Report of the Directors and Audited Financial Statements

NORWEST INDUSTRIES LIMITED

31 March 2016

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ERNST & YOUNG

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NORWEST INDUSTRIES LIMITED

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NORWEST INDUSTRIES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2016.

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 2016 and the Group's financial position at that date are set out in the financial statements on pages 5 to 75.

A final 2015 dividend of US$0.3 per ordinary share and an interim 2016 dividend of US$0.3 per ordinary share were paid on 27 August 2015 and 3 March 2016, respectively.

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:

Payel Seth
Liang Kan Ke (resigned on 1 January 2016)
Faiza Habeeb Seth
Rajnish Kapoor
Spagnolo Patrick
Esra Tasoren
Iftekhar Ullah Khan
Mahesh Seth
Luo Jiehua
Albert Farre Moll

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.

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
26 May 2016

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Building a better working world

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Independent auditors' report
To the members of Norwest Industries Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Norwest Industries Limited (the "Company") and its subsidiaries set out on pages 5 to 75, which comprise the consolidated statement of financial position as at 31 March 2016, 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.

Directors' responsibility 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditors' report (continued)
To the members of Norwest Industries Limited
(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Certified Public Accountants
Hong Kong
26 May 2016

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2016

	Notes	2016 HK$	2015 HK$
REVENUE	4	3,041,436,302	3,184,573,403
Cost of sales		(2,686,000,579)	(2,794,212,627)
Gross profit		355,435,723	390,360,776
Other income and gains	4	107,768,471	65,984,789
Selling and distribution expenses		(91,136,644)	(99,493,815)
Administrative expenses		(296,693,071)	(296,065,607)
Other operating expenses		(17,454,958)	(15,399,725)
Finance costs	6	(12,887,640)	(15,099,152)
Share of loss of a joint venture		(3,545,904)	(38,900)
PROFIT BEFORE TAX	5	41,485,977	30,248,366
Income tax credit/(expense)	8	877,475	(5,308,860)
PROFIT FOR THE YEAR		42,363,452	24,939,506
Attributable to:			
Owners of the parent		32,282,928	22,394,711
Non-controlling interests		10,080,524	2,544,795
		42,363,452	24,939,506

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2016

	Notes	2016 HK$	2015 HK$
PROFIT FOR THE YEAR		42,363,452	24,939,506
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		109,332	189,683
Reclassification adjustments for gains on disposal included in the consolidated statement of profit or loss	5	(126,934)	(66,752)
		(17,602)	122,931
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the year	23	(1,879,102)	8,927,380
Reclassification adjustments for losses/(gains) included in the consolidated statement of profit or loss	23	(10,923,308)	2,113,895
Income tax effect	23	2,112,398	(1,821,811)
		(10,690,012)	9,219,464
Exchange differences on translation of foreign operations		(1,837,824)	91,789
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		(12,545,438)	9,434,184
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		29,818,014	34,373,690
Attributable to:			
Owners of the parent		19,747,176	31,796,985
Non-controlling interests		10,070,838	2,576,705
		29,818,014	34,373,690

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	Notes	2016 HK$	2015 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	10	12,305,353	14,303,778
Investment properties	11	123,805,497	128,839,305
Held-to-maturity financial assets	12	25,141,691	6,528,374
Interest in a joint venture	13	5,866,349	2,604,068
Goodwill	14	583,365	1,442,538
Intangible assets	15	283,015	178,325
Deposits	19	-	163,212
Deferred tax assets	24	3,184,889	405,929
Total non-current assets		171,170,159	154,465,529
CURRENT ASSETS			
Inventories	17	41,825,480	74,190,363
Trade and bills receivables	18	463,006,746	506,262,959
Prepayments, deposits and other receivables	19	95,796,436	131,398,469
Available-for-sale investments	16	-	3,236,068
Due from the immediate holding company	33(b)(iii)	1,855,530	-
Due from fellow subsidiaries	33(b)(i)	66,233,043	39,984,018
Due from non-controlling shareholders	33(b)(ii)	963,957	1,586,357
Derivative financial instruments	23	452,684	9,924,010
Pledged time deposits	20	146,324,519	102,412,032
Cash and bank balances	20	29,709,190	31,679,023
Total current assets		846,167,585	900,673,299
CURRENT LIABILITIES			
Trade and bills payables		240,136,676	269,601,252
Other payables and accruals	21	28,722,280	24,869,427
Interest-bearing bank borrowings	22	314,198,484	325,752,612
Due to the ultimate holding company	33(b)(iii)	-	10,325
Due to the immediate holding company	33(b)(iii)	12,224,884	3,889,703
Due to fellow subsidiaries	33(b)(i)	21,449,323	34,063,533
Loans from non-controlling shareholders	33(b)(iv)	-	1,288,559
Derivative financial instruments	23	3,583,169	252,085
Tax payable		25,920,749	26,072,624
Total current liabilities		646,235,565	685,800,120
NET CURRENT ASSETS		199,932,020	214,873,179
TOTAL ASSETS LESS CURRENT LIABILITIES		371,102,179	369,338,708

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2016

	Notes	2016 HK$	2015 HK$
NON-CURRENT LIABILITIES			
Deferred tax liabilities	24	-	1,541,854
Net assets		371,102,179	367,796,854
EQUITY			
Equity attributable to owners of the parent			
Share capital	25	31,120,000	31,120,000
Reserves	26	336,133,578	343,487,668
		367,253,578	374,607,668
Non-controlling interests		3,848,601	(6,810,814)
Total equity		371,102,179	367,796,854

Omprakash Makam Suryanarayan Setty
Director

Deepak Kumar Seth
Director

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2016

	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 2014		31,120,000	(105,329)	(1,143,674)	(2,633,970)	325,266,963	(317,148)	352,186,842	(11,469,928)	340,716,914
Profit for the year		-	-	-	-	22,394,711	-	22,394,711	2,544,795	24,939,506
Other comprehensive income for the year:										
Changes in fair values of available-for-sale investments, net of tax		-	122,931	-	-	-	-	122,931	-	122,931
Cash flow hedges, net of tax		-	-	9,219,464	-	-	-	9,219,464	-	9,219,464
Exchange differences on translation of foreign operations		-	-	-	-	-	59,879	59,879	31,910	91,789
Total comprehensive income for the year		-	122,931	9,219,464	-	22,394,711	59,879	31,796,985	2,576,705	34,373,690
Acquisition of non-controlling interests		-	-	-	(2,957,118)	-	-	(2,957,118)	2,863,758	(93,360)
Disposal of non-controlling interests		-	-	-	166,686	-	-	166,686	(166,686)	-
Deemed disposal of controlling interests		-	-	-	1,194,273	-	-	1,194,273	(649,673)	544,600
Interim 2015 dividend paid	9	-	-	-	-	(7,780,000)	-	(7,780,000)	-	(7,780,000)
Capital contribution by non-controlling shareholders		-	-	-	-	-	-	-	35,010	35,010
At 31 March 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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 March 2016

	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

* These reserve accounts comprise the consolidated reserves of HK$336,133,578 (2015: HK$343,487,668) in the consolidated statement of financial position.

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2016

	Notes	2016 HK$	2015 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		41,485,977	30,248,366
Adjustments for:			
Interest income	4	(2,296,671)	(2,109,248)
Depreciation for property, plant and equipment	5	8,041,943	9,180,529
Depreciation for investment properties	5	3,221,795	733,471
Amortisation of intangible assets	5	109,354	42,712
Loss/(gain) on disposal of items of property, plant and equipment	5	(214,232)	534,602
Impairment of trade receivables	5	344,802	-
Gain on waiver of loans from non-controlling shareholders	5	(697,279)	-
Impairment of goodwill	5	859,173	-
Fair value gains, net:			
Available-for-sale investments (transfer from equity on disposal)	5	(126,934)	(66,752)
Cash flow hedges (transfer from equity)	5	(10,923,308)	2,113,895
Share of a loss of a joint venture		3,545,904	38,900
Finance costs	6	12,887,640	15,099,152
		56,238,164	55,815,627
Decrease in inventories		32,364,883	43,383,289
Decrease in trade and bills receivables		40,567,838	35,896,131
Decrease/(increase) in prepayments, deposits and other receivables		35,838,565	(38,398,984)
Increase in amounts due from non-controlling shareholders		(16,612)	(35,010)
Decrease in an amount due from the ultimate holding company		-	390,321
Decrease/(increase) in an amount due from the immediate holding company		(1,855,530)	1,225,083
Decrease/(increase) in amounts due from fellow subsidiaries		(26,348,613)	52,261,470
Decrease in trade and bills payables		(27,083,851)	(26,892,478)
Increase/(decrease) in other payables and accruals		2,980,425	(3,826,404)
Increase/(decrease) in an amount due to the ultimate holding company		(10,325)	10,325
Increase in an amount due to the immediate holding company		8,451,650	4,427,236
Increase/(decrease) in amounts due to fellow subsidiaries		(12,420,193)	20,386,417
Increase/(decrease) in derivative financial instruments		10,923,308	(2,113,895)
Cash generated from operations		119,629,709	142,529,128
Hong Kong profits tax paid		(580,412)	(816,086)
Interest paid		(12,887,640)	(15,099,152)
Net cash flows from operating activities		106,161,657	126,613,890

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CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2016

	Notes	2016 HK$	2015 HK$
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of subsidiaries	29	(177,946)	(98,074,550)
Purchases of items of property, plant and equipment		(6,165,795)	(7,089,760)
Purchases of intangible assets		(214,044)	(221,037)
Purchases of held-to-maturity financial assets		(20,452,689)	-
Proceeds from disposal of held-to-maturity financial assets		1,524,299	-
Proceeds from disposal of items of property, plant and equipment		465,117	115,531
Proceeds from disposal of available-for-sale investments		3,345,400	2,089,552
Purchase of a shareholding in a joint venture		-	(38,900)
Advance to a joint venture		(6,808,185)	(2,604,068)
Interest received		2,296,671	2,109,248
Decrease/(increase) in time deposits with original maturity of more than three months when acquired, pledged as security for banking facilities		(48,981,769)	118,952,274
Net cash flows from/(used in) investing activities		(75,168,941)	15,238,290
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(18,672,000)	(7,780,000)
Dividend paid to non-controlling shareholders		(8,011,846)	-
Repayments of bank loans, net		(6,416,117)	(60,457,623)
Capital contribution from non-controlling shareholders		171,160	-
Acquisitions of non-controlling interests		(4)	-
Disposal of a non-controlling interest		1	-
Loans from non-controlling shareholders		31,120	199,359
Net cash flows used in financing activities		(32,897,686)	(68,038,264)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,904,970)	73,813,916
Cash and cash equivalents at beginning of year		93,271,413	19,705,718
Effect of foreign exchange rate changes, net		(182,818)	(248,221)
CASH AND CASH EQUIVALENTS AT END OF YEAR		91,183,625	93,271,413

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CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2016

	Notes	2016 HK$	2015 HK$
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	20	29,709,190	31,679,023
Time deposits with original maturity of less than three months when acquired, pledged as security for banking facilities	20	67,096,595	72,165,877
Bank overdrafts	22	(5,622,160)	(10,573,487)
Cash and cash equivalents as stated in the consolidated statement of cash flows		91,183,625	93,271,413

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 2016 are as follows:

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2016	2015	Principal activities
Direct subsidiaries					
Grand Pearl Trading Company Limited*#	People's Republic of China ("PRC")/ Mainland China	US$150,000	100%	100%	Provision of sourcing services
Nor Europe Manufacturing Company Limited ("Nor Europe")	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 (Old name: Sino West Manufacturing Co Ltd)	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	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2016	2015	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
Gem Australia Manufacturing Company Limited	Hong Kong	US$100,000	100%	100%	Trading of garment products
Designed and Sourced Limited	Hong Kong	US$200,000	100%	60%	Provision of design services
Norwest USA., Inc.*	United States	US$50,000	100%	100%	Provision of sourcing services
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%	55%	Provision of design, sourcing, and trading of garment products
Razamtazz Limited*	Mauritius	British Pound Sterling ("GBP") 8,500,000	100%	100%	Investments in properties
Krayons Sourcing Limited ("Krayons") (Old name: Sourcing Solutions HK Limited)	Hong Kong	US$10,000	80%	100%	Trading of garment products

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2016	2015	Principal activities
Direct subsidiaries (continued)					
JJ Star Industrial Limited ("JJ Star")	Hong Kong	US$50,000	60%	-	Trading of garment products
Twins Asia Limited (Old name: 6Degrees Manufacturing Limited)	Hong Kong	US$100,000	100%	-	Inactive
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%	-	Inactive
Kleider Sourcing Limited* ("Kleider BD")	Bangladesh	Bangladeshi Taka ("BDT") 1,000,000	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.

During the year, the Group acquired Kleider Sourcing Limited from an independent third party. Further details of this acquisition is included in note 29(b) 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$").

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 2016. 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 2016.

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 2016, 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 2016. 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.

Where an indication of impairment exists or when annual impairment testing for an asset is required (other than inventories, financial assets 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
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 an investment property recognised in the statement of profit or loss in the year the investment property is derecognised is the difference between the net sales proceeds and the carrying amount of the investment property.

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, 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.

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. 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 as other income in accordance with the policies set out for "Revenue recognition" below.

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.

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, amounts due to the ultimate holding company, the immediate holding company and fellow subsidiaries, financial guarantee contracts, derivative financial instruments, loans from non-controlling shareholders and interest-bearing bank borrowings.

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. In prior years, final dividends proposed by the directors were classified as an allocation of retained profits within equity and presented separately in the statement of financial position. 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.

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 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.

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.

Judgement
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 2016 was HK$583,365 (2015: HK$1,442,538). 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:

	2016 HK$	2015 HK$
Interest income	2,296,671	2,109,248
Handling fee income	41,754,663	18,780,522
Rental income	3,767,029	1,995,972
Net fair value gains on cash flow hedges	10,923,308	-
Foreign exchange differences, net	6,666,006	-
Sales of trim and trimmings	27,681,773	29,858,389
Others	14,679,021	13,240,658
	107,768,471	65,984,789

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2016 HK$	2015 HK$
Auditors' remuneration	962,287	1,012,039
Depreciation for property, plant and equipment	8,041,943	9,180,529
Depreciation for investment properties	3,221,795	733,471
Amortisation for intangible assets*	109,354	42,712
Impairment of goodwill*	859,173	-
Employee benefit expense		
(excluding directors' remuneration (note 7)):		
Salaries and allowances	130,340,676	116,978,471
Pension scheme contributions (defined contribution scheme)	6,546,556	6,226,186
	136,887,232	123,204,657
Minimum lease payments under operating leases	8,749,952	10,922,657
Loss/(gain) on disposal of items of property, plant and equipment, net	(214,232)	534,602
Impairment of trade receivables	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)	(66,752)
Cash flow hedges (transfer from equity on disposal)	(10,923,308)	2,113,895
Foreign exchange differences, net	(6,666,006)	(334,216)

* The amortisation of intangible assets and the impairment of goodwill for the year are included in "Other operating expenses" in the consolidated statement of profit or loss.

6. FINANCE COSTS

	2016 HK$	2015 HK$
Interest on bank loans, overdrafts and other loans	12,887,640	15,099,152

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance, is as follows:

	2016 HK$	2015 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% (2015: 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.

	2016 HK$	2015 HK$
Current - Hong Kong		
Charge for the year	62,865	7,298,601
Overprovision in prior years	(12,806)	(2,269,472)
Current - Elsewhere		
Charge for the year	2,342,447	1,165,489
Overprovision in prior years	(1,061,565)	(173,261)
Deferred (note 24)	(2,208,416)	(712,497)
Total tax charge/(credit) for the year	(877,475)	5,308,860

8. INCOME TAX (continued)

A reconciliation of the tax at the statutory rates for the jurisdictions in which the Group is domiciled to the tax charge/(credit) at the Group's effective tax rate is as follows:

2016

	Hong Kong HK$	Others HK$	Total HK$
Profit 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	(8,614,946)	(75,038)	(8,689,984)
Expenses not deductible for tax	3,531,160	166,206	3,697,366
Tax on deemed profit arising from operations outside Hong Kong	(5,030,680)	966,675	(4,064,005)
Tax losses utilised from previous periods	(73,207)	-	(73,207)
Tax losses not recognised	483,338	-	483,338
Others	(11,451)	(53,915)	(65,366)
Tax at the effective rate	(1,253,057)	375,582	(877,475)

2015

	Hong Kong HK$	Others HK$	Total HK$
Profit before tax	29,853,373	394,993	30,248,366
Tax at the applicable tax rate	4,925,806	88,485	5,014,291
Adjustments in respect of current tax of previous periods	(2,269,472)	(173,261)	(2,442,733)
Income not subject to tax	(3,990,395)	(417,513)	(4,407,908)
Expenses not deductible for tax	4,907,254	-	4,907,254
Tax on deemed profit arising from operations outside Hong Kong	-	1,165,489	1,165,489
Tax losses utilised from previous periods	(361,704)	-	(361,704)
Tax losses not recognised	572,901	183,418	756,319
Others	938,171	(260,319)	677,852
Tax at the effective rate	4,722,561	586,299	5,308,860

8. INCOME TAX (continued)

As at the end of the reporting period, certain subsidiaries of the Group had unused tax losses arising in Hong Kong of HK$59,691,787 (2015: HK$57,206,147), 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 subsidiary. The other overseas subsidiaries of the Group also had tax losses arising in their respective principal countries of operations.

At the end of the reporting period, deferred tax assets have not been recognised in respect of the unused tax losses of HK$7,953,210 (2015: HK$8,088,006), 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.

9. DIVIDENDS

	2016 HK$	2015 HK$
Interim 2015 - US$0.25 per ordinary share	-	7,780,000
Final 2015 - US$0.3 per ordinary share	9,336,000	-
Interim 2016 - US$0.3 per ordinary share	9,336,000	-
	18,672,000	7,780,000

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$	Furniture and fixtures HK$	Motor vehicles HK$	Office equipment HK$	Total HK$
31 March 2016					
At 31 March 2015 and 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 29(b))	-	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

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements HK$	Furniture and fixtures HK$	Motor vehicles HK$	Office equipment HK$	Total HK$
31 March 2015					
At 1 April 2014:					
Cost	6,273,778	14,597,162	3,272,305	29,491,958	53,635,203
Accumulated depreciation	(5,404,962)	(8,017,753)	(3,197,381)	(19,963,275)	(36,583,371)
Net carrying amount	868,816	6,579,409	74,924	9,528,683	17,051,832
At 1 April 2014, net of accumulated depreciation	868,816	6,579,409	74,924	9,528,683	17,051,832
Additions	1,248,365	821,582	1,761,516	3,258,297	7,089,760
Disposals	(16,870)	(393,701)	-	(161,307)	(571,878)
Depreciation provided during the year	(657,250)	(2,675,854)	(277,271)	(5,570,154)	(9,180,529)
Exchange realignment	-	(39,104)	-	(46,303)	(85,407)
At 31 March 2015, net of accumulated depreciation	1,443,061	4,292,332	1,559,169	7,009,216	14,303,778
At 31 March 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

11. INVESTMENT PROPERTIES

	HK$
At 1 April 2014:	
Cost	36,673,551
Accumulated depreciation	(5,176,304)
Net carrying amount	31,497,247
At 1 April 2014, net of accumulated depreciation	31,497,247
Acquisition of a subsidiary (note 29(a))	98,209,663
Depreciation provided during the year	(733,471)
Exchange realignment	(134,134)
At 31 March 2015, net of accumulated depreciation	128,839,305
At 31 March 2015 and 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

The Group's investment properties include one 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 investment properties were revalued on 31 March 2016 based on valuations performed by independent professionally qualified valuers, at HK$191,002,359 (2015: HK$182,838,594). The investment properties are leased under operating leases, further summary details of which are included in note 32(a) to the financial statements.

11. INVESTMENT PROPERTIES (continued)

At 31 March 2016, 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 2016 using			
Recurring fair value measurement for:	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
Residential property	-	95,002,359	-	95,002,359
Industrial properties	-	96,000,000	-	96,000,000
	-	191,002,359	-	191,002,359

	Fair value measurement as at 31 March 2015 using			
Recurring fair value measurement for:	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
Residential property	-	96,838,594	-	96,838,594
Industrial properties	-	86,000,000	-	86,000,000
	-	182,838,594	-	182,838,594

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 (2015: Nil).

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant observable inputs
Residential property	Market comparison method	HK$21,415 - HK$47,881 per sq. ft.
Industrial properties	Market comparison method	HK$4,300 - HK$5,199 per sq. ft.

12. HELD-TO-MATURITY FINANCIAL ASSETS

	2016 HK$	2015 HK$
Listed securities:		
Debentures with fixed interest of 4.62% - 8.5% and maturity date in 2017-2024 - United States	25,141,691	6,528,374

The movement in held-to-maturity financial assets is summarised as follows:

	2016 HK$	2015 HK$
At the beginning of year	6,528,374	-
Additions	20,452,689	-
Additions from acquisition of a subsidiary (note 29(a))	-	6,542,913
Disposal	(1,524,299)	-
Exchange realignment	(315,073)	(14,539)
At the end of year	25,141,691	6,528,374

Held-to-maturity financial assets are denominated in United States Dollars ("US$").

13. INTEREST IN A JOINT VENTURE

	2016 HK$	2015 HK$
Share of net liabilities	(3,545,904)	-
Amount due from a joint venture	9,412,253	2,604,068
	5,866,349	2,604,068

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 2014, 31 March 2015 and 1 April 2015	1,442,538
Impairment during the year	(859,173)
At 31 March 2016	583,365
At 31 March 2016:	
Cost	1,442,538
Accumulated impairment	(859,173)
Net carrying amount	583,365

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the relevant cash-generating units for impairment testing:

- Garment products cash-generating unit; and
- Property investment cash-generating unit.

Garment products cash-generating unit

The recoverable amount of the garment products 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 12% (2015: 12%) and cash flows beyond the five-year period were extrapolated using a growth rate of 6% (2015: 6%), which was the same as the long term average growth rate of the garment products industry.

Property investment cash-generating unit

The recoverable amount of the property investment 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 12% (2015: 12%) and cash flows beyond the five-year period were not extrapolated using any growth rate under the management's conservative estimation (2015: Nil).

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	2016 HK$	2015 HK$
Garment products	583,365	583,365
Property investment	-	859,173
	583,365	1,442,538

14. GOODWILL (continued)

Assumptions were used in the value-in-use calculation of the garment products and property investment cash-generating units for 31 March 2016 and 31 March 2015. 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 property investment and discount rates are consistent with external information sources.

Based on the annual impairment test performed, an impairment loss of HK$859,173 has been provided in relation to the property investment cash-generating unit. The impairment loss arose as a result of the high administrative costs for property holding activities in the United Kingdom.

15. INTANGIBLE ASSETS

	License HK$
31 March 2015	
Cost at 1 April 2014	-
Additions	221,037
Amortisation provided during the year	(42,712)
At 31 March 2015	178,325
At 31 March 2015:	
Cost	221,037
Accumulated amortisation	(42,712)
Net carrying amount	178,325

15. INTANGIBLE ASSETS (continued)

	License HK$
31 March 2016	
At 31 March 2015 and 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

16. AVAILABLE-FOR-SALE INVESTMENTS

	2016 HK$	2015 HK$
Unit trusts, at fair value	-	3,236,068

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$109,332 (2015: HK$189,683), of which HK$126,934 (2015: HK$66,752) was reclassified from other comprehensive income to the statement of profit or loss for the year.

At 31 March 2015, the above investments consisted of investments in unit trusts which had been designated as available-for-sale investments and had no fixed maturity date or coupon rate.

The fair values of the unit trusts 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

	2016 HK$	2015 HK$
Trade receivables	416,921,474	459,271,381
Bills receivable	46,430,074	46,991,578
Impairment	(344,802)	-
	463,006,746	506,262,959

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:

	2016 HK$	2015 HK$
At beginning of year	-	-
Impairment losses recognised (note 5)	344,802	-
At end of year	344,802	-

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$344,802 (2015: Nil) with a carrying amount before provision of HK$893,009 (2015: Nil).

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:

18. TRADE AND BILLS RECEIVABLES (continued)

	2016 HK$	2015 HK$
Neither past due nor impaired	387,664,409	368,699,587
Past due but not impaired:		
Less than one month	50,518,930	67,692,309
One to three months	9,664,468	43,154,743
Over three months	14,610,732	26,716,320
	462,458,539	506,262,959

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.

As at the end of the reporting period, the Group had transferred certain bills of exchange amounting to HK$13,374,096 (2015: HK$44,136,480) to banks with recourse in exchange for cash. The proceeds of the Group from transferring the bills receivable of HK$13,350,593 (2015: HK$44,081,237) 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).

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 HK$	2015 HK$
Prepayments	59,536,982	62,901,353
Deposits	1,988,007	8,857,980
Other receivables	34,271,447	59,802,348
	95,796,436	131,561,681
Less: Portion classified as non-current assets	-	(163,212)
	95,796,436	131,398,469

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

	2016 HK$	2015 HK$
Cash and bank balances	29,709,190	31,679,023
Pledged time deposits	146,324,519	102,412,032
	176,033,709	134,091,055
Less: Pledged time deposits for banking facilities:		
- with original maturity of less than three months when acquired	(67,096,595)	(72,165,877)
- with original maturity of more than three months when acquired	(79,227,924)	(30,246,155)
Cash and cash equivalents	29,709,190	31,679,023

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$15,943,195 (2015: HK$15,763,276). 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

	2016 HK$	2015 HK$
Other payables	10,988,690	5,951,494
Operating tax payables	9,207,166	8,164,723
Accrued employee benefits	2,669,276	1,913,792
Accruals	4,823,104	5,744,361
Advance from customers	1,034,044	3,095,057
	28,722,280	24,869,427

Other payables are non-interest-bearing and have an average term of three months.

22. INTEREST-BEARING BANK BORROWINGS

	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 or 1.25% over LIBOR	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.	2015/on demand	5,622,160
			314,198,484

22. INTEREST-BEARING BANK BORROWINGS (continued)

	2015		
	Contractual interest rate (%)	Maturity	HK$
Mortgage loan (note (b))**	2.25% over 1 month HIBOR	2016/on demand	2,755,000
Mortgage loan (note (c))**	2% below BLR	2017/on demand	1,536,740
Term loan*****	1% over 1 month HIBOR or LIBOR+1%	2017/on demand	4,754,163
Collateralised bank advances*****	LIBOR+2%, LIBOR+3.5%, 1.5% p.a. over 3 month LIBOR, 2.42%, LIBOR+4% p.a. or 0.25% per quarter	2015/on demand	44,136,480
Trust receipt loans*****	Cost of funding+2.25%, LIBOR+3%, LIBOR+3.5%, LIBOR+2.25%, HIBOR+2.2%, LIBOR+4%, LIBOR+2.2%, 2% p.a. over the bank's standard bills finance rate, current prime rate, LIBOR as determined by the bank and 2.5% p.a., highest of PNBHK prime rate/US$ prime rate+1.5%/ or 6 month US$ 6M LIBOR+3.5%, 4 months LIBOR+5% subject to a minimum of 7% p.a., LIBOR+2% or 4.25% p.a.	2015/on demand	245,613,426
Factoring**	0.18% of gross invoice amount with recourse term	2015/on demand	16,383,316
Bank overdraft**	4.25% p.a.	2015	10,573,487
			325,752,612

* 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 ("LIBOR")
^^ 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:

	2016 HK$	2015 HK$
Analysed into:		
Within one year	243,401,180	323,007,912
In the second year	10,962,880	2,744,700
In the third to fifth years, inclusive	59,834,424	-
	314,198,484	325,752,612

Notes:

(a) The Group's banking facilities are secured by way of:
   (i) the pledge of the Group's time deposits amounting to HK$146,324,519 (2015: HK$102,412,032);
   (ii) bank guarantees with aggregate of HK$14,004,000 (2015: HK$5,835,000);
   (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$13,106,315 (2015: HK$13,431,265) (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$16,923,990 (2015: HK$17,332,511) (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$93,775,192 (2015: Nil) (note 11), interest-bearing at 2% over LIBOR per annum and repayable on 11 August 2020.

23. DERIVATIVE FINANCIAL INSTRUMENTS

Assets

	2016 HK$	2015 HK$
Forward currency contracts	452,684	9,924,010

Liabilities

	2016 HK$	2015 HK$
Forward currency contracts	3,583,169	252,085

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 2016, the Group held 58 forward currency contracts (2015: 52) 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 sales and purchases between April 2016 and September 2016 were assessed to be highly effective and net losses of HK$10,690,012 (2015: net gains of HK$9,219,464) were included in the hedging reserve as follows:

	2016 HK$	2015 HK$
Total fair value losses/(gains) included in the hedging reserves	1,879,102	(8,927,380)
Deferred tax on fair value losses/(gains)	(310,052)	1,473,018
Reclassified from other comprehensive income to the statement of profit or loss (note 5)	10,923,308	(2,113,895)
Deferred tax on reclassifications to profit or loss	(1,802,346)	348,793
Net losses/(gains) on cash flow hedges	10,690,012	(9,219,464)

24. DEFERRED TAX LIABILITIES/(ASSETS)

The movements in deferred tax liabilities/(assets) during the year are as follows:

	Depreciation allowance in excess of/(below) related depreciation HK$	Cash flow hedges HK$	Total HK$
At 1 April 2014	252,558	(225,944)	26,614
Deferred tax credited to the consolidated statement of profit or loss during the year (note 8)	(712,497)	-	(712,497)
Deferred tax charged to other comprehensive income during the year	-	1,821,808	1,821,808
At 31 March 2015 and 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)	(2,208,416)	-	(2,208,416)
Deferred tax credited to other comprehensive income during the year	-	(2,112,398)	(2,112,398)
At 31 March 2016	(2,668,355)	(516,534)	(3,184,889)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2016 HK$	2015 HK$
Net deferred tax liabilities recognised in the consolidated statement of financial position	-	1,541,854
Net deferred tax assets recognised in the consolidated statement of financial position	(3,184,889)	(405,929)
	(3,184,889)	1,135,925

25. SHARE CAPITAL

	2016	2015
	HK$	HK$
Issued and fully paid:		
4,000,000 (2015: 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 9 and 10 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:

	2016	2015
Percentage of equity interest held by non-controlling interests:		
Nor Europe	30%	30%
Spring Near East	35%	35%
Kleider HK	49%	45%
Krayons	20%	-
JJ Star	40%	-

	2016 HK$	2015 HK$
Profit/(loss) for the year allocated to non-controlling interests:		
Nor Europe	(471,151)	(130,974)
Spring Near East	3,659,062	2,486,627
Kleider HK	7,013,908	2,403,145
Krayons	990,511	-
JJ Star	(727,442)	-
Dividends paid to non-controlling interests:		
Spring Near East	1,586,542	-
Kleider HK	6,425,305	-
Accumulated balances of the non-controlling interests at the reporting dates:		
Nor Europe	(2,902,720)	(2,431,569)
Spring Near East	3,893,967	1,836,954
Kleider HK	3,059,590	2,271,469
Krayons	990,032	-
JJ Star	(571,842)	-

28. INVESTMENTS IN SUBSIDIARIES

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2016	Nor 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. INVESTMENTS IN SUBSIDIARIES (continued)

2015	Nor Europe HK$	Spring Near East HK$	Kleider HK HK$	Krayons HK$	JJ Star HK$
Revenue	70,762,347	685,385,661	150,388,578	-	-
Total expenses, net	(76,887,990)	(683,627,829)	(145,797,803)	(15,100)	-
Profit/(loss) and total comprehensive income/(loss) for the year	(436,581)	7,104,650	5,340,322	(15,100)	-
Current assets	17,632,978	95,575,651	23,973,425	72,700	-
Non-current assets	29,875	3,849,882	-	-	-
Current liabilities	(25,768,082)	(91,509,663)	(18,925,717)	(10,000)	-
Net cash flows from/(used in) operating activities	(509,846)	(7,523,595)	1,028,121	-	-
Net cash flows from investing activities	-	16,879,139	-	-	-
Net cash flows used in financing activities	-	(5,972,257)	-	-	-
Net increase/(decrease) in cash and cash equivalents	(509,846)	3,383,287	1,028,121	-	-

29. BUSINESS COMBINATION

(a) On 24 March 2015, the Group acquired a 100% equity interest in Razamtazz Limited from a fellow subsidiary of the Company. Razamtazz Limited is engaged in property investment. The acquisition was made as part of the Group's strategy to commence property investments in the United Kingdom.

The fair values of the identifiable assets and liabilities of Razamtazz Limited as at the date of acquisition were as follows:

	Note	Fair value recognised on acquisition HK$
Investment property	11	98,209,663
Held-to-maturity financial assets	12	6,542,913
Prepayments, deposits and other receivables		1,214,612
Cash and bank balances		135,113
Other payables and accruals		(5,099,532)
Interest-bearing bank borrowings		(3,652,279)
Total identifiable net assets at fair value		97,350,490
Goodwill on acquisition (note 14)		859,173
Satisfied by cash		98,209,663

The fair value and gross contractual amount of other receivables as at the date of acquisition amounted to HK$638,363.

An analysis of the cash flows in respect of the acquisition of the Razamtazz Limited is as follows:

	HK$
Cash consideration	(98,209,663)
Cash and bank balances acquired	135,113
Net outflow of cash and cash equivalents included in cash flows from investing activities	(98,074,550)

Since the acquisition, Razamtazz Limited did not contribute to any of the Group's consolidated revenue and consolidated profit for the year ended 31 March 2015. Had the combination taken place at the beginning of 2015, the consolidated revenue of the Group and the consolidated profit of the Group for the year ended 31 March 2015 would have been HK$3,187,121,179 and HK$21,563,426, respectively.

29. BUSINESS COMBINATION (continued)

(b) 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$140,789 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.

30. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2016 HK$	2015 HK$
Guarantees given to banks in connection with facilities granted to fellow subsidiaries	317,008,823	289,010,348

At 31 March 2016, the banking facilities guaranteed by the Group to fellow subsidiaries were utilised to the extent of approximately HK$254,452,131 (2015: HK$244,859,362).

31. 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.

32. 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 2016, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2016 HK$	2015 HK$
Within one year	2,530,949	2,679,920
In the second to fifth years, inclusive	-	157,105
	2,530,949	2,837,025

32. 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 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2016 HK$	2015 HK$
Within one year	3,704,342	8,419,707
In the second to fifth years, inclusive	1,188,604	11,129,192
	4,892,946	19,548,899

33. 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	2016 HK$	2015 HK$
Fellow subsidiaries:			
Sales of goods	(i)	8,934,106	16,581,752
Handling fees received	(ii)	24,705,297	19,797,541
Marketing fees paid	(iii)	52,520,805	64,997,117
Rentals received	(iv)	1,735,800	1,735,800
Interest received	(v)	-	568,293
Service fees received	(vi)	1,169,101	8,670,521
Support services fee paid	(vii)	2,373,678	5,759,807
Support services fee received	(viii)	3,267,600	-
Sampling fees received	(ix)	9,817,423	11,124,525
Sampling fees paid	(x)	373,440	-
Management fees paid	(xi)	22,003,989	2,205,754
Rental fees paid	(xii)	-	858,384
Design expenses paid	(xiii)	-	543,316
Consultancy fees paid	(xiv)	-	1,784,056
Immediate holding company:			
Marketing fee paid	(iii)	11,670,000	11,670,000
Management fees paid	(xi)	36,406,363	35,831,543

33. 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 interest was charged at 7.5% per annum in respect of an amount due from a fellow subsidiary.

(vi) The service fees received were charged based on terms mutually agreed between the Group and the respective fellow subsidiaries.

(vii) The support services fees paid were charged based on terms mutually agreed between the Group and the respective fellow subsidiaries.

(viii) The support services fees received were charged based on terms mutually agreed between the Group and the respective fellow subsidiaries.

(ix) The sampling fees received were charged based on terms mutually agreed between the Group and the respective fellow subsidiaries.

(x) The sampling fees paid were charged based on terms mutually agreed between the Group and the respective fellow subsidiaries.

(xi) The management fees paid were charged on terms mutually agreed between the Group and the respective fellow subsidiaries or the immediate holding company.

(xii) The rental fees paid were charged based on terms mutually agreed between the Group and the respective fellow subsidiaries.

(xiii) The design expenses paid were charged based on terms mutually agreed between the Group and a fellow subsidiary.

(xiv) The consultancy fees paid were charged based on terms mutually agreed between the Group and the respective fellow subsidiaries.

33. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties:

(i) Except for an unsecured amount due from a fellow subsidiary of HK$3,714,237 (2015: HK$3,032,448) as at 31 March 2016 which is interest-bearing at 7.5% (2015: 7.5%) per annum and has no fixed terms of repayment, all other balances with fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

(ii) The amounts due from non-controlling shareholders are unsecured, interest-free and have no fixed terms of repayment.

(iii) The balances with the immediate holding company and the ultimate holding company are unsecured, interest-free and have no fixed terms of repayment.

(iv) The loans from non-controlling shareholders as at 31 March 2015 were unsecured, interest-free and repayable within one year but a default interest rate of 7.5% would be charged on any unpaid amount.

(c) As at 31 March 2015, the Group's investment property with a carrying amount of HK$98,075,529 was pledged to secure banking facilities granted to a fellow subsidiary. Such pledge was released during the year ended 31 March 2016.

(d) A Company's director entered into a one-year non-cancellable agreement with a subsidiary of the Group to lease a residential property under an operating lease arrangement. The amount of rental income for the year was HK$2,508,925 (2015: HK$2,547,776). The Group's total future minimum lease receivables falling due within one year is HK$2,508,925.

(e) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements.

34. 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 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.

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 ultimate holding company and the immediate holding company, and loans from non-controlling shareholders, 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.

35. 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 2016 HK$	Fair values 2016 HK$	Carrying amounts 2015 HK$	Fair values 2015 HK$
Financial assets				
Held-to-maturity financial assets	25,141,691	26,039,007	6,528,374	6,982,231
Available-for-sale investments	-	-	3,236,068	3,236,068
Derivative financial instruments	452,684	452,684	9,924,010	9,924,010
	25,594,375	26,491,691	19,688,452	20,142,309
Financial liabilities				
Derivative financial instruments	3,583,169	3,583,169	252,085	252,085

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 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 ultimate holding company and the immediate holding company and loans from non-controlling shareholders 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 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 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.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

As at 31 March 2016, 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 2016				
Derivative financial instruments	-	452,684	-	452,684
At 31 March 2015				
Available-for-sale investment		3,236,068	-	3,236,068
Derivative financial instruments	-	9,924,010	-	9,924,010
	-	13,160,078	-	13,160,078
Liabilities measured at fair value:				
At 31 March 2016				
Derivative financial instruments	-	3,583,169	-	3,583,169
At 31 March 2015				
Derivative financial instruments	-	252,085	-	252,085

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 (2015: Nil).

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

	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 2016				
Held-to-maturity financial assets	-	26,039,007	-	26,039,007
At 31 March 2015				
Held-to-maturity financial assets		6,982,231	-	6,982,231

36. 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$
2016		
If HK$ weakens against GBP	50	(690,824)
If HK$ strengthens against GBP	(50)	690,824
2015		
If HK$ weakens against GBP	50	(958,308)
If HK$ strengthens against GBP	(50)	958,308

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 27% (2015: 41%) 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.

	Change in the exchange rate %	Increase/ (decrease) in profit before tax HK$
31 March 2016		
If HK$ weakens against GBP	10	10,358,997
If HK$ strengthens against GBP	(10)	(10,358,997)
31 March 2015		
If HK$ weakens against GBP	10	22,980,982
If HK$ strengthens against GBP	(10)	(22,980,982)

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 29.3% (2015: 29.9%) and 60.1% (2015: 71.4%) of the Group's trade receivables were due from the Group's largest single customer and three largest customers, respectively.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

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.

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 2016 and 31 March 2015.

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:

	2016 HK$	2015 HK$
NON-CURRENT ASSETS		
Property, plant and equipment	5,374,365	6,238,778
Investment properties	30,030,305	30,763,776
Investments in subsidiaries	104,973,485	103,980,753
Investment in a joint venture	5,414,767	2,604,068
Held-to-maturity financial assets	11,443,149	-
Deferred tax assets	373,929	-
Total non-current assets	157,610,000	143,587,375
CURRENT ASSETS		
Trade and bills receivables	198,441,238	207,464,164
Prepayments, deposits and other receivables	24,491,474	24,391,616
Available-for-sale investments	-	3,236,068
Due from the ultimate holding company	-	6,029
Due from fellow subsidiaries	44,788,513	34,020,345
Due from subsidiaries	101,583,785	77,398,501
Loan to a subsidiary	1,750,500	1,750,500
Derivative financial instruments	452,684	9,200,101
Pledged time deposits	146,324,519	102,412,032
Cash and bank balances	9,583,803	10,697,247
Total current assets	527,416,516	470,576,603
CURRENT LIABILITIES		
Trade and bills payables	80,565,399	72,231,469
Other payables and accruals	18,268,373	18,632,507
Interest-bearing bank borrowings	212,140,954	143,434,059
Due to the immediate holding company	700,200	13,047
Due to fellow subsidiaries	4,798,595	19,223,981
Due to subsidiaries	20,389,392	22,688,297
Derivative financial instruments	2,584,513	214,137
Tax payable	4,205,324	4,804,070
Total current liabilities	343,652,750	281,241,567
NET CURRENT ASSETS	183,763,766	189,335,036
TOTAL ASSETS LESS CURRENT LIABILITIES	341,373,766	332,922,411

continued/...

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	2016 HK$	2015 HK$
TOTAL ASSETS LESS CURRENT LIABILITIES	341,373,766	332,922,411
NON-CURRENT LIABILITIES		
Deferred tax liabilities	-	1,432,880
Net assets	341,373,766	331,489,531
EQUITY		
Share capital	31,120,000	31,120,000
Reserves (note)	310,253,766	300,369,531
Total equity	341,373,766	331,489,531

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 2014	(105,329)	(571,119)	290,415,394	289,738,946
Profit for the year	-	-	10,213,252	10,213,252
Other comprehensive loss for the year:				
Changes in fair values of available-for-sale investments, net of tax	122,931	-	-	122,931
Cash flow hedges, net of tax	-	8,074,402	-	8,074,402
Total comprehensive income for the year	122,931	8,074,402	10,213,252	18,410,585
Interim 2015 dividend paid	-	-	(7,780,000)	(7,780,000)
At 31 March 2015 and 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 income 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 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	-	(1,780,074)	312,033,840	310,253,766

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 26 May 2016.

Company Registration no. 02608346 (England and Wales)

POETICGEM LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

UHY Hacker Young
Chartered Accountants

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 2016

The directors present their report and the audited financial statements for the year ended 31 March 2016.

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 2015 of £1,512,188 (which included a capital gain of £1,000,000 on the sale of an investment in a subsidiary company) has decreased to £400,179 which is due to tough market conditions.

Other key financial performance indicators can be summarised as follows:

	2016	2015
i) Improvement and efficiency of asset usage	**2016**	**2015**
a) Average credit period for trade receivables	25 days	66 days
ii) Financial stability of the company	**2016**	**2015**
Working capital ratio	4.36:1	1.60:1
Liquidity ratio	4.29:1	1.57:1

Average credit period for trade receivables has decreased because the spread of the annual turnover was less concentrated on the last quarter in the period than the previous year. Other ratios show positive changes in the financial structure of the company which continues to maintain a satisfactory liquidity position.

Key risks and uncertainties

The main risks of the company are summarised below:

- *Currency risk*
  Expenses of the company are mainly denominated in GBP whereas revenue is in US dollars. 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

Banaik
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Mr Anuj Banaik
Director

20/05/2016

POETICGEM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and the audited financial statements for the year ended 31 March 2016.

As noted 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 £348,099 (2015: £1,363,856).

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 2015:

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 19 to the financial statements.

Charitable and political donations	**2016**	**2015**
	£	**£**
During the year the company made the following charitable donations:		
Charlie Waller Memorial Trust	10,000	-
Charity Fight for Life	-	2,560
Other small donations[(a)]	2,350	
	12,350	2,560

[(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

Banaik
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Mr Anuj Banaik
Director

20/05/2016

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

POETICGEM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

POETICGEM LIMITED

FOR THE YEAR ENDED 31 MARCH 2016

We have audited the financial statements of Poeticgem Limited for the year ended 31 March 2016, 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).

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 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
A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2016 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.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

UHY Hacker Young
Chartered Accountants

POETICGEM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

POETICGEM LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 made: or
- we have not received all the information and explanations we require for our audit.

Vinodkumar Vadgama (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

23/5/2016

Chartered Accountants
Statutory Auditor

POETICGEM LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Continuing operations			
Revenue	4	27,745,578	38,242,659
Cost of revenue		(19,514,606)	(29,712,217)
Gross profit		8,230,972	8,530,442
Other income	5	318,611	1,861,623
Distribution costs		(2,629,225)	(3,053,191)
Administrative expenses		(5,476,812)	(5,636,610)
Operating profit	6	443,546	1,702,264
Finance income	8	14,012	2,492
Finance costs	9	(57,379)	(192,568)
Profit for the year before taxation		400,179	1,512,188
Taxation	10	(52,080)	(148,332)
Profit for the financial year	24	348,099	1,363,856
Other comprehensive income			
Net effect of cash flow hedges	23	(5,178)	(31,467)
Total comprehensive income for the year		342,921	1,332,389

The notes on pages 14 to 43 form part of these financial statements.

POETICGEM LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	Notes	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Non-current assets			
Property, plant and equipment	11	2,526,446	2,594,392
Investments in subsidiaries	12	574,445	574,445
Other investments	13	783,285	499,528
Trade and other receivables	15	494,508	689,318
		4,378,684	4,357,683
Current assets			
Inventories	14	141,274	293,328
Trade and other receivables	15	6,991,218	12,204,795
Cash and cash equivalents		1,312,249	3,995,809
		8,444,741	16,493,932
Total assets		12,823,425	20,851,615
Current liabilities			
Trade and other payables	16	(1,862,431)	(5,109,835)
Current tax liabilities		(67,500)	(170,965)
Other financial liabilities	23	(5,178)	-
Borrowings	17	-	(5,025,420)
		(1,935,109)	(10,306,220)
Net current assets		6,509,632	6,187,712
Non current liabilities			
Other payables		(96,755)	(96,755)
Borrowings	17	(561,054)	(561,054)
Deferred tax liabilities	21	(1,568)	(1,568)
		(659,377)	(659,377)
Total liabilities		(2,594,486)	(10,965,597)
Net assets		10,228,939	9,886,018

POETICGEM LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016 (CONTINUED)

	Notes	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Shareholders' equity			
Share capital	22	50,000	50,000
Other reserves	23	(5,178)	-
Retained earnings	24	10,184,117	9,836,018
Total equity		10,228,939	9,886,018

The financial statements were approved by the board of directors and authorised for issue on 20/05/ 2016 and were signed on its behalf by:

Mr Anuj Banaik
Director

Company Registration No. 02608346

The notes on pages 14 to 43 form part of these financial statements.

POETICGEM LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Share capital £	Other reserves £	Retained earnings £	Total £
Balance at 1 April 2014	50,000	31,467	8,472,161	8,553,628
Total comprehensive income for the year	-	(31,467)	1,363,856	1,332,389
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 31 March 2016	50,000	(5,178)	10,184,117	10,228,939

The notes on pages 14 to 43 form part of these financial statements.

POETICGEM LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	28	2,874,974	(4,116,812)
Finance costs		(57,379)	(192,568)
Finance income		14,012	2,492
Net cash generated from/(used in) operating activities		2,831,607	(4,306,888)
Payment of income taxes		(155,545)	(80,819)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(50,446)	(102,062)
Purchases of available-for-sale finance assets		(283,756)	(53,775)
Proceeds from the disposal of subsidiary		-	8,500,000
Net cash (used in)/generated from investing activities		(334,202)	8,344,163
Cash flows from financing activities			
Repayment of borrowings		(4,900,000)	(368,875)
Proceed of advances from debt factoring		(125,420)	(183,451)
Net cash generated from / (used in) financing activities		(5,025,420)	(552,326)
Net (decrease)/increase in cash and cash equivalents		(2,683,560)	3,404,130
Cash and cash equivalents at the start of the year		3,995,809	591,679
Cash and cash equivalents at the end of the year		1,312,249	3,995,809

	2016 £	2015 £
Cash and cash equivalents comprise:		
Cash at bank and in hand	1,312,249	3,995,809
	1,312,249	3,995,809

The notes on pages 14 to 43 form part of these financial statements.

POETICGEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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 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. Summary of significant accounting policies (continued)

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 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.

2.3 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.

2.4 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.

2.5 Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

2. **Summary of significant accounting policies (continued)**

2.6 **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.

2.7 **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.

2.8 **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)

2.9 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.

2.10 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.

2.11 **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
Annual improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 1: Disclosure Initiative	1 January 2016
IFRS 9 Financial Instruments (2014)	1 January 2018
Amendments to IAS 7: Disclosure Initiative	1 January 2017
IFRS 16 Leases	1 January 2019

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:	**2016**	**2015**
	£	**£**
Sale of garments	20,804,903	33,283,703
Commission receivable	6,940,675	4,958,956
	27,745,578	38,242,659

Analysis of revenue by geographical market and customer location are as follows:

	2016	**2015**
	£	**£**
UK	18,135,913	26,693,808
Rest of the World	6,942,789	5,347,083
Europe	2,666,876	6,201,768
	27,745,578	38,242,659

5. **Other income**

	2016	**2015**
	£	**£**
Rent receivable	118,556	46,834
Gain from disposal of subsidiary	-	1,000,000
Exchange (loss)/gain	(26,445)	131,851
Corporate income	30,810	189,061
Sundry income	195,690	493,877
	318,611	1,861,623

6. **Operating profit**

Operating profit has been arrived at After charging/(crediting):	**2016** £	**2015** £
Staff costs (see note 7)	3,675,393	3,551,739
Depreciation of property, plant and equipment	90,581	118,536
Amortisation of leasehold	27,812	30,363
Profit on disposal of subsidiary	-	1,000,000
Operating lease rentals	244,103	251,154
Loss / (profit) on foreign exchange transactions	26,445	(131,851)
Fees payable to auditors:		
Audit of annual financial statements	25,000	25,000
Other services – review of the interim financial statements	17,472	17,472
Other services relating to taxation	9,632	5,650
Other services	13,191	5,054

7. **Staff numbers and costs**

The payroll costs (including directors) were as follows:	**2016** £	**2015** £
Staff wages and salaries	3,212,321	3,092,267
Directors' remuneration	100,350	100,000
Social security costs	362,722	359,472
	3,675,393	3,551,739

The average number of employees (including directors) during the year was:

	2016 Number	**2015 Number**
Designers	30	24
Sales	23	26
Management and administration	17	15
Quality control	4	7
	74	72

Directors' emoluments	**£**	**£**
Emoluments for qualifying services	101,448	114,608

8. Finance income

	2016	2015
	£	£
Other interest	14,012	2,492
	14,012	2,492

9. Finance costs

	2016	2015
	£	£
Interest on borrowings	57,379	192,568
	57,379	192,568

10. Taxation for the period

	2016 £	2015 £
Current tax expense:		
UK corporation tax	67,500	170,400
Adjustment for prior year	(15,420)	(9,510)
	52,080	160,890
Deferred tax:		
Origination and reversal of temporary differences	-	(12,558)
Income tax expenses	52,080	148,332

Reconciliation of current tax expenses to accounting profit:	2016 £	2015 £
Profit before taxation	400,179	1,512,188
Notional taxation charge at the UK corporation tax rate of 20% (2015: 21%)	80,036	317,559
Tax effects of:		
Expenses not deductible for tax purposes	20,140	16,464
Excess depreciation over capital allowances	4,872	19,562
Adjustments in respect of prior years	(15,420)	(9,510)
Other tax adjustments	(8,424)	(166,949)
Tax losses surrendered from group company	(29,124)	(16,236)
Total current charge for the year	52,080	160,890

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 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 to secure bank loans (see note 17).

Valuation
Properties with a carrying value of £2,315,436 (2015: £2,303,614) 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.

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 2014	2,436,537	602,093	902,836	795,684	2,916	4,740,066
Additions	69,775	-	23,332	8,953	-	102,060
At 31 March 2015	2,506,312	602,093	926,168	804,637	2,916	4,842,126
Accumulated depreciation						
At 1 April 2014	178,071	591,131	646,261	681,537	1,837	2,098,837
Charge for the year	24,627	5,736	89,202	29,154	180	148,899
At 31 March 2015	202,698	596,867	735,463	710,691	2,017	2,247,736
Carrying amount						
At 31 March 2015	2,303,614	5,226	190,707	93,946	899	2,594,392
At 31 March 2014	2,258,466	10,962	256,575	114,147	1,079	2,641,229

Security
Properties with a carrying value of £2,303,614 (2014: £2,258,466) are subject to a legal charge to secure bank loans (see note 17).

