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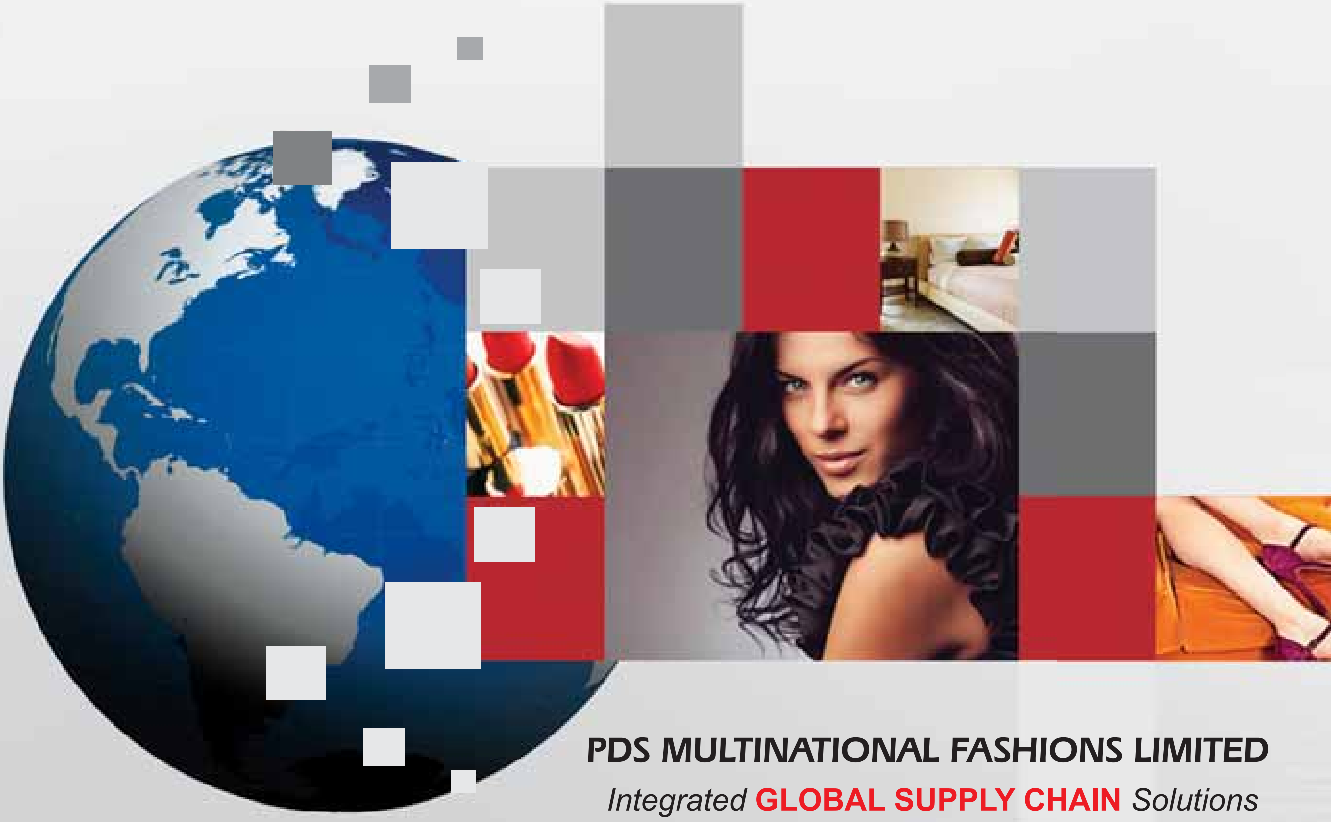
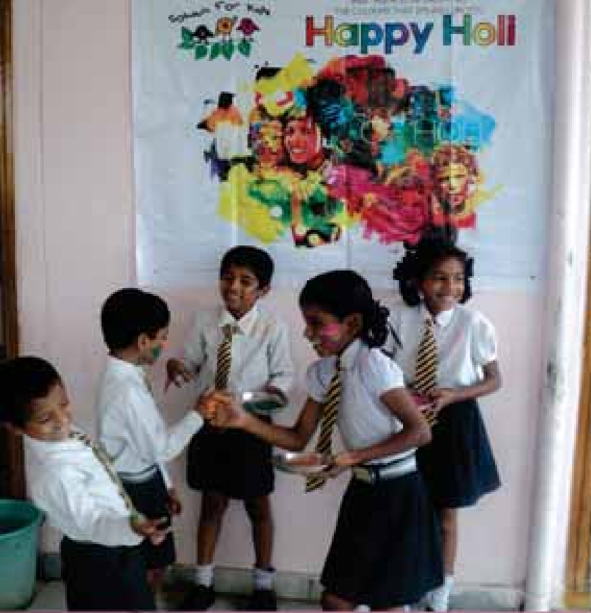
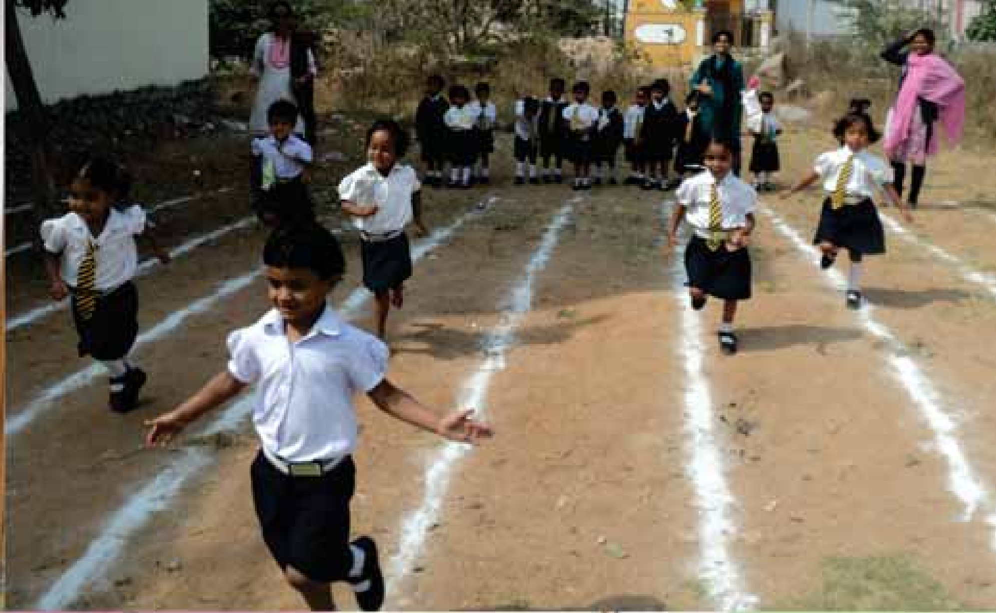


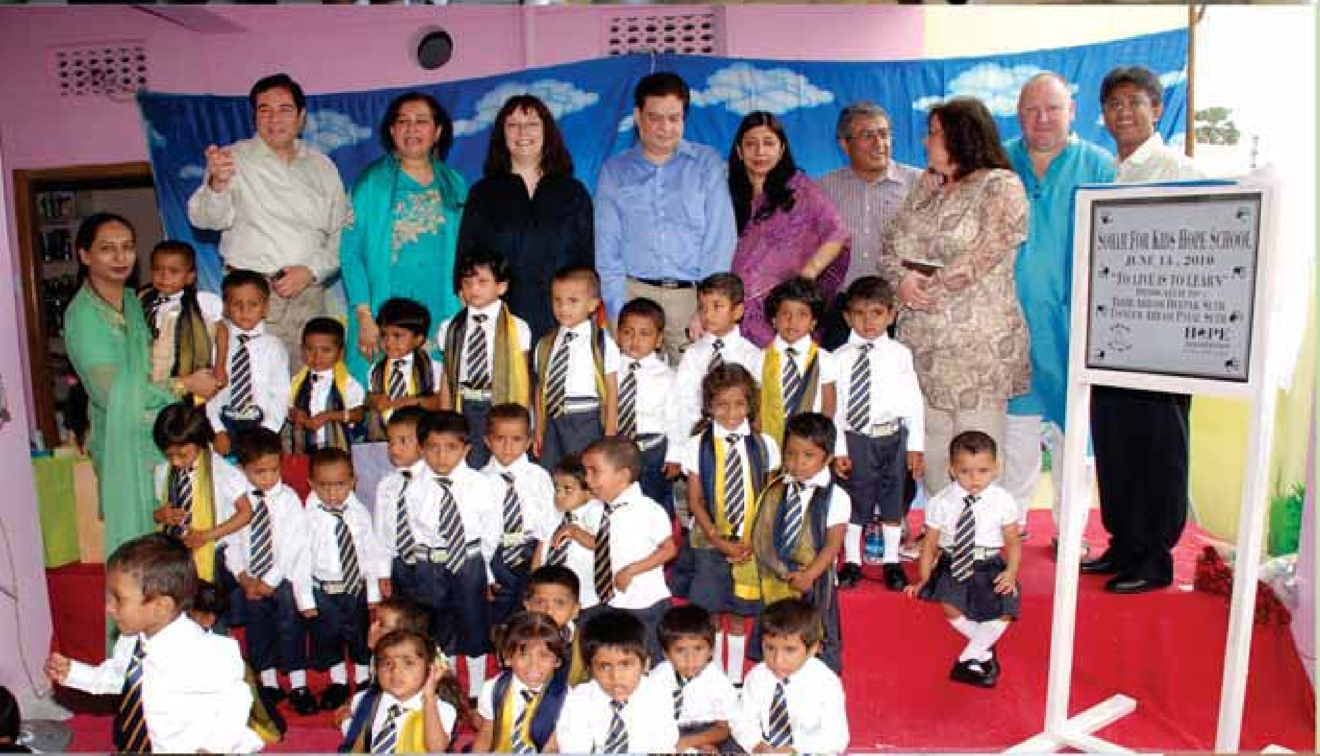
PDS MULTINATIONAL FASHIONS LIMITED

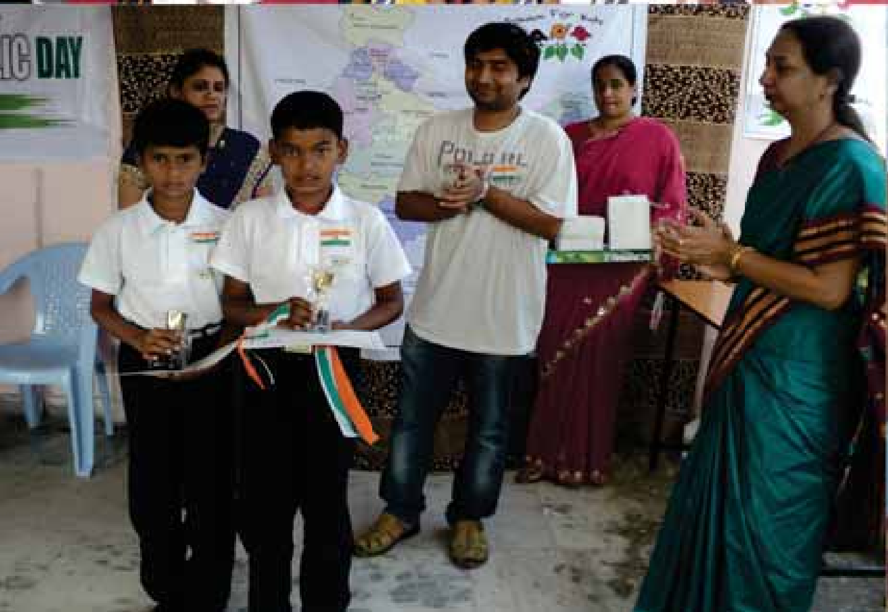
Integrated **GLOBAL SUPPLY CHAIN** *Solutions*

ANNUAL REPORT 2013- 2014


Happy Holi






DAY

Board of Directors

Mr. Deepak Seth	-	Chairman
Mrs. Payel Seth	-	Managing Director
Mr. Pallak Seth	-	Director
Dr. Ashutosh Prabhudas Bhupatkar	-	Non-Executive Independent Director
Mr. Ashok Kumar Chhabra	-	Non-Executive Independent Director
Mr. Ashok Kumar Sanghi	-	Non-Executive Independent Director

Group Chief Financial Officer

Mr. Omprakash Makam S. Setty

Company Secretary & Group Head – Legal

Mr. Mukesh Kumar

Audit Committee

Dr. Ashutosh Prabhudas Bhupatkar	-	Chairman
Mr. Deepak Seth	-	Member Director
Mr. Ashok Kumar Sanghi	-	Member Director

Nomination and Remuneration Committee:

Mr. Ashok Kumar Sanghi	-	Chairman
Mr. Ashok Kumar Chhabra	-	Member Director
Dr. Ashutosh Prabhudas Bhupatkar	-	Member Director

Stakeholders Relationship Committee:

Mr. Ashok Kumar Chhabra	-	Chairman
Mr. Deepak Seth	-	Member Director
Mr. Ashok Kumar Sanghi	-	Member Director

Auditors

M/s S. R. Dinodia & Co. LLP
Chartered Accountants
K-39, Cannaught Place
New Delhi - 110001

Bankers

Axis Bank

Registered Office:

A-3, Community Centre,
Naraina Industrial Area, Phase-II
New Delhi-110028

Corporate Office:

No. 2339, II Floor, Krishna Complex
17th Cross, HSR Layout, Sector-I,
Bangalore-560102, Karnataka

NOTES

Contents

PDS MULTINATIONAL FASHIONS LIMITED

Registered Office: A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028
Corp. Office: No. 2339, II Floor, Krishna Complex, 17th Cross, HSR Layout, Sector-I,
Bangalore-560102 Tel: 080-67653030,
Website: www.pdsmultinational.com; e-mail: investors@pdsmultinational.com
CIN: U18101DL2011PLC217162

NOTICE

Notice is hereby given that the 3rd Annual General Meeting of the Members of the PDS Multinational Fashions Limited, will be held on Friday, 26th September, 2014 at 12:30 PM at Sri Sathya Sai International Centre, Pragati Vihar (Near Pragati Vihar Hostel), Lodhi Road, New Delhi-110 003, to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and the Profit & Loss Account of the Company for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Deepak Seth, (DIN: 00003021)who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s S. R. Dinodia & Co. LLP. Chartered Accountants, (Regn. No. 001478N/ N500005), New Delhi, pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013, for a period of Five years (subject to ratification of their appointment at every Annual General Meeting) as the Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

Ordinary Resolutions

4. To appoint Mr. Ashok Kumar Chhabra (DIN: 06869497) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 149, 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement requirements, Mr. Ashok Kumar Chhabra (DIN: 06869497), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019."

5. To appoint Mr. Ashok Kumar Sanghi, (DIN: 00011207) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 149, 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement requirement, Mr. Ashok Kumar Sanghi,(DIN: 00011207), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019."

6. To appoint Dr. Ashutosh Prabhudas Bhupatkar, (DIN: 01854934) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 149, 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement requirements, Dr. Ashutosh Prabhudas Bhupatkar, (DIN: 01854934), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019."

Special Resolutions

7. To consider and approve appointment of Mrs. Payel Seth (DIN: 00003035) as Managing Director of the Company and if though fit, to Pass, with or without modificatio(s), the following resolution as a **Special Resolution:**

   RESOLVED THAT pursuant to provisions of Article 93 of Article of Association of the Company and Sections, 196, 197 read with Schedule V and Section 203 and other applicable provisions, rules, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), Mrs. Payel Seth be and is hereby appointed as the Managing Director of the company for a period of five years starting from June 01, 2014 to May 31, 2019 with effect from June 01, 2014."

   "**RESOLVED FURTHER THAT** no remuneration will be paid to Mrs. Payel Seth as a Managing Director of the Company:

   "**RESOLVED FURTHER THAT** Mrs. Payel Seth, Managing Director shall manage the day-to-day affairs of the Company and shall also carry out all duties and functions subject to the supervision, control and directions of the Board of Directors of the Company."

   "**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**

   "**RESOLVED THAT** in supersession of the resolution passed under Section 293(1)(d) of the Companies Act, 1956 at the Annual General Meeting of the Company held on 27th September, 2013 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow in foreign currency and/or Indian Rupees from time to time at their discretion either from Bank(s), All Indian Financial Institution(s) or any other lending institution(s) or persons (including monies that may be borrowed by issue of debentures or other securities) on such terms and conditions, as may be considered suitable by the Board of Directors, notwithstanding, that the moneys to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes provided that the maximum amount of moneys so borrowed by the Board, apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business shall not at any time exceed Rs.500 Crores(Rupees Five hundred Crores Only).

   "**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such act, deeds and things, to execute all such documents, instruments and writings as may be required."

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**

   "**RESOLVED THAT** pursuant to Section 188 of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the consent of the Audit Committee and the Board of Directors, the consent of the Company be and is hereby accorded for entering into contract or arrangement with the related parties as defined under the Act and the Rules made there under, namely Multinational Textiles Group Limited and Norwest industries Limited as per details and terms & conditions as set out under the Explanatory Statement annexed to this Notice."

"**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto."

By order of the Board of Directors

for **PDS Multinational Fashions Limited**

Place: Delhi

Date : 5th June, 2014

(Mukesh Kumar)
Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED MUST REACH THE COMPANY'S REGISTERED OFFICE ATLEAST 48 HOURS BEFORE THE TIME OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 19th September, 2014 to Friday, the 26th September 2014 (both days inclusive).
3. The relevant Explanatory Statements pursuant to Section 102 of the Companies Act, 2013 and Clause 49 of the Listing Agreement in respect of re-appointment(s) of Directors are mentioned below.
4. Members/Proxies are requested to bring their attendance slip along with copy of Annual Report to the Meeting and are requested not to bring any article, briefcase, hand bag, carry bag etc., as the same will not be allowed to be taken inside the auditorium for security reasons. Further, the Company or any of its officials shall not be responsible for their articles, bags etc., being misplaced, stolen or damaged at the Meeting place.
5. Members/Proxies should fill the attendance slip for attending the meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those hold shares in Physical forms are requested to write their Folio Number in the attendance slip for attending the meeting.
6. In case of joint holders attending the meeting the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
7. Corporate members intending to send their authorised representative are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
8. Members who have not registered their e-mail addresses so far are requested to register their e-mail address with the RTA/Depositories for receiving all communication including Annual Report, Notices, and Circulars etc. form the Company electronically.
9. Electronic copy of the Annual Report for the financial year 2013-14 is being sent to all the members, whose email IDs are registered with the Company/RTA/Depository Participants(s) for communication purposes. For members who have not registered their email address, physical copies of the Annual Report for the financial year 2013-14 is being sent in the permitted mode.
10. **NO GIFT(S) SHALL BE DISTRIBUTED AT THE ENSUING 3RD ANNUAL GENERAL MEETING OF YOUR COMPANY.**
11. **Voting through electronic means**

I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to its members facility to exercise their right to vote at the 3rd Annual General Meeting (AGM) by electronic means and the business contained herein may be transacted through e-voting Services provided by Central Depositary Services Limited (CDSL):

The instructions for Members for voting electronically are as under:-

In case of members receiving e-mail:

(i) Log on to the e-voting website www.evotingindia.com

(ii) Click on "Shareholders" tab.

(iii) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Physical Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio no in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field. • Demat Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL/ NSDL client id. For example: in case of name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is 'RA00001234.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Bank Details#	Enter the Bank Details as recorded in your demat account or in the records for the said demat account or folio. • Please enter the DOB or Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on 14th August, 2014 in the Bank details field.

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN for the relevant <Company Name> i.e, PDS Multinational Fashions Limited on which you choose to vote.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

(A) Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.

(B) The voting period begins on 20th September, 2014 at 9.00 A.M and ends on 22nd September, 2014 at 6.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 14th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or call on 18002005533 (Toll Free)

II. Mr. Deepak Somaiya, Practicing Company Secretary (Membership No. FCS 5845) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

III. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

IV. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.pdsmultinationall.com and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and it shall also be communicated to the BSE Limited and National Stock Exchange of India Limited.

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013 and Clause 49 of the Listing Agreement)

A brief Resume of the Director(s) offering themselves for re-election is given below:

Item No. 2

Mr. Deepak Seth, 62 years is the Group Chairman of the Company. The Company through its subsidiaries is in business of providing integrated global supply chain solutions to Ready to Wear garments industry including various top brands and retailers around the world. He is a Bachelor of Economics from St. Stephens College, Delhi University and holds a MBA degree from Jamanalal Bajaj Institute of Management Studies, Mumbai, India. He is an active member of the Apparel Export Promotion Council of India and held the post of "Vice Chairman" of the Eastern Region of AEPC for 2 years, He is also an executive member of the Apparel Exporters & Manufacturers Association (AEMA) and was awarded the "Udyog Ratna" Award by the Haryana Govt. in 2006 for his entrepreneurial skills.

Mr. Seth actively participates in various philanthropic activities through various NGO's. He believes in returning back to the world a portion of his income for charity.

Details of other directorship/committee membership held by him in other Companies are as follows:

Directorship

1. Pearl Global Industries Limited
2. Pearl Apparels Limited
3. Aries Travels Pvt. Limited
4. NIM International Commerce Private Limited
5. Pearl Retail Solutions Private Limited
6. PS Arts Private Limited

Committee:

He is Member of the Audit Committee and Stakeholders Relationship Committee of your company.

Mr. Deepak Seth, the retiring Director, being eligible, offers herself for re-appointment.

Directors of your Company propose to re-appoint Mr. Deepak Seth as Director, liable to retire by rotation and therefore this Resolution is recommended for approval of the Shareholders of the Company.

None of the Directors, except himself, Mrs. Payel Seth and Mr. Pallak Seth being relatives, are interested, whether directly or indirectly, in this Resolution.

The Board recommends the Ordinary Resolution set out at the Item No. 2 of the Notice for approval by the Shareholders.

Item No. 4

Mr. Ashok Kumar Chhabra born on 4th March, 1952, is a Bachelor in Law. He is a practicing Advocate since 1974 in the High Courts and Supreme Court of India. His core area of practice includes Civil matters, Criminal matters, Company law, Labour law, Arbitration and other Corporate Matters. Mr. Chhabra has served as legal Adviser to MMTC, Nestle India and other Corporates during his practice.

Details of other directorship/committee membership held by him in other Companies are as follows:

Directorship

He does not have a directorship in other company.

He is a chairman of Stakeholders Relationship Committee and member of Nomination and Remuneration Committee of your Company.

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mr. Ashok Kumar Chhabra as an Additional Director of the Company with effect from May 26, 2014.

In terms of the provisions of Section 161(1) of the Act, Mr. Ashok Kumar Chhabra would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Ashok Kumar Chhabra for the office of Director of the Company.

Mr. Ashok Kumar Chhabra is not disqualified from being appointed as a Director in term of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a Company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. Ashok Kumar Chhabra that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. Mr. Ashok Kumar Chhabra possesses appropriate skills, experience and knowledge, inter alia, in the field of finance.

In the Opinion of the Board, Mr. Ashok Kumar Chhabra fulfills the conditions for his appointment as an Independent Director as specified in the Act and Listing Agreement requirements. Mr. Ashok Kumar Chhabra is independent of the management.

Keeping in view his vast expertise and knowledge, it will be in the best interest of the Company that Mr. Ashok Kumar Chhabra is appointed as an Independent Director.

Copy of the draft letter for appointment of Mr. Ashok Kumar Chhabra as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Save and except Mr. Ashok Kumar Chhabra and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at the at the Item No. 4 of the Notice.

The Board recommends the Ordinary Resolution set out at the Item No. 4 of the Notice for approval by the Shareholders.

Item No. 5

Mr. Ashok Kumar Sanghi, 64 years has a Bachelor Degree in Science and Masters in Management from Jamnalal Bajaj Institute of Management, Mumbai.

Mr. Sanghi currently involves in Project Management Consultancy, which provides services related to Detailed Architectural Engineering Design, Loan Syndication for various infrastructure projects under the Ministry of Textiles and Ministry of Electronics, Government of India.

Further, Mr. Sanghi is also visiting as a professor at Bhartiya Vidya Bhawan, Delhi for their MBA classes and Teaching Entrepreneurship, Corporate Social Responsibility and Ethics.

Details of other directorship/committee membership held by him in other Companies are as follows:

Directorship:

He is Director in (i) Tritco Engineering Training and Consultancy Pvt. Ltd (ii) B2B Management Solutions Pvt. Ltd. (iii) Shri Lakshi Textile-Park Ltd.

Committee

He is Chairman of Nomination and Remuneration Committee and Member of Audit Committee and Stakeholders Relatioinship Committee of your Company.

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mr. Ashok Kumar Sanghi as an Additional Director of the Company with effect from May 26, 2014.

In terms of the provisions of Section 161(1) of the Act, Mr. Ashok Kumar Sanghi would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Ashok Kumar Sanghi for the office of Director of the Company.

Mr. Ashok Kumar Sanghi is not disqualified from being appointed as a Director in term of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a Company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. Ashok Kumar Sanghi that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. Mr. Sanghi possesses appropriate skills, experience and knowledge, inter alia, in the field of finance.

In the Opinion of the Board, Mr. Ashok Kumar Sanghi fulfills the conditions for his appointment as an Independent Director as specified in the Act and Listing Agreement requirements. Mr. Sanghi is independent of the management.

Keeping in view his vast expertise and knowledge, it will be in the best interest of the Company that Mr. Ashok Kumar Chhabra is appointed as an Independent Director.

Copy of the draft letter for appointment of Mr. Ashok Kumar Sanghi as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Save and except Mr. Ashok Kumar Sanghi and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at the at the Item No. 5 of the Notice.

The Board recommends the Ordinary Resolution set out at the Item No. 5 of the Notice for approval by the Shareholders.

Item No. 6

Dr. Ashutosh Prabhudas Bhupatkar, born on 1st February, 1951, is a Bachelor in Commerce from Pune University, a Master in Management Studies from Bombay University and a Doctorate in Organizational Studies from Pune University. He has over 15 years' experience in the textile industry. He was the head of the Institute of Management Development and Research, Pune for 16 years.

Details of other directorship/committee membership held by him in other Companies are as follows:

Directorship:

He is a Director of (i) Twin Engineers Private Limited

Committee

He is Chairman of Audit Committee and Member of Nomination and Remuneration Committee of your Company.

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Dr. Ashutosh Prabhudas Bhupatkar as an Additional Director of the Company with effect from May 26, 2014.

In terms of the provisions of Section 161(1) of the Act, Dr. Ashutosh Prabhudas Bhupatkar would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Dr. Ashutosh Prabhudas Bhupatkar for the office of Director of the Company.

Dr. Ashutosh Prabhudas Bhupatkar is not disqualified from being appointed as a Director in term of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a Company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Dr. Ashutosh Prabhudas s Bhupatkar that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. Dr. Bhupatkar possesses appropriate skills, experience and knowledge, inter alia, in the field of finance.

In the Opinion of the Board, Dr. Ashutosh Prabhudas Bhupatkar fulfills the conditions for his appointment as an Independent Director as specified in the Act and Listing Agreement requirements. Dr. Bhupatkar is independent of the management.

Keeping in view his vast expertise and knowledge, it will be in the best interest of the Company that Dr. Ashutosh Prabhudas Bhupatkar is appointed as an Independent Director.

Copy of the draft letter for appointment of Dr. Ashutosh Prabhudas Bhupatkar as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Save and except Dr. Ashutosh Prabhudas Bhupatkar and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at the at the Item No. 6 of the Notice.

The Board recommends the Ordinary Resolution set out at the Item No. 6 of the Notice for approval by the Shareholders.

Item No. 7

Mrs. Payel Seth, 55 years, graduated from the Pearl Academy of Fashion in July 1996. She is associated with the group as a Promoter Director since incorporation. She has rich experience in designing and retailing of Indian and western Garments, Jewellery and Accessories. She is Entrepreneurial by nature and has utilized her skills in field of Designing, General Management, Sales and Marketing/Business Development and Change Management for development of the Organization.

Her retail initiative includes the establishment of a retail stores in India. She has also been actively involved in the education and Corporate Social Responsibility (CSR) initiatives of the Group.

Details of other directorship/committee membership held by him in other Companies are as follows:

Directorship:

She is Director of the following Company.

(i) Pearl Apparels Limited

(ii) Lerros Fashions India Limited

(iii) NIM International Commerce Private Limited

(iv) Vau Apparels Private Limited

Committee

She is not a member of any committee of your Company.

Mrs. Payel Seth has been appointed as a Managing Director of the Company w.e.f June 01, 2014

None of the Directors, except herself, Mr. Deepak Seth Seth and Mr. Pallak Seth being relatives, are interested, whether directly or indirectly, in this Resolution.

The Board recommends the Special Resolution set out at the Item No. 7 of the Notice for approval by the Shareholders.

Item No. 8

Borrowing Powers u/s 180(1)(c) of the Companies Act, 2013

The members may kindly be informed that, an Annual General Meeting of the Company held on 27th September, 2013, the shareholders had authorized the Board of Directors to borrow in foreign currency and/or Indian Rupees from time to time at their discretion upto a limit of Rs. 500 crore (Rupees Five hundred Crores Only), under Section 293(1)(d) of the Companies Act, 1956.

However, after enforcement of Companies Act, 2013, the Company need to pass a Special Resolution under Section 180 (1)(c) of the Companies Act, 2013 for compliance of the provisions of this Section.

Section 180(1)(c) of the Companies Act, 2013 requires consent of the shareholders as an ordinary resolution for creation of security; however, the provisions of the Companies Act, 2013 stipulate consent of members by way of a Special Resolution.

The Board of Directors of your Company has approved this item in the Board Meeting held on 5th June, 2014 and recommends the Resolution as set out in the accompanying Notice for the approval of members of the Company as Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in this Resolution except of their shareholding in the Company, if any.

The Board recommends the Special Resolution set out at the Item No. 8 of the Notice for approval by the Shareholders.

Item No. 9

Related party transactions

The Board of Directors of the Company has approved a proposal for entering into the following related party transactions for a maximum amount annually during the year 2014-15 and 2015-16:

Name of the related party	Nature of relationship	Name of the Director or Key Managerial Personnel who is related, if any	Nature, material terms, monetary value and particulars of the contract or arrangement	Annual Amount in ₹
Multinational Textile Group Limited	Wholly owned Subsidiary Company	Mr. Deepak Seth, Mr. Pallak Seth, Mrs. Payel Seth are Directors of MTGL	1. Sale of Services	3,00,00,000
			2. SAP Income/ Expense Reimbursement	3,00,00,000
			3. Temporary advance by MTGL on our behalf for expenses	5,00,00,000
Norwest Industries Limited.	Step down Subsidiary Company	Mr. Deepak Seth, Mr. Pallak Seth, Mr. Omprakash Makam Suryanarayana Setty are Directors of Norwest industries Limited.	1. Sale of goods-Readymade Garments	3,00,00,000

By order of the Board of Directors
for **PDS Multinational Fashions Limited**

Place: Delhi
Date: 5th June, 2014

(Mukesh Kumar)
Company Secretary

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 3rd Annual Report and Audited Accounts for the year ended 31st March 2014, together with the Auditors' Report thereon.

WORKING RESULTS OF THE COMPANY (CONSOLIDATED)

During the year under review, the consolidated Income of your Company is ₹ 3687.05 crores

(₹ in Crore)

Particulars	**2013-14**
Income from operations	**3687.05**
Other Income	**61.01**
Profit before Tax	**26.58**
Tax Expenses	**2.82**
Profit After Tax	**23.76**

WORKING RESULTS OF THE COMPANY (STANDALONE)

(₹ in Crore)

Particulars	**2013-14**	2012-13
Income from operations	**5.12**	1.84
Other Income	**0.00**	0.0
Profit/(Loss) before Tax	**(1.37)**	0.16
Tax Expenses	**(0.42)**	0.05
Profit/(Loss) After Tax	**(0.95)**	0.11

INDUSTRY OUTLOOK AND BUSINESS AND OPERATIONS

Latest research indicate that, the global apparel and footwear markets grew by 5% in value terms in 2013 and will further increase by an incremental US$58 billion by 2018. Some of our key customer markets-UK, Spain and Germany, continue to experience growth and are a part of the top 10 global markets ranked by US$ sales for the period between 2013-2018. The Middle East & Africa region, which has been a recent focus for us has also become a new frontier for growth as the region's apparel and footwear sales are set to rise by $17.9 billion by 2018. The global retail industry has also seen a shift moving towards value and mid price retailing - a segment that your Company have traditionally been very strong in.

