENTURES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	NOTES	2017	2016
		USD	USD
Non-Current Assets			
Intangible assets under development	(9)	643,753	147,640
Intangible assets	(9)	6,350	-
Plant and equipment	(10)	20,168	-
Investment in associate	(11)	90,246	-
Deferred tax assets	(8)	3,313	-
		763,830	147,640
Current Assets			
Other receivables		-	45,614
Cash and cash equivalents		36,697	130,677
Short-term loans and advances		249	-
		36,946	176,291
Current Liabilities			
Amount due to a related company	(12)	113,600	10,134
Amount due to a shareholder	(12)	740,000	340,000
Accrued expenses		1,292	8,343
Other payable		35,260	-
Long-term provisions		3,289	-
		893,441	358,477
Net Current Liabilities		(856,495)	(182,186)
NET LIABILITIES		(92,665)	(34,546)
EQUITY			
Share capital	(13)	10,000	10,000
Translation reserve		10,536	-
Retained earnings		(113,201)	(44,546)
TOTAL EQUITY		(92,665)	(34,546)

APPROVED BY THE BOARD OF DIRECTORS ON JUNE 1, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH
Director

Pallak SETH
Director

THE NOTES ON PAGES 11 TO 24 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

REDWOOD INTERNET VENTURES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2017

	Share Capital	Translation reserve	Retained earnings	Total
	USD	USD	USD	USD
Issuance of share capital	10,000	-	-	10,000
Total comprehensive expense for the period	-	-	(44,546)	(44,546)
At March 31, 2017	10,000	-	(44,546)	(34,546)
Total comprehensive expenses for the year	-	10,536	(68,655)	(58,119)
At March 31, 2017	10,000	10,536	(113,201)	(92,665)
	=====	=====	======	=====

THE NOTES ON PAGES 11 TO 24 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

REDWOOD INTERNET VENTURES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	1/4/2016 - 31/3/2017	9/12/2015 - 31/3/2016
	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(71,857)	(44,546)
Adjustment for:		
Depreciation	4,966	-
Amortisation	938	-
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(65,953)	(44,546)
Increase in short-term loans and advances	(249)	-
Decrease/(Increase) in other receivables	45,614	(45,614)
Increase in amount due to a related company	103,466	10,134
Increase in amount due to a shareholder	400,000	340,000
(Decrease)/Increase in amount due to accrued expenses	(7,051)	8,343
Increase in other payable	35,260	-
Increase in long-term provisions	3,289	-
Cash generated from operations and net cash generated from operating activities	514,376	268,317
CASH FLOW FROM INVESTING ACTIVITIES		
Payment to intangible assets under development	(496,113)	(147,640)
Payment to intangible assets	(7,321)	-
Payment to acquire plant and equipment	(25,307)	-
Investment in associate	(90,246)	-
Net cash used in investing activities	(618,987)	(147,640)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital and net cash used in financing activities	-	10,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(104,611)	130,677
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	130,677	-
EFFECT OF FOREIGN EXCHANGE DIFFERENCE	10,631	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	36,697	130,677

THE NOTES ON PAGES 11 TO 24 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

1. GENERAL

Redwood Internet Ventures Limited is a company incorporated in Hong Kong with limited liability. The principal activity of the Company is provision of agency services. The address of its registered office is 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention except that the investment properties, intangible assets and financial assets at fair value through profit or loss are stated at fair value and are presented in Hong Kong dollars ("HK$"), which is also the Groups functional and transactional presentation currency.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note (5) to the consolidated financial statements.

b. Changes in Accounting Policies and Disclosures

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Group, and accordingly, they have had no material impact on the Group's consolidated financial statements for the year ended March 31, 2017.

c. Issued but Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not early applied any new and revised HKFRSs that have been issued but are not year effective for the accounting year ended March 31, 2017, in these consolidated financial statements. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d. Associates

An associate is an enterprise, not being a subsidiary nor a jointly controlled entity, over which the Company is in a position to exercise significant influence through participation in the financial and operating policy decisions of the investee. The results and assets and liabilities of associates are incorporated in the financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the Company's share of the net assets of the associates, less any identified impairment loss. When the Company's share of losses of an associate equals or exceeds its interest in that associate. The Company discontinues recognising its share of further losses.

e. Going Concern

The shareholder and related company have confirmed their willingness to provide such financial assistance as is necessary to maintain the Group as a going concern. On the strength of this assurance, the consolidated financial statements have been prepared on a going concern basis.

f. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to March 31. Subsidiary is an entity over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiary is consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balance and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary have been changes where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

f. Basis of Consolidation (Cont'd)

Non-controlling interests are presented in the Consolidated Statement of Financial Position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the Consolidated Statement of Comprehensive Income as an allocation of the total profit or loss and total comprehensive income for the year between non controlling interests and the shareholders of the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the controlling and non-controlling interests within consolidated equity to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received recognised directly in equity.

In the Company's Statements of Financial Position the investments in subsidiary is stated at cost less allowance for impairment losses. The results of subsidiary are accounted for by the Company on the basis of dividends received and receivable.

g. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

h. Intangible Assets

Intangible assets are stated at cost less accumulated amortization and any accumulated impairment losses. It is amortised over its estimated life of three years using straight line method. If there is an indication that there has been a significant change in the amotisation rate, useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

i. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

j. Financial Assets

The Group's financial assets are only classified under loans and receivables category.

k. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortized cost using effective interest method, less any identified impairment losses. An impairment loss is recognised in the Consolidated Statement of Comprehensive Income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

l. Financial Liabilities

Financial liabilities of the Group are classified, at initial recognition, as loans and borrowings or derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities comprise amount due to a related company, amount due to a shareholder and accrued expenses which are subsequently measured at amortized cost, using the effective interest method.

m. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the date of issuance of shares.

n. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

o. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United States Dollars ("USD"), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable loss for the year. Taxable loss differs from net loss as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable loss, and is accounted for using the consolidated statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable loss will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax loss nor the accounting loss.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income.

q. Turnover

The Group had no turnover during the period.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

r. Employee Benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Group in exchange for services rendered by its employees and directors. The employee benefits are classified as staff costs and charged to the Consolidated Statement of Comprehensive Income.