12. Investments in subsidiaries

	Shares in Subsidiary undertakings 2016 £	2015 £
Cost		
At the beginning of the year	574,445	8,074,445
Disposals during the year	-	(7,500,000)
At the end of the year	574,445	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	75
FX Import Hong Kong Limited	Hong Kong	Ordinary	75

The aggregate amount of capital and reserves and the results of the undertakings at 31 March 2016 were as follows:

	Capital and reserves £	Profit/ (loss) for the period £
Pacific Logistics Limited	(368,147)	(13,212)
Poetic Knitwear Limited	(697,382)	(2,030)
FX Import Company Limited	(136,033)	140,787
FX Import Hong Kong Limited	351,237	70,182

13. Other investments

	2016	2015
	£	£
• Available-for-sale:		
At start of the year	499,528	445,753
Additions during the year	333,992	-
Net (loss)/profit – exchange difference	(50,235)	53,775
At the end of the year	783,285	499,528

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. Inventories

	2016	2015
	£	£
Finished goods and goods for resale	141,274	293,328

15. Trade and other receivables

	2016	2015
	£	£
Current assets		
Trade receivables	1,411,210	6,014,392
Other receivables	1,019,924	1,103,678
Receivables from fellow group companies	2,637,397	2,729,767
Receivables from subsidiary companies	1,641,657	2,100,892
Prepaid expenses	267,064	245,903
Receivables from related parties	13,966	10,163
	6,991,218	12,204,795
Non-current assets		
Other receivables	41,391	236,200
Receivables from subsidiary companies	453,117	453,117
	494,508	689,318

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

At 31 March 2016, the ageing analysis of overdue trade receivables is as follows:

	Total	Overdue but not impaired	
		<3 months	>3 months
	£	£	£
2016	383,378	346,028	37,350
2015	644,155	523,925	120,230

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.

16. **Trade and other payables**

	2016	2015
	£	£
Trade payables	566,084	4,327,855
Payables to fellow group companies	597,259	298,486
Payable to related parties	83,303	67,214
Social security and other taxes	154,869	91,371
Accrued expenses	460,916	324,909
	1,862,431	5,109,835

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 is the same as the carrying value shown above.

17. Borrowings

	2016	2015
	£	£
Bank loans	-	4,900,000
Advances from factors	-	125,420
Loan from parent undertaking	561,054	561,054
	561,054	5,586,474

The borrowings are repayable as follows:

	2016	2015
On demand or within one year	-	5,025,420
In the second year	-	-
In the third to fifth years inclusive	561,054	561,054
	561,054	5,586,474
Less: Amount due for settlement within 12 months (shown under current liabilities)	-	(5,025,420)
Amount due for settlement after 12 months	561,054	561,054

The weighted average of interest rates paid was as follows:

	2016	2015
	%	%
Bank overdrafts	NIL	2.50
Bank loans	NIL	2.65

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 2016 the company had available £9,336,913 (2015: £7,792,000) 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.

17. **Borrowings (continued)**

Other loans represent an amount of £561,054 (2015: £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.

18. **Derivative financial instruments**

	2016 £	2015 £
Forward foreign exchange (fair value)	(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 2016, a recognised loss of £5,178 (2015: £Nil) 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:

	2016 £	2015 £
Forward foreign exchange contracts (cash flow hedges)	4,398,659	-

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

19. **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**	**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

19. **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 £	2015 Total £
Financial assets					
Available-for-sale investments	-	499,528	-	-	499,528
Other long-term receivables	-	-	236,200	-	236,200
Trade receivables	-	-	5,279,814	-	5,279,814
Other receivables	-	-	1,535,837	-	1,535,837
Receivables from fellow group companies	-	-	2,902,750	-	2,902,750
Receivables from subsidiary companies	-	-	1,927,909	-	1,927,909
Receivables from related parties	-	-	10,163	-	10,163
Cash and cash equivalents	-	-	3,995,810	-	3,995,810
Total financial assets	-	499,528	15,888,483	-	16,388,011
Financial liabilities					
Trade payables, other payables and accruals-current	-	-	-	4,592,440	4,592,440
Other payables-not current	-	-	-	96,755	96,755
Secured borrowings	-	-	-	5,025,420	5,025,420
Payable to immediate parent company	-	-	-	561,054	561,054
Payables to fellow group companies	-	-	-	298,487	298,487
Payables to related parties	-	-	-	67,214	67,214
Total financial liabilities	-	-	-	10,641,370	10,641,370

20. **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**
	£	**£**
2016		
Increase in basis point of 0.25%	NIL	NIL
Decrease in basis point of 0.25%	NIL	NIL
2015		
Increase in basis point of 0.25%	(12,564)	(12,564)
Decrease in basis point of 0.25%	12,564	12,564

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 77% (2015: 87%) of the company's purchases and sales are denominated in currencies other than the functional currency of the company.

20. **Financial risk management objectives and policies (continued)**

b) **Foreign currency risk (continued)**

At 31 March 2016, the company held 17 forward currency contracts (2015: NIL) 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 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

	US dollar
	$
At 31 March 2015	
Other investments	741,600
Trade and other receivables	7,513,210
Cash and cash equivalents	353,142
Trade payables	(5,886,227)
Borrowings	(186,198)
Net exposure arising from recognised assets and liabilities	2,535,527

20. **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**
	$	**$**
2016		
10% weakened	(275,602)	(275,602)
10% strengthened	275,602	275,602
2015		
10% weakened	(253,553)	(253,553)
10% strengthened	253,553	253,553

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.

20. 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 £	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

20. **Financial risk management objectives and policies (continued)**

d) **Liquidity risk (continued)**

	Within 1 year or on demand £	More than 1 year but less than 2 years £	More than 2 years £	2015 Total £
Trade payables	4,327,855	-	-	4,327,855
Other payables	324,909	-	96,755	421,664
Social security and other taxes	91,371	-	-	91,371
Borrowings	5,025,420	-	561,054	5,586,474
Payables to fellow group companies	298,486	-	-	298,486
Payables to related parties	67,214	-	-	67,214
	10,135,255	-	657,809	10,793,064

The maturity analysis applies to financial instruments only and therefore, statutory liabilities are not included.

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.

21. Deferred tax liabilities

The analysis of deferred tax liabilities is as follows:

	2016 £	2015 £
Deferred tax liabilities	(1,568)	(1,568)

This gross movement on the deferred tax account is as follows:

	2016 £	2015 £
At the start of the year	(1,568)	(14,127)
Credited/ (charged) to statement of comprehensive income	-	12,559
At the end of the year	(1,568)	(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 2014	(14,127)	-	(14,127)
Paid in the year	12,559	-	12,559
At 31 March 2015	(1,568)	-	(1,568)
Tax charge to statement of comprehensive income	-	-	-
At 31 March 2016	(1,568)	-	(1,568)

22. Share capital

	2016 £	2015 £
Issued and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

23. Other reserves

	2016	2015
	£	£
Hedging reserve		
Cash flow hedges:		
Fair value at the start of the year	-	(31,467)
Transfer to Profit & Loss	-	31,467
Fair value of cash flow hedges	(5,178)	-
Fair value at the end of the year	(5,178)	-

24. Retained earnings

	2016	2015
	£	£
Balance at the start of the year	9,836,018	8,472,161
Profit for the financial year	348,099	1,363,856
Balance at the end of the year	10,184,117	9,836,018

25. Operating lease arrangements

	2016	2015
	£	£
Minimum lease payments under operating leases recognised in the statement of comprehensive income for the year	244,103	251,154

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	
	2016	2015	2016	2015
	£	£	£	£
Within one year	165,600	169,200	45,976	86,526
Between two and five years	343,967	476,925	874	46,995
More than five years	52,658	100,100	-	-
	562,225	746,225	46,850	133,521

Operating lease payments represent rentals payable by the company.

26. Contingent liabilities

At 31 March 2016, 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.

27. Capital commitments

Capital commitments contracted for at the balance sheet date but not yet incurred are as follows:

	2016		2015	
	$	£	$	£
Non-current asset investments	258,400	179,535*	258,400	174,054*

*Amounts have been translated at the exchange rate prevailing at the balance sheet date.

28. Notes to the cash flow statement

	2016	2015
	£	£
Cash flows from operating activities		
Profit from operations	443,546	1,702,264
Adjustments for:		
Depreciation of property, plant and equipment	90,580	118,536
Amortisation of leasehold	27,812	30,363
Gain on disposal of subsidiary	-	(1,000,000)
Operating cash inflows before working capital	561,938	851,163
Decrease / (Increase) in inventories	152,054	(21,134)
Decrease / (Increase) in receivables	5,408,386	(6,519,868)
(Decrease) / Increase in payables	(3,247,404)	1,573,027
Cash generated from operations	2,874,974	(4,116,812)

POETICGEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

29. 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	
	2016	2015	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£	£	£
FX Import Company Limited, UK	194,150	200,875	-		1,033,184*	1,017,672*	-	-
Global Textile Group Limited, Mauritius	-	-	22,407	22,345	-	-	574,746	594,466•
Pearl Global Industries Limited, India	-	-	-	10,725		2,727-	-	-
Norwest Industries Limited, HK	4,297,231	13,524,653#	1,124,046	2,835,386	197,859	1,501,888	-	-
Pacific Logistics Limited, UK	-	-		205	336,423▲	668,187▲	-	-
Poetic Knitwear Limited, UK	-	-	-	-	695,167	695,167	-	-
Simple Approach Limited, Hong Kong		3,200	-	-	9,796	147,577	-	-
Simple Approach (Canada) Limited, Canada	-	-	-	-	-	10,500	-	-
Spring Near East Manufacturing Limited, Hong Kong	-	-	-	-	299,250	407,915	-	-
Razamtazz Limited, Mauritius	66,360	128,736	-	-	247,565	162,483	-	-
Zamira Fashion Limited, Hong Kong		180,315	43,145	37,090	-	186,248	235,264	-
Gem Australia, Hong Kong	103,917	-	-	-	4,661	919	-	-
Poeticgem International Limited, Hong Kong	2,970,422	-	-	-	1,232,706	-	-	1,566
Nor Lanka Manufacturing Limited, Hong Kong		225,680	-	362,290	-	-	-	263,518
Nor Lanka Manufacturing Limited, Sri Lanka	47,025	-	712,476	-	-	-	333,840	-
JJ Star Industrial Limited	-	-	-	-	126,594	-	-	-
Nor India Manufacturing Limited, HKG	-	-	46,231	-	-	-	-	-
NAFS Limited, UK	-	-	-	-	-	-	-	-
Nor Europe Manufacturing Limited, Hong Kong	-	-	-	-	-	1,386	-	-
Nor France SAS, France	-	-	-	-	-	2,576	-	-
PDS Asia Star Corporation Limited, Hong Kong	2,554	-	-	-	92,955	48,327	-	-
Sino West Manufacturing Limited, Hong Kong	-	-	-	-	6,715	-	-	-
Multinational Textile Group Limited, Mauritius	-	-	733,350	330,625	210,204	250,618	-	-
Design & Source, Hong Kong	-	-	-	-	-	11,226	14,464	-
Casa Forma Limited, UK	-	-	-	-	203,810	160,299	-	-
Sourcing Solutions Limited	-	-	-	-	4,032	1,809	-	-
Dpod Manufacturing Co Limited, Hong Kong	-	-	-	-	1,250	4,727	-	-
Kleider Sourcing Hong Kong Limited, Hong Kong	-	-	-	-	-	123	-	-
Pearl GES Group Limited	-	-	-	-	-	1,402	-	-

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 (2015: £451,500).
▲ The amount owed by Pacific Logistics Limited includes an interest free long-term loan of £1,617 (2015: £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.
This amount includes the sale of the investment, Razamtazz Limited, for £8,500,000.

29. **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 wholly owned subsidiaries of Poeticgem Limited.

Poeticgem Limited owns a 75% share in FX Import Company Limited.

Multinational Textile Group Limited, Mauritius owns 55% share in Dpod Manufacturing Company Limited, Hong Kong, 60% share in PDS Asia Star Corporation Limited, Hong Kong, 100% share in Poeticgem International Limited, Hong Kong, 100% share in Casa Forma Limited, UK, 85% share in Norwest Industries Limited, Hong Kong, 67% share in Zamira Fashion Limited, Hong Kong, 75% share in Simple Approach Limited, Hong Kong, and 51% share in Pearl GES Group Limited.

Casa Forma Limited is a wholly owned subsidiary of Multinational Textile Group Limited, the intermediate parent company of Poeticgem Limited.

Simple Approach (Canada) Limited, Canada is a wholly owned subsidiary of Simple Approach Limited, Hong Kong.

Pearl Global Industries Limited, India is a company controlled by common directors.

Razamtazz Limited, Mauritius is wholly owned subsidiary of Norwest Industries Limited, Hong Kong.

Norwest Industries Limited, Hong Kong owns 55% share in Kleider Sourcing Hong Kong Limited, Hong Kong, 50% share in Sourcing Solution Limited, Hong Kong, 60% share in Designed and Sourced Limited, Hong Kong, 65% share in Spring Near East Manufacturing Limited, Hong Kong, 60% share in JJ Star Industrials Limited, 100% share in Razamtazz Limited, Mauritius, 100% share in Gem Australia Manufacturing Limited, Hong Kong, 100% share in Nor Lanka Manufacturing Limited, Sri Lanka, 100% share in Nor India Manufacturing Limited, Hong Kong, 70% share in Nor Europe Manufacturing Company Limited, 85% share in Nor France SAS, Hong Kong and 100% share in Sino West Manufacturing Company 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**	**2016 £**	**2015 £**
At start of the year	(57,050)	(15,459)
Amounts advanced during the year	991,509	865,441
Amounts repaid during the year	(1,003,795)	(907,032)
At end of the year	(69,336)	(57,050)

The above loans are interest free.

Directors' emoluments	**Salaries/ Bonus £**	**Benefits £**	**2016 £**	**2015 £**
Mr Anuj Banaik	100,350	1,098	101,448	114,608

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.

30. **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, 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.

POETICGEM LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 MARCH 2016

POETICGEM LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

	2016		2015	
Turnover	£	£	£	£
Sales		20,804,903		33,283,703
Commission receivable		6,940,675		4,958,956
		27,745,578		38,242,659
Cost of sales				
Opening stock of finished goods	293,328		272,194	
Purchases	19,164,602		29,422,299	
Other direct overheads	188,864		286,159	
Designing expenses	17,772		6,560	
Testing charges	(8,686)		18,333	
	19,655,880		30,085,545	
Closing stock of finished goods	(141,274)		(293,328)	
		(19,514,606)		(29,712,217)
Gross profit		8,230,972		8,530,442
Distribution costs	2,629,225		3,053,191	
Administration expenses	5,476,812		5,636,610	
		(8,106,037)		(8,689,801)
		124,935		(159,359)
Other operating income				
Rent receivable	118,556		46,834	
Gain from disposal of subsidiary	-		1,000,000	
Sundry income	195,690		493,877	
Corporate income	30,810		189,061	
Exchange gain/ (loss)	(26,445)		131,851	
		318,611		1,861,623
Operating profit		443,546		1,702,264
Finance income				
Other interest receivable	14,012		2,492	
		14,012		2,492
Finance costs				
Bank interest payable	-		41,209	
Loan interest payable	57,379		151,359	
		(57,379)		(192,568)
Profit before taxation		400,179		1,512,188

POETICGEM LIMITED

SCHEDULE OF DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2016

	2016 £	2015 £
Distribution costs		
Agents' commission	812,827	1,296,823
Advertising and promotion	3,740	2,100
Samples	1,197,859	1,155,139
Motor, travel and subsistence	526,485	529,730
Entertaining	88,314	69,399
	2,629,225	3,053,191
Administrative expenses		
Wages and salaries (excl. N.I.)	3,212,321	3,092,267
Directors' remuneration	100,350	100,000
Employer's NI contributions	362,722	359,472
Staff recruitment	54,244	80,800
Rent	169,633	168,823
Rates	83,317	81,458
Management charges	240,000	-
Insurance	58,929	60,232
Staff medical insurance	27,262	23,936
Light and heat	15,498	24,001
Cleaning	34,848	30,310
Repairs and maintenance	18,415	19,066
Postage, stationery and courier	273,585	276,213
Telephone	100,413	105,502
Computer running costs	91,952	85,751
Motor vehicle leasing	74,470	82,331
Legal and professional fees	19,471	410,165
Consultancy fees	85,423	116,357
Audit fees	25,270	25,613
Non-audit fees	34,847	27,563
Bank charges	111,501	144,283
Factoring charges	11,908	51,593
Bad debt written off/ (recovered)	-	894
Sundry expenses	139,690	118,521
Charitable donations – other	12,350	2,560
Amortisation on freehold property	24,698	24,627
Amortisation on short leasehold	3,114	5,736
Depreciation on fixtures, fittings and equipment	66,869	89,202
Depreciation on plant and machinery	23,487	29,154
Depreciation on motor vehicles	225	180
	5,476,812	5,636,610

Company Registration No. 04944346 (England and Wales)

PACIFIC LOGISTICS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

UHY Hacker Young
Chartered Accountants

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 2016

The directors present their annual report and the audited financial statements for the year ended 31 March 2016.

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 2015:

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 2016

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

Banaik

....
Mr Anuj Banaik
Director

20/05/2016

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

PACIFIC LOGISTICS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PACIFIC LOGISTICS LIMITED

FOR THE YEAR ENDED 31 MARCH 2016

We have audited the financial statements of Pacific Logistics Limited for the year ended 31 March 2016, which comprise the income statement, the statement of financial position, the 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 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 (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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2016 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, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

PACIFIC LOGISTICS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PACIFIC LOGISTICS LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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

23/5/2016

Chartered Accountants
Statutory Auditor

PACIFIC LOGISTICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Continuing operations			
Revenue	4	-	6,424
Cost of revenue		1,100	(27,135)
Gross profit		1,100	(20,711)
Operating expenses			
Administration expenses		(8,203)	(73,271)
Operating loss	5	(7,103)	(93,982)
Finance costs	7	-	(359)
Loss before taxation		(7,103)	(94,341)
Taxation	8	(6,109)	-
Loss for the financial year	14	(13,212)	(94,341)

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 22 form part of these financial statements.

PACIFIC LOGISTICS LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	Notes	2016 £	2015 £
Non current assets			
Deferred tax assets	12	-	6,109
Trade and other receivables	9	-	303,142
			309,251
Current assets			
Trade and other receivables	9	-	1,537
Cash and cash equivalents		2,026	9,656
		2,026	11,193
Total assets		2,026	320,444
Current liabilities			
Trade and other payables	10	(368,556)	(673,762)
		(368,556)	(673,762)
Net current liabilities		(366,530)	(662,569)
Non current liabilities			
Borrowings	11	(1,617)	(1,617)
		(1,617)	(1,617)
Total liabilities		(370,173)	(675,379)
Net assets/ (liabilities)		(368,147)	(354,935)
Shareholders' equity			
Share capital	13	10,000	10,000
Retained earnings	14	(378,147)	(364,935)
Total equity		(368,147)	(354,935)

The financial statements were approved by the board of directors and authorised for issue on 20/05/2016 and were signed on its behalf by:

Mr Anuj Banaik
Director

Company registration no. 04944346

The notes on pages 10 to 22 form part of these financial statements.

PACIFIC LOGISTICS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2014	10,000	(270,594)	(260,594)
Comprehensive income			
Loss for the year	-	(94,341)	(94,341)
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)**

The notes on pages 10 to 22 form part of these financial statements.

PACIFIC LOGISTICS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash (used) in operations	15	(7,630)	(46,716)
Finance costs		-	(359)
Net cash (used) in operating activities		(7,630)	(47,075)
Tax paid			-
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		-	37,200
Net cash generated from investing activities		-	37,200
Net decrease in cash and cash equivalents		(7,630)	(9,875)
Cash and cash equivalents at the start of the year		9,656	19,531
Cash and cash equivalents at the end of the year		2,026	9,656

	2016 £	2015 £
Cash and cash equivalents comprise:		
Cash at bank and in hand	2,026	9,656

The notes on pages 10 to 22 form part of these financial statements.

PACIFIC LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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 £366,530 (2015: £662,569).

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 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
Annual improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 1: Disclosure Initiative	1 January 2016
IFRS 9 Financial Instruments (2014)	1 January 2018
Amendments to IAS 7: Disclosure Initiative	1 January 2017
IFRS 16 Leases	1 January 2019

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. **Revenue**

The total revenue of the company for the year 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:

	2016	**2015**
	£	**£**
United Kingdom	-	6,424
	-	6,424

PACIFIC LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

5. Operating loss

Operating loss has been arrived at after charging:

	2016 £	2015 £
Staff costs (see note 6 below)	-	12,033
Depreciation of property, plant and equipment	-	7,577
Loss / (Profit) on foreign exchange transactions	3,294	(32,070)
Profit on disposal of property, plant and equipment	-	20,020

Auditor remuneration

During the year, the company obtained the following services from the company's auditor and its associates:

	2016 £	2015 £
Fees payable to the company's auditor: Audit of annual financial statements	4,475	5,000
Fees payable to the company's auditor and its associates for other services: Review of the interim financial statements	-	3,225

6. Staff numbers and costs

	2016 £	2015 £
Employee costs include:		
Staff wages and salaries	-	11,430
Social security costs	-	603
	-	12,033

The average number of employees (including directors) during the year was:

	2016 Number	2015 Number
Management and administration	2	2
Warehouse staff	-	-
	2	2

Directors' emoluments

Emoluments for qualifying services	-	-

PACIFIC LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

7. Finance costs

	2016 £	2015 £
Interest on bank overdrafts	-	359
	-	359

8. Taxation for the year

	2016 £	2015 £
Income tax expense		
Current tax expense		
UK corporation tax	-	-
Adjustment for prior year	-	-
	-	-
Deferred tax:		
Origination and reversal of temporary differences	6,109	-
Income tax expense	6,109	-
Reconciliation of current tax expenses to accounting loss:		
Profit / (Loss) before taxation	(13,212)	(94,341)
Notional taxation charge at the UK corporation tax rate of 20% (2014: 21%)	(2,642)	(19,812)
Tax effects of:		
Depreciation in excess of capital allowances	-	2,715
Group relief surrendered	2,642	17,097
Total current tax charge for the year	-	-

9. Trade and other receivables

	2016	**2015**
	£	**£**
Current assets		
Other receivables	-	737
Prepayments	-	800
	-	1,537

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.

	2016	**2015**
	£	**£**
Non-current assets		
Other receivables	-	303,142

The average credit period given for trade receivables at the end of the year is Nil days (2015: Nil days).

At 31 March 2016, the ageing analysis of trade receivables is as follows:

	Overdue but not impaired		
	Total	**<3 months**	**>3 months**
	£	**£**	**£**
2016	-	-	-
2015	-	-	-

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.

10. Trade and other payables

	2016 £	2015 £
Trade payables	-	2,192
Payables to parent company (note 22)	364,805	666,570
Social security and other taxes	351	-
Accrued expenses	3,400	5,000
	368,556	673,762

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

	2016 £	2015 £
Loan from related party (note 19)	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.

PACIFIC LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

12. Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2016 £	2015 £
Deferred tax assets	-	6,109

The gross movement on the deferred tax account is as follows:

	2016 £	2015 £
At the start of the year	6,109	6,109
Movement during the year	(6,109)	-
At the end of the year	-	6,109

The movement in deferred income tax assets during the year is as follows:

	Decelerated tax depreciation £
At 1 April 2014	6,109
Movement during the year	-
At 31 March 2015	6,109
Movement during the year	(6,109)
At 31 March 2016	6,109

13. **Share capital**

	2016	2015
	£	£
Issued and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000

14. **Retained earnings**

	2016	2015
	£	£
Balance at the start of the year	(364,935)	(270,594)
Net loss for the year	(13,212)	(94,341)
Balance at the end of the year	(378,147)	(364,935)

15. **Notes to the cash flow statement**

	2016 £	2015 £
Cash flows from operating activities		
Loss from operations	(13,212)	(93,981)
Adjustments for:		
Depreciation of property, plant and equipment	-	7,577
Profit on disposal of property, plant and equipment	-	20,020
Operating cash outflow before working capital	(13,212)	(66,384)
Decrease / (Increase) in receivables	310,788	(12,818)
(Decrease) / Increase in payables	(305,206)	32,486
Cash (used) in operations	(7,630)	(46,716)

16. **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.

17. **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.

PACIFIC LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

18. 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 2016, the company held cash and cash equivalents of £2,026 (2015: £9,656).

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.

19. Related party transactions

During the year, the company entered into the following transactions with related parties:

	Revenue		**Purchases/expenses**		**Amounts owed by related parties**		**Amounts owed to related parties**	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Poeticgem Limited, UK	-	205		-		-	366,422	668,187•*

The immediate parent company of Pacific Logistics Limited is Poeticgem Limited.

* These loans are interest free and repayable on demand.
• This includes £1,617 (2015: £1,617) interest free loan and is repayable on demand.

20. 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, Sector-2, HSR Layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

PACIFIC LOGISTICS LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 MARCH 2016

PACIFIC LOGISTICS LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

	2016		2015	
	£	£	£	£
Turnover				
Handling and transport		-		-
Storage		-		6,424
Shipping handling		-		-
				6,424
Cost of revenue				
Wages and salaries	-		11,430	
Employer's NI contributions	-		603	
Temporary staff	-		50	
Carriage inwards and import duty	(1,100)		-	
Hire of plant and machinery	-		3,973	
Motor expenses re delivery	-		492	
Waste collection	-		4,276	
Depreciation on plant and machinery	-		6,311	
		1,100		(27,135)
Gross profit		1,100		(20,711)
Administrative expenses		(8,203)		(73,271)
Operating loss		(7,103)		(93,982)
Finance costs				
Bank interest paid	-		359	
		-		(359)
Loss before taxation		(7,103)		(94,341)

PACIFIC LOGISTICS LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2016

	2016 £	2015 £
Administrative expenses		
Rates	-	27,467
Insurance	731	5,349
Light and heat	-	13,860
Repairs and maintenance	(611)	21,913
Printing, postage and stationery	96	2,151
Telephone	(86)	1,284
Motor running expenses	-	1,888
Travelling expenses	-	1,181
Audit fees	4,475	5,000
Non audit fees	-	3,225
Bank charges	304	737
Exchange difference	3,294	(32,070)
Depreciation on plant and equipment	-	1,215
Depreciation on motor vehicles	-	51
(Loss) / Profit on disposal of properties, plant and equipment	-	20,020
	8,203	73,271

Company Registration No. 09390969 (England and Wales)

POETIC BRANDS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2016

UHY Hacker Young
Chartered Accountants

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 PERIOD ENDED 31 MARCH 2016

The directors present their annual report and the audited financial statements for the period ended 31 March 2016.

Principal activities
The principal activity of the company is import and distribution of garments including selling licencing rights in exchange of royalties.

The company was incorporated on 15 January 2015 and started trading on 1 June 2015.

Results and dividends
The results for the period are set out on page 6.

The directors do not recommend the payment of a dividend for the period.

Directors
The following directors have held office since 15 January 2015:

Mr Anuj Banaik	(Appointed 15 January 2015)
Mrs Payel Seth	(Appointed 15 January 2015)
Mr Elliot Francis Matthews	(Appointed 15 January 2015)

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.

POETIC BRANDS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

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

Banaik

Mr Anuj Banaik
Director

20/05/2016

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

POETIC BRANDS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

POETIC BRANDS LIMITED

FOR THE PERIOD ENDED 31 MARCH 2016

We have audited the financial statements of Poetic Brands Limited for the period ended 31 March 2016, which comprise the income statement, the statement of financial position, the 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 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 (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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2016 and of its loss for the period 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 our audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the 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.

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

POETIC BRANDS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

POETIC BRANDS LIMITED (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2016

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

23/5/2016

Chartered Accountants
Statutory Auditor

POETIC BRANDS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2016

	Notes	Period ended 31 March 2016 £
Continuing operations		
Revenue	4	180,964
Cost of revenue		196,883
Gross loss		(15,919)
Operating expenses		
Administration expenses		(13,458)
Operating loss	5	(29,377)
Finance costs	7	-
Loss before taxation		(29,377)
Taxation	8	-
Loss for the financial period	14	(29,377)

None of the company's activities were discontinued in the period.

There are no other comprehensive income and expenses, other than those passing through the income statement.

The notes on pages 10 to 22 form part of these financial statements.

POETIC BRANDS LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	Notes	2016 £
Current assets		
Trade and other receivables	9	213,733
Cash and cash equivalents		110,884
		324,617
Total assets		324,617
Current liabilities		
Trade and other payables	10	(71,190)
		(71,190)
Net current assets		253,427
Non current liabilities		
Borrowings	11	(232,804)
		(232,804)
Total liabilities		(303,994)
Net assets		20,623
Shareholders' equity		
Share capital	13	50,000
Retained earnings	14	(29,377)
Total equity		20,623

The financial statements were approved by the board of directors and authorised for issue on 20/05/2016 and were signed on its behalf by:

Mr Anuj Banaik
Director

Company registration no. 09390969

The notes on pages 10 to 22 form part of these financial statements.

POETIC BRANDS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2016

	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 31 March 2016	**50,000**	**(29,377)**	**20,623**

The notes on pages 10 to 22 form part of these financial statements.

POETIC BRANDS LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2016

	Notes	2016 £
Cash flows from operating activities		
Cash generated from operations	15	60,884
Net cash generated from operating activities		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		110,884
Net increase in cash and cash equivalents		110,884
Cash and cash equivalents at the start of the period		-
Cash and cash equivalents at the end of the period		110,884

	2016 £
Cash and cash equivalents comprise:	
Cash at bank and in hand	110,884

The notes on pages 10 to 22 form part of these financial statements.

POETIC BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2016

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
Annual improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 1: Disclosure Initiative	1 January 2016
IFRS 9 Financial Instruments (2014)	1 January 2018
Amendments to IAS 7: Disclosure Initiative	1 January 2017
IFRS 16 Leases	1 January 2019

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 period.

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:

	2016 £
United Kingdom	180,964
	180,964

5. Operating loss

	2016
	£
Operating loss has been arrived at after charging:	
Staff costs (see note 6 below)	6,144
Loss / (Profit) on foreign exchange transactions	1,759

Auditor remuneration

During the period, the company obtained the following services from the company's auditor and its associates:

	2016
	£
Fees payable to the company's auditor:	
Audit of annual financial statements	3,500

6. Staff numbers and costs

	2016
	£
Employee costs include:	
Staff wages and salaries	5,481
Social security costs	663
	6,144

The average number of employees (including directors) during the period was:

	2016
	Number
Management and administration	1
	1

Directors' emoluments

Emoluments for qualifying services	-

7. Finance costs

	2016 £
Interest on bank overdrafts	-
	-

8. Taxation for the period

Income tax expense

	2016 £
Current tax expense	
UK corporation tax	-
	-
Deferred tax:	
Origination and reversal of temporary differences	-
Income tax expense	-
Reconciliation of current tax expenses to accounting loss:	
Loss before taxation	(29,377)
Notional taxation charge at the UK corporation tax rate of 20%	(5,875)
Tax effects of:	
Depreciation in excess of capital allowances	-
Other tax adjustments	(5,875)
Total current tax charge for the period	-

9. Trade and other receivables

	2016
Current assets	**£**
Trade receivables	
Other receivables	72,947
Prepayments	30,000
	110,786
	213,733

As at 31 March 2016, 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. 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.

10. Trade and other payables

	2016
	£
Trade payables	50,347
Other payables	6,000
Social security and other taxes	2,354
VAT liability	8,989
Accruals and deferred income	3,500
	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

	2016
	£
Loan from related party (note 18)	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. Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2016 £
Deferred tax assets	-

The gross movement on the deferred tax account is as follows:

	2016 £
At the start of the period	-
Movement during the period	-
At the end of the period	-

The movement in deferred income tax assets during the period is as follows:

	Decelerated tax depreciation £
At 15 January 2015	-
Movement during the period	-
At 31 March 2016	-

13. Share capital

	2016
Issued and fully paid	**£**
10,000 Ordinary shares of £1 each	50,000

14. Retained earnings

	2016
	£
Balance at the start of the period	-
Net loss for the period	(29,377)
Balance at the end of the period	(29,377)

15. **Notes to the cash flow statement**

	2016
	£
Cash flows from operating activities	
Loss from operations	(29,377)
Operating cash outflow before working capital	(29,377)
(Increase) in receivables	(213,733)
Increase in payables	303,994
Cash generated from operations	60,884

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.

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 2016, the company held cash and cash equivalents of £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.

18. Related party transactions

During the period, the company entered into the following transactions with related parties:

	Revenue		Purchases/expenses		Amounts owed by related parties		Amounts owed to related parties	
	2016	2015	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£	£	£
Global Textile Group Limited, Mauritius	-	-		-	-	-	232,804*	-

The immediate parent company of Poetic Brands Limited is Poeticgem Limited.

Poeticgem Limited is a wholly owned subsidiary of Global Textile Group Limited.

* These loans are interest free and repayable on demand.

19. 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, Sector-2, HSR Layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

POETIC BRANDS LIMITED

MANAGEMENT INFORMATION

FOR THE PERIOD ENDED 31 MARCH 2016

POETIC BRANDS LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 MARCH 2016

		2016
	£	**£**
Turnover		
Sales		180,964
		180,964
Cost of revenue		
Cost of goods sold	195,601	
Carriage inward	1,282	
		(196,883)
Gross loss		(15,919)
Administrative expenses		(13,458)
Operating loss		(29,377)
Loss before taxation		(29,377)

POETIC BRANDS LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE PERIOD ENDED 31 MARCH 2016

	2016
	£
Administrative expenses	
Employers NI Contributions	663
Salaries and Wages	5,481
Advertising	455
Profit/ Loss on exchange	1,759
Audit fees	3,500
Legal and professional fees	1,550
Bank charges	50
	13,458

Auditors' Report & Financial Statements

of

Multinational OSG Services Bangladesh Pvt. Ltd.

For the Year ended March 31, 2016

SHUBHANKAR & CO.
Chartered Accountants

Plot # 6 (5th Floor), Road # 7
Block # C, Niketan, Gulshan-1
Dhaka-1212, Bangladesh.
Phone : +880-2-9880112
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Independent Auditors' Report
to the Board of Directors of Multinational OSG Services Bangladesh Pvt. Ltd.

We have audited the accompanying Financial Statements of Multinational OSG Services Bangladesh Pvt. Ltd. consisting of Statement of Financial Position as at March 31, 2016 together with notes, accounting policies and other explanatory information thereto.

The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the Bangladesh Standards on Auditing (BSA). These 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 and judgments made by the management, as well as evaluating the overall presentation of financial statements. We have assessed the accounting principles, policies, estimates used and judgments made by the management. We believe that the audit evidence we have obtained is sufficient to provide a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), present fairly the state of Company's affairs as of March 31, 2016 and comply with the Companies Act, 1994 and other applicable laws and regulations;

Dhaka,
April 19, 2016

Shubhankar & Co.
Chartered Accountants

Multinational OSG Services Bangladeh Pvt. Ltd.

Statement of Financial Position

As at 31 March, 2016

CAPITAL & LIABILITIES	Note	At 31/03/2016 Taka	At 31/03/2015 Taka
Authorized Capital			
Authorized Capital, 100,000 Ordinary shares of Taka 100 easch		10,000,000	10,000,000
ssued, Subscribed and Paid up Capital	**3.02**	1,000,000	1,000,000
10,000 Ordinary shares of Taka 100 each fully paid.			
Share Money Deposit	**3.03**	500	500
		1,000,500	**1,000,500**
Total Taka			
PROPERTY & ASSET			
Deffered Revenue Expenses	**4:00**	131,465	2,650
Preliminary Expenses	**5:00**	156,100	156,100
Cash in Hand & at Bank	**6:00**	712,935	841,750
		1,000,500	**1,000,500**
Total Taka			

This should be read in conjunction with the annexed Notes.

Managing Director,
Multinational OSG Services Bangladesh Ltd.

Dated: Dhaka
19 April, 2016

Shubhankar & Co.
Chartered Accountants

SHUBHANKAR & CO. Sense redefined simply Going Beyond Borders Chartered Accountants

Multinational OSG Services Bangladeh Pvt Ltd.
Notes of the Statement of Financial Position
as at March 31, 2016

Note 1.00 **Organization Background and Activities**

Note 1.01

Multinational OSG Services Bangladesh was incorporated under the Companies Act, 1994 as a Private Limited Company by shares vide Registration No. C-113829/14 dated February 2, 2014 having prime objectives of carrying on the business as manufacturers, processors, traders,importers, exporters, buyers, sellers, marketers, showroom owners, general commission agent, dealers, distributors, brokers, wholesalers, retailers, exchangers, franchise traders, stockists, jobbers, fabricators or otherwise deal in all kinds of garments etc.

Note 1.02 This is the first financial statements of the company and the company has not yet commenced its operations for which the Income Statement is not prepared. The day to day spending incurred to carry out other recurring activities had been shown under head, Deferred Revenue Expenses.

Note 2.00 **Financial Reporting and Accounting Principles**

Note 2.01

Basis of Preparation : The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

Note 2.02

Basis of recording and acounting : The accounts are maintained under accrual basis of accounting along with complying with historical cost basis of accounting.

Note 2.03 **Others:**

Figures have been rounded off to the nearest Taka.

Note 3.00 **Share Capital**

Note 3.01 **Authorized Capital** **Tk. 10,000,000**

The Authorized Capital of the Company is Taka 10,000,000 (Taka one crore) only divided into 100,000 ordinary shares of Taka 100 (Taka one hundred) each.

Note 3.02 **Issued, Subscribed and Paid up Capital** **Tk.1,000,000**

This represents the sum received on account of 1,600 Ordinary Shares of Tk. 100 each held by the shareholders in the following manner :

Name of Shareholders	Shares	Taka
1. Multinationl OSG Services Bangladeh Pvt Ltd.	9,700	970,000
2. Mr. Carlos Maurice Coene	100	10,000
3. Md. Shahed Mahmud	100	10,000
4. Mr. Pallak Seth	100	10,000
	10,000	**1,000,000**

SHUBHANKAR & CO. Sense redefined Simply Go beyond Borders Chartered Accountants

Note 3.03 Share Money Deposit **TK.500**

This is the residual amount after converting the share money deposit into share capital.

Note 4.04 Deferred Revenue Expenses

This represents the aggregate sum of expenditure incurred prior to starting of company's commercial activities, the make-up whereof is as under.

	At 31/03/2016	At 31/03/2015
Bank service charges	3,690	2,500
Legal & Professional Charges	120,750	0
Government Fees	6,530	0
Excise duty	495	150
	131,465	**2,650**

Note 5.00 Preliminary Expenses **TK. 156100**

These expenses are legal and secretarial costs, expenditure to open a new facility of business (pre-organization costs).

	At 31/03/2016	At 31/03/2015
Note 6.00 Cash in hand & at Bank:	**TK. 712,935**	**TK. 841,750**

The make-up of the sum is as under:

Cash in Hand	-	-
Cash at Bank- National Bank Ltd.	712,935	841,750
	712,935	**841,750**

SHUBHANKAR & CO. Chartered Accountants

AUDITOR'S REPORT

&

AUDITED FINANCIAL STATEMENTS

OF

PROGRESS APPARELS (BANGLADESH) LIMITED

AS AT 31 MARCH 2016

A. QASEM & Co.

Chartered Accountants Since 1953

A member firm of
Ernst & Young Global Limited

EY
Building a better
working world

AUDITOR'S REPORT
&
AUDITED FINANCIAL STATEMENTS
OF
PROGRESS APPARELS (BANGLADESH) LIMITED

AS AT 31 MARCH 2016

A. QASEM & Co.
Chartered Accountants Since 1953

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Phone: 880-2-8881824-6
Fax : 880-2-8881822
E-mail : aqasem@aqcbd.com

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 2016 which comprise the statement of financial position as at 31 March 2016, 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 2016, and of its financial performance for the period 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.

A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
May 14, 2016

Progress Apparels (Bangladesh) Limited
Statement of Financial Position
As at 31 March 2016

	Notes	2016 Amounts in BDT
Assets		
Non-current assets		
Fixed assets	4.00	14,872,896
		14,872,896
Current assets		
Advances, deposits and prepayments	5.00	3,332,656
Cash and cash equivalents	6.00	5,793,885
		9,126,541
Total assets		**23,999,437**
Shareholders' equity & liabilities		
Shareholders' equity		
Share capital	7.00	4,009,200
Retained earnings		(2,925,393)
		1,083,807
Liabilities		
Current liabilities		
Other payables	8.00	553,939
Inter company payables	9.00	22,361,691
		22,915,630
Total shareholders' equity & liabilities		**23,999,437**

FOOTNOTES:
1. Auditors' Report - Page 1.
2. The accompanying notes form an integral part of these financial statements.

Managing Director

Director

Dated, Dhaka
May 14, 2016

A. Qasem & Co
Chartered Accountants

Progress Apparels (Bangladesh) Limited
Statement of Profit or Loss and other Comprehensive Income
For the period from 12 July 2015 to 31 March 2016

	Notes	2016 Amount in BDT
Revenue		
Export sales		-
Less: Cost of good sold		-
Gross profit		-
Other operating income		-
		-
Operating expenses		
General & administrative expenses		2,925,393
		2,925,393
Operating profit/ (loss)		**(2,925,393)**
Financial income		-
Profit/ (loss) before tax		**(2,925,393)**
Income tax expenses		-
Profit/ (loss) before tax		**(2,925,393)**
Other comprehensive income		-
Total comprehensive income		**(2,925,393)**

FOOTNOTES:

1. Auditors' Report - Page 1.
2. The accompanying notes form an integral part of these financial statements.

Managing Director

Director

Dated, Dhaka
May 14, 2016

A. Qasem & Co
Chartered Accountants

Progress Apparels (Bangladesh) Limited
Statement of Cash Flows
For the period from 12 July 2015 to 31 March 2016

	2016 Amount in BDT
Cash flows from operating activities	
Profit/ (loss) before tax	(2,925,393)
(Increase)/decrease in current assets	**(3,332,656)**
Increase in advances, deposits and prepayments	(3,332,656)
Increase/(decrease) in current liabilities	**22,915,630**
Increase in other payable	553,939
Increase in inter company payable	22,361,691
Cash generated from operating activities	**16,657,581**
Direct tax	-
Net cash flows from operating activities	**16,657,581**
Cash flows from investing activities	
Payment for capital work in progress	(14,872,896)
Net cash used in investing activities	**(14,872,896)**
Cash flows from financing activities	
Share capital	4,009,200
Net cash generated by financing activities	**4,009,200**
Net change in cash and cash equivalents	**5,793,885**
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	**5,793,885**
Represented by:	
Cash in hand	215,916
Cash at bank	5,577,969
	5,793,885

Managing Director

Director

Dated, Dhaka
May 14, 2016

A. Qasem & Co
Chartered Accountants

Progress Apparels (Bangladesh) Limited
Statement of Changes in Shareholder's Equity
For the period from 12 July 2015 to 31 March 2016

Amounts in BDT

Particulars	Share capital	Retained earnings	Share money deposits	Total
Addition during the period				
Share capital	4,009,200	-	-	4,009,200
Share money deposit	-	-	-	-
Total comprehensive income for the year	(2,925,393)	-	-	(2,925,393)
Balance as at 31 March 2016	**1,083,807**	**-**	**-**	**1,083,807**

Managing Director

Director

Dated, Dhaka
May 14, 2016

A. Qasem & Co
Chartered Accountants

Progress Apparels (Bangladesh) Limited
Notes to the financial statements
For the period from 12 July 2015 to 31 March 2016

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 proposed to be located at Iswardi EPZ, Plot No. 100-104 & 118-120, Iswardi, Pabna.

1.02 Nature of business

The principal activity of the Company is to set up Garments Manufacturing Factory and Export Garments to all over the world from Bangladesh.

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 (Taka/Tk), which is the Company's functional currency. Financial information presented in Taka have been rounded off to the nearest Taka.

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 year of the Company covers from 12 July 2015 to 31 March 2016.

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

As the company incorporated on 12 July 2015, there are no comparative information for the year end 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
ii) Statement of profit or loss and other comprehensive income
iii) Statement of changes in shareholder's equity
iv) Statement of cash flows
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 Bangladesh Taka 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.

		Notes	As at 31 March 2016 Amounts in BDT
4.00	**Capital work in progress**		
	Opening balance		-
	Addition during the period	4.01	17,798,289
			17,798,289
4.01	**Addition during the period**		
	Pre-operative design and development cost		14,171,026
	Pre-operative land development expenses		431,303
	Computer peripherals		249,567
	Furniture & fixtures		21,000
			14,872,896
5.00	**Advances, deposits and prepayments**		
	Security deposit-rent		1,559,250
	Advances to employees		273,406
	Advance to others		1,500,000
			3,332,656
6.00	**Cash and cash equivalents**		
	Cash in hand		215,916
	Cash at bank	6.01	5,577,969
			5,793,885
6.01	**Cash at bank**		
	Commercial Bank of Ceylon- BDT		4,082,895
	Commercial Bank of Ceylon- USD		1,495,074
			5,577,969

7.00 Share capital

Authorized capital

1,00,000 Ordinary Shares of Taka 100 each	**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**

Shareholding position as at 31 March 2016 was as follows:

Paid up capital	Shares held	Value in BDT
Multinational Textile Group Ltd.	40,091	4,009,100
Md. Shahed Mahmud	1	100
	40,092	**4,009,200**

8.00	**Other payables**	
	Professional fees	132,825
	Pre operative salary	260,613
	Liability to others	136,283
	TDS & VDS payable	24,218
		553,939
9.00	**Inter company payables**	
	Progress Manufacturing Group Limited.	22,175,624
	Norwest Industries Limited Hongkong	186,067
		22,361,691

		Notes	For the period ended 31 March 2016 Amounts in BDT
10.00	**General & administrative expenses**		
	Bank charges		5,456
	Business promotion expenses		117,000
	Communication expenses		23,512
	Conveyance expenses		98,717
	Entertainment		16,761
	Consultancy fees		132,825
	Government fees		278,830
	Legal & professional charges		111,406
	Miscellaneous expenses		22,000
	Office expenses		17,170
	Overseas travel		204,807
	Printing & stationery		3,321
	Recruitment expenses		526,253
	Rent		841,722
	Salary-foreign		334,565
	Salary - local		31,048
	Company formation expenses		160,000
			2,925,393

11.00 Employee information

The company has 2 salaried employee as on 31 March 2016. All permanent employees receive total remuneration in excess of BDT 36,000 per annum.

12.00 Related party disclosure

Name of the parties	Type of relation	Amounts in BDT
Progress Manufacturing Group Limited.	Associate Company	22,175,624
Norwest Industries Limited Hongkong	Associate Company	186,067

13.00 Events after the reporting period

No significant event has been occurred after the reporting period to the date of signing of the financial statements to be considered for inclusion.

Managing Director

Director

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 period from July 17, 2015 (Date of Incorporation) to March 31, 2016.

PRINCIPAL ACTIVITY

The Company has not yet commenced business during the period.

RESULTS AND APPROPRIATIONS

The results of the Company for the period are set out in the statement of comprehensive income on page 5.

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 period.

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 July 17, 2015)
Deepak Kumar SETH	(Appointed on July 17, 2015)

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 period or at any time during the period.

PROGRESS MANUFACTURING GROUP 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.

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.

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).

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 19, 2016.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

LOUIS K.M. LAI FCCA CPA (PRACTISING) 黎劍民會計師
LUK WING HAY FCCA CPA (PRACTISING) 陸永熙會計師

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柯士甸道140至142號
瑞信集團大廈九樓

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
PROGRESS MANUFACTURING GROUP LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Progress Manufacturing Group Limited (the "Company") set out on pages 5 to 19, which comprise the statement of financial position as at March 31, 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from July 17, 2015 (Date of Incorporation) to March 31, 2016, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with sections 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. 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 control relevant to the entity's preparation of financial statements that give a true and fair view 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 the 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.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

LOUIS K.M. LAI FCCA CPA (PRACTISING) 黎劍民會計師
LUK WING HAY FCCA CPA (PRACTISING) 陸永熙會計師

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瑞信集團大廈九樓

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBER OF
PROGRESS MANUFACTURING GROUP LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2016 and of the Company's financial performance and cash flows for the period from July 17, 2015 (Date of Incorporation) to March 31, 2016 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong,

PROGRESS MANUFACTURING GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM JULY 17, 2015 (DATE OF INCORPORATION) TO MARCH 31, 2016

	NOTES	HK$
TURNOVER	(2m)	-
OPERATING EXPENSES		(67,712)
LOSS BEFORE TAXATION	(6)	(67,712)
TAXATION	(9)	-
LOSS FOR THE PERIOD		(67,712)
OTHER COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(67,712)

THE NOTES ON PAGES 9 TO 19 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

SACB Holdings Limited

Corporate data

Directors:	Deepak Kumar Seth Payel Seth Pallak Seth Jayechund Jingree Dr. Kevin Yasheel Jingree (as alternate to Jayechund Jingree) Sushil Kumar Jogoo
Company secretary:	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 2016.

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 6.

The directors do not recommend the payment of a dividend for the year under review (2015: 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 2016

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 **KROSS BORDER CORPORATE SERVICES LIMITED**
Company secretary

Date:………………………………

(Auditors' Report-not included)

SACB Holdings Limited

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2016

	Note	**2016 USD**	2015 USD
Revenue		**-**	-
Expenses		**(14,013)**	(14,534)
Loss before taxation		**(14,013)**	(14,534)
Taxation	6	**-**	-
Loss for the year		**(14,013)**	(14,534)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(14,013)**	(14,534)

The notes on pages 10 to 28 form part of these financial statements

SACB Holdings Limited

Statement of financial position
at 31 March 2016

	Note	**2016 USD**	2015 USD
Assets			
Non-current assets			
Investments in associate	7	**800,069**	800,069
Receivables	8	**-**	218,142
Total non-current assets		**800,069**	1,018,211
Other receivables	9	**1,570,781**	758,140
Cash and cash equivalents		**6,971**	33
Total current assets		**1,577,752**	758,173
Total assets		**2,377,821**	1,776,384
Equity			
Stated capital	10	**50,000**	50,000
Revenue deficit		**(64,537)**	(50,524)
Total shareholder's deficit		**(14,537)**	(524)
Liabilities			
Non-current liabilities			
Loan from holding company	11	**-**	1,517,239
Total non-current liabilities		**-**	1,517,239
Current liabilities			
Other payables	12	**57,478**	58,007
Loan from holding company	11	**2,334,880**	201,662
Total current liabilities		**2,392,358**	259,669
Total liabilities		**2,392,358**	1,776,908
Total equity and liabilities		**2,377,821**	1,776,384

The financial statements have been approved by the Board of Directors on ………………… …and signed on its behalf by:

............................………......   ....……..........................
Director   *Director*

The notes on pages 10 to 28 form part of these financial statements

SACB Holdings Limited

Statement of changes in equity
for the year ended 31 March 2016

	Stated capital USD	Revenue deficit USD	Total Shareholder's deficit USD
Balance at 01 April 2014	50,000	(35,990)	14,010
Total comprehensive loss for the year			
Loss for the year	-	(14,534)	(14,534)
Other comprehensive income	-	-	-
Balance at 31 March 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)**

The notes on pages 10 to 28 form part of these financial statements

SACB Holdings Limited

Statement of cash flows
for the year ended 31 March 2016

	2016 USD	2015 USD
Cash flows from operating activities		
Loss for the year	**(14,013)**	(14,534)
Change in:		
Other receivables	**-**	-
Other payables	**(529)**	3,124
Net cash used in operating activities	**(14,542)**	(11,410)
Cash flows from financing activities		
Loan received from holding company	**615,980**	80,200
Loan to associate	**-**	(71,500)
Net cash from financing activities	**615,980**	8,700
Cash flows from investing activities		
Repayment of loan from related party	**(594,500)**	-
Net cash from investing activities	**(594,500)**	-
Net increase/ (decrease) in cash and cash equivalents	**6,938**	(2,710)
Cash and cash equivalents at beginning of year	**33**	2,743
Cash and cash equivalents at end of year	**6,971**	33

The notes on pages 10 to 28 form part of these financial statements

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.

<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 ending 31 March 2016 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)

   <u>Measurement of fair values</u>

   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 2015.

   Annual Improvements to IFRSs 2010 – 2012 Cycle and 2011 – 2013 Cycle

   The Company has applied the amendments to IFRSs included in the Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle for the first time in the current year. One of the annual improvements requires entities to disclose judgements made by management in applying the aggregation criteria set out in paragraph 12 of IFRS 8 Operating Segments. The application of the other amendments has had no impact on the disclosures or amounts recognised in 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.

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)

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
Disclosure initiative (Amendments to IAS 1)	01 January 2016
Sale or contribution of assets between an investor and its associate or joint venture) Amendments to IFRS 10 and IAS 28	01 January 2016
Investment entities: Applying the consolidation exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	01 January 2016
Annual Improvements to IFRSs 2012 – 2014 cycle (Amendments to IFRSs)	01 January 2016

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice.

The directors of the Company do not anticipate that the application of these amendments to IAS 1 will have a material 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 (continued)

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. The directors of the Company anticipate that the application of these amendments to IFRS 10 and IAS 28 may have an impact on the Company's financial statements in future periods should such transactions arise.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10, IFRS 12 and IAS 28 clarify that the exemption from preparing financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

The directors of the Company do not anticipate that the application of these amendments to IFRS 10, IFRS 12 and IAS 28 will have a material impact on the Company's financial statements as the Company is not an investment entity and does not have any holding company, subsidiary, associate or joint venture that qualifies as an investment entity.

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 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held-for-distribution accounting is discontinued.

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)

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 amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

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. **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.