With the unfortunate circumstances that prevailed in Bangladesh, your Company strengthened its sourcing and compliance requirements resulting in major changes in the sourcing infrastructure. Your Company has always placed importance on this aspect and also took additional measures such as introduction of NAVEX GLOBAL System and 'Zero Tolerance Policy' to source its products from ethically compliant factories. During this period most global retailers shifted their attention to other sourcing markets in Asia, realizing their over dependence on Bangladesh. Sri Lanka emerged as a worthy option, and coupled with our early steps in setting up a strong team and sourcing office in Sri Lanka, we were well placed to meet the requirements of many new and existing customers. Since then, your company have also made strong strides in strengthening our sourcing operations in other regions such as India, China and Turkey. The Company has also been able to implement 'Zero Tolerance Policy' on compliance. This would definitely help the company in the long term.

Your company, due to its long established presence and commitment to deliver, has been able to achieve consistent growth on year to year with challenging global conditions.

The growth was evident with proactive business approach to adapt to the changes swiftly and respond positively in varying customer perception while resorting to production efficiency, value addition and cost optimization.

The year ahead continues to be challenging with a cautious optimism for growth projections. Your company is fully equipped to forge ahead on the growth path with a focused attention towards its customer deliverables, product development and the value perceptions attained through strong supply chain arrangements, innovative product designs and creations, production and sourcing efficiency, constant compliances adherence (in-house and outsourced), economy of scale and cost effectiveness.

The consolidated Profit after Tax of the company is ₹ 23.76 crores. The above consolidated results (Profit after Tax) include extra-ordinary items of ₹ 2.67 crore being loss on sale of asset and write of investment in a subsidiary due to its closure.

Your company expects that the new business initiatives with focused approach will start yielding increased consolidated revenue and improved consolidated profit in the year ahead.

SCHEME OF ARRANGEMENT

The Hon'ble High Court of Delhi has vide its order dated 10th day of March, 2014, sanctioned the Scheme of Arrangement between the Company and Pearl Global Industries Limited (PGIL) whereby the Demerged undertaking of the PGIL stand demerged / hived off and merged with the your Company. The Scheme has become effective with effect from 13th day of May, 2014, upon filing of the Court Order with Registrar of Companies, NCT of Delhi and Haryana. With this, the Sourcing, Distribution and Marketing business of the PGIL stand divested into the Company together with investment of the company in its wholly owned subsidiary i.e Multinational Textile Group Limited.

The Company has issued 2,59,96,724 equity shares of ₹10/- each on 5th June, 2014 to the Shareholders of Pearl Global Industries Limited (PGIL) whose name appeared in the register of members of PGIL as on 2nd June, 2014 (i.,e record date fixed by PGIL for this purpose) in compliance with the Order of the Hon'ble High Court of Delhi.

DIVIDEND

Your Directors did not recommend any dividend for the financial year.

DIRECTORS

Casual Vacancy and Resignation:

Mr. A K G Nair passed away on March 08, 2014. The Board noted casual vacancy in the Board due to his sad demise and placed on record appreciation for his contributions made during his tenure.

Mr. Omprakash Makam Suryanarayana Setty and Mr. Pulkit Seth, Directors have resigned from the Board of your company w.e.f March 11, 2014 and May 26, 2014 respectively. Your Board places on record its appreciation to their contributions during their tenure.

Appointment:

The Board of Directors in its meetind held on May 26, 2014 has appointed Mr. Ashok Kumar Chhabra, Mr. Ashok Kumar Sanghi and Dr. Ashutosh Prabhudas Bhuptkar as an additional Directors in Independent Category. In terms of applicable provisions of Companies Act, 2013 and Rules made thereunder, Mr. Ashok Kumar Chhabra, Mr. Ashok Kumar Sanghi and Dr. Ashutosh Prabhudas Bhuptkar, Independent Directors of your company will be proposed to be appointed as Independent Directors for tenure of Five years in the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Mr. Deepak Seth, Chairman, would retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

DIRECTORS' IDENTIFICATION NUMBER (DIN)

The following are the Directors Identification Number (DIN) of your Directors:

Mr. Deepak Seth	-	00003021	Mr. Ashok Kumar Chhabra	-	06869497
Mrs. Payel Seth	-	00003035	Mr. Ashok Kumar Sanghi	-	00011207
Mr. Pallak Seth	-	00003040	Dr. A.P. Bhuptkar	-	01854934

SUBSIDIARY COMPANIES

In line with the requirements of Accounting Standards AS - 21 issued by the Institute of Chartered Accountants of India, consolidated financial statements presented by the Company include the financial information of its Subsidiaries. As required under Section 212 of the Companies Act, 1956, the statement in respect of the Subsidiary companies is annexed herewith and forms an integral part of this Annual Report.

AUDITORS

The Auditors, M/s S. R. Dinodia & Co. LLP, Chartered Accountants, (Regn. No. 001478N/N500005), New Delhi, retires at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

FIXED DEPOSITS

Your Company has not accepted any Fixed Deposits from Public or Shareholders.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed:

i) That in the preparation of the accounts for the financial year ended 31st March 2014, the applicable accounting standards issued by the Institute of Chartered Accountants of India have been followed. There are no material departures from prescribed accounting standards in the adoption of the accounting standards.

ii) That the Directors have adopted such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.

iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) That the Directors have prepared the accounts for the financial year ended 31st March 2014 as a 'going concern' and on accrual basis.

LISTING

Your Company has taken steps for listing the Equity Shares with the BSE Limited and National Stock Exchange of India Limited, as per the scheme of arrangement approved by the Hon'ble High Court of Delhi vide its order dated 10th day of March, 2014.

REGISTRAR AND SHARE TRANSFERAGENT

Link Intime India Pvt. Ltd has been appointed as Registrars and Share Transfer Agent (RTA) as common agency both for physical and demat shares, as required under Securities Contract (Regulation) Act, 1956.

NOTES TO ACCOUNTS

The observations of the Auditors, if any, have been adequately explained in Notes to Accounts and need no further clarification.

PARTICULARS OF EMPLOYEES

Particulars of employees required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975:

Sr. No.	Name	Age	Desig-nation	Remun-eration Received (₹)	Qualific-ation	Expe-rience (Years)	Date of Comm. of Employ-ment	Last Employ-ment
1.	Mr. Omprakash Makam Suryanarayana Setty	45	CFO	72,00,000	ACA, CMA	24 yrs	01.07.2012	Poeti-cgem Ltd

PARTICULARS W.R.T. CONSERVATION OF ENERGY,TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 relating to 'Energy Conservation', '**Technology Absorption**' and Foreign Exchange earnings and outgo are provided in Annexure 1.

ACKNOWLEDGEMENT

The Directors of your Company are thankful to Employees, Bankers, Business Associates, Customers, Members, Government Bodies & Regulators for the continuous support received from them and place on record their appreciation for the sincere services rendered by the employees at all level.

For and on behalf of the Board

For **PDS MULTINATIONAL FASHIONS LIMITED**

(DEEPAK SETH)
CHAIRMAN
DIN:00003021

Place: Delhi
Date : 5th June, 2014

Annexure I to the Director's Report

A. CONSERVATION OF ENERGY:

1. Energy Conservation measures taken:

- Installed Steam boilers in place of electrical boilers
- Replaced old office electrical items like Air Conditions, fans with energy efficient ones.
- Other measures like placing focused lighting systems and reducing lights wherever not needed.
- Effective utilization of work station for energy conservation

2. Additional investment and proposals, if any, being implemented for reduction of Energy consumption:

- Proposal to install Energy Controlling Device to monitor electricity consumption, thereby having efficient control over overall consumption.

3. Impact of the measures at (1) and (2) above for reduction of energy consumption and consequent impact of production of goods:

- Due to additional electrical equipments installed for enhancing capacity, the overall energy consumption reduced to some extent.

4. Total Energy consumption and energy consumption per unit of production as per Form A of the Annexure.

N.A.

B. TECHNOLOGY ABSORPTION :

Research & Development

1. Specific areas in which R & D is carried out by the Company

Product development is the key to success in the fashion industry. The Company has invested extensively in creating design & development infrastructure across the globe. We have some of best fashion designers on the board, who are constantly keeping their fingers at the pulse of the fashion. They are adapting and evolving new trends on an ongoing fashion.

2. Benefit derived as a results of the above R & D

The cycle time has reduced considerably due to dynamic nature of fashion industry with an extensive design & development infrastructure. We are able to offer speed to market solutions to our valued clients.

3. Future Plan of action

The design & development infrastructure to be strengthened and maintained to cater to the evolving trends in garments industry.

4. Expenditure on R & D **(₹ / Lacs)**

		2013-14	2012-13
a)	Capital	**NIL**	NIL
b)	Recurring	**NIL**	NIL
c)	**Total**	**NIL**	NIL

Total R & D expenditure as a percentage of total turnover is approx.1.12% (previous year 1.03%).

Technology Absorption, Adaptation and Innovation

1. Efforts in brief made towards technology absorption, adaptation and innovation

Not Applicable

2. Benefits derived as a result of the above effort e.g. product improvement cost reduction, import substitution etc.

Not Applicable

3. In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.

a	Technology Imported	:	Not Applicable
b	Year of Import	:	N.A.
c	Has technology been fully absorbed ?		N.A.
d	If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.		N.A.

C. Foreign Exchange Earnings and Outgo

1. Activities relating to export; initiative taken to increase exports; development of new export markets; and export plans.

   The Company through subsidiaries is into export of garments to various countries and has taken various initiatives for increasing exports like strengthening design & development, outsourcing garments from cost effective locations and increasing manufacturing capacities. The Company and subsidiaries have explored new markets in South America, Africa and sourcing partners in Sri Lanka. The Company has valued buyers across the globe and plans to cater to new markets and also to cater to 'A category of International buyers.

2. Total Foreign Exchange used and earned.

Foreign Exchange Earnings

(Amount in ₹)

Particulars	**2013-14**	2012-13
Export of Goods - FOB basis	**–**	–
Sale of Service	**137,294,920**	18,390,085
Interest Income	**–**	–
IT/SAP Income	**–**	–
Total	**137,294,920**	18,390,085

Foreign Exchange Outgo

(Amount in ₹)

Particulars	**2013-14**	2012-13
Foreign Travelling	NIL	NIL
EDI Expenses	NIL	NIL
Others	NIL	NIL
Total	**NIL**	NIL

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To The Board of Directors
PDS Multinational Fashions Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of PDS Multinational Fashions Limited ("the Company") and its subsidiary (collectively referred to as "the Group") as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto.

Management's Responsibility for the Consolidated Financial Statement

2. Management is responsible for the preparation of these consolidated financial statements that give true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards notified under the Companies Act 1956 ("the Act") read with the General Circular No. 8/2014 dated 4th April 2014 of the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. 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 Group's preparation and presentation of the 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 the accounting estimates made by management, 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.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, and on the consideration of the separate audit report on individual audited financial statements of the Group, we are of the opinion that the said consolidated financial statements, read together with significant accounting policies and notes appearing thereon, give true and fair view in conformity with the accounting principles generally accepted in India:
   (a) In case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31st 2014;
   (b) In case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of the Group for the year ended on that date; and
   (c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

Other Matters

6. We did not audit the financial statements of its subsidiaries, whose financial statements reflect total assets of ₹ 12,651,743,193 (USD 210,511,534 converted @ ₹ 60.10) as at March 31st 2014 and total revenue of ₹ 36,870,523,922 (USD 609,430,147 converted @ ₹ 60.50) for the year ended March 31st 2014. These financial statements have been audited by other auditor whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of this subsidiary is based solely on the report of the other auditor.

For **S.R. DINODIA & CO.LLP.**
CHARTERED ACCOUNTANTS,
REGN. NO. 001478N/ N500005

(SANDEEP DINODIA)
P A R T N E R
M. No.083689

Place : New Delhi
Dated : 26 May, 2014

PDS MULTINATIONAL FASHIONS LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

(Amount in ₹)

Particulars	Note No.	As At March 31, 2014
EQUITY AND LIABILITIES		
Shareholders' funds		
Share Capital	3	500,000
Reserves and surplus	4	3,730,441,522
		3,730,941,522
Share Capital Suspense account	5	259,967,240
Minority Interest		411,322,524
Non-current liabilities		
Long-term borrowings	6	492,054,334
Deferred tax liabilities (net)	7	4,370,353
Long-term provisions	8	835,704
		497,260,391
Current liabilities		
Short-term borrowings	9	4,162,832,358
Trade payables	10	3,016,185,359
Other current liabilities	10	463,035,777
Short-term provisions	8	197,509,228
		7,839,562,722
	TOTAL	12,739,054,399
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	11	1,400,609,248
Intangible assets	11	426,404,424
Capital work-in-progress	11	23,145,409
Non-current investments	12	213,414,101
Long-term loans and advances	13	136,346,948
		2,199,920,130
Current assets		
Current Investment	12	15,197,159
Inventories	14	1,207,189,817
Trade receivables	15	5,831,653,650
Cash and bank balances	16	2,118,873,925
Short-term loans and advances	13	1,366,219,718
		10,539,134,269
	TOTAL	12,739,054,399
Summary of Significant Accounting policies	2	

The accompanying notes are an integral part of the financial statements.

As per our Audit Report of even date attached

For S.R. DINODIA & CO., LLP.
CHARTERED ACCOUNTANTS
REGN. NO. 001478N/N500005
(SANDEEP DINODIA)
P A R T N E R
M. NO. 083689
PLACE : NEW DELHI
DATE : 26 May, 2014

For & on behalf of the Board of Directors

(DEEPAK SETH)
Director
DIN No. 00003021

(PAYEL SETH)
Director
DIN No. 00003035

PDS MULTINATIONAL FASHIONS LIMITED

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2014
Revenue from operations	17	36,870,523,922
Other income	18	610,187,532
Total Revenue		37,480,711,455
Expenses:		
Purchases of Stock-in-Trade	19	31,526,676,022
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	119,002,019
Employee benefits expense	21	2,333,596,806
Finance costs	22	168,189,481
Depreciation and amortization expense	11	155,271,841
Other expenses	23	2,885,416,559
Total expenses		37,188,152,728
Profit before exceptional items and tax		292,558,727
Exceptional items	24	(26,738,738)
Profit before tax		265,819,988
Tax expense:		
Current Tax		31,107,657
Deferred Tax		(2,949,810)
Profit/(Loss) before minority share		237,662,141
Less: Minorities Share in (Profit)/Loss		(53,988,918)
Profit/(Loss) of the year		183,673,224
Earnings per equity share:		
Basic	25	3,673.46
Diluted	25	7.05
Summary of Significant Accounting policies	2	

The accompanying notes are an integral part of the financial statements.

As per our Audit Report of even date attached

For S.R. DINODIA & CO., LLP.
CHARTERED ACCOUNTANTS
REGN. NO. 001478N/N500005
(SANDEEP DINODIA)
P A R T N E R
M. NO. 083689

For & on behalf of the Board of Directors

(DEEPAK SETH)
Director
DIN No. 00003021

(PAYEL SETH)
Director
DIN No. 00003035

PLACE : NEW DELHI
DATE : 26 May, 2014

PDS MULTINATIONAL FASHIONS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(Amount in ₹)

Particulars	For the year ended March 31, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit Before Tax	265,819,988
Adjustments For:	
Depreciation	155,271,841
Prior Period Expenses	83,333
(Profit)/Loss on sale of Assets	(11,405,176)
Net Interest paid	163,051,874
Foreign Currency Translation Reserve	545,535,508
Foreign Exchange Fluctuation	(341,619,062)
Interest received	(3,873,459)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	772,864,848
Adjustments For:	
Trade and Other Receivables	(7,327,550,699)
Inventories	(1,207,189,817)
Short term borrowings	4,152,317,362
Trade Payables and other payables	3,490,486,542
CASH GENERATED FROM OPERATIONS	(119,071,764)
Direct Taxes Paid	173,778,014
CASH FLOW BEFORE PRIOR PERIOD ITEMS/EXCESS	54,706,250
PROVISION WRITTEN BACK/EXTRA ORDINARY ITEM	
Prior period Items/Excess provision w/back	(83,333)
NET CASH FROM OPERATING ACTIVITIES (A)	54,622,917
B. CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets (including transfer of assets on account of demerger scheme)	(1,938,872,478)
Foreign exchange adjustment	(73,584,290)
Investment made during the year	(229,661,198)
Investment in bank deposits (having original maturity of less than one year)	(1,224,056,691)
Sale of Fixed Assets	23,675,918
Interest Received	3,873,459
NET CASH USED IN INVESTING ACTIVITIES (B)	(3,438,625,280)

PDS MULTINATIONAL FASHIONS LIMITED

C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from Share Capital- Demerger	**259,967,240**
Capital Reserve (including on account of demerger scheme)	**2,735,162,688**
Retained Earnings (including on account of demerger scheme)	**254,996,912**
Interest Paid	**(163,051,874)**
Repayment (to)/ from Minority interest	**357,333,607**
Proceeds from Long Term Borrowings (Net)	**492,054,334**
NET CASH FROM FINANCING ACTIVITES (C)	**3,936,462,905**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**552,460,543**
Foreign Exchange Fluctuation	**341,619,062**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**737,572**
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	**894,817,176**
The above balance at year end represents: Balance with Scheduled banks:	
– In Curent Account	**894,817,233**
– Unpaid Dividend Account	**–**
	894,817,233

Note: Figures in brackets represent outflows.

The accompanying notes are an integral part of the financial statements.

As per our Audit Report of even date attached

For S.R. DINODIA & CO., LLP.
CHARTERED ACCOUNTANTS
REGN. NO. 001478N/N500005
(SANDEEP DINODIA)
P A R T N E R
M. NO. 083689
PLACE : NEW DELHI
DATE : 26 May, 2014

For & on behalf of the Board of Directors

(DEEPAK SETH)
Director
DIN No. 00003021

(PAYEL SETH)
Director
DIN No. 00003035

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE 1: CORPORATE INFORMATION

PDS Multinational Fashions Limited is a Public Limited Company domiciled in India and incorporated on April 06, 2011 under the provisions of the Companies Act,1956. The company along with its subsidiaries (collectively referred to as "the Group"), is primarily engaged in trading of Garments, whilst the subsidiaries and sub subsidiaries are engaged in investment holding, design, development, maketing, sourcing and distribution of readymade garments of all kinds, and other consumer products worldwide.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

i) The consolidated financial statements of the Group have been prepared in compliance with Accounting Standards issued by the Companies (Accounting Standards) Rules,2006 (as amended), the relevant provisions of the Companies Act, 1956 and other applicable statutes under the historical cost convention and on an accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) except in the case of foreign subsidiary where financial assets and liabilities are measured at fair value. The financial statements of foreign subsidiaries have been prepared in compliance with the local laws and applicable accounting standards. Necessary adjustments for material variances in the accounting policies, wherever applicable, have been made in the consolidated financial statements.

ii) The Financial statements of all reporting entities under consolidation are drawn up to the financial year ended March 31, 2014.

2.2 Uses of Estimates

The preparation of consolidated financial statements are in conformity with generally accepted accounting principles requires making of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets & liabilities at the date of consolidated financial statements and the reported amounts of revenues and expenses during the reporting year. Differences between the actual results and estimates are recognized in the statement of profit & loss in the year in which the results are known /materialized.

2.3 Summary of Significant Accounting Policies

a. Basis of Consolidation

The consolidated financial statements have been prepared on the following basis:-

i) The financial statements of the company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income, and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.

ii) As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements. Inconsistency, if any, between the accounting policies of the subsidiary, have been disclosed in the notes to accounts.

iii) The difference of the cost to the company of its investment in subsidiaries over its share in the equity of the investee company as at the date of acquisition of stake is recognized in financial statements as Goodwill or Capital Reserve, as the case may be.

iv) Minority interest in the Equity & Results of the entities that are controlled by the company is shown as a separate item in the Consolidated Financial Statement.

v) The Consolidated Financial Statements are presented, to the extent possible, in the same format as adopted by the parent company for its separate financial statement.

b. The effect of Changes in Foreign Exchange Rates.

i) Translation of Financial Statements of Foreign Operations

– In view of Accounting Standard-"11" 'Changes in Foreign Exchange Rates' issued by the Companies (Accounting Standards) Rules,2006, the operations of all the foreign subsidiaries (including sub-subsidiaries) are identified as non integral subsidiaries of the company in the current year and translated into Indian Rupee.

– The Assets and Liabilities of Foreign operations, including Goodwill/ Capital Reserve arising on consolidation, are translated in Indian Rupee (INR) at foreign exchange rate at closing rate ruling as at the balance sheet date.

– The revenue and expenses of foreign operations are translated in Indian Rupee (INR) at yearly average currency exchange rate, of the respective year.

– Foreign exchange differences arising on translation of "Non-integral Foreign Operations" are recognized as, 'foreign exchange translation reserve' in balance sheet under the head 'Reserve & Surplus and those of "Integral Foreign Operations" are recognized in the Statement of Profit & Loss.

ii) Foreign Currency Transactions

– In case of parent company & its subsidiaries sales made in foreign currencies are translated on exchange rate prevailing on the date of transactions.

– Gain/Loss arising out of fluctuation in the exchange rate on settlement of the transaction is recognized in the Statement of Profit and Loss.

– Other transactions in foreign currency are recognized on initial recognition at the exchange rate prevailing at the time of transaction. Foreign Currency monetary items are reported using the closing rate as on balance sheet date. The resultant exchange gain/loss is dealt with in the Statement of Profit & Loss.

– Premium or discount on forward contracts is amortized in the Statement of Profit and Loss over the period of the contract. Exchange differences on such contracts are recognized in the statement of Profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the period.

c. Inventories

i) Inventories are valued at lower of cost and net realizable value. Cost includes purchase price, duties, taxes and all other costs incurred in bringing the inventories to their present location. Cost is calculated on First in First out (FIFO) method.

ii) In case of foreign subsidiary work in progress includes an appropriate share of production overheads based on normal operating capacity.

d. Cash Flow Statement

Cash Flow is reported using the indirect method as specified in the Accounting Standard (AS)-3, `Cash Flow Statement' issued by the Companies (Accounting Standards) Rules, 2006.

e. Revenue Recognition

i) Revenue is recognized when significant risk and rewards of ownership of goods are transferred to the buyer. Sales are shown net of sales return/ rejection & trade discounts and include freight & insurance recovered from buyers as per terms of sales.

ii) Export Sales is recognized on the basis of date of Airway Bill/Bill of Lading/ Forwarder Cargo receipt.

iii) Interest income is recognized on an accrual on time proportion basis. In case of Multinational Textile Group Limited and its subsidiaries interest income is recognized 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 financial asset.

iv) Investment income is recognized as and when the right to receive the same is established.

v) Handling Fee income is recognized in the period in which the services are rendered.

vi) Commission Income is recognized when the services are rendered.

vii) Dividend Income is recognized when the right to receive is established.

f. Fixed Assets

- Fixed Assets are stated at cost less accumulated depreciation. The cost comprises the purchase price/construction cost and any attributable cost including borrowing cost of bringing the asset to its working condition for its intended use. In the case of Multinational Textile Group Limited and its subsidiaries cost include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of fixed assets. Gains or losses arising from sale of fixed assets are measured as the difference between the net proceeds and the carrying amount of the asset and are recognised in the statement of profit & loss in the year in which the asset is sold.
- Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

In case of Multinational Textile Group Limited:

- When parts of an item of an asset have different useful lives, they are accounted for as separate items (major components) of fixed assets.

g. Depreciation

- Depreciation on fixed asset is provided on Straight Line Method in accordance with and in the manner specified in the statute governing the respective companies. In case of Multinational Textile Group Limited the estimated useful lives for the current year is as under:

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 equipments	10% - 33.33% straight line basis
Motor vehicles	14% - 33.33% straight line basis
Plant & Machinery	20% - 25% straight line basis

- Cost of Leasehold land is amortized over the period of lease.
- In case of domestic company the fixed assets costing upto ₹ 5,000 are depreciated fully in the year of purchase.
- Software and Trademark is amortized over the period of 5 years which in the opinion of the management is the estimated economic life.

h. Goodwill

In case of foreign subsidiary :-

- 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.
- Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised.

i. Investments

The investments are classified as follows:

Held for trading: Trading securities are those (both debt & equity) that are bought and held principally for the purpose of selling them in near term, such securities are valued at fair value and gain/loss is recognized in the Statement of Profit & Loss.

Held to Maturity: Investment in debt & capital guard products are classified as held to maturity only if the company has the positive intent and ability to hold these securities to maturity, such securities are held at historical cost.

Available-for-sale financial assets: Available-for-sale financial assets are non-derivative financial investment in listed and unlisted equity & debt instruments that are designated as available for sale or are not classified in any of the other three categories, being investments at fair value through Statement of Profit & loss for trading, loans and receivables and held-to-maturity investments. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value, with gains or loss recognized as a separate component of equity as "Investment Revaluation Reserve" until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Statement of Profit & Loss.

When the fair value of unlisted equity securities cannot be reliably measured because of significant variability in the range of fair value estimates or, where the probabilities of the various estimates within the range cannot be reasonably assessed, such securities are stated at cost less any impairment.

Fair value

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date.

j. Financial instruments and hedging

The Company uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognized at cost on the date on which a derivative contract is entered into and are subsequently re-measured 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 on derivatives that do not qualify for hedge accounting are taken directly to the Statement of Profit & Loss.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as:

Fair value hedges: A hedge of the exposure to changes in the fair value of recognized asset or liability or an unrecognized firm commitment (except for foreign risk); or identified portion of such asset, liability or firm commitment (except for foreign risk), or an identified portion of such asset, liability or firm commitment that is attributable to a particular risk and could affect profit or loss.

Cash flow hedges: A hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss.

The effective portion of the gain or loss on the hedging instrument is recognized directly in the equity, while the ineffective portion is recognized in the Statement of Profit & Loss.

k. Employee Benefits

– In case of Indian entity

(i) Short term Employee benefit

All employees' benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related services at undiscounted amount.

(ii) Defined Benefit Plans

Payments to Defined Contribution Retirements Benefit Schemes are charged as an expense as they fall due. In case of Defined Benefit Schemes, the cost of providing benefits are provided on the basis of management estimation at the year end.

(iii) Defined Contribution Plan

Contributions payable to recognised provident fund and employee state insurance scheme, which are substantially defined contribution plans, are recognised as expense in the Statement of Profit and Loss, as they incurred.

– In case of foreign subsidiaries

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. The calculation is performed annually by a qualified actuary using the projected unit credit method.

l. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to statement of profit and loss.

m. **Leases**

– Assets acquired under leases where the company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

– Assets acquired under leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit & Loss on accrual basis. The lease rentals under operating lease are charged on straight line basis.

n. **Taxes On Income:** Taxes include current tax and deferred tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the applicable Income-tax Act and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity are recognized in equity and not in the statement of profit and loss.

Deferred income taxes (asset/ liability) reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss. 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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

o. **Impairment of Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

p. **Provision, Contingent Liabilities and Contingent Assets**

Provisions are recognized in the accounts in respect of present probable obligations arising as a result of past events and it is probable that there will be an outflow of resources, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent Assets are neither recognized nor disclosed in the financial statements.

q. **Earning per Share (EPS)**

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extra ordinary items.

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating Diluted Earning per share, the number of shares comprises of weighted average shares considered for deriving basic earning per share and also the weighted average number of equity share which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. A transaction is considered to be antidilutive if its effect is to increase the amount of EPS, either by lowering the share count or increasing the earnings.

NOTE 3 : SHARE CAPITAL

	Amount in ₹ As at March 31, 2014
Authorised	
500,000 Equity Shares of ₹ 10/- each	5,000,000
	5,000,000
Issued, Subscribed & Paid-up Equity	
50,000 Equity Shares of ₹ 10/- each fully paid up	500,000
Total Issued, Subscribed & Paid-up Capital	500,000

a. **Share Capital Reconciliation**

	March 31, 2014	
Equity Shares	**No. of shares**	**Amount (₹)**
Balance of Shares at the beginning of year	**50,000**	500,000
Add:- Addition during the year	–	–
Less:- Buy back during the year	–	–
Balance of Shares at the end of the year	**50,000**	500,000

b. **Terms/rights attached to equity shares**

The company has only one class of equity shares having per value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.The company declares and pays dividends in Indian rupees. For the year ended 31st March 2014, the amount of 'NIL' per share has been proposed to be declared as dividend for distribution to equity shareholders.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. **Details of shareholder holding more than 5 percent shares in the company**

	March 31, 2014	
Equity Shares	**No. of shares**	**% Holding**
Pearl Global Industries Limited (Holding Company)	**49,994**	99.99%

NOTE 4: RESERVE AND SURPLUS

		(Amount in ₹) As at March 31, 2014
Foreign Currency Translation Reserve		
Balance at the beginning of year		–
Add:- Addition during the year (including on account of demerger) **{Refer Note 30D}**		545,535,508
Less:- Utilised during the year		–
Balance at the close of year	(A)	545,535,508
Capital Reserve on Consolidation		
Balance at the beginning of year		–
Add:- Addition during the year (including on account of demerger) **{Refer Note 30D}**		2,735,162,688
Less:- Utilised during the year		–
Balance at the close of year	(B)	2,735,162,688
Hedging Reserve		
Balance at the beginning of year		–
Add:- Addition during the year (including on account of demerger) **{Refer Note 30D}**		11,123,883
Less:- Utilised during the year		–
Balance at the close of year	(C)	11,123,883
Investment Reserve- Available for Sale		
Balance at the beginning of year		–
Add:- Addition during the year		–

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Less:- Utilised during the year (including on account of demerger) **{Refer Note 30D}**		(1,049,937)
Balance at the close of year	(D)	(1,049,937)
Retained Earnings		
Balance at the beginning of year		999,245
Add:- Addition during the year (including on account of demerger) **{Refer Note 30D}**		254,996,912
Add- Profit/(Loss) for the year		183,673,224
Net Surplus in the statement of Profit and Loss	**(E)**	439,669,380
Total Reserves & Surplus	**(A+B+C+D+E)**	3,730,441,522

NOTE 5: SHARE CAPITAL SUSPENSE ACCOUNT

	(Amount in ₹) As at March 31, 2014
25,996,724 Equity Shares of ₹ 10/- each	259,967,240
	259,967,240

a. Pursuant to the Scheme of Arrangement **(Refer Note 30D)** between Pearl Global Industries Limited (Transferror Company) and PDS Multinational Fashions Limited (Transferee Company), the transferee company shall issue six fully paid up equity shares of ₹ 10 each to the shareholders of the Transferor Company for every five fully paid up equity shares of ₹ 10 each held in the Transferor Company. The allotment of shares to the shareholders is pending as on March 31 2014.

NOTE 6: LONG TERM BORROWINGS

(Amount in ₹)

	Non-current portion March 31, 2014	Current Maturities March 31, 2014
Term loan (Secured) **From Banks**		
– Loan in Functional Currency	490,090,258	–
Vehicle Loans	1,964,076	481,883
	492,054,334	481,883
Less: Term Loan disclosed under "Other Current Liabilities"	–	481,883
	492,054,334	–

a) The details of security in respect of secured borrowings is as under:
In case of Multinational Textile Group Limited (Foreign subsidiary)

Poeticgem Limited

(i) The Long term loan are secured by Legal charge over Freehold property at Teleflex plot, Burnleys, Kiln Farm, Milton Keynes, fixed and floating charges over the assets of the sub-subsidiary and cross guarantee between Poeticgem Limited and its sub-sidiary Pacific Logistics Limited. The Company also has advances from factors that are secured by a charge on the trade receivable of the Company.