No provision on employee entitlements to annual leave is provided in the consolidated financial statements as the directors consider that no material liability would arise as a result of such entitlement in the near future. Sick leave and maternity leave are not recognised until the time of leave.

s. Related Parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or a parent of the Group.

(B) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

t. Financial Risks

The financial risks in connection with the Group's financial instruments include risks as follows.

(i) Market risk includes three types of risk as below:

- Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.
- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.
- Price risk: the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Market risk embodies not only the potential for loss but also the potential for gain.

(ii) Credit risk: the risk that the corresponding party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss.

(iii) Liquidity risk (also referred to as funding risk): the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

(iv) Cash flow interest rate risk: the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

3. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Group's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(i) Financial instruments by category

The financial assets of the Group comprise trade and other receivable, deposits, amounts due from fellow subsidiaries, and cash and cash equivalents which are categorized as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the Consolidated and Company Statements of Financial Position or in the corresponding notes to the consolidated financial statements. The financial liabilities of the Group comprise trade and other payables, and amounts due to immediate holding company and fellow subsidiaries which are categorized as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the Consolidated Statement of Financial Position or in the corresponding notes to the consolidated financial statements.

(ii) Financial risk management

The Group's financial risks are limited by the financial management policies and practices described below.

(a) Liquidity risk

As the holding company and related company have confirmed its willingness to provide continuous financial support to the Group, the management is of the opinion that the Group is adequately protected from the liquidity risk.

(b) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

As the shareholder and related company have confirmed the willingness to provide continuous financial support, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate of fair values of current assets and liabilities

The nominal value of current assets and liabilities are assumed to approximate their fair values.

6. LOSS BEFORE TAXATION

	1/4/2016 - 31/3/2017	9/12/2015 - 31/3/2016
	USD	USD
Loss before taxation is stated after charging :		
Auditor's remuneration	4,220	1,285
Office rent	-	3,004
	====	====

7. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

(i) Remuneration of the directors of the Group disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	1/4/2016 - 31/3/2017	9/12/2015 - 31/3/2016
	USD	USD
Emoluments:		
Acting as directors	-	-
Provision for management services	-	-
Retirement benefits	-	-
	-	-
	=====	=====

(ii) Loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Group and its holding Company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

Loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director

During the year, no loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director.

Guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Group for a director of the Group or of its holding company or a controlled body corporate of such a director

In the opinion of the directors, the directors or shadow directors, if any, of the Group had no material interests in those significant transactions, arrangements or contracts in relation to the Group's business entered into by the Group or another company in the same group of companies or subsisted during the year.

(iii) Material interests of directors (including shadow directors) of the Group disclosed pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

In the opinion of the directors, the directors or shadow directors, if any, of the Group had no material interests in those significant transactions, arrangements or contracts in relation to the Group's business entered into by the Group or another company in the same group of companies or subsisted during the year.

8. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the current year. Income tax of subsidiary has been provided at the prevailing rate of the country the subsidiary operates.

	1/4/2016 - 31/3/2017	9/12/2015 - 31/3/2016
	US$	US$
Hong Kong profits tax		
- current year	-	-
Overseas income tax		
- current year	-	-
Overseas deferred tax	3,302	-
Total	3,302	-
	====	====

a. The tax charge for the year can be reconciled to the profit per Consolidated Statement of Comprehensive Income as follows:

	1/4/2016 - 31/3/2017	9/12/2015 - 31/3/2016
	US$	US$
Loss before taxation	(71,857)	(44,546)
	=====	=====
Tax at the domestic income tax rate	(11,856)	(7,350)
Tax loss not yet recognised	1,055	6,834
Current year deferred tax	3,202	-
Other	10,801	516
Taxation expense for the year	3,202	-
	=====	=====

b. The following is the analysis of deferred tax balance presented on the consolidated statement of financial position.

	2017	2016
	US$	US$
Subsidiary:		
Deferred tax assets	3,313	-
	====	====

9. INTANGIBLE ASSETS

	Intangible assets under development	Software	Total
Cost	USD	USD	USD
At 1/4/2016	147,640	-	147,640
Additions	496,113	7,321	503,434
At 31/3/2017	643,753	7,321	651,074
Accumulated Depreciation			
At 1/4/2016	-	-	-
Charge for the year	-	938	938
Exchange realignment	-	33	33
At 31/3/2017	-	971	971
Net Book Value			
At 31/3/2017	643,753	6,350	650,103
At 31/3/2016	147,640	-	147,640

10. PLANT AND EQUIPMENT

	Computer
Cost	USD
At 1/4/2016	-
Additions	25,307
At 31/3/2017	25,307
Accumulated Depreciation	
At 1/4/2016	-
Charge for the year	4,966
Exchange realignment	173
At 31/3/2017	5,139
Net Book Value	
At 31/3/2017	20,168
At 31/3/2016	-

11. INVESTMENT IN ASSOCIATES

	2017	2016
	USD	USD
Unlisted shares, at cost	90,246	-
	=====	====

Details of the Company's associates at March 31, 2017 is as follows:

Name of associate	Place of incorporation	Effective interest held by the Group		Principal activities
		Directly	Indirectly	
Urban Joy E Service Private Limited	Indian	22.5%	-	Designing, promotion and launch of home furnishing rental web portal

12. AMOUNT DUE TO A SHAREHOLDER/A RELATED COMPANY

The amount due to a shareholder/a related company is unsecured, interest-free and has no fixed terms of repayment. The shareholder/related company agreed not to demand repayment of the amount due until the Group is financially capable of repayment. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

13. SHARE CAPITAL

	2017		2016	
	No. of shares	Amount	No. of shares	Amount
		USD		USD
Issued and fully paid: Ordinary shares of US$1 each				
At March 31	10,000	10,000	10,000	10,000
	=====	=====	=====	=====