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

(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.

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.

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

(c) *Taxation (continued)*

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 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

(i) 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.

	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							
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)

(a) Accounting classifications and fair values (continued)

31 March 2015	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							
Receivables	218,142	-	218,142	-	-	-	-
Other receivables	757,462	-	757,462				
Cash and cash equivalents	33	-	33	-	-	-	-
	975,637	-	975,637	-	-	-	-
Financial liabilities not measured at fair value							
Loan from holding company	-	(1,718,901)	(1,718,901)	-	-	-	-
Other payables	-	(58,007)	(58,007)	-	-	-	-
	-	(1,776,908)	(1,776,908)	-	-	-	-

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	
	2016	2015
	USD	USD
Receivables	**-**	218,142
Other receivables	**1,570,781**	757,462
Cash and cash equivalents	**6,971**	33
	1,577,752	975,637

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 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**

SACB Holdings Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2016

5. **Financial risk management (continued)**

Liquidity risk (continued)

	Within One year USD	One to five years USD	Total USD
Year ended March 2015			
Financial liabilities			
Loan from holding company	201,662	1,517,239	1,718,901
Other payables	58,007	-	58,007
Total financial liabilities	259,669	1,517,239	1,776,908

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.

	2016 USD	2015 USD
Current year income tax	**-**	-
Reconciliation of effective tax		
Loss before taxation	**(14,013)**	(14,534)
Income tax at 15%	**(2,102)**	(2,180)
Foreign tax credit	**1,681**	1,744
Deferred tax asset not recognised	**421**	436
Income tax payable	**-**	-

7. **Investments in associate**

Investments consist of unquoted shares

	2016	2015
	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. **Receivables**

	2016	2015
	USD	USD
Unsecured, interest free loan with no fixed repayment terms	**-**	218,142
	========	========

9. **Other receivables**

	2016	2015
	USD	USD
Prepaid expenses	**677**	678
Loan to associate	**1,570,104**	757,462
	--------------	--------------
	1,570,781	758,140
	========	========

The above loan is unsecured, interest free and repayable on demand.

10. **Stated capital**

	2016	2015
	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.

11. **Loan from holding company**

	2016	2015
	USD	USD
Non current liability		
Unsecured, interest free loan with no fixed repayment terms (see note below)	**-**	1,517,239
	========	========
Note: The above loan is not expected to be repaid within the next twelve months.		
Current liability		
Unsecured, interest free loan with no fixed repayment terms	**2,334,880**	201,662
	========	========

12. **Other payables**

	2016	2015
	USD	USD
Accrued expenses	**4,970**	4,275
Other payables	**52,508**	53,732
	--------------	--------------
	57,478	58,007
	========	========

13. **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.

		2016	2015
		USD	USD
Transactions during the year:	*Nature*		
Loan to associate – GWD Enterprise Limited	Loan given	**(812,642)**	(71,500)
Loan from holding company – Multinational Textile Group Limited	Loan received	**2,133,217**	80,200
Repayment of loan to related party – Transnational Textile Group Limited	Amount repaid	**-**	-
Repayment of loan by related party – FG4 Limited	Amount repaid	**218,142**	-
		========	========

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

Balances outstanding at 31 March:			
Loan from holding company - Multinational Textile Group Limited	Loan payable	**2,334,880**	1,718,901
Loan to associate - GWD Enterprise Limited	Loan receivable	**1,570,104**	757,462
Loan to related party – FG4 Limited	Loan receivable	**-**	218,142
		========	========

14. **Compensation to key management personnel**

The Company did not pay any compensation to its key management personnel during the year. (2015: Nil).

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. **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.

17. **Going concern**

The Company incurred a loss of USD 14,013 for the year ended 31 March 2016 (2015: USD 14,534) and as of that date, the Company's total liabilities exceeded its total assets by USD 14,537 (2015: USD 524). 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.

18. **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 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 after reporting date**

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

SACB Holdings Limited

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2016

	2016 USD	2015 USD
Revenue	**-**	-
Expenses		
Accounting and audit fees	**4,950**	4,700
Administration charges	**4,315**	3,406
Professional fees	**2,315**	2,925
License fees	**2,070**	2,070
Bank charges	**363**	760
Telephone, fax and courier charges	**-**	560
Sundries	**-**	113
	14,013	14,534
Loss before taxation	**(14,013)**	(14,534)

SACB Holdings Limited

Financial statements
for the year ended 31 March 2016

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PROGRESS MANUFACTURING GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	NOTES	HK$
Current Assets		
Amount due from a fellow subsidiary	(11)	2,236,308
Prepayment		99,747
Bank balances		325,090
		2,661,145
Current Liabilities		
Amount due to immediate holding company	(12)	778,000
Amount due to fellow subsidiaries	(12)	1,869,057
Accrued expenses		4,000
		2,651,057
NET ASSETS		10,088
EQUITY		
Share capital	(13)	77,800
Retained earnings		(67,712)
TOTAL EQUITY		10,088

APPROVED BY THE BOARD OF DIRECTORS ON MAY 19, 2016 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH
Director

Pallak SETH
Director

THE NOTES ON PAGES 9 TO 19 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PROGRESS MANUFACTURING GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM JULY 17, 2015 (DATE OF INCORPORATION) TO MARCH 31, 2016

	Share Capital	Accumulated Losses	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

THE NOTES ON PAGES 9 TO 19 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PROGRESS MANUFACTURING GROUP LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM JULY 17, 2015 (DATE OF INCORPORATION) TO MARCH 31, 2016

	HK$
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before taxation and operating loss before working capital changes	(67,712)
Increase in amount due from a fellow subsidiary	(2,236,308)
Increase in prepayment	(99,747)
Increase in amount due to immediate holding company	778,000
Increase in amount due to fellow subsidiaries	1,869,057
Increase in accrued expenses	4,000
Cash generated from operations and net cash generated from operating activities	247,290
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	325,090
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	325,090

THE NOTES ON PAGES 9 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 Company's financial statements.

In 2016, the Company adopted the new and revised HKFRSs below, which are relevant to its operations.

• Amendments to HKAS19	Defined Benefit Plans: Employee Contributions
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
• Amendments to HKAS 1	Disclosure Initiative
• Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
• Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
• Amendments to HKAS 27	Equity Method in Separate Financial Statements
• Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
• Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

   a. Basis of Preparation (Cont'd)

   The adoption of the above HKFRSs has had no material impact on the principal accounting policies of the Company and the methods of computation in the Company's financing statements.

   b. Impact of issued but not yet effective HKFRSs

   The Company has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

   - HKFRS 9 — Financial Instruments (1)
   - HKFRS 15 — Revenue from Contracts with Customers (1)
   - Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (2)

   Notes:

   (1) Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
   (2) Effective for annual periods beginning on or after a date to be determined.

   The directors anticipate that all of the above new and revised standards, amendments or interpretations will be adopted in the Company's financial statements for the period commencing April 1, 2016 and that the adoption of those new and revised standards, amendments or interpretations will have no material impact on the financial statements of the Company.

   c. 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)

d. 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.

e. Financial Assets

The Company's financial assets are only classified under loans and receivables category.

f. 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.

g. 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.

h. 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.

i. 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)

j. 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.

k. 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.

l. Turnover

The Company had no turnover during the period.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

m. 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)

n. 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	HK$
Loss before taxation is stated after charging:	
Exchange differences, net	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:

	HK$
Emoluments:	
Acting as directors	-
Provision for management services	-
	-

(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:

	HK$
Auditor's remuneration	4,000
Auditor's expenses	-
	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

	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 July 17, 2015. On the date of incorporation, 10,000 ordinary share of US$1 each was issued to the subscriber at par to provide initial working capital of the Company.

12. SHARE CAPITAL (CONT'D)

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$) 2016
	USD
Prepayment	99,747
Bank and cash balances	267,655
Net exposure arising from recognised assets and liabilities	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.

	Increase	Decrease
	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	HK$
Global Textiles Group Ltd., Mauritius	Fellow subsidiary	- Management fees	260,957

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 19, 2016.

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PROGRESS MANUFACTURING GROUP LIMITED
DETAILED INCOME STATEMENT
FOR THE PERIOD FROM JULY 17, 2015
(DATE OF INCORPORATION) TO MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

	HK$
OPERATING EXPENSES	
Auditors' remuneration	4,000
Bank charges	3,213
Business registration fee	2,250
Design consultancy fee	46,680
Courier expenses	324
Formation expenses	6,920
Legal and professional fee	3,800
Printing & Stationery	170
Exchange difference, net	175
Travelling expenses	180
	67,712
LOSS BEFORE TAXATION	(67,712)

PROGRESS MANUFACTURING GROUP LIMITED

AUDIT ADJUSTMENTS

FOR THE PERIOD FROM JULY 17, 2015 (DATE OF INCORPORATION) TO MARCH 31, 2016

	A/C code		Dr.	Cr.	Effect on Statement of Comprehensive Income
			HK$	HK$	HK$
1.	15000200	Payable-Group	410,748.92		
	7210	Progress Apparels (Bangladesh) Ltd	2,236,307.94		
	1100	Multinational Textile Group Limited		778,000.00	
	1200	Global Textiles Group Limited		71,225.90	
	2200	Norwest Industries Limited		1,451,170.88	
	2800	Zamira Fashions Limited		346,660.08	
	Being reclassification of accounts (group payable)				
2.	54000500	Auditors' remuneration	4,000.00		(4,000.00)
	16000900	Audit Fees Payable		4,000.00	
	Being provision for auditors' remuneration for the period				
3.		Formation fee	6,920.00		
	54002000	Rates & Taxes (Local)/Regn Fees		1,720.00	
	54000000	Legal & Professional Charges		5,200.00	
	Being reclassification of accounts				
	Total effect on Statement of Comprehensive Income				(4,000.00)
	Accumulated losses as per client's financial statements				(63,712.10)
	Accumulated losses as per audited financial statements				(67,712.10)

Approved by:
Progress Manufacturing Group Limited

Director

Lancasters
Chartered Accountants

Global Textiles Group Limited

Financial statements

31 March 2016

INDEPENDENT MEMBER

Global Textiles Group Limited

Financial statements
for the year ended 31 March 2016

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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)
Company Secretary:	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 2016.

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 6.

The directors do not recommend the payment of a dividend for the year under review (2015: 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 26 MAY 2016 Date: 26 MAY 2016

Global Textiles Group Limited

Secretary's certificate
for the year ended 31 March 2016

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.

Adamessa

For and on behalf of **KROSS BORDER CORPORATE SERVICES LIMITED**
Company secretary

Date: 26 MAY 2016

Lancasters
Chartered Accountants

Auditors' report to the shareholder of Global Textiles Group Limited

Report on the Financial Statements

We have audited the financial statements of Global Textiles Group Limited, which comprise the statement of financial position at 31 March 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 the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholder, in accordance with section 205 of the Mauritius Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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' judgement, 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 the internal control relevant to the company'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 company'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.

GGi
INDEPENDENT MEMBER

Lancasters
Chartered Accountants

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

Opinion

In our opinion, the financial statements on pages 6 to 29 give a true and fair view of the financial position of the Company at 31 March 2016 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 Mauritius Companies Act 2001.

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.

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 2016

GGi
INDEPENDENT MEMBER

Global Textiles Group Limited

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2016

		2016 USD	2015 USD
Revenue	6	**3,399,257**	3,862,853
Expenses		**(3,391,925)**	(3,939,908)
Profit/(loss) from operating activities		7,332	(77,055)
Net finance income	7	**32,080**	36,478
Profit/(loss) before taxation		**39,412**	(40,577)
Taxation	8	-	-
Profit/(loss) for the year		**39,412**	(40,577)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**39,412**	(40,577)

The notes on pages 10 to 29 form part of these financial statements

Global Textiles Group Limited

Statement of financial position
at 31 March 2016

		2016 USD	2015 USD
Assets			
Investments in subsidiaries	9	**2,575,935**	2,575,935
Receivables	10	**904,056**	1,404,056
Total non-current assets		**3,479,991**	3,979,991
Other receivables	11	**1,103,111**	323,618
Cash and cash equivalents		**51,808**	30,595
Total current assets		**1,154,919**	354,213
Total assets		**4,634,910**	4,334,204
Equity			
Stated capital	12	**3,987,266**	3,987,266
Revenue reserves		**294,238**	254,826
Total equity		**4,281,504**	4,242,092
Liabilities			
Other payables	13	**15,749**	92,112
Advance from holding company	14	**337,657**	-
Total current liabilities		**353,406**	92,112
Total equity and liabilities		**4,634,910**	4,334,204

Approved by the Board of Directors on 26 MAY 2016 and signed on its behalf by:

Director *Director*

The notes on pages 10 to 29 form part of these financial statements

Global Textiles Group Limited

Statement of changes in equity
for the year ended 31 March 2016

	Stated capital USD	Revenue reserves USD	Total USD
Balance as at 01 April 2014	3,987,266	295,403	4,282,669
Total comprehensive loss for the year			
Loss for the year	-	(40,577)	(40,577)
Balance as at 31 March 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**

The notes on pages 10 to 29 form part of these financial statements

Global Textiles Group Limited

Statement of cash flows
for the year ended 31 March 2016

	2016 USD	2015 USD
Cash flows from operating activities		
Profit/(loss) before taxation	**39,412**	(40,577)
Adjustments for:		
Change in other receivables	**7,125**	59,379
Change in other payables	**(76,363)**	85,593
Net cash from operating activities	**(29,826)**	104,395
Tax refund	-	1,646
	(29,826)	106,041
Cash flows from investing activities		
Acquisition of investments	-	(75,935)
Net cash used in investing activities	-	(75,935)
Cash flows from financing activities		
Advance from holding company	**386,984**	-
Advance to subsidiary	**(335,945)**	-
Advance from subsidiary	**202,324**	-
Repayment to subsidiary	**(202,324)**	-
Net cash from financing activities	**51,039**	-
Movement in cash and cash equivalents	**21,213**	30,106
Cash and cash equivalents at beginning of the year	**30,595**	489
Cash and cash equivalents at end of the year	**51,808**	30,595

The notes on pages 10 to 29 form part of these financial statements

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 2016 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 January 2015.

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

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

Annual Improvements to IFRSs 2010 – 2012 Cycle and 2011 – 2013 Cycle

The Company has applied the amendments to IFRSs included in the Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle for the first time in the current year. One of the annual improvements requires entities to disclose judgements made by management in applying the aggregation criteria set out in paragraph 12 of IFRS 8 Operating Segments. The application of the other amendments has had no impact on the disclosures or amounts recognised in 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
Disclosure initiative (Amendments to IAS 1)	01 January 2016
Sale or contribution of assets between an investor and its associate or joint venture) Amendments to IFRS 10 and IAS 28	01 January 2016
Investment entities: Applying the consolidation exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	01 January 2016
Annual Improvements to IFRSs 2012 – 2014 cycle (Amendments to IFRSs)	01 January 2016

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Company is assessing the potential impact on its financial statements resulting from the 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

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice.

The directors of the Company do not anticipate that the application of these amendments to IAS 1 will have a material impact on the Company's financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. The directors of the Company anticipate that the application of these amendments to IFRS 10 and IAS 28 may have an impact on the Company's financial statements in future periods should such transactions arise.

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)

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10, IFRS 12 and IAS 28 clarify that the exemption from preparing financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

The directors of the Company do not anticipate that the application of these amendments to IFRS 10, IFRS 12 and IAS 28 will have a material impact on the Company's financial statements as the Company is not an investment entity and does not have any holding company, subsidiary, associate or joint venture that qualifies as an investment entity.

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. **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.

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

(a) Foreign currency transactions (continued)

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.

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.

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

(d) *Taxation (continued)*

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 subsidiary*

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.

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) 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.

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.

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

(f) 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: Amount due to shareholder 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.

(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.

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

(h) 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.

(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 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 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)**

(a) Accounting classifications and fair values (continued)

31 March 2015	Carrying amounts: Loans and receivables USD	Carrying amounts: Other financial liabilities USD	Carrying amounts: Total USD	Fair value: Level 1 USD	Fair value: Level 2 USD	Fair value: Level 3 USD	Fair value: Total USD
Financial assets not measured at fair value							
Receivables	1,404,056	-	1,404,056	-	-	-	-
Other receivables	322,940	-	322,940	-	-	-	-
Cash and cash equivalents	30,595	-	30,595	-	-	-	-
	1,757,591	-	1,757,591	-	-	-	-
Financial liabilities not measured at fair value							
Other payables	-	92,112	92,112	-	-	-	-

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.
Ŧ*Interest rate risk*
(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)**

(a) 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 2016 USD	**Financial liabilities 2016 USD**	Financial assets 2015 USD	Financial liabilities 2015 USD
USD	**813,297**	**15,749**	803,932	16,177
GBP	**1,245,000**	**337,657**	953,659	75,935
	2,058,297	**353,406**	1,757,591	92,112

Sensitivity Analysis:

A 10 % strengthening of USD against the GBP at 31st March 2016 would have increased net profit before tax by USD 90,734 (2015: USD 87,772). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in 2015.

Currency	**2016 USD**	2015 USD
GBP	**90,734**	87,772

Similarly a 10% weakening of the USD against the GBP at 31 March 2016 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.

Notes to and forming part of the financial statements
for the year ended 31 March 2016

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:

	2016	2015
	USD	USD
Receivables	**904,056**	1,404,056
Other receivables	**1,102,433**	322,940
Cash and cash equivalents	**51,808**	30,595
	2,058,297	1,757,591

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	**One to five years**	**Total**
31 March 2016	**USD**	**USD**	**USD**
Financial liabilities			
Other payables	**15,749**	-	**15,749**
Advance from holding company	**337,657**	-	**337,657**
	353,406	-	**353,406**
31 March 2015			
Financial liability			
Other payables	92,112	-	92,112

6. Revenue

Revenue consists of:

	2016	2015
	USD	USD
Marketing income	**3,069,219**	3,531,253
Consultancy income	**330,038**	331,600
	3,399,257	3,862,853

7. Net finance income

	2016 USD	2015 USD
Finance income:		
Interest received on loan	**33,608**	36,478
Realised exchange gain	**8,228**	-
Unrealised exchange gain	**6,207**	-
	48,043	36,478
Finance cost:		
Realised exchange loss	**2,268**	-
Unrealised exchange loss	**13,695**	-
	(15,963)	-
Net finance income	**32,080**	36,478

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

	2016 USD	2015 USD
Current year income tax	-	-

Reconciliation of effective taxation

	2016 USD	2015 USD
Profit/(loss) before taxation	**39,412**	(40,577)
Income tax at 15%	**5,912**	(6,086)
Non-allowable expenses	**1,814**	65
Non-taxable income	**(886)**	-
Foreign tax credit	**(5,472)**	4,817
Deferred tax asset not recognised	**(1,368)**	1,204
Income tax payable	-	-

9. Investments in subsidiaries

Investments consist of unquoted shares

	2016 USD	2015 USD
Cost		
At 01 April	**2,575,935**	2,500,000
Addition during the year	**-**	75,935
Balance as at 31 March	**2,575,935**	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

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

	2016 USD	2015 USD
Unsecured, interest free loan with no fixed repayment terms	**1,044,056**	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	1,404,056

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

11. Other receivables

	2016 USD	2015 USD
Unsecured, interest free loan with no fixed repayment terms *(Reclassified from receivables)*	**500,000**	-
Non-trade receivables	**602,433**	322,940
Prepayments	**678**	678
	1,103,111	323,618

12. Stated capital

	2016 USD	2015 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

	2016 USD	2015 USD
Non-trade payables and accrued expenses	**15,749**	92,112

14. Advance from holding company

	2016 USD	2015 USD
Interest free loan and repayable on demand	**337,657**	-

Global Textiles Group Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2016

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.

		2016 USD	2015 USD
Transactions during the year:	*Nature:*		
Multinational Textiles Group Limited	Advance received	**386,984**	20,003
Multinational Textiles Group Limited	Advance received offset against consultancy receivable	**49,327**	-
Norwest Industries Limited	Marketing fees accrued	**2,722,993**	2,954,894
Norwest Industries Limited	Marketing fees received	**2,740,912**	2,992,615
PDS Asia Star Corp Limited	Consultancy fees accrued	**196,500**	331,600
PDS Asia Star Corp Limited	Consultancy fees received	**196,500**	331,600
JJ Star Industrial Limited	Consultancy fees accrued	**99,996**	-
JJ Star Industrial Limited	Consultancy fees received	**74,997**	-
Progress Manufacturing Group Limited	Consultancy fees accrued	**33,542**	-
Progress Manufacturing Group Limited	Consultancy fees received	**24,387**	-
PG Group Limited	Marketing fees accrued	**219,328**	271,345
PG Group Limited	Marketing fees received	**219,328**	271,345
PG Home Group Limited	Marketing fees accrued	**36,000**	-
PG Home Group Limited	Marketing fees received	**36,000**	-
Simple Approach Limited	Marketing fees accrued	**122,223**	305,014
Simple Approach Limited	Marketing fees received	**128,172**	313,658
Poetic Brands Limited	Advance given	**335,946**	-
Poetic Brands Limited	Amount paid (capital contribution)	**75,935**	75,935
Poeticgem Limited	Interest accrued	**32,192**	36,478
Poeticgem Limited	Interest received	**49,603**	29,488
Balances outstanding at 31 March:			
Multinational Textiles Group Limited	Loan receivable	**500,000**	500,000
Multinational Textiles Group Limited	Consultancy fees receivable	-	49,327
Multinational Textiles Group Limited	Amount payable	**337,657**	-
Norwest Industries Limited	Marketing fees receivable	**190,368**	208,287
JJ Star Industrial Limited	Consultancy fees receivable	**24,999**	-
Progress Manufacturing Group Limited	Consultancy fees receivable	**9,155**	-
Simple Approach Limited	Marketing fees receivable	**9,774**	15,723
Poetic Brands Limited	Amount receivable	**335,946**	-
Poetic Brands Limited	Amount payable	-	75,935
Poeticgem Limited	Interest receivable	**32,192**	49,603
Poeticgem Limited	Loan receivable	**904,056**	904,056

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 was Pearl Global Industries Limited, a Company incorporated in India. On 13 May 2014, following a "Scheme of Arrangement" between Pearl Global Industries Limited and PDS Multinational Fashions Limited, the entire investments held by Pearl Global Industries Limited in Multinational Textile Group Limited has been transferred to 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.

Global Textiles Group Limited

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2016

	2016 USD	2015 USD
Revenue		
Marketing income	**3,069,219**	3,531,253
Consultancy income	**330,038**	331,600
	3,399,257	3,862,853
Expenses		
Consultancy fees	**3,358,971**	3,908,869
Audit and accounting fees	**15,065**	14,700
Professional fees	**9,725**	8,440
Administration charges	**3,550**	3,406
Bank charges	**2,544**	2,147
Licence fees	**2,070**	2,070
Sundries	-	178
Telephone, fax and courier charges	-	98
	3,391,925	3,939,908
Profit/(loss) from operating activities	**7,332**	(77,055)
Net finance income	**32,080**	36,478
Profit/(loss) before taxation	**39,412**	(40,577)

ZAMIRA FASHION LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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, 2016.

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 are set out in the consolidated statement of comprehensive income on page 5.

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, 2016 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 20, 2016.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ZAMIRA FASHION LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Zamira Fashion Limited (the "Company") and its subsidiary (collectively referred to as the "Group") set out on pages 5 to 31, which comprise the consolidated statement of financial position as at March 31, 2016, 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 a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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瑞信集團大廈九樓

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
ZAMIRA FASHION LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 20, 2016.

ZAMIRA FASHION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2016

	NOTES	2016	2015
		HK$	HK$
REVENUE	(6)	300,819,879	311,969,200
PURCHASES AND RELATED COSTS		(266,445,933)	(264,570,116)
GROSS PROFIT		34,373,946	47,399,084
OTHER INCOME AND GAINS, NET	(6)	15,396,829	12,453,807
GAIN ON DISPOSAL OF PLANT AND EQUIPMENT		45,000	-
STAFF COSTS		(15,336,875)	(18,118,656)
DEPRECIATION EXPENSES		(902,694)	(349,242)
OTHER OPERATING EXPENSES		(23,256,335)	(31,979,031)
PROFIT FROM OPERATIONS		10,319,871	9,405,962
FINANCE COSTS	(7)	(1,077,583)	(2,837,477)
PROFIT BEFORE TAXATION	(8)	9,242,288	6,568,485
TAXATION	(10)	(896,358)	-
PROFIT FOR THE YEAR		8,345,930	6,568,485
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8,345,930	6,568,485

THE NOTES ON PAGES 9 TO 31 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

ZAMIRA FASHION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	NOTES	2016	2015
		HK$	HK$
Non-Current Assets			
Plant and equipment	(11)	1,489,618	2,064,663
Current Assets			
Inventories	(12)	5,270,613	13,920,704
Deposits and prepayment		773,051	1,072,519
Amounts due from fellow subsidiaries	(13)	3,094,730	88,233
Amount due from a director	(9ii)	1,407,303	-
Trade and other receivables	(14)	65,371,761	80,307,412
Bank and cash balances		2,191,102	1,427,394
		78,108,560	96,816,262
Current Liabilities			
Amounts due to fellow subsidiaries	(15)	6,053,224	5,178,155
Trade and other payables	(16)	22,145,725	31,833,026
Secured bank borrowings	(17)	47,390,947	66,872,955
Provision for taxation		665,563	-
		76,255,459	103,884,136
Net Current Assets/(Liabilities)		1,853,101	(7,067,874)
NET ASSETS/(LIABILITIES)		3,342,719	(5,003,211)
EQUITY			
Share capital	(18)	1,945,000	1,945,000
Retained profits/(Accumulated losses)		1,397,719	(6,948,211)
TOTAL EQUITY/(DEFICIT)		3,342,719	(5,003,211)

APPROVED BY THE BOARD OF DIRECTORS ON MAY 20, 2016 AND SIGNED ON BEHALF OF THE BOARD BY:

Thomas MUELLER
Director

Pallak SETH
Director

THE NOTES ON PAGES 9 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, 2016

	Share Capital	Accumulated Losses	Total
	HK$	HK$	HK$
At April 1, 2014	1,945,000	(13,516,696)	(11,571,696)
Total comprehensive income for the year	-	6,568,485	6,568,485
At March 31, 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	1,945,000	1,397,719	3,342,719

THE NOTES ON PAGES 9 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, 2016

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES	HK$	HK$
Profit before taxation	9,242,288	6,568,485
Adjustments for:		
Interest income	(502)	(573)
Interest expenses	1,077,228	2,837,477
Depreciation	902,694	349,242
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	11,221,708	9,754,631
Decrease/(Increase) in inventories	8,650,091	(13,920,704)
Decrease/(Increase) in deposits and prepayment	299,468	(386,802)
Decrease/(Increase) in trade and other receivables	14,935,651	(31,652,779)
Net receipts from ultimate holding company	-	5,252
Net payments to fellow subsidiaries	(2,131,428)	(7,090,790)
Net payments to a director	(1,407,303)	(352,000)
(Decrease)/Increase in trade and other payables	(9,687,301)	18,449,334
NET CASH GENERATED FROM/(USED IN) GENERATED FROM OPERATIONS	21,880,886	(25,198,409)
Interest received	502	573
Hong Kong profits tax paid	(230,795)	-
Interest paid	(1,077,228)	(2,837,477)
Net cash generated from/(used in) operating activities	20,573,365	(28,035,313)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment and net cash used in investing activities	(327,649)	(2,129,923)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts of secured bank borrowings and net cash (used in)/generated from financing activities	(19,482,008)	29,814,749
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	763,708	(350,487)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,427,394	1,777,881
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,191,102	1,427,394

THE NOTES ON PAGES 9 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.

In 2016, the Company adopted the new and revised HKFRSs below, which are relevant to its operations.

• Amendments to HKAS19	Defined Benefit Plans: Employee Contributions
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
• Amendments to HKAS 1	Disclosure Initiative
• Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
• Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
• Amendments to HKAS 27	Equity Method in Separate Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

a. Basis of Preparation (Cont'd)

• Amendments to HKFRS 10, HKFRS 12 and AS 28	Investment Entities: Applying the Consolidation Exception
• Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The adoption of the above HKFRSs has had no material impact on the principal accounting policies of the Company and the methods of computation in the Company's financing statements. As such, no 2015 comparatives have been amended as a result from adopting the captioned HKFRSs.

b. Impact of issued but not yet effective HKFRSs

The Company has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

• HKFRS 9	Financial Instruments (1)
• HKFRS 15	Revenue from Contracts with Customers (1)
• Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (2)

Notes:

(1) Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
(2) Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that all of the above new and revised standards, amendments or interpretations will be adopted in the Company's financial statements for the period commencing April 1, 2016 and that the adoption of those new and revised standards, amendments or interpretations will have no material impact on the financial statements of the Company.

c. Going Concern

The fellow subsidiaries 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.

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 (26).

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.

6. REVENUE, OTHER INCOME AND GAINS

	2016	2015
Revenue recognised during the year including revenue arising from:	HK$	HK$
Turnover:		
Sales of goods	300,819,879	311,969,200
Other income and gains, net:		
Bank interest income	502	573
Claims and penalty to supplier	4,664,946	-
Commission income	2,283,300	2,566,469
Designing income	2,334,000	-
Sundry income	-	4,046,447
Exchange differences, net	6,114,081	5,840,318
	15,396,829	12,453,807
Total revenue recognised	316,216,708	324,423,007

7. FINANCE COSTS

Bank finance charges	1,077,583	1,481,217
Other interest paid	-	1,351,046
Bank loan interest	-	5,214
	1,077,583	2,837,477

8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging and (crediting):

Depreciation - owned assets	902,694	349,242
Exchange differences, net	(6,114,081)	(5,840,318)
Rental payments under operating leases	1,275,950	1,273,248
Staff costs (including director's remuneration)		
- Salaries and allowance	14,978,392	17,773,425
- MPF contribution	205,876	200,817
- Staff welfare expenses	152,607	144,414
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:

	2016	2015
	HK$	HK$
Emoluments:		
Acting as directors	-	-
Provision for management services	1,200,000	1,200,000
	1,200,000	1,200,000

(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	1,407,303	-	-
Progress Manufacturing Group Ltd.	Fellow subsidiary [1]	-	346,660	346,660	-	-
		-	1,753,963	1,753,963	-	-

[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

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 (19) 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:

	2016	2015
	HK$	HK$
Profit before taxation	9,242,288	6,568,485
Tax at the domestic income tax rate	1,524,978	1,083,800
Tax effect of expenses that are not deductible in determining taxable profit	1,105	2,252
Tax effect of income that are not taxable in determining taxable profit	(7,508)	(95)
Net tax allowance claimed	118,199	(114,746)
Utilization of tax loss previously not recognised	(740,416)	(971,211)
Taxation expense for the year	896,358	-

At the end of reporting period, the Group has unused tax losses of HK$Nil (2015: HK$4,487,368) 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.

11. PLANT AND EQUIPMENT

	Leasehold Improvement	Furniture and Fixtures	Office Equipment	Motor Vehicle	Total
	HK$	HK$	HK$	HK$	HK$
Cost					
At 1/4/2014	1,560,200	474,572	723,046	498,000	3,255,818
Additions	301,075	297,196	466,643	1,065,009	2,129,923
At 31/3/2015 and 1/4/2015	1,861,275	771,768	1,189,689	1,563,009	5,385,741
Additions	167,621	32,867	127,161	-	327,049
Disposal	-	-	-	(498,000)	(498,000)
At 31/3/2016	2,028,896	804,635	1,316,850	1,065,009	5,215,390
Accumulated Depreciation					
At 1/4/2014	1,554,485	372,822	546,529	498,000	2,971,836
Charge for the year	15,573	117,935	128,208	87,526	349,242
At 31/3/2015 and 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
Net Book Value					
At 31/3/2016	314,383	159,167	393,553	622,515	1,489,618
At 31/3/2015	291,217	281,011	514,952	977,483	2,064,663

12. INVENTORIES

	2016	2015
	HK$	HK$
Finished goods	5,270,613	13,920,704

ZAMIRA FASHION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2016	2015
	HK$	HK$
Trade receivables (Note 15a)	61,746,991	79,590,035
Other receivables		
- third parties	3,624,770	712,826
- related company	-	4,551
	65,371,761	80,307,412

(a) Aging analysis of trade receivables is as follows:

	2016	2015
Neither past due nor impaired	48,364,864	75,585,656
Past due but not impaired	13,382,127	4,004,379
	61,746,991	79,590,035

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

	2016	2015
	HK$	HK$
Trade payables (Note 17a)	16,996,137	25,098,406
Accruals	5,149,588	6,734,620
	22,145,725	31,833,026

(a) Maturity of the trade payables is as follows:

	2016	2015
Due for payment:		
Not later than one year	16,996,137	25,098,406

17. SECURED BANK BORROWINGS

The carrying amount of the secured bank borrowings at the end of reporting period is analyzed as follows:

	2016	2015
	HK$	HK$
Amount repayable within one year:		
Discounted bills loan	-	175,405
Factoring loan	19,727,632	35,222,515
Trust receipt loan	27,663,315	31,475,035
Term loan	-	-
	47,390,947	66,872,955

18. SHARE CAPITAL

	2016		2015	
	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	2016	2015
		HK$	HK$
Non-Current Assets			
Plant and equipment		1,489,618	2,064,663
Investment in a subsidiary	(19a)	77,800	77,800
		1,567,418	2,142,463
Current Assets			
Inventories		5,270,613	13,920,704
Deposits and prepayment		773,051	1,072,519
Amounts due from fellow subsidiaries		3,094,730	88,233
Amount due from director		1,407,303	-
Trade and other receivables		65,371,761	80,307,412
Bank and cash balances		2,191,102	1,427,394
		78,108,560	96,816,262
Current Liabilities			
Amount due to a subsidiary	(19b)	71,100	77,800
Amounts due to fellow subsidiaries		6,053,224	5,178,155
Trade and other payables		22,145,725	31,833,026
Secured bank borrowings		47,390,947	66,872,955
Provision of taxation		665,563	-
		76,326,559	103,961,936
Net Current Assets/(Liabilities)		1,782,001	(7,145,674)
NET ASSETS/(LIABILITIES)		3,349,419	(5,003,211)
EQUITY			
Share capital		1,945,000	1,945,000
Retained profits/(Accumulated losses)		1,404,419	(6,948,211)
TOTAL EQUITY/(DEFICIT)		3,349,419	(5,003,211)

APPROVED BY THE BOARD OF DIRECTORS ON MAY 20, 2016 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		Nature of business
		2016	2015	
Zamira Denim Lab Limited *	Hong Kong	100%	100%	Not yet commenced business

* Not audited by Louis Lai & Luk CPA Limited

(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

	Accumulated Losses
	HK$
At April 1, 2014	(13,516,696)
Total comprehensive income for the year	6,568,485
At March 31, 2015	(6,948,211)
Total comprehensive income for the year	8,352,630
At March 31, 2016	1,404,419

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:

	2016	2015 (Restated)
	HK$	HK$
Within one year	661,317	689,559
In the second to fifth years inclusive	330,658	991,976
	991,975	1,681,535

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	2016	2015
			HK$	HK$
Norwest Industries Ltd., Hong Kong	Fellow subsidiary	- Management and service fee	-	4,285,224
		- Rental expenses	700,800	700,800
		- Interest expenses	-	568,293
		- Commission income	(1,779,793)	2,063,056
		- Recharge income	(2,895,234)	-
		- Recharge expenses	2,730,501	-
		- Amount due to	(3,714,237)	(3,032,448)
Poeticgem Ltd., UK	Fellow subsidiary	- Designing expenses	-	2,314,550
		- Commission income	(503,507)	476,094
		- Amount due from/(to)	2,748,070	(2,145,707)
		- Recharge expenses	1,297,368	-
Simple Approach Ltd., Hong Kong	Fellow subsidiary	- Management and service fee	-	-
		- Designing fee	2,334,000	-
		- Recharge expenses	66,301	-
		- Amount due (to)/from	(2,338,987)	17,387
SSY Asia Limited, Hong Kong	Related company (1)	- Consultancy fee	600,000	600,000
Pearl Global Industries Ltd., India	Related company (2)	- Security system	-	43,763
		- Amount due from	-	4,551
Multinational Textile Group Ltd., Mauritius	Immediate holding company	- Management and service fee	1,050,300	956,940
		- Security system	93,360	-
Nor Europe Manufacturing Co. Ltd., Hong Kong	Fellow subsidiary	- Commission income	-	27,318
		- Commission expenses	93,360	-
		- Amount due from	-	70,846
Nor Lanka Manufacturing Ltd., Hong Kong	Fellow subsidiary	- Purchases	-	732,579
FX Import Co. Ltd., UK	Fellow subsidiary	- Designing expenses	-	1,178,623
PDS Asia Star Corporation Ltd., Hong Kong	Fellow subsidiary	- Management and service fee	-	233,400
		- Recharge expenses	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.

ZAMIRA FASHION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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:

	2016	2015
	HK$	HK$
Irrevocable letters of credit	97,614,225	35,580,482

(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$) 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

	(Expressed in HK$) 2015						
	USD	CHF	EUR	GBP	BDT	RMB	Total
Trade and other receivables	50,824,589	-	29,121,134	-	104,731	3,629	80,054,083
Bank and cash balances	572,549	7,721	84,510	12,825	746,366	-	1,423,971
Trade and other payables	(24,856,155)	-	(1,062,708)	-	(334,230)	-	(26,253,093)
Secured bank borrowings	(43,980,498)	-	(22,892,457)	-	-	-	(66,872,955)
Net exposure arising from recognised assets and liabilities	(17,439,515)	7,721	5,250,479	12,825	516,867	3,629	(11,647,994)

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.

	2016		2015	
	Increase	Decrease	Increase	Decrease
	HK$	HK$	HK$	HK$
Swiss Franc (CHF)	36,477	(36,477)	645	(645)
Euro (EUR)	543,305	(543,305)	438,415	(438,415)
British Pound (GBP)	1,042	(1,042)	1,071	(1,071)
Bangladeshi Taka (BDT)	6,899	(6,899)	43,158	(43,158)
Chinese Yuan (RMB)	4,568	(4,568)	303	(303)
	592,291	(592,291)	483,592	(483,592)

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 2015.

25. INTEREST RATE RISK

	2016	2015
Financial liabilities bearing variable interests:	HK$	HK$
Discounted bills loan	-	175,405
Factoring loan	27,663,315	35,222,515
Trust receipts loan	19,727,632	31,475,035
	47,390,947	66,872,955

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$107,723 (2015: HK$283,748). 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. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Company's Board of Directors on May 20, 2016.

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ZAMIRA FASHION LIMITED
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	2016	2015
	HK$	HK$
SALES	300,819,879	311,969,200
COST OF SALES		
Opening inventories	13,920,704	-
Purchases	251,957,012	273,178,783
Freight charges	4,149,002	1,887,259
Testing charges	14,471	11,198
Inspection charges	29,716	130,150
Claims and penalty	1,645,641	3,249,822
Import duty	-	33,608
	271,716,546	278,490,820
Less: Closing inventories	5,270,613	13,920,704
	266,445,933	264,570,116
GROSS PROFIT	34,373,946	47,399,084
OTHER INCOME		
Bank interest income	502	573
Claims and penalty to supplier	4,664,946	-
Commission income	2,283,300	2,566,469
Sundry income	-	4,046,447
Designing income	2,334,000	-
Exchange differences, net	6,114,081	5,840,318
	15,396,829	12,453,807
GAIN ON DISPOSAL OF PLANT AND EQUIPMENT	45,000	-
	49,815,775	59,852,891
OPERATING EXPENSES (SCH II)	(40,566,787)	(53,284,406)
PROFIT BEFORE TAXATION	9,248,988	6,568,485

ZAMIRA FASHION LIMITED
DETAILED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

	2016	2015
OPERATING EXPENSES	HK$	HK$
Depreciation Expenses		
Depreciation	902,694	349,242
Finance Costs		
Bank finance charges	1,077,583	1,481,217
Other interest paid	-	1,351,046
Bank loan interest	-	5,214
	1,077,583	2,837,477
Staff Costs		
Contribution to MPF	205,876	200,817
Director's remuneration	1,200,000	1,200,000
Salaries and bonus	13,778,392	16,573,425
Staff welfare expenses	152,607	144,414
	15,336,875	18,118,656
Other Operating Expenses		
Accountancy fee	22,138	-
Advertising expenses	10,177	111,470
Auditors' remuneration	104,879	99,015
Bank charges	811,888	1,193,740
Building management fee	90,645	84,248
Business registration fee	2,250	2,250
Cleaning expenses	444	21,970
Commission paid	3,571,589	6,813,396
Consultancy fee	3,160,398	3,145,367
Courier expenses	1,283,755	1,189,921
Designing expenses	2,336,000	3,493,173
Electricity, water, gas	252,576	205,769
Entertainment	190,252	170,853
Insurance expenses	596,719	805,642
Legal and professional fee	79,503	328,521
License fee	21,878	30,185
Management and service fee	1,050,300	5,475,564
Medical and premium expenses	122,926	77,663
Motor vehicle expenses	577,671	884,683
Newspaper, books and magazines	36,047	18,774
Office supplies	169,972	885,328
Postage and stamp	585	3,025
Printing and stationery	266,670	233,135
Recharge income	(2,895,234)	-
Recharge expenses	4,467,610	-
Recruitment expenses	25,492	49,609
Rent and rates	1,298,068	1,334,045
Repair and maintenance	141,217	172,779
Sample charges	2,407,596	2,163,559
Security system	97,680	58,764
Sundry expenses	7,942	3,886
Telephone and internet	343,214	330,789
Travelling expenses	2,521,126	2,498,359
Visa expenses	75,662	93,549
	23,249,635	31,979,031
	40,566,787	53,284,406

Report of the Directors and Audited Financial Statements

FX IMPORT HONG KONG LIMITED

31 March 2016

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Building a better working world

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 2016.

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 profit for the year ended 31 March 2016 and its financial position at that date are set out in the financial statements on pages 5 to 25.

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:

Christopher Robert Severs
Deepak Kumar Seth
Pallak Seth
Payel Seth

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 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 or 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
20 May 2016

EY 安永

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22/F, CITIC Tower
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Central, Hong Kong

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Independent auditors' report
To the member of FX Import Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of FX Import Hong Kong Limited (the "Company") set out on pages 5 to 25, which comprise the statement of financial position as at 31 March 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 a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. 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' judgement, 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 of financial statements that give a true and fair view 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 the 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.

Independent auditors' report (continued)
To the member of FX Import Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Certified Public Accountants
Hong Kong
20 May 2016

FX IMPORT HONG KONG LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2016

	Notes	2016 HK$	2015 HK$
REVENUE	3	98,327,848	106,208,029
Cost of sales		(72,950,403)	(78,819,336)
Gross profit		25,377,445	27,388,693
Other income	3	1,125,367	9,886
Selling and distribution costs		(15,727,252)	(21,617,263)
Administrative expenses		(9,648,351)	(5,203,786)
Other operating expenses		(306,899)	(393,820)
PROFIT BEFORE TAX	4	820,310	183,710
Income tax expense	6	-	-
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		820,310	183,710

FX IMPORT HONG KONG LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2016

	Notes	2016 HK$	2015 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	7	45,733	32,378
Deposits	9	90,936	102,736
Total non-current assets		136,669	135,114
CURRENT ASSETS			
Trade and bills receivables	8	18,260,586	13,000,248
Prepayments, deposits and other receivables	9	691,215	205,845
Cash and cash equivalents		3,865,840	3,658,256
Total current assets		22,817,641	16,864,349
CURRENT LIABILITIES			
Trade payables		9,141,007	6,819,687
Other payables and accruals	10	279,704	211,244
Due to the immediate holding company	13(b)	1,868,408	6,256,359
Due to a fellow subsidiary	13(b)	7,744,262	611,554
Total current liabilities		19,033,381	13,898,844
NET CURRENT ASSETS		3,784,260	2,965,505
Net assets		3,920,929	3,100,619
EQUITY			
Share capital	11	10,000	10,000
Retained profits		3,910,929	3,090,619
Total equity		3,920,929	3,100,619

Pallak Seth
Director

Deepak Kumar Seth
Director

FX IMPORT HONG KONG LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2016

	Share capital HK$	Retained profits HK$	Total equity HK$
At 1 April 2015	10,000	2,906,909	2,916,909
Profit and total comprehensive income for the year	-	183,710	183,710
At 31 March 2015 and 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	10,000	3,910,929	3,920,929

FX IMPORT HONG KONG LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2016

	Notes	2016 HK$	2015 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		820,310	183,710
Adjustments for:			
Interest income	3	(1,174)	(9,886)
Depreciation	4	27,566	12,076
		846,702	185,900
Increase in trade and bills receivables		(5,260,338)	(865,413)
Increase in prepayments, deposits and other receivables		(473,570)	(221,056)
Increase in trade payables		2,321,320	630,932
Increase/(decrease) in other payables and accruals		68,460	(13,065)
Increase/(decrease) in an amount due to the immediate holding company		(4,387,951)	1,438,201
Increase/(decrease) in an amount due to a fellow subsidiary		7,132,708	(1,060,271)
Cash generated from operations		247,331	95,228
Interest received		1,174	9,886
Net cash flows from operating activities		248,505	105,114
CASH FLOW USED IN INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(40,921)	(33,092)
NET INCREASE IN CASH AND CASH EQUIVALENTS		207,584	72,022
Cash and cash equivalents at beginning of year		3,658,256	3,586,234
CASH AND CASH EQUIVALENTS AT END OF YEAR		3,865,840	3,658,256
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		3,865,840	3,658,256

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 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 2016.

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 2016, 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.

The Company's financial liabilities include trade payables, financial liabilities included in other payables and accruals, and amounts due to the immediate holding company and a fellow subsidiary.

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
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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)
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:

	2016 HK$	2015 HK$
Commission income from the immediate holding company	960,550	-
Interest income	1,174	9,886
Penalties charged to suppliers	163,643	-
	1,125,367	9,886

5. PROFIT BEFORE TAX

The Company's profit before tax is arrived at after charging:

	2016 HK$	2015 HK$
Auditors' remuneration	60,000	95,190
Depreciation	27,566	12,076
Minimum lease payments under operating leases	468,866	441,266
Employee benefit expense (excluding directors' remuneration (note 5)):		
Salaries and allowances	4,019,805	2,849,348
Pension scheme contributions (defined contribution scheme)	4,255	10,620
	4,024,060	2,859,968
Foreign exchange differences, net	211,240	393,820

6. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2015: 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 (2015: 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:

	2016		2015	
	HK$	%	HK$	%
Profit before tax	820,310		183,710	
Tax at the statutory tax rate	135,351	16.5	30,312	16.5
Income not subject to tax	(135,351)	(16.5)	(30,312)	(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 (2015: Nil).

8. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$
31 March 2016	
At 31 March 2015 and 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
Addition	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

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	Office equipment HK$
31 March 2015	
At 1 April 2014:	
Cost	11,687
Accumulated depreciation	(325)
Net carrying amount	11,362
At 1 April 2014, net of accumulated depreciation	11,362
Addition	33,092
Depreciation provided during the year	(12,076)
At 31 March 2015, net of accumulated depreciation	32,378
At 31 March 2015:	
Cost	44,779
Accumulated depreciation	(12,401)
Net carrying amount	32,378

9. TRADE AND BILLS RECEIVABLES

	2016 HK$	2015 HK$
Trade receivables	14,843,719	11,745,268
Bill receivables	3,416,867	1,254,980
	18,260,586	13,000,248

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:

	2016 HK$	2015 HK$
Neither past due nor impaired	14,811,591	10,667,558
Past due but not impaired:		
Less than one month	3,374,156	955,498
One to three months	-	719,786
Over three months	74,839	657,406
	18,260,586	13,000,248

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

	2016 HK$	2015 HK$
Prepayments	323,224	-
Deposits	104,071	102,736
Other receivables	354,856	205,845
	782,151	308,581
Less: Portion classified as non-current	(90,936)	(102,736)
	691,215	205,845

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

	2016 HK$	2015 HK$
Accrued employee benefits	169,070	177,554
Accruals	52,374	33,690
Receipts in advance	58,260	-
	279,704	211,244

12. SHARE CAPITAL

	2016 HK$	2015 HK$
Issued and fully paid:		
10,000 (2015: 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:

	2016 HK$	2015 HK$
Within one year	399,160	443,137
In the second to fifth years, inclusive	174,564	531,198
	573,724	974,335

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	2016 HK$	2015 HK$
Immediate holding company:			
Commissions paid	(i)	11,753,276	18,196,419
Commissions received	(ii)	960,550	-
Fellow subsidiary:			
Commission paid	(i)	3,892,829	3,420,844
Human resources support expenses	(iii)	584,712	228,696

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 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, 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 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, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, amounts due to the immediate 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$
2016		
If HK$ weakens against GBP	1	1,341,404
If HK$ strengthens against GBP	(1)	(1,341,404)
2015		
If HK$ weakens against GBP	1	1,344,569
If HK$ strengthens against GBP	(1)	(1,344,569)

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk
The carrying amounts of deposits and other receivables, cash and cash equivalents and trade and bills receivables 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 receivables is the carrying amount as disclosed in note 8 to the financial statements. At the end of the reporting period, 30% (2015: 55%) of the Company's trade 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 2016 and 31 March 2015.

18. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 May 2016.

Company Registration No. 03170332 (England and Wales)

FX IMPORT COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

UHY Hacker Young
Chartered Accountants

FX IMPORT COMPANY LIMITED

CONTENTS

FX IMPORT COMPANY LIMITED

COMPANY INFORMATION

Directors	Mr Christopher R Severs Mr Deepak Seth Mr Pallak Seth Mrs Payel Seth
Secretary	Mr Christopher R Severs
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

FX IMPORT COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present their annual report and the audited financial statements for the year ended 31 March 2016.

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 2015:

Mr Christopher R Severs
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.

FX IMPORT COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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 Christopher Severs

Director

23/05.......... 2016

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

FX IMPORT COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

FX IMPORT COMPANY LIMITED

FOR THE YEAR ENDED 31 MARCH 2016

We have audited the financial statements of FX Import Company Limited for the year ended 31 March 2016, which comprise the statement of comprehensive income, the statement of financial position, the 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 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 Statements 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 (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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2016 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.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the 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.

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

FX IMPORT COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

FX IMPORT COMPANY LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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

23/5/2016

Chartered Accountants
Statutory Auditor

FX IMPORT COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Continuing operations			
Revenue	4	4,428,755	3,814,150
Cost of revenue		(2,732,462)	(1,786,138)
Gross profit		1,696,293	2,028,012
Other income	6	387	92,784
Distribution costs		(205,533)	(114,433)
Administration expenses		(1,305,510)	(1,579,464)
Operating profit	5	185,637	426,899
Finance costs	8	(9,850)	(6,639)
Profit before taxation		175,787	420,260
Taxation	9	(35,000)	-
Profit for the financial year	19	140,787	420,260

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.

FX IMPORT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	Notes	2016 £	2016 £
Non current assets			
Property, plant and equipment	10	6,790	9,054
Intangible assets	11	13	860
Investment in subsidiary	12	865	865
		7,668	10,779
Current assets			
Inventories	13	-	9,193
Trade and other receivables	14	1,309,393	1,125,867
Cash and cash equivalents		258,524	209,889
		1,567,917	1,344,948
Total assets		1,575,585	1,355,727
Current liabilities			
Trade and other payables	15	(1,136,118)	(1,057,047)
		(1,136,118)	(1,057,047)
Net current assets		439,467	287,901
Non current liabilities			
Borrowings	16	(575,500)	(575,500)
		(575,500)	(575,500)
Total liabilities		(1,711,618)	(1,632,547)
Net liabilities		(136,033)	(276,820)
Shareholders' equity			
Share capital	18	25,200	25,200
Retained earnings	19	(161,233)	(302,020)
Total equity		(136,033)	(276,820)

The financial statements were approved by the board of directors and authorised for issue on 23/05 2016 and were signed on its behalf by:

Mr Christopher Severs
Director

Company registration no. 03170332

The notes on pages 10 to 27 form part of these financial statements.

FX IMPORT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Share capital £	Retained earnings £	Total £
Balance at 31 March 2014	25,200	(722,280)	(697,080)
Comprehensive income			
Profit for the year	-	420,260	420,260
Balance at 1 April 2015	25,200	(302,020)	(276,820)
Comprehensive income			
Profit for the year	-	140,787	140,787
Balance at 31 March 2016	**25,200**	**(161,233)**	**(136,033)**

The notes on pages 10 to 27 form part of these financial statements.

FX IMPORT COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	23	58,485	56,692
Finance cost paid		(9,850)	(6,639)
Net cash generated from operating activities		48,635	50,053
Net increase in cash and cash equivalents		48,635	50,053
Cash and cash equivalents at the start of the year		209,889	159,836
Cash and cash equivalents at the end of the year		258,524	209,889

	2016 £	2015 £
Cash and cash equivalents comprise:		
Cash at bank and in hand	258,524	209,889

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 £439,467 (2015: £287,901).

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
Annual improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 1: Disclosure Initiative	1 January 2016
IFRS 9 Financial Instruments (2014)	1 January 2018
Amendments to IAS 7: Disclosure Initiative	1 January 2017
IFRS 16 Leases	1 January 2019

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.