In case of PDS Multinational Fashions Limited

(i) Vehicle loan has been taken during the year from BMW financial services and is secured against hypothecation of respective vehicle. The rate of interest ranges between 10 to 11% p.a

(ii) Maturity profile of Vehicle loan is set out as below:

Outstanding EMI as on March 31, 2014	51
Amount repayable in	**Amount (₹)**
FY 2014-15	481,883
FY 2015-16	534,988
FY 2016-17	593,946
FY 2017-18	659,401
FY 2018-19	175,740

NOTE 7: DEFERRED TAX LIABILITIES (NET)

		(Amount in ₹) As at March 31, 2014
Deferred Tax Liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting		5,572,029
Gross deferred tax liabilty	**(A)**	5,572,029
Deferred Tax Assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis		1,201,675
Gross Deferred Tax Assets	**(B)**	1,201,675
Net Deferred Tax Liability	**(A–B)**	4,370,353

NOTE 8: PROVISIONS

(Amount in ₹)

	Long Term March 31, 2014	Short Term March 31, 2014
Provision for employee benefits		
Gratuity	499,782	–
Leave Encashment	298,722	–
Other provisions		
Provision for current tax **[Net of advance tax]**	–	197,472,628
Provision for Lease Equalisation	37,200	36,600
	835,704	197,509,228

NOTE 9: SHORT TERM BORROWINGS

	(Amount in ₹) As at March 31, 2014
Loan From Banks (secured)	
Working Capital Loans	
– Loan in functional currency	4,052,672,402
	4,052,672,402
Unsecured Borrowings	
From Others	98,788,159
From Directors	11,371,797
	110,159,956
	4,162,832,358

The details of security in case of secured borrowing are as follows:

Norwest Industries Limited

a) The banking facilities are secured by way of pledge of company's time deposit and marketable securities, bank guarantees aggregating ₹ 108,180,000, guarantees from a fellow subsidiary, companys' insurance deposits, directors of the company including a related party.

Norwest Industries Limited (Mortgage Loan)

a) Bank mortgage loan is secured by company's investment properties and is repayable in 119 monthly equal installments which commenced on Sept. 2006 until August 2016.

b) Bank mortgage loan is secured which is repayable in 120 monthly equal installments commenced on Sept. 2007 until September 2017.

c) Term loan is secured by the pledge of certain insurance policies and repayable in 83 equal monthly installments commenced on October 2010 until September 2017.

Poeticgem Limited

a) GBP long term loan 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 is repayable at once by September 2015.

PG Group Limited

a) PG Group has collateralised bank advances maturing in April 2014.

Simple Approach Limited and Zamira Fashion Limited

a) The bank facilities were secured by ultimate holding, holding and fellow subsidiary companies' corporate guarantees, directors' personal guarantee, bank guarantee and fellow subsidiary's properties.

Loan from others

The outstanding amount as on March 31st 2014 is repayable on demand and taken during the ordinary course of business.

Loan from Directors

The Outstanding amount as on March 31st 2014 was repayable on Demand and carries interest ranging between 7% to 10 % per annum.

NOTE 10: OTHER CURRENT LIABILITIES

(Amount in ₹)

		As at March 31, 2014
Trade Payables [Refer note (a) below]		
– Due to Micro Small & Medium Enterprises		–
– Due to Others		3,016,185,359
	(A)	**3,016,185,359**
Other liabilities:		
Others:		
– Current maturities of long-term borrowings **(Refer note 6)**		481,883
– Other payables[Refer note (b) below]		462,553,894
	(B)	**463,035,777**
Total (A+B) (Refer note 'c' below)		**3,479,221,136**

a) The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

(Amount in ₹)

		As at March 31, 2014
(i)	Principal amount due and remaining unpaid	Nil
(ii)	Interest due on above and the unpaid interest	Nil
(iii)	Interest paid during the year	Nil
(iv)	Payment beyond the appointed day during the year	Nil
(v)	Interest due and payable for the period of delay	Nil
(vi)	Interest accrued and remaining unpaid	Nil
(vii)	Amount of further interest remaining due and payable in succeeding years	Nil

b) It includes statutory liabilities, advance from customers and other current liabilities.

(c) It does not include any amount due to be transferred to Investor Education and Protection Fund.

NOTE 11: FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK						DEPRECIATION / AMORTIZATION						NET BLOCK
	As At April 1st 2013	Addition during the year	Addition on account of Demerger Scheme	Deduction	Foreign Exchange Fluctuation	As at March 31st 2014	As at April 1st 2013	For the year	Addition on Account of Demerger Scheme	Deductions /Adjustments	Foreign Exchange Fluctuation	As at March 31st 2014	As at March 31st 2014
Tangible Assets													
Land Freehold	–	–	6,880,947	–	–	6,880,947	–	–	–	–	–	–	6,880,947
Builiding	–	19,619,159	1,389,077,441	392,934	58,151,459	1,466,455,125	–	44,760,991	228,191,591	142,357	9,251,861	282,062,086	1,184,393,039
Office Equipments	1,618,106	418,553	3,087,023	–	–	5,123,682	33,941	242,603	334,048	–	–	610,592	4,513,090
Plant & Machinery	455,961	7,425,385	124,470,787	95,551	11,668,030	143,924,612	39,603	6,237,296	100,537,273	–	4,460,067	111,274,239	32,650,373
Vehicles	–	3,575,000	36,823,390	4,474,825	533,049	36,456,615	–	2,528,322	33,540,187	4,328,971	730,764	32,470,302	3,986,313
Furniture & Fixtures	3,226,064	87,946,882	402,434,168	19,861,608	15,488,704	489,234,210	84,737	81,723,298	252,784,867	11,335,159	(2,209,020)	321,048,723	168,185,487
Total	**5,300,131**	**118,984,979**	**1,962,773,755**	**24,824,917**	**85,841,243**	**2,148,075,190**	**158,281**	**135,492,510**	**615,387,966**	**15,806,486**	**12,233,672**	**747,465,942**	**1,400,609,248**
Intangible Assets												–	
Goodwill	–	–	412,439,370	3,252,312	–	409,187,058	–	–	–	–	–	–	409,187,058
Software	116,782	5,544,703	93,875,367	–	–	99,536,852	13,736	19,655,367	63,156,124	–	–	82,825,228	16,711,624
Trade Mark	–	–	9,284,308	–	–	9,284,308	–	123,965	8,631,322	–	23,281	8,778,567	505,742
Total	**116,782**	**5,544,703**	**515,599,045**	**3,252,312**	**–**	**518,008,218**	**13,736**	**19,779,332**	**71,787,446**	**–**	**23,281**	**91,603,794**	**426,404,424**
Capital Work-in- progress	**–**	**–**	**23,145,409**	**–**	**–**	**23,145,409**	**–**	**–**	**–**	**–**	**–**	**–**	**23,145,409**
Total	**–**	**–**	**23,145,409**	**–**	**–**	**23,145,409**	**–**	**–**	**–**	**–**	**–**	**–**	**23,145,409**
Grand Total	**5,416,913**	**124,529,682**	**2,501,518,209**	**28,077,229**	**85,841,243**	**2,689,228,818**	**172,017**	**155,271,841**	**687,175,412**	**15,806,486**	**12,256,953**	**839,069,736**	**1,850,159,082**

Notes :-

a) The addition (in Gross block and depreciation) on account of demerger corresponds to assets transferred by Pearl Global Industries Limited (Transferor Company) and assets of subsidiary of the Company i.e., Multinational Textile Group Limited under approved scheme of Demerger by Hon'ble High Court of Delhi Vide its order dated March 10, 2014.

b) The Opening balace of Gross block (fixed assets) represents assets of PDS Multinational Fashionis Limited (Standalone) as on April 1st, 2013.

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NOTE 12: INVESTMENTS

	(Amount in ₹) As at March 31, 2014
Non- Current Investment	
Non-trade investments (Valued at Cost,unless stated otherwise)	
Investments in Equity shares(Unquoted)	
GWD Enterprises 100 A Shares and 25 B Shares of GBP 1 each	48,084,185
India Infrastructure Opportunities LLP 721.30 Shares of $ 1,028.45 each	44,583,502
Juhu Exchange Limited 200,000 Preference Shares of GBP 1 each	19,292,100
Investment in Unit Trusts	24,590,396
Held to Maturity Investments (Bonds)	76,863,918
Total	213,414,101
Current Investment (Unquoted)	
Investment in Unit Trusts	15,197,159
Total	15,197,159

Aggregate book value of quoted investment is ₹ NIL
Aggregate market value of quoted investment is ₹ NIL
Aggregate book value of quoted investment is ₹ 228,611,260

NOTE 13: LOANS AND ADVANCES

(Amount in ₹)

	Non-current March 31, 2014	Current March 31, 2014
Capital Advances		
(Unsecured, considered good)	16,268,297	–
Security Deposits		
(Unsecured, considered good)	6,084,481	28,532,690
Loan and advances to related parties		
(Unsecured - considered good)	30,050,000	145,405,830
Share Application Money	34,652,759	–
Advances Recoverable in cash or kind		
– Unsecured - Considered Good	–	877,112,571
– Unsecured - Considered Doubtful	–	–
	–	877,112,571
Less: Provision for Doubtful advances	–	–
	–	877,112,571
Other Advances	49,291,411	315,168,627
	49,291,411	315,168,627
	136,346,948	1,366,219,718

NOTE 14: INVENTORIES

(As taken, valued & certified by management)	(Amount in ₹) As at March 31, 2014
Raw materials	1,125,645,289
Finished goods(including Traded goods)	81,544,527
Total	1,207,189,817

NOTE 15: TRADE RECEIVABLE AND OTHER ASSETS

(Amount in ₹)

	Non-current March 31, 2014	Current March 31, 2014
Outstanding for the period exceeding six months from the date they are due for payment		
Unsecured, considered good		
Unsecured,considered Doubtful	–	–
	–	–
Other recievables		
Unsecured, considered good	–	5,831,653,650
	–	5,831,653,650
Total	–	5,831,653,650

NOTE 16: CASH AND BANK BALANCES

(Amount in ₹)

	Non-current March 31, 2014	Current March 31, 2014
Cash and Cash Equivalents comprise of:		
Cash in hand and at banks	–	894,817,233
	–	894,817,233
Other Balances		
Balance with bank		
Balances with bank held as margin money or security against borrowings,	–	1,224,056,691
	–	1,224,056,691
Total	–	2,118,873,925

– Deposits of ₹1,224,056,691 are pledged as security with various banks.

NOTE 17: REVENUE FROM OPERATIONS

	(Amount in ₹) For the year ended March 31, 2014
Sale of Products	36,560,352,122
Other operating revenues	310,171,801
Total	36,870,523,922

NOTE 18: OTHER INCOME

	(Amount in ₹) For the year ended March 31, 2014
Interest Income	
– Fixed deposits	1,002,884
– Bonds	2,870,575
– Others	25,930,099
Rental Income	17,530,059
Foreign Exchange Fluctuation (Net)	341,619,062
Miscellaneous Income	221,234,853
Total	610,187,532

NOTE 19: PURCHASE OF TRADED GOODS

	(Amount in ₹) For the year ended March 31, 2014
Finished Goods	31,526,676,022
Total	31,526,676,022

NOTE 20: INCREASE/(DECREASE) IN INVENTORIES

	(Amount in ₹) For the year ended March 31, 2014
Opening Stock	–
Add: Addition during the year	203,371,559
Less: Closing Stock	84,369,540
Total	119,002,019

NOTE 21: EMPLOYEE BENEFIT EXPENSE

	(Amount in ₹) For the year ended March 31, 2014
Salaries, wages and bonus	2,136,158,437
Contribution to Provident and other funds	152,256,255
Gratuity	143,132
Leave Encashment	53,863
Staff Welfare Expenses	44,985,120
Total	2,333,596,806

NOTE 22: FINANCE COST

	(Amount in ₹) For the year ended March 31, 2014
Interest Expense	163,051,874
Other borrowing cost	5,137,607
Total	168,189,481

NOTE 23: OTHER EXPENSES

	(Amount in ₹) For the year ended March 31, 2014
Consumption of Stores & Spare Parts	6,622,685
Selling & Marketing Exp.	371,734,492
Power & Fuel	392,696
Rent	161,329,080
Repair & Maintenance - Others	209,020,871
Legal & Professional Charges	509,985,417
Payment to the Auditors **(Refer Note 'a' below)**	26,381,331
Other Expenses	1,599,949,988
Total	2,885,416,559
a) Payment to Auditors	
As Auditor:	
Audit Fees	26,076,271
Tax Audit Fees	100,000
In other Capacity:	
Other Matters	100,000
Service Tax	105,060
	26,381,331
b) Prior Period Items	
Legal & Profession	83,333
	83,333

NOTE 24: EXCEPTIONAL ITEMS

	(Amount in ₹) For the year ended March 31, 2014
Loss on sale of fixed assets	(11,405,176)
Investments written off	(15,333,562)
Total	(26,738,738)

NOTE 25: EARNINGS PER SHARE(EPS)

		(Amount in ₹) For the year ended March 31, 2014
Profit/(Loss) attributable to the equity shareholders	(A)	183,673,224
Basic/weighted average no. of equity shares outstanding during the period	(B)	50,000
Potential Equity shares pursuant to scheme of Demerger	(C)	25,996,724
Total shares outstanding for the purpose of Dilutive Earning per share	(D=B+C)	26,046,724
Nominal value of equity shares (₹)	(E)	10
Basic Earnings per share	(F=A/B)	3,673.46
Dilutive Earnings per share	(G=A/D)	7.05

NOTE 26: CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent Liabilities

In case of Multinational Textile Group Limited and its subsidiaries (Foreign subsidiary)

At 31 March 2014, the sub-subsidiaries have the following Contingent Liabilities

Poeticgem Limited, UK (Foreign Subsidiary)

a) The Sub-Subsidiary's banker, HSBC plc have given a guarantee to H M Revenue & Customs amounting to ₹ 50,009,210 and Royal Bank of Scotland plc have given a guarantee amounting to ₹ 3,694,167 on behalf of the Sub-subsidiary.

b) The Sub Subsidiary has also extended an Unlimited Multilateral Guarantee on 28 August 2012 to its subsidiaries, Pacfic Logistics Limited and FX Import Company Limited and same is in progress as on March 31, 2014.

c) The bank has a fixed and floating charge over the assets of Sub-subsidiary which is supported by a debenture dated 11 September 2012.

Norwest Industries Limited (Foreign Subsidiary)

Guarantee given to banks in connection with facilities granted to subsidiaries and sub-subsidiaries ₹ 3,308,867,163.

FX Import Company Limited

a) HSBC Bank Plc, has provided a guarantee on behalf of company to H M Revenue and Customs amounting to ₹ 15,002,763. Under this guarantee the maximum liability as at 31st March 2014 is ₹ 15,002,763.

b) The bank has a fixed and floating charge over the assets of FX Import Company Limted which is supported by a debenture dated 28 August 2012.

Pacific Logistics Limited

a) HSBC Bank PLC, has provided a guarantee to HM Revenue and Customs amounting to ₹ 7,501,382. Under this guarantee the maximum liability as at 31 March 2014 is ₹ 7,501,382.

b) Company has also extended an Unlimited Multilateral Guarantee on 8 August 2012 to its parent company Poeticgem Limted and fellow subsidiaries FX Import Company Limited. The said guarantee is active as on March 31, 2014.

– **Simple Approach Limited & Zamira Fashion Limited**

Contingent Liabilities related to Irrevocable letters of credit is ₹ 822,849,294

b) Commitments:

– Estimated amount of contracts remaining to be executed on capital account (net of advances); ₹ 85,294,161.

NOTE 27: The Subsidiaries considered in the consolidated financial statements are:

(Amount in ₹)

Name of the Enterprises	Country of Incorporation	% of voting power held as at March 31, 2014
Multinational Textile Group Ltd.	Mauritius	100.00%

Multinational Textiles Group Limited holds the following subsidiaries:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31, 2014
Global Textiles Group Ltd.	31.03.2006	Mauritius	100.00%
Norwest Industries Limited	31.05.2006	Hong Kong	85.00%
Zamira Fashions Limited	20.09.2007	Hong Kong	67.00%
PG Group Limited	13.05.2008	Hong Kong	51.00%
Simple Approach Limited	30.11.2008	Hong Kong	75.00%
Nor Delhi Manufacturing Limited	19.01.2009	Hong Kong	100.00%
Propur Investment Limited	01.03.2012	British Virgin Islands	100.00%
Mahidhulu Investments Limited	09.03.2012	Mauritius	100.00%
Casa Forma Limited	01.01.2012	UK	100.00%

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Multinational Textiles Group Limited holds the following subsidiaries: (Contd.)

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31, 2014
SACB Holdings Limited	24.03.2011	Mauritius	51.00%
PDS Asia Star Corporation Limited	24.10.2012	Hong Kong	60.00%
DPOD Manufacturing Limited	02.11.2012	Hong Kong	60.00%
Poeticgem Intl Limited	27.09.2013	Hong Kong	100.00%
Multinational OSG Services Bangladesh Ltd	02.02.2014	Bangladesh	97.00%

Norwest Industries Ltd, holds the following subsidiaries

Nor Lanka Manufacturing Limited	18.03.2009	Hong Kong	100.00%
Nor India Manufacturing Co. Limited, Hongkong	17.12.2010	Hong	100.00%
Hangzhou Grand Pearl	27.04.2009	China	100.00%
Nor Europe Manufacturing Co. Limited	04.11.2011	Hong Kong	70.00%
Sino West Manufacturing Co. Ltd.	03.01.2012	Hong Kong	80.00%
Spring Near East Manufacturing Co. Ltd.	17.12.2010	Hong Kong	100.00%
Designed and Sourced Limited	27.08.2012	Hong Kong	60.00%
Norwest USA Inc,	30.04.2012	USA	100.00%
Gem Australia Manufacturing Co. Ltd	06.06.2012	Hong Kong	75.00%
Nor France Manufacturing Co. Ltd	18.12.2012	Hong Kong	75.00%
Klieder Sourcing Hong Kong Limited	24.10.2013	Hong Kong	55.00%

Nor France Manufacturing Co. Ltd holds the following Subsidiary

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31, 2014
Nor France SAS	14.02.2013	France	100.00%

Nor Lanka Manufacturing Co. Ltd. holds the following Subsidiary

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31, 2014
Nor Lanka Manufacturing colombo Limited	13.08.2012	Sri Lanka	100.00%

Global Textiles Group Limited holds the following subsidiaries:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31, 2014
Poeticgem Limited	30.03.2006	UK	100.00%

Poeticgem Limited holds the following subsidiaries:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31, 2014
Pacific Logistics Limited	27.10.2003	UK	100.00%
FX Imports Company Limited	26.03.2008	UK	75.00%
Poetic Knitwear Limited	31.03.2009	UK	100.00%
Razamtazz Limited	23.03.2011	Mauritius	100.00%

PG Group Limited holds the following subsidiary:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31, 2014
PG Home Group Ltd.	13.05.2008	Hong Kong	90.00%
PG Shanghai Manufacturing Co Ltd	08.06.2012	China	100.00%

PG Home Group Limited holds the following subsidiary:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31, 2014
PG Home Group SPA	31.07.2008	Chile	100.00%

FX Import Company Limited holds the following subsidiary:

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31, 2014
FX Import Hong Kong Limited	04.05.2009	Hongkong	100.00%

PDS Asia Star holds the following subsidiary

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31, 2014
PDS Trading (Shanghai) Co., Ltd	31.12.2012	China	100.00%

Simple Approach Limited holds the following subsidiary

Name of the Company	Date of Acquisition	Country of Incorporation	% of voting power held as at March 31, 2014
Simple Approach (Canada) Limited	02.05.2013	Canada	100.00%

NOTE 28: ALIGNMENT OF ACCOUNTING POLICY FOR CONSOLIDATION

a) In case of Multinational Textile Group Limited and its subsidiaries (hereinafter referred as foreign subsidiaries), interest income is recognized 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 financial asset. This is inconsistent with the policy of parent company and its Indian subsidiaries, where interest is recognized on time proportion basis. The interest income from foreign subsidiaries represents 100 % of total interest income of ₹ 29,803,559.

b) In the case of Multinational Textile Group Limited and its subsidiaries (hereinafter referred as foreign subsidiaries), cost of fixed assets also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of fixed assets. This is inconsistent with the policy of parent company and its Indian subsidiaries, where no such treatment is prescribed under the Indian GAAP. However, the net effect on fixed assets is ₹ 24,862,228.

c) In case of foreign subsidiaries, sales made in foreign currency are translated at the rate ruling at the date of transaction, this is inconsistent with the policy of parent company and its Indian subsidiaries, where sales are recognized at monthly average exchange rate. The sales from foreign subsidiaries represents 100% of ₹ 36,560,352,122.

NOTE 29: SEGMENT REPORTING

For the year ended March 31, 2014, the company has identified geographical segments as its primary segment and business segment as its secondary segment.

The geographical segments of the company based on the location of assets are United Kingdom, Asia and Others

The business segments considered by the Company are:

– Garments & Other Consumer Products

– Other Segments

29. A. Geographical Segment (Amount in ₹)

Particulars	UK	Asia	Others	Total	Elimination	Total
SEGMENT REVENUE						
Segment Sales	1,467,232,604	35,059,678,215	84,598,295	36,611,509,114	51,156,992	36,560,352,122
Inter Segment Sales	38,563,392	387,443,137	468,909,084	894,915,613	894,915,613	–
Total Segment Sales	1,505,795,996	35,447,121,352	553,507,379	37,506,424,727	946,072,605	36,560,352,122
Other Operating Income	114,074,217	194,780,184	1,317,400	310,171,801	–	310,171,801
Total Segment Revenue	1,619,870,214	35,641,901,536	554,824,778	37,816,596,527	946,072,605	36,870,523,923
Total Revenue of each segment as a percentage of total revenue of all segment	4.28	94.25	1.47	100.00	–	–
Total Segment Operative Profit	90,668,613	173,400,903	31,779,098	295,848,614	–	295,848,614
Depreciation	18,583,622	110,752,588	25,935,631	155,271,841	–	155,271,841
Extraordinary Item	–	11,405,176	15,333,562	26,738,738	–	26,738,738
Unallocated Expenses	–	–	–	–	–	123,992,330
Total Segment Result before Interest & Taxes/Extraordinary items	90,668,613	184,806,079	47,112,660	322,587,352	123,992,330	198,595,022
Total EBIT of each segment as a percentage of total EBIT of all segment	28.11	57.29	14.60	100.00	–	–
Net Financing Income	–	–	–	93,963,704	–	93,963,704
Income Tax Expenses	–	–	–	28,157,847	–	28,157,847
Extraordinary Item	–	11,405,176	15,333,562	26,738,738	–	26,738,738
Profit for the Year	90,668,613	173,400,903	31,779,098	361,654,471	123,992,330	237,662,141
SEGMENT ASSETS	1,538,884,058	10,642,179,757	1,025,611,619	13,206,675,435	–	13,206,675,435
Segment Assets as a percentage of Total assets of all segments	11.65	80.58	7.77	100.00	–	–
SEGMENT LIABILITIES	1,314,534,274	6,903,127,219	131,074,198	8,348,735,691	–	8,348,735,691
Segment Liabilities as a percentage of Total Liabilities of all segments	15.75	82.68	1.57	100.00	–	–
Segment Capital Employed	224,349,784	3,739,052,538	894,537,421	4,857,939,743	–	4,857,939,743
Segment Capital Employed as a percentage of Total capital employed of all segments	4.62	76.97	18.41	100.00	–	–
Capital Expenditure	7,193,813	99,877,391	9,997,219	117,068,423	–	117,068,423
Segment Capital Expenditure as a percentage of Total capital expenditure of all segments	6.14	85.32	8.54	100.00	–	–
Depreciation	18,583,622	110,752,588	25,935,631	155,271,841	–	155,271,841

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29. B. Business Segment (Amount in ₹)

Particulars	Garments and other consumer products	Other segments	Total Segment	Elimination	Total
SEGMENT REVENUE					
External Sales	36,560,352,122	–	36,560,352,122	–	36,560,352,122
Inter Segment Sales	–	51,156,992	51,156,992	51,156,992	–
Total Segment Sales	36,560,352,122	51,156,992	36,611,509,114	51,156,992	36,560,352,122
Other Operating Income	310,171,801	–	310,171,801	–	310,171,801
Total Segment Revenue	36,870,523,923	51,156,992	36,921,680,915	51,156,992	36,870,523,923
Total Revenue of each segment as a percentage of total revenue of all segment	99.86	0.14	100	–	–
Segment Result EBIDTA	434,192,494	16,927,961	451,120,454	–	451,120,454
Total EBIDTA of each segment as a total EBIDTA	96.25	3.75	100	–	–
Depreciation	126,340,801	28,931,040	155,271,841		155,271,841
Extraordinary Item					26,738,738
Unallocated Expenses	–	–	–	–	123,992,330
Total Segment Result before Interest & Taxes/Extraordinary items	307,851,693	(12,003,079)	295,848,614	–	198,595,022
Total EBIT of each segment as a percentage of total EBIT of all segment	104.06	(4.06)	100	–	–
Net Financing Income	–	–	–	–	93,963,704
Income Tax Expenses	–	–	–	–	28,157,847
Extraordinary Item	–	–	–	–	26,738,738
Profit For the Year	–	–	–	–	237,662,141
SEGMENT ASSETS	12,129,460,885	1,077,214,550	13,206,675,435	–	13,206,675,435
Segment Assets as a percentage of total assets of all segments	91.84	8.16	100	–	–
SEGMENT LIABILITIES	8,209,308,198	139,427,493	8,348,735,691	–	8,348,735,691
Segment Liabilities as a percentage of total liabilities of all segments	98.33	1.67	100	–	–
Segment Capital Employed	3,920,152,686	937,787,058	4,857,939,744	–	4,857,939,743
Segment Capital Employed as a percentage of total capital employed of all segments	80.70	19.30	100	–	–
Capital Expenditure	117,068,423		117,068,423		117,068,423
Segment Capital Expenditure as a percentage of total capital expenditure of all segments	100.00	–	100	–	–
Depreciation	126,340,801	28,931,040	155,271,841	–	155,271,841

NOTE 30: DISCLOSURE OF RELATED PARTIES /RELATED PARTIES TRANSACTIONS:

A. Name of the Related Parties and description of relationship

Nature of Relationship	Name of the Related party
Holding Company	Pearl Global Industries Limited
Subsidiaries and Sub-subsidiaries	Pallas Holdings Limited
	Transnational Textile Group Ltd.
	JSM Trading Limited
	Superb Mind Holdings Limited
	Grupo Extremo SUR S.A.
	Frou Holdings Ltd.
	NAFS Limited
	Priscilla Investments (Mtius) Limited
	Norp Knit Industries Limited
	Pearl Global (HK) Limited
	Pearl Global Fareast Limited

B. Disclosure of Related Parties Transactions: (Amount in ₹)

Nature of Transaction	For the year ended on March 31,2014
Advance Given	**129,488,336**
Advance Recovered	**8,467,068**
Advance received	**34,935,529**
Advance Repaid	**129,215**
Loan received	**63,511,697**
Loan re-paid	**10,000,000**
Consultancy Fees paid	**171,744,585**
Interest paid	**632,709**
Closing Balance	
- Other Receivable	**169,740,129**
- Other Payable	**95,879,793**

C. **Disclosure of Related Parties having more than 10% interest in each transaction in the ordinary course of business** **(Amount in ₹)**

Nature of Transaction	For the year ended on March 31,2014
Advance Given	
Groupo Extremo	107,935,694
Advance Recovered	
Pearl Global (HK) Limited	3,673,552
Pallas Holding Limited	4,564,054
Advance Received	
Pearl Global Industries Limited	34,916,117
Advance Repaid	
Transnational Textile Group Limited	129,215
Loan Received	
Pearl Global Industries Limited	63,511,697
Loan Repaid	
Pearl Global Industries Limited	10,000,000
Consultancy paid	
JSM Trading Limited	171,744,585
Interest Paid	
Pearl Global Industries Limited	632,709
Closing Balance	
Receivable	
JSM Trading Limited	
Grupo Extremo SUR S.A.	121,886,466
Frou Holding Limited	40,278,619
Norp Knit Industries Limited	7,485,635
NAFS	89,429
Payable	
Pearl Global Industries Limited	95,879,793

D. **Scheme of Arrangement**

During the current year, consequent upon sanction of "Scheme of Arrangement" (the Scheme), for demerger of the Sourcing, Distribution and Marketing Business ('Demerged Undertaking') of Pearl Global Industries Limited ('Transferor Company') into the Company, as approved by the Hon'ble High Court of Delhi vide its Order dated March 10, 2014 u/s 394(2) of the Companies Act, 1956 and subsequent filing of said Order with the Registrar of Companies, NCT of Delhi & Haryana on May 13, 2014 being the `Effective Date`, the financial statements of the Company have been prepared in accordance with the relevant clauses of the Scheme as under:-

i) The demerger has been accounted for under the "pooling of interest" method as prescribed by the Accounting Standard (AS-14) of the Company (Accounting Standards) Rules, 2006. Accordingly, for the year ended March 31, 2014, all assets and liabilities of the 'Demerged Undertaking' have been transferred to the Company at the book values with effect from April 01, 2012 being the 'Appointed Date' resulting into creation of 'Share Capital Suspense Account' by ₹ 2,599.67 Lacs and 'Capital Reserve' by ₹ 8,078.07 Lacs. Further, there are no differences in the accounting policies of the Company and as followed by the transferor Company; hence no adjustments have been made.

ii) The scheme interalia provided for issuance of six fully paid up equity shares of ₹ 10 each to the shareholders of the Transferor Company for every five fully paid up equity shares of ₹ 10 each held in the Transferor Company.

iii) In effect of above, the financial results of the Company for the current year includes the transactions of 'Demergerd Undertaking' as under:

Particulars	For the financial year 2013-14 (Refer sub note 'a' below)
Total Revenue	138.62 Lacs
Profit/ (loss) before tax	(174.82) Lacs
Profit/ (loss) after tax	(120.80) Lacs

a) The financial results for the financial year 2013-14 are included in Statement of Profit & Loss of the Company.

b) The financial results for the financial year 2012-13 are included directly in Reserves & Surplus of the Company.

NOTE 31: CURRENCY DERIVATIVE

(i) 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.

Particulars	Asset	Liabilities
	2014	**2014**
	USD	**USD**
Forward Foreign Exchange	52,367	NIL
(fair value)	(Equivalent to ₹ 3,147,257)	

The terms of the forward currency contracts has been negotiated to match the terms & commitments. The Cash Flow Hedges of the expected future purchase were assessed to be highly effective and as at 31st March 2014, an recognised profit of ₹ 3,147,257 was included in the Hedging reserves in respect of these contracts.

The ineffective portion recognized in the consolidated statement of profit or loss and other comprehensive income that arises from cash flow hedges amounts to gain of ₹ 31,445,161.

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

Particulars	As At March 31, 2014"
	USD
Forward Foreign Exchange Contract	3,764,176
	(Equivalent to ₹ 226,226,978)

These commitments have been entered into to hedge against future payments to suppliers and receipts from customers in the ordinary course of business that will fall due in the period ending 31 March 2015.

At 31 March 2014, the Sub-subsidiary held 11 forward currency contracts designated as hedges in respect of expected future purchases from suppliers in Asia, for which the company has firm commitments.