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

14. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	2017	2016
		USD	USD
Non-Current Assets			
Investment in a subsidiary	(14a)	10,000	10,000
Intangible assets under development		-	147,640
		10,000	157,640
Current Assets			
Amount due from a subsidiary	(14b)	713,564	-
Amount due from related company	(14b)	-	1,569
Other receivables		-	45,614
Cash and cash equivalents		4,549	120,685
		718,113	167,868
Current Liabilities			
Amount due to a subsidiary	(14c)	-	10,000
Amount due to a shareholder	(14c)	740,000	340,000
Other payable		26,250	-
Accrued expenses		578	7,829
		766,828	357,829
Net Current Liabilities		(48,715)	(189,961)
NET LIABILITIES		(38,715)	(32,321)
EQUITY			
Share capital		10,000	10,000
Retained earnings	(14d)	(48,715)	(42,321)
TOTAL EQUITY		(38,715)	(32,321)

APPROVED BY THE BOARD OF DIRECTORS ON JUNE 1, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH
Director

Pallak SETH
Director

14. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONT'D)

a. INVESTMENT IN A SUBSIDIARY

	2017	2016
	USD	USD
Unlisted investment, at cost	10,000	10,000
	=====	=====

Details of subsidiary are as follows:

Name of subsidiary	Place of incorporation	Percentage of ownership and voting power	Nature of business
Digital Internet Technologies Limited	Hong Kong	100%	Not yet conducted any business

b. AMOUNTS DUE FROM A SUBSIDIARY/RELATED COMPANY

The amounts due from a subsidiary/related company are unsecured, interest-free and have no fixed terms of repayment. No provision for bad and doubtful debts has been made on the amounts due from a subsidiary/related company. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

c. AMOUNT DUE TO A SUBSIDIARY/SHAREHOLDER

The amount due to a subsidiary/shareholder are unsecured, interest-free and has no fixed terms of repayment. The subsidiary/shareholder agreed not to demand repayment of the amount due until the Group is financially capable of repayment. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

d. RESERVE

	Retained earnings
	HK$
At December 9, 2015	-
Total comprehensive expense for the period	(42,321)
At March 31, 2016	(42,321)
Total comprehensive expense for the year	(6,394)
At March 31, 2017	(48,715)
	=====

15. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on June 1, 2017.

REDWOOD INTERNET VENTURES LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

	1/4/2016 - 31/3/2017	9/12/2015 - 31/3/2016
	USD	USD
EXCHANGE GAINS	101	-
OPERATING EXPENSES		
Auditors' remuneration	1,735	1,285
Bank charges	3,172	926
Business registration fee	32	289
Consulting fee	243	-
Equipment rent	-	826
Formation expenses	-	902
Legal and professional fee	521	24,099
Office rent	-	3,004
Registration fee	540	-
Sundry expense	252	67
Travelling expenses	-	10,923
	6,495	42,321
	-------	--------
	6,394	42,321
LOSS BEFORE TAXATION	(6,394)	(42,321)
	====	=====

File No. 23/65561023

REDWOOD INTERNET VENTURES LIMITED

PROFITS TAX COMPUTATION

YEAR OF ASSESSMENT : 2016/2017

	SCH 1
	USD
Basis period: 1/4/2016 - 31/3/2017	
Loss per audited financial statements	6,394
	====

The captioned loss is not claimed as the Company conducted no business during the concerned year of assessment.

DIGITAL INTERNET TECHNOLOGIES LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

DIGITAL INTERNET TECHNOLOGIES LIMITED

CONTENTS

DIGITAL INTERNET TECHNOLOGIES LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the annual audited financial statements of the Company for the year ended March 31, 2017.

PRINCIPAL ACTIVITY

The Company has not commenced business during the year.

RESULTS AND APPROPRIATIONS

The results of the Company for the year ended March 31, 2017 are set out in the statement of comprehensive income on page 7.

The directors do not recommend the payment of a dividend.

SHARE CAPITAL AND RESERVES

Details of share capital of the Company are set out in Note (12) to the financial statements. There were no movements during the year.

There were no movements in reserves except for changes to retained profits which arose from profit or loss.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Pallak SETH
Deepak Kumar SETH
Arun CHANDRA MOHAN

In accordance with Article 20 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the year.

DIGITAL INTERNET TECHNOLOGIES LIMITED

REPORT OF THE DIRECTORS (CONT'D)

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

BUSINESS REVIEW

The Company falls within reporting exemption for the financial period. Accordingly, the Company is exempted from preparing a business review for this financial year.

PERMITTED INDEMNITY PROVISION

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company and holding company (whether made by the Company or otherwise) or an associated company (if made by the Company).

AUDITORS

During the period, Messrs. Louis Lai & Luk CPA Limited has been appointed as the auditors of the Company. They now retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

____

Pallak SETH
Chairman

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
DIGITAL INTERNET TECHNOLOGIES LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Digital Internet Technologies Limited ("the Company") set out on pages 7 to 20, which comprise the statement of financial position as at March 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards 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 HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fundamental Uncertainty Relating to the Going Concern

In forming our opinion, we have considered the adequacy of the disclosure made in Note (2d) to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. The financial statements have been prepared on a going concern basis, the validity of which depends upon ongoing support from the ultimate holding company and the attaining of profitable and positive cash flow operations, and the Company may turn to a commercially viable concern. The financial statements do not include any adjustments that may be necessary should the implementation of such measures become unsuccessful.

We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged With Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standard issued by Hong Kong Institute of Certified Public Accounts and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are responsible for assessing 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 unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks 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.