FX IMPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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. These are listed below:

- No deferred tax asset has been recognised in respect of unutilised losses because in the directors' opinion there is no certainty that the losses will be fully utilised in the near future.

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:

	2016 £	2015 £
Analysis of revenue by category:		
Sale of garments	3,420,675	2,202,480
Commission receivable	1,008,080	1,611,670
	4,428,755	3,814,150

Analysis of revenues by geographical market and customer location are as follows:

	2016 £	2015 £
UK	3,420,675	2,202,480
Rest of the World	1,008,080	1,611,670
	4,428,755	3,814,150

5. **Operating profit/ (loss)**

	2016 £	2015 £
Operating profit/ (loss) has been arrived at after charging:		
Amortisation of intangible assets	847	1,290
Depreciation of property, plant and equipment	2,264	3,018
(Profit) on foreign exchange transactions	(38,098)	(34,133)
Staff costs (see note 7 below)	445,468	915,006

Operating profit/ (loss) (continued)

Auditor remuneration
During the year, the company obtained the following services from the company's auditor:

	2016 £	2015 £
Fees payable to the company's auditor:		
Audit of annual financial statements	5,000	5,000
Review of the interim financial statements	5,800	5,800

6. **Other income**

	2016 £	2015 £
Design income	-	91,821
Sundry income	387	963
	387	92,784

7. **Staff numbers and costs**

	2016 £	2015 £
Employee costs include:		
Staff wages and salaries	335,189	644,173
Directors' remuneration	54,167	100,000
Social security costs	47,024	71,639
Directors' pension costs – defined contribution plans	689	927
Staff redundancy costs	8,400	98,268
	445,468	915,006

The average number of employees (including directors) during the year was:

	2016 Number	2015 Number
Designer	4	8
Sales	4	11
Management and administration	1	2
	9	21

FX IMPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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	**2016** £	**2015** £
Emoluments for qualifying services	72,447	115,658

8. Finance costs

	2016 £	**2015** £
Bank and factoring interest paid	9,850	6,639
	9,850	6,639

9. Taxation for the year

Income tax expense	**2016** £	**2015** £
Current tax expense:		
UK corporation tax	35,000	-
Total current tax	35,000	-

9. Taxation for the year (continued)

	2016	2015
	£	£
Reconciliation of current tax expense to accounting loss:		
Profit before taxation	175,787	420,260
Notional taxation charge at the UK corporation tax rate of 20% (2015: 21%)	35,157	88,255
Tax effects of:		
Expenses not deductible for tax purposes	1,400	1,451
Capital allowances in excess of depreciation	(111)	(130)
Tax losses utilised	(1,446)	(89,576)
Total current tax charge for the year	35,000	-

The company has unused tax losses of approximately £Nil (2015: £12,000) 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.

10. Property, plant and equipment

	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	2,614	4,175	6,789
At 31 March 2015	3,487	5,567	9,054

10. **Property, plant and equipment (continued)**

	Fixtures fittings and equipment £	Motor vehicles £	Total £
Cost			
At 1 April 2014	19,318	27,362	46,680
Additions	-	-	-
At 31 March 2015	19,318	27,362	46,680
Accumulated depreciation			
At 1 April 2014	14,669	19,939	34,608
Charge for the year	1,162	1,856	3,018
At 31 March 2015	15,831	21,795	37,626
Carrying amount			
At 31 March 2015	3,487	5,567	9,054
At 31 March 2014	4,649	7,423	12,072

11. Intangible assets

	Trademarks	
	2016	2015
	£	£
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	8,885	7,595
Charge for the year	847	1,290
At the end of the year	9,732	8,885
Net book value		
At the end of the year	13	860
At the start of the year	860	2,150

12. Investment in subsidiary

	Shares in subsidiary undertaking	
	2016	2015
	£	£
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 2016 were as follows:

	Principal activity	Capital and reserves £	Profit for the year £
FX Import Hong Kong Limited	Importing and distribution of garments	351,237	70,182

13. Inventories

	2016	2015
	£	£
Finished goods and goods for resale	-	9,193

14. Trade and other receivables

	2016	2015
	£	£
Trade receivables	520,723	481,973
Other receivables	601,762	93,539
Prepayments	20,049	8,336
Receivables from subsidiary company	166,859	542,019
	1,309,393	1,125,867

As at 31 March 2016, none of the trade receivables were overdue.

The average credit period given for trade receivables at the end of the year is 43 days (2015: 46 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

	2016	2015
	£	£
Trade payables	104,018	152,207
Payables to parent undertaking	607,085	566,175
Payables to related parties	331,235	229,902
Social security and other taxes	10,227	15,242
Accrued expenses	48,553	93,521
Corporation tax	35,000	-
	1,136,118	1,057,047

Trade payables and accrued expenses mainly comprise of amounts owed for trading purchases and associated costs.

Included within trade payables are gross loans secured against trade receivable balances. These amounted to £Nil (2015: £78,325).

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

	2016	2015
	£	£
Loan from parent undertaking	451,500	451,500
Loans from related parties	62,000	62,000
Loans from other creditors	62,000	62,000
	575,500	575,500

The borrowings are repayable as follows:

	2016	2015
In the third to fifth years inclusive	575,500	575,500
	575,500	575,500
Less: Amount due for settlement within 12 months (shown under current liabilities)	-	-
Amount due for settlement after 12 months	575,500	575,500

17. Deferred tax

Unrecognised deferred tax assets and liabilities

Deferred tax assets have not been recognised in respect of the following items:

	2016	2015
	£	£
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

	2016	2015
	£	£
Issued and fully paid		
25,200 Ordinary 'A' shares of £1 each	25,200	25,200

19. Retained earnings

	2016	2015
	£	£
Balance at the start of the year	(302,020)	(722,280)
Profit/ (loss) for the year	140,787	420,260
Balance at the end of the year	(161,233)	(302,020)

20. Operating lease arrangements

	2016	2015
	£	£
Minimum lease payments under operating lease recognised in the statement of comprehensive income for the year	29,955	28,200

	Land and buildings	
	2016	2015
	£	£
Within one year	31,365	29,955
Between two and five years	52,275	83,640
	83,640	113,595

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

	2016	2015
	£	£
Cash flows from operating activities		
Profit from operations	185,637	426,899
Adjustments for:		
Depreciation of property, plant and equipment	2,264	3,018
Amortisation of intangible assets	847	1,290
Operating cash flows before working capital	188,748	431,207
Decrease in stock	9,193	49,573
(Increase) in receivables	(183,526)	(53,688)
Increase / (Decrease) in payables	44,070	(370,400)
Cash generated from operations	58,485	56,692

22. Related party transactions

During the year, the following transactions were carried out with Mr C R Severs, a director of the company who also owns 25% of the shareholding of the company:

- Year end balances arising from services provided

	2016	2015
	£	£
Receivable from Chris Severs	62,000	62,000

- Loans from directors

	2016	2015
	£	£
Long term loan	62,000	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	
	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£
Poeticgem Limited, UK	-	-	194,150	200,875	1,033,184	1,017,673*
Norwest Industries Limited, Hong Kong	-	-	34,538	86,489	331,235	229,902
FX Import Hong Kong Limited, Hong Kong	1,008,080	1,521,155	82,313	-	(166,859)	(542,019)
Multinational Textile Group Limited, Hong Kong	-	-	40,042	-	25,401	-
Zamira Fashions Hong Kong Limited, Hong Kong	-	91,821	-	-	-	-

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

The above companies are related as follows:

Poeticgem Limited owns 75% share capital of FX Import Company Limited.

Norwest Industries Limited, Hong Kong and Zamira Fashions Hong Kong Limited, Hong Kong, are fellow subsidiaries 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 (2015: £451,500).

24. **Capital commitments**

The company has no significant capital commitments at 31 March 2016.

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 2016 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 2016, the company held cash and cash equivalents of £258,524 (2015: £209,889). It also receives borrowings of which £575,500 (2015: £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 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

	US dollar
	$
At 31 March 2015	
Trade and other receivables	804,159
Cash and cash equivalents	214,881
Trade payables	(486,404)
Net exposure arising from recognised assets and liabilities	532,636

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 $
2016		
10% weakened	(32,210)	(32,210)
10% strengthened	32,210	32,210
2015		
10% weakened	(53,264)	(53,264)
10% strengthened	53,264	53,264

28. **Control**

The controlling party of the company is Poeticgem Limited by virtue of its 75% 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, Sector-2, HSR Layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

FX IMPORT COMPANY LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 MARCH 2016

FX IMPORT COMPANY LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

		2016		2015
	£	£	£	£
Turnover				
Sales		3,420,675		2,202,480
Commission receivable		1,008,080		1,611,670
		4,428,755		3,814,150
Cost of revenue				
Opening stock of finished goods	9,193		58,766	
Purchases, packaging and other direct costs	2,723,269		1,736,565	
	2,732,462		1,795,331	
Closing stock of finished goods	-		(9,193)	
		(2,732,462)		(1,786,138)
Gross profit		1,696,293		2,028,012
Other income		387		92,784
Distribution costs	(205,533)		(114,433)	
Administrative expenses	(1,305,510)		(1,579,464)	
		(1,511,043)		(1,693,897)
Operating profit/ (loss)		185,637		426,899
Finance costs		(9,850)		(6,639)
Profit/ (loss) before taxation		175,787		420,260

FX IMPORT COMPANY LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2016

	2016 £	2015 £
Distribution costs		
Agents' commission	205,533	114,433
Administrative expenses		
Wages and national insurance	382,213	715,812
Directors' remuneration	54,167	100,000
Directors' pension costs	689	927
Staff recruitment	6,525	7,200
Staff redundancy	8,400	98,268
Rents, rates and water	127,666	131,663
Corporate management charge	40,470	62,365
Insurance and medical insurance	21,790	29,249
Light, heat and power	-	887
Repairs and maintenance	862	5,204
Printing, postage, stationery and advertising	15,732	32,576
Advertising	205	-
Telephone	17,850	22,711
Computer expenses	12,041	11,392
Courier expenses	25,201	39,251
Entertainment, travelling and motor expenses	80,243	137,414
Sample costs	178,245	182,588
Legal and professional fees	2,273	6,414
Consultancy fees	3,354	3,633
Audit fees	10,800	10,800
Finance and bank charges	9,413	7,155
Sundry expenses	5,050	3,781
Bad and doubtful debts	337,308	-
Exchange difference	(38,098)	(34,133)
Amortisation on trademarks	847	1,289
Depreciation on fixtures, fittings and equipment	872	1,162
Depreciation on motor vehicles	1,392	1,856
	1,305,510	1,579,464

DPOD MANUFACTURING LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

DPOD MANUFACTURING LIMITED

CONTENTS

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, 2016.

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 5.

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
Pallak SETH
Rajive RANJAN

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.

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.

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

Pallak SETH
Chairman

Hong Kong, May 20, 2016.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DPOD MANUFACTURING LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the financial statements of DPOD Manufacturing Limited (the "Company") set out on pages 5 to 25, which comprise the statement of financial position as at March 31, 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with sections 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. 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 control relevant to the entity's preparation of financial statements that give a true and fair view 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 the 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.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

LOUIS K.M. LAI FCCA CPA (PRACTISING) 黎劍民會計師
LUK WING HAY FCCA CPA (PRACTISING) 陸永熙會計師

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柯士甸道140至142號
瑞信集團大廈九樓

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
DPOD MANUFACTURING LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2016 and of the Company's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 20, 2016.

DPOD MANUFACTURING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2016

	NOTES	2016	2015
		HK$	HK$
REVENUE	(6)	78,051,920	123,856,655
COST OF GOODS SOLD		(72,311,618)	(107,659,277)
GROSS PROFIT		5,740,302	16,197,378
OTHER INCOME AND GAINS, NET	(6)	1,492,705	1,121,852
DEPRECIATION		(32,614)	(17,087)
OTHER OPERATING EXPENSES		(11,289,110)	(12,814,852)
PROFIT FROM OPERATIONS		(4,088,717)	4,487,291
FINANCE COSTS	(7)	(483,328)	(547,073)
(LOSS)/PROFIT BEFORE TAXATION	(8)	(4,572,045)	3,940,218
TAXATION	(11)	-	-
(LOSS)/PROFIT FOR THE YEAR		(4,572,045)	3,940,218
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		(4,572,045)	3,940,218

THE NOTES ON PAGES 9 TO 25 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DPOD MANUFACTURING LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	NOTES	2016	2015
		HK$	HK$
Non-Current Assets			
Plant and equipment	(12)	51,476	70,796
Current Assets			
Inventories	(13)	9,442,614	10,332,207
Amounts due from fellow subsidiaries	(14)	12,455,110	5,462,107
Amount due from a shareholder	(14)	-	518,646
Trade and other receivables	(15)	6,916,818	19,086,624
Bank balances		119,895	946,127
		28,934,437	36,345,711
Current Liabilities			
Amount due to immediate holding company	(16)	37,414	
Amounts due to fellow subsidiaries	(16)	7,622,247	3,132,789
Amount due to a director	(16)	2,739,578	1,429,010
Trade and other payables	(17)	12,399,458	17,417,060
Secured bank borrowings	(18)	5,655,535	9,333,922
		28,454,232	31,312,781
Net Current Assets		480,205	5,032,930
NET ASSETS		531,681	5,103,726
EQUITY			
Share capital	(19)	778,000	778,000
Retained earnings		(246,319)	4,325,726
TOTAL EQUITY		531,681	5,103,726

APPROVED BY THE BOARD OF DIRECTORS ON MAY 20, 2016 AND SIGNED ON BEHALF OF THE BOARD BY:

Pallak SETH Director	Rajive RANJAN Director

THE NOTES ON PAGES 9 TO 25 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DPOD MANUFACTURING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2016

	Share Capital	Retained Profits	Total
	HK$	HK$	HK$
At April 1, 2014	778,000	385,508	1,163,508
Total comprehensive income for the year	-	3,940,218	3,940,218
At March 31, 2015 and 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	778,000	(246,319)	531,681

THE NOTES ON PAGES 9 TO 25 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DPOD MANUFACTURING LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
	HK$	HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(4,572,045)	3,940,218
Adjustment for		
Bank interest income	(19)	(20)
Finance costs	483,328	547,073
Depreciation	32,614	17,087
OPERATING (LOSS)/PROFIT BEFORE WORKING CAPITAL CHANGES	(4,056,122)	4,504,358
Decrease in inventories	889,593	16,974,324
Decrease in prepayment	-	87,883
Decrease in amount due from immediate holding company	-	466,800
Increase in amounts due from fellow subsidiaries	(6,993,003)	(5,462,107)
Decrease/(Increase) in amount due from a shareholder	518,646	(207,446)
Decrease/(Increase) in trade and other receivables	12,169,806	(8,069,513)
Increase in amount due to immediate holding company	37,414	-
Increase/(Decrease) in amounts due to fellow subsidiaries	4,489,458	(14,807,391)
Increase in amount due to a director	1,310,568	1,429,010
(Decrease)/Increase in trade and other payables	(5,017,602)	5,112,615
CASH GENERATED FROM OPERATIONS	3,348,758	28,533
Bank interest received	19	20
Finance costs paid	(483,328)	(547,073)
Net cash generated from/(used in) operating activities	2,865,449	(518,520)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment to acquire plant and equipment and net cash used in investing activities	(13,294)	(87,883)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment to)/Proceeds from borrowings and net cash generated from financing activities	(3,678,387)	367,879
NET DECREASE IN CASH AND CASH EQUIVALENTS	(826,232)	(238,524)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	946,127	1,184,651
CASH AND CASH EQUIVALENTS AT END OF YEAR	119,895	946,127

THE NOTES ON PAGES 9 TO 25 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DPOD MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

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 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.

In 2016, the Company adopted the new and revised HKFRSs below, which are relevant to its operations.

• Amendments to HKAS19	Defined Benefit Plans: Employee Contributions
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
• Amendments to HKAS 1	Disclosure Initiative
• Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
• Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
• Amendments to HKAS 27	Equity Method in Separate Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

a. Basis of Preparation (Cont'd)

• Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
• Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The adoption of the above HKFRSs has had no material impact on the principal accounting policies of the Company and the methods of computation in the Company's financing statements.

b. Impact of issued but not yet effective HKFRSs

The Company has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

• HKFRS 9	Financial Instruments (1)
• HKFRS 15	Revenue from Contracts with Customers (1)
• Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (2)

Notes:

(1) Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
(2) Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that all of the above new and revised standards, amendments or interpretations will be adopted in the Company's financial statements for the period commencing April 1, 2016 and that the adoption of those new and revised standards, amendments or interpretations will have no material impact on the financial statements of the Company.

c. 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
Office equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

c. Plant and Equipment (Cont'd)

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.

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. 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.

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 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

Financial assets of the Company are only classified under loans and receivables category.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

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 amounts due to fellow subsidiaries and a director, 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 on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

m. 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.

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 discount 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 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.

p. 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)

q. 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.

r. 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.

s. 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

   t. 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 Comapny 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

	2016	2015
Revenue recognised during the year/period including revenue arising from:	HK$	HK$
Turnover:		
Sales of goods	78,051,920	123,856,655
Other income and gains, net:		
Bank interest income	19	20
Commission income	1,083,973	870,094
Sundry income	408,713	251,738
	1,492,705	1,121,852
Total revenue recognised	79,544,625	124,978,507

7. FINANCE COSTS

Other interest	453,865	520,505
Bill interest	29,463	26,568
	483,328	547,073

8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging and (crediting):

Depreciation	32,614	17,087
Rental payment under operating leases	-	300,433
Exchange differences, net	(1,329,023)	282,678

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:

	2016	2015
	HK$	HK$
Emoluments:		
Acting as directors	-	-
Provision for management services	-	2,204,230
	-	2,204,230

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 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.

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:

	2016	2015
	HK$	HK$
Auditor's remuneration	28,450	27,000
Auditor's expenses	2,528	2,958
	30,978	29,958

DPOD MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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	Office Equipment	Total
Cost	HK$	HK$	HK$
At 1/4/2015	-	87,883	87,883
Additions	13,294	-	13,294
At 31/3/2016	13,294	87,883	101,177
Aggregate Depreciation			
At 1/4/2015	-	17,087	17,087
Charge for the year	3,323	29,291	32,614
At 31/3/2016	3,323	46,378	49,701
Net Book Value			
At 31/3/2016	9,971	41,505	51,476
At 31/3/2015	-	70,796	-

13. INVENTORIES

	2016	2015
	HK$	HK$
Raw materials	9,442,614	10,223,604
Finished goods	-	108,603
	9,442,614	10,332,207

14. AMOUNTS DUE FROM FELLOW SUBSIDIARIES/A SHAREHOLDER

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/a shareholder. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

15. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$	HK$
Trade receivables (Note (i))	1,925,782	5,237,339
Trade deposit paid and other receivable	4,991,036	13,849,285
	6,916,818	19,086,624

(i) Aging analysis of trade receivables is as follows:

	2016	2015
Neither past due nor impaired	2,130	3,571,000
Past due but not impaired	1,923,652	1,666,339
	1,925,782	5,237,339

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

	2016	2015
	HK$	HK$
Trade payables (Note (i))	9,219,224	16,752,773
Trade deposit received and other payable	3,180,234	664,287
	12,399,458	17,417,060

(i) Maturity of the trade payables is as follows:

	2016	2015
Due for payment:		
Not later than one year	8,944,524	16,632,027
Past due more than one year	274,700	120,746
	9,219,224	16,752,773

18. SECURED BANK BORROWINGS

The carrying amount of the secured bank borrowings at the end of reporting period is analyzed as follows:

	2016	2015
	HK$	HK$
Amount repayable within one year:		
Discounted bills loan	-	851,393
Trust receipt loan	5,655,535	8,482,529
	5,655,535	9,333,922

19. SHARE CAPITAL

	2016		2015	
	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	2016	2015
			HK$	HK$
Simple Approach Ltd., Hong Kong	Fellow subsidiary	- Amount due to	(268,815)	(290,718)
		- Management fees	50,181	231,058
Norwest Industries Ltd., Hong Kong	Fellow subsidiary	- Amount due from/(to)	(2,898,497)	1,560,438
		- Management fees	1,154,589	582,706
		- Rent paid	-	20,352
		- Consultancy fees	-	46,680
		- Commission expenses	-	160,141
		- Commission income	-	151,858
		- Sample expenses	-	68,378
Poeticgem Ltd., UK	Fellow subsidiary	- Amount due to	(14,591)	(60,682)
Nor Lanka Manufacturing Ltd., Hong Kong	Fellow subsidiary	- Amount due to	(309,383)	(2,236,025)
		- Management fees	3,243,413	3,609,957
		- Rent	-	280,080
Nor Lanka Manufacturing Colombo Ltd., Sri Lanka	Fellow subsidiary	- Amount due to	(36,438)	(2,095)
PDS Asia Star Corporation Ltd., Hong Kong	Fellow subsidiary	- Amount due to	(3,037,312)	(314)
		- Management fees	567,940	373,440
Poeticgem International Ltd., Hong Kong	Fellow subsidiary	- Amount due to	(1,057,211)	(524,082)
		- Management fees	922,129	524,082
Techno Manufacturing Ltd., Hong Kong	Fellow subsidiary	- Amount due from	7,772,491	3,901,669
		- Commission income	-	392,280
Techno Design GmbH, Germany	Fellow subsidiary	- Amount due from/(to)	4,682,619	(18,873)
		- Sales	896,017	-
Multinational Textile Group Ltd., Mauritius	Immediate holding company	- Amount due to	(37,414)	-
		- Management fees	382,644	313,129
Design Pod Ltd., Hong Kong	Shareholder	- Amount due from	-	518,646
Rajive RANJAN	Director	- Consultancy fees	1,831,101	2,204,230
		- Amount due to	(2,739,578)	(1,429,010)
Birthe SIEMERS	Director	- Consultancy fees	143,774	-

DPOD MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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) 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

	(Expressed in HKD) 2015		
	EUR	USD	GBP
Trade and other receivable	954,597	18,118,797	-
Trade and other payable	-	(17,409,560)	-
Bills payable	(851,393)	(8,482,530)	-
Cash and cash equivalents	174,384	756,523	7,958
Net exposure arising from recognised assets and liabilities	277,588	(7,016,770)	7,958

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.

	2016		2015	
	Increase	Decrease	Increase	Decrease
	HK$	HK$	HK$	HK$
Euro Dollars (EUR)	703	(703)	23,179	(23,179)
British Pounds (GBP)	570	(570)	664	(664)
United States Dollars (USD)	-	-	-	-
	1,273	(1,273)	23,843	(23,843)

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 2015.

23. INTEREST RATE RISK

	2016	2015
Financial liabilities bearing variable interests:	HK$	HK$
Discounted bills loan	-	851,893
Trust receipts loan	5,655,535	8,482,529
	5,655,535	9,333,922

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$48,333 (2015: HK$54,707). 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:

	2016	2015
	HK$	HK$
Irrevocable letters of credit	4,704,469	3,632,551

(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 20, 2016.

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DPOD MANUFACTURING LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	2016	2015
	HK$	HK$
SALES	78,051,920	123,856,655
COST OF SALES		
Opening inventories	10,332,207	27,306,531
Purchases	52,046,799	64,937,656
Subcontracting charges	19,375,226	25,747,297
Less: Closing inventories	(9,442,614)	(10,332,207)
	72,311,618	107,659,277
GROSS PROFIT	5,740,302	16,197,378
OTHER INCOME AND GAIN, NET		
Bank interest income	19	20
Commission income	1,083,973	870,094
Other income	408,713	251,738
	1,492,705	1,121,852
	7,233,007	17,319,230
OPERATING EXPENSES (SCH II)	11,805,052	13,379,012
(LOSS)/PROFIT BEFORE TAXATION	(4,572,045)	3,940,218

DPOD MANUFACTURING LIMITED
DETAILED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

	2016	2015
	HK$	HK$
OPERATING EXPENSES		
Depreciation Expenses		
Depreciation	32,614	17,087
Finance Costs		
Other interest	453,865	520,505
Bill interest	29,463	26,568
	483,328	547,073
Other Operating Expenses		
Auditor's remuneration	28,450	27,000
Bank charges	624,209	694,916
Business registration fee	2,250	2,250
Commission	8,318	160,141
Computer expenses	68,068	2,431
Consultancy fees	2,280,247	2,729,677
Courier charges	642,355	263,930
Entertainment expense	48,851	25,588
Exchange differences, net	(1,329,023)	282,678
Inspection fees	28,986	28,825
Insurance	107,545	119,962
Internal audit fee	8,441	-
Legal and professional fees	20,621	102,550
Local travelling	109,916	382,661
Management fees	6,320,896	5,634,373
Membership fee	34,699	39,420
Office supplies	10,904	-
Overseas travelling	902,201	1,112,051
Penalty from customer	948,329	357,220
Printing and stationery	2,749	7,899
Recruitment expenses	97,242	-
Rent	-	300,433
Sales promotion expenses	20,682	34,325
Sample expenses	158,110	285,410
Telephone expenses	5,479	96,764
Testing charges	138,585	124,348
	11,289,110	12,814,852
	11,805,052	13,379,012

POETICGEM INTERNATIONAL LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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, 2016.

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 5.

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 (18) 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 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

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.

POETICGEM INTERNATIONAL 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 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 19, 2016.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

LOUIS K.M. LAI FCCA CPA (PRACTISING) 黎劍民會計師
LUK WING HAY FCCA CPA (PRACTISING) 陸永熙會計師

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香港九龍尖沙咀
柯士甸道140至142號
瑞信集團大廈九樓

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
POETICGEM INTERNATIONAL LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Poeticgem International Limited (the "Company") set out on pages 5 to 24, which comprise the statement of financial position as at March 31, 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. 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 control relevant to the entity's preparation and presentation of financial statements that give a true and fair view 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 the 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 qualified audit opinion.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

LOUIS K.M. LAI FCCA CPA (PRACTISING) 黎劍民會計師
LUK WING HAY FCCA CPA (PRACTISING) 陸永熙會計師

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
POETICGEM INTERNATIONAL LIMITED
(incorporated in Hong Kong with limited liability)

FUNDAMENTAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosure made in Note (2c) 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 Company's holding company and fellow subsidiary 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.

Opinion

In our opinion the financial statements give a true and fair view of the financial position of the Company as at March 31, 2016 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong,

POETICGEM INTERNATIONAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2016

	NOTES	2016	2015
		HK$	HK$
REVENUE	(6)	362,032,780	4,572,071
COST OF SALES		(298,264,045)	(4,025,323)
GROSS PROFIT		63,768,735	546,748
OTHER INCOME AND GAINS	(6)	526,917	925,616
STAFF COSTS		(8,213,192)	(3,345,277)
DEPRECIATION		(102,283)	(2,812)
OTHER OPERATING EXPENSES		(50,704,975)	(3,761,090)
PROFIT/(LOSS) FROM OPERATION		5,275,202	(5,636,815)
FINANCE COSTS	(7)	(392,214)	(3)
PROFIT/(LOSS) BEFORE TAXATION	(8)	4,882,988	(5,636,818)
TAXATION	(11)	-	-
PROFIT/(LOSS) FOR THE YEAR		4,882,988	(5,636,818)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR		4,882,988	(5,636,818)

THE NOTES ON PAGES 9 TO 24 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

POETICGEM INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	NOTES	2016	2015
		HK$	HK$
Non-Current Assets			
Plant and equipment	(12)	518,489	17,436
Current Assets			
Deposit		84,874	136,150
Amounts due from fellow subsidiaries	(13)	1,298,705	556,271
Trade and other receivable	(14)	90,089,354	4,555,102
Bank balances		1,435,367	1,130,237
		92,908,300	6,377,760
Current Liabilities			
Amount due to a fellow subsidiary	(15)	30,470,583	7,535,289
Trade and other payable	(16)	63,713,341	4,500,030
		94,183,924	12,035,319
Net Current Liabilities		(1,275,624)	(5,657,559)
NET LIABILITIES		(757,135)	(5,640,123)
EQUITY			
Share capital	(18)	77,800	77,800
Accumulated losses		(834,935)	(5,717,923)
TOTAL EQUITY		(757,135)	(5,640,123)

APPROVED BY THE BOARD OF DIRECTORS ON MAY 19, 2016 AND SIGNED ON BEHALF OF THE BOARD BY:

Pallak SETH
Director

Omprakash MAKAM SURYANARAYAN SETTY
Director

THE NOTES ON PAGES 9 TO 24 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

POETICGEM INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2016

	Share Capital	Accumulated Losses	Total
	HK$	HK$	HK$
At April 1, 2014	77,800	(81,105)	(3,305)
Total comprehensive expense for the year	-	(5,636,818)	(5,636,818)
At March 31, 2015 and 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	77,800	(834,935)	(757,135)

THE NOTES ON PAGES 9 TO 24 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

POETICGEM INTERNATIONAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
	HK$	HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	4,882,988	(5,636,818)
Adjustments for:		
Bank interest income	(20)	(16)
Depreciation	102,283	2,812
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	4,985,251	(5,634,022)
Decrease/(Increase) in deposit	51,276	(136,150)
Increase in amount due from fellow subsidiaries	(742,434)	(556,271)
Increase in trade and other receivable	(85,534,252)	(4,555,102)
Increase in amount due to a fellow subsidiary	22,935,294	7,038,023
Increase in trade and other payable	59,213,311	4,493,030
CASH GENERATED FROM OPERATIONS	908,446	649,508
Bank interest received	20	16
Net cash generated from operating activities	908,466	649,524
CASH FLOW FROM INVESTING ACTIVITIES		
Payments to purchase plant and equipment and net cash used in investing activities	(603,336)	(20,248)
CASH FLOW FROM FINANCING ACTIVITIES	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	305,130	629,276
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,130,237	500,961
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,435,367	1,130,237

THE NOTES ON PAGES 9 TO 24 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.

In 2016, the Company adopted the new and revised HKFRSs below, which are relevant to its operations.

• Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
• Amendments to HKAS 1	Disclosure Initiative
• Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
• Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
• Amendments to HKAS 27	Equity Method in Separate Financial Statements
• Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
• Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

a. Basis of Preparation (Cont'd)

The adoption of the above HKFRSs has had no material impact on the principal accounting policies of the Company and the methods of computation in the Company's financing statements. As such, no 2015 comparatives have been amended as a result from adopting the captioned HKFRSs.

b. Impact of issued but not yet effective HKFRSs

The Company has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

- HKFRS 9 — Financial Instruments [1]
- HKFRS 15 — Revenue from Contracts with Customers [1]
- Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [2]

Notes:

(1) Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
(2) Effective for annual periods beginning on or after a date to be determined.

The director anticipate that all of the above new and revised standards, amendments or interpretations will be adopted in the Company's financial statements for the period commencing April 1, 2016 and that the adoption of those new and revised standards, amendments or interpretations will have no material impact on the financial statements of the Company.

c. 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.

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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.

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.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

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.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

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.

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 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.

p. 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)

q. 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.

r. 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.

s. 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.

t. 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.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

u. 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.

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 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.

POETICGEM INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6. REVENUE, OTHER INCOME AND GAINS

	2016	2015
	HK$	HK$
Revenue recognised during the year are as follows:		
Turnover:		
Sales of goods	362,032,780	4,572,071
Other income and gains, net:		
Bank interest income	20	16
Management fee income	-	925,600
Sundry income	53,300	-
Penalty	347,567	-
Exchange difference, net	126,030	-
	526,917	925,616
Total revenue recognised	362,559,697	5,497,687

7. FINANCE COST

Bank overdraft interest	392,214	3

8. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is stated after charging and (crediting):

Depreciation	102,284	2,812
Exchange differences, net	(126,030)	103,826
Rental payment under operating leases	871,470	775,302
Staff costs		
- Staff salaries	8,207,182	3,341,445
- Staff welfare	6,010	3,382

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:

	2016	2015
	HK$	HK$
Emoluments:		
Acting as directors	-	-
Provision for management services	-	-
	-	-

(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

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.

POETICGEM INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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:

	2016	2015
	HK$	HK$
Auditor's remuneration	24,300	23,150
Auditor's expenses	2,000	550
	26,300	23,700

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 1/4/2015	-	-	-	20,248	20,248
Additions	12,377	136,403	337,874	116,682	603,336
At 31/3/2016	12,377	136,403	337,874	136,930	623,584
Aggregate Depreciation					
At 1/4/2015	-	-	-	2,812	2,812
Charge for the year	1,719	8,525	56,018	36,021	102,283
At 31/3/2016	1,719	8,525	56,018	38,833	105,095
Net Book Value					
At 31/3/2016	10,658	127,878	281,856	98,096	518,489
At 31/3/2015	-	-	-	17,436	17,436

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

	2016	2015
	HK$	HK$
Trade receivables (Note (i))	89,916,209	4,538,171
Other receivables	52,070	16,931
Advance to renders	121,075	-
	90,089,354	4,555,102

(i) Aging analysis of trade receivables is as follows:

	2016	2015
Neither past due nor impaired	89,916,209	4,538,171

Trade receivables are due within 90 days from date of billing.

15. AMOUNT DUE TO A FELLOW SUBSIDIARY

The amount due to a fellow subsidiary 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.

16. TRADE AND OTHER PAYABLES

	2016	2015
	HK$	HK$
Trade payables (Note (i))	62,965,168	3,810,674
Accruals	7,800	7,400
Other payables	740,373	681,956
	63,713,341	4,500,030

(i) Maturity of the trade payables is as follows:

	2016	2015
Due for payment:		
Not later than one year	62,965,168	3,810,674

17. SHARE CAPITAL

	2016		2015	
	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.

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:

	2016	2015
	HK$	HK$
Within one year	152,164	254,346
In the second to fifth years inclusive	-	-
	152,165	254,346

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:

	2016	2015
	HK$	HK$
Irrevocable letters of credit	99,399,746	7,469,519

(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$) 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

	(Expressed in HK$) 2015				
	USD	EUR	GBP	BDT	Total
Trade and other receivables	4,328,447	209,724	-	16,931	4,555,102
Bank and cash balances	113,095	-	5,780	950,777	1,069,652
Trade and other payables	(3,810,674)	-	-	(681,956)	(4,492,630)
Net exposure arising from recognised assets and liabilities	630,868	209,724	5,780	285,752	1,132,124

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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.

	2016		2015	
	Increase	Decrease	Increase	Decrease
	HK$	HK$	HK$	HK$
US Dollars (USD)	3,434,841	(3,434,841)	-	-
Euro Dollars (EUR)	297	(297)	17,512	(17,512)
British Pound (GBP)	2,091	(2,091)	483	(483)
Bangladeshi Taka (BDT)	46,616	(46,616)	23,860	(23,860)
Indian Rupss (INR)	72	(72)	-	-
	3,483,917	(3,483,917)	41,855	(41,855)

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 2015.

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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	2016	2015
			HK$	HK$
PDS Asia Star Corporation Ltd., Hong Kong	Fellow subsidiary	- Amount due from	231,244	14,213
		- Management fee income	217,031	103,457
Poeticgem Ltd., UK	Fellow subsidiary	- Amount due (to)/from	(14,383,244)	17,976
		- Management fee income	34,961,988	238,824
Norwest Industries Ltd., Hong Kong	Fellow subsidiary	- Amount due to	(8,274,771)	(7,535,289)
		- Management fee income	739,481	59,237
DPOD Manufacturing Ltd., Hong Kong	Fellow subsidiary	- Amount due from	1,057,213	524,082
		- Management fee income	533,131	524,082
Nor India Manufacturing Co., Limited	Fellow subsidiary	- Amount due from	10,248	-
		- Management fee income	10,248	-
Nor Lana MFG, Colombo Ltd.	Fellow subsidiary	- Amount due to	(7,812,536)	-
		- Management fee income	7,229,036	-

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 19, 2016.

POETICGEM INTERNATIONAL LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	2016	2015
	HK$	HK$
SALES	362,032,780	4,572,071
COST OF SALES		
Purchases	298,264,045	4,025,323
GROSS PROFIT	63,768,735	546,748
OTHER INCOME		
Bank interest income	20	16
Management fee income	-	925,600
Sundry income	1,267	-
Penalty on supplies	347,567	-
Exchange difference, net	53,300	-
	64,295,652	1,470,364
OPERATING EXPENSES (SCH II)	(59,412,664)	(7,109,182)
PROFIT/(LOSS) BEFORE TAXATION	4,882,988	(5,636,818)

POETICGEM INTERNATIONAL LIMITED
DETAILED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

	2016	2015
	HK$	HK$
OPERATING EXPENSES		
Depreciation Expenses		
Depreciation	102,283	2,812
Finance Costs		
Bank overdraft interest	392,214	3
Staff Costs		
Staff salaries	8,207,182	3,341,445
Staff welfare	6,010	3,832
	8,213,192	3,345,277
Other Operating Expenses		
Agent commission	41,242	-
Air freight change	166,865	-
Auditor's remuneration	24,300	23,150
Bank charges	494,886	27,789
Business registration fee	2,250	2,250
Car parking change	3,536	-
Cleaning expenses	78,339	50,456
Communication expense	-	2,688
Courier expenses	1,720,765	1,179,878
Design Consultancy fee	168,257	-
Design expenses	32,606	-
Entertainment	90,258	42,011
Exchange difference	-	103,826
Factory audit charge	10,736	-
Insurance	62,667	13,867
Legal and professional fee	28,473	32,033
Management fee expenses	747,686	-
Marketing fee paid	42,190,024	-
Mobile phones expenses	108,061	47,844
Printing and stationery	160,950	120,485
Rates	103,761	123,289
Rent	871,470	848,319
Repair and maintenance	184,967	62,001
Repatriation expenses	6,221	-
Sample expenses	659,019	-
Security charges	97,866	80,752
Storage charge	32,513	-
Sundry expenses	187,106	84,323
Telephone expenses	138,860	62,512
Testing charges	6,950	682
Transport charge	6,982	-
Travelling expense	1,763,994	614,792
Utilities	275,439	102,929
Vehicle fuel	171,092	121,939
Visa expenses	66,834	13,275
	50,704,975	3,761,090
	59,412,664	7,109,182

File No. 22/62099506

POETICGEM INTERNATIONAL LIMITED

PROFITS TAX COMPUTATION

YEAR OF ASSESSMENT : 2015/2016

SCH 1

	HK$
Basis period: 1/4/2015 - 31/3/2016	
Profit per audited financial statements	4,882,988

STATEMENT OF LOSS

Loss brought forward	5,647,791

The Company conducts its business outside of Hong Kong. It is our view that the operations for which the profits of the Company accrues were conducted outside of Hong Kong and its profits were therefore not chargeable to tax under Section 14 of the Inland Revenue Ordinance.

Report of the Directors and Audited Financial Statements

PG GROUP LIMITED

31 March 2016

CERTIFIED TRUE COPY

ERNST & YOUNG

EY 安永

Building a better working world

PG GROUP LIMITED

CONTENTS

PG GROUP LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2016.

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 2016 and its financial position at that date are set out in the financial statements on pages 5 to 41.

The directors recommend the payment of a final dividend of US$0.1 per ordinary share totaling US$100,000 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.

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
20 May 2016

EY 安永

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

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中信大廈22樓

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Independent auditors' report
To the members of PG Group Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of PG Group Limited (the "Company") and its subsidiaries set out on pages 5 to 41, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss, the consolidated and company statements 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.

Directors' responsibility 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditors' report (continued)
To the members of PG Group Limited
(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Certified Public Accountants
Hong Kong
20 May 2016

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2016

	Notes	2016 US$	2015 US$
REVENUE	5	23,103,580	25,072,688
Cost of sales		(19,620,855)	(20,653,108)
Gross profit		3,482,725	4,419,580
Other income	5	28,398	84,772
Selling and administrative expenses		(3,136,566)	(4,095,357)
Finance costs	8	(74,287)	(107,582)
PROFIT BEFORE TAX	6	300,270	301,413
Income tax credit	9	122,558	109,493
PROFIT FOR THE YEAR		422,828	410,906
Attributable to:			
Owners of the parent		423,012	414,784
Non-controlling interest		(184)	(3,878)
		422,828	410,906

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2016

	2016 US$	2015 US$
PROFIT FOR THE YEAR	422,828	410,906
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(53,425)	59,608
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	(53,425)	59,608
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	369,403	470,514
Attributable to:		
Owners of the parent	374,664	468,437
Non-controlling interest	(5,261)	2,077
	369,403	470,514

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	Notes	2016 US$	2015 US$
NON-CURRENT ASSETS			
Property, plant and equipment	11	7,999	10,725
Intangible assets	12	3,977	4,248
Prepayments, deposits and other receivables	15	32,073	67,342
Deferred tax assets	19	229,808	139,525
Total non-current assets		273,857	221,840
CURRENT ASSETS			
Inventories	13	29,615	847,561
Trade and bills receivables	14	1,960,822	3,152,735
Prepayments, deposits and other receivables	15	94,117	110,392
Financial asset at fair value through profit or loss	16	195,400	-
Due from a related company	23(c)	207,846	232,541
Tax recoverable		4,285	19,676
Cash and cash equivalents		808,065	736,529
Total current assets		3,300,150	5,099,434
CURRENT LIABILITIES			
Trade and bills payables		678,662	1,033,482
Other payables, accruals and receipts in advance	17	142,324	410,003
Due to the immediate holding company	23(b)	-	33,933
Due to fellow subsidiaries	23(b)	51,681	1,193,735
Interest-bearing bank borrowings	18	-	218,184
Tax payable		408,601	408,601
Total current liabilities		1,281,268	3,297,938
NET CURRENT ASSETS		2,018,882	1,801,496
Net assets		2,292,739	2,023,336

continued/...

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2016

	Notes	2016 US$	2015 US$
EQUITY			
Equity attributable to owners of the parent			
Share capital	20	1,000,000	1,000,000
Reserves	21	1,240,832	966,168
		2,240,832	1,966,168
Non-controlling interest		51,907	57,168
Total equity		2,292,739	2,023,336

....

Berstein Jauregui Sebastian Felipe
Director

....

Pallak Seth
Director

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2016

	Share capital US$	Exchange reserve US$	Retained profits US$	Total equity attributable to owners of the parent US$	Non-controlling interests US$	Total equity US$
At 1 April 2014	1,000,000	(55,228)	752,959	1,697,731	55,091	1,752,822
Profit for the year	-	-	414,784	414,784	(3,878)	410,906
Other comprehensive income for the year: Exchange difference on translation of foreign operations	-	53,653	-	53,653	5,955	59,608
Total comprehensive income for the year	-	53,653	414,784	468,437	2,077	470,514
Final 2014 dividend declared	-	-	(200,000)	(200,000)	-	(200,000)
At 31 March 2015 and at 1 April 2016	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	1,000,000	(49,923)*	1,290,755*	2,240,832	51,907	2,292,739

* These reserve accounts comprise the consolidated reserves of US$1,240,832 (2015: US$966,168) in the consolidated statement of financial position.

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2016

	Notes	2016 US$	2015 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		300,270	301,413
Adjustments for:			
Finance costs	8	74,287	107,582
Interest income	5	(9,777)	(10,805)
Depreciation	6	4,557	21,300
Fair value gain on a financial asset at fair value through profit or loss	5	(1,241)	-
Write-down of inventories to net realisable value	6	29,615	-
		397,711	419,490
Decrease/(increase) in inventories		728,420	(164,486)
Decrease in trade and bills receivables		1,175,618	1,621,433
Decrease in prepayments, deposits and other receivables		276,407	45,499
Increase in an amount due from a related company		(207,846)	-
Decrease in trade and bills payables		(341,030)	(311,040)
Increase in other payables, accruals and receipts in advance		51,047	151,394
Decrease in an amount due to a related company		-	(44,463)
Decrease in an amount due to the immediate holding company		(33,933)	(585,936)
Decrease in amounts due to fellow subsidiaries		(1,142,054)	(1,009,952)
Cash generated from operations		904,340	121,939
Interest received		9,777	10,805
Overseas tax refunded/(paid)		37,978	(929)
Net cash flows from operating activities		952,095	131,815
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	11	(2,351)	(6,126)
Purchase of a financial asset at fair value through profit or loss		(194,159)	-
Net cash flows used in investing activities		(196,510)	(6,126)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(74,287)	(107,582)
Dividends paid		(300,000)	-
Proceeds from interest-bearing bank borrowings		7,304,728	8,186,371
Repayments of interest-bearing bank borrowings		(7,522,912)	(8,298,682)
Net cash flows used in financing activities		(592,471)	(219,893)

continued/...

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2016

	2016 US$	2015 US$
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	163,114	(94,204)
Cash and cash equivalents at beginning of year	736,529	819,564
Effect of foreign exchange rate changes, net	(91,578)	11,169
CASH AND CASH EQUIVALENTS AT END OF YEAR	808,065	736,529
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	808,065	736,529

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 Direct	Indirect	Principal activities
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 2016. 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 2016.

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 2016, 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, 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.

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.

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables, accruals and receipts in advance, amounts due to fellow subsidiaries and interest-bearing bank borrowings.

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. 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.

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 AND OTHER INCOME

Revenue represents the net invoiced value of goods sold.

An analysis of other income is as follows:

	2016 US$	2015 US$
Bank interest income	1,079	465
Interest income from a related party	8,698	10,340
Compensation from suppliers for late shipments	16,239	54,423
Royalty income	1,141	19,063
Fair value gain on a financial asset at fair value through profit or loss	1,241	-
Others	-	481
	28,398	84,772

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2016 US$	2015 US$
Cost of inventories sold	19,620,855	20,653,108
Depreciation	4,557	21,300
Minimum lease payments under operating leases of land and buildings	127,572	145,104
Auditors' remuneration	16,892	24,143
Employee benefit expense (excluding directors' remuneration (note 7)):		
Salaries and allowances	681,935	636,412
Pension scheme contributions (defined contribution scheme)	129,593	148,288
	811,528	784,700
Foreign exchange differences, net	16,892	30,029
Write-down of inventories to net realisable value	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:

	2016 US$	2015 US$
Fees	-	-
Other emoluments:		
Salaries and allowances	129,750	156,659
	129,750	156,659

8. FINANCE COSTS

	2016 US$	2015 US$
Interest on interest-bearing bank borrowings	74,287	86,090
Interest on an amount due to the immediate holding company	-	21,492
	74,287	107,582

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. During the year ended 31 March 2015, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. 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		
Charge for the year	-	86,098
Overprovision in the prior year	-	(56,168)
Current - Chile		
Credit for the year	(23,919)	(9,726)
Deferred tax (note 19)	(98,639)	(129,697)
Total tax credit for the year	(122,558)	(109,493)

9. INCOME TAX (continued)

A reconciliation of the tax credit applicable to profit 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$
Profit before tax	300,270	301,413
Tax charge at the Hong Kong statutory tax rate	49,545	49,733
Difference in tax rates applied for specific provinces or local authority	(49,163)	(42,897)
Adjustments in respect of current tax of previous periods	-	(56,168)
Income not subject to tax	(127,299)	(32,074)
Expenses not deductible for tax	1,509	3,383
Tax losses utilised from previous periods	-	(11,504)
Tax losses not recognised	2,691	-
Others	159	(19,966)
Tax at the effective tax rate	(122,558)	(109,493)

At the end of the reporting period, the Group had tax losses arising in Mainland China of US$58,362 (2015: US$55,671) that will expire in five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the tax losses due to the unpredictability of future profit streams.

10. DIVIDEND

	2016 US$	2015 US$
Final - US$0.1 (2015: US$0.2) per ordinary share	100,000	200,000

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements US$	Furniture and fixtures US$	Office equipment US$	Total US$
31 March 2016				
At 31 March 2015 and 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

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements US$	Furniture and fixtures US$	Office equipment US$	Total US$
31 March 2015				
At 1 April 2014:				
Cost	40,720	63,331	69,979	174,030
Accumulated depreciation	(28,294)	(58,674)	(60,252)	(147,220)
Net carrying amount	12,426	4,657	9,727	26,810
At 1 April 2014, net of accumulated depreciation	12,426	4,657	9,727	26,810
Additions	-	620	5,506	6,126
Depreciation provided during the year	(12,426)	(4,107)	(4,767)	(21,300)
Exchange realignment	-	(71)	(840)	(911)
At 31 March 2015, net of accumulated depreciation	-	1,099	9,626	10,725
At 31 March 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

12. INTANGIBLE ASSETS

	Merchandise license US$	Brand name US$	Total US$
31 March 2016			
At 31 March 2015 and 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
31 March 2015			
At 1 April 2014:			
Cost	8,359	4,837	13,196
Accumulated amortisation	(8,359)	-	(8,359)
	-	4,837	4,837
At 1 April, 2014, net of accumulated amortisation	-	4,837	4,837
Exchange realignment	-	(589)	(589)
At 31 March 2015, net of accumulated amortisation	-	4,248	4,248
At 31 March 2015:			
Cost	8,359	4,248	12,607
Accumulated amortisation	(8,359)	-	(8,359)
	-	4,248	4,248

The brand name was not used during the years ended 31 March 2016 and 31 March 2015.

13. INVENTORIES

	2016 US$	2015 US$
Finished goods	29,615	847,561

14. TRADE AND BILLS RECEIVABLES

	2016 US$	2015 US$
Trade receivables	510,204	919,893
Bills receivable	880,308	526,529
Amount due from a related party	570,310	1,706,313
	1,960,822	3,152,735

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:

	2016 US$	2015 US$
Neither past due nor impaired	1,339,705	1,910,939
Past due but not impaired:		
Less than one month	441,042	1,154,569
One to three months	162,386	87,029
Over three months	17,689	198
	1,960,822	3,152,735

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 HK$570,310 (2015: US$1,706,313) 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.

As at 31 March 2015, the Group had transferred certain bills of exchange amounting to US$218,853 to a bank with recourse in exchange for cash. The proceeds of the Group from transferring the bills receivable of US$218,184 had been accounted for as collateralised bank advances and had been included in interest-bearing bank borrowings until the bills were collected or the Group made good of any losses incurred by the banks (note 18).

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 US$	2015 US$
Prepayments	66,671	132,974
Deposits	24,433	25,675
Other receivables	35,086	19,085
	126,190	177,734
Less: Portion classified as non-current	(32,073)	(67,342)
	94,117	110,392

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

	2016 US$	2015 US$
Investments fund	195,400	-

The above investment is classified as held for trading.

17. OTHER PAYABLES, ACCRUALS AND RECEIPTS IN ADVANCE

	2016 US$	2015 US$
Accruals	42,179	87,817
Accrued employee benefits	3,344	11,097
Other payables	68,647	100,973
Dividend payable	-	200,000
Receipts in advance	28,154	10,116
	142,324	410,003

Other payables are non-interest-bearing and have an average term of three months.

18. INTEREST-BEARING BANK BORROWINGS

	2016 US$	2015 US$
Collateralised bank advances	-	218,184

The collateralised bank advances as at 31 March 2015 were denominated in US$, interest-bearing at 3.67%-3.68% and were fully repaid in April 2015.

19. DEFERRED TAX ASSETS

	Losses available for offsetting against future taxable profits US$
At 1 April 2014	9,828
Deferred tax credited to profit or loss during the year (note 9)	129,697
At 31 March 2015 and 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	229,808

20. SHARE CAPITAL

	2016 US$	2015 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 two 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:

	2016 US$	2015 US$
Within one year	94,213	95,809
In the second to fifth years, inclusive	61,395	159,681
	155,608	255,490

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	2016 US$	2015 US$
Immediate holding company:			
Management fees paid	(i)	16,152	17,604
Interest paid	23(b)	-	21,492
A related company:			
Sales of goods	(ii)	9,996,093	12,168,475
Commissions paid	(iii)	867,418	1,270,906
Commissions received	(iv)	-	15,130
Interest income	(iv)	8,698	10,340

Notes:

(i) The management fees paid were charged at rates mutually agreed between the Group and the immediate holding company.

(ii) The sales of goods were made based on terms and conditions mutually agreed between the Group and the related company.

(iii) The commissions paid were related to sourcing services received and were charged at rates mutually agreed between the Group and the related company.

(iv) The commissions received were related to the referral of customers to a related company 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 amounts due to fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The amount due to the immediate holding company as at 31 March 2015 was unsecured, bore interest at 6% per annum and fully settled during the current year.

23. RELATED PARTY TRANSACTIONS (continued)

(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 2016 US$	Maximum amount outstanding during the year US$	31 March 2015 US$	Maximum amount outstanding during the year	1 April 2014 US$
Trade receivables from Grupo (note 14)	570,310	2,875,760	1,706,313	1,951,915	1,951,915
Due from/(to) Grupo	207,846	376,630	232,541	232,541	(44,463)
	778,156	3,252,390	1,938,854	2,184,456	1,907,452

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, financial asset at fair value through profit or loss, an amount due from a related company 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, 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.

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	
	2016	2015	2016	2015
	HK$	HK$	HK$	HK$
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, an amount due from a related company, cash and cash equivalents, trade and bills payables, financial liabilities included in other payables, accruals and receipts in advance, and amounts due to fellow subsidiaries 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 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.

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 (2015: 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, an amount due from 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 50% (2015: 87%) 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 2016 and 31 March 2015.