These arrangements are designed to address significant exchange exposures and are renewed on a revolving basis as required.

(ii) Foreign Currency contracts

One of the subsidiaries, Norwest Industries Limited, utilises Foreign Currency contracts:

Particulars	Asset	Liabilities
	2014	**2014**
	USD	**USD**
Foreign Currency contracts	NIL	176,510
		(Equivalent to ₹ 10,608,251)

(iii) Forward currency contracts – cash flow hedges

At 31 March 2014, the Subsidiary Norwest Industries Limited and its subsidiaries held 63 and 38 forward currency contracts designated as hedges in respect of expected future sales to customers in the United Kingdom for which the Subsidiary 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 2014 and December 2014 were assessed to be highly effective and a net loss of ₹172,034,594 was included in the hedging reserve for the year.

NOTE 32: LEASE

PDS Multinational Fashions Limited

The company has taken immoveable property located in Bangalore on cancellable lease in August 2012 and has debited ₹ 1,894,706 to the Statement of profit and loss during the year; including rent recognized on straight line basis of ₹ 73,800 in pursuance of Para-23 of Accounting Standard- 19" Leases" issued by Companies Accounting Standard Rules 2006.

Multinational Textile Group Limited and its subsidiaries

Operating Lease Commitments

The Sub-subsidiaries Poeticgem Limited, Norwest Industries Limited, Zamira Fashions Limited, FX Imports Company Limited and Pacific Logistics Ltd. Had the following lease arrangements:

Poeticgem Limited, Pacific Logistics Limited, Norwest Industries Limited and FX Import Company Limited

(Amount in ₹)

Particulars	For the year ended on March 31,2014
Minimum lease payments under operating lease recognized in the consolidated statement of profit & loss for the year	**26,147,556**

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, Pacific Logistics Limited, FX Import Company Limited and FX Hong Kong Limited had outstanding commitments for future minimum lease payments under its non-cancellable operating leases, which fall due as follows.

(Amount in ₹)

Particulars	Land & Buildings	Others
	As At March 31, 2014	As At March 31, 2014
Within one year	**2,369,785,371**	8,690,869
In the second to fifth years	**167,581,638**	8,286,371
More than 5 years	**14,632,667**	–
Total	**2,551,999,676**	16,977,240

Operating lease payments represent rent payable by the subsidiaries and sub subsidiaries.

Norwest Industries limited

The company lease its staff quarters and office premises under operating lease arrangements, such leases for properties are negotiated for terms ranging from “one to four” years.

NOTE 33: In view of the management, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated as on balance sheet date.

NOTE 34: The process of receiving confirmation from trade payables & receivables is an ongoing process and as at March 31st 2014, the Company is in process of receiving the confirmations from the parties.

NOTE 35: Since the consolidated financial statements of the company are for the first time as at March 31, 2014 there are no previous year's comparable figures for the year ending March 31, 2013.

NOTE 36: Figures are rounded off to the nearest rupee.

For & on behalf of the Board of Directors

(DEEPAK SETH)	**(PAYEL SETH)**
Director	Director
DIN No.00003021	DIN No.00003035

PLACE : NEW DELHI

DATE : 26 May, 2014

INDEPENDENT AUDITORS' REPORT

To the Members of **M/S PDS MULTINATIONAL FASHIONS LIMITED**

Report On the Financial Statements

We have audited the accompanying financial statements of M/S PDS MULTINATIONAL FASHIONS LIMITED, ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act 1956 ("the Act") read with the General Circular No. 8/2014 dated 4th April 2014 issued by Ministry of Corporate Affairs. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;

(b) in the case of the Statement of Profit and **Loss**, of the Loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   Attention is invited to the following:

   "Pursuant to the approval of the scheme of arrangement between Pearl Global Industries Limited (Transferor Company) and PDS Multinational Fashions Limited (Transferee Company) for demerger of Sourcing, Distribution and Marketing business of transferor company (Demerged Undertaking) by order of Hon'ble High Court of Delhi vide its order dated March 10, 2014 u/s 394(2) of the Companies Act, 1956 and subsequent filing of said Order with the Registrar of Companies, NCT of Delhi & Haryana on May 13, 2014 being the `Effective Date`, the attached financial statements includes financial statements of demerged undertaking w.e.f. appointed date i.e. April 1st, 2012. Further, these financial statements pertaining to demerged undertaking have been extracted from the books of account and records maintained by the transferor company. This extraction and compilation of financial statements is as envisaged in the scheme and is based on several allocations made by the Management on reasonable basis and have been relied by us."

   (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act 1956 ("the Act") read with the General Circular No. 8/2014 dated 4th April 2014, issued by Ministry of Corporate Affairs.

   (e) On the basis of written representations received from the directors as on 31st March 2014 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **S.R. DINODIA & CO.LLP.**
CHARTERED ACCOUNTANTS,
REGN. NO. 001478N/N500005

(SANDEEP DINODIA)
P A R T N E R
M. No. 083689

Place : New Delhi
Dated : 26 May, 2014

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 under the heading of Report on Other Legal & Regulatory Requirements" of our report of even date)

RE: PDS MULTINATIONAL FASHIONS LIMITED

i) In respect of its fixed assets:

   a) The Company has maintained adequate records showing particulars of fixed assets including quantitative details and situation.

   b) As explained to us, all the fixed assets have been physical verified by the management in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. The discrepancies noticed during verification were not material.

   c) In our opinion, during the year the Company has not disposed off substantial part of its fixed assets and going concern status of the Company is not affected.

ii) In respect of inventories:

   During the year the Company does not hold any inventory. Hence, provision of clause (ii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

iii) In respect of loans, secured or unsecured, granted or taken by the Company to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:

   a) to d) The Company has not given loan to any Company, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, provisions of clause 4(iii)(a) to(d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

   e) The Company had taken loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. In respect of said loan, the maximum amount outstanding at any time during the year was ₹ 35,276,455 and the year-end balance of loans taken from such party was ₹ 35,276,455.

   f) In our opinion and according to the explanations given to us, the loan obtained during the year is interest free and other terms and conditions which loan is taken by the Company are not prime facie prejudicial to the interest of the Company.

   g) In respect of the aforesaid loans taken by the Company, the principal amount is repayable/ adjustable on the prerogative of the Company.

iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and for the sales of goods and services. Further, on the basis of our examination of the books and record of the Company, carried out in accordance with the generally accepted auditing practices, there is no continuing failure to correct the weaknesses in the aforesaid internal control systems.

v) In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:

a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance to the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

b) In our opinion and according to explanation given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 and exceeding values of ₹ 500,000 in respect of each party during the year have been made at prices which appear reasonable as per the information available with the Company.

vi) The Company has not accepted deposits within the meaning of section 58A, 58AA and the other relevant provisions of the Companies Act, 1956 and the rules framed there under.

vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

viii) The requirement as to maintenance of cost records and accounts prescribed by the Central Government under section 209 (1)(d) of the Companies Act, 1956 is not applicable to the Company. Therefore, the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

ix) In respect of statutory dues:

a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable have been generally regularly deposited with the appropriate authorities.

b) According to the records of the Company examined by us and the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.

c) In our opinion and according to the information and explanations given to us, there are no dues in respect of Income Tax, Sales Tax, Custom duty, Excise Duty, Service Tax, cess that have not been deposited with the appropriate authorities on account of dispute.

x) The Company has not completed its five years from the date of incorporation. Hence the provisions of clause 4(x) are not applicable to the Company.

xi) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions during the year. There were no dues payable to debenture holders.

xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xiii) The Company is not a chit fund or a nidhi mutual benefit fund society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xvi) In our opinion and according to the information and explanations given to us, no term loans have been obtained by the company during the year. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xvii) According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term purposes.

xviii) During the year, the Company has not allotted shares on preferential basis to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

xix) The Company has not issued any debentures during the year. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xx) According to the information and explanation given to us, during the year covered under audit the Company has not raised any money by way of public issue. Therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

For **S.R. DINODIA & CO LLP.**
CHARTERED ACCOUNTANTS,
REGN. NO. 001478N/N500005

(SANDEEP DINODIA)
PARTNER
M. No. 083689

Place : New Delhi
Dated : 26 May, 2014

PDS MULTINATIONAL FASHIONS LIMITED

BALANCE SHEET AS AT MARCH 31, 2014

(Amount in ₹)

Particulars	Note No.	As At March 31, 2014	As At March 31, 2013
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	**500,000**	500,000
Share Capital Suspense Account	4	**259,967,240**	–
Reserves and surplus	5	**786,937,488**	999,245
		1,047,404,728	1,499,245
Non-current liabilities			
Long term Borrowings	6	**1,964,076**	–
Deferred tax liabilities (Net)	7	**4,031,765**	97,375
Long-term provisions	8	**835,705**	–
		6,831,545	97,375
Current liabilities			
Short-term borrowings	9	**35,276,455**	10,514,996
Trade payables	10	**2,923,799**	151,686
Other current liabilities	11	**10,709,153**	579,037
Short-term provisions	8	**36,600**	–
		48,946,007	**11,245,719**
TOTAL		**1,103,182,280**	12,842,339
II. ASSETS			
Non-current assets			
Fixed assets	12		
Tangible assets		**35,055,624**	5,141,850
Intangible assets		**16,711,625**	103,046
Capital work-in-progress		**23,145,409**	–
Non-current investments	13	**1,005,025,338**	–
Long-term loans and advances	14	**18,993,697**	1,391,255
		1,098,931,693	6,636,151
Current assets			
Trade receivables	15	**–**	4,727,269
Cash and other Bank Balances	16	**2,890,289**	737,572
Short-term loans and advances	14	**1,360,298**	741,347
		4,250,587	6,206,188
TOTAL		**1,103,182,280**	12,842,339
Summary of Significant Accounting Policies	2		

The Notes referred to above, form an integral part of the financial statements

As per our Audit Report of even date attached

For S.R. DINODIA & CO., LLP.
CHARTERED ACCOUNTANTS
REGN. NO. 001478N/N500005

For & on behalf of the Board of Directors

(SANDEEP DINODIA)
P A R T N E R
M. NO. 083689

(DEEPAK SETH)
Director
DIN No.00003021

(PAYEL SETH)
Director
DIN No.00003035

Place : New Delhi
Date : 26 May, 2014

PDS MULTINATIONAL FASHIONS LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
I. Income			
Revenue from operations	17	**51,156,992**	18,390,085
Total Income (I)		**51,156,992**	18,390,085
II. Expenses:			
Employee benefits expense	18	**25,250,094**	12,207,985
Finance Cost	19	**833,374**	572,219
Depreciation and amortization expense	12	**21,241,304**	172,016
Other expenses	20	**17,546,484**	3,849,759
Total expenses (II)		**64,871,256**	16,801,979
III. Profit before exceptional and extraordinary items and tax (I-II)		**(13,714,264)**	1,588,106
Extraordinary items		–	–
IV. Profit before tax (III-IV)		**(13,714,264)**	1,588,106
V. Tax expense:			
Current Tax		**–**	(364,745)
Deferred Tax		**4,215,048**	(97,376)
VI. Profit after tax (IV-V)		**(9,499,216)**	1,125,985
VII. Earnings per equity share:			
Basic earning per share	23	**(189.98)**	22.52
Diluted earning per share		**(189.98)**	22.52
Summary of Significant Accounting Policies	2		

The Notes referred to above, form an integral part of the Financial Statements

As per our Audit Report of even date attached

For S.R. DINODIA & CO., LLP.
CHARTERED ACCOUNTANTS
REGN. NO. 001478N/N500005

For & on behalf of the Board of Directors

(SANDEEP DINODIA)
PARTNER
M. NO. 083689

(DEEPAK SETH)
Director
DIN No.00003021

(PAYEL SETH)
Director
DIN No.00003035

Place : New Delhi
Date : 26 May, 2014

PDS MULTINATIONAL FASHIONS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in ₹)

	Particulars	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
A.	**Net Profit/(Loss) Before Tax and Exceptional Items**		**(13,714,264)**	1,588,106
	Adjustments for:			
	Depreciation		**21,241,304**	172,016
	Interest Paid		**833,374**	572,219
	Transfer of Deferred Tax - Demerger		**8,149,437**	–
	Operating Profit /(loss) before working capital changes		**16,509,851**	2,332,341
	Adjustments for changes in working capital			
	Trade and Other Receivables		**4,727,269**	(4,727,269)
	Loans & Advances		**(18,221,393)**	(1,942,347)
	Trade Payables		**12,902,229**	603,983
	Provisions		**872,304**	–
	Cash Generated from operations		**16,790,260**	(3,733,291)
	Direct Taxes (Paid)/ Refunds		**–**	(555,000)
	Net Cash Generated / (used) in operating Activties		**16,790,260**	(4,288,291)
B.	**Cash Flow from Investing Operations:**			
	(Purchase)/Sale of Fixed Assets		**(9,874,934)**	(5,416,913)
	Transfer of Net Fixed Assets - Demerger		**(81,034,130)**	–
	Transfer of Investments- Demerger		**(1,005,025,338)**	–
	Cash from investing activities		**(1,095,934,402)**	(5,416,913)
C.	**Cash Flow from Financing Activities**			
	Proceeds from Share Capital- Demerger		**259,967,240**	–
	Capital Reserve - Demerger		**807,807,101**	–
	Retained Earnings - Demerger		**(12,369,641)**	–
	Interest Paid		**(833,374)**	(572,219)
	Proceeds from Borrwings		**26,725,535**	10,514,996
	Net cash Generated /(used) in financing activities		**1,081,296,858**	9,942,777
	Net Increase in Cash/Cash equivalents (A+B+C)		**2,152,716**	237,573
	Cash / Cash equivalents at the beginning of the year		**737,573**	500,000
	Cash / Cash equivalents at the close of the year		**2,890,289**	737,573
	Components of Cash and Cash equivalents			
	Balances with Scheduled Banks			
	i) In Current Accounts		**2,890,289**	691,222
	ii) Cash on Hand		**–**	46,351
			2,890,289	737,573
	Summary of Significant Accounting Policies	2.3		

The accompanying notes are an integral part of the Financial Statements

As per our Audit Report of even date attached

For S.R. DINODIA & CO., LLP.
CHARTERED ACCOUNTANTS
REGN. NO. 001478N/N500005

For & on behalf of the Board of Directors

(SANDEEP DINODIA)
P A R T N E R
M. NO. 083689

(DEEPAK SETH)
Director
DIN No.00003021

(PAYEL SETH)
Director
DIN No.00003035

Place : New Delhi
Date : 26 May, 2014

PDS MULTINATIONAL FASHIONS LIMITED

Notes to financial statements for the period ended March 31, 2014

NOTE 1: CORPORATE INFORMATION

PDS Multinational Fashions Limited is a limited company (hereinafter referred as 'the company') domiciled in India and incorporated on April 06, 2011 under the provisions of the Companies Act,1956. The company is engaged in providing services to group companies engaged in the export of ready to wear apparels and helping them for sourcing & distribution of their products.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP"), and mandatory accounting standards issued by the Companies (Accounting Standards) Rules 2006 (as amended) and the provisions of the Companies Act, 1956 ("the Act") as adopted by the Company. The company has complied in all material respects with the Accounting Standards notified under the Companies Act 1956 read with General Circular 8/ 2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year unless other wise stated.

b. Uses of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which requires making of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets & liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting year. Differences between the actual results and estimates are recognized in Statement of Profit & Loss in the year in which the results are known / materialized.

c. Revenue Recognition

(i) Revenue from sale of service is recognized on cost plus method; when services are rendered and same becomes chargeable. Service Income comprises amounts billed for data processing, sourcing and distribution support services rendered to inter-company affiliate(s) in accordance with terms of agreements entered into with them.

(ii) Revenue from sale of samples is recognised on accrual basis and when all the significant risk and rewards of ownership have been passed to the buyer.

d. Fixed Assets & Depreciation

(i) Fixed Assets are stated at cost of acquisition including incidental costs related to acquision and installation less acccumulated depreciation. Fixed assets under construction and advance paid towards acquisition of fixed assets are shown as capital work in progress.

(ii) Depreciation is provided on straight line method at the rates and in the manner prescribed in schedule XIV to the companies Act, 1956. The assets costing up to ₹ 5,000 are fully depreciated in the year of purchase.

(iii) **Intangible Assets:** Intangible assets such as technical know how fees, etc. which do not meet the criterions laid down, in the terms of Accounting Standard 26 on "Intangible Assets" as issued by the Companies (Accounting Standards) Rules, 2006 , are written off in the year in which they are incurred. If such costs/ expenditure meet the criterion, it is recognized as an intangible asset and is measured at cost. It is amortized by way of a systematic allocation of the amount over its useful life and recognized in the balance sheet at net of any accumulated amortization and accumulated impairment losses thereon.

Software is amortized over the period of 5 years which in the opinion of the management is the estimated economic life.

e. Inventory Valuation

Inventories are valued at the lower of cost and net realisable value. Cost includs purchase price, duties, taxes and all other costs incurred in bringing the inventory to their present location. Cost is calculated on First in First out (FIFO) method.

f. Cash Flow Statement

Cash flows are reported using the indirect method as specified in Accounting Standard (AS-3) Cash Flow Statement.

g. Foreign Currency Transactions

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realized gains and losses on foreign exchange transactions during the year are recognized in the Statement of Profit and loss. Foreign currency monetary items are translated at the year end rates and resultant gain/losses on foreign exchanges translations, are recognized in the Statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

h. Employee's Benefits

Expenses and Liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 – Employees Benefits (Revised 2005) issued by the Company (Accounting Standard) Rules, 2006.

Short Term Employee Benefits: All employees' benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related services at undiscounted amount.

Post Employment Benefit Plans: Payments to Defined Contribution Retirements Benefit Schemes are charged as an expense as they fall due. In case of Defined Benefit Schemes, the cost of providing benefits are provided on the basis of management estimation at the year end.

i. Operating Leases

Lease payments under an operating lease are recognized as an expense in the Statement of Profit and loss on straight-line basis over the lease term.

j. Taxes On Income

Tax expense comprises current and deffered tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes (asset/ liability) reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss. Deferred taxassets 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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

k. Provision, Contingent Liabilities And Contingent Assets

Provisions are recognized in the accounts in respect of present probable obligations arising as a result of past events and it is probable that there will be an outflow of resources, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent Assets are neither recognized nor disclosed in the financial statements.

l. Earning per Share (EPS)

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extra ordinary items.

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating Diluted Earning per share, the number of shares comprises of weighted average shares considered for deriving basic earning per share and also the weighted average number of equity share which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. A transaction is considered to be antidilutive if its effect is to increase the amount of EPS, either by lowering the share count or increasing the earnings.

NOTE 3 : SHARE CAPITAL

	As at March 31, 2014	As at March 31, 2013
		Amount in ₹
Authorised		
500,000 (March 31, 2013: 500,000) Equity Shares of ₹ 10/- each	**5,000,000**	5,000,000
	5,000,000	5,000,000
Issued, Subscribed & Paid-up		
50,000 (March 31, 2013: 50,000) Equity Shares of ₹ 10/- each fully paid up	**500,000**	500,000
	500,000	500,000

a) **Share Capital Reconciliation**

(Amount in ₹)

	March 31, 2014		March 31, 2013	
	No. of shares	Amount	No. of Shares	Amount
Balance of Shares at the beginning of the year	50,000	500,000	50,000	500,000
Add:- Addition during the year	–	–	–	–
Less:- Buy back during the year	–	–	–	–
Balance of Shares at the end of the year	50,000	500,000	50,000	500,000

b) **Terms/rights attached to Equity shares**

The company has only one class of equity shares having a par value of ₹10 per share. Each holder of Equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) **Details of shareholders holding more than 5% shares in the company**

(Amount in ₹)

	March 31, 2014		March 31, 2013	
	No. of shares	Holding%	No. of Shares	Holding%
Pearl Global Industries Limtied (Holding Company)	49,994	99.99	49,994	99.99

NOTE 4: SHARE CAPITAL SUSPENSE ACCOUNT

	As at March 31, 2014	As at March 31, 2013
Share Capital Pending Allotment **[Refer note 21'C']**	**259,967,240**	–
	259,967,240	–

NOTE 5: RESERVE AND SURPLUS

		As at March 31, 2014	As at March 31, 2013
Capital Reserve			
Balance at the beginning of the year		–	–
Add:- Addition on account of demerger **[Refer Note 21'C']**		**807,807,101**	–
Less:- Utilised during the year		–	–
Balance at the end of the year	(A)	**807,807,101**	–
Surplus/ Profit & Loss			
Balance at the beginning of the year		**999,245**	(126,740)
Add:- Addition of demerger undertaking **[Refer Note 21'C']**		**(12,369,641)**	–
Profit/(Loss) for the year		**(9,499,216)**	1,125,985
Balance at the end of the year	(B)	**(20,869,612)**	999,245
Total (A+B)		**786,937,488**	999,245

NOTE 6: LONG TERM BORROWINGS

(Amount in ₹)

	Non-Current		Current Maturities	
	March, 31, 2014	March, 31, 2013	March, 31, 2014	March, 31, 2013
Term loan (Secured)				
From Financial Institution				
Vehicle loan	**1,964,076**	–	**481,883**	–
	1,964,076	–	**481,883**	–
Less: Amount disclosed in other current liabilties **(Refer Note. 11)**	–	–	**481,883**	–
	1,964,076	–	–	–

a) **The nature of Security for the Secured Loan is as under:**

Vehicle loan has been taken during the year from BMW Financial Services and is secured against hypothecation of respective vehicle. The applicable rate of interest ranges between 10 to 11 % p.a.

b) **Maturity profile of Secured Term Loans is set out as below:**

Outstanding EMI as on March 31, 2014	51
Amount repayable in	**(Amount in ₹)**
FY 2014-15	481,883
FY 2015-16	534,988
FY 2016-17	593,946
FY 2017-18	659,401
FY 2018-19	175,740

NOTE 7: DEFERRED TAX LIABILITIES (NET)

(Amount in ₹)

		As at March 31, 2014	As at March 31, 2013
Deferred Tax Liabilities			
Fixed assets : Impact of difference between depreciation as per Income Tax Act and depreciaiton/amortization charged for financial reporting		**5,957,305**	125,979
Gross Deferred Tax Liabilities	**(A)**	**5,957,305**	125,979
Deferred Tax Assets			
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis		**282,456**	28,604
Business Losses		**1,643,085**	–
Gross Deferred Tax Assets	**(B)**	**1,925,541**	28,604
Net Deferred Tax Liability	**(A+B)**	**4,031,765**	97,375

NOTE 8: PROVISIONS

(Amount in ₹)

	Non-Current		Current Maturities	
	March, 31, 2014	March, 31, 2013	March, 31, 2014	March, 31, 2013
Provisions for employees benefits				
Provision for Gratuity	**499,782**	–	–	–
Provision for Leave Encashment	**298,722**	–	–	–
Other provisions				
Provision for Lease Equalisation	**37,201**	–	**36,600**	–
Total	**835,705**	–	**36,600**	–

PDS MULTINATIONAL FASHIONS LIMITED

NOTE 9: SHORT TERM BORROWINGS **(Amount in ₹)**

	As at March 31, 2014	As at March 31, 2013
Loan from Related Parties (Unsecured)	**35,276,455**	10,514,996
Total	**35,276,455**	10,514,996

a) The outstanding amount as on March 31st 2014 is pursuant to the demerger transaction and repayable on demand. It carries Nil rate of Interest.

b) The outstanding amount as on March 31st 2013 was repayable on demand and carried interest rate @ 12% p.a.

NOTE 10: TRADE PAYABLES **(Amount in ₹)**

	As at March 31, 2014	As at March 31, 2013
Amount due to Micro Small and Medium Enterprises **(Refer Note 'a' below)**	**–**	–
Amount due to Others	**2,923,799**	151,686
Total (Refer Note 'b' below)	**2,923,799**	151,686

a) Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
Principal amount due to micro and small enterprises	**–**	**–**
Interest due on above	**–**	–
	–	–
i) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payments made to the supplier beyond the appointed day during each accounting year.	**–**	–
ii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	**–**	–
iii) The amount of interest accured and remaining unpaid at the end of each accounting year.	**–**	–
iv) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	**–**	–

b) This amount doesnot include any amount to be transferred to Investor Education and Protection Fund.

NOTE 11: OTHER CURRENT LIABILITIES **(Amount in ₹)**

	As at March 31, 2014	As at March 31, 2013
Statutory Dues Payable	**740,026**	579,037
Current maturities of long-term borrowings (Refer Note 6)	**481,883**	–
Interest Accured but not due	**10,355**	–
Advance from Customer	**9,476,889**	–
Total	**10,709,153**	579,037

NOTE 12: FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK					DEPRECIATION / AMORTIZATION				NET BLOCK	
	As At April 1st 2013	Addition during the year	Addition on account of Demerger Scheme	Deduction	As at March 31st 2014	As at April 1st 2013	For the year	Addition on Account of Demerger Scheme	As at March 31st 2014	As at March 31st 2014	As at March 31st 2013
A. Tangible Assets											
Land	–	–	6,880,947	–	6,880,947	–	–	–	–	6,880,947	–
Buildings	–	–	21,342,556	–	21,342,556	–	331,829	5,541,164	5,872,993	15,469,562	–
Plant & Machinery	455,961	336,678	4,103,679	–	4,896,318	39,603	552,576	2,369,513	2,961,691	1,934,626	416,358
Office Equipments	1,618,106	418,553	3,087,023	–	5,123,682	33,941	242,603	334,048	610,592	4,513,090	1,584,165
Furniture and fixtures	3,226,064	–	–	–	3,226,064	84,737	204,210	–	288,947	2,937,117	3,141,327
Vehicle	–	3,575,000	–		3,575,000	–	254,719	–	254,719	3,320,281	–
Total	**5,300,131**	**4,330,231**	**35,414,204**	**–**	**45,044,566**	**158,281**	**1,585,937**	**8,244,725**	**9,988,942**	**35,055,624**	**5,141,850**
B. Intangible Assets											
Computer software	116,782	5,544,703	93,875,367	–	99,536,852	13,736	19,655,367	63,156,124	82,825,227	16,711,625	103,046
Total	**116,782**	**5,544,703**	**93,875,367**	**–**	**99,536,852**	**13,736**	**19,655,367**	**63,156,124**	**82,825,227**	**16,711,625**	**103,046**
C. Capital Work in Progress											
CWIP	–	–	23,145,409	–	23,145,409	–	–	–	–	23,145,409	–
Total	**–**	**–**	**23,145,409**	**–**	**23,145,409**	**–**	**–**	**–**	**–**	**23,145,409**	**–**
Grand Total (A+B+C)	**5,416,913**	**9,874,934**	**152,434,980**	**–**	**167,726,827**	**172,017**	**21,241,304**	**71,400,849**	**92,814,169**	**74,912,658**	**5,244,897**

NOTE 13: NON-CURRENT INVESTMENTS

(Amount in ₹)

Trade (Value at cost unless stated otherwise)

Unquoted Equity instruments

	As at March 31, 2014	As at March 31, 2013
Investment in Subsidiary Company		
Multinational Textiles Group Limited, Mauritius	1,005,025,338	–
21,948,270 (March 31, 2013: Nil) Equity Shares of USD 1 each fully paid up		
Total	1,005,025,338	–

a) Aggregate Book value of Investments ₹ 1,005,025,338 (March 31, 2013: Nil)

b) Aggregate Market value of Investments Nil (March 31, 2013: Nil)

c) The shares with respect to above invesment are pending transfer in the name of the Company as on March 31 2014

NOTE 14: LOANS AND ADVANCES

(Amount in ₹)

(Unsecured, considered good)

	Non-Current		Current	
	March, 31, 2014	March, 31, 2013	March, 31, 2014	March, 31, 2013
Capital Advances	16,268,297	–	–	–
(Unsecured Considered Good)				
(A)	16,268,297	–	–	–
Security Deposits	1,281,000	1,201,000	–	–
(Unsecured, considered good)				
(B)	1,281,000	1,201,000	–	–
Advances recoverable in cash or in Kind	–	–	24,895	611,200
(Unsecured, considered good)	–	–	–	–
(C)	–	–	24,895	611,200
Other Loans and advances (Unsecured cosidered good)				
Prepaid Expenses	–	–	1,113,935	130,147
Advance Tax [Net of provisions of Nil (March 31 2013: ₹ 364,745)]	1,234,000	190,255	–	–
Advance to Employees	210,400	–	221,468	–
(D)	1,444,400	190,255	1,335,403	130,147
Total (A+B+C+D)	18,993,697	1,391,255	1,360,298	741,347

a) Capital Commitments

(Amount in ₹)

	As at March 31, 2014	As at March 31, 2013
Estimated amount of contracts remaining to be executed on capital account (net of capital advances)	69,759,513	–
Total	69,759,513	–

NOTE 15: TRADE RECEIVABLES & OTHER ASSETS

(Amount in ₹)

	Current	
	As at March 31, 2014	As at March 31, 2013
(Unsecured, considered good unless stated otherwise)		
(Outstanding for a period exceeding six months from the date they are due for payment)		
Unsecured, considered good	–	–
Unsecured, considered doubtful	–	–
	–	–
Others (Less than Six Months)	–	4,727,269
Unsecured - Considered Good		
Total	–	4,727,269

NOTE 16: CASH AND BANK BALANCES

(Amount in ₹)

	Current	
	As at March 31, 2014	As at March 31, 2013
Cash & Cash Equivalents		
Balances with Scheduled banks :		
On current accounts	2,890,289	691,222
Cash on hand	–	46,350
Total	2,890,289	737,572

NOTE 17: REVENUE FROM OPERATIONS

(Amount in ₹)

	Current	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Sale of Service	37,294,920	18,390,085
Sale of Product	13,862,072	–
Total	51,156,992	18,390,085
a) Details of Products Sold		
Sample Designing Sale	13,862,072	–
	13,862,072	–
b) Details of Service Rendered		
Sourcing and Distribution Service	37,294,920	18,390,085
	37,294,920	18,390,085
c) Earnings in Foreign Exchange		
Sale of Service	37,294,920	18,390,085
	37,294,920	18,390,085
d) Prior Period Income		
Sale of Service	439,775	–
	439,775	–

NOTE 18: EMPLOYEE BENEFIT EXPENSE

(Amount in ₹)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries & Wages	24,676,369	12,121,840
Gratuity	143,132	–
Leave Encashment	53,863	–
Contribution to Provident and other fund	302,548	25,421
Staff Welfare Expenses	74,183	60,724
Total	25,250,094	12,207,985

NOTE 19: FINANCE COST

(Amount in ₹)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest Expense		
On Loan from Holding Company	632,709	514,996
On Vehicle Loan	189,285	–
Others	11,380	57,223
Total	833,374	572,219

NOTE 20: OTHER EXPENSES

(Amount in ₹)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Manufacturing Expenses	6,100,233	–
Power & Fuel	392,696	150,338
Rent	1,894,706	792,038
Rates & Taxes	69,507	174,945
– Building	–	47,190
– Others	235,766	63,145
Commission & Brokerage	–	131,110

SAP Expenses	**860,387**	–
Travel & Conveyance	**2,771,275**	1,052,746
Legal & Professional	**1,581,149**	378,656
Communication	**690,922**	304,697
Printing & Stationery	**80,384**	86,506
Advertisement & Sales promotion	**177,175**	–
Payment to Auditors (Refer Note below)	**955,060**	168,540
Foreign Exchange Fluctuation (Net)	**1,057,465**	193,216
Miscellaneous expenses	**679,759**	306,632
Total	**17,546,484**	3,849,759

a) Payment to Auditors **(Amount in ₹)**

	For the year ended March 31, 2014	For the year ended March 31, 2013
As Auditor:		
Statutory Audit Fee	**650,000**	100,000
Tax Audit Fee	**100,000**	25,000
Others	**100,000**	25,000
Service Tax	**105,060**	18,540
	955,060	168,540

b) Prior Period Expenses

Legal and Profession	**83,333**	–
	83,333	–

NOTE 21: DISCLOSURE OF RELATED PARTIES/ RELATED PARTIES TRANSACTIONS:

A. Name of the Related Parties and description of relationship

Nature of Relationship	Name of the Concern
Holding Company	Pearl Global Industries Limited
Subsidiary Company	Multinational Textile Group Limited

Note: Pursuant to the scheme of demerger, Multinational Textile Group Limited has become the susidiary of the company for the year ended March 31, 2014 & also for the financial year ended March 31, 2013.