- 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 the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 conclusions are 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBER OF
DIGITAL INTERNET TECHNOLOGIES LIMITED
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

DIGITAL INTERNET TECHNOLOGIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2017

	NOTES	1/4/2016 -31/3/2017	25/2/2016 -31/3/2016
		USD	USD
REVENUE	(2p)		-
OPERATING EXPENSES		(52,150)	(2,225)
LOSS BEFORE TAXATION		(52,150)	(2,225)
TAXATION	(7)	-	-
LOSS FOR THE YEAR/PERIOD		(52,150)	(2,225)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR/PERIOD		(52,150)	(2,225)
		=====	====

THE NOTES ON PAGES 11 TO 19 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DIGITAL INTERNET TECHNOLOGIES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	NOTES	2017	2016
		USD	USD
Non-Current Assets			
Investment in subsidiary	(8)	297,665	-
Investment in associate	(9)	90,246	-
Intangible asset development	(10)	390,421	-
		778,332	-
Current Assets			
Amount due from a holding company	(6ii)	-	10,000
Cash and cash equivalent		5,171	9,992
		5,171	19,992
Current Liabilities			
Amount due to a holding company	(11)	713,564	-
Amount due to a related company		113,600	11,703
Accrued expenses		714	514
		827,878	12,217
Net Current (Liabilities)/Assets		(822,707)	7,775
NET (LIABILITIES)/ASSETS		(44,375)	7,775
EQUITY			
Share capital	(12)	10,000	10,000
Retained earnings		(54,375)	(2,225)
TOTAL EQUITY		(44,375)	7,775

APPROVED BY THE BOARD OF DIRECTORS ON JUNE 2, 2017 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH
Director

Pallak SETH
Director

THE NOTES ON PAGES 11 TO 19 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DIGITAL INTERNET TECHNOLOGIES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2017

	Share Capital	Retained earnings	Total
	USD	USD	USD
Issuance of share capital	10,000	-	10,000
Total comprehensive expense for the period	-	(2,225)	(2,225)
At March 31, 2016	10,000	(2,225)	7,775
Total comprehensive expense for the year	-	(52,150)	(52,150)
At March 31, 2017	10,000	(54,375)	(44,375)
	=====	=====	=====

THE NOTES ON PAGES 11 TO 19 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DIGITAL INTERNET TECHNOLOGIES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation and operating loss before working capital changes	(52,150)	(2,225)
Increase/(Decrease) in amount due from a holding company	10,000	(10,000)
Increase in amount due to a related company	101,897	11,703
Increase in accrued expenses	200	514
Increase in amount due to a holding company	713,564	-
Cash generated from/(use in) operations and net cash generated from/(use in) operating activities	773,511	(8)
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in subsidiary	(297,665)	-
Investment in associate	(90,246)	-
Acquisition of intangible asset under development	(390,421)	-
	(778,332)	-
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital and net cash generated from financing activities	-	10,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,821)	9,992
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	9,992	-
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	5,171	9,992

THE NOTES ON PAGES 11 TO 19 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

1. GENERAL

Digital Internet Technologies Limited is a company in Hong Kong with limited liability. During the year, the Company has not conducted any business. The address of its registered office is 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong. The directors consider that the ultimate holding company is Redwood Internet Ventures Limited, a company incorporated in Hong Kong.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS(s)") (which also include Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)")) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

As the Company is a wholly owned subsidiary of another body corporate at the end of the financial reporting period and has satisfied the criteria set out in section 379(3)(b) of the Hong Kong Companies Ordinance (Cap. 622), it is not required to prepare consolidated financial statements.

The financial statements have been prepared under the historical cost convention and are presented in United States Dollars ("USD"), which is also the Company's functional and presentation currency.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note (5) to the financial statements.

b. Changes in Accounting Policies and Disclosures

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Company, and accordingly, they have had no material impact on the Company financial statements for the year ended March 31, 2017.

c. Issued but not yet Effective Hong Kong Financial Reporting Standards

The Company has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended March 31, 2017, in these financial statements. The Company is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d. Going Concern

The holding company has confirmed its willingness to provide such financial assistance as is necessary to maintain the Company as a going concern. On the strength of this assurance, the financial statements have been prepared on a going concern basis.

e. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

f. Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses.

Amortisation of intangible assets with finite useful lives is charged to Statement of Comprehensive Income on a straight-line basis over the assets' estimated useful lives when the intangible assets is available for use.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

g. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

h. Financial Assets

The Company's financial assets are only classified under loans and receivables category.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

i. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortized cost using effective interest method, less any identified impairment losses. An impairment loss is recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the assets recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

j. Financial Liabilities

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company's financial liabilities comprise trade and other payables and amount due to a fellow which are subsequently measured at amortized cost, using the effective interest method.

k. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The Company's equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the date of issuance of shares.

l. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months.

m. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States Dollars ("USD"), which is the Company's functional and presentation currency.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

m. Translation of Foreign Currency (CONT'D)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

n. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable loss for the year. Taxable loss differs from net loss as reported in the Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable loss, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable loss will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax loss nor the accounting loss.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Statement of Comprehensive Income.

o. Turnover

Turnover represents invoiced amount of sales less discounts and returns.

p. Recognition of Revenue

During the year, the Company has not conducted any business.

q. Employee Benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Company in exchange for services rendered by its employees and directors. The employee benefits are classified as staff costs and charged to the Statement of Comprehensive Income.

No provision on employee entitlements to annual leave is provided in the financial statements as the directors consider that no material liability would arise as a result of such entitlement in the near future. Sick leave and maternity leave are not recognised until the time of leave.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

r. Related Parties

A related party is a person or entity that is related to the Company.

(A) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Company or a parent of the Company.

(B) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

s. Financial Risks

The financial risks in connection with the Company's financial instruments include risks as follows.

(i) Market risk includes three types of risk as below:

- Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

- Price risk: the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Market risk embodies not only the potential for loss but also the potential for gain.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

s. Financial Risks (CONT'D)

(ii) Credit risk: the risk that the corresponding party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss.

(iii) Liquidity risk (also referred to as funding risk): the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

(iv) Cash flow interest rate risk: the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

3. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(i) To safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Company's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risks are limited by the financial management policies and practices described below.

(a) Credit risk

The Company has no significant concentrations of credit risk because it has no financial assets.

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. As the fellow subsidiary and shareholder have confirmed the willingness to provide continuous financial support to the Company, the directors are of the opinion that the Company is adequately protected from the liquidity risk.

4. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Cash flow and fair value interest rate risk

The Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate of fair values of current assets and liabilities

The nominal value of current assets and liabilities are assumed to approximate their fair values.

6. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS

(i) Remuneration of the directors of the Company disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	1/4/2016 -31/3/2017	25/2/2016 -31/3/2016
	USD	USD
Emoluments:		
Acting as directors	-	-
Provision for management services	-	-
Retirement benefits	-	-
	-	-
	======	======

DIGITAL INTERNET TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6. DIRECTORS' REMUNERATION, LOANS AND OTHER MATERIAL INTERESTS (CONT'D)

(ii) Loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Company and its holding company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

Loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director

	Outstanding principal				
Name of borrower	At beginning of period	At end of period	Greatest outstanding	Overdue amount	Provision
	USD	USD	USD	USD	USD
Amounts due from holding company					
Redwood Internet Venture Limited	10,000	-	10,000	-	-
	=====	======			

[(1)] Holding company, connected with Pallak SETH, Deepak Kumar SETH and Arun CHANDRA MOHAN.

Guarantee or security in connection with loans, quasi-loans and credit transactions entered into by the Company for a director of the Company or of its holding company or a controlled body corporate of such a director

In the opinion of the directors, the directors or shadow directors, if any, of the Company had no material interests in those significant transactions, arrangements or contracts in relation to the Company's business entered into by the Company or another company in the same group of companies or subsisted during the year.

(iii) Material interests of directors (including shadow directors) of the Company disclosed pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

In the opinion of the directors, the directors or shadow directors, if any, of the Company had no material interests in those significant transactions, arrangements or contracts in relation to the Company's business entered into by the Company or another company in the same group of companies or subsisted during the year.

7. TAXATION

No Hong Kong profits tax has been provided in the financial statements as the Company made no estimated assessable profits for the period.

No deferred tax has been recognised in the financial statements on the grounds that the Company has no taxable/deductible temporary differences during the current year.

8. INVESTMENT IN SUBSIDIARIES

	2017	2016
	USD	USD
Unlisted shares, at cost	297,665	-
	======	======

The subsidiary is incorporated in Indian and the detail is as follows:

Name of subsidiary	Percentage of Equity Shares Held		Principal activities
	2017	2016	
Digital Techno Econ Pvt Limited	100%	-	Designing, promotion and launch of home furnishing rental web portal

The above company is not audited by Louis Lai & Luk CPA Limited.

9. INVESTMENT IN ASSOCIATES

	2017	2016
	USD	USD
Unlisted shares, at cost	90,246.00	-
	=======	======

Details of the Company's associates at March 31, 2017 is as follows:

Name of associate	Place of incorporation	Effective interest held by the Group		Principal activities
		Directly	Indirectly	
Urban Joy E Service Private Limited	Indian	22.5%	-	Designing, promotion and launch of home furnishing rental web portal

10. INTANGIBLE ASSET DEVELOPMENT

	Software
	US$
Cost	
At 25/2/2016, 31/3/2016 and 1/4/2016	-
Additions	390,421
At 31/3/2017	390,421
Accumulated Amortisation	
At 25/2/2016, 31/3/2016 and 31/3/2017	-
Net Book Value	
At 31/3/2017	390,421
At 31/3/2016	-

11. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company is unsecured, interest-free and has no fixed terms of repayment. The related company agreed not to demand repayment of the amount due until the Company is financially capable of repayment. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

12. SHARE CAPITAL

	2017		2016	
	No. of shares	Amount	No. of shares	Amount
		USD		USD
Ordinary shares, issued and fully paid:				
At March 31	10,000	10,000	10,000	10,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

13. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Company's Board of Directors on June 2, 2017.

DIGITAL INTERNET TECHNOLOGIES LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2017
(FOR MANAGEMENT INFORMATION ONLY)

	1/4/2016 -31/3/2017	25/2/2016 -31/3/2016
	USD	USD
OPERATING EXPENSES		
Auditors' remuneration	771	514
Bank charges	4,179	8
Business registration fee	32	289
Exchange difference	900	-
Formation expenses	-	902
Legal and professional fee	826	489
Management fee	39,600	-
Registration fee	5,180	-
Sundry expenses	662	-
Travelling expenses	-	23
	52,150	2,225
LOSS BEFORE TAXATION	(52,150)	(2,225)
	=====	====

File No. 23/65813987

DIGITAL INTERNET TECHNOLOGIES LIMITED

PROFITS TAX COMPUTATION

YEAR OF ASSESSMENT: 2016/2017

SCH 1

	USD
Basis period: 1/4/2016 - 31/3/2017	
Loss per audited financial statements	52,150
	=====

The captioned loss is not claimed as the Company conducted no business during the concerned year of assessment.

LEGAL AND PROFESSIONAL FEE

SCH 2

	USD
Louis Lai & Luk Corporate Services Limited	
- Secretarial service fee	521
Alaya Lega	
- MOU between Digital Internet Technologies Limited and Mr. Arun Chandramohan with respect to Project X to set up in the Eastern European market a set of e-commerce companies broadly defined across specified verticals/domains.	305
	826
	===
	(ACCOUNT)

S.R. DINODIA & Co. LLP
CHARTERED ACCOUNTANTS

K-39 Connaught Place, New Delhi-110001 INDIA
Ph. : +91-(0)11-4370 3300 Fax : +91-(0)11-4151 3666

Independent Auditor's Report

To The Members of Digital Ecom Techno Private Limited

Report on the Financial Statements
We have audited the accompanying financial statements of **Digital Ecom Techno Private Limited ("the Company")**, which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the period from June 17, 2016 to March 31, 2017, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, 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 on financial statements.

Opinion
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, **its loss** and cash flows for the period from June 17, 2016 to March 31, 2017.