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:

	2016 US$	2015 US$
NON-CURRENT ASSETS		
Property, plant and equipment	847	1,332
Investments in subsidiaries	425,025	425,025
Total non-current assets	425,872	426,357
CURRENT ASSETS		
Trade and bills receivables	1,421,806	2,189,268
Prepayments and other receivables	11,692	12,485
Due from a related company	207,846	232,541
Due from a subsidiary	743,235	1,497,693
Cash and cash equivalents	464,774	193,532
Total current assets	2,849,353	4,125,519
CURRENT LIABILITIES		
Trade and bills payables	375,896	494,425
Other payables, accruals and receipts in advance	28,188	225,976
Due to fellow subsidiaries	-	1,193,735
Due to the immediate holding company	51,681	33,933
Interest-bearing bank borrowings	-	120,748
Tax payable	479,896	408,601
Total current liabilities	935,661	2,477,418
NET CURRENT ASSETS	1,913,692	1,648,101
Net assets	2,339,564	2,074,458
EQUITY		
Share capital	1,000,000	1,000,000
Retained profits (note)	1,339,564	1,074,458
Total equity	2,339,564	2,074,458

....
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 2014	870,785
Profit and total comprehensive income for the year	403,673
Final 2014 dividend declared	(200,000)
At 31 March 2015 and at 1 April 2015	1,074,458
Profit and total comprehensive income for the year	365,106
Final 2015 dividend declared	(100,000)
At 31 March 2016	1,339,564

28. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 May 2016.

Report of the Directors and Audited Financial Statements

NORDELHI MANUFACTURING LIMITED

31 March 2016

CERTIFIED TRUE COPY

ERNST & YOUNG

EY 安永

Building a better working world

NORDELHI MANUFACTURING LIMITED

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REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2016.

Principal activity
The principal activity of the Company in the prior year was the trading of garments. The Company has become inactive since beginning of the current year.

Results and dividends
The Company's loss for the year ended 31 March 2016 and its financial position at that date are set out in the financial statements on pages 4 to 20.

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 the Company or 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

....

Pallak Seth
Chairman

Hong Kong
20 May 2016

EY 安永

Ernst & Young
22/F, CITIC Tower
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Central, Hong Kong

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Independent auditors' report
To the member of Nordelhi Manufacturing Limited
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Nordelhi Manufacturing Limited (the "Company") set out on pages 4 to 20, which comprise the statement of financial position as at 31 March 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 a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. 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' judgement, 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 of financial statements that give a true and fair view 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 the 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.

Independent auditors' report (continued)
To the member of Nordelhi Manufacturing Limited
(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Certified Public Accountants
Hong Kong
20 May 2016

NORDELHI MANUFACTURING LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2016

	Notes	2016 HK$	2015 HK$
REVENUE	4	-	8,722,625
Cost of sales		-	(7,817,318)
Gross profit		-	905,307
Other income and gain	4	12,715	150,693
Selling and distribution expenses		-	(47,816)
Administrative expenses		(32,076)	(2,425,927)
Other operating expenses		-	(83,434)
LOSS BEFORE TAX	5	(19,361)	(1,501,177)
Income tax credit	7	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(19,361)	(1,501,177)

NORDELHI MANUFACTURING LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2016

	Notes	2016 HK$	2015 HK$
CURRENT ASSETS			
Due from the immediate holding company	10(b)	287,074	287,074
Due from a fellow subsidiary	10(b)	3,317,528	3,004,070
Bank balances		393,338	739,847
Total current assets		3,997,940	4,030,991
CURRENT LIABILITIES			
Other payables and accruals	8	101,251	114,941
Due to a fellow subsidiary	10(b)	1,729,517	1,729,517
Total current liabilities		1,830,768	1,844,458
Net assets		2,167,172	2,186,533
EQUITY			
Share capital	9	2,000,000	2,000,000
Retained profits		167,172	186,533
Total equity		2,167,172	2,186,533

Pallak Seth
Director

Deepak Kumar Seth
Director

NORDELHI MANUFACTURING LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2016

	Share capital HK$	Retained profits HK$	Total equity HK$
At 1 April 2014	2,000,000	1,687,710	3,687,710
Loss and total comprehensive loss for the year	-	(1,501,177)	(1,501,177)
At 31 March 2015 and 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	2,000,000	167,172	2,167,172

NORDELHI MANUFACTURING LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2016

	Note	2016 HK$	2015 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(19,361)	(1,501,177)
Adjustment for bank interest income	4	(1)	(1)
		(19,362)	(1,501,178)
Decrease in trade and bills receivables		-	9,967,785
Decrease in an amount due from the immediate holding company		-	93,360
Increase in an amount due from a fellow subsidiary		(313,458)	(1,551,453)
Decrease in trade and bills payables		-	(7,630,180)
Increase/(decrease) in other payables and accruals		(13,690)	290
Cash used in operations		(346,510)	(621,376)
Interest received		1	1
Net cash flows used in operating activities		(346,509)	(621,375)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(346,509)	(621,375)
Cash and cash equivalents at beginning of year		739,847	1,361,222
CASH AND CASH EQUIVALENTS AT END OF YEAR		393,338	739,847
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		393,338	739,847

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 principal activity of the Company in prior year was the trading of garments. The Company was inactive during the current 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 2016.

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 2016, 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 in finance costs for loans and in other expenses for receivables.

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 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.

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 other payables and accruals and an amount due to a fellow subsidiary.

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.

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, 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 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, 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; and

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

(c) interest income, 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.

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 HK$ and therefore, management concluded that the functional currency of the Company is HK$.

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, OTHER INCOME AND GAIN

Revenue represents the net invoiced value of goods sold.

An analysis of other income and gain is as follows:

	2016 HK$	2015 HK$
Claims and other recovery	-	124,458
Commissions received	-	26,234
Bank interest income	1	1
Foreign exchange differences, net	12,714	-
	12,715	150,693

5. LOSS BEFORE TAX

The Company's loss before tax is arrived at after charging/(crediting):

	2016 HK$	2015 HK$
Auditors' remuneration	20,000	95,190
Foreign exchange differences, net	(12,714)	83,434

6. DIRECTORS' REMUNERATION

No directors received any fees or emoluments in respect of their services rendered to the Company during the year (2015: 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 (2015: 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:

	2016		2015	
	HK$	%	HK$	%
Loss before tax	(19,361)		(1,501,177)	
Tax at the statutory tax rate	(3,195)	(16.5)	(247,694)	(16.5)
Expenses not deductible for tax	3,195	16.5	247,694	16.5
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 (2015: Nil).

8. OTHER PAYABLES AND ACCRUALS

	2016	2015
	HK$	HK$
Other payables	81,251	81,251
Accruals	20,000	33,690
	101,251	114,941

9. SHARE CAPITAL

	2016	2015
	HK$	HK$
Issued and fully paid:		
2,000,000 (2015: 2,000,000) ordinary shares	2,000,000	2,000,000

10. 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 based on mutually agreed terms and conditions during the year:

	2016 HK$	2015 HK$
Immediate holding company:		
Management fees paid	-	93,360
Fellow subsidiaries:		
Commission received	-	26,234
Management fee expenses	-	1,942,627
Commission expenses	-	41,085

(b) 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.

(c) 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 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.

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 an amount due to 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 the reporting period.

13. 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 arise from sales or purchases by the Company in currencies (mainly Pound Sterling ("GBP") and Euro) other than the Company's functional currency. The Company mitigates the risk of foreign currency exposure by contracting with customers and suppliers primarily in the Company's functional currency, whenever possible.

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible changes in the GBP and Euro exchange rates, with all other variables held constant, of the Company's loss 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 exchange rate %	Decrease/ (increase) in loss before tax HK$
31 March 2016		
If HK$ weakens against GBP	10	1,058
If HK$ strengthens against GBP	(10)	(1,058)
If HK$ weakens against Euro	10	49,663
If HK$ strengthens against Euro	(10)	(49,663)

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

	Change in exchange rate %	Decrease/ (increase) in loss before tax HK$
31 March 2015		
If HK$ weakens against GBP	10	151,088
If HK$ strengthens against GBP	(10)	(151,088)
If HK$ weakens against Euro	10	63,958
If HK$ strengthens against Euro	(10)	(63,958)

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 2016 and 31 March 2015.

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 May 2016.

Company Registration No. 06863593 (England and Wales)

POETIC KNITWEAR LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

UHY Hacker Young
Chartered Accountants

POETIC KNITWEAR LIMITED

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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 2016

The directors present their annual report and the audited financial statements for the year ended 31 March 2016.

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 2015:

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.

POETIC KNITWEAR LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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 P Seth

Director

23/05/2016

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

POETIC KNITWEAR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

POETIC KNITWEAR LIMITED

FOR THE YEAR ENDED 31 MARCH 2016

We have audited the financial statements of Poetic Knitwear Limited for the year ended 31 March 2016, which comprise the income statement, balance sheet, 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 (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, 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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2016 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.

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

POETIC KNITWEAR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

POETIC KNITWEAR LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 made: or
- we have not received all the information and explanations we require for our audit.

Vinodkumar Vadgama (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

23/5/2016

Chartered Accountants
Statutory Auditor

POETIC KNITWEAR LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Year Ended 31 March 2016 £	Year Ended 31 March 2015 £
Continuing operations			
Revenue		-	-
Cost of Revenue		-	-
Gross profit		-	-
Other income	4	-	-
Administrative expenses		(2,030)	(2,062)
(Loss) for the year before taxation	5	(2,030)	(2,062)
Taxation	7	-	-
(Loss) for the financial year	10	(2,030)	(2,062)

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 16 form part of these financial statements.

POETIC KNITWEAR LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	Notes	Year Ended 31 March 2016 £	Year Ended 31 March 2015 £
Current assets			
Cash and cash equivalents		1,786	1,816
Total assets		1,786	1,816
Current liabilities			
Trade and other payables	8	(699,168)	(697,168)
Net current liabilities		(697,382)	(695,352)
Total liabilities		(699,168)	(697,168)
Net assets		(697,382)	(695,352)
Shareholder's equity			
Share capital	9	100	100
Retained earnings	10	(697,482)	(695,452)
Total equity		(697,382)	(695,352)

The financial statements were approved by the board of directors and authorised for issue on 23|05| 2016 and were signed on its behalf by:

Mr P Seth
Director

Company registration no. 06863593
The notes on page 10 to 16 form part of these financial statements.

POETIC KNITWEAR LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2014	100	(693,390)	(693,290)
Comprehensive income			
Profit for the year	-	(2,062)	(2,062)
Balance at 1 April 2015	100	(695,452)	(695,352)
Comprehensive income			
Loss for the year	-	(2,030)	(2,030)
Balance at 31 March 2016	**100**	**(697,482)**	**(697,382)**

The notes on page 10 to 16 form part of these financial statements.

POETIC KNITWEAR LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Year Ended 31 March 2016 £	Year Ended 31 March 2015 £
Cash flows from operating activities		
(Loss) for the year	(2,030)	(2,062)
Operating cash flows before movements in working capital	(2,030)	(2,062)
Increase in payables	2,000	2,439
Net cash generated by operating activities	(30)	377
Net increase in cash and cash equivalents	(30)	377
Cash and cash equivalents at the start of the year	1,816	1,439
Cash and cash equivalents at the end of the year	1,786	1,816
Cash and cash equivalents comprise:		
Cash at bank and in hand	1,786	1,816

The notes on page 10 to 16 form part of these financial statements.

POETIC KNITWEAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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 £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 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 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.

2.3 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
Annual improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 1: Disclosure Initiative	1 January 2016
IFRS 9 Financial Instruments (2014)	1 January 2018
Amendments to IAS 7: Disclosure Initiative	1 January 2017
IFRS 16 Leases	1 January 2019

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. **Other Income**

	2016 £	2015 £
Other income	-	-

5. **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

6. **Staff numbers and costs**

Employee costs include:	2016 £	2015 £
Directors' remuneration	-	-
Social security costs	-	-
-		
		-

The average number of employees (including directors) during the year was:

	No.	No.
Management and administration	3	3

7. **Taxation for the year**

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Income tax expense		
Current tax expense:		
UK corporation tax	-	-
Reconciliation of current tax expense to accounting loss		
(Loss)/profit before taxation	(2,030)	(2,062)
National taxation charge at the UK corporation tax rate of 20% (2014: 21%)	(406)	(433)
Tax effects on:		
Group relief surrendered	406	433
Total current tax charge for the year	-	-

8. **Trade and other payables**

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Payable to parent company (note 13)	695,168	695,168
Accrued expenses	4,000	2,000
	699,168	697,168

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 2016 £	Year ended 31 March 2015 £
Issued and fully paid		
100 Ordinary shares of £1 each	100	100

10. **Retained earnings**

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Balance at the start of the year	(695,452)	(693,390)
Net (loss) for the year	(2,030)	(2,062)
Balance at the end of the year	(697,482)	(695,452)

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 2016, the company held cash and cash equivalents of £1,786 (2015: £1,816).

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		Amounts owed to/ (by) related party	
	2016 £	2015 £	2016 £	2015 £
Poeticgem Limited, UK	-	-	695,168	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, Sector-2, HSR Layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

POETIC KNITWEAR LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 MARCH 2016

POETIC KNITWEAR LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

		Year ended 31 March 2016		Year ended 31 March 2015
	£	£	£	£
Revenue	-		-	
Cost of revenue	-		-	
		-		-
Gross profit		-		-
Other income	-		-	
Administrative expenses	(2,030)		(2,062)	
		(2,030)		(2,062)
Operating (loss)		(2,030)		(2,062)

POETIC KNITWEAR LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2016

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Administrative expenses		
Audit fees	2,000	2,000
Bank charges	30	30
Sundry fees	-	32
	2,030	2,062

SIMPLE APPROACH LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

SIMPLE APPROACH LIMITED

DIRECTORS' CONSOLIDATED REPORT

The directors present their consolidated report and the audited financial statements for the year ended March 31, 2016.

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 statement of comprehensive income on page 5.

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 profits 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 date of this consolidated report were:

Sandeep Malhotra
Deepak Burman
Rohit Girotra
Deepak Kumar Seth

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 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.

SIMPLE APPROACH LIMITED

DIRECTORS' CONSOLIDATED REPORT (CONT'D)

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 Group and holding Group (whether made by the Group or otherwise) or an associated Group (if made by the Group).

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, 2016 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 18, 2016.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SIMPLE APPROACH LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Simple Approach Limited (the "Company") and its subsidiary (collectively the "Group") set out on pages 5 to 34, which comprise the consolidated statement of financial position as at March 31, 2016, 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 a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with sections 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 presentation of consolidated financial statements that give a true and fair view 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 the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

LOUIS K.M. LAI FCCA CPA (PRACTISING) 黎劍民會計師
LUK WING HAY FCCA CPA (PRACTISING) 陸永熙會計師

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柯士甸道140至142號
瑞信集團大廈九樓

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
SIMPLE APPROACH LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 18, 2016.

SIMPLE APPROACH LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2016

	NOTES	2016	2015
		HK$	HK$
REVENUE	(6)	409,039,089	338,047,601
COST OF SALES		(351,765,943)	(285,429,576)
GROSS PROFIT		57,273,146	52,618,025
OTHER INCOME AND GAINS, NET	(6)	14,575,484	18,224,319
GAIN ON DISPOSAL OF PLANT AND EQUIPMENT		-	1,307
SELLING AND DISTRIBUTION COSTS		(20,756,151)	(17,466,669)
DEPRECIATION EXPENSES		(686,466)	(623,464)
STAFF COSTS		(25,999,069)	(28,020,977)
OTHER OPERATING EXPENSES		(16,247,978)	(22,751,536)
PROFIT FROM OPERATIONS		8,158,966	1,981,005
FINANCE COSTS	(7)	(2,133,069)	(1,786,748)
PROFIT BEFORE TAXATION	(8)	6,025,897	194,257
TAXATION	(10)	(1,087,170)	(138,307)
PROFIT FOR THE YEAR		4,938,727	55,950
OTHER COMPREHENSIVE INCOME Item that may be reclassified to profit or loss: - Exchange difference on translating foreign operations		(868,232)	365,601
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDER FOR THE YEAR		4,070,495	421,551

THE NOTES ON PAGES 10 TO 34 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

SIMPLE APPROACH LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	NOTES	2016	2015
		HK$	HK$
Non-Current Assets			
Plant and equipment	(11)	894,833	975,753
Current Assets			
Inventories	(12)	-	469,674
Deposits and prepayment		838,614	1,199,929
Amounts due from fellow subsidiaries	(13)	5,336,060	3,600,265
Amount due from a director	(9ii)	4,229,247	3,762,447
Trade and other receivables	(14)	152,482,263	135,365,162
Tax recoverable		-	64,140
Cash and bank balances		9,812,811	12,461,409
		172,698,995	156,923,026
Current Liabilities			
Amount due to immediate holding company	(15)	-	985,975
Amounts due to fellow subsidiaries	(15)	1,962,828	1,844,012
Amount due to a related company	(15)	-	9,200
Trade and other payables	(16)	47,065,034	37,084,696
Secured bank borrowings	(17)	93,525,469	84,396,257
Obligation under finance leases	(18)	215,233	-
Provision for taxation		1,010,621	54,491
		143,779,185	124,374,631
Net Current Assets		28,919,810	32,548,395
NET ASSETS		29,814,643	33,524,148
EQUITY			
Share capital	(19)	18,983,200	26,763,200
Translation reserve		(457,698)	410,534
Retained profits		11,289,141	6,350,414
TOTAL EQUITY		29,814,643	33,524,148

APPROVED BY THE BOARD OF DIRECTORS ON MAY 18, 2016 AND SIGNED ON BEHALF OF THE BOARD BY:

Sandeep Malhotra
Director

Rohit Girotra
Director

THE NOTES ON PAGES 10 TO 34 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

SIMPLE APPROACH LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2016

	Share Capital	Translation Reserve	Retained Profits	Total
	HK$	HK$	HK$	HK$
At April 1, 2014	26,763,200	44,933	6,294,464	33,102,597
Total comprehensive income for the year	-	365,601	55,950	421,551
At March 31, 2015 and 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	18,983,200	(457,698)	11,289,141	29,814,643

THE NOTES ON PAGES 10 TO 34 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

SIMPLE APPROACH LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
	HK$	HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,025,897	194,257
Adjustments for:		
Depreciation	686,466	623,464
Bank interest income	(30,005)	(107,021)
Interest expenses	2,133,069	1,786,748
Gain on disposal of plant and equipment	-	(1,307)
Plant and equipment written off	6,720	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	8,822,147	2,496,141
Decrease/(Increase) in inventories	469,674	(469,674)
Decrease/(Increase) in deposits and prepayment	361,315	(414,159)
Increase in trade and other receivables	(17,117,101)	(52,881,282)
Increase in trade and other payables	9,980,338	8,493,820
Net payment to ultimate holding company	-	(10,698)
Net (payment to)/receipt from immediate holding company	(985,975)	199,190
Net (payment to)/receipt from fellow subsidiaries	(1,616,979)	1,186,271
Net receipt from affiliated company	-	17,978
Net (payment to)/receipt from a related company	(9,200)	9,200
Net payment to a director	(466,800)	(389,000)
NET CASH USED IN OPERATIONS	(562,581)	(41,762,213)
Bank interest received	30,005	107,021
Bank Interest paid	(2,133,069)	(1,786,748)
Hong Kong profits tax (paid)/refund	(12,415)	1,783,345
Tax paid in other jurisdiction	(50,713)	(100,264)
Net cash used in operating activities	(2,728,773)	(41,758,859)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(621,487)	(174,966)
Proceeds from disposal of plant and equipment	-	3,545
Net cash used in investing activities	(621,487)	(171,421)

THE NOTES ON PAGES 10 TO 34 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

SIMPLE APPROACH LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
	HK$	HK$
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipt from secured bank borrowing	9,129,212	35,755,331
Inception of finance leases	270,914	-
Repayment of obligations under finance leases	(55,681)	-
Redemption of preference shares	(7,780,000)	-
Net cash generated from financing activities	1,564,445	35,755,331
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,785,815)	(6,174,949)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	12,461,409	18,270,769
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(862,783)	365,589
CASH AND CASH EQUIVALENTS AT END OF YEAR	9,812,811	12,461,409

THE NOTES ON PAGES 10 TO 34 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

SIMPLE APPROACH LIMITED

NOTES TO THE 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.

In 2016, the Group adopted the new and revised HKFRSs below, which are relevant to its operations.

• Amendments to HKAS19	Defined Benefit Plans: Employee Contributions
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
• Amendments to HKAS 1	Disclosure Initiative
• Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
• Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
• Amendments to HKAS 27	Equity Method in Separate Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

a. Basis of Preparation (Cont'd)

• Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
• Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The adoption of the above HKFRSs has had no material impact on the principal accounting policies of the Group and the methods of computation in the Group's consolidated financial statements. As such, no 2015 comparatives have been amended as a result from adopting the captioned HKFRSs.

b. Impact of issued but not yet effective HKFRSs

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

• HKFRS 9	Financial Instruments [(1)]
• HKFRS 15	Revenue from Contracts with Customers [(1)]
• Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [(2)]

Notes:

(1) Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
(2) Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that all of the above new and revised standards, amendments or interpretations will be adopted in the Group's consolidated financial statements for the period commencing April 1, 2016 and that the adoption of those new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements of the Group.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

c. 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)

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.

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.

e. 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.

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. 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.

h. Financial Assets

Financial assets of the Group are only classified under loans and receivables category.

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 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.

j. 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.

k. 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.

l. 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)

m. 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.

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 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.

o. Turnover

Turnover represents invoiced amount of sales less discounts and returns.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

p. 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.

q. 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.

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.

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)

s. 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.

t. 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.

u. 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.

v. 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.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

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 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)

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.

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.

SIMPLE APPROACH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. REVENUE, OTHER INCOME AND GAINS

	2016	2015
	HK$	HK$
Revenue recognised during the year are as follows:		
Turnover:		
Sale of goods	409,039,089	338,047,601
Other income and gains, net:		
Bank interest income	30,005	107,021
Commission income	10,636,519	13,442,044
Claim and recovery	1,563,249	2,181,603
Design fee income	2,334,000	-
Management fee income	-	2,191,617
Sundry income	11,711	302,034
	14,575,484	18,224,319
Total revenue recognised	423,614,573	356,271,920

7. FINANCE COSTS

	2016	2015
Bank interest paid	1,796,919	1,526,672
Bank finance charges	325,327	254,763
Hire purchase interest	10,823	-
Other interest expenses	-	5,313
	2,133,069	1,786,748

8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	2016	2015
Depreciation	686,466	623,464
Exchange difference	10,151	495,753
Plant and equipment written off	6,720	-
Rental payment under operating leases - properties	1,519,067	1,702,489
Staff costs (including directors' remuneration)		
- Salaries and allowance	24,217,390	26,241,679
- Contribution to retirement benefit scheme - MPF	425,756	370,827
- Director's quarter expenses	1,224,417	1,221,750
- Recruitment expenses	131,506	186,721

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:

	2016	2015
	HK$	HK$
Emoluments:		
Acting as directors	-	-
Provision for management services	3,303,495	3,458,148
	3,303,495	3,458,148

(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	Relevant director	At beginning of year	At end of year	Greatest outstanding	Overdue amount	Provision
		HK$	HK$	HK$	HK$	HK$
Sandeep Malhotra	N/A	3,762,447	4,229,247	4,229,247	-	-

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

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. 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.

	2016	2015
	HK$	HK$
Hong Kong Profits Tax		
- Current year	1,041,787	96,555
- Overprovision for previous year	(20,000)	(10,000)
Overseas income tax:		
- Current year	62,215	52,018
- Underprovision/(Overprovision) for previous year	3,168	(266)
	1,087,170	138,307

The tax charge for the year can be reconciled to the profit per Consolidated Statement of Comprehensive Income as follows:

	2016	2015
	HK$	HK$
Profit before taxation	6,025,897	194,257
Tax at the domestic income tax rate	1,021,090	54,468
Tax effect of expenses that are not deductible in determining taxable profit	121,030	112,518
Tax effect of income that are not taxable in determining taxable profit	(42)	(806)
Net tax allowance claimed	(38,076)	(17,607)
Over-provision for previous year	(16,832)	(10,266)
Taxation expense for the year	1,087,170	138,307

SIMPLE APPROACH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. 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 1/4/2014	709,758	191,943	920,127	756,860	-	-	2,578,688
Additions	44,849	-	101,182	22,367	-	6,568	174,966
Disposal	-	-	(5,754)	-	-	-	(5,754)
Exchange alignment	(10,247)	-	(25,143)	-	-	-	(35,390)
At 31/3/2015 and 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	823,923	191,943	1,039,023	872,183	340,000	6,568	3,273,640
Accumulated Depreciation							
At 1/4/2014	330,301	80,369	655,181	78,156	-	-	1,144,007
Charge for the year	178,740	55,919	137,527	250,184	-	1,094	623,464
Written back on disposal	-	-	(3,516)	-	-	-	(3,516)
Exchange alignment	(8,463)	-	(18,735)	-	-	-	(27,198)
At 31/3/2015 and 1/4/2015	500,578	136,288	770,457	328,340	-	1,094	1,736,757
Charge for the year	164,599	44,339	124,671	265,675	84,994	2,188	686,466
Written back	-	-	(8,398)	-	-	-	(8,398)
Exchange alignment	(10,619)	-	(25,399)	-	-	-	(36,018)
At 31/3/2016	654,558	180,627	861,331	594,015	84,994	3,282	2,378,807
Net Book Value							
At 31/3/2016	169,365	11,316	177,692	278,168	255,006	3,286	894,833
At 31/3/2015	243,782	55,655	219,955	450,887	-	5,474	975,753

12. INVENTORIES

	2016	2015
	HK$	HK$
Finished goods	-	469,674

13. 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 these companies. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

14. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$	HK$
Trade receivables (Note (i))	126,325,278	102,756,743
Bills receivable	-	19,820,745
Other receivables	26,156,985	12,787,674
	152,482,263	135,365,162

(i) Aging analysis of trade receivables is as follows:

	2016	2015
Neither past due nor impaired	113,350,816	101,429,468
Past due but not impaired	12,974,462	1,327,275
	126,325,278	102,756,743

Trade receivables are due within 90 days from date of billing.

15. AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES/A RELATED COMPANY

The amounts due to immediate holding company/fellow subsidiaries /a related company are unsecured, interest-free and have no fixed terms of repayment. The immediate holding company/fellow subsidiaries/a 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.

16. TRADE AND OTHER PAYABLES

	2016	2015
	HK$	HK$
Trade payable (Note (i))	41,917,563	30,235,708
Bills payable	3,212,164	3,994,879
Trade deposit received	-	444,942
Other payables and accruals	1,935,307	2,409,167
Total	47,065,034	37,084,696

(i) Maturity of the trade payables is as follows:

	2016	2015
Due for payment:		
Not later than one year	41,917,563	30,235,708

17. SECURED BANK BORROWINGS

	2016	2015
Discounted bills loan	12,161,739	19,531,276
Trust receipts loan	46,873,892	41,197,644
Term loan	-	420,120
Factoring loan	34,489,838	23,247,217
	93,525,469	84,396,257

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:

	2016	2015
	HK$	HK$
Within one year	88,225	-
Later than one year but within five years	127,008	-
	215,233	-

The obligation is classified as:

	2016	2015
Current liability	88,225	-
Non-current liability	127,008	-
	215,233	-

19. SHARE CAPITAL

	2016		2015	
	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	3,190,000	24,818,200
At March 31	2,440,000	18,983,200	3,440,000	26,763,200

On December 2, 2015, the preference shareholder redeemed 1,000,000 9% redeemable preference shares of HK$7,780,000.

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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20. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	2016	2015
		HK$	HK$
ASSETS			
Non-Current Assets			
Plant and equipment		854,352	910,962
Investment in a subsidiary	(20a)	1,704,341	1,704,341
		2,558,693	2,615,303
Current Assets			
Deposits and prepayment		824,921	1,144,272
Amounts due from fellow subsidiaries		5,336,060	3,600,265
Amount due from a subsidiary	(20b)	461,634	4,353,415
Amount due from a director		4,229,247	3,762,447
Trade and other receivables		152,458,352	130,025,843
Tax recoverable		-	64,140
Cash and bank balances		7,533,398	11,214,888
		170,843,612	154,165,270
Current Liabilities			
Amount due to immediate holding company		-	985,975
Amounts due to fellow subsidiaries		1,962,828	1,702,724
Amount due to a related company		-	9,200
Trade and other payables		47,056,595	36,999,044
Secured bank borrowings		93,525,469	84,396,257
Obligation under finance leases		215,233	-
Provision for taxation		945,232	-
		143,705,357	124,093,200
Net Current Assets		27,138,255	30,072,070
NET ASSETS		29,696,948	32,687,373
EQUITY			
Share capital		18,983,200	26,763,200
Retained profits		10,713,748	5,924,173
TOTAL EQUITY		29,696,948	32,687,373

APPROVED BY THE BOARD OF DIRECTORS ON MAY 18, 2016 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
		2016	2015	
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:

	2016	2015
	HK$	HK$
Within one year	908,297	1,873,684
In the second to fifth years inclusive	1,220,349	2,022,916
	2,128,646	3,896,600

(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 Profits
	HK$
At April 1, 2014	5,995,878
Total comprehensive expense for the year	(71,705)
At March 31, 2015 and April 1, 2015	5,924,173
Total comprehensive income for the year	4,789,575
At March 31, 2016	10,713,748

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	2016	2015
			HK$	HK$
Pearl Global Industries Ltd., India	Related company (1)	SAP facilities charges	-	53,488
		Amount due to	-	(9,200)
Global Textile Group Ltd., Mauritius	Fellow subsidiary	Consultancy fee	950,895	2,373,009
		Amount due to	(76,042)	(22,325)
Multinational Textile Group Ltd., Mauritius	Immediate holding company	Management fee	1,307,040	1,971,927
		SAP facilities charges	151,710	-
		Amount due to	-	(985,975)
Norwest Industries Ltd., Hong Kong	Fellow subsidiary	Management fee income	-	(1,960,560)
		Rental fee	1,035,000	1,035,000
		Sampling expense	68,386	647,008
		Commission income	(10,501,558)	(13,108,071)
		Commission expenses	13,550,393	10,115,883
		Consultancy fee	-	73,211
		SAP facilities charges	-	58,423
		Management fee	-	50,000
		Recharge expenses	407,375	-
		Amount due (to)/from	(1,772,465)	596,892

SIMPLE APPROACH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. RELATED PARTY TRANSACTIONS (CONT'D)

Name of Company	Relationship	Nature of transaction	2016	2015
			HK$	HK$
Poeticgem Ltd., UK	Fellow subsidiary	Rental fee	-	40,207
		Consultancy fee	-	967,849
		Recharge expenses	819,796	-
		Amount due to	(114,321)	(1,704,300)
Zamira Fashion Ltd., Hong Kong	Fellow subsidiary	Design fee income	(2,334,000)	-
		Recharge income	(66,301)	-
		Amount due from/(to)	2,338,987	(17,387)
PDS Asia Star Corporation Ltd., Hong Kong.	Fellow subsidiary	Commission expenses	42,077	-
		Management fee	-	337,131
		Recharge income	(511,667)	-
		Amount due from	67,733	54,491
Spring Near East Manufacturing Co. Ltd., Hong Kong	Fellow subsidiary	Amount due from	925,594	925,594
DPOD Manufacturing Ltd., Hong Kong	Fellow subsidiary	Recharge income	(50,181)	-
		Management fee income	-	(231,058)
		Amount due from	268,814	290,718
Nordelhi Manufacturing Ltd., Hong Kong	Fellow subsidiary	Commission expenses	-	11,865
		Amount due from	1,729,518	1,729,518
Nor Europe Manufacturing Co. Ltd., Hong Kong	Fellow subsidiary	Recharge income	(70,972)	-
		Amount due from	5,414	3,052
Techno Manufacturing Ltd.	Fellow subsidiary	Recharge income	(33,444)	-

(1) Connected with close family member of the director, Deepak Kumar SETH

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:

	2016	2015
	HK$	HK$
Irrevocable letter of credit	168,223,987	124,138,050

(b) At the end of reporting period, there were mutual guarantees between the Group and its fellow subsidiary.

SIMPLE APPROACH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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) 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

	(Expressed in HKD) 2015						
	USD	GBP	EURO	RMB	BDT	CAD	Total
Trade and other receivables	134,478,161	-	-	-	28,086	-	134,506,247
Cash and cash equivalent	10,674,312	230	3,323	-	1,179,767	227,643	12,085,275
Trade and other payables	(35,153,344)	(32,157)	-	(113,782)	(809,074)	(85,652)	(36,194,009)
Bank borrowings	(84,396,257)	-	-	-	-	-	(84,396,257)
Net exposure arising from recognised assets and liabilities	25,602,872	(31,927)	3,323	(113,782)	398,779	141,991	26,001,256

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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 position date.

	2016		2015	
	Increase	Decrease	Increase	Decrease
	HK$	HK$	HK$	HK$
United States Dollars	-	-	-	-
British Pound	9,987	(9,987)	(2,666)	2,666
Euro Dollars	250,863	(250,863)	277	(277)
Chinese Yuan	(1,352)	1,352	(9,501)	9,501
Bangladeshi Taka	63,482	(63,482)	33,298	(33,298)
Canadian Dollar	15,642	(15,642)	11,856	(11,856)
	338,622	(338,622)	33,264	(33,264)

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 2015.

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27. INTEREST RATE RISK

	2016	2015
	HK$	HK$
Financial liabilities bearing variable interests:		
Discounted bills loan	12,161,739	19,531,276
Trust receipts loan	46,873,892	41,197,644
Term loan	-	420,120
Factoring loan	34,489,838	23,247,217
	93,525,469	84,396,257

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$178,111 (2015: HK$149,193). 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. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Company's Board of Directors on May 18, 2016.

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SIMPLE APPROACH LIMITED
CONSOLIDATED DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	2016	2015
	HK$	HK$
SALES	409,039,089	338,047,601
COST OF SALES		
Opening inventories	469,674	-
Purchases	347,051,477	284,093,747
Accessories and fabric consumption	4,244,792	1,805,503
Less: Closing inventories	-	(469,674)
	351,765,943	285,429,576
GROSS PROFIT	57,273,146	52,618,025
OTHER INCOME		
Bank interest income	30,005	107,021
Commission income	10,636,519	13,442,044
Claim and recovery	1,563,249	2,181,603
Gain on disposal of plant and equipment	-	1,307
Management fee income	-	2,191,617
Design fee income	2,334,000	-
Sundry income	11,711	302,034
	71,848,630	70,843,651
SELLING AND DISTRIBUTION COSTS (SCH II)	(20,756,151)	(17,466,669)
OPERATING EXPENSES (SCH III)	(45,066,582)	(53,182,725)
PROFIT BEFORE TAXATION	6,025,897	194,257

SIMPLE APPROACH LIMITED
CONSOLIDATED DETAILED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

	2016	2015
	HK$	HK$
SELLING AND DISTRIBUTION COST		
Advertising and promotion	13,372	12,640
Claims and penalty	96,008	1,477,361
Commission	13,860,682	10,439,620
Design fee	711,325	2,088,252
Freight charge	2,555,898	1,452,026
Import duty	573,373	565,563
Inspection fee	-	51,467
Sample charges	2,496,656	1,086,769
Storage charges	49,249	40,201
Testing charges	399,588	252,770
	20,756,151	17,466,669
OPERATING EXPENSES		
Depreciation Expenses		
Depreciation	686,466	623,464
Finance costs		
Bank interest expenses	1,796,919	1,526,672
Bank finance charge	325,327	254,763
Hire purchase interest	10,823	-
Other interest expenses	-	5,313
	2,133,069	1,786,748
Staff Costs		
Director's quarter expense	1,224,417	1,221,750
Director's remuneration	2,061,078	2,218,898
Mandatory provident fund contribution	425,756	370,827
Recruitment expenses	131,506	186,721
Staff salaries and allowance	22,156,312	24,022,781
	25,999,069	28,020,977

SIMPLE APPROACH LIMITED
CONSOLIDATED DETAILED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

SCH III

	2016	2015
	HK$	HK$
OPERATING EXPENSES (CONT'D)		
Other Operating Expenses		
Auditors' remuneration	141,277	107,850
Bank charges	1,729,876	1,507,285
Cleaning	49,260	86,884
Consultancy fee	1,320,776	3,475,554
Courier charges	1,623,770	2,142,867
Donation	-	4,789
Entertainment	662,374	616,397
Exchange differences, net	10,151	495,753
General and office expenses	36,663	41,914
Insurance	176,174	179,019
Legal and professional fee	137,874	370,783
License fee	23,517	18,223
Local travelling	885,768	901,637
Management fee	1,307,040	2,359,058
Motor vehicle expenses	773,177	1,508,145
Newspaper, books and magazine	4,522	3,979
Office supplies	57,117	191,089
Overseas travelling	3,640,975	3,125,521
Penalty	2,735	-
Plant and equipment off	6,720	-
Printing and stationery	264,289	398,000
Recharge expenses	124,564	-
Rent, rates and building management fee	2,027,212	2,435,100
Repairs and maintenance	193,393	191,870
SAP facilities charges	174,207	119,321
Sundry expenses	250,085	1,592,704
Telephone, fax and postage	521,875	654,785
Visa expenses	4,547	13,465
Water, electricity and gas	98,040	209,544
	16,247,978	22,751,536
	45,066,582	53,182,725

SIMPLE APPROACH LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	2016	2015
	HK$	HK$
SALES	403,306,636	335,039,994
COST OF SALES		
Purchases	344,164,185	284,093,747
Accessories and fabric consumption	4,244,792	1,805,503
Accessories consumption	-	728,846
	348,408,977	285,899,250
GROSS PROFIT	54,897,659	49,140,744
OTHER INCOME		
Bank interest income	30,005	107,021
Commission income	11,561,461	14,514,936
Claim and recovery	1,563,249	2,181,603
Design fee income	2,334,000	-
Gain on disposal of plant and equipment	-	1,307
Management fee income	245,070	2,518,377
Sundry income	11,711	302,034
	70,643,155	68,766,022
SELLING AND DISTRIBUTION COSTS (SCH II)	(21,513,310)	(18,265,263)
OPERATING EXPENSES (SCH III)	(43,318,483)	(50,485,909)
PROFIT BEFORE TAXATION	5,811,362	14,850

SIMPLE APPROACH LIMITED
DETAILED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

	2016	2015
	HK$	HK$
SELLING AND DISTRIBUTION COST		
Claims and penalty	96,008	1,477,361
Commission	15,710,380	12,602,228
Design fee	711,325	2,088,252
Freight charge	2,356,937	1,085,619
Inspection fee	-	51,467
Sample charges	2,203,955	690,613
Storage charges	35,117	16,953
Testing charges	399,588	252,770
	21,513,310	18,265,263
OPERATING EXPENSES		
Depreciation Expenses		
Depreciation	671,377	601,319
Finance costs		
Bank interest expenses	1,796,919	1,526,672
Bank finance charge	325,327	254,763
Hire purchase interest	10,823	-
	2,133,069	1,781,435
Staff Costs		
Director's quarter expense	1,224,417	1,221,750
Director's remuneration	1,320,847	1,423,068
Mandatory provident fund contribution	425,756	370,827
Recruitment expenses	131,506	186,721
Staff salaries and allowance	21,699,401	23,383,978
	24,801,927	26,586,344

SIMPLE APPROACH LIMITED
DETAILED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

SCH III

	2016	2015
	HK$	HK$
OPERATING EXPENSES (CONT'D)		
Other Operating Expenses		
Auditors' remuneration	141,277	107,850
Bank charges	1,554,840	1,280,199
Cleaning	49,260	86,884
Consultancy fee	1,320,776	3,475,554
Courier charges	1,570,557	2,083,787
Donation	-	4,789
Entertainment	620,987	574,045
Exchange differences, net	237,186	328,754
Insurance	172,329	160,816
Legal and professional fee	103,527	219,979
License fee	23,517	18,223
Local travelling	885,768	901,637
Management fee	1,307,040	2,359,058
Motor vehicle expenses	773,177	1,508,145
Newspaper, books and magazine	4,522	3,979
Office supplies	57,117	191,089
Overseas travelling	3,415,738	2,917,460
Penalty	320	-
Plant and equipment written off	6,720	-
Printing and stationery	264,289	398,000
Recharge expenses	124,564	-
Rent, rates and building management fee	1,855,237	2,150,439
Repairs and maintenance	193,393	191,870
SAP facilities charges	174,207	119,321
Sundry expenses	250,085	1,588,504
Telephone, fax and postage	503,090	623,420
Visa expenses	4,547	13,465
Water, electricity and gas	98,040	209,544
	15,712,110	21,516,811
	43,318,483	50,485,909

SIMPLE APPROACH LIMITED

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SIMPLE APPROACH LIMITED

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AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

File No. 05/35699395

SIMPLE APPROACH LIMITED

PROFITS TAX COMPUTATION

YEAR OF ASSESSMENT : 2015/2016

SCH 1

			HK$	HK$
Basis period: 1/4/2015 - 31/3/2016				
Profit per audited financial statements				5,811,362
Add:	Depreciation	(ACCOUNT)	671,377	
	Fixed assets written off	(SCH 7)	6,720	
	Legal and professional fee	(SCH 8)	55,104	
	Penalty	(ACCOUNT)	320	
				733,521
				6,544,883
Less:	Bank interest income exempted from payment of profits tax	(SCH 10)	254	
	Depreciation allowance	(SCH 2)	18,099	
	Expenditure on computer hardware and software	(SCH 6)	57,120	
	Commercial building allowance	(SCH 4)	1,144	
	Depreciation allowance under 30% finance leases	(SCH 3)	154,402	
				231,019
Assessable profits				6,313,864

DEPRECIATION ALLOWANCE

SCH 2

	20%	Allowance
	HK$	HK$
Pool brought forward	90,496	
Annual allowance	18,099	18,099
Pool carried forward	72,397	(SCH 1)

File No. 05/35699395

SIMPLE APPROACH LIMITED

DEPRECIATION ALLOWANCE UNDER 30% FINANCE LEASES

SCH 3

	TN3607 B.M.W.	Allowance
	HK$	HK$
Additions (SCH 6)	340,000	
Initial allowance (SCH 5)	74,860	74,860
	265,140	
Annual allowance	79,542	79,542
Written down value carried forward	185,598	
		154,402
		(SCH 1)

COMMERCIAL BUILDING ALLOWANCE

SCH 4

	Cost	Qualified expenditure	Residue of expenditure	Amount claimed
	HK$	HK$	HK$	HK$
7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon.				
Leasehold improvement (Acquired in 2010/11)				
Balance brought forward	28,600	28,600 *	22,880	
* 4% annual allowance thereon			1,144	1,144
Balance carried forward			21,736	(SCH 1)

File No. 05/35699395

SIMPLE APPROACH LIMITED

OBLIGATIONS UNDER FINANCE LEASES

SCH 5

Model : 528IA
Finance company : BOT Lease (Hong Kong) Co., Limited
Contract No. : N141523-10
Total installments : 36

	HK$
Purchase price	340,000
Less: Initial cash payment	69,086
Loan principal	270,914
Additions (36 installments)	270,914
Less: 8 installments paid in the year	55,681
Balance c/f (28 installments)	215,233

Initial allowance: (HK$69,086 + 55,681) x 60% = HK$74,860 (SCH 3)

File No. 05/35699395

SIMPLE APPROACH LIMITED

ADDITIONS TO PLANT AND EQUIPMENT

SCH 6

	HK$
Office Equipment	
LED tube light and bulb	29,458
Water purifier system	9,811
Video Conferencing Device	52,540
	91,809 (C)
Computer Equipments	
Lenovo ThinkCentre M73 Mini-Tower	6,340 (A)
Laptop	25,462 (C)
ThinkPad E450 and MS Office 2013	35,120 (A)
Epson Printer	2,652 (C)
MacBook Pro 13" with display	15,660 (A)
MacBook	11,488 (C)
	96,722
Leasehold improvement	
Re: House #152, Road #1, East Side, Baridhara, DOHS, Dhaka, Bangladesh	
Decorations	92,956 (C)
Motor vehicle	
Class: Private car	
Mark: B.M.W.	
Model: 528IA	
Chassis No.: WBAFR12090C945043	
Engine No.: 10717850	
Registration Mark: TN3607	
Cost	340,000 (B)
	621,487

(A) Expenditure on computer hardware and software	(SCH 1)	57,120
(B) Ranking under 30% finance leases	(SCH 3)	340,000
(C) Located outside Hong Kong		224,367
		621,487

File No. 05/35699395

SIMPLE APPROACH LIMITED

PLANT AND EQUIPMENT WRITTEN OFF

SCH 7

	Cost	Accumulated depreciation	
	HK$	HK$	HK$
Computer Equipment	15,118	8,398	6,720
			(SCH 1)

LEGAL AND PROFESSIONAL FEE

SCH 8

	HK$
GDLSK	
- Service fee for review documents accounts receivable invoice	4,717
Dr. Engelhard. Weimar Kollegen	
- Service fee for issuing Notarial Certificates	8,261
Pang, Kung & Co.	
- Service fee for issuing Notarial Certificates	3,500
Louis Lai & Luk Corporate Services Limited	
- Annual secretarial services	4,450
- Preparing letter for redemption of preference shares	8,100 #
Das Plus fur Ihre Steuern	
- Services fee for registration of Germany office	10,072 #
- Legal fee for setting up Germany office	11,258 #
- Accounting service fee	8,656
Seitz Rechtsanwalte Steuerberater	
- Legal fee for setting up Germany office	25,674 #
Bimal and Associates	
- Service fee for tax assessment for expatriates	9,063
- Service fee for dealing with Corporate Tax assessment	8,715
Five Star Associates	
- Service fee for TIN and tax certificate	1,061
	103,527
	(ACCOUNT)

Non-deductible items (SCH 1) 55,104

File No. 05/35699395

SIMPLE APPROACH LIMITED

COMMISSION EXPENSES

SCH 9

		HK$
Payee:	Norwest Industries Limited	
Address:	7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong	13,550,393
Payee:	Simple Approach (Canada) Limited	
Address:	2550 Argentia Road Suite 210, Mississauga ON-L5N 5R1, Canada	1,839,698
Payee:	Winson Corp	
Address:	843 S. Los Angeles Street, Suite 401, Los Angeles, CA 90014	40,915
Payee:	Monza Leda	
Address:	Viale Sabotino, 145, 1-20025 Legnano (MI)	190,395
Payee:	Laura Gencarelli	
Address:	Tiergartenstrabe 9, 64646 Heppenheim	46,901
Payee:	PDS Asia Star Corporation Ltd.	
Address:	7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong	42,078
		15,710,380
		(ACCOUNT)

BANK INTEREST INCOME

SCH 10

		HK$
Interest received from Hong Kong saving accounts	(SCH 1)	254
Interest received from pledged fixed deposit		29,751 #
		30,005
		(ACCOUNT)

Interest income arising on deposits that have been pledged as collateral for financing facilities is not qualified for exemption under the exemption from Profits Tax (Interest Income) order.

File No. 05/35699395

SIMPLE APPROACH LIMITED

MANAGEMENT FEE

SCH 11

		HK$
Payee:	Multinational Textile Group Limited	
Address:	St Louis Business Centre, Cur Desroches & St Louis Streets, Port Louis, Mauritius	1,307,040
		(ACCOUNT)

CONSULTANCY FEE

SCH 12

		HK$
Payee:	Global Textile Group Limited	
Address:	St Louis Business Centre, Cnr Desroches & St Louis Streets, Port Louis, Mauritius	950,895
Payee:	Ian Farmer	
Address:	4th Floor, 55-57 Stanley Main Street, Stanley, Hong Kong	171,160
Payee:	Ravi Bhushan	
Address:	Plot #561, Sector-43, City-Gurgaon, State-Haryana, India - 122002	43,568
Payee:	Tehmina Muzafur	
Address:	Altrincham, Cheshire, UK	155,153
		1,320,776
		(ACCOUNT)

File No. 05/35699395

SIMPLE APPROACH LIMITED

SIMPLE APPROACH LIMITED

CLIENT'S LATE ADJUSTMENTS

FOR THE YEAR ENDED MARCH 31, 2016

			DR	CR	Effect on Income Statement
			HK$	HK$	HK$
1.		Amount due from subsidiary	245,070.00		
	41001500	Mgmt & Facilities		245,070.00	245,070.00
	Being reclassification of accounts				
2.		Amount due from subsidiary	1,402,429.72		
	41001700	Commission-Other Business		934,953.10	934,953.10
	55000600	Made Sample Expenses		292,172.92	292,172.92
	56000200	Bank Charges-Others		175,303.70	175,303.70
	Being reclassification of accounts				
3.	16004400	Others accruals Liabilities	3,714,115.91		
	55000400	Marketing Fees Paid	3,507,119.36		(3,507,119.36)
	24000200	Other Receivables		7,221,235.27	
	Being recognition of marketing fee				
4.	16004400	Others accruals Liabilities	850,379.99		
	50000950	COGS-Others		850,379.99	850,379.99
	Being reallocation of accounts				
5.	24000200	Other Receivables	393,084.50		
		Recharge expenses		393,084.50	393,084.50
	Being recognition of recharge expenses				

SIMPLE APPROACH LIMITED

CLIENT'S LATE ADJUSTMENTS (CONT'D)

FOR THE YEAR ENDED MARCH 31, 2016

			DR	CR	Effect on Income Statement
			HK$	HK$	HK$
6.		Amount due from fellow subsidiaries	2,334,000.00		
	51000200	Design fee income		2,334,000.00	2,334,000.00
	Being recognition of design fee				
	Total effect on Statement of Comprehensive Income				1,717,844.85
	Retained profits as per client's financial statements (before late adjustments)				10,150,137.45
	Retained profits as per client's financial statements (after late adjustments)				11,867,982.30

Approved by:
Simple Approach Limited

Director

SIMPLE APPROACH LIMITED

AUDIT ADJUSTMENTS

FOR THE YEAR ENDED MARCH 31, 2016

			DR	CR	Effect on Income Statement
			HK$	HK$	HK$
1.	20001100	Leasehold Improvement	750,627.82		
	20050600	Acc Dep Furniture & Fixtures	294,888.28		
	20050700	Acc Dep Office Equipment	4,855.07		
	20000600	Furniture & Fixtures		738,142.09	
	20000700	Office Equipment		12,485.73	
	20051100	Acc Dep Lease hold Improvements		299,743.35	
	Being opening adjustments				
2.	20000500	Motor Vehicles	28,333.33		
	20001100	Leasehold Improvement	92,955.83		
	20050600	Acc Dep Furniture & Fixtures	246,022.75		
	20050700	Acc Dep Office Equipment	19,652.58		
	57000400	Dep Leasehold Imp	265,675.33		
	20050500	Acc Dep Motor Vehicles		28,333.33	
	20051100	Acc Dep Lease hold Improvements		265,675.33	
	57000300	Depriciation Furniture & Fixtures		246,022.75	
	20000700	Office Equipment		92,955.83	
	57000500	Dep Office Eqp		19,652.58	
	Being reclassification of accounts, depreciation				
3.	SA-BJ	SA-BJ	107,077.35		
	24000300	Receivables Group	10,678,595.23		
	SA-BD	SA-BD		10,785,672.58	
	Being reclassification of accounts, BD office				
4.	15000200	Payable-Group	2,041,170.92		
		Amount due from fellow subsidiaries	3,002,060.74		
	24000300	Receivables Group		1,993,385.38	
		Amount due to fellow subsidiaries		1,962,827.51	
		Amount due from subsidiary		1,087,018.77	
	Being reclassification of accounts, current accounts				
5.	15000300	Employee Payable	77,800.00		
	26503000	Advance to Vendors	428,386.59		
	26503500	Prepaid Expenses		346,526.36	
	15000000	Trade Payable		159,660.23	
	Being reclassification of accounts				

SIMPLE APPROACH LIMITED

AUDIT ADJUSTMENTS (CONT'D)

FOR THE YEAR ENDED MARCH 31, 2016

			DR	CR	Effect on Income Statement
			HK$	HK$	HK$
6.	24000200	Other Receivables	30,207,068.60		
	26502700	Advance Against Salaries	57,958.58		
	12000400	Hire Purchases Loan Account		215,232.86	
	15000000	Trade Payable		16,372,829.65	
	15000100	Other Payable		13,619,006.09	
	15000300	Employee Payable		57,958.58	
	Being reclassification of accounts				
7.	54006500	FOREX Gains (Loss)	98,847.01		(98,847.01)
		Amount due from subsidiary		98,847.01	
	Being exchange difference of foreign currencies				
8.	26500000	Advance Tax	20,000.00		
	58000000	Taxation (P/L)		20,000.00	20,000.00
	Being over-provision of taxation				
9.	24000200	Other Receivables	1,886,866.59		
	16004400	Others accruals Liabilities		1,886,866.59	
	Being reclassification of accounts				

SIMPLE APPROACH LIMITED

AUDIT ADJUSTMENTS (CONT'D)

FOR THE YEAR ENDED MARCH 31, 2016

			DR	CR	Effect on Income Statement
			HK$	HK$	HK$
10.	41999999	Miscellaneous Income	3,706.70		
	53501500	Recruitment Expenses	4,490.00		
	53500000	Salary	692,392.28		
	53501700	Leave Travel Allowance	12,538.95		
	53500100	Bonus-Staff	37,302.68		
	53500800	Medical / Health Ins.	4,152.11		
	53501800	Immigration/Visa Exp	4,021.40		
	53502200	Salaries Expats	316,923.77		
	53502800	Expat Work Perm/visa	1,232.68		
	53504500	Leave Encashment	772.95		
	53505300	Overtime Expenses	3,265.53		
	54007000	Entertainment Exp	14,502.37		
	54009960	Government Fees	1,010.39		
	54005700	Travel Local	98,468.48		
	54002700	Vehicle Fuel	9,596.45		
	54002100	Taxi & Car Hire Char	18,369.09		
	54008900	Communication Expenses	252.60		
	54005800	Travel Overseas	53,109.21		
		Recharge expenses	517,648.54		
	54003100	R&M-Vehicle	100.57		
	54004900	Mobile Phones Exp	1,146.01		
	54000000	Legal & Prof Chgs	697.17		
	54001000	Insurance-General		166,622.40	
	55000600	Made Sample Expenses		7,107.38	
	56000100	Bank Interest on OD		10,042.35	
	53503300	Staff Welfare Exp		28,256.80	
	56000200	Bank Charges-Others		3,929.58	
	54003900	Housekeeping & Clean		19,993.32	
	54000100	Consulting fees		817,820.39	
	54004500	Courier Chgs - Local		11,119.11	
	54004600	Courier Chgs- Int		1,957.87	
	54006300	Management Fees		393,440.00	
	54004000	Office Supplies		62,518.02	
	54004300	Printing & Stat		111,986.36	
	54001600	Rent-Office		37,549.63	
	54004100	AMC		37,800.00	
	54004800	Telephone Expenses		1,766.72	
	54005100	Internet & Email Chg		11,340.00	
	54003600	Electricity Charges		72,450.00	

Being reallocation of accounts (recharge)

			DR	CR	Effect on Income Statement
11.	54000500	Auditors Remuen	33,600.00		(33,600.00)
	16000900	Audit Fees Payable		33,600.00	

Being provision of audit fee for the year

SIMPLE APPROACH LIMITED

AUDIT ADJUSTMENTS (CONT'D)

FOR THE YEAR ENDED MARCH 31, 2016

			DR	CR	Effect on Income Statement
			HK$	HK$	HK$
12.	50000000	COGS	4,645,763.12		
	50000950	COGS-Others		4,526,972.79	
	50000200	Price Difference		118,790.33	
	Being reallocation of accounts				
13.	51001500	Buyer Commission	10,501,557.73		
	41001700	Commission-Other Business		10,501,557.73	
	Being reallocation of accounts				
14.	51001500	Buyer Commission	124,949.99		
	41001700	Commission-Other Business		124,949.99	
	Being reallocation of accounts				
15.	54000100	Consulting fees	30,342.00		
	55000600	Made Sample Expenses		30,342.00	
	Being reallocation of accounts				
16.		Directors' remuneration	1,260,000.00		
	53500000	Salary		1,260,000.00	
	Being reallocation of accounts				
17.	56000200	Bank Charges-Others	544.60		
	54004300	Printing & Stat	100.00		
		Penalty	320.00		
	54001600	Rent-Office	9,522.06		
	54000200	Design Consultancy Fees		544.60	
	54000500	Auditors Remuen		100.00	
	54000000	Legal & Prof Chgs		320.00	
	54999899	Miscellaneous Exp		9,522.06	
	Being reallocation of accounts				

SIMPLE APPROACH LIMITED

AUDIT ADJUSTMENTS (CONT'D)

FOR THE YEAR ENDED MARCH 31, 2016

			DR	CR	Effect on Income Statement
			HK$	HK$	HK$
18.	15000000	Trade Payable	3,212,164.46		
	15000100	Other Payable	234,130.78		
	12501700	BNP Paribas Bill Discounting A/c	10,716,507.99		
	12501200	BNP Paribas I-factoring	626,909.91		
		Bills payable		3,212,164.46	
		Intesa Bill Discounting A/c		520,265.33	
	12500400	BCI TR Loan A/c		234,130.78	
	24000000	Trade Receivables		10,823,152.57	
Being reclassification of accounts					
19.	58000000	Taxation (P/L)	1,041,787.00		(1,041,787.00)
	26500000	Advance Tax		1,041,787.00	
	Being provision of taxation				
	Total effect on Statement of Comprehensive Income				(1,154,234.01)
	Retained profits as per client's financial statements (after late adjustments)				11,867,982.30
	Retained profits as per audited financial statements				10,713,748.29

Approved by:
Simple Approach Limited

Director

SIMPLE APPROACH LIMITED

CONSOLIDATED ADJUSTMENTS

FOR THE YEAR ENDED MARCH 31, 2016

		Dr.	Cr.
		HK$	HK$
1.	Share capital	794.00	
	Pre-acquisition profit - Retained profit at 31/3/2013	1,703,547.00	
	Interests in subsidiary		1,704,341.00
	Being elimination of investment in subsidiary		
2.	Amount due to immediate holding company	461,634	
	Amount due from a subsidiary		461,634
	Being elimination of current account		
3.	Commission income	2,685,341	
	Management fee income	245,070	
	Exchange difference, net	42,025	
	Commission		2,739,263
	Management fee		233,173
	Being elimination of intergroup transactions		

Approved by:
Simple Approach Limited

Director

PDS ASIA STAR CORPORATION LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

PDS ASIA STAR CORPORATION LIMITED

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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, 2016.