B. Disclosure of Related Parties Transactions (includes all material transactions):

(i) Holding Company

(Amount in ₹)

Particulars	March 31, 2014	March 31, 2013
Loan Received	**–**	10,000,000
Loan Repaid	**10,000,000**	–
Interest Expense	**632,709**	–
Closing Balance (Payable)	**35,276,455**	–

(ii) Subsidiary Company

(Amount in ₹)

Particulars	March 31, 2014	March 31, 2013
Service Income	**37,294,920**	18,390,085
Advance received for services to be rendered	**9,476,889**	–
Closing Balance [Recoverable/ (Payable)]	**(9,476,889)**	4,920,485

C. Scheme of Arrangement

During the current year, consequent upon sanction of "Scheme of Arrangement" (the Scheme), for demerger of the Sourcing, Distribution and Marketing Business ('Demerged Undertaking') of Pearl Global Industries Limited ('Transferor Company') into the Company, as approved by the Hon'ble High Court of Delhi vide its Order dated March 10, 2014 u/s 394(2) of the Companies Act, 1956 and subsequent filing of said Order with the Registrar of Companies, NCT of Delhi & Haryana on May 13, 2014 being the `Effective Date`, the financial statements of the Company have been prepared in accordance with the relevant clauses of the Scheme as under:-

i) The demerger has been accounted for under the "pooling of interest" method as prescribed by the Accounting Standard (AS-14) of the Company (Accounting Standards) Rules, 2006. Accordingly, for the year ended March 31, 2014, all assets and liabilities of the 'Demerged Undertaking' have been transferred to the Company at the book values with effect from April 01, 2012 being the 'Appointed Date' resulting into creation of 'Share Capital Suspense Account' by ₹ 2,599.67 Lacs and 'Capital Reserve' by ₹ 8,078.07 Lacs. Further, there are no differences in the accounting policies of the Company and as followed by the transferor Company; hence no adjustments have been made.

ii) The scheme interalia provided for issuance of six fully paid up equity shares of ₹ 10 each to the shareholders of the Transferor Company for every five fully paid up equity shares of ₹10 each held in the Transferor Company.

iii) In effect of above, the financial results of the Company for the current year includes the transactions of 'Demergerd Undertaking' as under:

(Amount in ₹)

Particulars	For the Financial year 2013-14 (Refer sub note 'a' below)	For the Financial year 2012-13 (Refer sub note 'b' below)
Total Revenue	138.62 Lacs	113.23 Lacs
Profit/ (loss) before tax	(174.82) Lacs	(181.03) Lacs
Profit/ (loss) after tax	(120.80) Lacs	(123.69) Lacs

a) The financial results for the financial year 2013-14 are included in Statement of Profit & Loss of the Company.

b) The financial results for the financial year 2012-13 are included directly in Reserves & Surplus of the Company.

c) As a result of above, the figures for the current year are not comparable with those of the previous year ended March 31, 2013.

iv) Transactions with the holding company as per the scheme of Demerger:

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the Financial ended March 31, 2013
Transfer of Indirect Expenses	**5,552,560**	–
Transfer of Manufacturing Expenses	**6,100,233**	–
Transfer of Sample Designing Sale	**13,862,072**	–
Transfer of Tax Expense (Deferred Tax)	**5,401,824**	–
Transfer of Fixed Assets	**129,289,571**	–
Transfer of Accumulated Depreciation	**71,400,849**	–
Transfer of Capital Advances	**16,268,297**	–
Transfer of Capital Work in Progress	**23,145,409**	–
Transfer of Reserves & Surplus	**1,055,404,700**	–
Transfer of Investments	**1,005,025,338**	–
Transfer of Deferred Tax Liabilities	**2,354,263**	–
Transfer of Current Liabilities	**1,694,551**	–
Transfer of Current Assets	**41,909**	–
Closing Balance	**35,276,455**	–

NOTE 22: LEASES

Asset Taken on Lease

The company has taken immoveable property located in Bangalore on cancellable lease in August 2012 and has debited ₹ 1,894,706 (March 31, 2013 : ₹ 792,038) to the Statement of profit and loss during the year; including rent recognized on straight line basis of ₹ 73,800 (March 31, 2013 : Nil) in pursuance of Para-23 of Accounting Standard- 19" Leases" issued by Companies Accounting Standard Rules 2006.

NOTE 23: EARNINGS PER SHARE

Particulars		For the year ended March 31, 2014	For the year ended March 31, 2013
Profit /(Loss) attributable to the equity shareholders	(A)	**(9,499,216)**	1,125,985
Basic/weighted average no. of equity shares outstanding during the period	(B)	**50,000**	50,000
Potention equity shares pursuant to scheme of Demerger [Refer Note 2(a)]	(C)	**25,996,724**	–
Total share outstanding for the pur poses of Dilutive Earning per share	(D)=(B+C)	**26,046,724**	50,000
Nominal value of Equity shares (₹)	(E)	**10**	10
Basic Earning per share (₹)	(F) = (A/B)	**(189.98)**	22.52
Diluted Earning per share (₹)	(F) = (A/B)	**(189.98)**	22.52

a) Since diluted earings per share is increasing when taking the potential equity shares into account, therefore shares under suspense account (pendng allotment) are anti dilutive and are ignored in the calculation of diluted eanings per share for the year ended March 31, 2014.

NOTE 24: In view of the management, the current assets have a value on realization in the ordinary course of business at least equal to the amount, at which they are stated in the Balance Sheet as at March 31, 2014.

NOTE 25: For the year ended March 31, 2014, the company has identified geographical segments as its primary segments and business segments as its secondary segments:

(Amount in ₹)

A. Geographical Segment			
Particulars	**Asia Continent**	**Africa Continent**	**Total**
Segment Revenue	**13,862,072**	37,294,920	51,156,992
Segment Sales	**13,862,072**	37,294,920	51,156,992
Total Segment Revenue	**13,862,072**	37,294,920	51,156,992
Total Revenue of each segment as a percentage of total revenue of all segment	**27.10**	72.90	100.00
Total Segment Profit	**(17,481,632)**	3,767,369	(13,714,263)
Depreciation	**19,690,911**	21,241,303	40,932,214
Total Segment Result before Interest & Taxes/Extraordinary items	**(17,481,632)**	4,600,743	(12,880,889)
Total EBIT of each segment as a percentage of total EBIT of all segment	**(135.72)**	35.72	(100)
Net Financing Cost	**–**	833,374	833,374
Income Tax Expense	**5,401,824**	(1,186,777)	4,215,047
Profit/ (loss) for the year	**(12,079,808)**	2,580,592	(9,499,216)
Segment Assets	**1,082,678,764**	20,503,515	1,103,182,280
Segment Assets as a percentage of total assets of all segments	**98.14**	1.86	100
Segment Liabilities	**39,325,270**	16,452,281	55,777,551
Segment Liabilities as a percentage of total liabilities of all segments	**70.50**	29.50	100
Segment Capital Employed	**1,043,353,495**	4,051,234	1,047,404,729
Segment Capital Employed as a percentage of Total capital employed of all segments	**99.61**	0.39	100
Capital Expenditure	**–**	9,874,934	–
Depreciation for the year	**19,690,911**	21,241,303	40,932,214

Note: There are no inter segment sales and other incomes in the geographical segment reported above.

B. Business Segment			**(Amount in ₹)**
Particulars	**Sampling & Distribution**	**Service**	**Total**
Segment Revenue	13,862,072	37,294,920	51,156,992
External Sales	13,862,072	37,294,920	51,156,992
Total Segment Sales	13,862,072	37,294,920	51,156,992
Total Segment Revenue	13,862,072	37,294,920	51,156,992
Total Revenue of each segment as a percentage of total revenue of all segment	27.10	72.90	100
Segment Result EBIDTA	(12,079,808)	3,413,966	(8,665,842)
Total EBIDTA of each segment as a total EBIDTA	139.40	(39.40)	100
Depreciation for the year	19,690,911	21,241,303	–
Total Segment Result before Interest & Taxes/Extraordinary items	(17,481,632)	4,600,743	(12,880,889)
Total EBIT of each segment as a percentage of total EBIT of all segment	(135.72)	35.72	(100.00)
Net Financing Cost	–	833,374	833,374
Income Tax Expenses	5,401,824	(1,186,777)	4,215,047
Profit/ (loss) for the year	(12,079,808)	2,580,592	(9,499,216)

B. Business Segment (Contd.)			(Amount in ₹)
Particulars	**Sampling & Distribution**	**Service**	**Total**
Segment Assets	1,082,678,764	20,503,515	1,103,182,280
Segment Assets as a percentage of total assets of all segments	98.14	1.86	100
Segment Liabilities	39,325,270	16,452,281	55,777,551
Segment Liabilities as a percentage of total liabilities of all segments	70.50	29.50	100
Segment Capital Employed	1,043,353,495	4,051,234	1,047,404,729
Segment Capital Employed as a percentage of total capital employed of all segments	99.61	0.39	100
Capital Expenditure	–	9,874,934	–
Depreciation for the year	19,690,911	21,241,303	40,932,214

NOTE 25: There are no inter segment sales an other incomes in the business segment reported above.

NOTE 26: The balances of trade payables & trade receivables are subject to confirmation as on March 31 2014.

NOTE 27: The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in process of updating the documentation for the International transactions entered into with the associated enterprises during the period as required under law. The Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

NOTE 28: The figures are rounded off to the nearest rupee.

NOTE 29: Previous year figures have been regrouped & reclassified whereever necessary.

For & on behalf of the Board of Directors

(DEEPAK SETH)	**(PAYEL SETH)**
Director	Director
DIN 00003021	DIN No.00003035

Place : New Delhi
Dated : 26 May, 2014

Statement Regarding Subsidiary Companies Pursuant to Section 212 (3) and 212 (3) and 212 (5) of Companies Act, 1956								
Name of the Subsidiary Company	Country	Financial Year to which accounts relates	Holding Co's Interest as at close of financial year of subsidiary company		Net aggregare amount of subsidiary company's profits after deducting its losses or vice-versa, so far as it concerns members of Holding company which are not dealt within the company's account		Net aggregate amount of subsidiary company profit after deducting its losses or vice-versa, dealt within the company's accounts	
			Share Holding	Extent of Holding	For the current financial year Profit/ (Loss) Amount	For the previous financial year Profit/(Loss) Amount	For the current financial year Profit/(Loss) Amount	For the previous financial year Profit/(Loss) Amount
Overseas:								
Multinational Textile Group Limited	Mauritius	2013-14	21,948,270 Equity Shares of USD 1 each fully paid up	100%	949,226 USD	(55,332) USD	-	-
PG Group Limited #	HK	2013-14	510,000 ordinary shares of USD 1 each	51%	876,536 USD	512,200 USD	-	-
PG Home Group Limited #	HK	2013-14	225,000 ordinary shares of USD 1 each	90%	253,859 USD	237,027 USD	-	-
Pearl GES Home Group SPA #	Chile	2013-14	1,000 shares without par value	100%	(43,996,110) ChD	91,855,595 ChD	-	-
Casa Forma Limited	UK	2013-14	250,000 Ordinary shares of GBP 1 each	100%	(142,376) GBP	106,025 GBP	-	-
PDS Asia Star Corporation Ltd.	Hong Kong	2013-14	180,000 Ordinary shares of USD 1 each	60%	(7,735,219) HKD	(3,363,259) HKD	-	-
SACB Holdings Limited #	Mauritius	2013-14	25,500 Ordinary shares of USD 1 each	51%	13,107 USD	(8,659) USD	-	-
DPOD Manufacturing Ltd	Hong Kong	2013-14	500,000 Ordinary shares of USD 1 each	60%	385,508 HKD	-	-	-
Simple Approach Limited #	HK	2013-14	187,500 Ordinary Shares of USD 1 each	75%	996,543 HKD	11,700,955 HKD	-	-
Simple Approach (Canada) Limited #	Canada	2013-14	100 Common Shares without par value	100%	102,096 USD	117,724 USD	-	-
Zamira Fashion Limited #	Hong Kong	2013-14	167,500 shares of US$ 1 each	67%	2,558,271 HKD	(1,997,795) HKD	-	-
Nor Delhi Manufacturing Limited	Hong Kong	2013-14	200,000 Ordinary shares of HKD 1 each	100%	2,015,879 HKD	(556,753) HKD	-	-
Global Textile Group Limited #	Mauritius	2013-14	3,987,266 Equity Shares of USD 1 each fully paid up	100%	22,706 USD	63,646 USD	-	-
Poeticgem Limited #	UK	2013-14	50,000 Equity Shares of GBP 1 each fully paid up	100%	1,186,683 GBP	277,390 GBP	-	-
FX Import Company Limited #	UK	2013-14	18,900 ordinary shares of 1 Pound each	75%	225,855 GBP	(284,914) GBP	-	-
FX Import Hong Kong Ltd. #	Hong Kong	2013-14	10,000 ordinary shares of HKD 1 each	100%	1,052,821 HKD	1,002,798 HKD	-	-
Pacific Logistics Limited #	UK	2013-14	10,000 Equity Shares of GBP 1 each fully paid up	100%	15,805 GBP	63,437 GBP	-	-
Poetic Knitwear Ltd. #	UK	2013-14	100 ordinary shares of GBP 1 each	100%	(2,062) GBP	133 GBP	-	-
Razamtazz Limited #	Mauritius	2013-14	1 Ordinary shares of GBP 1 each	100%	(254,593) GBP	(210,915) GBP	-	-
Norwest Industies Limited #	Hong Kong	2013-14	3,400,000 Equity Shares of USD 1 each fully paid up	85%	10,449,502 HKD	74,238,279 HKD	-	-
Hangzhou Grand Pearl Trading Ltd.	China	2013-14	150,000 USD Total 10,23,675 RMB Yuan	100%	(71,779) RMB YUAN	71,193 RMB YUAN	-	-
Nor Lanka Manufacturing Ltd. #	Hong Kong	2013-14	10,000 shares of HKD 1 each	100%	15,339,220 HKD	32,774,122 HKD	-	-
Nor Lanka Manufacturing Colombo Ltd	Colombo	2013-14	6,442,700 Ordinary shares of 1 each	100%	(261,905) USD	(139,897) USD	-	-
Nor India Manufacturing Company Ltd.	Hong Kong	2013-14	10,000 Ordinary shares of USD 1 each	100%	7,127,869 HKD	3,271,531 HKD	-	-
Spring Near East Manufacturing Company Ltd.	Hong Kong	2013-14	130,000 Ordinary shares of USD 1 each	65%	6,671,172 HKD	(261,071) HKD	-	-
Sino West Manufacturing Company Ltd.	Hong Kong	2013-14	10,000 Ordinary shares of USD 1 each	100%	(5,519,437) HKD	(6,076,437) HKD	-	-
Gem Australia Manufacturing Company Ltd.	Hong Kong	2013-14	100,000 Ordinary shares of USD 1 each	100%	(4,415,406) HKD	(9,619,874) HKD	-	-
Nor Europe Manufacturing Company Ltd.	Hong Kong	2013-14	7,000 Ordinary shares of USD 1 each	70%	(5,333,772) HKD	(3,036,051) HKD	-	-
Designed & Sourced Ltd.	Hong Kong	2013-14	120,000 Ordinary shares of USD 1 each	60%	(11,017,776) HKD	(4,324,190) HKD	-	-
Kleider Sourcing Hong Kong Ltd.	Hong Kong	2013-14	5,500 Ordinary shares of USD 1 each	55%	370,414 HKD	-	-	-
Poeticgem International Ltd	Hong Kong	2013-14	10,000 Ordinary shares of USD 1 each	100%	(81,105) HKD]	-	-	-
Nor France Manufacturing Ltd	Hong Kong	2013-14	75,000 Ordinary shares of USD 1 each	75%	(4,588,008) HKD	(1,294,966) HKD	-	-

For & on behalf of the Board of Directors

(DEEPAK SETH)
Director
DIN 00003021

(PAYEL SETH)
Director
DIN No.00003035

Place : New Delhi
Date : 26 May, 2014

Multinational Textile Group Limited

DIRECTORS' REPORT

The directors are pleased to present their report together with the audited financial statements of Multinational Textile Group Limited (the "Company") for the year ended 31 March 2014.

Principal activity

The principal activity of the Company is the holding of investments.

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 (2013: NIL).

Statement of Directors' responsibilities in respect of the financial statements

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

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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.

Auditors

The auditors, Lancasters Chartered Accountants, have indicated their willingness to continue in office and will be automatically reappointed at the Annual Meeting.

By order of the Board of Directors

Sd/-

Director

Date: 23 May 2014

STATEMENT FROM SECRETARY FOR THE YEAR ENDED 31 MARCH 2014

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

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

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

Sd/-
Company secretary

Date : 23 May, 2014

AUDITORS' REPORT TO THE SHAREHOLDER OF MULTINATIONAL TEXTILE GROUP LIMITED

Report on the Financial Statements

We have audited the financial statements of Multinational Textile Group Limited, which comprise the statement of financial position at 31 March 2014, and the statements of profit or loss and other comprehensive income, the statements 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 shareholders, 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 Audition. 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 misstatements.

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 statement, whether due to fraud or error. In making those risks 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 managements, 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 on pages 6 to 36 give a true and fair view of the financial position of the Company at 31 march 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comly with the Mauritius Companies Act 2001.

Report on Other Legal and Regulatory Requirements

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.

Sd/-
Lancasters — **Pasram Bissessur FCCA, MBA (UK)**
Chartered Accountants — Licensed by FRC
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius
Date: 23 May 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 USD	2013 USD
Revenue	6	**6,156,774**	6,847,401
Expenses		**(5,316,326)**	(6,987,783)
Profit/(loss) from operating activities		**840,448**	(140,382)
Finance income	7	**188,635**	95,457
Finance costs	7	**(69,686)**	(10,407)
Net finance income	7	**118,949**	85,050
Profit/(loss) before taxation		**959,397**	(55,332)
Taxation	8	**(10,171)**	–
Profit/(loss) for the year		**949,226**	(55,332)
Other comprehensive income		**–**	–
Total comprehensive income/(loss) for the year		**949,226**	(55,332)

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

	Notes	2014 USD	2013 USD
Assets			
Investments	9	**15,950,535**	15,867,136
Receivables	10	**3,023,818**	3,323,818
Total non-current assets		**18,974,353**	19,190,954
Other receivables	11	**4,948,701**	2,439,927
Tax receivable	8	**2,525**	–
Cash and cash equivalents		**403,901**	472,565
Total current assets		**5,355,127**	2,912,492
Total assets		**24,329,480**	22,103,446
Equity			
Stated capital	12	**21,948,270**	21,948,270
Revenue deficit		**(43,495)**	(992,721)
Total equity		**21,904,775**	20,955,549

Liabilities			
Current liabilities			
Loan from holding company	13	**1,000,000**	–
Other payables	14	**1,424,705**	1,147,897
Total current liabilities		**2,424,705**	1,147,897
Total liabilities		**2,424,705**	1,147,897
Total equity and liabilities		**24,329,480**	22,103,446

Approved by the Board of Directors on 23 May 2014 and signed on its behalf by

Sd/-
Director

Sd/-
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Stated capital USD	Revenue deficit USD	Total USD
Balance at 01 April 2012	21,948,270	(937,389)	21,010,881
Total comprehensive loss for the year			
Loss for the year	–	(55,332)	(55,332)
Balance at 31 March 2013	21,948,270	(992,721)	20,955,549
Total comprehensive income for the year			
Profit for the year	–	949,226	949,226
Balance at 31 March 2014	**21,948,270**	**(43,495)**	**21,904,775**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	2014 USD	2013 USD
Cash flows from operating activities		
Profit/(loss) before taxation	**959,397**	(55,332)
Adjustments for:		
Dividend received	**(1,700,000)**	(1,700,000)
Interest received	**(188,635)**	(95,457)
Gain on buy back	**–**	(81,235)
Interest on loan	**56,767**	–
Debtor's written off	**25,371**	–
Investment written off	**253,447**	–
	(593,653)	(1,932,024)
Change in other receivables	**662,669**	(1,550,627)
Change in other payables	**276,808**	(1,605,114)
Net cash from/(used in) operating activities	**345,824**	(5,087,765)
Cash flows from investing activities		
Interest received	**58,608**	95,457
Proceeds from buyback of investment	**–**	1,865,525
Share application monies	**(69,750)**	–
Acquisition of investments	**(336,846)**	(180,000)
Dividend received	**1,700,000**	1,700,000
Net cash from investing activities	**1,352,012**	3,480,982
Cash flows from financing activities		
Repayment of loan by subsidiaries	**370,000**	484,790
Loan received from subsidiaries	**–**	500,000
Repayment of loan by related parties	**398,046**	1,730,000
Loans advanced to related parties	**(2,510,400)**	(50,000)
Loans advanced to subsidiaries	**(1,024,146)**	(1,097,181)
Loan from holding company	**1,000,000**	–
Net cash (used in)/from financing activities	**(1,766,500)**	1,567,609
Net movement in cash and cash equivalents	**(68,664)**	(39,174)
Cash and cash equivalents at 01 April	**472,565**	511,739
Cash and cash equivalents at 31 March	**403,901**	472,565

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. General information

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

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

2. Basis of preparation

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements.

(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 that financial assets and financial liabilities are fair valued.

(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.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange of differences arising thereon are dependent on the functional currency selected. As described in 2(c), the directors have considered those factors therein and have determined that the functional currency of the Company is USD.

(d) *Use of estimates and judgements*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

3. Significant accounting policies

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

Revenue recognition

Revenue is recognised in the statement of profit or loss and other comprehensive income 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).
- Management fees, Professional fees income, corporate service fees income and consultancy fees income - are accounted for as it accrues.

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.

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.

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary terms is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Impairment of assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis.

All impairment is recognised in the statement of profit or loss and other comprehensive income. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the statement of profit or loss and other comprehensive income.

An impairment is reversed if the reversal can be related objectively to an event occurring after the impairment was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised directly in the statement of profit or loss and other comprehensive income. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Investments

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. The investments are measured at fair value and changes therein, other than impairment and foreign exchange gains and losses are recognised directly in equity.

Non-derivative financial assets

Financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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 on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables, held to maturity investments and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprises of 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.

Receivables and other receivables

Receivables and other receivables are stated at amortised cost.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets and 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 on a net basis or to realise the asset and settle the liability simultaneously.

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

Other payables

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

Loan from holding company

Loan from holding company is recognised initially at fair value, net of transaction costs incurred. Loan from holding company is 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.

Stated capital

Ordinary shares

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

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 of common significant influence.

Expenses

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

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.

New and revised IFRSs applicable for the first time

During the current year, the following new and revised IFRSs shall come into effect for the first time. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	Summary of requirement
IFRS 10 - Consolidated financial statements	IFRS 10 changes the definition of control, such that the same consolidation criteria will apply to all entities. The revised definition focuses on the need to have both "power" and "variable returns" for control to be present. Power is the current ability to direct the activities that significantly influence returns. Variable returns can be positive, negative or both. The determination of power is based on current facts and circumstances (including substantive potential voting rights) and is continuously assessed. An investor with more than half the voting rights would meet the power criteria in the absence of restrictions or other circumstances. However, an investor could have power over the investee even when it holds less than the majority of the voting rights in certain cases. IFRS 10 provides guidance on participating and protective rights, and brings the notion of "de facto" control firmly within the guidance. The standard also requires an investor with decision making rights to determine if it is acting as a principal or an agent and provides factors to consider. If an investor acts as an agent, it would not have the requisite power and, hence, would not consolidate.
IFRS 11 - Joint arrangements	IFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as it is currently the case). It: 1) distinguishes joint arrangements between joint operations and joint ventures; and 2) always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation.
IFRS 12 - Disclosure of interest in other entities	IFRS 12 sets out the required disclosures for entities reporting under IFRS 10 and IFRS 11. The objective of IFRS 12 is to require entities to disclose information that helps financial statement readers to evaluate the

	nature, risks, and financial effects associated with the entity's involvement with subsidiaries, associates, joint arrangements, and unconsolidated structured entities. Specific disclosures include the significant judgments and assumptions made in determining control as well as detailed information regarding the entity's involvement with these investees.
IFRS 13 - Fair Value Measurement	IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. IFRS 13 defines fair value as 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, i.e. an exit price.
IAS 19 - Employee benefits (Amendments)	Requires the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasure-ments in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19); Introduces enhanced disclosures about defined benefit plans; Modifies accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits; and Clarifies various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features.
IAS 27 - Separate financial statements 2011	The standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments.
IAS 28 - Investments in Associates and Joint Ventures (2011)	IFRS 5 applies to an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not re-measure the retained interest.
Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)	The amendments: 1) require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; 2) do not change the existing option to present profit or loss and other comprehensive income in two statements; and 3) change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, the entity is still allowed to use other titles. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.
Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	The amendments require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.
IFRIC 20 Stripping Costs Production Phase of a Surface Mine	The interpretation clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, and subsequent measurement. Requires stripping activity costs which provide improved access to and are recognised as a non-current 'stripping activity asset' when certain criteria are met. The stripping activity asset is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity, using the units of production method unless another method is more appropriate.

New Standards, Interpretations and amendments to published standards not yet effective

The IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2014 and which have not been early adopted in these financial statements.

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application.

These statements, where applicable, will be applied in the year when they are effective.

Standard/Interpretation	Effective date
IFRS 9 Financial Instruments (2009)	To be confirmed
IFRS 9 Financial Instruments (2010)	To be confirmed
IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (2013)	To be confirmed
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	Annual periods beginning on or after 1 January 2014*
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	Annual periods beginning on or after 1 January 2014*
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	Annual periods beginning on or after 1 January 2014*
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	Annual periods beginning on or after 1 January 2014*
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	Annual periods beginning on or after 1 July 2014*
Annual Improvements 2010-2012 Cycle	Annual periods beginning on or after 1 July 2014*
Annual Improvements 2011-2013 Cycle	Annual periods beginning on or after 1 July 2014*
IFRIC 21 Levies	Annual periods beginning on or after 1 January 2014*

*All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

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IFRS 9 Financial Instruments (2009)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss
- The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

IFRS 9 Financial Instruments (2010)

A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss - in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (2013)

A revised version of IFRS 9 which:

- Introduces a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- Permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss
- Removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amends IAS 32 Financial Instruments: Presentation to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- the application of simultaneous realisation and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

Amends IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to:

- provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement
- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries
- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

Amends IAS 39 Financial Instruments: Recognition and Measurement to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Annual Improvements 2010-2012 Cycle

Makes amendments to the following standards:

- IFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'
- IFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date
- IFRS 8: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly
- IFRS 13: Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)
- IAS 16 and IAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount
- IAS 24: Clarify how payments to entities providing management services are to be disclosed

Annual Improvements 2011-2013 Cycle

Makes amendments to the following standards:

- IFRS 1 - Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only)
- IFRS 3 - Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself
- IFRS 13 - Clarify the scope of the portfolio exception in paragraph 52
- IAS 40 - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

IFRIC 21 Levies

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognised progressively if the obligating event occurs over a period of time.
- If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

4. Determination of fair values

The Company's accounting policies and disclosures requires the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Receivables and other receivables

The fair value of receivables and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. Financial risk management

Introduction and preview

Financial instruments carried on the statement of financial position include receivables, 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 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.

- *Interest rate risk*

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

- Price risk

  The Company is not exposed to commodity price risk.

- Currency risk

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

Currency profile

	Financial assets 2014 USD	**Financial liabilities 2014 USD**	**Financial assets 2013 USD**	**Financial liabilities 2013 USD**
USD	**7,617,719**	**2,008,097**	5,012,346	731,289
GBP	**1,079,024**	**416,608**	1,543,824	416,608
	8,696,743	**2,424,705**	6,556,170	1,147,897

A 10 % strengthening of USD against the GBP at 31st March 2014 would have increased net loss before tax by USD 66,242 (2013: USD 112,722). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis in 2013.

Sensitivity Analysis:

Currency	**2014 USD**	2013 USD
GBP	**66,242**	112,722

Similarly a 10 percent weakening of the USD against the GBP at 31st March 2014 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.

Exposure to credit risk

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

	2014 USD	2013 USD
Investments	**321,001**	320,600
Receivables	**3,023,818**	3,323,818
Other receivables	**4,948,023**	2,439,187
Cash and cash equivalents	**403,901**	472,565
	8,696,743	6,556,170

Liquidity risk

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

31 March 2014	**Within one year USD**	**One to five years USD**	**Total USD**
Financial liabilities			
Loan from holding company	**1,000,000**	–	1,000,000
Other payables	**1,424,705**	–	1,424,705
Total Financial liabilities	**2,424,705**	–	2,424,705
31 March 2013	USD	USD	USD
Financial liabilities			
Other payables	**1,147,897**	–	1,147,897

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	Carrying amount 2014 USD	**Fair value 2014 USD**	**Carrying Amount 2013 USD**	**Fair value 2013 USD**
Financial Assets				
Investments	**321,001**	**321,001**	320,600	320,600
Receivables	**3,023,818**	**3,023,818**	3,323,818	3,323,818
Other receivables	**4,948,023**	**4,948,023**	2,439,187	2,439,187
Cash and cash equivalents	**403,901**	**403,901**	472,565	472,565
Total Financial Assets	**8,696,743**	**8,696,743**	6,556,170	6,556,170
Financial Liabilities				
Loan from holding company	**1,000,000**	**1,000,000**	–	–
Other payables	**1,424,705**	**1,424,705**	1,147,897	1,147,897
Total Financial Liabilities	**2,424,705**	**2,424,705**	1,147,897	1,147,897

6. Revenue

Revenue represents:

	2014 USD	2013 USD
Management fees income	**3,523,075**	3,239,169
Dividend received	**1,700,000**	1,700,000
Professional fees income	**933,699**	1,581,997
Corporate service fees income	**–**	125,000
Consultancy fees income	**–**	120,000
Gain on buy back	**–**	81,235
	6,156,774	6,847,401

7. Net finance income

	2014 USD	2013 USD
Finance Income		
Interest Income	**188,635**	95,457
Finance Costs		
Interest on Borrowings	**(56,767)**	–
Loss on Foreign exchange	**(12,919)**	(10,407)
	(69,686)	(10,407)
Net finance income	**118,949**	85,050

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8. Taxation

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

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

Recognised in statement of profit or loss and other comprehensive income

	2014 USD	2013 USD
Current year tax expense	**10,171**	–

Reconciliation of effective taxation

	2014 USD	2013 USD
Profit/(loss) before taxation	**959,397**	(55,332)
Income tax at 15%	**143,910**	(8,300)
Non deductible expense	**43,727**	
Exempt income	**–**	(12,185)
Foreign tax credit	**(150,110)**	16,388
Deferred tax assets not recognised	**(27,356)**	4,097
	10,171	–

Current tax asset	2014 USD	2013 USD
Balance at 01 April	**–**	–
Current year tax expense	**10,171**	–
Tax paid during the year	**(12,696)**	–
Balance at 31 March	**(2,525)**	–

9. Investments

Investments consist of unquoted shares in subsidiaries and other investment.