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E-mail : puneoffice@srdinodia.com Ph.: +91-(0)20-2546 9683

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "AnnexureA".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. On the basis of written representations received from the management of the Company, the Company,the Company does nothave any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016; and such disclosures are in accordance with the books of accounts maintained by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For S.R. Dinodia & Co. LLP.
Chartered Accountants,
Firm Registration Number 001478N/N500005

(Sandeep Dinodia)
Partner
Membership No. 083689

S.R. DINODIA & CO. LLP CHARTERED ACCOUNTANTS

Place of Signature: Gurgaon
Date: 25 APR 2017

Annexure 'A' to the Independent Auditors' Report of even date on the financial statement of Digital Ecom Techno Private Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Digital Ecom Techno Private Limited("the Company")** as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Dinodia & Co. LLP.
Chartered Accountants,
Firm Registration Number 001478N/N500005

S.R. DINODIA & CO. LLP CHARTERED ACCOUNTANTS

(Sandeep Dinodia)
Partner
Membership No. 083689

Place of Signature: Gurgaon
Date: 25 APR 2017

Annexure 'B' To the Independent Auditors' Report

The Annexure referred to in independent Auditors' Report to the members of the Company on the financialstatements for the period ended March 31, 2017, we report that.

i) In respect of fixed assets:

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified at periodic intervals. In accordance with this programme for the year, no material discrepancies were noticed on such verification. In our opinion, such periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c) On the basis of written representation received from the management of the Company, there are no immovable properties held by the Company. Accordingly the provision of clause (c) of Paragraph 3(i) of the order, 2016 are not applicable to the company.

ii) The Company does not carry any inventory hence provisions of paragraph 3(ii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

iii) (a) to (c) According to the information and explanation given to us, the Company had not granted loans, secured or unsecured, to any of the Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of paragraph 3(iii) (a) to (c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

iv) According to the information and explanation given to us, The Company has no loans, investments, guarantees, and security covered under the provisions of section 185 and 186 of the Companies Act, 2013.Therefore, the provisions of paragraph 3(iv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

v) In our opinion and according to the information and explanation given to us, since the Company has not accepted any deposits therefore the question of the compliance of any directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under does not arise.

vi) On the basis of available information and explanation provided to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Amendment Rules, 2014 dated December 31, 2014 to the current operations carried out by the Company. Accordingly, the provisions of paragraph 3(vi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, income tax, sales tax, service tax,value added tax, cess and any other statutory dues, with appropriate authorities. The provision of Employee's State Insurance, duty of custom and duty of excise are not applicable to the Company. Further there were no undisputed outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable.

(b) According to the records of the Company examined by us and the information and explanations given to us, there were no dues of income tax or sales tax or service tax or value added tax, whichhave not been deposited on account of any dispute:

viii) On the basis of information and explanation provided to us, during the year Company has not taken any loans or borrowings from banks, financial institution,government and debenture holders.Accordingly, the provisions of paragraph 3(viii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

ix) The Company did not raise any money by the way of initial public or further public offer (including debt instruments) and term loans during the year.

x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi) During the year, no managerial remuneration has been paid by the Company. Further Company is a private limited company therefore provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable to the Company. Accordingly, the provisions of paragraph 3(xi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

xii) The Company is not a nidhi company hence the provisions of paragraph 3(xii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

xiii) During the course of our examination of the books and records of the Company, all transactions entered with the related parties are in compliance with 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards. Further in pursuance of section 177, company is not required to form audit committee and accordingly the provisions of Section 177 are not applicable

xiv) According to information and explanation given to us, Company during the year has issued equity shares in accordance with section 42 of Companies Act, 2013. Further the Company has not made any private placement of share and fully or partly convertible debentures during the year under review.

xv) The Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of paragraph 3(xv) of the Companies (Auditor's Report) Order, 2016are not applicable to the Company.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of paragraph 3(xvi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

For S.R. Dinodia & Co. LLP.
Chartered Accountants,
Firm Registration Number 001478N/N500005

(Sandeep Dinodia)
Partner
Membership Number 083689

Place of Signature:Gurgaon
Date: 25 APR 2017

Digital Ecom Techno Private Limited
Balance Sheet As At March 31, 2017

(Amount in ₹)

Particulars	Notes	As At March 31, 2017
I. Equity and Liabilities		
Shareholders' funds		
Share Capital	3	2,00,06,130
Reserves and Surplus	4	(2,82,284)
		1,97,23,846
Non-current liabilities		
Long-Term Provisions	6	2,13,285
		2,13,285
Current liabilities		
Trade Payables	7	
Total outstanding dues of Micro and Small enterprises		-
Total outstanding dues of credittors other than Micro and Small enterprises		2,73,157
Other Current Liabilities	7	3,10,673
Short-Term Provisions	6	383
		5,84,213
Total		2,05,21,344
II. Assets		
Non-current assets		
Fixed Assets	8	
Tangible Assets		13,07,682
Intangible Assets		4,11,729
Intangible under development		1,68,21,812
Deferred Tax Assets	5	2,14,831
		1,87,56,054
Current assets		
Cash and Other Bank Balances	10	17,49,161
Short-Term Loans and Advances	9	16,129
		17,65,290
Total		2,05,21,344
Significant Accounting Policies	2	

The accompanying notes are an integral part of the financials statements

As per our Audit Report of even date attached

For S.R. Dinodia & Co. LLP.
Chartered Accountants
Firm's Registration Number: 001478N/N500005

S.R. DINODIA & CO. LLP CHARTERED ACCOUNTANTS

(Sandeep Dinodia)
Partner
Membership Number 083689

For & on behalf of the Board of Directors of Digital Ecom Techno Private Limited

(Arun Chandra Mohan)
Director
DIN 03387469

(Deepak Seth)
Director
DIN 00003021

Place of Signature: Gurgaon
Date: 25 APR 2017

Digital Ecom Techno Private Limited
Statement of Profit & Loss for the period June 17, 2016 to March 31, 2017

(Amount in ₹)

Particulars	Notes	For The Period ending March 31, 2017
Income		
I Revenue from operations		-
II Other Income		-
III Total Income (I+II)		-
Expenses:		
(a) Purchase of Traded Goods		
(b) Employee Benefits Expense		-
(c) Finance Cost		-
(d) Depreciation and Amortization Expense		-
(e) Other Expenses	11	4,97,115
IV Total expenses		**4,97,115**
V. Profit before exceptional and extraordinary items and tax (III-IV)		**(4,97,115)**
VI. Exceptional Items		-
VII. Profit before tax (V-VI)		**(4,97,115)**
VIII. Tax expense:		
(a) Current Tax		-
(b) Deferred Tax (charge)/Release		2,14,831
IX. Profit after tax (VI-VII)		**(2,82,284)**
VIII. Earnings per equity share:		
(1) Basic		(0.04)
(2) Diluted		(0.04)
Significant Accounting Policies	2	

The accompanying notes are an integral part of the financials statements

As per our Audit Report of even date attached

For S.R. Dinodia & Co. LLP.
Chartered Accountants
Firm's Registration Number: 001478N/N500005