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, 2016 are set out in the statements of comprehensive income on page 5.

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
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.

PDS ASIA STAR CORPORATION 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 (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

Pallak SETH
Chairman

Hong Kong, May 20, 2016.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PDS ASIA STAR CORPORATION LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the accompanying consolidated financial statements of PDS Asia Star Corporation Limited (the "Company") and its subsidiary (collectively the "Group") set out on pages 5 to 30, which comprise the consolidated statement of financial position as at March 31, 2016 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 a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

LOUIS K.M. LAI FCCA CPA (PRACTISING) 黎 劍 民 會 計 師
LUK WING HAY FCCA CPA (PRACTISING) 陸 永 熙 會 計 師

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瑞信集團大廈九樓

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
PDS ASIA STAR CORPORATION LIMITED
(incorporated in Hong Kong with limited liability)

FUNDAMENTAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosure made in Note (2c) 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 Group's 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.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2016 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, May 20, 2016.

PDS ASIA STAR CORPORATION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2016

	NOTES	2016	2015
		HK$	HK$
REVENUE	(6)	251,736,452	163,984,147
OTHER INCOME AND GAIN, NET	(6)	12,661,280	4,677,327
COST OF GOODS SOLD		(230,712,574)	(144,850,367)
STAFF COSTS		(16,699,536)	(15,333,756)
DEPRECIATION		(893,551)	(702,320)
OTHER OPERATING EXPENSES		(14,364,843)	(13,666,525)
PROFIT/(LOSS) FROM OPERATIONS		1,727,228	(5,891,494)
FINANCE COST	(7)	(849,905)	(292,850)
PROFIT/(LOSS) BEFORE TAXATION	(8)	877,323	(6,184,344)
TAXATION	(11)	-	-
PROFIT/(LOSS) FOR THE YEAR		877,323	(6,184,344)
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Item that may be reclassified to profit or loss:			
Exchange difference on translating of foreign operations		(582,841)	(82,130)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR		294,482	(6,266,474)

THE NOTES ON PAGES 9 TO 30 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

PDS ASIA STAR CORPORATION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	NOTES	2016	2015
		HK$	HK$
Non-Current Assets			
Plant and equipment	(13)	960,237	1,747,537
Current Assets			
Deposit and prepayment		303,838	380,170
Trade and other receivables	(14)	66,208,591	29,516,881
Amounts due from fellow subsidiaries	(15)	3,518,210	134,769
Bank balances		1,007,147	3,760,094
		71,037,786	33,791,914
Current Liabilities			
Amounts due to fellow subsidiaries	(16)	21,895,419	11,720,821
Amount due to immediate holding company	(16)	6,382,035	6,457,400
Trade and other payables	(17)	23,091,217	15,440,614
Secured bank borrowing	(18)	35,365,822	16,951,568
		86,734,493	50,570,403
Net Current Liabilities		(15,696,707)	(16,778,489)
NET LIABILITIES		(14,736,470)	(15,030,952)
EQUITY			
Share capital	(19)	2,334,000	2,334,000
Translation reserve		(630,889)	(48,048)
Accumulated losses		(16,439,581)	(17,316,904)
TOTAL EQUITY		(14,736,470)	(15,030,952)

APPROVED BY THE BOARD OF DIRECTORS ON MAY 20, 2016 AND SIGNED ON BEHALF OF THE BOARD BY:

Pallak SETH
Director

FENG Qing
Director

THE NOTES ON PAGES 9 TO 30 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, 2016

	Share Capital	Translation Reserve	Accumulated Losses	Total
	HK$	HK$	HK$	HK$
At April 1, 2014	2,334,000	34,082	(11,132,560)	(8,764,478)
Total comprehensive expenses for the year	-	(82,130)	(6,184,344)	(6,266,474)
At March 31, 2015 and 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)

THE NOTES ON PAGES 9 TO 30 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, 2016

	2016	2015
	HK$	HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	877,323	(6,184,344)
Adjustments for:		
Depreciation	893,551	702,320
Interest income	(25,840)	(4,071)
Interest expenses	849,905	292,850
Fixed asset written off	97,470	-
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	2,692,409	(5,193,245)
Decrease/(Increase) in deposit and prepayment	76,332	(97,317)
Increase in trade and other receivables	(36,691,710)	(19,179,020)
Net receipt from fellow subsidiaries	6,791,157	3,044,731
Net payment to immediate holding company	(75,365)	-
Increase in trade and other payables	7,650,603	5,809,907
Net cash used in operations	(19,556,574)	(15,614,944)
Interest received	25,840	4,071
Interest paid	(849,905)	(292,850)
Net cash used in operating activities	(20,380,639)	(15,903,723)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment to acquire plant and equipment and net cash used in investing activities	(234,644)	(1,362,038)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts of secured bank borrowing and net cash generated from financing activities	18,414,254	16,951,568
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,201,029)	(314,193)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,760,094	4,148,270
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(551,918)	(73,983)
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,007,147	3,760,094

THE NOTES ON PAGES 9 TO 30 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.

In 2016, the Group adopted the new and revised HKFRSs below, which are relevant to its operations.

• Amendments to HKAS19	Defined Benefit Plans: Employee Contributions
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
• Amendments to HKAS 1	Disclosure Initiative
• Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
• Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
• Amendments to HKAS 27	Equity Method in Separate Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

a. Basis of Preparation (Cont'd)

- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 — Investment Entities: Applying the Consolidation Exception
- Amendments to HKFRS 11 — Accounting for Acquisitions of Interests in Joint Operations
- Amendments to HKFRSs — Annual Improvements to HKFRSs 2012-2014 Cycle

The adoption of the above HKFRSs has had no material impact on the principal accounting policies of the Company and the methods of computation in the Company's financing statements. As such, no 2015 comparatives have been amended as a result from adopting the captioned HKFRSs.

b. Impact of issued but not yet effective HKFRSs

The Company has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

- HKFRS 9 — Financial Instruments [(1)]
- HKFRS 15 — Revenue from Contracts with Customers [(1)]
- Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [(2)]

Notes:

(1) Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
(2) Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that all of the above new and revised standards, amendments or interpretations will be adopted in the Group's financial statements for the period commencing April 1, 2016 and that the adoption of those new and revised standards, amendments or interpretations will have no material impact on the financial statements of the Group.

c. 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)

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.

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.

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 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)

h. Financial Assets

The Group's financial assets are only classified under loans and receivables category.

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 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.

j. 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.

k. 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.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

m. 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.

n. 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.

o. Turnover

Turnover represents invoiced amount of sales less discounts and returns.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

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 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.

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.

r. 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.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

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.

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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.

6. REVENUE, OTHER INCOME AND GAINS

	2016	2015
	HK$	HK$
Revenue recognised during the year including revenue arising from:		
Turnover:		
Sales of goods	251,736,452	163,984,147
Other income and gain, net:		
Bank interest income	25,840	4,071
Commission income	3,938,511	504,230
Exchange differences, net	654,358	233,595
Management fee income	6,049,913	2,921,102
Marketing fee received	417,450	-
Sundry income	1,527,904	1,014,329
Service income	47,304	-
	12,661,280	4,677,327
Total revenue recognised	264,397,732	168,661,474

7. FINANCE COST

	2016	2015
Bank finance charges	849,905	292,850

8. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is stated after charging and (crediting):

	2016	2015
Depreciation	893,551	702,320
Exchange differences, net	(654,358)	(233,595)
Fixed asset written off	97,470	-
Staff costs (including directors' remuneration)		
- Salaries and allowance	12,029,926	12,818,687
- Mandatory provident fund contribution	184,974	154,604
- Medical and social welfare contribution	4,470,341	2,260,421
- Staff quarters expenses	-	50,884
- Staff training expenses	-	8,804
- Staff welfare expenses	14,295	40,356

PDS ASIA STAR CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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:

	2016	2015
	HK$	HK$
Emoluments:		
Acting as directors	-	-
Provision for management services	605,045	1,330,032
	605,045	1,330,032

(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$
Techno Manufacturing Limited	70,728	-	70,728	-	-
Norwest USA Inc.	58,350	58,350	58,350	-	-
DPOD Manufacturing Limited	314	3,037,312	3,037,312	-	-
Nor Lanka Manufacturing Limited	5,377	-	5,377	-	-
Nor Europe Manufacturing SL	-	1,528	1,528	-	-
Sourcing Solutions Limited	-	421,020	421,020	-	-
	134,769	3,518,210	3,594,315	-	-

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, 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:

	2016	2015
	HK$	HK$
Auditor's remuneration	62,283	36,279
Auditor's expenses	-	3,518
	62,283	39,797

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$877,323 (2015: loss of HK$6,184,344) attributable to shareholders of the Group is a loss of HK$2,602,437 (2015: HK$10,058,364) which is dealt with in the Company's own accounts.

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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 1/4/2014	282,944	716,116	252,745	-	197,067	82,850	1,531,722
Additions	125,682	226,306	-	926,717	-	83,332	1,362,037
Exchange realignment	(2,541)	(6,544)	(2,017)	-	(1,574)	(966)	(13,642)
At 31/3/2015	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
Accumulated Depreciation							
At 1/4/2014	93,309	146,527	99,734	-	80,280	15,906	435,756
Charge for the year	121,273	256,213	83,874	128,698	65,397	46,865	702,320
Exchange realignment	(1,110)	(2,106)	(1,102)	-	(880)	(298)	(5,496)
At 31/3/2015	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
Net Book Value							
At 31/3/2016	94,071	189,847	25	489,144	141,480	45,670	960,237
At 31/3/2015	192,613	535,244	68,222	798,019	50,696	102,743	1,747,537

14. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$	HK$
Trade receivables (Note (i))	61,750,569	26,650,001
Trade deposit paid	4,311,303	577,979
Other receivables	146,719	2,288,901
	66,208,591	29,516,881

(i) Aging analysis of trade receivables is as follows:

	2016	2015
Neither past due nor impaired	51,431,322	23,910,038
Past due but not impaired	10,319,247	2,739,963
	61,750,569	26,650,001

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

	2016	2015
	HK$	HK$
Trade payables (Note (i))	21,117,452	14,715,206
Trade deposit received	1,680,352	645,924
Other payables and accruals	293,413	79,484
	23,091,217	15,440,614

(i) Maturity of the trade payables is as follows:

	2016	2015
Due for payment:		
Not later than one year	21,117,452	14,715,206

18. SECURED BANK BORROWINGS

The carrying amount of the secured bank borrowings at the end of reporting period is analyzed as follows:

	2016	2015
	HK$	HK$
Amount repayable within one year:		
Trust receipt loan	9,694,451	-
Discounted bills loan	25,671,371	16,951,568
	35,365,822	16,951,568

19. SHARE CAPITAL

	2016		2015	
	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	2016	2015
		HK$	HK$
Non-Current Assets			
Plant and equipment		514,060	806,452
Interest in a subsidiary	(20a)	7,556,598	7,556,598
		8,070,658	8,363,050
Current Assets			
Deposit and prepayment		103,377	111,723
Trade and other receivables		65,948,391	27,204,173
Amounts due from fellow subsidiaries		3,518,210	134,769
Bank balances		628,889	1,058,152
		70,198,867	28,508,817
Current Liabilities			
Amounts due to fellow subsidiaries		21,895,419	11,720,821
Amount due to a subsidiary		13,925,324	7,717,050
Amount due to immediate holding company		6,382,035	6,457,400
Trade and other payables		23,084,062	13,805,728
Secured bank borrowing		35,365,822	16,951,568
		100,652,662	56,652,567
Net Current Liabilities		(30,453,795)	(28,143,750)
NET LIABILITIES		(22,383,137)	(19,780,700)
EQUITY			
Share capital		2,334,000	2,334,000
Accumulated losses		(24,717,137)	(22,114,700)
TOTAL EQUITY		(22,383,137)	(19,780,700)

APPROVED BY THE BOARD OF DIRECTORS ON MAY 20, 2016 AND SIGNED ON BEHALF OF THE BOARD BY:

Pallak SETH
Director

FENG Qing
Director

20. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONT'D)

a. INTEREST IN A SUBSIDIARY

	2016	2015
	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

	Accumulate Losses
	HK$
At April 1, 2014	(12,056,336)
Total comprehensive expense for the year	(10,058,364)
At March 31, 2015	(22,114,700)
Total comprehensive expense for the year	(2,602,437)
At March 31, 2016	(24,717,137)

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:

	2016	2015
	HK$	HK$
Within one year	1,294,597	639,678
In the second to fifth years inclusive	1,433,217	-
	2,727,814	639,678

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.

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	2016	2015
			HK$	HK$
Designed and Sourced Ltd.	Fellow subsidiary	Amount due to	-	(112,599)
		Commission expenses	32,408	939,405
		Management fee income	(151,880)	(404,229)
		Other income	(523,545)	-
DPOD Manufacturing Ltd.	Fellow subsidiary	Amount due from	3,037,312	314
		Management fee income	(567,940)	(373,440)
Poeticgem Australia Manufacturing Co. Ltd.	Fellow subsidiary	Amount due to	(1,676,590)	-
		Management fee income	(233,400)	(233,400)
Global Textiles Group Ltd.	Fellow subsidiary	Consultancy fee	1,528,770	2,580,043
Multinational Textile Group Ltd.	Immediate holding company	Amount due to	(6,382,035)	(6,457,400)
		Management and service fee	933,600	816,900
Nor Europe Manufacturing SL	Fellow subsidiary	Amount due to	1,528	482
		Commission expenses	1,508	-
Nor Lanka Manufacturing Ltd.	Fellow subsidiary	Amount due from	-	5,377
		Management fee income	(898,590)	(291,750)
Norwest Industries Ltd.	Fellow subsidiary	Amount due to	(16,277,303)	(10,918,668)
		Commission expenses	1,870,010	666,152
		Commission income	-	(117,377)
		Sample expenses	-	74,260
		Management fee income	-	(91,206)
		Management fee expenses	449,540	-
Norwest USA Inc.	Fellow subsidiary	Amount due from	58,350	58,350
Poeticgem Ltd.	Fellow subsidiary	Amount due to	(1,084,786)	(620,368)
Poeticgem International Ltd.	Fellow subsidiary	Amount due to	(231,244)	(14,213)
		Management and service fee	217,031	103,457

22. RELATED PARTY TRANSACTIONS (CONT'D)

Name of Company	Relationship	Nature of transactions	2016	2015
			HK$	HK$
Simple Approach Ltd.	Fellow subsidiary	Amount due to	(67,734)	(54,491)
		Commission income	(42,077)	-
		Management fee income	(373,440)	(337,131)
		Management fee expenses	907,321	-
Techno Manufacturing Co. Ltd.	Fellow subsidiary	Amount due from	-	70,728
Spring Near East Manufacturing Co. Ltd.	Fellow subsidiary	Amount due to	(2,557,762)	-
		Management fee income	(2,730,780)	(970,944)
		Commission expenses	75,422	-
Zamira Fashion Limited	Fellow subsidiary	Management fee income	(373,440)	(233,400)
Kleider Sourcing Hong Kong Ltd.	Fellow subsidiary	Management fee income	(140,040)	-
		Purchases	619,511	-
JJ Star Industrial Ltd.	Fellow subsidiary	Management fee income	(186,720)	-
Sourcing Solutions Ltd.	Fellow subsidiary	Amount due from	421,020	-
		Management fee income	(140,040)	-
Techno Design GME	Fellow subsidiary	Management fee income	(154,044)	(70,020)

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) 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 (CONT'D)

(i) Exposure to currency risk (Cont'd)

	(Expressed in HKD) 2015				
	CNY	GBP	EUR	USD	Total
Deposit and prepayment	371,325	8,845	-	-	380,170
Trade and other receivables	4,930,680	-	3,197	24,583,004	29,516,881
Trade and other payables	(3,399,465)	-	-	(12,032,650)	(15,432,115)
Cash and cash equivalents	3,384,289	4,380	4,097	257,755	3,650,521
Net exposure arising from recognised assets and liabilities	5,286,829	13,225	7,294	12,808,109	18,115,457

(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.

	2016		2015	
	Increase	Decrease	Increase	Decrease
	HK$	HK$	HK$	HK$
Chinese Yuan (CNY)	1,219,735	(1,219,735)	441,450	(441,450)
British Pounds (GBP)	343	(343)	1,104	(1,104)
Euro Dollars (EUR)	133,474	(133,474)	609	(609)
	1,353,552	(1,353,552)	443,163	(443,163)

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 2015.

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 20, 2016.

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PDS ASIA STAR CORPORATION LIMITED
CONSOLIDATED DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	2016	2015
	HK$	HK$
SALES	251,736,452	163,984,147
COST OF GOODS SOLD	(230,712,574)	(144,850,367)
GROSS PROFIT	21,023,878	19,133,780
OTHER INCOME		
Bank interest income	25,840	4,071
Commission income	3,938,511	504,230
Management fee income	6,049,913	2,921,102
Marketing fee received	417,450	-
Sundry income	1,527,904	1,014,329
Exchange differences, net	654,358	233,595
Service income	47,304	-
	12,661,280	23,811,107
OPERATING EXPENSES (SCH II)	(32,807,835)	(29,995,451)
PROFIT/(LOSS) BEFORE TAXATION	877,323	(6,184,344)
	=========	=========

PDS ASIA STAR CORPORATION LIMITED
CONSOLIDATED DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

	2016	2015
	HK$	HK$
OPERATING EXPENSES		
Depreciation		
Depreciation expenses	893,551	702,320
Staff Costs		
Directors' remuneration	605,045	1,330,032
Mandatory provident fund contribution	184,974	154,604
Medical and social welfare contribution	4,470,341	2,260,421
Salaries	11,424,881	11,488,655
Staff quarters expenses	-	50,884
Staff training expenses	-	8,804
Staff welfare expenses	14,295	40,356
	16,699,536	15,333,756
Finance Cost		
Bank finance charges	849,905	292,850
Other Operating Expenses		
Auditor's remuneration	62,283	36,279
Bank charges	1,423,992	498,649
Building management fee	87,406	79,966
China levy	954,938	909,172
Cleaning expense	3,938	28
Commission expenses	2,177,035	2,918,181
Consultancy fee	1,903,791	3,112,248
Courier	793,348	740,912
Electricity expenses	103,096	88,874
Entertainment	120,600	105,578
Fixed asset written off	97,470	-
Immigration expenses	42,580	31,000
Insurance	220,355	116,128
IT charges	128,370	37,490
Legal and professional fee	10,794	12,119
License fee	9,124	-
Local travelling	1,630,879	1,347,862
Management and service fee	2,507,491	920,357
Mobile and telephone expenses	167,916	163,218
Motor vehicle expenses	46,856	24,657
Office supplies	148,897	270,757
Overseas travelling	429,261	877,093
Packing material expenses	-	19,194
Printing and stationery	116,313	108,043
Recruitment expenses	4,392	64,416
Rent	979,035	888,182
Repair and maintenance	-	1,618
Sampling expenses	98,719	150,885
Taxi and car hire charges	95,964	143,619
	14,364,843	13,666,525
	32,807,835	29,995,451

PDS ASIA STAR CORPORATION LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

SCH I

	2016	2015
	HK$	HK$
SALES	249,343,342	152,341,623
COST OF GOODS SOLD	(228,070,433)	(135,097,130)
GROSS PROFIT	21,272,909	17,244,493
OTHER INCOME		
Commission income	3,712,499	504,230
Management fee income	5,798,434	2,720,145
Marketing fee received	417,450	-
Sundry income	783,101	819,020
Exchange differences, net	883,365	347,330
	11,594,849	21,635,218
OPERATING EXPENSES (SCH II)	(35,470,195)	(31,693,582)
LOSS BEFORE TAXATION	(2,602,437)	(10,058,364)

PDS ASIA STAR CORPORATION LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2016
(FOR MANAGEMENT INFORMATION ONLY)

SCH II

	2016	2015
	HK$	HK$
OPERATING EXPENSES		
Depreciation		
Depreciation expenses	321,562	136,091
Staff Costs		
Salaries	4,170,901	4,048,581
Directors' remuneration	-	-
Mandatory provident fund contribution	184,974	154,604
Medical benefits and expenses	252,176	64,289
Staff welfare expenses	14,295	40,356
	4,622,346	4,307,830
Finance Cost		
Bank finance charges	849,905	292,850
Other Operating Expenses		
Auditor's remuneration	57,996	32,500
Bank charges	1,417,775	493,071
Business registration fee	3,748	4,744
Cleaning expenses	3,938	28
Commission expenses	2,144,627	1,978,776
Consultancy fee	1,567,126	2,725,136
Courier	34,322	20,869
Entertainment	16,959	25,172
Immigration expenses	11,295	9,835
Insurance	220,356	116,128
IT charges	128,370	37,490
Legal and professional fee	10,794	12,119
License fee`	9,124	-
Local travelling	72,330	107,987
Management and service fee	2,507,491	920,357
Mobile and telephone expenses	35,637	39,310
Motor vehicle expenses	33,898	34,154
Office supplies	19,339	13,662
Overseas travelling	185,753	320,832
Printing and stationery	12,911	12,803
Recruitment expenses	-	56,123
Repair and maintenance	-	1,618
Sampling expenses	48,550	84,254
Service expenses	21,107,407	19,848,918
Taxi and car hire charges	26,636	60,925
	29,676,382	26,956,811
	35,470,195	31,693,582

HARTMANN & PARTNER

STEUERBERATUNGSGESELLSCHAFT MBB

GRONAU - AHAUS

Techno Design GmbH

Willich

Jahresabschluss zum 31. März 2016

Inhaltsverzeichnis

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 2016 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 ohne 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

Steuerliche Verhältnisse

Die Gesellschaft wird beim Finanzamt Viersen unter der Steuernummer 102/5848/1248 geführt.

Im Rahmen der steuerlichen Gewinnermittlung wird neben der Handelsbilanz keine eigenständige Steuerbilanz erstellt.

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.

Rechtliche Verhältnisse

Firma:	Techno Design GmbH
Sitz:	Willich
Anschrift:	Gießerallee 33 47877 Willich
Rechtsform:	Gesellschaft mit beschränkter Haftung
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

Bilanz

Techno Design GmbH

Willich

zum

31. März 2016

AKTIVA

	31.03.2016 Euro	31.03.2015 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	438,00
II. Sachanlagen		
andere Anlagen, Betriebs- und Geschäftsausstattung	5.317,00	9.486,00
B. Umlaufvermögen		
I. Vorräte		
1. fertige Erzeugnisse und Waren	1.599,28	47.571,97
2. geleistete Anzahlungen	10.000,00	0,00
	11.599,28	47.571,97
II. Forderungen und sonstige Vermögensgegenstände		
1. Forderungen aus Lieferungen und Leistungen	293.967,82	260.425,50
2. Forderungen gegen verbundene Unternehmen	15.974,84	318.984,49
3. sonstige Vermögensgegenstände	95.140,18	106.918,68
	405.082,84	686.328,67
III. Kassenbestand, Bundesbankguthaben, Guthaben bei Kreditinstituten und Schecks	18.582,97	34.895,39
C. Rechnungsabgrenzungsposten	5.864,21	3.974,57
D. Nicht durch Eigenkapital gedeckter Fehlbetrag	603.497,98	253.249,20
	1.049.948,28	1.035.943,80

PASSIVA

	31.03.2016 Euro	31.03.2015 Euro
A. Eigenkapital		
I. Gezeichnetes Kapital	100.000,00	100.000,00
II. Verlustvortrag	353.249,20-	18.301,46-
III. Jahresfehlbetrag	350.248,78-	334.947,74-
nicht gedeckter Fehlbetrag	603.497,98	253.249,20
buchmäßiges Eigenkapital	0,00	0,00
B. Rückstellungen		
sonstige Rückstellungen	13.800,00	2.800,00
C. Verbindlichkeiten		
1. Verbindlichkeiten aus Lieferungen und Leistungen - davon mit einer Restlaufzeit bis zu einem Jahr Euro 17.336,02 (Euro 67.967,24)	17.336,02	67.967,24
2. Verbindlichkeiten gegenüber verbundenen Unternehmen - davon mit einer Restlaufzeit bis zu einem Jahr Euro 1.016.286,67 (Euro 184.020,80)	1.016.286,67	184.020,80
3. sonstige Verbindlichkeiten	2.525,59	781.155,76
	1.036.148,28	1.033.143,80
- davon gegenüber Gesellschaftern Euro 0,00 (Euro 769.396,02) - davon aus Steuern Euro 2.237,93 (Euro 10.722,56) - davon mit einer Restlaufzeit bis zu einem Jahr Euro 2.525,59 (Euro 781.155,76)		
	1.049.948,28	1.035.943,80

	Geschäftsjahr Euro	Vorjahr Euro
1. Umsatzerlöse	293.952,90	317.135,38
2. Gesamtleistung	293.952,90	317.135,38
3. sonstige betriebliche Erträge		
a) ordentliche betriebliche Erträge		
sonstige ordentliche Erträge	13.540,00	7.382,01
b) sonstige Erträge im Rahmen der gewöhnlichen Geschäftstätigkeit	58.649,42	29.632,63
	72.189,42	37.014,64
- davon Erträge aus der Währungsumrechnung Euro 48.914,27 (Euro 29.632,63)		
4. Materialaufwand		
a) Aufwendungen für Roh-, Hilfs- und Betriebsstoffe und für bezogene Waren	225.163,34	263.815,40
b) Aufwendungen für bezogene Leistungen	34.449,93	138,19
	259.613,27	263.953,59
5. Personalaufwand		
a) Löhne und Gehälter	153.392,43	177.911,82
b) soziale Abgaben und Aufwendungen für Altersversorgung und für Unterstützung	30.897,96	34.500,21
	184.290,39	212.412,03
6. Abschreibungen auf immaterielle Vermögensgegenstände des Anlagevermögens und Sachanlagen	6.088,17	5.700,78
7. sonstige betriebliche Aufwendungen		
a) ordentliche betriebliche Aufwendungen		
aa) Raumkosten	44.983,20	28.053,25
ab) Versicherungen, Beiträge und Abgaben	960,96	716,86
ac) Reparaturen und Instandhaltungen	4.596,58	13.633,57
ad) Fahrzeugkosten	40.973,53	28.166,86
ae) Werbe- und Reisekosten	20.242,86	7.573,61
af) Kosten der Warenabgabe	23.133,55	30.719,10
ag) verschiedene betriebliche Kosten	74.573,65	67.587,91
b) Verluste aus dem Abgang von Gegenständen des Anlagevermögens	0,00	6,00
	209.464,33	176.457,16
Übertrag	83.849,51-	127.916,38-

	Geschäftsjahr Euro	Vorjahr Euro
Übertrag	83.849,51- 209.464,33	127.916,38- 176.457,16
c) sonstige Aufwendungen im Rahmen der gewöhnlichen Geschäftstätigkeit	58.578,45 268.042,78	34.362,66 210.819,82
- davon Aufwendungen aus der Währungsumrechnung Euro 57.578,45 (Euro 34.362,66)		
8. sonstige Zinsen und ähnliche Erträge	2.435,47	4.056,83
9. Zinsen und ähnliche Aufwendungen	0,00	43,08
10. Ergebnis der gewöhnlichen Geschäftstätigkeit	349.456,82-	334.722,45-
11. sonstige Steuern	791,96	225,29
12. Jahresfehlbetrag	350.248,78	334.947,74

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 01.04.2015 bis 31.03.2016 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 2015 to 31. March 2016 (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 09.05.2016

Hartmann & Partner
Steuerberatungsgesellschaft

S. Leuders

Leuders
(Steuerberater)

HARTMANN & PARTNER STEUERBERATUNGSGESELLSCHAFT MBB
PARTNERSCHAFTSGESELLSCHAFT
GRONAU

Erläuterungsteil

AKTIVA

Konto	Bezeichnung	Geschäftsjahr Euro	Vorjahr Euro
	entgeltlich erworbene Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Werte sowie Lizenzen an solchen Rechten und Werten		
0135	EDV-Software	4,00	438,00
	andere Anlagen, Betriebs- und Geschäftsausstattung		
0650	Büroeinrichtung	4.198,00	7.624,00
0690	Sonstige Betriebs-u.Gesch.ausstattung	1.119,00	1.862,00
		5.317,00	9.486,00
	fertige Erzeugnisse und Waren		
1100	Fertige Erzeugnisse und Waren	1.599,28	47.571,97
	geleistete Anzahlungen		
1186	Geleistete Anzahlungen 19% Vorsteuer	10.000,00	0,00
	Forderungen aus Lieferungen und Leistungen		
1200	Forderungen aus Lieferungen u.Leistung	309.942,66	260.425,50
1259	Gegenkonto bei Aufteilung Debitoren	15.974,84-	0,00
		293.967,82	260.425,50
	Forderungen gegen verbundene Unternehmen		
1260	Ford. verb. Techno Manufacturing Ltd.	0,00	318.984,49
1261	Forderungen gg. verbundene UN(b. 1 J)	15.974,84	0,00
		15.974,84	318.984,49
	sonstige Vermögensgegenstände		
1300	Sonstige Vermögensgegenstände	1.469,45	4.056,83
1350	Kautionen	7.350,00	7.350,00
1360	Darlehen	81.050,67	84.616,01
1372	Durchlaufende Posten DPOD recharge	0,00	2.405,16
1401	Abziehbare Vorsteuer 7%	350,70	0,00
1406	Abziehbare Vorsteuer 19%	29.526,03	0,00
1422	USt-Forderungen Vorjahr	0,00	4,69
1433	Einfuhrumsatzsteuer	11.234,84	0,00
3300	Verbindl. aus Lieferungen u. Leistungen	1.448,30	7.691,15
3740	Verbindlichkeiten soziale Sicherheit	68,76	794,84
3806	Umsatzsteuer 19%	29.246,49-	0,00
3820	Umsatzsteuervorauszahlungen	10.411,13-	0,00
3840	Umsatzsteuer laufendes Jahr	2.299,05	0,00
		95.140,18	106.918,68
	Kassenbestand, Bundesbankguthaben, Guthaben bei Kreditinstituten und Schecks		
1600	Kasse	104,79	155,79
1800	Sparkasse Krefeld	18.453,38	33.090,76
1820	Sparkasse Krefeld US$	24,80	1.648,84
		18.582,97	34.895,39
Übertrag		440.586,09	778.720,03

AKTIVA

Konto	Bezeichnung	Geschäftsjahr Euro	Vorjahr Euro
Übertrag		440.586,09	778.720,03
	Rechnungsabgrenzungsposten		
1900	Aktive Rechnungsabgrenzung	5.864,21	3.974,57
	Nicht durch Eigenkapital gedeckter Fehlbetrag		
	Nicht durch Eigenkapital gedeckter Fehlbetrag	603.497,98	253.249,20
	Summe Aktiva	1.049.948,28	1.035.943,80

PASSIVA

Konto	Bezeichnung	Geschäftsjahr Euro	Vorjahr Euro
	Gezeichnetes Kapital		
2900	Gezeichnetes Kapital	100.000,00	100.000,00
	Verlustvortrag		
2978	Verlustvortrag vor Verwendung	353.249,20-	18.301,46-
	Jahresfehlbetrag		
	Jahresfehlbetrag	350.248,78-	334.947,74-
	nicht gedeckter Fehlbetrag		
	nicht gedeckter Fehlbetrag	603.497,98	253.249,20
	sonstige Rückstellungen		
3070	Sonstige Rückstellungen	4.300,00	500,00
3095	Rückstellungen für Abschluss u. Prüfung	6.800,00	2.300,00
3096	Rückstellungen für Aufbewahrungspflicht	2.700,00	0,00
		13.800,00	2.800,00
	Verbindlichkeiten aus Lieferungen und Leistungen		
3300	Verbindl. aus Lieferungen u. Leistungen	17.336,02	67.967,24
	Verbindlichkeiten gegenüber verbundenen Unternehmen		
3400	Verb. verb. DPOD Manufacturing Ltd.	541.037,94	184.020,80
3401	Verbindlichkeit. gg.verbundene UN(b.1 J)	441.423,80	0,00
3420	Verbindl. aus L+L gg. verbundenen UN	33.824,93	0,00
		1.016.286,67	184.020,80
	sonstige Verbindlichkeiten		
1401	Abziehbare Vorsteuer 7%	0,00	73,24-
1406	Abziehbare Vorsteuer 19%	0,00	28.630,94-
1407	Abziehbare Vorsteuer § 13b UStG 19%	0,00	22,81-
1433	Einfuhrumsatzsteuer	0,00	10.963,71-
3500	Sonstige Verbindlichkeiten	287,66	1.037,18
3640	Verb. GesellschafterMTG Ltd.	0,00	769.396,02
3730	Verbindlichk. Lohn- und Kirchensteuer	2.237,93	4.384,48
3806	Umsatzsteuer 19%	0,00	20.327,13
3820	Umsatzsteuervorauszahlungen	0,00	17.093,77
3830	Umsatzsteuervorauszahlungen 1/11	0,00	90,00-
3837	Umsatzsteuer nach § 13b UStG 19%	0,00	22,81
3840	Umsatzsteuer laufendes Jahr	0,00	8.675,07
		2.525,59	781.155,76
	Summe Passiva	1.049.948,28	1.035.943,80

Konto	Bezeichnung	Geschäftsjahr Euro	Vorjahr Euro
	Umsatzerlöse		
4120	Steuerfreie Umsätze § 4 Nr. 1a UStG	1.477,57	62.896,53
4125	Steuerfreie EU-Lieferungen, §4,1b UStG	0,00	2.061,00
4338	Nicht steuerbare Umsätze Drittland	142.414,04	152.574,87
4400	Erlöse 19% USt	138.873,46	98.613,07
4401	Erlöse 19% USt Musterverkauf	3.261,51	989,91
4560	Provisionsumsätze	10.546,67	0,00
4720	Erlösschmälerungen 19% USt	2.620,35-	0,00
		293.952,90	317.135,38
	sonstige ordentliche Erträge		
4836	Sonstige Erträge betriebl., regelm. 19%	4.996,00	0,00
4947	Verrechn. sonstige Sachbezüge Kfz 19%	8.544,00	7.382,01
		13.540,00	7.382,01
	sonstige Erträge im Rahmen der gewöhnlichen Geschäftstätigkeit		
4830	Sonstige betriebliche Erträge	406,70	0,00
4840	Erträge aus der Währungsumrechnung	48.914,27	29.632,63
4970	Versich.entschädigung, Schadenersatz	8.267,30	0,00
4972	Erstattungen AufwendungsausgleichsG	1.061,15	0,00
		58.649,42	29.632,63
	Aufwendungen für Roh-, Hilfs- und Betriebsstoffe und für bezogene Waren		
5200	Wareneingang	198.702,34	249.947,19
5400	Wareneingang 19% Vorsteuer	2.980,00	0,00
5700	Nachlässe	2.891,93-	0,00
5736	Erhaltene Skonti 19% Vorsteuer	0,00	1,30-
5800	Bezugsnebenkosten	22.088,06	13.837,51
5840	Zölle und Einfuhrabgaben	4.284,87	32,00
		225.163,34	263.815,40
	Aufwendungen für bezogene Leistungen		
5909	Fremdleistungen ohne Vorsteuer	34.449,93	138,19
	Löhne und Gehälter		
6000	Löhne und Gehälter	0,00	6.740,00
6020	Gehälter	147.267,36	162.911,21
6035	Löhne für Minijobs	5.817,50	7.881,38
6040	Pauschale Steuer für Aushilfen	116,35	157,63
6069	Pauschale Steuer auf sonstige Bezüge	191,22	221,60
		153.392,43	177.911,82
	soziale Abgaben und Aufwendungen für Altersversorgung und für Unterstützung		
6110	Gesetzliche Sozialaufwendungen	29.953,59	33.948,28
6120	Beiträge zur Berufsgenossenschaft	944,37	500,00
6130	Freiwillige soziale Aufwendung. LSt-frei	0,00	51,93
		30.897,96	34.500,21
Übertrag		77.761,34-	122.215,60-

Konto	Bezeichnung	Geschäftsjahr Euro	Vorjahr Euro
Übertrag		77.761,34-	122.215,60-
	Abschreibungen		
	auf immaterielle Vermögensgegenstände des Anlagevermögens und Sachanlagen		
6200	Abschreibung immaterielle VermG	434,00	276,76
6220	Abschreibungen auf Sachanlagen	5.032,87	5.171,96
6260	Sofortabschreibung GWG	621,30	252,06
		6.088,17	5.700,78
	Raumkosten		
6310	Miete, unbewegliche Wirtschaftsgüter	33.600,00	25.200,00
6315	Pacht, unbewegliche Wirtschaftsgüter	4.996,00	0,00
6325	Gas, Strom, Wasser	2.034,89	828,60
6330	Reinigung	2.178,79	1.400,85
6335	Instandhaltung betrieblicher Räume	2.173,52	623,80
		44.983,20	28.053,25
	Versicherungen, Beiträge und Abgaben		
6400	Versicherungen	433,28	186,80
6420	Beiträge	527,68	530,06
		960,96	716,86
	Reparaturen und Instandhaltungen		
6490	Sonstige Reparaturen/Instandhaltung	603,57	250,22
6495	Wartungskosten für Hard- und Software	3.993,01	13.383,35
		4.596,58	13.633,57
	Fahrzeugkosten		
6520	Kfz-Versicherungen	4.490,81	1.302,50
6530	Laufende Kfz-Betriebskosten	6.179,71	2.990,45
6540	Kfz-Reparaturen	10.883,29	1.192,18
6560	Mietleasing Kfz	18.883,68	7.871,95
6570	Sonstige Kfz-Kosten	35,20	12.586,61
6595	Fremdfahrzeugkosten	500,84	2.223,17
		40.973,53	28.166,86
	Werbe- und Reisekosten		
6600	Werbekosten	404,20	65,00
6610	Geschenke abzugsfähig ohne § 37b EStG	55,61	13,97
6630	Repräsentationskosten	0,00	667,14
6640	Bewirtungskosten	5.412,97	1.349,64
6643	Aufmerksamkeiten	1.043,56	555,97
6644	Nicht abzugsfähige Bewirtungskosten	2.319,85	573,60
6645	Nicht abzugsfähige Betriebsausgaben	575,00	15,00
6650	Reisekosten Arbeitnehmer	10.431,67	2.867,07
6660	Reisekosten AN Übernachtungsaufwand	0,00	479,76
6663	Reisekosten Arbeitnehmer, Fahrtkosten	0,00	891,46
6664	Reisekosten AN Verpfleg.mehraufwand	0,00	95,00
		20.242,86	7.573,61
Übertrag		195.606,64-	206.060,53-

Konto	Bezeichnung	Geschäftsjahr Euro	Vorjahr Euro
Übertrag		195.606,64-	206.060,53-
	Kosten der Warenabgabe		
6700	Kosten Warenabgabe	558,50	349,20
6701	Muster	545,45	5.168,55
6740	Kurier Kosten	17.308,47	8.956,01
6760	Transportversicherungen	2.743,16	0,00
6770	Verkaufsprovisionen	1.977,97	5.995,34
6780	Fremdarbeiten (Vertrieb)	0,00	10.250,00
		23.133,55	30.719,10
	verschiedene betriebliche Kosten		
6300	Sonstige betriebliche Aufwendungen	30.273,41	36.812,26
6303	Fremdleistungen und Fremdarbeiten	0,00	120,05
6800	Porto	118,75	149,26
6805	Telefon	8.714,30	3.230,63
6810	Telefax und Internetkosten	65,35	0,00
6815	Bürobedarf	2.121,41	2.265,07
6820	Zeitschriften, Bücher	647,82	134,94
6821	Fortbildungskosten	0,00	10.450,00
6825	Rechts- und Beratungskosten	12.125,79	3.756,65
6827	Abschluss- und Prüfungskosten	14.993,00	3.171,00
6830	Buchführungskosten	2.777,20	2.506,15
6831	Buchführungskosten	0,00	864,00
6840	Mietleasing bewegliche Wirtschaftsgüter	1.567,80	391,95
6855	Nebenkosten des Geldverkehrs	1.168,82	3.735,95
		74.573,65	67.587,91
	Verluste aus dem Abgang von Gegenständen des Anlagevermögens		
6895	Abgänge Sachanlagen Restbuchwert bei BV	0,00	2,00
6896	Abgang immaterielle VermögensG, RBW, BV	0,00	4,00
		0,00	6,00
	sonstige Aufwendungen im Rahmen der gewöhnlichen Geschäftstätigkeit		
6391	Zuwendg.Spenden wissensch./kult. Zweck	1.000,00	0,00
6880	Aufwendungen aus Währungsumrechnungen	57.578,45	34.362,66
		58.578,45	34.362,66
	sonstige Zinsen und ähnliche Erträge		
7110	Sonstiger Zinsertrag	2.435,47	4.056,83
	Zinsen und ähnliche Aufwendungen		
7303	Abzugsfäh. and. Nebenleist. zu Steuern	0,00	0,50
7310	Zinsaufwendungen f.kfr.Verbindlichkeit.	0,00	42,58
		0,00	43,08
	sonstige Steuern		
7685	Kfz-Steuern	791,96	225,29
Übertrag		350.248,78-	334.947,74-

Konto	Bezeichnung	Geschäftsjahr Euro	Vorjahr Euro
Übertrag		350.248,78-	334.947,74-
	Jahresfehlbetrag		
	Jahresfehlbetrag	350.248,78	334.947,74

Konto	Bezeichnung	Entwicklung der	Stand zum 01.04.2015 Euro	Zugang Abgang- Euro	Umbuchung Euro	Abschreibung Zuschreibung- Euro	Stand zum 31.03.2016 Euro
135	EDV-Software	Ansch-/Herst-K	714,76				714,76
		Abschreibung	276,76	434,00			710,76
		Buchwerte	**438,00**			**434,00**	**4,00**
650	Büroeinrichtung	Ansch-/Herst-K	11.485,15	444,54			11.929,69
		Abschreibung	3.861,15	3.870,54			7.731,69
		Buchwerte	**7.624,00**	**444,54**		**3.870,54**	**4.198,00**
670	Geringwertige Wirtschafts-güter	Ansch-/Herst-K	252,06	621,30			873,36
		Abschreibung	252,06	621,30			873,36
		Buchwerte	**0,00**	**621,30**		**621,30**	**0,00**
690	Sonstige Betriebs-u.Gesch. ausstattung	Ansch-/Herst-K	3.172,81	419,33			3.592,14
		Abschreibung	1.310,81	1.162,33			2.473,14
		Buchwerte	**1.862,00**	**419,33**		**1.162,33**	**1.119,00**
Summe		Ansch-/Herst-K	15.624,78	1.485,17			17.109,95
		Abschreibung	5.700,78	6.088,17			11.788,95
		Buchwerte	**9.924,00**	**1.485,17**		**6.088,17**	**5.321,00**

Konto Inventar	Bezeichnung Inventarbezeichnung	Datum AfA-Art ND AfA-%	Entw. der	Stand zum 01.04.2015 Euro	Zugang Abgang- Euro	Umbuchung Euro	Abschreibung Zuschreibung- Euro	Stand zum 31.03.2016 Euro
135	**EDV-Software**							
135005	MIKUS, 1 Corel Draw X3	01.04.2014	AHK	1,00				1,00
	VV, gebr.	Linear	Abschr.					0,00
		01/00 / 100,00	**BW**	**1,00**				**1,00**
135006	MIKUS, 1 DTP-SW Photo-	01.04.2014	AHK	1,00				1,00
	Shop CS2, gebr.	Linear	Abschr.					0,00
		01/00 / 100,00	**BW**	**1,00**				**1,00**
135007	Kirscht, 1 Firewall	01.04.2014	AHK	1,00				1,00
	DFL-200, gebr.	Linear	Abschr.					0,00
		01/00 / 100,00	**BW**	**1,00**				**1,00**
135008	Kirscht, Corel Draw Gra-	01.04.2014	AHK	110,76				110,76
	phics, gebr.	Linear	Abschr.	109,76				109,76
		01/00 / 100,00	**BW**	**1,00**				**1,00**
135009	KerioConnect für Mailser-	27.06.2014	AHK	601,00				601,00
	ver, 10 Nutzerlizenzen	Linear	Abschr.	167,00	434,00			601,00
		01/00 / 100,00	**BW**	**434,00**			**434,00**	**0,00**
Summe	EDV-Software	Ansch-/Herst-K		714,76				714,76
		Abschreibung		276,76	434,00			710,76
		Buchwerte		**438,00**			**434,00**	**4,00**

Konto Inventar	Bezeichnung Inventarbezeichnung	Datum AfA-Art ND AfA-%	Entw. der	Stand zum 01.04.2015 Euro	Zugang Abgang- Euro	Umbuchung Euro	Abschreibung Zuschreibung- Euro	Stand zum 31.03.2016 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
		Linear	Abschr.	153,75	151,00			304,75
		02/00 / 50,00	**BW**	**152,00**			**151,00**	**1,00**
650009	PC exone Business, gebr.	01.04.2014	AHK	372,26				372,26
		Linear	Abschr.	186,26	185,00			371,26
		02/00 / 50,00	**BW**	**186,00**			**185,00**	**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.	395,51	395,00			790,51
		03/00 / 33,33	**BW**	**789,00**			**395,00**	**394,00**
650012	Conline, Regale, Tische, Stühle, gebr.	01.04.2014	AHK	688,00				688,00
		Linear	Abschr.	229,00	229,00			458,00
		03/00 / 33,33	**BW**	**459,00**			**229,00**	**230,00**
650013	Goosens, Büromöbel, gebr.	01.04.2014	AHK	667,26				667,26
		Linear	Abschr.	222,26	222,00			444,26
		03/00 / 33,33	**BW**	**445,00**			**222,00**	**223,00**
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**
Übertrag		Ansch-/Herst-K		3.877,57				3.877,57
		Abschreibung		1.838,57	1.182,00			3.020,57
		Buchwerte		**2.039,00**			**1.182,00**	**857,00**

Konto Inventar	Bezeichnung Inventarbezeichnung	Datum AfA-Art ND AfA-%	Entw. der	Stand zum 01.04.2015 Euro	Zugang Abgang- Euro	Umbuchung Euro	Abschreibung Zuschreibung- Euro	Stand zum 31.03.2016 Euro
650	**Büroeinrichtung**							
Übertrag		Ansch-/Herst-K		3.877,57				3.877,57
		Abschreibung		1.838,57	1.182,00			3.020,57
		Buchwerte		**2.039,00**			**1.182,00**	**857,00**
650016	MS, Drehstühle, Schranke-	01.04.2014	AHK	259,25				259,25
	lemente, gebr.	Linear	Abschr.	130,25	128,00			258,25
		02/00 / 50,00	**BW**	**129,00**			**128,00**	**1,00**
650017	Elektro Sommer, 1 Klima-	01.04.2014	AHK	368,50				368,50
	gerät Einhell, gebr.	Linear	Abschr.	184,50	183,00			367,50
		02/00 / 50,00	**BW**	**184,00**			**183,00**	**1,00**
650018	4 Notebooks Asuspro incl.	27.06.2014	AHK	5.300,00				5.300,00
	Installation Betriebssystem	Linear	Abschr.	1.473,00	1.767,00			3.240,00
		03/00 / 33,33	**BW**	**3.827,00**			**1.767,00**	**2.060,00**
650019	Apple MacBook	24.11.2014	AHK	1.679,83				1.679,83
		Linear	Abschr.	234,83	560,00			794,83
		03/00 / 33,33	**BW**	**1.445,00**			**560,00**	**885,00**
650020	Apple IPad Wi-Fi Cellular	19.12.2015	AHK		444,54			444,54
	16 G	Linear	Abschr.		50,54			50,54
		03/00 / 33,33	**BW**	**0,00**	**444,54**		**50,54**	**394,00**
Summe	Büroeinrichtung	Ansch-/Herst-K		11.485,15	444,54			11.929,69
		Abschreibung		3.861,15	3.870,54			7.731,69
		Buchwerte		**7.624,00**	**444,54**		**3.870,54**	**4.198,00**

Konto Inventar	Bezeichnung Inventarbezeichnung	Datum AfA-Art ND AfA-%	Entw. der	Stand zum 01.04.2015 Euro	Zugang Abgang- Euro	Umbuchung Euro	Abschreibung Zuschreibung- Euro	Stand zum 31.03.2016 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**	**132,69**		**132,69**	**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**	**171,39**		**171,39**	**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**	**167,23**		**167,23**	**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**	**149,99**		**149,99**	**0,00**
Summe	Geringwertige Wirtschafts- güter	Ansch-/Herst-K		252,06	621,30			873,36
		Abschreibung		252,06	621,30			873,36
		Buchwerte		**0,00**	**621,30**		**621,30**	**0,00**