Investment in subsidiaries

	2014 USD	2013 USD
Cost		
At 01 April	**15,546,536**	17,150,826
Additions during the year	**336,446**	180,000
Write off during the year	**(253,447)**	–
Buyback during the year	**–**	(1,784,290)
At 31 March	**15,629,535**	15,546,536

Other investment

	2014 USD	2013 USD
Cost		
At 01 April	**320,600**	320,600
Additions during the year	**400**	–
At 31 March	**321,000**	320,600
Total cost of investment	**15,950,535**	15,867,136

Name of company	Type of shares	Number of shares	2014 % held	2013 % held	Country of incorporation
Subsidiaries					
Global Textiles Group Limited	Equity	5,771,556	100%	100%	Mauritius
SACB Holdings Limited	Equity	25,500	51%	51%	Mauritius
Norwest Industries Limited	Equity	1,020,000	85%	85%	Hong Kong
Zamira Fashions Limited	Equity	167,500	67%	67%	Hong Kong
PG Group Limited	Equity	510,000	51%	51%	Hong Kong
Simple Approach Ltd	Equity	187,500	75%	75%	Hong Kong
Simple Approach Ltd	Preference	3,190,000	100%	100%	Hong Kong
Nor Delhi Manufacturing Limited	Equity	2,000,000	100%	100%	Hong Kong
Casa Forma Limited	Equity	250,000	100%	100%	United Kingdom
Mahidhulu Investments Limited	Equity	1	100%	100%	Mauritius
Propur Investments Limited	Equity	1	100%	100%	Mauritius
PDS Asia Star Corporation Limited	Equity	180,000	60%	60%	Hong Kong
DPOD Manufacturing Limited	Equity	60,000	60%	–	Hong Kong
Poeticgem International Limited	Equity	10,000	100%	–	Hong Kong
Multinational OSG Service Bangladesh Limited	Equity	13,000	97%	–	Bangladesh
Nahata Ltd	Equity	–	–	100%	United Kingdom
Other investments					
Juhu Exchange Limited	Preference	200,000	1.83%	2.17%	Mauritius
Juhu Exchange Limited	Equity	2,518	3.95%	–	Mauritius

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

	2014 USD	2013 USD
Loan to subsidiaries	**2,523,818**	2,823,818
Loan to related parties	**500,000**	500,000
	3,023,818	3,323,818

11. Other receivables

	2014 USD	2013 USD
Receivables from related parties	**2,749,669**	149,715
Receivables from subsidiaries	**1,554,551**	903,737
Interest receivable	**289,234**	159,207
Management fees receivable	**161,279**	857,578
Professional fees receivable	**123,540**	248,950
Share application monies	**69,750**	–
Prepaid expenses	**678**	740
Consultancy fees receivable	**–**	120,000
	4,948,701	2,439,927

12. Stated capital

	2014 USD	2013 USD
Stated capital		
21,948,270 ordinary shares of USD 1 each	**21,948,270**	21,948,270

All shares in issue are fully paid up.

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

13. Loan from holding company

	2014 USD	2013 USD
Interest bearing loan with repayment term in one year	**1,000,000**	–

14. Other payables

	2014 USD	2013 USD
Payable to subsidiaries	**934,509**	612,073
Management fees payable	**416,608**	416,608
Interest on loan	**56,767**	–
Non-trade payables and accrued expenses	**16,821**	32,302
Corporate service fees payable	**–**	86,914
	1,424,705	1,147,897

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.

Name of related companies:	Nature	2014 USD	2013 USD
PDS Asia Star Corporation Limited	Amount given	**(830,000)**	–
PDS Asia Star Corporation Limited	Management fees accrued	**(32,496)**	–
PDS Asia Star Corporation Limited	Management fees received	**32,496**	–
Techno Design GMBH	Share Application monies given	**(69,750)**	–
Global Textiles Group Limited	Loan received	**–**	500,000
Superb Mind Holdings Ltd	Advances repaid	**–**	(45,000)
Nor India Manufacturing Limited	Management fees accrued	**(50,004)**	(27,000)
Nor India Manufacturing Limited	Management fees received	**50,004**	34,500
Spring Near East Manufacturing Ltd	Management fees accrued	**(152,760)**	(94,043)
Spring Near East Manufacturing Ltd	Management fees received	**246,803**	7,500
Nor Lanka Manufacturing Limited	Management fees accrued	**(592,214)**	(370,451)
Nor Lanka Manufacturing Limited	Management fees received	**1,071,000**	–
Nor Lanka Manufacturing Limited	Marketing fees accrued	**(91,200)**	(384,000)
Nor Lanka Manufacturing Limited	Marketing fees received	**315,242**	850,000
Nor Europe Manufacturing Limited	Management fees accrued	**(60,252)**	(37,500)
Nor Europe Manufacturing Limited	Management fees received	**73,981**	18,750
Sino West Manufacturing Company Limited	Management fees accrued	**(26,880)**	(15,000)
Sino West Manufacturing Company Limited	Management fees received	**41,880**	–
Nor France Manufacturing Company Limited	Management fees accrued	**(11,376)**	–
Nor France West Manufacturing Company Limited	Management fees received	**11,376**	–
Seven Fortunes	Amount given	**(440)**	(235)
Priscilla Investment (Mauritius) Ltd	Loan given	**2,400,000**	–
Priscilla Investment (Mauritius) Ltd	Interest accrued	**(130,027)**	–
Priscilla Investment (Mauritius) Ltd	Amount received	**235**	–
Priscilla Investment (Mauritius) Ltd	Amount given	**–**	(235)
Priscilla Investment (Mauritius) Ltd	Consultancy fees accrued	**956,784**	–
Priscilla Investment (Mauritius) Ltd	Consultancy fees paid	**(956,784)**	–
Splendida Holdings Limited	Amount given	**(741)**	(244)
Razamtazz Limited	Amount given	**(94,469)**	(1,705,972)
Razamtazz Limited	Amount received	**397,802**	818,216
Pallas Holdings Limited	Loan transferred	**–**	(2,875)
Pallas Holdings Limited	Amount repaid	**–**	(24,522)
Pallas Holdings Limited	Interest transferred	**–**	(20,072)
SACB Holdings Limited	Advances given	**(191,463)**	(1,097,181)
SACB Holdings Limited	Advanced repaid	**70,000**	–
JSM Trading Limited	Loan repaid	**–**	(1,300,000)
JSM Trading Limited	Interest accrued	**–**	8,220
JSM Trading Limited	Interest repaid	**–**	(246,815)
GEM Australia Manufacturing Limited	Management fees accrued	**(15,000)**	–
GEM Australia Manufacturing Limited	Management fees received	**15,000**	–
Frou Holdings Limited	Amount given	**(14,741)**	–
Frou Holdings Limited	Interest accrued	**–**	(34,617)
Designed and Sourced Limited	Management fees accrued	**(16,248)**	–
Designed and Sourced Limited	Management fees received	**16,248**	–
Poeticgem Limited	Marketing fees accrued	**(802,653)**	(1,109,514)
Poeticgem Limited	Marketing fees received	**802,653**	985,974
Simple Approach Limited	Management fees accrued	**(202,260)**	(145,000)
Simple Approach Limited	Management fees received	**173,630**	72,500
Simple Approach Limited	Consultancy fees accrued	**–**	120,000
Simple Approach Limited	Consultancy fees received	**(120,000)**	–
Zamira Fashion Ltd	Management fees accrued	**(82,248)**	(45,000)
Zamira Fashion Ltd	Management fees received	**82,248**	70,000
Zamira Fashion Ltd	Loan repaid	**–**	(105,000)
Nor Delhi Manufacturing Limited	Management fees accrued	**(26,376)**	(28,752)
Nor Delhi Manufacturing Limited	Management fees received	**–**	59,160
Nor Delhi Manufacturing Limited	Amount transferred	**–**	(731)
PG Group limited	Loan repaid	**(300,000)**	(302,000)

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Name of related companies:	Nature	2014 USD	2013 USD
PG Group limited	Management fees accrued	**(28,428)**	(28,428)
PG Group limited	Management fees received	**28,428**	28,428
PG Group limited	Consultancy fees accrued	**28,131**	–
PG Group limited	Interest accrued	**(58,608)**	(44,868)
PG Group limited	Interest received	**58,608**	44,868
Norwest Industries Limited	Management fees accrued	**(2,376,000)**	(2,455,747)
Norwest Industries Limited	Management fees received	**2,574,000**	2,250,000
Norwest Industries Limited	Marketing fees accrued	**(39,846)**	(79,708)
Norwest Industries Limited	Marketing fees received	**53,550**	84,095
Global Textiles Group Limited	Amount received	**150,000**	–
Global Textiles Group Limited	Amount repaid	**(80,670)**	–
Global Textiles Group Limited	Management fees paid	**–**	(111,400)
JSMTrading Limited	Consultancy fees accrued	**3,000,000**	4,375,675
JSM Trading Limited	Consultancy fees paid	**(3,000,000)**	(4,420,996)
Pearl Global Industries Limited	Loan received	**1,000,000**	–
Pearl Global Industries Limited	Interest accrued	**56,767**	–
Pearl Global HK limited	Consultancy fees accrued	**301,830**	–
Pearl Global HK limited	Consultancy fees settled	**(301,830)**	–
Pearl Global HK limited	Advances repaid	**–**	(385,000)
Pearl Global HK limited	Interest accrued	**–**	7,753
Pearl Global HK limited	Interest repaid	**–**	(35,322)
PDS Multinational Fashion Limited	Corporate service fees accrued	**610,152**	336,914
PDS Multinational Fashion Limited	Corporate service fees paid	**(837,000)**	(250,000)
Casa Forma Limited	Management fees accrued	**(21,775)**	–
Casa Forma Limited	Management fees received	**21,775**	–
Casa Forma Limited	Loan repaid	**–**	(77,790)
Mahidhulu Investments Limited	Advances given	**(1,000)**	–
Propur Investments Limited	Advances given	**(1,683)**	–
Pallak Seth	Amount repaid	**–**	(533,531)
DPOD Manufacturing Limited	Capital contribution due	**60,000**	–
DPOD Manufacturing Limited	Management fees accrued	**(15,000)**	–
DPOD Manufacturing Limited	Management fees received	**15,000**	–
Faiza Seth	Amount repaid	**–**	(58,298)
Deepak Seth	Amount repaid	**–**	(152,583)
Frou Holdings Ltd	Loan receivable	**500,000**	500,000
PG Group limited	Loan receivable	**648,000**	948,000
Priscilla Investment (Mauritius) Ltd	Loan receivable	**2,400,000**	–
Frou Holdings Ltd	Interest receivable	**159,207**	159,207
Priscilla Investment (Mauritius) Ltd	Interest receivable	**130,027**	–

Name of related companies:	Nature	2014 USD	2013 USD
Frou Holdings Ltd	Amount receivable	**14,741**	–
Seven Fortunes	Amount receivable	**675**	235
Priscilla Investment (Mauritius) Ltd	Amount receivable	**–**	235
Splendida Holdings Limited	Amount receivable	**985**	244
Razamtazz Limited	Amount receivable	**584,423**	887,756
SACB Holdings Limited	Amount receivable	**1,638,703**	1,517,240
PDS Asia Star Corporation Limited	Amount receivable	**830,000**	–
Techno Design GMBH	Share application monies	**69,750**	–
Nor Lanka Manufacturing Limited	Management fees receivable	**–**	478,786
Nor Lanka Manufacturing Limited	Marketing fees receivable	**–**	125,410
Nor Lanka Manufacturing Limited	Marketing fees in advance	**98,632**	–
Nor Delhi Manufacturing Limited	Amount receivable	**8,042**	8,042
Nor Delhi Manufacturing Limited	Management fees receivable	**55,128**	28,752
Nor Europe	Management fees receivable	**5,021**	18,750
Sino West	Management fees receivable	**–**	15,000
Spring Near East manufacturing Limited	Management fees receivable	**–**	94,043
Simple Approach Limited	Management fees receivable	**101,130**	72,500
Simple Approach Limited	Consultancy fees receivable	**–**	120,000
Norwest Industries Limited	Management fees in advance	**48,253**	149,747
Norwest Industries Limited	Marketing fees in advance	**18,092**	4,388
Casa Forma Limited	Amount receivable	**358,578**	358,578
Poeticgem Limited	Marketing fees receivable	**123,540**	123,540
Poeticgem Limited	Management fees payable	**416,608**	416,608
PDS Multinational Fashion Limited	Corporate service fee payable	**–**	86,914
PDS Multinational Fashion Limited	Corporate service fee in advance	**139,934**	–
DPOD Manufacturing Limited	Amount payable	**60,000**	–
Nor Delhi Manufacturing Ltd	Loan payable	**112,069**	112,069
Mahidhulu Investments Limited	Amount receivable	**5,035**	4,035
Propur Investments Limited	Amount receivable	**5,588**	3,905
Pearl Global Industries limited	Loan payable	**1,000,000**	–
Pearl Global Industries limited	Interest payable	**56,767**	–
Premier Exim HK	Amount receivable	**53,333**	53,333
Global Textile Group Limited	Loan payable	**500,000**	500,000
Global Textile Group Limited	Amount payable	**69,330**	–
PG Group limited	Consultancy fees payable	**28,131**	–

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. **Consolidated financial statements**

These are separate financial statements of the Company as required by International Financial Reporting Standards (IFRS 10) - 'Consolidated Financial Statements and separate consolidated financial statements are prepared incorporating the assets, liabilities, income and expenses of the subsidiary companies which are available at the registered office of the Company.

18. **Holding company**

The Company is a wholly owned subsidiary of Pearl Global Industries Limited (formerly House of Pearl Fashions Ltd); a Company incorporated in India, with registered address A-3, Community Centre, Naraina Industrial Areas, Phase-II, New Delhi 110028.

19. **Event after reporting date**

In terms of the 'Scheme of Arrangement' between Pearl Global Industries Limited (Transferor Company) and PDS Multinational Fashions Limited (Transferee Company) sanctioned by Hon'ble High Court of Delhi vide its order dated March 10, 2014, a certified copy of which was issued on April 25, 2014 (the Scheme), and consequent upon scheme becoming effective on May 13, 2014 on its filing with the Registrar of Companies, the entire investments of the Transferor Company into Share Capital of the Multinational Textiles Group Limited shall be transferred to the Transferee Company. In view of above, the Company's ultimate holding company will be PDS Multinational Fashions Limited, a company incorporated in India with its shares shall to be listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

	2014 USD	2013 USD
Revenue		
Management fees income	**3,523,075**	3,239,169
Dividend received	**1,700,000**	1,700,000
Professional fees income	**933,699**	1,581,997
Corporate service fees income	**–**	125,000
Consultancy fees income	**–**	120,000
Gain on buy back	**–**	81,235
	6,156,774	6,847,401
Expenses		
Consultancy fees	**4,342,729**	6,572,300
Corporate service fees	**610,152**	336,914
Investment written off	**253,447**	–
Accounting fee	**27,600**	27,730
Debtor's written off	**25,371**	–
Audit fee	**24,700**	19,245
Professional fee	**19,528**	10,350
Bank charges	**4,301**	11,163
Administration fee	**2,875**	2,875
Sundry expenses	**2,790**	3,143
License fees	**2,133**	1,893
Telephone, fax and courier charges	**700**	2,170
	5,316,326	6,987,783
Profit/(loss) from operating activities	**840,448**	(140,382)
Net finance income	**118,949**	85,050
Profit/(loss) before taxation	**959,397**	(55,332)

PG Group Limited

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2014.

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 12 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 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 5 to 41.

The directors do not recommend the payment of any dividend in respect of the year.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 10 to the financial statements.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 22 to the financial statements and in the consolidated statement of changes in equity, respectively.

Directors

The directors of the Company during the year were:

Berstein Jauregui Sebastian Felipe
Deepak Kumar Seth
Guiloff Titelman Yariv (resigned on 30 April 2014)
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 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Directors' interests in contracts

No director had a material interest, either directly or indirectly, in any contract 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

Sd/-
Chairman

Hong Kong
16 May 2014

INDEPENDENT AUDITORS' REPORT

To the shareholders 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 (together, the "Group") set out on pages 5 to 41, which comprise the consolidated and company statements of financial position as at 31 March 2014, 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 141 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.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014, and of the Company's profit and the Group's profit 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.

Sd/-
Certified Public Accountants
Hong Kong
16 May 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS YEAR ENDED 31 MARCH 2014

	Notes	2014 US$	2013 US$
REVENUE	4	**33,774,544**	27,706,919
Cost of sales		**(27,196,699)**	(22,245,557)
Gross profit		**6,577,845**	5,461,362
Other income	4	**133,883**	145,903
Selling and administrative expenses		**(5,534,600)**	(4,755,985)
Finance costs	7	**(150,977)**	(135,025)
PROFIT BEFORE TAX	5	**1,026,151**	716,255
Income tax expense	8	**(133,237)**	(204,055)
PROFIT FOR THE YEAR		**892,914**	**512,200**
Attributable to:			
Owners of the parent	9	**866,194**	488,652
Non-controlling interests		**26,720**	23,548
		892,914	**512,200**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 MARCH 2014

	2014 US$	2013 US$
PROFIT FOR THE YEAR	**892,914**	**512,200**
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(16,378)**	(184)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(16,378)**	(184)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**876,536**	512,016
Attributable to:		
Owners of the parent	**851,150**	488,313
Non-controlling interests	**25,386**	23,703
	876,536	**512,016**

PG Group Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 31 MARCH 2014

	Notes	2014 US$	2013 US$
NON-CURRENT ASSETS			
Property, plant and equipment	10	**26,810**	47,283
Intangible assets	11	**4,837**	5,635
Prepayments and deposits	15	**27,235**	27,278
Deferred tax assets	18	**9,828**	–
Due from a director	20	**7,000**	7,000
Total non-current assets		**75,710**	87,196
CURRENT ASSETS			
Inventories	13	**795,274**	327,344
Trade and bills receivables	14	**2,752,013**	2,211,969
Prepayments and other receivables	15	**225,540**	140,279
Tax recoverable		**17,069**	–
Due from a fellow subsidiary	24(b)(i)	**–**	2,173
Due from a related company	19	**2,028,061**	232,126
Due from directors	20	**208,000**	404,000
Cash and cash equivalents		**819,564**	569,216
Total current assets		**6,845,521**	3,887,107
CURRENT LIABILITIES			
Trade and bills payables		**1,377,277**	426,811
Other payables, accruals and receipts in advance	16	**262,472**	559,312
Interest-bearing bank borrowings	17	**330,495**	235,253
Due to the immediate holding company	24(b)(ii)	**619,869**	948,000
Due to fellow subsidiaries	24(b)(i)	**2,203,687**	667,188
Tax payable		**374,609**	261,453
Total current liabilities		**5,168,409**	3,098,017
NET CURRENT ASSETS		**1,677,112**	789,090
Net assets		**1,752,822**	876,286
EQUITY			
Equity attributable to owners of the parent			
Issued capital	21	**1,000,000**	1,000,000
Reserves/(deficit in reserves)	22	**697,731**	(153,419)
		1,697,731	846,581
Non-controlling interests		**55,091**	29,705
Total equity		**1,752,822**	876,286

Sd/-
Director

Sd/-
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 MARCH 2014

	Issued capital US$	Exchange reserve US$	Accumulated losses US$	Total equity attributable to owners of the parent US$	Non-controlling interests US$	Total US$
At 1 April 2012	1,000,000	(39,845)	(601,887)	358,268	6,002	364,270
Profit for the year	–	–	488,652	488,652	23,548	512,200
Other comprehensive loss for the year:						
Exchange difference on translation of foreign operations	–	(339)	–	(339)	155	(184)
Total comprehensive income for the year	–	(339)	488,652	488,313	23,703	512,016
At 31 March 2013 and at 1 April 2013	1,000,000	(40,184)*	(113,235)*	846,581	29,705	876,286
Profit for the year	–	–	866,194	866,194	26,720	892,914
Other comprehensive loss for the year:						
Exchange difference on translation of foreign operations	–	(15,044)	–	(15,044)	(1,334)	(16,378)
Total comprehensive income for the year	–	(15,044)	866,194	851,150	25,386	876,536
At 31 March, 2014	1,000,000	(55,228)*	752,959*	1,697,731	55,091	1,752,822

* These reserve accounts comprise the reserves of US$697,731 (2013: deficit in reserves of US$153,419) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED 31 MARCH 2014

	Notes	2014 US$	2013 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,026,151**	716,255
Adjustments for:			
Interest income	4	**(297)**	(472)
Depreciation	5	**22,240**	24,753
Finance costs	7	**150,977**	135,025
Amortisation	11	**–**	8,359
		1,199,071	883,920
Increase in inventories		**(556,800)**	(327,344)
Increase in trade and bills receivables		**(606,758)**	(1,428,972)
Decrease/(increase) in prepayments, deposits and other receivables		**(97,418)**	110,480
Decrease in amount due from directors		**196,000**	–
Decrease in an amount due from a fellow subsidiary		**2,173**	136,143
Decrease/(increase) in an amount due from a related company		**(1,795,935)**	214,308
Increase/(decrease) in trade and bills payables		**971,175**	(370,351)
Increase/(decrease) in other payables, accruals and receipts in advance		**(282,521)**	286,517
Increase in amounts due to fellow subsidiaries		**1,536,499**	658,705
Decrease in an amount due to the immediate holding company		**(190,649)**	–
Cash generated from operations		**374,837**	163,406
Interest received		**297**	472
Overseas tax paid		**(48,826)**	(50,547)
Net cash flows from operating activities		**326,308**	113,331
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	10	**(2,962)**	(8,629)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in an amount due to the immediate holding company		**–**	(302,000)
Proceeds from interest-bearing bank borrowings, net		**95,242**	235,253
Interest paid		**(150,977)**	(135,025)
Net cash flows used in financing activities		**(55,735)**	(201,772)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**267,611**	(97,070)
Cash and cash equivalents at beginning of year		**569,216**	672,243
Effect of foreign exchange rate changes, net		**(17,263)**	(5,957)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**819,564**	569,216
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**819,564**	569,216

PG Group Limited

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 MARCH 2014

	Notes	2014 US$	2013 US$
REVENUE	4	**25,182,935**	21,697,593
Cost of sales		**(20,539,630)**	(17,472,809)
Gross profit		**4,643,305**	4,224,784
Other income	4	**191,251**	170,019
Selling and administrative expenses		**(4,164,957)**	(3,442,773)
Finance costs	7	**(150,728)**	(134,455)
PROFIT BEFORE TAX	5	**518,871**	817,575
Income tax expense	8	**(97,560)**	(167,541)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**421,311**	650,034

STATEMENT OF FINANCIAL POSITION 31 MARCH 2014

	Notes	2014 US$	2013 US$
NON-CURRENT ASSETS			
Property, plant and equipment	10	**17,956**	36,813
Investments in subsidiaries	12	**425,025**	425,025
Deposit	15	**–**	20,770
Due from a director	20	**7,000**	7,000
Total non-current assets		**449,981**	489,608
CURRENT ASSETS			
Trade and bills receivables	14	**1,074,040**	1,563,463
Prepayments	15	**101,083**	15,982
Due from subsidiaries	12	**1,672,214**	1,081,726
Due from a fellow subsidiary	24(b)(i)	**–**	2,173
Due from a related company	19	**2,028,061**	232,126
Due from directors	20	**208,000**	404,000
Cash and cash equivalents		**332,112**	377,232
Total current assets		**5,415,510**	3,676,702
CURRENT LIABILITIES			
Trade and bills payables		**459,615**	260,621
Other payables, accruals and receipts in advance	16	**132,083**	380,835
Interest-bearing bank borrowings	17	**256,949**	235,253
Due to the immediate holding company	24(b)(ii)	**619,869**	948,000
Due to fellow subsidiaries	24(b)(i)	**2,203,687**	667,188
Tax payable		**322,503**	224,939
Total current liabilities		**3,994,706**	2,716,836
NET CURRENT ASSETS		**1,420,804**	959,866
Net assets		**1,870,785**	1,449,474
EQUITY			
Issued capital	21	**1,000,000**	1,000,000
Retained earnings		**870,785**	449,474
Total equity		**1,870,785**	1,449,474

Sd/-
Director

Sd/-
Director

STATEMENT OF FINANCIAL POSITION 31 MARCH 2014

1. CORPORATE 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 Group 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 during the year was Pearl Global Industries Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange and the National Stock Exchange in India.

Subrquent to the reporting period, on 25 April 2014, the High Court of Delhi sanctioned a Scheme of Arrangement between Pearl Global Industries Limited (the "Transferor Company") and PDS Multinational Fashions Limited (the "Transferee Company"), a company incorporated in India with shares planned to be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Consequent to and upon the filing of the same Scheme of Arrangement with the Registrar of Companies in India and upon, the share capital of the Multinational Textiles Group Limited was transferred from the Transferor Company to the Transferee Company which became the Company's new ultimate holding company.

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 and 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 2014. 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 in the accounting policy for subsidiaries below. 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 2014.

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 year ended 31 March 2014, 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.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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 results of its subsidiary are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

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 acquire'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 by the acquiree.

If the business combination is achieved in stages, the 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 that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. 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. 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.

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 value of the disposed operation and the portion of the cash-generating unit retained.

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.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

  (vi) the entity is controlled or jointly controlled by a person identified in (a); and

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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 used for this purpose are as follows:

Leasehold improvements	Over the lease terms
Furniture and fixtures	10% - 33⅓%
Office equipment	10% - 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.

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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 brandname 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. Where the Group is the lessee, 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 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 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

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.

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 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.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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 and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, 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 fellow subsidiaries and the immediate holding company.

Subsequent measurement

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.

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, and only 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 weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. 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 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.

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 for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

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

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) commission income, in the period in which the sale services are rendered;

(c) royalty income, on an accrual basis; 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 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 and presentation 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 retranslated at the functional currency rates of exchange prevailing at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values was 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 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 the US$. As at the end of the reporting period, the assets and liabilities of the subsidiaries are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss is translated into US$ at the weighted average exchange rate for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiary are translated into US$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year are translated into US$ at the weighted average exchange rates for the year.

4. REVENUE AND OTHER INCOME

Revenue, which is also the Group's and the Company's turnover, represents the net invoiced value of goods sold.

An analysis of other income is as follows:

	Group		Company	
	2014 US$	2013 US$	2014 US$	2013 US$
Interest income	**297**	472	**79,870**	58,455
Commission income	**27,027**	–	**27,027**	–
Compensation from suppliers for late shipments	**70,166**	94,722	**66,363**	71,928
Compensation from customers for late payments	**17,991**	27,265	**17,991**	27,265
Foreign exchange differences, net	**–**	23,444	**–**	12,371
Others	**18,402**	–	**–**	–
	133,883	145,903	**191,251**	170,019

5. PROFIT BEFORE TAX

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

	Group		Company	
	2014 US$	2013 US$	2014 US$	2013 US$
Auditors' remuneration	**23,725**	22,853	**11,565**	18,753
Cost of inventories sold	**27,196,699**	22,245,557	**20,539,630**	17,472,809
Depreciation	**22,240**	24,753	**18,857**	21,431
Amortisation of an intangible asset	**–**	8,359	**–**	–
Minimum lease payments under operating leases of land and buildings	**151,446**	137,909	**–**	36,246
Staff costs (excluding directors' remuneration (note 6)):				
Salaries and allowances	**772,509**	912,082	**269,251**	516,955
Pension scheme contributions (defined contribution scheme)	**157,163**	145,660	**14,815**	**66,100**
	929,672	1,057,742	**284,066**	583,055
Foreign exchange differences, net	**219,617**	(23,444)	**6,243**	(12,371)

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6. **DIRECTORS' REMUNERATION**

Directors' remuneration, disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group		Company	
	2014 US$	2013 US$	2014 US$	2013 US$
Fees	–	–	–	–
Other emoluments:				
Salaries and allowances	307,184	313,101	66,000	92,713
	307,184	313,101	66,000	92,713

7. **FINANCE COSTS**

	Group		Company	
	2014 US$	2013 US$	2014 US$	2013 US$
Interest on bank borrowings and overdrafts	92,369	90,357	92,120	89,787
Interest on an amount due to the immediate holding company	58,608	44,668	58,608	44,668
	150,977	135,025	150,728	134,455

8. **INCOME TAX**

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year ended 31 March 2014. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group and the Company operate.

	Group		Company	
	2014 US$	2013 US$	2014 US$	2013 US$
Current - Hong Kong	149,666	145,472	97,560	145,472
Current - Mainland China	–	22,069	–	22,069
Current - Chile				
Charge/(credit) for the year	(10,221)	36,514	–	–
Underprovision in the prior year	3,620	–	–	–
Deferred tax (note 18)	(9,828)	–	–	–
Total tax charge for the year	133,237	204,055	97,560	167,541

A reconciliation of the tax expense applicable to profit before tax at the Hong Kong statutory tax rate to the tax charge at the effective tax rate is as follows:

	Group		Company	
	2014 US$	2013 US$	2014 US$	2013 US$
Profit before tax	1,026,151	716,255	518,871	817,575
Tax charge at the Hong Kong statutory tax rate	169,315	118,182	85,614	134,900
Difference in tax rates applied for specific provinces or local authority	13,853	(23,356)	–	–
Income not subject to tax	(25)	(59)	(25)	(59)
Expenses not deductible for tax	26,838	110,767	9,738	8,791
Tax losses utilised from previous periods	(82,916)	(25,388)	–	–
Adjustments in respect of current tax of previous periods	3,620	–	–	–
Deemed income tax of the Group's representative office located in				
Mainland China	–	22,069	–	22,069
Others	2,552	1,840	2,233	1,840
Tax at the effective tax rate	133,237	204,055	97,560	167,541

In the year ended 31 March 2014, the Group fully utilised tax losses of US$192,056 that arose in Hong Kong and were brought forward from prior years.

At the end of the reporting period, the Group also had tax losses arising in Mainland China of US$172,361 (2012: US$377,264) that will expire in five years for offsetting against future taxable profits.

9. **PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT**

The consolidated profit attributable to owners of the parent for the year ended 31 March 2014 includes a profit of US$421,311 (2013: US$650,034) which has been dealt with in the financial statements of the Company (note 22(b)).