S.R. DINODIA & CO. LLP CHARTERED ACCOUNTANTS

(Sandeep Dinodia)
Partner
Membership Number 083689

For & on behalf of the Board of Directors of
Digital Ecom Techno Private Limited

(Arun Chandra Mohan)
Director
DIN 03387469

(Deepak Seth)
Director
DIN 00003021

Place of Signature: Gurgaon
Date: 25 APR 2017

Digital Ecom Techno Private Limited
Cash Flow Statement for the period ended March 31, 2017

(Amount in ₹)

Particulars		For the period Ended March 31, 2017
Net Profit/(Loss) Before Tax And Exceptional Items		**(4,97,115)**
Adjustments for:		
Depreciation		-
Interest Paid		-
Interest on Fixed Deposit		-
Sundry Balances Written Back		-
Loss on Sale of Fixed Assets		-
Operating Profit /(Loss) Before Working Capital Changes		**(4,97,115)**
Adjustments For Changes In Working Capital:		
Loans & Advances		(16,129)
Trade Payables		5,83,830
Provisions		2,13,668
Cash Generated From Operations		**2,84,254**
Direct Taxes (Paid)/ Refunds		-
Net Cash Generated / (Used) In Operating Activties	**(A)**	**2,84,254**
Cash Flow from Investing Operations		
Purchase of Fixed Assets		(1,85,41,223)
Cash From Investing Activities	**(B)**	**(1,85,41,223)**
Cash Flow from Financing Activities		
Issue of Equity Share Capital		2,00,06,130
Net Cash Generated /(Used) In Financing Activities	**(C)**	**2,00,06,130**
Net Increase In Cash/Cash Equivalents	**(A+B+C)**	**17,49,161**
Cash / Cash Equivalents At The Beginning Of The Year		-
Cash / Cash Equivalents At The Close Of The Year		**17,49,161**
Components of Cash and Cash equivalents		
i) Balances with Scheduled Banks		
- In Current Accounts		17,49,161
ii) Cash on Hand		-
Total Cash and Cash Equivalents		**17,49,161**

Significant Accounting Policies

The accompanying notes are an integral part of the financials statements

As per our Audit Report of even date attached

For S.R. Dinodia & Co. LLP.
Chartered Accountants
Firm's Registration Number: 001478N/N500005

(Sandeep Dinodia)
Partner
Membership Number 083689

Place of Signature: Gurgaon
Date: 25 APR 2017

For & on behalf of the Board of Directors of
Digital Ecom Techno Private Limited

(Arun Chandra Mohan)
Director
DIN 03387469

(Deepak Seth)
Director
DIN 00003021

Digital Ecom Techno Private Limited

Notes to Financial Statements for the period ended March 31, 2017

Note 1: Corporate Information

Digital Ecom Techno Private Limited is a private limited company (hereinafter referred as 'the company') domiciled in India and has its registered office at 758 & 759, 2nd Floor, 19th main, Sector - 2, HSR Layout, Bangalore, Karnataka. The Company is engaged in the business of E-Commerce, selling, purchasing of goods or rendering online services both in India and in abroad.

Note 2: Significant Accounting Policies

a) Basis of Preparation

The financial statements have been prepared in accordance with applicable accounting standards and relevant presentation requirements of the Companies Act, 2013 and are based on the historical cost convention and on an accrual basis of accounting. The Company has complied in all material respects with Accounting Standard notified under section 133 of the Companies Act, 2013 read with Rule 7 of Company (Accounts) Rules, 2014, the provisions of the Act(to the extent notified).

b) Uses of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets & liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could results in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

c) Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Following are the specific revenue recognition criteria :-

(i) Revenue from sale of intangible software license is recognised on accrual basis and when all the significant risk and rewards of ownership have been passed to the buyer. The sales are accounted for net of trade discount, sales tax/value added tax as applicable and sales return.

d) Fixed Assets & Depreciation

(i) Fixed assets are stated at cost of acquisition inclusive of freight, duties & taxes and incidental expenses related to acquisition and installation less accumulated depreciation up to the date of installation. Fixed assets under construction, and cost of assets not put to use before year end are shown as Capital Work in Progress/Intangible Assets under development. Gain or loss arising on the sale of fixed assets are measured as the difference between the net proceeds and the carrying amount of the asset and are recognised in the Statement of Profit & Loss in the year in which the asset is sold.

ii) Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the management. Depreciation for assets purchased / sold during a period is proportionately charged to Statement of Profit & Loss. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The management estimates the useful lives for the other fixed assets as follows:

Computer Equipment	3 years

(iii). **Intangible Assets** : Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. All expenditures, qualifying as Intangible Assets are amortized over estimated useful life i.e five years.

e) Foreign Currency Transactions

(i) **Initial Recognition**: Transactions denominated in foreign currencies are recorded at an exchange rate prevailing at the time of the transaction

Conversion: Monetary items denominated in foreign currency are reported using the closing exchange rate on each Balance Sheet Date. Non – monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange difference: The exchange difference arising on the settlement of monetary items or reporting these items at rates different from rates at which these were initially recorded / reported in previous financial statements are recognized as income/expense in the period in which they arise.

f) Employee's Benefits

Expenses and Liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 – Employees Benefits (Revised 2005) :

(i) Short Term Employee Benefits: Short term employee benefits including short term compensated absences are recognised as an expense at an undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered. Terminal Benefits are recognized as an expense immediately.

(ii) Defined Benefit Plan : The cost of providing defined benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefit become vested. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

g) Borrowing Cost

Borrowing costs include interest, amortisation of ancilliary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are attributable to the acquisition or construction of qualifying fixed assets are capitalized as part of the cost of assets. All other borrowing costs are recognized as expense in the year in which they are incurred.

h) Impairment of Assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the recoverable amount is determined. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

A previously recognised impairment loss is reversed in Statement of Profit & Loss only if there has been a change in the assumptions used to determine the assets's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

i) Taxes On Income

Tax expense comprises current and deffered tax

Current income-tax

Current Tax is measured and expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of assessment/appeals. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current Income Tax relating to the items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in the year is charged to the Statement of Profit and Loss as current tax. The Company recognise MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement ". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred income taxes

Deferred tax reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Deferred tax assets subject to consideration of prudence, are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Such assets are reviewed as at each balance sheet date to re-assess realization.