Konto Inventar	Bezeichnung Inventarbezeichnung	Datum AfA-Art ND AfA-%	Entw. der	Stand zum 01.04.2015 Euro	Zugang Abgang- Euro	Umbuchung Euro	Abschreibung Zuschreibung- Euro	Stand zum 31.03.2016 Euro
690	**Sonstige Betriebs-u.Gesch.ausstattung**							
690001	DEKA, Kopierer Panasonic	01.04.2014	AHK	1,00				1,00
	DP-180, gebr.	Linear	Abschr.					0,00
		01/00 / 100,00	**BW**	**1,00**				**1,00**
690002	Gottwald, Klimaanlage Mi-	01.04.2014	AHK	236,76				236,76
	dea, gebr.	Linear	Abschr.	118,76	117,00			235,76
		02/00 / 50,00	**BW**	**118,00**			**117,00**	**1,00**
690003	1 Mädchen-Anprobierfigur,	01.04.2014	AHK	41,26				41,26
	Gr. 116, gebr.	Linear	Abschr.	40,26				40,26
		01/00 / 100,00	**BW**	**1,00**				**1,00**
690004	1 Mädchen-Anprobierfigur,	01.04.2014	AHK	47,25				47,25
	Gr. 140, gebr.	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.	53,75	52,00			105,75
		02/00 / 50,00	**BW**	**53,00**			**52,00**	**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.	101,26	99,00			200,26
		02/00 / 50,00	**BW**	**100,00**			**99,00**	**1,00**
690012	Zegna, 1 Tasche, 1 PC-Ta-	01.04.2014	AHK	313,01				313,01
	sche, gebr.	Linear	Abschr.	157,01	155,00			312,01
		02/00 / 50,00	**BW**	**156,00**			**155,00**	**1,00**
690013	Berliner Büstenfabrik, 2	01.04.2014	AHK	1.465,76				1.465,76
	Anprobierfiguren, gebr.	Linear	Abschr.	489,76	489,00			978,76
		03/00 / 33,33	**BW**	**976,00**			**489,00**	**487,00**
Übertrag		Ansch-/Herst-K		2.495,81				2.495,81
		Abschreibung		1.084,81	912,00			1.996,81
		Buchwerte		**1.411,00**			**912,00**	**499,00**

Konto Inventar	Bezeichnung Inventarbezeichnung	Datum AfA-Art ND AfA-%	Entw. der	Stand zum 01.04.2015 Euro	Zugang Abgang- Euro	Umbuchung Euro	Abschreibung Zuschreibung- Euro	Stand zum 31.03.2016 Euro
690	**Sonstige Betriebs-u.Gesch.ausstattung**							
Übertrag		Ansch-/Herst-K		2.495,81				2.495,81
		Abschreibung		1.084,81	912,00			1.996,81
		Buchwerte		**1.411,00**			**912,00**	**499,00**
690014	Breckinghaus, Koffer,	01.04.2014	AHK	337,25				337,25
	gebr.	Linear	Abschr.	112,25	112,00			224,25
		03/00 / 33,33	**BW**	**225,00**			**112,00**	**113,00**
690015	Bally, Tasche, gebr.	01.04.2014	AHK	339,75				339,75
		Linear	Abschr.	113,75	113,00			226,75
		03/00 / 33,33	**BW**	**226,00**			**113,00**	**113,00**
690016	Spülmaschine Siemens	24.11.2015	AHK		419,33			419,33
		Linear	Abschr.		25,33			25,33
		07/00 / 14,29	**BW**	**0,00**	**419,33**		**25,33**	**394,00**
Summe	Sonstige Betriebs-u.Gesch.	Ansch-/Herst-K		3.172,81	419,33			3.592,14
	ausstattung	Abschreibung		1.310,81	1.162,33			2.473,14
		Buchwerte		**1.862,00**	**419,33**		**1.162,33**	**1.119,00**

englische Auswertungen

- german version prevails -

Balance Sheet

Techno Design GmbH

Willich

as at

31.03.2016

ASSETS

	31.03.2016 Euro	31.03.2015 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	438,00
II. Tangible fixed assets		
Other equipment, operating and office equipment	5.317,00	9.486,00
B. Current assets		
I. Inventories		
1. Finished goods and merchandise	1.599,28	47.571,97
2. Prepayments (inventories)	10.000,00	0,00
	11.599,28	47.571,97
II. Receivables and other assets		
1. Trade receivables	293.967,82	260.425,50
2. Receivables from affiliated companies	15.974,84	318.984,49
3. Other assets	95.140,18	106.918,68
	405.082,84	686.328,67
III. Cash-in-hand, central bank balances, bank balances and cheques	18.582,97	34.895,39
C. Prepaid expenses	5.864,21	3.974,57
D. Deficit not covered by equity	603.497,98	253.249,20
	1.049.948,28	1.035.943,80

Equity and liabilities

	31.03.2016 Euro	31.03.2015 Euro
A. Equity		
I. Subscribed capital	100.000,00	100.000,00
II. Accumulated losses brought forward	353.249,20-	18.301,46-
III. Net loss for the financial year	350.248,78-	334.947,74-
Deficit not covered	603.497,98	253.249,20
Book equity	0,00	0,00
B. Provisions		
Other provisions	13.800,00	2.800,00
C. Liabilities		
1. Trade payables - of which due within one year Euro 17.336,02 (Euro 67.967,24)	17.336,02	67.967,24
2. Liabilities to affiliated companies - of which due within one year Euro 1.016.286,67 (Euro 184.020,80)	1.016.286,67	184.020,80
3. Other liabilities	2.525,59	781.155,76
	1.036.148,28	1.033.143,80
- of which to shareholders Euro 0,00 (Euro 769.396,02) - of which taxes Euro 2.237,93 (Euro 10.722,56) - of which due within one year Euro 2.525,59 (Euro 781.155,76)		
	1.049.948,28	1.035.943,80

	Financial year Euro	Prior year Euro
1. Sales	293.952,90	317.135,38
2. Gross revenue for the period	293.952,90	317.135,38
3. Other operating income		
a) Ordinary operating income		
Other ordinary income	13.540,00	7.382,01
b) Other income from ordinary activities	58.649,42	29.632,63
	72.189,42	37.014,64
- of which currency translation gains Euro 48.914,27 (Euro 29.632,63)		
4. Cost of materials		
a) Cost of raw materials, consumables and supplies and of purchased merchandise	225.163,34	263.815,40
b) Cost of purchased services	34.449,93	138,19
	259.613,27	263.953,59
5. Personnel expenses		
a) Wages and salaries	153.392,43	177.911,82
b) Social security, post-employment and other employee benefit costs	30.897,96	34.500,21
	184.290,39	212.412,03
6. Depreciation, amortisation and write-downs Amortisation and write-downs of intangible fixed assets and depreciation and write downs of tangible fixed assets	6.088,17	5.700,78
7. Other operating expenses		
a) Ordinary operating expenses		
aa) Occupancy costs	44.983,20	28.053,25
ab) Insurance premiums, fees and contributions	960,96	716,86
ac) Cost of third-party repairs and maintenance	4.596,58	13.633,57
ad) Vehicle fleet expenses	40.973,53	28.166,86
ae) Advertising expenses	20.242,86	7.573,61
af) Selling and distribution expenses	23.133,55	30.719,10
ag) Miscellaneous other operating expenses	74.573,65	67.587,91
b) Losses on disposal of fixed assets	0,00	6,00
c) Miscellaneous other ordinary operating expenses	58.578,45	34.362,66
	268.042,78	210.819,82
- of which currency translation gains Euro 57.578,45 (Euro 34.362,66)		
8. Other interest and similar income	2.435,47	4.056,83
Carry forward	349.456,82-	334.679,37-

	Financial year Euro	Prior year Euro
Carry forward	349.456,82-	334.679,37-
9. Interest and similar expenses	0,00	43,08
10. Result from ordinary activities	349.456,82-	334.722,45-
11. Other taxes	791,96	225,29
12. Net loss for the financial year	350.248,78	334.947,74

ASSETS

Account	Designation	Financial year Euro	Prior year Euro
	Purchased concessions, industrial and similar rights and assets and licences in such rights and assets		
0135	Computer software	4,00	438,00
	Other equipment, operating and office equipment		
0650	Office fittings	4.198,00	7.624,00
0670	Low-value assets	0,00	0,00
0690	Other operating and office equipment	1.119,00	1.862,00
		5.317,00	9.486,00
	Finished goods and merchandise		
1100	Finshd gds / merch. (inventories)	1.599,28	47.571,97
	Prepayments (inventories)		
1186	Prepayments, 19% input tax	10.000,00	0,00
	Trade receivables		
1200	Trade receivables	309.942,66	260.425,50
1259	Contra 1221-1229 etc. allctd to rec. acc	15.974,84-	0,00
		293.967,82	260.425,50
	Receivables from affiliated companies		
1260	Rec. IC Techno Manufacturing Ltd.	0,00	318.984,49
1261	Rcvbls affiliated comp due w/in 1 y	15.974,84	0,00
		15.974,84	318.984,49
	Other assets		
1300	Other assets	1.469,45	4.056,83
1350	Security deposits	7.350,00	7.350,00
1360	Loans	81.050,67	84.616,01
1372	Items in transit DPOD Recharge	0,00	2.405,16
1401	Deductible input tax, 7%	350,70	0,00
1406	Deductible input tax, 19%	29.526,03	0,00
1422	VAT receivables, previous year	0,00	4,69
1433	Acquisition tax liability	11.234,84	0,00
3300	Trade payables	1.448,30	7.691,15
3740	Social security liabilities	68,76	794,84
3806	VAT, 19%	29.246,49-	0,00
3820	VAT prepayments	10.411,13-	0,00
3840	VAT, current year	2.299,05	0,00
		95.140,18	106.918,68
	Cash-in-hand, central bank balances, bank balances and cheques		
1600	Cash-in-hand	104,79	155,79
1800	Sparkasse Krefeld	18.453,38	33.090,76
1820	Sparkasse Krefeld US$	24,80	1.648,84
		18.582,97	34.895,39
	Prepaid expenses		
1900	Prepaid expenses	5.864,21	3.974,57

ASSETS

Account	Designation	Financial year Euro	Prior year Euro
	Deficit not covered by equity		
	Deficit not covered by equity	603.497,98	253.249,20
	Total assets	1.049.948,28	1.035.943,80

Equity and liabilities

Account	Designation	Financial year Euro	Prior year Euro
	Subscribed capital		
2900	Subscribed capital	100.000,00	100.000,00
	Accumulated losses brought forward		
2978	Accumltd losses bef apprprtn net prft	353.249,20-	18.301,46-
	Net loss for the financial year		
	Net loss for the financial year	350.248,78-	334.947,74-
	Deficit not covered		
	Deficit not covered	603.497,98	253.249,20
	Other provisions		
3070	Other provisions	4.300,00	500,00
3095	Provsns period-end closing/ audit costs	6.800,00	2.300,00
3096	Provsns for record retntn obligations	2.700,00	0,00
		13.800,00	2.800,00
	Trade payables		
3300	Trade payables	17.336,02	67.967,24
	Liabilities to affiliated companies		
3400	Liab. IC DPOD Manufacturing Ltd.	541.037,94	184.020,80
3401	Liablts to affltd comp, due w/n 1 year	441.423,80	0,00
3420	Trade payables affiliated companies	33.824,93	0,00
		1.016.286,67	184.020,80
	Other liabilities		
1401	Deductible input tax, 7%	0,00	73,24-
1406	Deductible input tax, 19%	0,00	28.630,94-
1407	Dedctbl inpt tax sec 13b UStG 19%	0,00	22,81-
1433	Acquisition tax liability	0,00	10.963,71-
3500	Other liabilities	287,66	1.037,18
3640	Liab. Shareholder MTG Ltd.	0,00	769.396,02
3730	Wage and church tax payables	2.237,93	4.384,48
3806	VAT, 19%	0,00	20.327,13
3820	VAT prepayments	0,00	17.093,77
3830	VAT prepayments 1/11	0,00	90,00-
3837	VAT under section 13b UStG, 19%	0,00	22,81
3840	VAT, current year	0,00	8.675,07
		2.525,59	781.155,76
	Total Equity and liabilities	1.049.948,28	1.035.943,80

Account	Designation	Financial year Euro	Prior year Euro
	Sales		
4120	Tax-exempt sales, section 4 no.1a UStG	1.477,57	62.896,53
4125	Tx-xmpt intra-EU dlvrs 4 no. 1b UStG	0,00	2.061,00
4338	Tax-exempt sales 3rd country	142.414,04	152.574,87
4400	Revenue, 19% VAT	138.873,46	98.613,07
4401	Revenue, 19% VAT Sample Sale	3.261,51	989,91
4560	Commission revenue	10.546,67	0,00
4720	Sales allowances, 19% VAT	2.620,35-	0,00
		293.952,90	317.135,38
	Other ordinary income		
4836	Other regular operating rev., 19% VAT	4.996,00	0,00
4947	Allctd.oth.n-c bnfts provsn car, 19% VAT	8.544,00	7.382,01
		13.540,00	7.382,01
	Other income from ordinary activities		
4830	Other operating income	406,70	0,00
4840	Currency translation gains	48.914,27	29.632,63
4970	Insurance recoveries/compensation paymts	8.267,30	0,00
4972	Refunds AAG	1.061,15	0,00
		58.649,42	29.632,63
	Cost of raw materials, consumables and supplies and of purchased merchandise		
5200	Cost of merchandise	198.702,34	249.947,19
5400	Cost of merchandise, 19% input tax	2.980,00	0,00
5700	Trade discounts	2.891,93-	0,00
5736	Cash discounts re-ceived, 19% input t.	0,00	1,30-
5800	Delivery costs	22.088,06	13.837,51
5840	Customs and import duties	4.284,87	32,00
		225.163,34	263.815,40
	Cost of purchased services		
5909	Purchased services, no input tax	34.449,93	138,19
	Wages and salaries		
6000	Wages and salaries	0,00	6.740,00
6020	Salaries	147.267,36	162.911,21
6035	Wages for marginal part-time work	5.817,50	7.881,38
6040	Flat-rate tax on casual labour wages	116,35	157,63
6069	Flat-rate tax on other benefits	191,22	221,60
		153.392,43	177.911,82
	Social security, post-employment and other employee benefit costs		
6110	Statutory social security expenses	29.953,59	33.948,28
6120	Contrb. to occup. health/safety agency	944,37	500,00
6130	Vol. social benfts not subj to wage tx	0,00	51,93
		30.897,96	34.500,21
Carry forward		77.761,34-	122.215,60-

Account	Designation	Financial year Euro	Prior year Euro
Carry forward		77.761,34-	122.215,60-
	Depreciation, amortisation and write-downs		
	Amortisation and write-downs of intangible fixed assets and depreciation and write downs of tangible fixed assets		
6200	Amortisation of intngbl fixed assets	434,00	276,76
6220	Depreciation of tangible fixed assets	5.032,87	5.171,96
6260	Immediate write-off of low-value assets	621,30	252,06
		6.088,17	5.700,78
	Occupancy costs		
6310	Rent (immovable property)	33.600,00	25.200,00
6315	Real property leases (immovable prop.)	4.996,00	0,00
6325	Gas, electricity, water	2.034,89	828,60
6330	Cleaning	2.178,79	1.400,85
6335	Maintenance of operating premises	2.173,52	623,80
		44.983,20	28.053,25
	Insurance premiums, fees and contributions		
6400	Insurance premiums	433,28	186,80
6420	Contributions	527,68	530,06
		960,96	716,86
	Cost of third-party repairs and maintenance		
6490	Other repairs and maintenance	603,57	250,22
6495	Hardware / software maintenance expenses	3.993,01	13.383,35
		4.596,58	13.633,57
	Vehicle fleet expenses		
6520	Motor vehicle insurance	4.490,81	1.302,50
6530	Current motor vehicle operat. costs	6.179,71	2.990,45
6540	Motor vehicle repairs	10.883,29	1.192,18
6560	Operating leases (motor vehicles)	18.883,68	7.871,95
6570	Other motor vehicle expenses	35,20	12.586,61
6595	Third-party vehicle expenses	500,84	2.223,17
		40.973,53	28.166,86
	Advertising expenses		
6600	Advertising costs	404,20	65,00
6610	Gifts, deductible, without s. 37b EStG	55,61	13,97
6630	Corporate hospitality expenses	0,00	667,14
6640	Entertainment expenses	5.412,97	1.349,64
6643	Small gifts	1.043,56	555,97
6644	Non-deductible entertainm. expenses	2.319,85	573,60
6645	Non-deductible business expenses	575,00	15,00
6650	Employee travel expenses	10.431,67	2.867,07
6660	Employee trav. expn, accommodation costs	0,00	479,76
6663	Employee travel expnses, cost of travel	0,00	891,46
6664	Employee trav. expn, addnl substnc costs	0,00	95,00
		20.242,86	7.573,61
Carry forward		195.606,64-	206.060,53-

Account	Designation	Financial year Euro	Prior year Euro
Carry forward		195.606,64-	206.060,53-
	Selling and distribution expenses		
6700	Selling and distribution expenses	558,50	349,20
6701	Samples	545,45	5.168,55
6740	Courier charges	17.308,47	8.956,01
6760	Transport insurance	2.743,16	0,00
6770	Selling commissions	1.977,97	5.995,34
6780	Third-party services (distribution)	0,00	10.250,00
		23.133,55	30.719,10
	Miscellaneous other operating expenses		
6300	Other operating expenses	30.273,41	36.812,26
6303	Purchased services/ third-party services	0,00	120,05
6800	Postage	118,75	149,26
6805	Telephone	8.714,30	3.230,63
6810	Fax and Internet costs	65,35	0,00
6815	Office supplies	2.121,41	2.265,07
6820	Newspapers, books	647,82	134,94
6821	Training costs	0,00	10.450,00
6825	Legal and consulting costs	12.125,79	3.756,65
6827	Period-end closing and audit costs	14.993,00	3.171,00
6830	Bookkeeping costs	2.777,20	2.506,15
6831	Bookkeeping costs	0,00	864,00
6840	Operating leases (movable assets)	1.567,80	391,95
6855	Incidental monetary transaction costs	1.168,82	3.735,95
		74.573,65	67.587,91
	Losses on disposal of fixed assets		
6895	Disposals tngbl fxd ass. net carr. amnt.	0,00	2,00
6896	Dispsl intngbl fxd ass. net carr. amnt.	0,00	4,00
		0,00	6,00
	Miscellaneous other ordinary operating expenses		
6391	Non-cash bnfts,dntns scientfc/cult. prps	1.000,00	0,00
6880	Currency translation losses	57.578,45	34.362,66
		58.578,45	34.362,66
	Other interest and similar income		
7110	Other interest income	2.435,47	4.056,83
	Interest and similar expenses		
7303	Dedctbl other incid. charges reltd taxes	0,00	0,50
7310	Interest expense on short-term debt	0,00	42,58
		0,00	43,08
	Other taxes		
7685	Motor vehicle tax	791,96	225,29
	Net loss for the financial year		
	Net loss for the financial year	350.248,78	334.947,74

development of fixed assets from 01.04.2015 to 31.03.2016 - Commercial law

Techno Design GmbH
Willich

account	name	development of	value at 01.04.2015 EUR	addition disposal- EUR	transfer EUR	depreciation write-up- EUR	value at 31.03.2016 EUR
0135	Computer software	acqu.-/prod.-c	714,76				714,76
		depreciation	276,76	434,00			710,76
		book values	**438,00**			**434,00**	**4,00**
0650	Office fittings	acqu.-/prod.-c	11.485,15	444,54			11.929,69
		depreciation	3.861,15	3.870,54			7.731,69
		book values	**7.624,00**	**444,54**		**3.870,54**	**4.198,00**
0670	Low-value assets	acqu.-/prod.-c	252,06	621,30			873,36
		depreciation	252,06	621,30			873,36
		book values	**0,00**	**621,30**		**621,30**	**0,00**
0690	Other operating and office equipment	acqu.-/prod.-c	3.172,81	419,33			3.592,14
		depreciation	1.310,81	1.162,33			2.473,14
		book values	**1.862,00**	**419,33**		**1.162,33**	**1.119,00**
total	account	acqu.-/prod.-c	15.624,78	1.485,17			17.109,95
		depreciation	5.700,78	6.088,17			11.788,95
		book values	**9.924,00**	**1.485,17**		**6.088,17**	**5.321,00**

development of fixed assets from 01.04.2015 to 31.03.2016 - Commercial law

Techno Design GmbH
Willich

account equipment	name name of inventory	date kind of depr. ul	%	dev. of	value at 01.04.2015 EUR	addition disposal- EUR	transfer EUR	depreciation write-up- EUR	value at 31.03.2016 EUR
0135	**Computer software**								
135005	MIKUS, 1 Corel Draw X3 VV, gebr.	01.04.2014		APC	1,00				1,00
		Linear		depr.	0,00				0,00
		1/00	**100**	**bv**	**1,00**				**1,00**
135006	MIKUS, 1 DTP-SW Photo-Shop CS2, gebr.	01.04.2014		APC	1,00				1,00
		Linear		depr.	0,00				0,00
		1/00	**100**	**bv**	**1,00**				**1,00**
135007	Kirscht, 1 Firewall DFL-200, gebr.	01.04.2014		APC	1,00				1,00
		Linear		depr.	0,00				0,00
		1/00	**100**	**bv**	**1,00**				**1,00**
135008	Kirscht, Corel Draw Graphics, gebr.	01.04.2014		APC	110,76				110,76
		Linear		depr.	109,76				109,76
		1/00	**100**	**bv**	**1,00**				**1,00**
135009	KerioConnect für Mailserver, 10 Nutzerlizenzen	27.06.2014		APC	601,00				601,00
		Linear		depr.	167,00	434,00			601,00
		1/00	**100**	**bv**	**434,00**			**434,00**	**0,00**
Summe	Computer software			acqu.-/prod.-c	714,76				714,76
				depreciation	276,76	434,00			710,76
				book values	**438,00**			**434,00**	**4,00**

development of fixed assets from 01.04.2015 to 31.03.2016 - Commercial law

Techno Design GmbH
Willich

account equipment	name name of inventory	date kind of depr. ul	 %	dev. of	value at 01.04.2015 EUR	addition disposal- EUR	transfer EUR	depreciation write-up- EUR	value at 31.03.2016 EUR
0650	**Office fittings**								
650001	PC-Verkabelung, gebr.	01.04.2014		APC	1,00				1,00
		Linear		depr.	0,00				0,00
		1/00	**100**	**bv**	**1,00**				**1,00**
650004	DEKA, USV MGE Pulsar Exreme 3000, gebr.	01.04.2014		APC	1,00				1,00
		Linear		depr.	0,00				0,00
		1/00	**100**	**bv**	**1,00**				**1,00**
650005	Kirscht, 1 Sony Notebook, gebr.	01.04.2014		APC	1,00				1,00
		Linear		depr.	0,00				0,00
		1/00	**100**	**bv**	**1,00**				**1,00**
650006	Server exone Challenge 1911 incl. Software, gebr	01.04.2014		APC	241,00				241,00
		Linear		depr.	240,00				240,00
		1/00	**100**	**bv**	**1,00**				**1,00**
650007	Kirscht, PC exone Business, gebr.	01.04.2014		APC	166,01				166,01
		Linear		depr.	165,01				165,01
		1/00	**100**	**bv**	**1,00**				**1,00**
650008	GML, Apple IPad, Notebook Sony Valo, gebr.	01.04.2014		APC	305,75				305,75
		Linear		depr.	153,75	151,00			304,75
		2/00	**50,00**	**bv**	**152,00**			**151,00**	**1,00**
650009	PC exone Business, gebr.	01.04.2014		APC	372,26				372,26
		Linear		depr.	186,26	185,00			371,26
		2/00	**50,00**	**bv**	**186,00**			**185,00**	**1,00**
650010	Computertischsystem, gebr.	01.04.2014		APC	49,01				49,01
		Linear		depr.	48,01				48,01
		1/00	**100**	**bv**	**1,00**				**1,00**
650011	Diverse Büroeinrichtung, gebr.	01.04.2014		APC	1.184,51				1.184,51
		Linear		depr.	395,51	395,00			790,51
		3/00	**33,33**	**bv**	**789,00**			**395,00**	**394,00**

development of fixed assets from 01.04.2015 to 31.03.2016 - Commercial law

Techno Design GmbH
Willich

account equipment	name name of inventory	date kind of depr. ul	 %	dev. of	value at 01.04.2015 EUR	addition disposal- EUR	transfer EUR	depreciation write-up- EUR	value at 31.03.2016 EUR
0650	**Office fittings**								
650012	Conline, Regale, Tische, Stühle,	01.04.2014		APC	688,00				688,00
	gebr.	Linear		depr.	229,00	229,00			458,00
		3/00	**33,33**	**bv**	**459,00**			**229,00**	**230,00**
650013	Goosens, Büromöbel, gebr.	01.04.2014		APC	667,26				667,26
		Linear		depr.	222,26	222,00			444,26
		3/00	**33,33**	**bv**	**445,00**			**222,00**	**223,00**
650014	MS, Regalelemente, gebr.	01.04.2014		APC	130,01				130,01
		Linear		depr.	129,01				129,01
		1/00	**100**	**bv**	**1,00**				**1,00**
650015	MS, Schrankelement, gebr.	01.04.2014		APC	70,76				70,76
		Linear		depr.	69,76				69,76
		1/00	**100**	**bv**	**1,00**				**1,00**
650016	MS, Drehstühle, Schrankelemente,	01.04.2014		APC	259,25				259,25
	gebr.	Linear		depr.	130,25	128,00			258,25
		2/00	**50,00**	**bv**	**129,00**			**128,00**	**1,00**
650017	Elektro Sommer, 1 Klimagerät	01.04.2014		APC	368,50				368,50
	Einhell, gebr.	Linear		depr.	184,50	183,00			367,50
		2/00	**50,00**	**bv**	**184,00**			**183,00**	**1,00**
650018	4 Notebooks Asuspro incl.	27.06.2014		APC	5.300,00				5.300,00
	Installation Betriebssystem	Linear		depr.	1.473,00	1.767,00			3.240,00
		3/00	**33,33**	**bv**	**3.827,00**			**1.767,00**	**2.060,00**
650019	Apple MacBook	24.11.2014		APC	1.679,83				1.679,83
		Linear		depr.	234,83	560,00			794,83
		3/00	**33,33**	**bv**	**1.445,00**			**560,00**	**885,00**
650020	Apple IPad Wi-Fi Cellular 16 G	19.12.2015		APC		444,54			444,54
		Linear		depr.		50,54			50,54
		3/00	**33,33**	**bv**		**444,54**		**50,54**	**394,00**

development of fixed assets from 01.04.2015 to 31.03.2016 - Commercial law

Techno Design GmbH
Willich

account equipment	name name of inventory	date kind of depr. ul %	dev. of	value at 01.04.2015 EUR	addition disposal- EUR	transfer EUR	depreciation write-up- EUR	value at 31.03.2016 EUR
Summe	Office fittings		acqu.-/prod.-c	11.485,15	444,54			11.929,69
			depreciation	3.861,15	3.870,54			7.731,69
			book values	**7.624,00**	**444,54**		**3.870,54**	**4.198,00**

development of fixed assets from 01.04.2015 to 31.03.2016 - Commercial law

Techno Design GmbH
Willich

account equipment	name name of inventory	date kind of depr. ul	 %	dev. of	value at 01.04.2015 EUR	addition disposal- EUR	transfer EUR	depreciation write-up- EUR	value at 31.03.2016 EUR
0670	**Low-value assets**								
670001	GWG 2014	07.11.2014		APC	252,06				252,06
		GWG/voll		depr.	252,06				252,06
		1/00	**100**	**bv**	**0,00**				**0,00**
670002	Siemens Bodenstaubsauger	26.10.2015		APC		132,69			132,69
		GWG/voll		depr.		132,69			132,69
		1/00	**100**	**bv**		**132,69**		**132,69**	**0,00**
670003	Iphone 6 RR	30.06.2015		APC		171,39			171,39
		GWG/voll		depr.		171,39			171,39
		1/00	**100**	**bv**		**171,39**		**171,39**	**0,00**
670004	Möbeleinsatztresor Format M 410	23.03.2016		APC		167,23			167,23
		GWG/voll		depr.		167,23			167,23
		1/00	**100**	**bv**		**167,23**		**167,23**	**0,00**
670005	Flipchart	19.01.2016		APC		149,99			149,99
		GWG/voll		depr.		149,99			149,99
		1/00	**100**	**bv**		**149,99**		**149,99**	**0,00**
Summe	Low-value assets			acqu.-/prod.-c	252,06	621,30			873,36
				depreciation	252,06	621,30			873,36
				book values	**0,00**	**621,30**		**621,30**	**0,00**

development of fixed assets from 01.04.2015 to 31.03.2016 - Commercial law

Techno Design GmbH
Willich

account equipment	name name of inventory	date kind of depr. ul	%	dev. of	value at 01.04.2015 EUR	addition disposal- EUR	transfer EUR	depreciation write-up- EUR	value at 31.03.2016 EUR
0690	**Other operating and office equipment**								
690001	DEKA, Kopierer Panasonic DP-180,	01.04.2014		APC	1,00				1,00
	gebr.	Linear		depr.	0,00				0,00
		1/00	**100**	**bv**	**1,00**				**1,00**
690002	Gottwald, Klimaanlage Midea, gebr.	01.04.2014		APC	236,76				236,76
		Linear		depr.	118,76	117,00			235,76
		2/00	**50,00**	**bv**	**118,00**			**117,00**	**1,00**
690003	1 Mädchen-Anprobierfigur, Gr. 116,	01.04.2014		APC	41,26				41,26
	gebr.	Linear		depr.	40,26				40,26
		1/00	**100**	**bv**	**1,00**				**1,00**
690004	1 Mädchen-Anprobierfigur, Gr. 140,	01.04.2014		APC	47,25				47,25
	gebr.	Linear		depr.	46,25				46,25
		1/00	**100**	**bv**	**1,00**				**1,00**
690005	1 Black Berry 870, gebr.	01.04.2014		APC	1,00				1,00
		Linear		depr.	0,00				0,00
		1/00	**100**	**bv**	**1,00**				**1,00**
690006	1 Trolly, gebr.	01.04.2014		APC	30,25				30,25
		Linear		depr.	29,25				29,25
		1/00	**100**	**bv**	**1,00**				**1,00**
690007	3 Klimageräte, gebr.	01.04.2014		APC	106,75				106,75
		Linear		depr.	53,75	52,00			105,75
		2/00	**50,00**	**bv**	**53,00**			**52,00**	**1,00**
690008	Koffer, gebr.	01.04.2014		APC	27,00				27,00
		Linear		depr.	26,00				26,00
		1/00	**100**	**bv**	**1,00**				**1,00**
690009	Reisetasche, gebr.	01.04.2014		APC	23,51				23,51
		Linear		depr.	22,51				22,51
		1/00	**100**	**bv**	**1,00**				**1,00**

development of fixed assets from 01.04.2015 to 31.03.2016 - Commercial law

Techno Design GmbH
Willich

account equipment	name name of inventory	date kind of depr. ul	 %	dev. of	value at 01.04.2015 EUR	addition disposal- EUR	transfer EUR	depreciation write-up- EUR	value at 31.03.2016 EUR
0690	**Other operating and office equipment**								
690010	Multimediasystem, gebr.	01.04.2014		APC	1,00				1,00
		Linear		depr.	0,00				0,00
		1/00	**100**	**bv**	**1,00**				**1,00**
690011	Garderobe, gebr.	01.04.2014		APC	201,26				201,26
		Linear		depr.	101,26	99,00			200,26
		2/00	**50,00**	**bv**	**100,00**			**99,00**	**1,00**
690012	Zegna, 1 Tasche, 1 PC-Tasche,	01.04.2014		APC	313,01				313,01
	gebr.	Linear		depr.	157,01	155,00			312,01
		2/00	**50,00**	**bv**	**156,00**			**155,00**	**1,00**
690013	Berliner Büstenfabrik, 2	01.04.2014		APC	1.465,76				1.465,76
	Anprobierfiguren, gebr.	Linear		depr.	489,76	489,00			978,76
		3/00	**33,33**	**bv**	**976,00**			**489,00**	**487,00**
690014	Breckinghaus, Koffer, gebr.	01.04.2014		APC	337,25				337,25
		Linear		depr.	112,25	112,00			224,25
		3/00	**33,33**	**bv**	**225,00**			**112,00**	**113,00**
690015	Bally, Tasche, gebr.	01.04.2014		APC	339,75				339,75
		Linear		depr.	113,75	113,00			226,75
		3/00	**33,33**	**bv**	**226,00**			**113,00**	**113,00**
690016	Spülmaschine Siemens	24.11.2015		APC		419,33			419,33
		Linear		depr.		25,33			25,33
		7/00	**14,29**	**bv**		**419,33**		**25,33**	**394,00**
Summe	Other operating and			acqu.-/prod.-c	3.172,81	419,33			3.592,14
	office equipment			depreciation	1.310,81	1.162,33			2.473,14
				book values	**1.862,00**	**419,33**		**1.162,33**	**1.119,00**

Anlagen

Allgemeine Auftragsbedingungen
für Steuerberater, Steuerbevollmächtigte und Steuerberatungsgesellschaften

Stand: Dezember 2012

Die folgenden „Allgemeinen Auftragsbedingungen" gelten für Verträge zwischen Steuerberatern, Steuerbevollmächtigten und Steuerberatungsgesellschaften (im Folgenden „Steuerberater" genannt) und ihren Auftraggebern, soweit nicht etwas anderes ausdrücklich schriftlich vereinbart oder gesetzlich zwingend vorgeschrieben ist.

1. Umfang und Ausführung des Auftrags

(1) Für den Umfang der vom Steuerberater zu erbringenden Leistungen ist der erteilte Auftrag maßgebend. Der Auftrag wird nach den Grundsätzen ordnungsgemäßer Berufsausübung unter Beachtung der einschlägigen berufsrechtlichen Normen und der Berufspflichten (StBerG, BOStB) ausgeführt.

(2) Dem Steuerberater sind die benötigten Unterlagen und Aufklärungen vollständig zu geben. Die Prüfung der Richtigkeit, Vollständigkeit und Ordnungsmäßigkeit der übergebenen Unterlagen und Zahlen, insbesondere der Buchführung und Bilanz, gehört nur zum Auftrag, wenn dies schriftlich vereinbart ist. Der Steuerberater wird die vom Auftraggeber genannten Tatsachen, insbesondere Zahlenangaben, als richtig zu Grunde legen. Soweit er offensichtliche Unrichtigkeiten feststellt, ist er verpflichtet, darauf hinzuweisen.

(3) Der Auftrag stellt keine Vollmacht für die Vertretung vor Behörden, Gerichten und sonstigen Stellen dar. Sie ist gesondert zu erteilen. Ist wegen der Abwesenheit des Auftraggebers eine Abstimmung mit diesem über die Einlegung von Rechtsbehelfen oder Rechtsmitteln nicht möglich, ist der Steuerberater im Zweifel zu fristwahrenden Handlungen berechtigt und verpflichtet.

2. Verschwiegenheitspflicht

(1) Der Steuerberater ist nach Maßgabe der Gesetze verpflichtet, über alle Tatsachen, die ihm im Zusammenhang mit der Ausführung des Auftrags zur Kenntnis gelangen, Stillschweigen zu bewahren, es sei denn, dass der Auftraggeber ihn schriftlich von dieser Verpflichtung entbindet. Die Verschwiegenheitspflicht besteht auch nach Beendigung des Vertragsverhältnisses fort. Die Verschwiegenheitspflicht besteht im gleichen Umfang auch für die Mitarbeiter des Steuerberaters.

(2) Die Verschwiegenheitspflicht besteht nicht, soweit die Offenlegung zur Wahrung berechtigter Interessen des Steuerberaters erforderlich ist. Der Steuerberater ist auch insoweit von der Verschwiegenheitspflicht entbunden, als er nach den Versicherungsbedingungen seiner Berufshaftpflichtversicherung zur Information und Mitwirkung verpflichtet ist.

(3) Gesetzliche Auskunfts- und Aussageverweigerungsrechte nach § 102 AO, § 53 StPO, § 383 ZPO bleiben unberührt.

(4) Der Steuerberater ist berechtigt, personenbezogene Daten des Auftraggebers und dessen Mitarbeitern im Rahmen der erteilten Aufträge maschinell zu erheben und in einer automatisierten Datei zu verarbeiten oder einem Dienstleistungsrechenzentrum zur weiteren Auftragsdatenverarbeitung zu übertragen.

(5) Der Steuerberater darf Berichte, Gutachten und sonstige schriftliche Äußerungen über die Ergebnisse seiner Tätigkeit Dritten nur mit Einwilligung des Auftraggebers aushändigen. Darüber hinaus besteht keine Verschwiegenheitspflicht, soweit dies zur Durchführung eines Zertifizierungsaudits in der Kanzlei des Steuerberaters erforderlich ist und die insoweit tätigen Personen ihrerseits über ihre Verschwiegenheitspflicht belehrt worden sind. Der Auftraggeber erklärt sich damit einverstanden, dass durch den Zertifizierer/Auditor Einsicht in seine – vom Steuerberater abgelegte und geführte – Handakte genommen wird.

(6) Der Steuerberater hat beim Versand bzw. der Übermittlung von Unterlagen, Dokumenten, Arbeitsergebnissen etc. auf Papier oder in elektronischer Form die Verschwiegenheitsverpflichtung zu beachten. Der Auftraggeber stellt seinerseits sicher, dass er als Empfänger ebenfalls alle Sicherungsmaßnahmen beachtet, dass die ihm zugeleiteten Papiere oder Dateien nur den hierfür zuständigen Stellen zugehen. Dies gilt insbesondere auch für den Fax- und E-Mail-Verkehr. Zum Schutz der überlassenen Dokumente und Dateien sind die entsprechenden technischen und organisatorischen Maßnahmen zu treffen. Sollten besondere über das normale Maß hinausgehende Vorkehrungen getroffen werden müssen, so ist eine entsprechende schriftliche Vereinbarung über die Beachtung zusätzlicher sicherheitsrelevanter Maßnahmen zu treffen, insbesondere ob im E-Mail-Verkehr eine Verschlüsselung vorgenommen werden muss.

3. Mitwirkung Dritter

(1) Der Steuerberater ist berechtigt, zur Ausführung des Auftrags Mitarbeiter, fachkundige Dritte sowie datenverarbeitende Unternehmen heranzuziehen. Bei der Heranziehung von fachkundigen Dritten und datenverarbeitenden Unternehmen hat der Steuerberater dafür zu sorgen, dass diese sich zur Verschwiegenheit entsprechend Nr. 2 Abs. 1 verpflichten.

(2) Der Steuerberater ist berechtigt, allgemeinen Vertretern (§ 69 StBerG) sowie Praxistreuhändern (§ 71 StBerG) im Falle ihrer Bestellung Einsichtnahme in die Handakten i.S.d. § 66 Abs. 2 StBerG zu verschaffen.

(3) Der Steuerberater ist berechtigt, in Erfüllung seiner Pflichten nach dem Bundesdatenschutzgesetz, einen Beauftragten für den Datenschutz zu bestellen. Sofern der Beauftragte für den Datenschutz nicht bereits nach Nr. 2 Abs. 1 S. 3 der Verschwiegenheitspflicht unterliegt, hat der Steuerberater dafür Sorge zu tragen, dass der Beauftragte für den Datenschutz sich mit Aufnahme seiner Tätigkeit auf das Datengeheimnis verpflichtet.

4. Mängelbeseitigung

(1) Der Auftraggeber hat Anspruch auf Beseitigung etwaiger Mängel. Dem Steuerberater ist Gelegenheit zur Nachbesserung zu geben. Der Auftraggeber hat das Recht – wenn und soweit es sich bei dem Mandat um einen Dienstvertrag im Sinne der §§ 611, 675 BGB handelt – die Nachbesserung durch den Steuerberater abzulehnen, wenn das Mandat durch den Auftraggeber beendet und der Mangel erst nach wirksamer Beendigung des Mandats durch einen anderen Steuerberater festgestellt wird.

(2) Beseitigt der Steuerberater die geltend gemachten Mängel nicht innerhalb einer angemessenen Frist oder lehnt er die Mängelbeseitigung ab, so kann der Auftraggeber auf Kosten des Steuerberaters die Mängel durch einen anderen Steuerberater beseitigen lassen bzw. nach seiner Wahl Herabsetzung der Vergütung oder Rückgängigmachung des Vertrags verlangen.

(3) Offenbare Unrichtigkeiten (z. B. Schreibfehler, Rechenfehler) können vom Steuerberater jederzeit auch Dritten gegenüber berichtigt werden. Sonstige Mängel darf der Steuerberater Dritten gegenüber mit Einwilligung des Auftraggebers berichtigen. Die Einwilligung ist nicht erforderlich, wenn berechtigte Interessen des Steuerberaters den Interessen des Auftraggebers vorgehen.

5. Haftung

(1) Der Steuerberater haftet für eigenes sowie für das Verschulden seiner Erfüllungsgehilfen.

(2) Der Anspruch des Auftraggebers gegen den Steuerberater auf Ersatz eines nach Abs. 1 fahrlässig verursachten Schadens wird auf 4.000.000,- €[1] (in Worten: vier Millionen €) begrenzt.

(3) Soweit im Einzelfall hiervon abgewichen, insbesondere die Haftung auf einen geringeren als den in Abs. 2 genannten Betrag begrenzt werden soll, bedarf es einer schriftlichen Vereinbarung, die gesondert zu erstellen ist und dem Auftraggeber zusammen mit diesen Allgemeinen Auftragsbedingungen bei Vertragsabschluss ausgehändigt werden soll.

(4) Soweit ein Schadenersatzanspruch des Auftraggebers kraft Gesetzes nicht einer kürzeren Verjährungsfrist unterliegt, verjährt er a) in drei Jahren von dem Zeitpunkt an, in dem der Anspruch entstanden ist, und der Auftraggeber von den den Anspruch begründenden Umständen und der Person des Schuldners Kenntnis erlangt oder ohne grobe Fahrlässigkeit erlangen müsste, b) ohne Rücksicht auf die Kenntnis oder grob fahrlässige Unkenntnis in fünf Jahren von seiner Entstehung an und c) ohne Rücksicht auf seine Entstehung und die Kenntnis oder grob fahrlässige Unkenntnis in zehn Jahren von der Begehung der Handlung, der Pflichtverletzung oder dem sonstigen den Schaden auslösenden Ereignis an. Maßgeblich ist die früher endende Frist.

(5) Die in den Absätzen 1 bis 4 getroffenen Regelungen gelten auch gegenüber anderen Personen als dem Auftraggeber, soweit ausnahmsweise im Einzelfall vertragliche oder außervertragliche Beziehungen auch zwischen dem Steuerberater und diesen Personen begründet worden sind.

(6) Von den Haftungsbegrenzungen ausgenommen sind Haftungsansprüche für Schäden aus der Verletzung des Lebens, des Körpers oder der Gesundheit.

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1) Bitte ggf. Betrag einsetzen. (Um von dieser Regelung Gebrauch machen zu können, muss bei Steuerberatern die vertragliche Versicherungssumme wenigstens 1 Million € für den einzelnen Schadensfall betragen; anderenfalls ist der Abs. 2 zu streichen.)

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6. Pflichten des Auftraggebers; Unterlassene Mitwirkung und Annahmeverzug des Auftraggebers

(1) Der Auftraggeber ist zur Mitwirkung verpflichtet, soweit es zur ordnungsgemäßen Erledigung des Auftrags erforderlich ist. Insbesondere hat er dem Steuerberater unaufgefordert alle für die Ausführung des Auftrags notwendigen Unterlagen vollständig und so rechtzeitig zu übergeben, dass dem Steuerberater eine angemessene Bearbeitungszeit zur Verfügung steht. Entsprechendes gilt für die Unterrichtung über alle Vorgänge und Umstände, die für die Ausführung des Auftrags von Bedeutung sein können. Der Mandant ist verpflichtet, alle schriftlichen und mündlichen Mitteilungen des Steuerberaters zur Kenntnis zu nehmen und bei Zweifelsfragen Rücksprache zu halten.

(2) Der Auftraggeber hat alles zu unterlassen, was die Unabhängigkeit des Steuerberaters oder seiner Erfüllungsgehilfen beeinträchtigen könnte.

(3) Der Auftraggeber verpflichtet sich, Arbeitsergebnisse des Steuerberaters nur mit dessen schriftlicher Einwilligung weiterzugeben, soweit sich nicht bereits aus dem Auftragsinhalt die Einwilligung zur Weitergabe an einen bestimmten Dritten ergibt.

(4) Setzt der Steuerberater beim Auftraggeber in dessen Räumen Datenverarbeitungsprogramme ein, so ist der Auftraggeber verpflichtet, den Hinweisen des Steuerberaters zur Installation und Anwendung der Programme nachzukommen. Des Weiteren ist der Auftraggeber verpflichtet und berechtigt, die Programme nur in dem vom Steuerberater vorgeschriebenen Umfang zu vervielfältigen. Der Auftraggeber darf die Programme nicht verbreiten. Der Steuerberater bleibt Inhaber der Nutzungsrechte. Der Auftraggeber hat alles zu unterlassen, was der Ausübung der Nutzungsrechte an den Programmen durch den Steuerberater entgegensteht.

(5) Unterlässt der Auftraggeber eine ihm nach Nr. 6 Abs. 1 bis 4 oder sonst wie obliegende Mitwirkung oder kommt er mit der Annahme der vom Steuerberater angebotenen Leistung in Verzug, so ist der Steuerberater berechtigt, eine angemessene Frist mit der Erklärung zu bestimmen, dass er die Fortsetzung des Vertrags nach Ablauf der Frist ablehnt. Nach erfolglosem Ablauf der Frist darf der Steuerberater den Vertrag fristlos kündigen (vgl. Nr. 8 Abs. 3). Unberührt bleibt der Anspruch des Steuerberaters auf Ersatz der ihm durch den Verzug oder die unterlassene Mitwirkung des Auftraggebers entstandenen Mehraufwendungen sowie des verursachten Schadens, und zwar auch dann, wenn der Steuerberater von dem Kündigungsrecht keinen Gebrauch macht.

7. Bemessung der Vergütung, Vorschuss

(1) Die Vergütung (Gebühren und Auslagenersatz) des Steuerberaters für seine Berufstätigkeit nach § 33 StBerG bemisst sich nach der Vergütungsverordnung für Steuerberater, Steuerbevollmächtigte und Steuerberatungsgesellschaften, es sei denn, es wäre eine Vereinbarung gemäß § 4 StBVV über eine höhere Vergütung getroffen worden.

(2) Für Tätigkeiten, die in der Vergütungsverordnung keine Regelung erfahren (z. B. § 57 Abs. 3 Nrn. 2 und 3 StBerG), gilt die vereinbarte Vergütung, anderenfalls die für diese Tätigkeit vorgesehene gesetzliche Vergütung, ansonsten die übliche Vergütung (§ 612 Abs. 2 und § 632 Abs. 2 BGB).

(3) Eine Aufrechnung gegenüber einem Vergütungsanspruch des Steuerberaters ist nur mit unbestrittenen oder rechtskräftig festgestellten Forderungen zulässig.

(4) Für bereits entstandene und die voraussichtlich entstehenden Gebühren und Auslagen kann der Steuerberater einen Vorschuss fordern. Wird der eingeforderte Vorschuss nicht gezahlt, kann der Steuerberater nach vorheriger Ankündigung seine weitere Tätigkeit für den Mandanten einstellen, bis der Vorschuss eingeht. Der Steuerberater ist verpflichtet, seine Absicht, die Tätigkeit einzustellen, dem Mandanten rechtzeitig bekanntzugeben, wenn dem Auftraggeber Nachteile aus einer Einstellung der Tätigkeit erwachsen können.

8. Beendigung des Vertrags

(1) Der Vertrag endet durch Erfüllung der vereinbarten Leistungen, durch Ablauf der vereinbarten Laufzeit oder durch Kündigung. Der Vertrag endet nicht durch den Tod, durch den Eintritt der Geschäftsunfähigkeit des Auftraggebers oder im Falle einer Gesellschaft durch deren Auflösung.

(2) Der Vertrag kann – wenn und soweit er einen Dienstvertrag im Sinne der §§ 611, 675 BGB darstellt – von jedem Vertragspartner außerordentlich nach Maßgabe des § 627 BGB gekündigt werden; die Kündigung hat schriftlich zu erfolgen. Soweit im Einzelfall hiervon abgewichen werden soll, bedarf es einer schriftlichen Vereinbarung, die gesondert zu erstellen ist und dem Auftraggeber ausgehändigt werden soll.

(3) Bei Kündigung des Vertrags durch den Steuerberater sind zur Vermeidung von Rechtsverlusten des Auftraggebers in jedem Fall noch diejenigen Handlungen vorzunehmen, die zumutbar sind und keinen Aufschub dulden (z. B. Fristverlängerungsantrag bei drohendem Fristablauf). Auch für diese Handlungen haftet der Steuerberater nach Nr. 5.

(4) Der Steuerberater ist verpflichtet, dem Auftraggeber alles, was er zur Ausführung des Auftrags erhält oder erhalten hat und was er aus der Geschäftsbesorgung erlangt, herauszugeben. Außerdem ist der Steuerberater verpflichtet, dem Auftraggeber die erforderlichen Nachrichten zu geben, auf Verlangen über den Stand der Angelegenheit Auskunft zu erteilen und Rechenschaft abzulegen.

(5) Mit Beendigung des Vertrags hat der Auftraggeber dem Steuerberater die bei ihm zur Ausführung des Auftrags eingesetzten Datenverarbeitungsprogramme einschließlich angefertigter Kopien sowie sonstige Programmunterlagen unverzüglich herauszugeben bzw. von der Festplatte zu löschen.

(6) Nach Beendigung des Mandatsverhältnisses sind die Unterlagen beim Steuerberater abzuholen.

9. Vergütungsanspruch bei vorzeitiger Beendigung des Vertrags

Endet der Auftrag vor seiner vollständigen Ausführung, so richtet sich der Vergütungsanspruch des Steuerberaters nach dem Gesetz. Soweit im Einzelfall hiervon abgewichen werden soll, bedarf es einer schriftlichen Vereinbarung, die gesondert zu erstellen ist und dem Auftraggeber ausgehändigt werden soll.

10. Aufbewahrung, Herausgabe und Zurückbehaltungsrecht von Arbeitsergebnissen und Unterlagen

(1) Der Steuerberater hat die Handakten auf die Dauer von zehn Jahren nach Beendigung des Auftrags aufzubewahren. Diese Verpflichtung erlischt jedoch schon vor Beendigung dieses Zeitraums, wenn der Steuerberater den Auftraggeber schriftlich aufgefordert hat, die Handakten in Empfang zu nehmen, und der Auftraggeber dieser Aufforderung binnen sechs Monaten, nachdem er sie erhalten hat, nicht nachgekommen ist.

(2) Zu den Handakten im Sinne dieser Vorschrift gehören alle Schriftstücke, die der Steuerberater aus Anlass seiner beruflichen Tätigkeit von dem Auftraggeber oder für ihn erhalten hat. Dies gilt jedoch nicht für den Briefwechsel zwischen dem Steuerberater und seinem Auftraggeber und für die Schriftstücke, die dieser bereits in Urschrift oder Abschrift erhalten hat, sowie für die zu internen Zwecken gefertigten Arbeitspapiere.

(3) Auf Anforderung des Auftraggebers, spätestens nach Beendigung des Auftrags, hat der Steuerberater dem Auftraggeber die Handakten innerhalb einer angemessenen Frist herauszugeben. Der Steuerberater kann von Unterlagen, die er an den Auftraggeber zurückgibt, Abschriften oder Fotokopien anfertigen und zurückbehalten.

(4) Der Steuerberater kann die Herausgabe seiner Arbeitsergebnisse und der Handakten verweigern, bis er wegen seiner Gebühren und Auslagen befriedigt ist. Dies gilt nicht, soweit die Zurückbehaltung nach den Umständen, insbesondere wegen verhältnismäßiger Geringfügigkeit der geschuldeten Beträge, gegen Treu und Glauben verstoßen würde. Bis zur Beseitigung vom Auftraggeber rechtzeitig geltend gemachter Mängel ist der Auftraggeber zur Zurückbehaltung eines angemessenen Teils der Vergütung berechtigt.

11. Anzuwendendes Recht und Erfüllungsort

(1) Für den Auftrag, seine Ausführung und die sich hieraus ergebenden Ansprüche gilt nur deutsches Recht.

(2) Erfüllungsort ist der Wohnsitz des Auftraggebers, wenn er nicht Kaufmann im Sinne des HGB ist, ansonsten der Sitz des Steuerberaters.

12. Wirksamkeit bei Teilnichtigkeit; Änderungen und Ergänzungen

(1) Falls einzelne Bestimmungen dieser Auftragsbedingungen unwirksam sein oder werden sollten, wird die Wirksamkeit der übrigen Bestimmungen dadurch nicht berührt. Die unwirksame Bestimmung ist durch eine gültige zu ersetzen, die dem angestrebten Ziel möglichst nahe kommt.