10. **PROPERTY, PLANT AND EQUIPMENT**

Group

	Leasehold improvements US$	Furniture and fixtures US$	Office equipment US$	Total US$
31 March 2014				
At 1 April 2013:				
Cost	40,720	63,331	67,017	171,068
Accumulated depreciation	(14,722)	(54,001)	(55,062)	(123,785)
Net carrying amount	25,998	9,330	11,955	47,283
At 1 April 2013, net of accumulated depreciation	25,998	9,330	11,955	47,283
Additions	–	–	2,962	2,962
Depreciation provided during the year	(13,572)	(4,580)	(4,088)	(22,240)
Exchange realignment	–	(93)	(1,102)	(1,195)
At 31 March 2014, net of accumulated depreciation	12,426	4,657	9,727	26,810
At 31 March 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

	Leasehold improvements US$	Furniture and fixtures US$	Office equipment US$	Total US$
31 March 2013				
At 1 April 2012:				
Cost	40,720	60,945	60,772	162,437
Accumulated depreciation	(1,150)	(49,822)	(48,406)	(99,378)
Net carrying amount	39,570	11,123	12,366	63,059
At 1 April 2012, net of accumulated depreciation	39,570	11,123	12,366	63,059
Additions	–	2,386	6,243	8,629
Depreciation provided during the year	(13,572)	(4,269)	(6,912)	(24,753)
Exchange realignment	–	90	258	348
At 31 March 2013, net of accumulated depreciation	25,998	9,330	11,955	47,283
At 31 March 2013:				
Cost	40,720	63,331	67,015	171,066
Accumulated depreciation	(14,722)	(54,001)	(55,060)	(123,783)
Net carrying amount	25,998	9,330	11,955	47,283

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Company

	Leasehold improvements US$	Furniture and fixtures US$	Office equipment US$	Total US$
31 March 2014				
At 1 April 2013:				
Cost	40,720	58,382	51,295	150,397
Accumulated depreciation	(14,722)	(52,414)	(46,448)	(113,584)
Net carrying amount	25,998	5,968	4,847	36,813
At 1 April 2013, net of accumulated depreciation	25,998	5,968	4,847	36,813
Depreciation provided during the year	(13,572)	(3,252)	(2,033)	(18,857)
At 31 March 2014, net of accumulated depreciation	12,426	2,716	2,814	17,956
At 31 March 2014:				
Cost	40,720	58,382	51,295	150,397
Accumulated depreciation	(28,294)	(55,666)	(48,481)	(132,441)
Net carrying amount	12,426	2,716	2,814	17,956

Company

	Leasehold improvements US$	Furniture and fixtures US$	Office equipment US$	Total US$
31 March 2013				
At 1 April 2012:				
Cost	40,720	58,382	46,824	145,926
Accumulated depreciation	(1,150)	(48,815)	(42,188)	(92,153)
Net carrying amount	39,570	9,567	4,636	53,773
At 1 April 2012, net of accumulated depreciation	39,570	9,567	4,636	53,773
Additions	–	–	4,471	4,471
Depreciation provided during the year	(13,572)	(3,599)	(4,260)	(21,431)
At 31 March 2013, net of accumulated depreciation	25,998	5,968	4,847	36,813
At 31 March 2013:				
Cost	40,720	58,382	51,295	150,397
Accumulated depreciation	(14,722)	(52,414)	(46,448)	(113,584)
Net carrying amount	25,998	5,968	4,847	36,813

11. INTANGIBLE ASSETS

Group

	Merchandise license US$	Brandname US$	Total US$
Cost and net carrying value			
At 1 April 2012	8,359	5,524	13,883
Amortisation during the year	(8,359)	–	(8,359)
Exchange realignment	–	111	111
At 31 March 2013 and at 1 April 2013	–	5,635	5,635
Exchange realignment	–	(798)	(798)
At 31 March 2014	–	4,837	4,837

The launch date of the merchandise license was on 1 August 2012 and was fully amortised during the year. The brandname was not used during the years ended 31 March 2014 and 31 March 2013.

12. INVESTMENTS IN SUBSIDIARIES

	Company 2014 US$	Company 2013 US$
Unlisted shares, at cost	**425,025**	425,025

The amounts due from subsidiaries as included in the Company's current assets of US$1,672,214 (2013: US$1,081,726) are unsecured, interest-free and have no fixed terms of repayment.

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	Percentage of equity attributable to the Company 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.

* On 8 June 2012, the Group established PG Shanghai Manufacturer Company Limited ("PG Shanghai").

13. INVENTORIES

	Group 2014 US$	Group 2013 US$	Company 2014 US$	Company 2013 US$
Finished goods	**795,274**	327,344	**–**	–

14. TRADE AND BILLS RECEIVABLES

	Group 2014 US$	Group 2013 US$	Company 2014 US$	Company 2013 US$
Trade receivables	**1,389,769**	993,912	**157,313**	387,033
Bills receivable	**1,362,244**	1,218,057	**916,727**	1,176,430
	2,752,013	2,211,969	**1,074,040**	1,563,463

The Group's and the Company'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 and the Company seek to maintain strict control over their outstanding receivables and overdue balances are reviewed regularly by management. The Group and the Company do not hold any collateral or other credit enhancements over its trade receivable balances.

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

	Group 2014 US$	Group 2013 US$	Company 2014 US$	Company 2013 US$
Neither past due nor impaired	**2,532,518**	986,262	**979,207**	516,314
Past due but not impaired:				
Less than one month	**199,453**	247,297	**77,000**	186,720
One to three months	**17,834**	939,905	**17,833**	860,429
Over three months	**2,208**	38,505	**–**	–
	2,752,013	2,211,969	**1,074,040**	1,563,463

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group and/or 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.

As at the end of the reporting period, the Group and Company had transferred certain bills of exchange amounting to US$331,016 (2013: US$235,981) to a bank with recourse in exchange for cash. The proceeds of the Group and the Company from transferring the bills receivable of US$330,271 (2013: US$235,253) 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/Company makes good of any losses incurred by the banks (note 17).

15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2014 US$	**2013 US$**	**2014 US$**	**2013 US$**
Prepayments	**192,434**	105,125	**80,288**	15,982
Deposits	**26,350**	62,432	**20,770**	20,770
Other receivables	**33,991**	–	**25**	–
	252,775	167,557	**101,083**	36,752
Less: Portion classified as non-current	**(27,235)**	(27,278)	**–**	(20,770)
	225,540	140,279	**101,083**	15,982

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. OTHER PAYABLES, ACCRUALS AND RECEIPTS IN ADVANCE

	Group		Company	
	2014 US$	**2013 US$**	**2014 US$**	**2013 US$**
Accruals	**92,243**	73,368	**41,715**	55,682
Accrued employee benefits	**7,571**	22,729	**–**	5,000
Other payables	**72,472**	142,561	**6,688**	4,699
Receipts in advance	**90,186**	320,654	**83,680**	315,454
	262,472	559,312	**132,083**	380,835

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

17. INTEREST-BEARING BANK BORROWINGS

	Group		Company	
	2014 US$	**2013 US$**	**2014 US$**	**2013 US$**
Collateralised bank advances	330,495	235,253	256,949	235,253

The collateralised bank advances are denominated in US$, interest-bearing at 3.65%-5.65% and matured in April 2014.

18. DEFERRED TAX ASSET

Group

	Losses available for offsetting against future taxable profits US$
At 1 April 2012, 31 March 2013 and 1 April 2013	–
Deferred tax credited to profit or loss during the year (note 8)	**9,828**
At 31 March 2014	**9,828**

19. DUE FROM A RELATED COMPANY

Particulars of an amount due from a related company, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

Name	**31 March 2014 US$**	**Maximum amount outstanding during the year US$**	**1 April 2013 US$**
Grupo Extremo SUR S.A.	2,028,062	2,295,551	232,126

The related company held a 100% shareholding of GES Corp. HK Limited, a shareholder of the Company.

The amount due from a related company is unsecured, interest-free and has no fixed terms of repayment.

20. DUE FROM DIRECTORS

Particulars of the amounts due from directors, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

Name	**31 March 2014 US$**	**Maximum amount outstanding during the year US$**	**1 April 2013 US$**
Mr. Sebastian Felipe Berstein Jauregui	–	196,000	196,000
Mr. Yariv Guiloff Titelman	215,000	215,000	215,000
	215,000		411,000
Amount classified as non-current	(7,000)		(7,000)
Current	208,000		404,000

The amounts due from directors are unsecured, interest-free and have no fixed terms of repayment.

21. SHARE CAPITAL

	2014 US$	2013 US$
Authorised, issued and fully paid:		
1,000,000 ordinary shares of US$1 each	**1,000,000**	1,000,000

22. RESERVES

(a) Group

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.

(b) Company

	Retained earnings/ (accumulated losses) US$
At 31 March 2013 and at 1 April 2012	**(200,560)**
Total comprehensive income for the year	**650,034**
At 31 March 2013 and at 1 April 2013	**449,474**
Total comprehensive income for the year	**421,311**
At 31 March 2014	**870,785**

23. OPERATING LEASE ARRANGEMENTS

The Group leases its office premise under an operating lease arrangement. The lease for the premise is negotiated for a term of three years. During the year ended 31 March 2014 and subsequent to the Company's representative office in Shanghai becoming a separate legal entity, PG Shanghai, the operating lease arrangement, which was negotiated for an original term of three years, was transferred from the Company to PG Shanghai.

At the end of the reporting period, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	US$	**US$**	**US$**	**US$**
Within one year	**57,413**	103,600	**–**	86,944
In the second to fifth years, inclusive	**–**	57,963	**–**	57,963
	57,413	161,563	**–**	144,907

24. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group and the Company had the following material transactions with related parties during the year:

	Notes	2014 US$	2013 US$
Fellow subsidiaries:			
Sales of goods	(i)	**–**	209,855
Management fees received	(ii)	**–**	–
Management fees paid	(ii)	**–**	3,541
Immediate holding company:			
Management fees paid	(ii)	**28,428**	28,409
Interest paid	(iii)	**58,608**	44,668
A related company:			
Sales of goods	(i)	**12,480,741**	10,629,869
Commissions paid	(iv)	**1,625,034**	1,650,846
A subsidiary:			
Interest income	(v)	**79,721**	58,095

Notes:

(i) The sales were made based on terms and conditions mutually agreed between the Group and the respective fellow subsidiaries.

(ii) The management fees received and paid were charged at rates mutually agreed between the Group and the respective fellow subsidiaries or the immediate holding company.

(iii) The interest terms for an amount due to the immediate holding company is disclosed in (b)(ii) below.

(iv) The commissions paid were related to sourcing services received and were charged at rates mutually agreed between the Group and the related company.

(v) The interest income received from a subsidiary is charged at rates mutually agreed between the Company and the subsidiary.

(b) Outstanding balances with related parties:

(i) The balances with fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

(ii) The amount due to the immediate holding company is unsecured, bears interest at 6% (2013: 6%) per annum and has no fixed terms of repayment.

25. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Group and the Company comprise trade and bills receivables, deposits, other receivables, amounts due from a director, subsidiaries, fellow subsidiary and a related company, 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 Group and the Company comprise trade and bill payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, amounts due to the immediate holding company and 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.

26. FAIR VALUE

At the end of the reporting period, the carrying amounts of the Group'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, other receivables, deposits, other receivables, amounts due from a director, subsidiaries, fellow subsidiary, a related company and cash and cash equivalents, trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, and amounts due to the immediate holding company and fellow subsidiaries approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Group did not have any financial assets and liabilities measured at fair value as at the end of each reporting period.

27. 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, other receivables and amounts due from a fellow subsidiary, a related company and directors represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's cash and cash equivalents are deposited with creditworthy banks with no recent history of default. The Group has policies in place to evaluate credit risk when accepting new businesses and to limit its credit exposure to individual customers. The maximum exposure for trade and bills receivables is the carrying amount as disclosed in note 14 to the financial statements. At the end of the reporting period, the Group had certain concentrations of credit risks as 89% (2013: 92%) of the Group's trade and bills receivables were due from the Group's top five customers.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, either have no fixed terms of repayment or are repayable within three months subsequent to the end of the reporting period.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to its shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2014 and 31 March 2013.

28. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 16 May 2014.

PG Home Group Limited

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2014.

Principal activities

The principal activities of the Company during the year were the trading of home and garment products, and investment holding. The principal activity of the Company's subsidiary is set out in note 12 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results and dividend

The Group's profit for the year ended 31 March 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 5 to 34.

The directors do not recommend the payment of any dividend in respect of the year.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 10 to the financial statements.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 20 to the financial statements and in the consolidated statement of changes in equity, respectively.

Directors

The directors of the Company during the year were:

Berstein Jauregui Sebastian Felipe

Deepak Kumar Seth

Guiloff Titelman Yariv (resigned on 30 April 2014)

Mahesh Kumar Seth

Pallak Seth

Payel Seth

Vial Cerda Vicente

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its subsidiary or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Directors' interests in contracts

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its subsidiary 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

Sd/-

Chairman

Hong Kong

16 May 2014

INDEPENDENT AUDITORS' REPORT

To the shareholders of PG Home Group Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of PG Home Group Limited (the "Company") and its subsidiary (together, the "Group") set out on pages 5 to 34, which comprise the consolidated and company statements of financial position as at 31 March 2014, 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 141 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.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014, and of the Company's profit and the Group's profit 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.

Sd/-

Certified Public Accountants

Hong Kong

16 May 2014

PG Home Group Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 March 2014

	Notes	2014 US$	2013 US$
REVENUE	4	**8,591,609**	6,009,326
Cost of sales		**(6,657,069)**	(4,772,748)
Gross profit		**1,934,540**	1,236,578
Other income	4	**22,211**	38,835
Administrative expenses		**(1,573,928)**	(944,774)
Finance costs	7	**(79,945)**	(58,648)
PROFIT BEFORE TAX	5	**302,878**	271,991
Income tax expense	8	**(35,677)**	(36,514)
PROFIT FOR THE YEAR		**267,201**	235,477

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2014

	2014 US$	2013 US$
PROFIT FOR THE YEAR	**267,201**	235,477
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(13,342)**	1,550
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(13,342)**	1,550
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**253,859**	237,027

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2014

	Notes	2014 US$	2013 US$
NON-CURRENT ASSETS			
Property, plant and equipment	10	**7,514**	8,323
Intangible assets	11	**4,837**	5,635
Deferred tax asset	18	**9,828**	–
Prepayments and deposits	15	**27,235**	6,508
Total non-current assets		**49,414**	20,466
CURRENT ASSETS			
Inventories	13	**795,274**	327,344
Trade and bills receivables	14	**1,677,973**	648,506
Prepayments and other receivables	15	**117,221**	116,730
Tax recoverable		**17,069**	–
Cash and cash equivalents		**452,810**	112,195
Total current assets		**3,060,347**	1,204,775
CURRENT LIABILITIES			
Trade and bills payables		**917,662**	166,190
Other payables, accruals and receipts in advance	16	**113,517**	134,954
Interest-bearing bank borrowing	17	**73,546**	–
Due to the immediate holding company	22(b)	**1,672,214**	860,726
Tax payable		**52,106**	36,514
Total current liabilities		**2,829,045**	1,198,384
NET CURRENT ASSETS		**231,302**	6,391
Net assets		**280,716**	26,857
EQUITY			
Issued capital	19	**250,000**	250,000
Reserves/(deficit in reserves)	20	**30,716**	(223,143)
Total equity		**280,716**	26,857

Sd/-
Director

Sd/-
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2014

	Issued capital US$	Exchange reserve US$	Retained profit/ (accumulated losses) US$	Total equity/(net deficiency in assets) US$
At 1 April 2012	250,000	(40,684)	(419,486)	(210,170)
Profit for the year	–	–	235,477	235,477
Other comprehensive income for the year:				
Exchange differences on translation of foreign operations	–	1,550	–	1,550
Total comprehensive income for the year	–	1,550	235,477	237,027
At 31 March 2013 and at 1 April 2013	250,000	(39,134)*	(184,009)*	26,857
Profit for the year	–	–	267,201	267,201
Other comprehensive loss for the year:				
Exchange differences on translation of foreign operations	–	(13,342)	–	(13,342)
Total comprehensive income for the year	–	(13,342)	267,201	253,859
At 31 March 2014	250,000	(52,476)*	83,192*	280,716

* These reserve accounts comprise the reserves of US$30,716 (2013: deficit in reserves of US$223,143) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2014

	Notes	2014 US$	2013 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**302,878**	271,991
Adjustments for:			
Interest income	4	**(5)**	(27)
Depreciation	5	**2,566**	3,057
Finance costs	7	**79,945**	58,648
Amortisation of an intangible asset	11	**–**	8,359
		385,384	342,028
Increase in inventories		**(556,800)**	(320,053)
Increase in trade and bills receivables		**(1,096,181)**	(353,743)
Increase in prepayments and other receivables		**(33,413)**	(33,303)
Increase/(decrease) in trade and bills payables		**776,180**	(89,745)
Increase in other payables, accruals and receipts in advance		**(10,743)**	58,716
Cash used in operations		**(535,573)**	(396,100)
Tax paid		**(48,830)**	–
Interest received		5	27
Net cash flows used in operating activities		**(584,398)**	(396,073)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	10	**(2,962)**	(1,772)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in an amount due to the immediate holding company		**952,262**	252,000
Interest paid		**(79,945)**	(58,648)
Proceeds from interest-bearing bank borrowings, net		**73,546**	–
Net cash flows from financing activities		**945,863**	193,352
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**358,503**	(204,493)
Cash and cash equivalents at beginning of year		**112,195**	313,526

PG Home Group Limited

	Notes	2014 US$	2013 US$
Effect of foreign exchange rate changes, net		**(17,888)**	3,162
CASH AND CASH EQUIVALENTS AT END OF YEAR		**452,810**	112,195
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**452,810**	112,195

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2014

	Notes	2014 US$	2013 US$
REVENUE	4	**8,017,845**	5,786,532
Cost of sales		**(6,781,820)**	(4,797,574)
Gross profit		**1,236,025**	988,958
Other income	4	**3,808**	22,821
Administrative expenses		**(652,037)**	(881,468)
Finance costs	7	**(79,945)**	(58,648)
PROFIT BEFORE TAX	5	**507,851**	71,663
Income tax expense	8	**(52,106)**	–
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**455,745**	71,663

STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	2014 US$	2013 US$
NON-CURRENT ASSET			
Investment in a subsidiary	12	**5,967**	5,967
CURRENT ASSETS			
Trade and bills receivables	14	**1,139,835**	288,881
Prepayments	15	**51,965**	52,624
Due from a subsidiary	12	**1,486,641**	770,398
Cash and cash equivalents		**311,025**	13,682
Total current assets		**2,989,466**	1,125,585
CURRENT LIABILITIES			
Trade and bills payables		**616,306**	158,982
Other payables, accruals and receipts in advance	16	**59,518**	45,846
Interest-bearing bank borrowings	17	**73,546**	–
Due to the immediate holding company	22(b)	**1,672,214**	860,726
Tax payable		**52,106**	–
Total current liabilities		**2,473,690**	1,065,554
NET CURRENT ASSETS		**515,776**	60,031
Net assets		**521,743**	65,998
EQUITY			
Issued capital	19	**250,000**	250,000
Retained profit/(accumulated losses)		**271,743**	(184,002)
Total equity/(net deficiency in assets)		**521,743**	(65,998)

Sd/- Sd/-

Director Director

NOTES TO FINANCIAL STATEMENTS

31 March 2014

1. CORPORATE INFORMATION

PG Home Group Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F, Surson Commercial Building, 140-142 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Group was primarily engaged in the trading of home and garment products and investment holding.

The Company is a subsidiary of PG Group Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company during the year was Pearl Global Industries Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Subsquent to the reporting period on 25 April 2014, the High Court of Delhi sanctioned a Scheme of Arrangement between Pearl Global Industries Limited (the "Transferor Company") and PDS Multinational Fashions Limited (the "Transferee Company"), a company incorporated in India with shares planned to be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Consequent to and upon the filing of the same Scheme of Arrangement with the Registrar of Companies in India the share capital of the Multinational Textiles Group Limited an intermediate holding comany of the company, was transferred from the Transferor Company to the Transferee Company which became the Company's new ultimate holding company.

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 and are presented in United States dollars ("US$").

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary (collectively referred to as the "Group") for the year ended 31 March 2014. The financial statements of its subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. The results of its subsidiary 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 in the accounting policy for subsidiaries below. 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 of 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 2014.

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 year ended 31 March 2014, 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.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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 results of its subsidiary are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

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 by the acquiree.

If the business combination is achieved in stages, the 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 that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not fall within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. 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. 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.

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 value of the disposed operation and the portion of the cash-generating unit retained.

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.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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 used for this purpose are as follows:

Furniture and fixtures	10%
Office equipment	10%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

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

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

The Group's brand name and merchandise license are stated at cost less any impairment losses.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the 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 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 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

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.

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 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.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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 and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the 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, 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 fellow subsidiaries and the immediate holding company.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the 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, and only 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 weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. 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 statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

• 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 for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

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

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) royalty income, on an accrual basis; and

(c) interest income, on an accrual basis using the effective interest method.

Employee benefits

Retirement benefit costs

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

The employees of the Group's subsidiary which operates in Chile are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Foreign currencies

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

The functional currency of an overseas subsidiary is a currency other than the US$. As at the end of the reporting period, the assets and liabilities of the subsidiary are translated into the presentation currency of the Company at the exchange rate prevailing at the end of the reporting period, and the subsidiary's statement of profit or loss is translated into US$ at the weighted average exchange rate for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiary are translated into US$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year are translated into US$ at the weighted average exchange rates for the year.

4. REVENUE AND OTHER INCOME

Revenue, which is also the Group's and the Company's turnover, represents the net invoiced value of goods sold.

An analysis of other income is as follows:

	Group		Company	
	2014 US$	**2013 US$**	**2014 US$**	**2013 US$**
Compensation from suppliers for late shipments	**3,803**	22,794	**3,803**	22,794
Royalty income	**18,403**	–	**–**	–
Foreign exchange differences, net	**–**	16,014	**–**	–
Interest income	**5**	27	**5**	27
	22,211	38,835	**3,808**	22,821

5. PROFIT BEFORE TAX

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

	Group		Company	
	2014 US$	**2013 US$**	**2014 US$**	**2013 US$**
Auditors' remuneration	**11,180**	11,799	**11,180**	11,799
Cost of inventories sold	**6,657,069**	4,772,748	**6,781,820**	4,797,574
Depreciation	**2,566**	3,057	**–**	–
Amortisation of an intangible asset	–	8,359	–	–
Minimum lease payments under operating leases of land and buildings	**121,164**	58,720	**61,576**	58,720
Staff costs (excluding directors' remuneration (note 6)):				
Salaries and allowances	**194,973**	207,971	**–**	207,971

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	Group		Company	
	2014 US$	**2013 US$**	**2014 US$**	**2013 US$**
Pension scheme contributions (defined contribution scheme)	**6,939**	9,178	**–**	9,178
	201,912	217,149	**–**	217,149
Foreign exchange differences, net	**176,458**	(16,014)	**–**	7

6. DIRECTORS' REMUNERATION

Director's remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

Group and Company

	2014 US$	2013 US$
Fees	**–**	–
Other emoluments:		
Salaries and allowances	**171,545**	182,907
	171,545	182,907

7. FINANCE COSTS

Group and Company

	2014 US$	2013 US$
Interest on bank overdrafts	**223**	553
Interest on an amount due to the immediate holding company (note 22(b))	**79,722**	58,095
	79,945	58,648

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year ended 31 March 2014. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group and the Company operate.

	Group		Company	
	2014 US$	**2013 US$**	**2014 US$**	**2013 US$**
Current - Hong Kong	**52,106**	–	52,106	–
Current - Chile				
Charge/(credit) for the year	**(10,221)**	36,514	–	–
Underprovision in the prior year	**3,620**	–	–	–
Deferred tax (note 18)	**(9,828)**	–	–	–
Total tax charge for the year	**35,677**	36,514	52,106	–

A reconciliation of the tax expense applicable to profit before tax at the Hong Kong statutory tax rate to the tax amount at the effective tax rate is as follows:

	Group		Company	
	2014 US$	**2013 US$**	**2014 US$**	**2013 US$**
Profit before tax	**302,878**	271,991	**507,851**	71,663
Tax charge at the Hong Kong statutory tax rate	**49,975**	44,878	**83,795**	11,824
Difference in tax rates applied for specific provinces or local authority	**(3,564)**	8,419	**–**	–
Expenses not deductible for tax	**17,017**	8,605	**–**	–
Adjustments in respect of current tax of previous periods	**3,620**	–	**–**	–
Tax losses utilised from prior years	**(31,689)**	(25,388)	**(31,689)**	(11,824)
Others	**318**	–	**–**	–
Tax at the effective tax rate	**35,677**	36,514	**52,106**	–

In the year ended 31 March 2014, the Group and Company fully utilised tax losses of US$192,056 that arose in Hong Kong and were brought forward from prior years.

Deferred tax assets have not been recognised in respect of these losses as the directors consider it uncertain that future taxable profits will be available to utilise the unused tax losses.

9. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 March 2014 includes a profit of US$455,745 (2013: US$71,663) which has been dealt with in the financial statements of the Company (note 20(b)).

10. PROPERTY, PLANT AND EQUIPMENT

Group

	Furniture and fixtures US$	**Office equipment US$**	**Total US$**
31 March 2014			
At 31 March 2013 and at 1 April 2013:			
Cost	2,563	15,722	18,285
Accumulated depreciation	(1,348)	(8,614)	(9,962)
Net carrying amount	1,215	7,108	8,323
At 1 April 2013, net of accumulated depreciation	1,215	7,108	8,323
Additions	–	2,962	2,962
Depreciation provided during the year	(511)	(2,055)	(2,566)
Exchange realignment	(103)	(1,102)	(1,205)
At 31 March 2014, net of accumulated depreciation	601	6,913	7,514
At 31 March 2014:			
Cost	2,563	18,494	21,057
Accumulated depreciation	(1,962)	(11,581)	(13,543)
Net carrying amount	601	6,913	7,514

Group

	Furniture and fixtures US$	**Office equipment US$**	**Total US$**
31 March 2013			
At 1 April 2012:			
Cost	2,563	13,950	16,513
Accumulated depreciation	(1,007)	(6,220)	(7,227)
Net carrying amount	1,556	7,730	9,286
At 1 April 2012, net of accumulated depreciation	1,556	7,730	9,286
Additions	–	1,772	1,772
Depreciation provided during the year	(405)	(2,652)	(3,057)
Exchange realignment	64	258	322
At 31 March 2013, net of accumulated depreciation	1,215	7,108	8,323
At 31 March 2013:			
Cost	2,563	15,722	18,285
Accumulated depreciation	(1,348)	(8,614)	(9,962)
Net carrying amount	1,215	7,108	8,323

11. INTANGIBLE ASSETS

Group

	Merchandise license US$	Brand name US$	Total US$
Cost and net carrying value			
At 1 April 2012	8,359	5,524	13,883
Amortisation during the year	(8,359)	–	(8,359)
Exchange realignment	–	111	111
At 31 March 2013 and at 1 April 2013	–	5,635	5,635
Exchange realignment	–	(798)	(798)
At 31 March 2014	–	4,837	4,837

The launch date of the merchandise license was on 1 August 2012 and was fully amortised during the year ended 31 March 2013. The brand name was not used during the years ended 31 March 2014 and 31 March 2013.

12. INVESTMENT IN A SUBSIDIARY

	Company	
	2014 US$	2013 US$
Unlisted shares, at cost	**5,967**	5,967

The amount due from a subsidiary included in the Company's current assets of US$1,486,641 (2013: US$770,398) is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the Company's subsidiary as at the end of the reporting period are as follows:

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable directly to the Company	Principal activities
PG Home Group S.P.A. #	Chile	Chilean Pesos 3,000,000	100	Sales and marketing

Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

13. INVENTORIES

	Group		Company	
	2014 US$	**2013 US$**	**2014 US$**	**2013 US$**
Finished goods	**795,274**	327,344	**–**	–

14. TRADE AND BILLS RECEIVABLES

	Group		Company	
	2014 US$	**2013 US$**	**2014 US$**	**2013 US$**
Trade receivables	**1,232,456**	606,879	**694,318**	247,254
Bills receivable	**445,517**	41,627	**445,517**	41,627
	1,677,973	648,506	**1,139,835**	288,881

The Group's and the Company'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 and the Company seek to maintain strict control over their outstanding receivables and overdue balances are reviewed regularly by management. The Group and the Company do not hold any collateral or other credit enhancements over its trade receivable balances.

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

	Group		Company	
	2014 US$	**2013 US$**	**2014 US$**	**2013 US$**
Neither past due nor impaired	**1,553,311**	469,948	**1,017,414**	279,581
Past due but not impaired:				
Less than one month	**122,453**	60,577	**122,421**	9,300
One to three months	**–**	79,476	**–**	–
Over three months	**2,209**	38,505	**–**	–
	1,677,973	648,506	**1,139,835**	288,881

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group and 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.

15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2014 US$	**2013 US$**	**2014 US$**	**2013 US$**
Prepayments	**104,910**	81,576	**51,965**	52,624
Deposits	**5,580**	41,662	**–**	–
Other receivables	**33,966**	–	**–**	–
	144,456	123,238	**51,965**	52,624
Less: Portion classified as non-current	**(27,235)**	(6,508)	**–**	–
	117,221	116,730	**51,965**	52,624

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. OTHER PAYABLES, ACCRUALS AND RECEIPTS IN ADVANCE

	Group		Company	
	2014 US$	**2013 US$**	**2014 US$**	**2013 US$**
Accruals	**50,528**	17,686	**12,208**	10,523
Accrued employee benefits	**7,571**	17,729	**–**	–
Operating tax payable	**48,912**	94,339	**40,804**	30,123
Receipts in advance	**6,506**	5,200	**6,506**	5,200
	113,517	134,954	**59,518**	45,846

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

17. INTEREST-BEARING BANK BORROWINGS

	Group and Company	
	2014 US$	2013 US$
Collateralised bank advances	**73,546**	–

The collateralised bank advances are denominated in US$, interest-bearing at 3.65% - 5.65% and matured in April 2014.

18. DEFERRED TAX ASSET

Group

	Losses available for offsetting against future taxable profits US$
At 1 April 2012, 31 March 2013 and 1 April 2013	**–**
Deferred tax credited to profit or loss during the year (note 8)	**9,828**
At 31 March 2014	**9,828**

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19. SHARE CAPITAL

	2014 US$	2013 US$
Authorised, issued and fully paid:		
250,000 ordinary shares of US$1 each	**250,000**	250,000

20. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current year and the prior year are presented in the consolidated statement of changes in equity on page 8 of the financial statements.

(b) Company

	Retained profits/ (accumulated losses) US$
At 1 April 2012	(255,665)
Profit and total comprehensive income for the year	71,663
At 31 March 2013 and at 1 April 2013	(184,002)
Profit and total comprehensive income for the year	455,745
At 31 March 2014	271,743

21. OPERATING LEASE ARRANGEMENTS

The Group and the Company lease an office premise under an operating lease arrangement and the lease is negotiated for an original term of three years.

At the end of the reporting period, the Group and the Company had total future minimum lease payments under a non-cancellable operating lease falling due as follows:

	2014 US$	2013 US$
Within one year	**–**	16,656
In the second to fifth years, inclusive	**–**	–
	–	16,656

22. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group and the Company paid interest to the immediate holding company amounting to US$79,722 (2013: US$58,095) for the year. The interest term for an amount due to the immediate holding company is disclosed in (b) below.

(b) The amount due to the immediate holding company is unsecured, interest-bearing at 6% (2013: 6%) per annum and has no fixed terms of repayment.

23. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Group and the Company comprise trade and bills receivables, other receivables, an amount due from a subsidiary and cash and cash equivalents which are categorised as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Group and the Company comprise trade and bills payables, financial liabilities included in other payables, accruals and receipts in advance, interest-bearing bank borrowings and an amount due to the immediate holding company 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 disclosed in the corresponding notes to the financial statements.

24. FAIR VALUE

At the end of the reporting period, the carrying amounts of the Group'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, other receivables, an amount due from a subsidiary, cash and cash equivalents, trade and bills payables, financial liabilities included in other payables, accruals and receipts in advance, interest-bearing bank borrowings and an amount due to the immediate holding company approximated to their carrying amounts largely due to the short term maturities of these instruments. The Group did not have any financial assets and liabilities measured at fair value as at the end of each reporting period.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Group's financial management policies and practices described below:

Credit risk

The carrying amounts of cash and cash equivalents, trade and bills receivables, other receivables and an amount due from a subsidiary, represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's cash and cash equivalents are deposited with creditworthy banks with no recent history of default. The Group has policies in place to evaluate credit risk when accepting new businesses and to limit its credit exposure to individual customers. The maximum exposure for trade and bills receivables is the carrying amount as disclosed in note 14 to the financial statements. At the end of the reporting period, the Group had certain concentrations of credit risk as 91% (2013: 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 2014 and 31 March 2013.

26. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 16 May 2014.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF PEARL GES HOME GROUP S.P.A.