Digital Ecom Techno Private Limited

Notes to Financial Statements for the period ended March 31, 2017

j) Provision, Contingent Liabilities And Contingent Assets

Provisions are recognized in the accounts in respect of present probable obligations arising as a result of past events and it is probable that there will be an outflow of resources, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the

Contingent Assets are neither recognized nor disclosed in the financial statements.

k) Earning per Share (EPS)

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extra ordinary items.

(i) Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

(ii) For the purpose of calculating Diluted Earning per share, the number of shares comprises of weighted average shares considered for deriving basic earning per share and also the weighted average number of equity share which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. A transaction is considered to be antidilutive if its effect is to increase the amount of EPS, either by lowering the share count or increasing the earnings.

l) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated as specified in Accounting Standard -3(AS-3) " Cash Flow Statement".

m) Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

n) Classification of Curent/ Non Current Assets & Liabilities

All assets & liabilities are presented as Current or Non- current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Companies Act 2013. Based on the nature of products and the time between acquisition of assets and disposal of liabilities, the Company has ascertained its operating cycle as 12 months for the purpose of Current/ Non-current classification of assets and liabilities.

S.R. Dinodia & Co. LLP Chartered Accountants

Digital Ecom Techno Private Limited

Notes to Financial Statements for the year ended March 31, 2017

Note 3 : Share Capital	(Amount in ₹) As At March 31, 2017
Authorised	
3,000,000 Equity Shares of ₹ 10/- each	3,00,00,000
	3,00,00,000
Issued, Subscribed & Paid-up	
2,000,613 Equity Shares of ₹10/-each	2,00,06,130
	2,00,06,130

a) Reconciliation Statement of Equity Share Capital

	March 31, 2017	
	No. of Shares	Amount (₹)
Balance at the beginning of the year	-	-
Add:- Addition during the year	20,00,613	2,00,06,130
Less:- Buy back during the year	-	-
Balance at the end of the year	**20,00,613**	**2,00,06,130**

b) Terms/rights attached to Equity shares

The company has only one class of equity shares having a par value of ₹.10 per share. Each holder of Equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the company

	March 31, 2017	
	No. of Shares	% holding
Digital Internet Technologies Limited	20,00,611	100
Mr. Deepak Seth**	1	0
Mr. Chayan Mukhopadhyay**	1	0

** 2 equity shares held by these shareholders as nominee on behalf of Digital Internet Technologies Private Limited.

c. The details of shares held by holding company are as follows:-	(Amount in ₹) As At March 31, 2017
Digital Internet Technologies Limited, the holding company*	2,00,06,130
2,000,613 Equity Shares of ₹10/- each	
* 2 equity share held by other shareholder as nominee on behalf of Digital Internet Technologies Private Limited.	

Note 4: Reserve and Surplus	(Amount in ₹) As At March 31, 2017
Surplus / Profit & Loss	
Balance at the beginning of the year	-
Add:- Profit/(Loss) for the year	(2,82,284)
Balance at the end of the year	(2,82,284)

Digital Ecom Techno Private Limited
Notes to Financial Statements for the year ended March 31, 2017

Note 9 : Loans and Advances	As At March 31, 2017
Prepaid Expenses	16,129
	16,129

(Amount in ₹)

Note 10 : Cash and Bank Balances	As At March 31, 2017
Cash & Cash Equivalents	
Balances with Scheduled banks :	
- On current accounts	17,49,161
	17,49,161

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Digital Ecom Techno Private Limited

Notes to Financial Statements for the Year Ended March 31, 2017

Note 14: Disclosure of related parties/related parties transaction

A. Name of the Related Parties and description of relationship

Nature of Relationship	Name of the Concern	Country of Incorporation/ Designation
Ultimate Holding Company	Redwood Internet Ventures	Hong Kong
Holding Company	Digital Internet Technologies Limited	Hong Kong
Enterprise over which KMP can exercise significant influence	Pearl Global Industries Limited	India
	PDS Multinational Fashions Limited	India
Key Managerial Personnel	Mr. Arun Chandra Mohan	Managing Director
	Mr. Deepak Seth	Additional Director
	Mr. Chayan Mukhopadhyay	Director
	Mr. Omprakash Makam Suryanarayan Setty	Director

B. Disclosure of Related Parties Transactions (includes all material transaction):

(i) Holding Company

(Amount in ₹)

Particulars	For the period Ended March 31, 2017
Shares Issued	2,00,06,130

(iii) Key Managerial Personnel (Amount in ₹)

Particulars	For the period Ended March 31, 2017
Salary paid to : -	
- Mr. Arun Chandra Mohan	2,77,484
- Mr. Chayan Mukhopadhyay	20,00,097

Note 15: In view of the management, the Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount, at which they are stated in the Balance Sheet as at March 31, 2017.

Note 16: The balances of trade payables are subject to reconciliation and confirmation as on March 31, 2017.

Note 17: Since the Company has been incorporated on Seventeenth day of June 2016 under Companies Act, 2013 therefore no previous year figures were avaliable for comparison with the current period figures .

Note 18: The details of specified Bank notes (SBN) held and transacted during the period from 8th November 2016 to 30th December ,2016 as provided in the table below

(Amount in ₹)

Particulars	SBNs	Other Denominations Notes	Total
Closing cash in hand as on November 8, 2016	-	-	-
(+) Permitted Receipts	-	-	-
(-) Permitted Payments	-	-	-
(-) Amount Deposited in banks	-	-	-
Closing cash in hand as on December 30, 2016	-	-	-

Note 19: The figures are rounded off to the nearest rupee.

S.R. DINODIA & CO. LLP CHARTERED ACCOUNTANTS

For & on behalf of the Board of Directors of
Digital Ecom Techno Private Limited

(Arun Chandra Mohan)
Managing Director
DIN 03387469

(Deepak Seth)
Director
DIN 00003021

Place of Signature: Gurgaon
Date: 25 APR 2017