(2) Änderungen und Ergänzungen dieser Auftragsbedingungen bedürfen der Schriftform.

Grupo Sourcing Limited

STATEMENT OF PROFIT ND LOSS AND OTHER COMPREHENSIVE INCOME

Yead ended 31 March 2016

	2016
	HK$
REVENUE	-
Administrative expenses	(13,250.00)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(13,250.00)

Certified true and correct :

....

Pallak Seth
Director

Grupo Sourcing Limited

STATEMENT OF FINANCIAL POSITION

31-Mar-16

	2016 HK$
NON-CURRENT ASSETS	-
Total non-current assets	-
CURRENT ASSETS	
Amount due from Shareholders	778,000.00
Total current assets	778,000.00
CURRENT LIABILITIES	
Due to fellow subsidiaries	13,250.00
Total Current liabilities	13,250.00
NET CURRENT ASSETS/(LIABILITIES)	764,750.00
EQUITY	
Share Capital	778,000.00
Retained profits/(accumulated losses)	(13,250.00)
Total equity/(net deficiency in assets)	764,750.00

Certified true and correct :

....

Pallak Seth
Director

GREEN APPAREL INDUSTRIES LIMITED

STATEMENT OF PROFIT ND LOSS AND OTHER COMPREHENSIVE INCOME

Yead ended 31 March 2016

	2016
	HK$
REVENUE	-
Administrative expenses	(14,708.59)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(14,708.59)

Certified true and correct :

....

Pallak Seth
Director

GREEN APPAREL INDUSTRIES LIMITED

STATEMENT OF FINANCIAL POSITION

31-Mar-16

	2016
	HK$
NON-CURRENT ASSETS	-
Total non-current assets	-
CURRENT ASSETS	
Prepayments,deposits and other receivables	18,793.30
Amount due from Shareholders	1,556,000.00
Total current assets	1,574,793.30
CURRENT LIABILITIES	
Due to fellow subsidiaries	33,501.89
Total Current liabilities	33,501.89
NET CURRENT ASSETS/(LIABILITIES)	1,541,291.41
EQUITY	
Share Capital	1,556,000.00
Retained profits/(accumulated losses)	(14,708.59)
Total equity/(net deficiency in assets)	1,541,291.41

Certified true and correct :

....

Pallak Seth

Director

Lancasters
Chartered Accountants

Multinational Textile Group Limited and its subsidiaries

Consolidated financial statements

31 March 2016

GGi
INDEPENDENT MEMBER

Multinational Textile Group Limited and its subsidiaries

Consolidated financial statements
for the year ended 31 March 2016

Contents

Multinational Textile Group Limited and its subsidiaries

Corporate data

Directors:	Deepak Kumar Seth Payel Seth Pallak Seth Jayechund Jingree Dr. Kevin Yasheel Jingree (as alternate to Jayechund Jingree) Sushil Kumar Jogoo
Company secretary:	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

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 2016.

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 6 and 7.

During the year under review, the Company has not declared any dividend (2015: 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 state of affairs of the Company and of the profit or loss of the Company. 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 Company 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 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: 26 MAY 2016

Multinational Textile Group Limited and its subsidiaries

Secretary's certificate
for the year ended 31 March 2016

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.

Adamessau

For and on behalf of **KROSS BORDER CORPORATE SERVICES LIMITED**
Company Secretary

26 MAY 2016
Date:....................................

Lancasters
Chartered Accountants

Auditors' report to the shareholder of Multinational Textile Group Limited

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of Multinational Textile Group Limited (the "Company") and its subsidiaries and sub-subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholder, in accordance with section 205 of the Mauritius Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated 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' judgement, 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 the internal control relevant to the company'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 company'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.

DGGi
INDEPENDENT MEMBER

Lancasters
Chartered Accountants

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

Opinion

In our opinion, the consolidated financial statements on pages 6 to 68 give a true and fair view of the consolidated financial position of the Group at 31 March 2016 and of its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

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

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 2016

GGi
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 2016

	Note	2016 USD	2015 USD
Revenue	9	643,756,769	628,058,975
Cost of sales		(565,155,551)	(545,508,484)
Gross profit		78,601,218	82,550,491
Operating income		7,595,395	4,930,765
Other income		1,463,548	1,608,927
Marketing, selling and distribution expenses		(10,954,588)	(12,669,025)
Share of loss of joint venture		(457,067)	(5,018)
General and administrative expenses		(68,891,938)	(65,832,715)
Depreciation and amortisation	12,13,17	(2,056,516)	(2,232,261)
Results from operating activities		5,300,052	8,351,164
Finance income		3,348,044	655,802
Finance costs		(2,117,686)	(3,102,809)
Net finance income/(costs)	10	1,230,358	(2,447,007)
Profit before taxation		6,530,410	5,904,157
Taxation	11	(182,772)	(912,229)
Profit for the year		6,347,638	4,991,928

The notes on pages 14 to 68 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 2016

	2016 USD	2015 USD
Other comprehensive income		
Net (loss)/gain on cash flow hedges	(1,385,384)	1,142,633
Foreign currency translation differences for foreign operations	(1,133,231)	(954,203)
Net movement in exchange reserves	115,458	71,449
Net movement in available-for-sale investment reserves	(2,269)	15,858
Other comprehensive (loss)/income for the year, net of income tax	(2,405,426)	275,737
Total comprehensive income for the year	3,942,212	5,267,665
Profit attributable to:		
Owners of the company	4,031,206	3,888,330
Non-controlling interest	2,316,432	1,103,598
Profit for the year	6,347,638	4,991,928
Total comprehensive income attributable to:		
Owners of the company	2,034,216	3,901,344
Non-controlling interest	1,907,996	1,366,321
Total comprehensive income for the year	3,942,212	5,267,665

The notes on pages 14 to 68 form part of these consolidated financial statements

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of financial position
as at 31 March 2016

	Note	2016 USD	2015 USD
Assets			
Non-current assets			
Property, plant and equipment	12	**5,871,512**	6,535,075
Intangible assets	13	**6,921,013**	6,837,281
Available-for-sale investments	14	**2,446,894**	1,862,070
Held-to-maturity investments	15	**3,355,568**	842,160
Interest in Joint Venture	16	**756,174**	-
Investment property	17	**15,958,529**	16,620,271
Receivables	18	**404,958**	1,201,711
Deferred tax assets	19	**640,340**	200,952
Total non-current assets		**36,354,988**	34,099,520
Current assets			
Inventories	20	**7,578,578**	14,165,858
Available-for-sale investments	14	**-**	417,453
Trade and other receivables	21	**159,196,373**	156,326,224
Derivative financial instruments	30	**58,351**	1,247,678
Cash and cash equivalents	28	**10,252,267**	13,833,960
Total current assets		**177,085,569**	185,991,173
Total assets		**213,440,557**	220,090,693

Approved by the Board of Directors on 26 MAY 2016 and signed on its behalf by

Director

Director

The notes on pages 14 to 68 form part of these consolidated financial statements

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of financial position (continued)
as at 31 March 2016

	Note	2016 USD	2015 USD
Equity and liabilities			
Capital and reserves			
Stated capital	22	21,948,270	21,948,270
Reserves	23	50,200,337	49,070,920
Equity attributable to owners of the Company		72,148,607	71,019,190
Non-controlling interests	24	9,638,097	8,201,864
Total equity		81,786,704	79,221,054
Liabilities			
Non-current liabilities			
Long term loans	25	89,082	7,360,738
Deferred tax liabilities	26	2,253	202,852
Total non-current liabilities		91,335	7,563,590
Current liabilities			
Short term loans	27	65,701,939	65,960,267
Bank overdrafts	28	1,145	552,234
Tax payable		4,288,693	4,160,236
Obligations under finance lease	35	27,743	-
Trade and other payables	29	61,073,688	62,633,312
Derivative financial instruments	30	469,310	-
Total current liabilities		131,562,518	133,306,049
Total liabilities		131,653,853	140,869,639
Total equity and liabilities		213,440,557	220,090,693

Approved by the Board of Directors on 26 MAY 2016 and signed on its behalf by

.... Director

.... Director

The notes on pages 14 to 68 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 2016

	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 2014	21,948,270	(114,374)	(741,275)	-	44,601,093	(12,141)	65,681,573	6,843,970	72,525,543
Transactions with owners of the Company									
Contributions and distributions									
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	66,249	66,249
Movement during the year	-	-	-	(463,834)	1,900,107	-	1,436,273	173,324	1,609,597
Dividend declared and paid	-	-	-	-	-	-	-	(248,000)	(248,000
Total comprehensive income									
Profit for the year	-	-	-	-	3,888,330	-	3,888,330	1,103,598	4,991,928
Other comprehensive income									
Net movement in available-for-sale investment reserves	-	-	-	-	-	13,480	13,480	2,378	15,858
Net movement in exchange reserves	-	-	-	-	33,929	-	33,929	37,520	71,449
Foreign currency translation differences on foreign operations	-	-	(998,631)	-	-	-	(998,631)	44,428	(954,203
Net gain on cash flow hedges	-	964,236	-	-	-	-	964,236	178,397	1,142,633
Balance as at 31 March 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**

The notes on pages 14 to 68 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 2016

	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									
Movement during the year	-	-	-	(904,799)	-	-	(904,799)	948,924	44,125
Dividend declared and paid	-	-	-	-	-	-		(1,442,750)	(1,442,750)
Changes in ownership of interest									
Acquisition of NCI without a change in control	-	-	-	-	-	-	-	22,063	22,063
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 loss 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 14 to 68 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 2016

	2016 USD	2015 USD
Cash flows from operating activities		
Profit for the year	**6,347,638**	4,991,928
Adjustments for:		
Impairment of intangible asset	**110,747**	-
Depreciation and amortisation	**2,056,516**	2,232,261
Share of loss of joint venture	**457,067**	5,018
Income tax expense	**182,772**	912,229
Loss on disposal of intangible assets	-	68,795
Gain on sale of Held-to-maturity investments	**(102,468)**	(3,872)
Exchange difference	**(586,637)**	(455,491)
Loss on disposal of tangible assets	**13,430**	-
Operating profit before changes in working capital	**8,479,065**	7,750,868
Change in inventories	**6,587,280**	5,920,495
Change in receivables and trade and other receivables	**(2,073,396)**	(15,357,889)
Change in payables	**(1,559,624)**	5,092,815
	11,433,325	3,406,289
Tax paid	**(694,303)**	(61,992)
Net cash from operating activities	**10,739,022**	3,344,297
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(1,099,013)**	(1,431,789)
Proceeds from sale of property, plant and equipment	**(24,381)**	15,361
Acquisition of held-to-maturity investments	-	(272,000)
Proceeds from sale of held-to-maturity investments	-	571,128
Acquisition of held-to-maturity investments	**(2,513,408)**	-
Proceeds from available for sale investments	-	269,552
Acquisition of intangible assets	**(246,862)**	(28,514)
Amount given to joint venture	**(1,213,240)**	-
Acquisition of available-for-sale investments	**(67,173)**	-
Net cash used in investing activities	**(5,164,077)**	(876,262)

The notes on pages 14 to 68 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 2016

	2016 USD	2015 USD
Cash flows from financing activities		
Capital contributed by non-controlling interests	22,063	66,249
Dividend paid by subsidiaries to non-controlling interests	(1,442,750)	(248,000)
Movement in derivative financial instrument	317,378	(229,189)
Movement in short terms loans	(258,328)	3,818,641
Movement in long term loans	(7,271,656)	(897,022)
Movement in derivative financial instrument	27,744	-
Net cash (used in)/from financing activities	**(8,605,549)**	2,510,679
Net movement in cash and cash equivalents	(3,030,604)	4,978,714
Cash and cash equivalents at 01 April	13,281,726	8,303,012
Cash and cash equivalents at 31 March *(note 28)*	**10,251,122**	13,281,726
Cash and cash equivalent at the year-end consist of:		
Cash at bank	10,252,267	13,833,960
Bank overdraft	(1,145)	(552,234)
	10,251,122	13,281,726

The notes on pages 14 to 68 form part of these consolidated 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 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 and other consumer products.

The consolidated financial statements for the year ended 31 March 2016 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", "Zamira Fashions Limited", "SACB Holdings Limited" "Poeticgem International Limited", "Casa Forma Limited", "PDS Asia Star Corporation Limited", "DPOD Manufacturing Limited", "Multinational OSG Services Bangladesh Pvt Limited", "Techno Design GmbH" and PG Group Limited" and its Sub-subsidiaries, namely "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", "Norwest Inc.", "Sourcing Solutions Limited", "Grand Pearl Trading Co. Ltd (Hangzhou)", Krayon Sourcing Limited", "Nor France Manufacturing Company Ltd", " Razamtazz Limited", "Nor Europe Manufacturing Company Limited", "Kleider Sourcing Hong Long Limited", "Techno Manufacturing Limited", "Nor India Manufacturing Company Limited", "Spring Near East Manufacturing Company Limited", "Designed and Sourced Limited", "JJ Star Industrial Limited", "Twin Asia Limited", "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 France SAS", "Nor Europe SPA", "Nor Lanka Manufacturing Limited" and "Kleider Sourcing Limited".

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 historical cost basis except where stated otherwise.

(c) Functional currency and presentation currency

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

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 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 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 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 is mandatorily effective for the current year

In the current year, the Group 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 2015.

Annual Improvements to IFRSs 2010 – 2012 Cycle and 2011 – 2013 Cycle

The Group has applied the amendments to IFRSs included in the Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle for the first time in the current year. One of the annual improvements requires entities to disclose judgements made by management in applying the aggregation criteria set out in paragraph 12 of IFRS 8 Operating Segments. The application of the other amendments has had no impact on the disclosures or amounts recognised in the Group's financial statements.

5.2 New and revised IFRSs in issue but not yet effective

The Group 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
Accounting for acquisitions of interests in joint operations – (Amendments to IFRS 11)	01 January 2016
Disclosure initiative (Amendments to IAS 1)	01 January 2016
Clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38)	01 January 2016
Sale or contribution of assets between an investor and its associate or joint venture) Amendments to IFRS 10 and IAS 28	01 January 2016
Investment entities: Applying the consolidation exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	01 January 2016
Annual Improvements to IFRSs 2012 – 2014 cycle (Amendments to IFRSs)	01 January 2016

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

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

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

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 Income Taxes regarding the recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The directors of the Company anticipate that the application of these amendments to IFRS 11 may have an impact on the Company's financial statements in future periods should such transactions arise.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice.

The directors of the Company do not anticipate that the application of these amendments to IAS 1 will have a material impact on the Company's financial statements.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- when the intangible asset is expressed as a measure of revenue; or
- when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

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

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

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (continued)

Currently, the Company uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Company's financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. The directors of the Company anticipate that the application of these amendments to IFRS 10 and IAS 28 may have an impact on the Company's financial statements in future periods should such transactions arise.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10, IFRS 12 and IAS 28 clarify that the exemption from preparing financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

The directors of the Company do not anticipate that the application of these amendments to IFRS 10, IFRS 12 and IAS 28 will have a material impact on the Company's financial statements as the Company is not an investment entity and does not have any holding company, subsidiary, associate or joint venture that qualifies as an investment entity.

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

5.2 New and revised IFRSs in issue but not yet effective (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 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held-for-distribution accounting is discontinued.

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 amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

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.

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.

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

(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.

(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 2016 was USD 6,697,862.

(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.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2016

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 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**

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2016

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

Accounting classifications and fair values (continued)

31 March 2015	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	2,279,523	-		-	2,279,523	-	-	2,279,523	2,279,523
Held-to-maturity investments	-	842,160	-	-	842,160	-	-	-	-
Receivables	-	-	1,201,711	-	1,201,711	-	-	-	-
Trade and other receivables	-	-	154,413,856	-	154,413,856	-	-	-	-
Derivative financial instruments	1,247,678	-		-	1,247,678	-	-	1,247,678	1,247,678
Cash & cash equivalent	-	-	13,833,960	-	13,833,960	-	-	-	-
	3,527,201	842,160	169,449,527	-	173,818,888	-	-	3,527,201	3,527,201
Financial liabilities									
Loans	-	-	-	73,321,005	73,321,005	-	-	-	-
Trade and other payables	-	-	-	62,633,312	62,633,312	-	-	-	-
Bank overdrafts	-	-	-	552,234	552,234	-	-	-	-
	-	-	-	136,506,551	136,506,551	-	-	-	-

7. 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 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

	%	2016 USD	2015 USD
Bank overdrafts	2.50%	**1,145**	552,234
Bank loans	2.65%	**-**	7,268,660
Trust receipt loan	1.5%-7% over base rate	**29,035,597**	36,968,452
Other bank loans	1%-3.68% over base rate	**36,200,483**	27,626,920
		65,237,225	72,416,266

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 2016 would increase/decrease by USD 3,261,861 (2015: USD 3,620,814). This is mainly attributable to the Group's exposure to interest rates on variable rate of interest.

	Impact on profit before tax 2016 USD	Impact on profit before tax 2015 USD
Bank overdrafts	**57**	27,612
Bank loans	**-**	363,433
Trust receipt loan	**1,451,780**	1,848,423
Other bank loans	**1,810,024**	1,381,346
	3,261,861	3,620,814

7. 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 2016 USD	Financial liabilities 2016 USD	Financial assets 2015 USD	Financial liabilities 2015 USD
USD	10,732,506	1,001,239	8,324,095	1,313,795
GBP	9,432,187	2,749,484	19,392,111	15,454,495
EUR	456,949	36,500		
HKD	152,612,004	123,575,685	146,092,075	119,738,255
BDT	113,834	-	10,606	6
	173,347,480	127,362,907	173,818,887	136,506,551

Sensitivity analysis

Currency	2016 USD	2015 USD
GBP	668,270	393,762
HKD	2,903,632	2,635,382
EUR	42,045	-
BDT	11,383	1,060
Total	3,625,330	3,030,204

7. **Financial risk management (continued)**

Currency risk (continued)

A 10 % strengthening of USD against the above currencies at 31 March 2016 would have increased net profit before tax by USD 3,625,330 (2015: USD 3,030,204). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis in 2015.

Similarly a 10 percent weakening of the USD against the above currencies at 31 March 2016 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	
	2016	2015
	USD	USD
Trade and other receivables	**156,829,442**	154,413,856
Cash and cash equivalents	**10,252,267**	13,833,960
Available-for-sale investments	**2,446,894**	2,279,523
Receivables	**404,958**	1,201,711
Held-to-maturity investments	**3,355,568**	842,160
Derivative financial instruments	**58,351**	1,247,677
	173,347,480	173,818,887

7. 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 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**	-

31 March 2015

	Carrying amount USD	Due on Demand USD	Within one year USD	One-five years USD	More than five years USD
Financial liabilities					
Loans	73,321,005	-	65,960,267	7,360,738	-
Trade and other payables	62,633,312	-	62,633,312	-	-
Bank overdrafts	552,234	552,234	-	-	-
Total financial liabilities	136,506,551	552,234	128,593,579	7,360,738	-

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 fashion, 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:

	2016 **USD**	2015 USD
Sales	**643,756,769**	628,058,975

10. Net finance income/(costs)

	2016 **USD**	2015 USD
<u>**Finance income**</u>		
Interest income	**31,185**	82,037
Exchange differences	**3,316,859**	573,765
	3,348,044	655,802
<u>**Finance costs**</u>		
Loan interest and Letter of Credit charges	**(2,117,686)**	(3,102,809)
	(2,117,686)	(3,102,809)
Net finance income/(costs)	**1,230,358**	(2,447,007)

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2016

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:

	2016 USD	2015 USD
Current tax expense		
Current year	720,783	1,485,877
Adjustment for prior years	(627,431)	(331,779)
	93,352	1,154,098
Deferred tax expense		
Origination and reversal of temporary difference	**89,420**	(241,869)
Total tax expense	**182,772**	912,229

Reconciliation of effective tax rate

	2016 USD	2015 USD
Profit before taxation	6,530,410	5,904,157
Tax at the applicable tax rate	1,770,921	1,863,383
Effect of tax rates in foreign jurisdictions	(576,659)	85,495
Non-deductible expenses	522,123	605,565
Tax exempt income	(1,281,244)	(572,672)
Group relief surrendered	(39,349)	2,088
Deemed tax credit	(92,492)	(161,969)
Tax losses utilised	(11,618)	(185,169)
Others	151,440	(478,213)
Deferred tax not recognised	(986)	161,928
Change in recognised deductible temporary difference	-	(20,260)
Over provided in prior years	(259,364)	(387,947)
	182,772	912,229

11. **Taxation (continued)**

Norwest Industries Limited

As at the end of the reporting period, certain subsidiaries of Norwest Industries Limited had unused tax losses arising in Hong-Kong of USD 7,694,271 (2015: USD 7,379,593) 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 subsidiary. The other overseas subsidiaries of the Group also had tax losses arising in their respective principal countries of operations.

As at the end of the reporting period, deferred tax assets have not been recognized in respect of the unused tax losses of USD 1,025,169 (2015: USD 1,043,353) which are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognized 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 utilized.

PG Group Limited

As at the end of the reporting period, PG Group Limited and its subsidiaries have unused tax losses arising in Mainland China of USD 58,362 (2015: USD55, 671) 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.

Zamira Fashion Limited

At the end of reporting period, Zamira Fashion Limited and its subsidiaries have unused tax losses of USD NIL (2015: USD 578,870) available for offset against future profits. No deferred tax asset has been recognized in respect of such tax losses due to the unpredictability of future profit streams. Tax losses maybe carried forward indefinitely.

Multinational Textile Group Limited and its subsidiaries

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2016

12. 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 2014	6,286,542	2,313,282	8,086,658	547,115	17,233,597
Additions/ transfers during the year	202,763	847	744,010	484,169	1,431,789
Disposals during the year	(49,675)	(785,984)	(374,660)	(10,406)	(1,220,725)
Transfer of asset	112,568	37,642	14,444	-	164,654
Exchange re-alignment	(260)	-	(17,082)	-	(17,342)
Effect of changes in exchange rates	(538,156)	(191,062)	(169,113)	(5,426)	(903,757)
At 31 March 2015	6,013,782	1,374,725	8,284,257	1,015,452	16,688,216
At 01 April 2015	6,013,782	1,374,725	8,284,257	1,015,452	16,688,216
Additions/ transfers during the year	180,685	21,020	802,770	109,454	1,113,929
Disposals during the year	-	-	(32,239)	(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**
Depreciation					
At 01 April 2014	2,229,460	1,802,205	5,337,101	536,033	9,904,799
Charge for the year	180,491	150,635	1,333,157	65,427	1,729,710
Disposals during the year	(47,499)	(767,306)	(269,643)	(10,404)	(1,094,852)
Exchange re-alignment	(142)	-	(3,164)	-	(3,306)
Effect of changes in exchange rates	(93,562)	(146,129)	(135,424)	(8,095)	(383,210)
At 31 March 2015	2,268,748	1,039,405	6,262,027	582,961	10,153,141
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
Disposal 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**
Net book value					
At 31 March 2016	**3,616,512**	**232,319**	**1,658,345**	**364,336**	**5,871,512**
At 31 March 2015	3,745,034	335,320	2,022,230	432,491	6,535,075

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

Poeticgem Limited

Security

Properties with a carrying amount of USD 3,326,818 (2015: USD 3,417,181) are subject to a legal charge to secure bank loans (see note 25).

Valuation

Properties with a carrying amount of USD 3,326,818 (2015: USD 3,417,181) 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.

13. **Intangible assets**

	Goodwill USD	Trademarks and Brand name USD	Design and development USD	Total USD
Cost				
At 01 April 2014	6,808,437	154,481	-	6,962,918
Addition during the year	-	28,514	-	28,514
Exchange realignment	316	-	-	316
At 31 March 2015	6,808,753	182,995	-	6,991,748
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**
Amortisation				
At 01 April 2014	-	146,066	-	146,066
Charge for the year	-	2,081	-	2,081
Exchange realignment	-	6,320	-	6,320
At 31 March 2015	-	**154,467**	-	**154,467**
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 31 March 2016	**6,697,862**	**40,476**	**182,675**	**6,921,013**
At 31 March 2015	**6,808,753**	**28,528**	-	**6,837,281**

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**

	2016 USD	2015 USD
Non-current assets		
Others	**2,446,894**	1,862,070
Current assets		
Unit trusts at fair value	-	417,453

During the year, the gross loss of the Group's available-for-sale investments recognised directly in other comprehensive income amounted to USD 2,269 (2015: gross gain of USD 15,858).

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

The fair values of the unit trusts are based on quoted market prices.

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

	2016 USD	2015 USD
Bonds	**3,355,568**	842,160

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 a Joint Venture**

	2016 **USD**	2015 USD
Unlisted investment, at cost	**-**	5,018
Share of net asset/liabilities	**(457,067)**	(5,018)
Amount due from a joint venture	**1,213,241**	-
	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:

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 USD 1 each	Hong Kong	50	50	50	Trading of garments products

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

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2016

17. **Investment Property**

	Total USD
Cost	
At 01 April 2014	17,758,592
Addition during the year	-
Effect of changes in exchange rates	1,511,460
At 31 March 2015	19,270,052
At 01 April 2015	19,270,052
Effect of changes in exchange rates	(12,885)
At 31 March 2016	**19,257,167**
Depreciation	
At 01 April 2014	2,366,031
Charge for the year	500,470
Effect of changes in exchange rates	(216,720)
At 31 March 2015	2,649,781
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**
Net book value	
At 31 March 2016	**15,958,529**
At 31 March 2015	16,620,271

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 investment properties were revalued on 31 March 2016 based on valuations performed by independent professionally qualified valuers, at USD 24,620,204 (2015: USD 23,586,179).

At 31 March 2016, 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 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:	USD	USD	USD	USD
Residential property	-	12,245,804	-	12,245,804
Industrial properties	-	12,374,400	-	12,374,400
	-	24,620,204	--	24,620,204

	Fair value measurement as at 31 March 2015 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:	USD	USD	USD	USD
Residential property	-	12,492,179	-	12,492,179
Industrial properties	-	11,094,000	-	11,094,000
	-	23,586,179	-	23,586,179

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 (2015: Nil).

17. **Investment Property (continued)**

Norwest Industries Limited (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant observable inputs
Residential property	Market comparison method	USD 2,760 – USD 6,172 per sq. ft.
Industrial properties	Market comparison method	USD554 – USD 670 per sq. ft.

Razamtazz Limited

The fair value of the investment property has been estimated at GBP 8,500,000. The Valuation of the investment property was carried out by Strutt & Parker LLP of 13 Hill Street London W1J5LQ on 10 March 2015.

The current Market Value of the leasehold interest of the Property with the benefit of vacant possession in accordance with the definition of Market Value referred to in the Royal Institution of Chartered Surveyors Valuation Standard's Practice Note is estimated to GBP 8,500,000 (Eight Million Five Hundred Thousand Pound Sterling).

Norwest Industries Limited has arrangements with HSBC Private Bank (UK) Limited whereby the bank has placed a legal charge over the property of the company, as first charge and second charge with HSBC.

18. **Receivables**

	2016 USD	2015 USD
Long term receivable	**300,000**	1,038,662
Refundable deposits	**59,470**	128,741
Security deposit	**13,415**	34,308
Other	**32,073**	-
	404,958	1,201,711

19. **Deferred tax assets**

	2016 USD	2015 USD
At 01 April	**200,952**	19,995
Movement during the year	**(8,200)**	(1,105)
Charge to the statement of comprehensive-income	**447,588**	182,062
At 31 March	**640,340**	200,952
Deferred tax assets on:		
- Depreciation	**573,759**	200,952
- Cash slow hedges	**66,581**	-
	640,340	200,952

20. **Inventories**

	2016 USD	2015 USD
Finished goods and goods for resale	**970,788**	3,303,937
Raw materials	**6,607,790**	10,861,921
	7,578,578	14,165,858
Cost of inventory recognised in the consolidated statement of profit or loss and other comprehensive income	**565,155,551**	545,508,484

21. **Trade and other receivables**

	2016 USD	2015 USD
Trade and accounts receivables	**116,874,653**	114,160,656
Non-trade receivables and prepaid expenses	**17,145,338**	20,948,134
Pledged time deposits	**19,491,405**	14,353,203
Amounts due from third parties	**5,684,977**	6,864,231
	159,196,373	156,326,224

Norwest Industries Limited

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$344,802 (2015: Nil) with a carrying amount before provision of HK$893,009 (2015: Nil).

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.

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

Norwest Industries Limited (continued)

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

	2016	2015
	USD	USD
Neither past due nor impaired	**49,969,942**	47,562,247
Past due but not impaired:		
Less than one month	**6,511,890**	8,732,308
One to three months	**1,245,750**	5,566,962
Over three months	**1,883,323**	3,446,405
	59,216,540	65,307,922

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 Norwest Industries Limited and its subsidiaries. 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, Norwest Industries Limited and its subsidiaries had transferred certain bills of exchange amounting to USD 1,723,921 (2015: USD 5,693,606) 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 1,720,891 (2015: USD 5,686,480) 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

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

	2016	2015
	USD	USD
Neither past due nor impaired	**1,339,705**	1,910,939
Past due but not impaired:		
Less than one month	**441,042**	1,154,569
One to three months	**162,386**	87,029
Over three months	**17,689**	198
	1,960,822	3,152,735

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

<u>*PG Group Limited (continued)*</u>

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 PG Group Limited and its subsidiaries. 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 PG Group Limited and its subsidiaries trade receivables of USD 570,310 (2015: USD 1,706,313) 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.

As at 31 March 2015, PG Group Limited and its subsidiaries had transferred certain bills of exchange amounting to USD 218,853 to a bank with recourse in exchange for cash. The proceeds of PG Group Limited and its subsidiaries from transferring the bills receivable of USD 218,184 had been accounted for as collateralised bank advances and had been included in interest-bearing bank borrowings until the bills were collected or PG Group Limited and its subsidiaries made good of any losses incurred by the banks.

22. **Stated capital**

	2016	2015
	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.

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 2015	849,862	(1,739,906)	**(463,834)**	**50,423,459**	**1,339**	**49,070,920**
Transactions with owners of the Company						
Contributions and distributions						
Movement during the year	-	-	(904,799)	-	-	(904,799)
Total comprehensive income						
Profit for the year	-	-	-	4,031,206	-	4,031,206
Other comprehensive income						
Net movement in available-for-sale investment reserves	-	-	-	-	(1,929)	(1,929)
Net movement in exchange reserves	-	-	-	178,232	-	178,232
Foreign currency translation differences on foreign operations	-	(994,601)	-	-	-	(994,601)
Net gain on cash flow hedges	(1,178,692)	-	-	-	-	(1,178,692)
At 31 March 2016	**(328,830)**	**(2,734,507)**	**(1,368,633)**	**54,632,897**	**(590)**	**50,200,337**

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	Hedging reserves USD	Translation reserves USD	Capital reserves USD	Retained earnings USD	Available-for-sale investment reserves USD	Total USD
At 01 April 2015	1,665,902	157,692	1,152	173,324	6,203,558	236	8,201,864
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	-	-	-	948,923	-	-	948,923
Dividend declared and paid	-	-	-	-	(1,442,750)	-	(1,442,750)
Total comprehensive income							
Profit for the year	-	-	-	-	2,316,432	-	2,316,432
Other comprehensive income							
Net movement in available for sale investment reserves	-	-	-	-		(340)	(340)
Net movement in exchange reserves	-	-	-	-	(62,774)	-	(62,774)
Foreign currency translation differences on foreign operations	-	-	(138,630)	-	-	-	(138,630)
Net gain on cash flow hedges	-	(206,691)	-	-	-	-	(206,691)
At 31 March 2016	**1,687,965**	**(48,999)**	**(137,478)**	**1,122,247**	**7,014,466**	**(104)**	**9,638,097**

25. **Long term loans**

	2016 USD	2015 USD
Bank loans *(see note 25 (i))*	**-**	7,268,660
Other loans	**89,082**	92,078
	89,082	7,360,738

(i) Bank loans

One of the sub-subsidiaries, Poeticgem Limited had bank loans which are secured by a legal charge over the freehold property at Teleflex Plot, Burnleys, Kiln Farm, Milton Keynes, fixed and floating charges over the assets of the sub-subsidiary and a cross guarantee between Poeticgem Limited and its subsidiary Pacific Logistics Limited. The loan carries an average interest rate of 2.50 per cent over the base rate and is determined based on 2.00 per cent plus base rate.

At 31 March 2016, Poeticgem Limited had available GBP 9,336,913 (2015: GBP 7,792,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The Company also has advances from factors that are secured by a charge on the trade receivables of the Company.

26. **Deferred tax liabilities**

Deferred tax liabilities arise on accelerated tax depreciation.

	2016 USD	2015 USD
At 01 April	**202,852**	25,628
Movement during the year	**(200,599)**	52,753
Charge to the consolidated statement of profit or loss and other comprehensive income	**-**	(110,542)
Deferred tax assets credited to equity		
- Group	**-**	199,761
- Non-controlling interest	**-**	35,252
At 31 March	**2,253**	202,852

27. **Short term loans**

	2016 USD	2015 USD
Other bank loans *(note 26 (i)-(iv))*	**36,200,483**	27,626,920
Trust receipt loan*(note 26 (i)-(iv))*	**29,035,597**	36,968,452
Other payables	**465,859**	1,364,895
	65,701,939	65,960,267

(i) Other bank loans

One of the subsidiaries, PG Group has collateralised bank advances carrying interest at 3.67% - 3.68% (2015: 3.67% - 3.68%), matured and were repaid in April 2015.

(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 and marketable securities;

(ii) bank guarantees of aggregate USD 1,805,116 (2015: USD 752,715);

(iii) guarantees from the ultimate holding company, a 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 term loan is secured by the pledge of certain insurance policies, interest bearing at 1% over one month HIBOR per annum and repayable by 83 equal monthly instalments which commenced on 8th October 2010.

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 and Zamira Fashion Limited

Banking facilities

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

28. Cash and cash equivalents

Cash and cash equivalents comprise of:

	2016 USD	2015 USD
Cash in hand and at banks	**10,252,267**	13,833,960
Bank overdrafts	**(1,145)**	(552,234)
	10,251,122	13,281,726

Norwest Industries Limited

	2016 USD	2015 USD
Cash and bank balances	3,829,515	4,086,594
Pledged time deposits	18,861,230	13,211,152
	22,690,745	17,297,746
Less: Pledged time deposits for banking facilities:		
-with original maturity of less than three months when acquired	(8,648,751)	(9,309,398)
-with original maturity of more than three months when acquired	(10,212,479)	(3,901,754)
Cash and cash equivalents	3,829,515	4,086,594

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 2,055,078 (2015: USD 2,033,463). 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

	2016 USD	2015 USD
Trade and bills payables	**53,807,016**	55,739,465
Non trade payables and accrued expenses	**7,266,672**	6,893,847
	61,073,688	62,633,312

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.

	Assets 2016 USD	**Liabilities 2016 USD**	Assets 2015 USD	Liabilities 2015 USD
Forward foreign exchange (fair value)	**-**	**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 2016, a recognised loss of USD 7,440 (2015: USD Nil) was included in the hedging reserves in respect of these contracts.

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

Currency derivatives (continued)

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

	2016 USD	2015 USD
Forward foreign exchange contracts (cash flow hedges)	**6,319,993**	-

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

Foreign currency contracts

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

	Assets 2016 USD	**Liabilities 2016 USD**	Assets 2015 USD	Liabilities 2015 USD
Foreign currency contracts	**58,351**	**461,870**	1,247,678	-

A summary of the derivative financial instrument entered by the company are as follows:

	Assets 2016 USD	**Liabilities 2016 USD**	Assets 2015 USD	Liabilities 2015 USD
Poeticgem Limited				
Forward foreign exchange (fair value)	-	**7,440**	-	-
Norwest Industries Limited				
Foreign currency contracts	**58,351**	**461,870**	1,247,678	-
	58,351	**469,310**	1,247,678	-

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

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 2016, the Subsidiary Norwest Industries Limited and its subsidiaries as a group held 58 forward currency contracts (2015: 52) 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 2016 and September 2016 were assessed to be highly effective and a net losses of USD 1,377,942 (2015: a net gain of USD 1,424,324) was included in the hedging reserve for the year.

Poeticgem Limited

At 31 March 2016, Poeticgem Limited held 17 forward currency contracts (2015: NIL) designated as hedges in respect of expected future purchases.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2016

31. Segment Reporting

Information about reportable segments

	Garments and other consumer products		Other segments		Total	
	2016 USD	2015 USD	**2016 USD**	2015 USD	**2016 USD**	2015 USD
External revenues	**643,756,769**	627,805,975	**-**	253,000	**643,756,769**	628,058,975
Inter-segment revenue	**1,821,725**	2,145,523	**7,738,575**	6,819,426	**9,560,300**	8,964,949
Segment revenue	**645,578,494**	629,951,498	**7,738,575**	7,072,426	**653,317,069**	637,023,924
Interest revenue	**31,185**	24,781	**-**	57,256	**31,185**	82,037
Interest expense	**(1,816,315)**	(2,534,212)	**(16,056)**	(108,550)	**(1,832,371)**	(2,642,762)
Depreciation and amortisation	**(2,048,876)**	(1,803,439)	**(7,640)**	(428,822)	**(2,056,516)**	(2,232,261)
Segment profit/(loss) before tax	**8,250,249**	6,578,394	**455,286**	1,919,162	**8,705,534**	8,497,556
Segment assets	**198,579,955**	204,537,678	**8,481,065**	8,788,737	**207,061,020**	213,326,415
Capital expenditure	**1,009,013**	1,431,789	**-**	-	**1,009,013**	1,431,789
Segment liabilities	**153,247,499**	139,374,539	**6,191,739**	1,495,100	**159,439,238**	140,869,639

31. Segment Reporting (continued)

Reconciliations of information on reportable segments to IFRS measures

	2016 USD	2015 USD
Revenue		
Total revenue for reportable segments	**645,578,494**	629,951,498
Revenue for other segments	**7,738,575**	7,072,426
Elimination of inter-segment revenue	**(9,560,300)**	(8,964,949)
Consolidated revenue	**643,756,769**	628,058,975

	2016 USD	2015 USD
Profit or loss		
Total profit before tax for reportable segments	**8,250,249**	6,578,394
Total profit/(loss) before tax for Other segments	**455,285**	1,919,162
Unallocated amounts: Other corporate expenses	**(2,175,124)**	(2,593,399)
Consolidated profit from continuing operations before tax	**6,530,410**	5,904,157

	2016 USD	2015 USD
Assets		
Total assets for reportable segments	**198,579,955**	204,537,678
Assets for other segments	**8,481,065**	8,788,737
Other unallocated amounts	**6,379,537**	6,764,278
Consolidated total assets	**213,440,557**	220,090,693

	2016 USD	2015 USD
Liabilities		
Total liabilities for reportable segments	**153,247,499**	139,374,539
Liabilities for other segments	**6,191,739**	1,495,100
Other unallocated amounts	**(27,785,385)**	-
Consolidated total liabilities	**131,653,853**	140,869,639

31. **Segment Reporting (continued)**

Geographical information

	2016 USD	2015 USD
Revenue		
Europe	37,099,629	57,652,390
Asia	606,657,140	570,153,585
Africa	-	253,000
Consolidated revenue	**643,756,769**	628,058,975

	2016 USD	2015 USD
Non-current assets		
Europe	6,757,752	5,956,762
Asia	24,753,784	21,493,452
Africa	4,083,289	3,384,573
	35,594,825	30,834,787

* 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.

The Subsidiaries and Sub-subsidiaries

	2016	2015
	USD	USD
Transactions during the year:		
Amount received from other related parties	**165,148**	87,851
Consultancy fees accrued from JSM Trading Limited	**5,935,225**	4,500,000
Consultancy fees paid to JSM Trading Limited	**(5,218,000)**	(5,217,225)
Corporate fees accrued from PDS Multinational Fashions Limited	**1,805,857**	897,141
Corporate fees paid PDS Multinational Fashions Limited	**(1,933,000)**	(1,107,305)
Amount received from Norp Knit Industries Limited	**(9,130)**	9,130
Amount(advanced to)/received from Pearl Global (HK) Limited	**50,000**	(50,000)
Amount (paid to)/received from Frou Holdings Limited	**-**	(3,755)
Amount (given)/repaid by Frou Holdings Limited	**(1,561)**	200,000
Amount received from/(advanced to) Grupo Extremo SUR S.A	**24,695**	1,795,520
Amount received from/(advanced to) Norp Knit Industries Limited	**-**	124,553
Amount (advanced to)/repaid by other related parties	**(232,334)**	350,590
Amount repaid by/(advanced to) NAFS	**-**	1,488
Amount received from/(paid to) Pearl Global Industries Limited	**-**	140,276
Sap fee accrued due to Pearl Global Industries Limited	**62,014**	-
Loan repaid to Pearl Global Industries Limited	**(1,000,000)**	-
Amount received from Pearl Global Industries Limited	**3,818**	-
Interest accrued on loan from Pearl Global Industries Limited	**12,760**	60,000
Interest paid to Pearl Global Industries Limited	**(132,823)**	-

32. Related party transactions (continued)

	2016 USD	2015 USD
Balances outstanding 31 March:		
Amount payable to other related parties	492,927	327,779
Amount payable to Norp Knit Industries	-	9,130
Amount payable to Pearl Global Industries Limited	62,014	1,120,063
Amount receivable from other related parties	727,301	494,967
Amount receivable from Grupo Extremo SUR S.A	207,846	232,541
Amount receivable from Frou Holdings Limited	475,509	473,948
Amount receivable from JSM Trading Limited	-	717,225
Amount receivable from PDS Multinational Fashions Limited	477,241	350,098
Amount receivable from Pearl Global Industries Limited	8,450	4,632
Amount receivable from Pearl Global (HK) Limited	-	50,000

33. Contingent liabilities

- The Sub-subsidiary Poeticgem Limited's bankers, HSBC plc have given a guarantee to H M Revenue & Customs amounting to USD 718,400 (GBP 500,000) and to RBS PLC amounting to USD 53,068 (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.

- At 31 March 2016, 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 215,520 (GBP 150,000). Under this guarantee the maximum liability as at 31 March 2016 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 8 August 2012 to HSBC on behalf of 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 2016, 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:

	2016	2015
	USD	USD
Guarantees given to banks in connection with:		
facilities granted to subsidiaries and fellow subsidiaries	**40,862,437**	37,282,335

At 31 March 2016, the banking facilities guaranteed by Norwest Industries Limited to its fellow subsidiaries were utilised to the extent of approximately USD 32,798,880 (2015: USD 31,586,858).

- At 31 March 2016, 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:

	2016	2015
	USD	USD
Irrevocable letters of credit	**47,079,173**	21,567,259

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

34. **Commitments**

Operating lease commitments

	2016	2015
	USD	USD
Minimum lease payments under operating leases recognised in the consolidated statement of profit or loss and other comprehensive income for the year	**413,554**	372,562

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	
	2016	2015	**2016**	2015
	USD	USD	**USD**	USD
Within one year	**1,817,519**	2,020,637	**69,378**	128,353
Between two and five years	**1,246,643**	2,768,749	**1,319**	69,712
More than five years	**79,461**	148,488	**-**	-
	3,143,623	4,937,874	**70,697**	198,065

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 2016, the Group and the Company had a total future minimum lease receivables of 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)**

	2016 USD	2015 USD
Non-current asset investments	**258,400**	258,192

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:

	2016 USD	2015 USD
Within one year	**11,372**	-
Later than one year but within five years	**16,371**	-
	27,743	-

The obligation is classified as:

Current liability	**11,372**	-
Non-current liability	**16,371**	-
	27,743	-

36. **Personnel expenses**

	2016 USD	2015 USD
Wages, salaries and benefits	**34,922,116**	33,710,834

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 2016

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 2016

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 2016

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	55,101	-	-	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	(4,204)	(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

Performance of Subsidiaries
for the year ended 31 March 2016

The performances of the Subsidiaries and Sub-subsidiaries for the year ended 31 March 2015 are as shown below:

	Norwest Industries Limited USD	Global Textiles Group Limited USD	PDS Asia Star USD	Razamtazz Limited USD	Poeticgem Limited USD	Techno Design GmbH USD	Zamira Fashions Limited USD
Revenue	410,809,969	3,862,854	21,153,955	-	53,696,598	402,539	40,244,027
Cost of sales	(360,470,625)	-	(18,688,173)	-	(47,934,720)	(335,036)	(34,129,545)
Gross profit	50,339,344	3,862,854	2,465,782	-	5,761,878	67,503	6,114,482
Operating income	6,375,412	-	441,868	360,663	8,000,284	-	331,074
Other income	2,239,469	36,478	130,848	(24,134)	2,790,641	9,362	522,066
Marketing, selling and distribution expenses	(16,064,713)	-	(413,747)	-	(4,925,713)	(27,180)	(1,645,066)
Loss from joint venture	(5,018)	-	-	-	-	-	-
General and administrative expenses	(35,516,005)	(3,939,909)	(3,324,813)	(363,418)	(8,770,089)	(466,690)	(4,817,535)
Depreciation and amortisation	(1,279,430)	-	(90,599)	(405,853)	(240,219)	(7,236)	(45,052)
Results from operating activities	6,089,059	(40,577)	(790,661)	(432,742)	2,616,782	(424,241)	459,969
Net financing costs	(2,187,020)	-	(7,119)	(39,715)	(177,169)	(910)	387,366
Profit/(loss) before income tax	3,902,039	(40,577)	(797,780)	(472,457)	2,439,613	(425,151)	847,335
Income tax expense	(684,843)	-	-	-	(239,304)	-	-
Total profit/(loss) for the year	3,217,196	(40,577)	(797,780)	(472,457)	2,200,309	(425,151)	847,335

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2016

The performances of the Subsidiaries and Sub-subsidiaries for the year ended 31 March 2015 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	3,553,253	-	43,608,141	-	-	13,717,804	1,125,219
Cost of sales	(2,881,576)	(145,271)	(36,820,415)	-	-	(10,202,385)	(1,030,358)
Gross profit	671,677	(145,271)	6,787,726	-	-	3,515,419	94,861
Operating income	2,600,116	1,228,636	951,458	-	-	17,722	9,462
Other income	149,688	33,263	38,962	-	-	-	31,902
Marketing, selling and distribution expenses	(479,181)	(40,616)	(906,489)	-	-	(2,861,298)	(11,040)
General and administrative expenses	(2,301,698)	(1,004,415)	(6,485,534)	(3,327)	(14,534)	(597,059)	(308,072)
Depreciation and amortisation	(6,950)	(10,746)	(80,427)	-	-	(1,558)	-
Results from operating activities	633,652	60,851	305,696	(3,327)	(14,534)	73,226	(182,887)
Net financing income/(costs)	44,356	(568)	(280,637)	-	-	(49,528)	(10,763)
Profit/(loss) before income tax	678,008	60,283	25,059	(3,327)	(14,534)	23,698	(193,650)
Income tax expense	-	-	(17,842)	-	-	-	-
Total profit/(loss) for the year	678,008	60,283	7,217	(3,327)	(14,534)	23,698	(193,650)

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2016

The performances of the Subsidiaries and Sub-subsidiaries for the year ended 31 March 2015 are as shown below:

	DPOD Manufacturing Limited USD	Poeticgem International Limited USD	Propur Investment limited USD	Mahidhulu Investments Limited USD	Pacific Logistics Limited USD	PG Group Limited USD
Revenue	15,977,508	589,797	-	-	-	25,072,688
Cost of sales	(13,888,047)	(519,380)	-	-	-	(20,653,108)
Gross profit	2,089,461	70,417	-	-	-	4,419,580
Operating income	144,716	152,116	11,753	8,165	10,367	-
Other income	-	-	-	-	-	84,772
Marketing, selling and distribution expenses	(119,598)	-	-	-	(36,031)	(1,382,806)
General and administrative expenses	(1,497,052)	(935,929)	(3,535)	(608)	(165,471)	(2,691,252)
Depreciation and amortisation	(2,204)	(363)	-	-	(12,224)	(21,300)
Results from operating activities	615,323	(713,759)	8,218	7,557	(203,359)	408,994
Net financing income/(costs)	(107,035)	(13,392)	-	-	51,159	(107,581)
Profit/(loss) before income tax	508,288	(727,151)	8,218	7,557	(152,200)	301,413
Income tax expense	-	-	-	-	-	109,493
Total profit/(loss) for the year	508,288	(727,151)	8,218	7,557	(152,200)	410,906

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 March 2016

	Appendix	2016 USD	2015 USD
Revenue	1	**643,756,769**	628,058,975
Cost of sales	2	**(565,155,551)**	(545,508,484)
Gross profit		**78,601,218**	82,550,491
Operating income	3	**7,595,395**	4,930,765
Other income		**1,463,548**	1,608,927
Marketing, selling and distribution expenses	4	**(10,954,588)**	(12,669,025)
Share of loss of a joint venture		**(457,067)**	(5,018)
General and administrative expenses	5	**(68,891,938)**	(65,832,715)
Depreciation and amortisation		**(2,056,516)**	(2,232,261)
Results from operating activities		**5,300,052**	8,351,164
Finance income		**3,348,044**	655,802
Finance costs		**(2,117,686)**	(3,102,809)
Net finance income/(costs)		**1,230,358**	(2,447,007)
Profit before taxation		**6,530,410**	5,904,157

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 March 2016

Appendix 1

Revenue

	2016 USD	2015 USD
Sales	643,756,769	628,058,975

Appendix 2

Cost of sales

	2016 USD	2015 USD
Opening stock	14,204,185	20,061,733
Purchases	524,363,249	498,270,094
Production costs/sub-contracting expenses	29,246,304	34,196,805
Other cost of sales	4,913,804	7,115,871
Closing stock	(7,591,558)	(14,204,185)
Testing charges	5,696	47,898
Effect of exchange difference on re-translation of opening stock	13,871	20,268
	565,155,551	545,508,484

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 March 2016

Appendix 3

Operating income

	2016 USD	2015 USD
Other operating income	7,595,395	4,930,765

Appendix 4

Marketing, selling and distribution expenses

	2016 USD	2015 USD
Sample expenses	4,326,758	4,881,227
Transportation costs	2,132,304	2,698,058
Agents' commission	2,403,440	3,446,677
Motor, Travel and Subsistence expenses	794,465	855,407
Bad debts	628,461	-
Handling charges	157,565	159,050
Entertainment expenses	148,812	147,666
Claim and penalty	134,968	236,660
Advertising costs	92,303	65,258
Testing and service charges	70,266	80,290
Inspection charges	63,424	92,322
Hire of plant and machinery	-	6,410
Warehouse expenditure	1,822	-
	10,954,588	12,669,025

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 March 2016

Appendix 5

General and administrative expenses

	2016 USD	2015 USD
Wages and salaries	34,922,116	33,710,834
Consulting fees	11,527,624	8,369,818
Travelling expenses	4,173,646	4,229,081
Rent and rates	3,052,008	3,273,006
Bank charges	2,263,965	2,138,552
Courier charges	1,902,325	1,778,467
Telephone, printing and stationery	1,498,723	1,718,401
Legal and professional fees	1,436,143	1,460,163
Miscellaneous expenses	2,112,655	1,420,957
Director's quarter expense	157,827	1,334,871
Management fees	2,042,997	1,312,626
Vehicle expenses	628,851	861,218
Insurance expenses	660,931	610,073
Staff welfare and medical insurance	128,080	514,503
Quality control	48,401	512,954
Audit and accounting fees	408,229	437,581
Water and electricity	354,578	437,012
Taxes and duties	122,801	431,116
Repairs and maintenance	423,760	319,337
Computer running costs	183,505	266,903
Office expenses and supplies	205,493	233,766
Motor vehicle leasing	190,554	156,627
Entertainment expenses	266,313	147,664
Loss on disposal of tangible assets	13,430	101,092
Bad debts written off	26,185	23,086
Donations	19,740	20,122
Licence fees	12,977	12,885
Investment written off	108,081	-
	68,891,938	65,832,715

SIMPLE APPROACH (CANADA) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	2016
	HK$
Non-Current Assets	
Office Equipment	40,481
Current Assets	
Trade Receivable	23,911
Rental Deposit	13,693
Cash and bank balance	2,279,413
	2,317,017
Current Liabilities	
Other Payables	8,439
Amount due to immediate holding company	461,634
Provision for taxation	65,389
	535,462
Net Current Assets	1,781,555
NET ASSETS	1,822,036
EQUITY	
Share capital	794
Translation reserve	(457,698)
Retained profits	2,278,940
TOTAL EQUITY	1,822,036

APPROVED BY THE BOARD OF DIRECTORS ON MAY 18, 2016 AND SIGNED ON BEHALF OF THE BOARD BY:

Rohit Girotra, Director

SIMPLE APPROACH (CANADA) LIMITED

COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2016

	2016 HK$
REVENUE	5,732,453
COST OF SALES	(4,143,432)
GROSS PROFIT	1,589,021
OTHER INCOME AND GAINS, NET	1,760,399
SELLING AND DISTRIBUTION COSTS	(1,195,638)
DEPRECIATION EXPENSES	(15,089)
STAFF COSTS	(1,197,142)
OTHER OPERATION EXPENSES	(727,016)
PROFIT BEFORE TAXATION	214,535
TAXATION	(65,383)
PROFIT FOR THE YEAR	149,152
	=======