We have audited the accompanying balance shoots of PEARL GES HOME GROUP S.P.A. as of March 31st, 2014 and 2013, and the related statements of income, changes in Equity and cash flow for the periods between April 1st 2013 to March 31st 2014 and April 1st 2012 to March 31st 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International auditing standards generally accepted. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of PEARL GES HOME S.P.A. as of March 31st, 2014 and 2013 and income of its operations, the changes if Equity and its cash flows for the period between April 1st 2013 to March 31st 2014 and April 1st 2012 to March 31st 2013 in conformity with and International Financial Reporting Standards

Sd/- **Sd/-**

Claudio Navarro Caviedes **Myriam Perez Provoste**

Perez & Navarro
Audiotores, Consultores Ltda

Chile, Santiago, April 17, 2014

BALANCE SHEETS AS OF MARCH 31ST, 2014 AND 2013

Assets	March 31st 2014 Ch$	March 31st 2013 Ch$
Non current		
Fixed assets		
Equipment and Computers	**10,240,058**	8,714,239
Office furniture	**1,459,595**	1,459,595
Accumulated depreciation	**(7,562,728)**	(6,240,670)
Total fixed assets	**4,136,925**	3,933,164
Other non current assets		
Deferred taxes	**5,410,851**	–
Intangible	**2,662,835**	2,662,835
Other non current assets	**3,072,072**	3,075,072
Prepaid expenses	**11,921,740**	–
Total other noncurrent assets	**23,067,498**	5,737,907
Current		
Cash and equivalents	**78,056,899**	46,551,405
Clients receivable	**296,260,940**	169,937,027
Sundry debtors	**18,698,750**	16,611,591
Inventories	**472,368,518**	170,928,265
Taxes recoverable	**45,764,423**	13,681,168
Total current assets	**911,149,530**	417,709,456
Total Assets	**938,353,953**	427,380,527
Liabilities and equity		
Equity		
Capital	**3,000,000**	3,000,000
Accumulated results:		
Previous periods	**59,823,022**	(32,032,573)
Profit (Loss) for the period	**(43,996,110)**	91,855,595
Total Equity	**18,826,912**	62,823,022
Liabilities		
Suppliers	**165,905,245**	22,853,373
Accounts payable to related companies	**704,752,859**	301,789,816
Sundry credits	**25,279,469**	10,477,959
With holdings	**4,448,526**	3,823,498
Current taxes payable	**19,140,942**	25,612,859
Total Liabilities	**919,527,041**	364,557,505
Total Liabilities and Equity	**938,353,953**	427,380,527

STATEMENTS OF INCOME FOR THE PERIODS BETWEEN APRIL 1st 2013 TO MARCH 31st 2014, AND APRIL 1st 2012 TO MARCH 31st 2013 AND JANUARY 1ST, 2014 AND 2013 TO MARCH 31ST, 2014 AND 2013

	April 1st 2013 to March 31st, 2014 Ch$	January 1st to March 31st, 2014 Ch$	April 2012 March 31st, 2013 Ch$	January 1st to March 31st, 2013 Ch$
Income				
Operational income				
Sale of goods	959,342,081	258,340,385	445,268,195	138,074,658
Advisories	61,698,960	14,743,998	57,406,386	23,346,142
Other income	11,162,478	122,943		307,437
Non operational income (expenses)	1,032,203,519	273,207,326	502,674,581	161,728,237
Exchange rate difference and others	(90,898,560)	(41,643,970)	8,705,890	6,534,575
Total income	**941,304,959**	**231,563,356**	**511,380,471**	**168,262,812**
Expenses				
Cost of goods sold	(461,541,409)	(116,267,283)	(211,163,516)	(118,954,145)
Royalties	(97,056,591)	(26,195,932)	(63,392,545)	(18,881,199)
Warehouse and logistic costs	(105,649,348)	(34,432,171)	(34,715,903)	(4,071,500)
Administrative expenses	(324,006,243)	(81,156,467)	(71,571,068)	(18,026,988)
Financial expenses	(5,510,331)	–	(14,531,224)	(14,531,224)
Total expenses	(993,763,922)	(258,051,853)	(395,374,256)	(174,465,056)
Net result before income tax	(52,458,963)	(26,488,497)	116,006,215	(6,202,244)
Income taxes	8,462,853	5,410,851	(24,150,620)	(27,426)
Profit (Loss) for the period	**(43,996,110)**	**(21,077,646)**	**91,855,595**	**(6,229,670)**

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS BETWEEN APRIL 1st 2013 TO MARCH 31st 2014, AND APRIL 1st 2012 TO MARCH 31st 2013

	2014 Ch$	2013 Ch$
Capital		
Paid- in capital at the beginning of period	**3,000,000**	3,000,000
Capital increase during the period	**–**	–
Total Capital at the end of the period	**3,000,000**	3,000,000
Accumulated losses at the beginning of period		
Loss for the previous period	**59.823.022**	(32,032,573)
Profit (loss) for the current period	**(43,996,110)**	91,855,595
Total accumulated profit(losses)	**15,826,912**	59,823,022
Total Equity at the end of period	**18,826,912**	62,823,022

STATEMENT OF CASH FLOW (INDIRECT METHODS) FOR THE PERIODS BETWEEN APRIL 1ST 2013 TO MARCH 31ST 2013, AND APRIL 1ST 2012 TO MARCH 31ST 2013

NOTES TO FINANCIAL STATEMENTS AS OF MARCH 31st, 2014 AND 2013

1. **Company constitution**

   PEARL GES HOME GROUP S.P.A. was constituted by public deed dated July 31st, 2008 as a commercial entity for consulting and market research. Its legal address is Avenidadel Valle N° 4980, office N° 131, Huechuraba, Santiago. Its main operations are: developing advisory activities, related with market and design professional advisory services.

2. **Summary of Significant Accounting Policies**

   a) **General:**

   The Financial Statements have been prepared in accordance to the International Financial Reporting Standards. The accounting periods comprise since April 1st 2013 to March 31st, 2014 and April 1st 2012 to March 31st, 2013.

   b) **Cash and cash equivalent definition:**

   For purposes of the statement of cash flow, the Company considers all investments with a maturity of three months or less to be cash equivalents. In both periods, at

Pearl GES Home Group S.P.A.

the closing of the financial statements, there are no items to be considered cash equivalents.

c) **Bad debts:**

The Company has considered not necessary to constitute allowance for bad debts.

d) **Income Taxes and Deferred Taxes:**

In both periods, the company has accounted the deferred taxes, determined on basis in the accumulated tax losses and the differences between the accounting and taxable net income, in accordance to the income tax regulations in force in Chile. The effects of the Changes in the income tax rate are accounted by these purposes in the period when the law modification enters in force.

e) **Fixed assets and equipment:**

Equipment, furniture and fixed assets in general have been accounted at their acquisition cost. The depreciation has been calculated using the straight-line method, according to the useful lives defined in the instructions from the parent company, taking into account the residual values equal to 10% of the initial purchase price, as applicable.

The premises refitting item comprises the costs related with the local office implementation, which is under operating lease. These costs are depreciated in accordance to the remaining lease contract periods.

f) **Vacation provision and other accrued costs:**

The Company has accounted a provision for the accrued cost of vacations and other employee benefits. Provisions have also been established for costs accrued at the close of the financial statements for which no invoice or supporting documentation had yet been received. These provisions are shown in the sundry credits item.

g) **Functional Currency:**

These financial statements are expressed in Chilean Pesos. This functional currency has been defined by the Company in accordance that the most significant flows and transactions in Chile are expressed in that Chilean Pesos. The exchange rate applied to convert the US, Dollars balances at the end of the current period, was Ch. $ 522.62 for each US Dollar as of March 31st, 2013.

h) **Recognition of operating income:**

The Company recognizes the operating income (services) in accordance to the completion percentage. Since 2012 the Company is developing advisory activities, related with market and design professional advisory services, to its parent company. These incomes are accounted in accordance to the previously explained criteria,

i) **Administrative expenses reimbursements:**

Since November 2009, the company has subscribed an agreement with its parent company in order to obtain the reimbursement of certain administrative expenses, paid during this year. The refunds of those expenses obtained for this concept are shown deducting the operational income and administrative expenses.

j) **Compensation to personnel for years of service:**

This provision was made for this concept due the Company has agreed this benefit with its main staff.

k) **Intangible:**

This item comprises the trade brands that belong to the company and to its parent company, which are registered for that purpose in Chile. This item comprises also, the cost of the merchandise licenses, acquired by the Company.These assets are accounted to their cost which does not exceed their realizable value. These licenses were not amortized, due the products are in initial trade process.

3. Accounting Changes

There were no accounting Changes in both periods.

4. Income Taxes and Deferred Taxes

a) **As of March 31st, 2013**

1) In the period April 1st, 2012 to March 31st, 2013 the company determined a taxable profit Ch.$88,045,287 which determines a credit to results for the period for an amount of 17,609,057.

	Gross amount Ch$	**Deferred tax** Ch$
Determination of the deferred tax net effect on results for the period		20%
Tax Profit for the period April 1 to March 31, 2013	**88,045,287**	17,609,057
Reversal of deferred taxes previous period		6,541,563
Total accumulated liabilities to March 31, 2013		**24,150,620**

For the current tax year (January to December 2013) the income tax rate has been stated in 20%.

2) There are not accumulated assets or liabilities originated in deferred taxes to March 31st 2013.

3) Reconciliation between the nominal tax rate and the effective tax rate, for the period April 1st 2012, to March 31st, 2013.

	Ch$
Net income before income tax	**116,006,215**
Nominal taxrate	**20%**
Net nominal credit to results for the period, due to income tax,	**23,201,243**
Net effective credit to results for the period, due to income tax	**24,150,620**
Effective tax rate	20.80%

b) **As of March 31st, 2014**

1. In accordance to the Chilean Tax Law, the income tax must be determined in accordance to the years ended as of December and must be paid on April in the following year. Notwithstanding, the same regulations establish that the Companies must paid an advance to the annual income tax, if the company have previous tax profits.

   a) In the period April 1st, 2013 to December 31st, the Company have determined a tax loss of Ch$25.970.466 which implies which determines a credit to results for an amount of Ch.$ 3.052.002, originated by the deferred tax effect.

   b) In period January 1st to March 31st, 2014 the company determined a taxable loss of Ch.$26.488.497 which determines a credit to results for an amount of Ch.$ 5.410.851, originated by the deferred tax to that closing date.

   c) Notwithstanding, in accordance to the fiscal tax year (January to December 2013), the tax profit for that period is 24.176.730, which determines income tax payable for an amount of CH$ 4.835.346.-

2. Determination of the deferred tax net effect on results for the period

	Gross amount Ch$	**Deferred tax** Ch$
		20%
Tax loss for the period April 1st 2013 to March 31, 2014	52.458..963	10.491.792
Reversal of deferred taxes previous period		(2.028.940)
Total accumulated credit to results by income tax as of March 31st, 2013		**8.462.8530**

5. Intercompany balances and transactions

a) **Balances**

1) **As of March31st, 2013**

	Initial	**Transactions**		**Final**
	Balance	**Transfer of funds**	**Collect of funds and reimbursements**	**Balance**
Accounts payable	**Ch$**	**Ch$**	**Ch$**	**Ch.$**
Pearl Ges Home Group Limited	68,678,661	430,784,000	333,552,591	301,789,816
Total	**68,678,661**	**430,784,000**	**333,552,591**	**301,789,816**

2) **As of March 31st, 2014**

	Initial Balance	Transactions: Transfer of funds	Transactions: Collect of funds and reimbursements	Final Balance
Accounts payable	**Ch$**	**Ch$**	**Ch$**	**Ch.$**
Pearl Ges Home Group Limited	301,789,816	734,076,203	391,433,407	704.752.859
Total	**301,789,816**	**734,076,203**	**391,433,407**	**704.752.859**

Note 1: The expenses reimbursed are expressed in Chilean Pesos. Its conversion to United States Dollars is presented only for referential purposes.

b) **Design professional advisory agreement**

On 1st day of November 2009 the parent company PEARL GES HOME GROUP LIMITED, and Pearl Ges Home Group S.P.A. have subscribed a market and design professional advisory agreement. This document establishes the following:

a) To assist the performance of each transaction that is made or could probably be made by PGHGL within the Chilean and South American market, in particular with respect to the determination of home décor products pursuant consumer's requirements.

b) To provide specialized advisory services to implement and develop a local strategic planning for the relevant market.

c) To provide assistance in furnishing and designing of catalogues for collections of home décor products to serve the regional market.

d) To provide assistance with respect to sampling, publicity, promotion and introduction and marketing of new products in the market.

e) To provide advisory services in the development and implementation of introduction and stay of new home décor products within the market.

f) To provide advisory services relating to purchase techniques and procedures as well as the development of suppliers, inventory keeping, among others, taking into account for these purposes the production methods and techniques used by other companies within the same industry.

Furthermore, in accordance with that agreement PEARL GES HOME GROUP LIMITED, shall solely bear and reimburse to Pearl Ges Home Group S.P.A. the following costs:

a) Employee costs

b) Expenses relating to Travel

c) Sampling and courier costs

On a monthly basis, Pearl Ges Home Group S.P.A.Chile shall deliver to its Parent Company a written statement itemizing above cost and expenses.

Parties agree to fix the service fees as the resulting sum of costs and expenses (excluding costs referred above) incurred by PGHG Chile to support services provided herein with a 2% accrued margin.

c) **Expenses reimbursements,**

In accordance to the referred agreement, the following are the details of the expenses reimbursements for the period April 1st 2012 to March 31st, 2013:

	2013 Ch$
Salaries	146.481.083
Gratification	6.498.972
Pension plan	4.974.989
Vacations	3.243.706
Bonus	3.540.208
Mobilization	1.990.121
Air trips	5.946.691
Hotel	4.955.849
Tripallowances	114.219
Samples	2.306.903
Office repairs	3.393.330
Consumptions	14.925
Others	1.535.166
Total	184.996.162

There were not expenses reimbursements in the period April 1st 2013 to March 31st, 2014.

6. **Equity Changes**

The Changes in the Equity occurred in both periods are the following:

a) **As of March 31st, 2014:**

As of 31st, 2014	**Capital Ch$**	**Accumulated losses Ch$**	**Profit for the period Ch$**	**Total Ch$**
Balance at the beginning of period	3.000.000	(32,032,573)	91,855,595	62,823,022
Reclassification profit previous period	–	91.855.595	(91.855.595)	–
Profit for the period	–	–	(43.996.110)	(43.966.110)
Balance at the end of the period	**3.000.000**	**59.823.022**	**(43.996.110)**	**18.826.912**

b) **As of March 31st, 2013**

	Capital Ch$	**Accumulated losses Ch$**	**Profit for the period Ch$**	**Total Ch$**
Balance at the beginning of period	3.000.000	(14.140.744)	(17.891.829)	(29.032.573)
Reclassification profit previous period	–	(17.891.829)	17.891.829	–
Profit for the period	–	–	91,855,595	91,855,595
Balance at the end of the period	**3.000.000**	**(32,032,573)**	**91,855,595**	**62,823,022**

The capital is comprised by 1,000 shares, fully paid. There were not share transactions during the periods April 1st to March 31st, 2013 and 2012, and april 1st 2013 to March 31st, 2014.

7. **Commitments and Contingencies**

There are not judgments, contingencies or litigations, which could affect the company,

8. **Taxes payable and recoverable**

a) **Taxes recoverable:**

Current taxes recoverable	**March 31st 2014 Ch.$**	**March 31st 2013** Ch.$
V.A.T	**17,226,267**	8,355,480
Other recoverable taxes	**–**	–
Provisional monthly payment (to income tax)	**28,538,156**	5,325,688
Total	**45,764,423**	13,681,168

In both periods this item comprises the provisional monthly payments, which will be applied to the annual income tax. Their balances have amounted to Ch.5,325,688 and Ch.$28.538.156 as of March 31st, 2013 and 2014 respectively.

This prepayment to the annual income tax is determined based in a percentage of the taxable gross income, applied to the average gross income of the previous three months.

b) **Taxes payable:**

Current taxes payable	**March 31st 2014 Ch.$**	**March 31st 2013 Ch.$**
Accrued income tax	**4,835,346**	17,609,057
Accrued additional tax	**12,737,930**	7,284,974
Accrued Provisional Monthly payment	**1,567,666**	718,828
Debit V.A.T payable	**–**	
Total	**19,140,942**	25,612,859

Pearl GES Home Group S.P.A.

9. Administrative Expenses

The detail of the administrative expenses item for the period April 1st 2013 to March 31st, 2014 is the following:

	Ch$
Wages	175,672,907
B2B costs	30,869,512
Rent office	24,963,104
Accounting advisories	11,940,565
Air tickets	11,129,804
Gratification	10,051,666
Previous periods adjustments	9,624,558
Pension cost	5,735,855
Mutual building expenses	5,685,639
Profesional advisories	4,283,183
Telephone	2,503,197
Trip expenses	2,430,462
Legal Advisories	2,305,483
Other logistics expenses	2,259,077
Mobilization	2,139,927
Conservation expenses	2,047,303
Non recovered taxes	2,045,094
Cleaning supplies	1,784,752
Samples	1,749,130
Freights	1,667,822
Insurances	1,667,240
Bonus	1,538,983
Fees	1,529,423
Depreciation	1,322,058
Advertising	1,223,417
Electricity	1,165,688
Hotel expenses	1,023,566
Designsupplies	961,863
Office repair	840,501
Banking commisions	619,536
Consumptions	536,804
Bonus for festivities	500,000
Fines and interests	373,848
Municipal taxes	314,842
Security	276,549
Water	197,480
Rent parking	47,000
Notarial expenses	24,500
Mail	15,824
Monetaryadjustment	58,678
Vacations costs	(1,120,597)
TOTAL	**324,006,243**

The detail of the administrative expenses item for the period April 1st 2012 to March 31st, 2013 is the following

	2013 Ch$
Office lease	21.690.607
Accounting advisories	10.869.348
Previous years adjustments	4.544.852
Mutual expeses due to leased properties	3.446.311
Fees	3.164.949
Office and cleaning expenses	2.283.050
Other distribution and logistics costs	2.048.331
Trip expenses	2.000.000
Telephone-fax	1.961.599
Asesorias Profesionales	1.771.090
Non recovered VAT Credit	1.756.682
Mobilization	1.686.108
Tickets for air trips	1.500.000
Depreciation	1.474.455
Advertising	1.399.255
Insurances	1.378.516
Webs B2B	1.337.712
Other repairments	1.271.134
Consumptions	1.219.391
Electricity	1.086.706
Banking commisions	984.486
Design supplies	773.484
Additional tax	762.150
Security	320.018
Other expenses	294.251
Water consumption	150.017
County tax	106.331
Legal advisories	90.365
Repairments	75.054
Parking lease	60.088
Notarial expenses	50.800
Fines, interests	9.588
Mail	4.000
Photocopies	340
TOTALS	**71.571.068**

10. Lease contracts

The main lease contract subscribed by the Company since July 2012 corresponds to the office where the commercial activities are performed. The summary of main clauses of that contract is the following:

- Location of premise: Avenidadel Valle Nº 4,980 offices Nº 131 and 132, Huechuraba, Santiago de Chile.
- Name of Landlord: Inversiones Los Sauzales Ltda.
- Contract term: Three years, period from August 1st 2012 to July 31st, 2013. In accordance to the lease contract, its term will be automatically renewed at the end of every period by one year if both parts do not state its opposite intention.
- Monthly Rent: Period from August 1st 2012 to July 31st 2013: UF, 60 plus V.A.T. Approximately Th.Ch. $ 1,351, Period from August 1st 2013 to July 31st 2013: UF 90, approximately Th.Ch. $ 2,027. The "unidades de fomento" is a local currency which value Changes every day in accordance to the inflation rate.
- Break clauses:
  - Not paying the monthly rent on time.
  - Using the property to a use other than that set out in the lease.
  - Do not keep the property in good condition.
  - Late or not payment of the costs of property use (electricity, etc.)

In 2003 this contract was renewed in accordance to the clauses established in the document.?

11. Compensation to personnel for years of service

Due the Company has not agreed this benefit with its mainstaff; consequently no provision has been accounted a provision for this concept.

12. Fixed assets and intangibles

a) The composition of these items to March 31st, 2014 is the following:

	Furniture & Fixtures Ch.$	Office Equipment Ch.$	Brand Ch.$	Total Ch.$
Cost				
Initial balance to 31.3.2013	1,459,595	8,714,239	2,662,835	12,836,669
Write -off	–	–	–	–
Acquisitions	–	1,525,819	–	1,525,819
Balance to March 31, 2014	**1,459,595**	**10,240,058**	**2,662,835**	**14,362,488**
Less:				
Accumulated depreciation				
Initial balance to 31.3.2013	865,568	5,375,102	–	6,240,670
Movements for the period April 1, 2013 to March 31, 2014				
Net depreciation for the period	263,385	1,058,673	–	1,322,058
Write-off	–	–	–	–
Total to March 31, 2014	**1,128,953**	**6,433,775**	**–**	**7,562,728**
Net book value to March 31, 2014	**330,642**	**3,806,283**	**2,662,835**	**6.799.760**

12. Fixed assets and intangibles

b) The composition of these items to March 31st, 2013 is the following:

	Leasehold Improvement Ch.$	Furniture & Fixtures Ch.$	Office Equipment Ch.$	Brand Ch.$	Total Ch.$
Cost					
Initial balance to 31.3.2012	–	1.459.595	7.914.382	6.799.247	16.173.224
Plus:					
Write-off				(4.136.411)	(4.136.411)
Acquisitions for the period			799.857	–	799.857
Balance to 31.03.2013	–	1.459.595	8.714.239	2.662.836	12.836.670
Less:					
Accumulated depreciation Initial balance to 31.3.2012	–	697.784	4.128.430	–	4.826.214
Net depreciation for the period Write-off		167.784	1.246.672	1.414.456	–
Total accumulated depreciation to March 31, 2013	–	865.568	5.375.102	–	6.240.670
Net book value to March 31, 2013	–	594.027	3.339.137	2.662.836	6.596.000

c) **Intangibles**

	2014 Ch.$	2013 Ch.$
Brands	**2,662,836**	2,662,836
Total	**2,662,836**	2,662,836

(1) The Company has subscribed a merchandise license agreement, in order to perform locally a new business line.

13. Sundry Credits

The composition of these items in both periods is the following:

	March 31st, 2014 Ch.$	March 31st, 2013 Ch.$
Fees payable	**15,000**	5,740
Accrued expenses	**21,096,351**	2,093,876
Vacations provision	**4,168,118**	8,049,870
Wages payable	**–**	328,473
Total	**25,279,469**	10,477,959

14. Income statement for the last quarter:

The composition of the income statement for these periods is the following:

	January 1st to March 31st, 2014 Ch$	January 1st to March 31st, 2013 Ch$
Income		
Operational income		
Sale of goods	**258,340,385**	138,074,658
Advisories	**14,743,998**	23,346,142
Other income	**122,943**	307,437
Non operationalincome (expenses)	**273,207,326**	161,728,237
Exchange rate difference and others	**(41,643,970)**	6,534,575
Total income	**231,563,356**	168,262,812
Expenses		
Cost of goods sold	**(116,267,283)**	(118,954,145)
Royalties	**(26,195,932)**	(18,881,199)
Warehouse and logistic costs	**(34,432,171)**	(4,071,500)
Administrative expenses	**(81,156,467)**	(18,026,988)
Financial expenses	**–**	(14,531,224)
Total expenses	**(258,051,853)**	(174,465,056)
Net result before income tax	**(26,488,497)**	(6,202,244)
Income taxes	**5,410,851**	(27,426)
Profit (Loss) for the period	**(21,077,646)**	(6,229,670)

Pearl GES Home Group S.P.A.

15. Clients Receivable

The composition of this item is the following as of March 31st, 2013

	Balance Ch$	%	(not yetdue) Current Ch$	(over due) 0-30 days Ch$	(overdue) 31-60 days Ch$	(overdue) 61-90 days Ch$	(overdue) >90 days Ch$
Cencosud Retail	32.244.044	19%	244.474	8.383.807	8.165.028	–	15.450.735
Comercializadora S.A.	10.098.453	6%	–	–	6.068.870	4.029.583	–
Distribuidora de Industrias Nacionales S.A.	18.718.410	11%	13.817.566	–	4.900.844	–	–
Comercial Eccsa S.A.	31.109.473	18%	29.157.351	–	1.952.122	–	–
Empresas La Polar S.A.	61.550.645	36%	40.523.693	15.802.157	2.480.293		2.744.502
Sodimac S.A.	6.212.795	4%	6.212.795	–	–	–	–
Jorge Bravo	9.399.567	6%	–	–	–	9.399.567	–
Others	603.640	0%	–	44.360	559.280	–	–
TOTAL	**169.937.027**	**100%**	**89.955.879**	**24.230.324**	**24.126.437**	**13.429.150**	**18.195.237**

16. Cost of goods sold

The detail of this heading is the following as of March 31st, 2014 and 2013.

	For the period April 1st 2013 to March 31st 2014 Ch$
Directcost of goods sold	337,732,318
Royalties	52,470,747
Logistics and distributioncosts	71,338,344
Total	**461,541,409**

	For the period April 1st 2012 to March 31st 2013 Ch$
Directcost of good ssold	211,163,516
Royalties	63,392,545
Warehousecosts	30,533,684
Logistics and distributioncosts	4,182,219
Total	**309,271,964**

17. Financial expenses

This item comprises the net loss for the period originated by the forward operations performed by the Company, for an amount of CH$ 14,531,224 in 2013 and an amount of CH$ 5.510.331 in 2014.

18. Subsequent events

No events had subsequently occurred by the date of these financial statements that might materially impact the content or presentation of the financial statements.

THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and the financial statements of the company for the year ended 31 March 2014.

Principal activities and business review

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

Following this period of transition the company steered by a new management team, who were promoted organically, focused attention on new business development and as a result Casa Forma Limited has a strong pipeline of both UK and International projects in place for the coming financial year.

The directors' focus is on re-establishing profitability, increasing turnover, improving operating results and cash flow

Results and dividends

Loss for the year amounted to £142,376 (2013: profit of £106,025). The directors have not recommended a dividend.

Directors

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

Mr P Seth
Mr A Banaik

Auditor

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

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently:
- make judgements and estimates that are reasonable and prudent:
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements: and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the financial information included on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant information of which the company's auditor is unaware: and
- the director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board

Mr A Banaik

Director

2 May 2014

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CASA FORMA LIMITED

FOR THE YEAR ENDED 31 MARCH 2014

We have audited the financial statements of Casa Forma Limited for the year ended 31 March 2014, 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 - 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 2014 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.

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

6 May 2014

Chartered Accountants
Statutory Auditor

Casa Forma Limited

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	NOTES	2014 £	2013 £
Revenue		**1,005,829**	2,488,292
Cost of sales		**(361,699)**	(1,042,851)
Gross profit		**644,130**	1,445,441
Other income	4	**18,240**	–
Administrative expenses		**(804,357)**	(1,339,416)
Operating profit/ (loss)		**(141,987)**	106,025
Finance costs	5	**(389)**	–
Profit/ (Loss) before taxation		**(142,376)**	106,025
Taxation	6	**–**	–
Profit/ (Loss) for the financial year		**(142,376)**	106,025

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

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

The notes on pages 10 to 19 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

	NOTES	2014 £	2013 £
Non current assets			
Property, plant and equipment	7	**27,980**	36,751
Current assets			
Inventories	8	**39,202**	39,202
Trade and other receivables	9	**149,375**	287,466
Cash and cash equivalents		**172,359**	70,697
		360,936	397,365
Total assets		**388,916**	434,116
Current liabilities			
Trade and other payables	10	**(718,663)**	(621,487)
Net current liabilities		**(357,727)**	(224,122)
Net liabilities		**(329,747)**	(187,371)
Shareholders' equity			
Share capital	13	**250,000**	250,000
Retained earnings	14	**(579,747)**	(437,371)
Total equity		**(329,747)**	(187,371)

These financial statements were approved by the board of directors and authorised for issue on 2 May 2014 and were signed on its behalf by:

Mr A Banaik
Director

Company Registration Number: 06060342
The notes on pages 10 to 19 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2012	250,000	(543,396)	(293,396)
Total comprehensive income for the year	–	106,025	106,025
Balance at 1 April 2013	250,000	(437,371)	(187,371)
Total comprehensive loss for the year	–	(142,376)	(142,376)
Balance at 31 March 2014	250,000	(579,747)	(329,747)

The notes on pages 10 to 19 form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 £	2013 £
Cash flows from operating activities	15	**101,662**	73,465
Cash flows from investing activities			
Payments to acquire property, plant and equipment		**–**	(9,266)
Net increase in cash and cash equivalents cash equivalents		**101,662**	64,199
Cash and cash equivalents at the start of the year		**70,697**	6,498
Cash and cash equivalents at end of the year		**172,359**	70,697

	2014 £	2013 £
Cash and cash equivalents comprise:		
Cash at bank and in hand	**172,359**	70,697

The notes on pages 10 to 19 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES

Basis of accounting

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the Companies Act 2006 applicable to companies reporting under IFRSs.

Revenue

The revenue shown in the statement of comprehensive income represents amounts invoiced during the year, exclusive of Value Added Tax.

Property, plant and equipment

All property, plant and equipment are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & fittings - 20% per annum on reducing balance

Computer equipment - 25% per annum on reducing balance

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Fundamental accounting concept

The accounts have been prepared on a going concern basis as, in the opinion of the directors, the immediate parent company, Multinational Textile Group Limited, shall continue to financially support the company in the foreseeable future to meet the liabilities as they fall due.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

The company does not use or trade derivative financial instruments. Financial instruments that the company uses are non-derivative and are recognised initially at fair value. Subject to initial recognition, non-derivative financial instruments are measured as described as follows:

- **Trade and other receivables**

  Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

- **Trade and other payables**

  Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are stated at their nominal value.

- **Cash and cash equivalents**

  Cash for the purposes of the statement of cash flows comprises cash at bank and in hand. Cash equivalents are short term liquid investments convertible into cash and are subject to insignificant risk of changes in value. Bank overdrafts which form part of cash and cash equivalents for the purpose of the cash flow statements are shown under current liabilities.

New IFRSs and interpretations not applied

The IASB has issued the following standards and interpretations which have been endorsed by the European Union to be applied to financial statements with periods commencing on or after the following dates:

	Effective for period beginning on or after
IFRS 9 Financial Instruments	1 January 2015
Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to IFRS 10, IFRS 12 and IAS 27 Investments Entries	1 January 2014
Amendments to IAS 36 Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRIC 21 Levies	1 January 2014
Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements of IFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014

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.

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. This is set out below.

Inventories valued at the lower of cost and net realizable value are deemed to be saleable and not subject to obsolescence.

2. OPERATING PROFIT/ (LOSS)

Operating profit/ (loss) has been arrived at After charging:	**2014 £**	2013 £
Staff costs (see note 3)	**469,690**	772,413
Depreciation of property, plant and equipment**8,771**	11,555	
Operating lease rentals		**50,829**
Fees payable to auditors:		
Audit of annual financial statements	**4,000**	4,000
Other services - review of the interim financial statements	**2,700**	2,950

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2014 No	**2013 No**
Operational	**9**	15
Management	**3**	3
	12	18

The aggregate payroll costs of the above were:

	2014 £	2013 £
Wages and salaries	**422,452**	695,607
Social Security costs	**47,238**	76,806
	469,690	772,413

Casa Forma Limited

4. OTHER INCOME

	2014 £	2013 £
Rental income	**18,240**	–

5. FINANCE COSTS

	2014 £	2013 £
Other interest	**389**	–

6. TAXATION

	2014 £	2013 £
Current tax expense:		
UK corporation tax	–	–
Reconciliation of current tax expense to accounting profit/ (loss):		
Profit/ (loss) before taxation	**(142,376)**	106,025
Notional taxation charge at the UK corporation tax rate of 23% (2013: 24%)	**(32,746)**	25,445
Tax effects of:		
Expenses not deductible for tax purposes	**180**	1,519
Capital allowances in excess of depreciation	**721**	1,002
Unutilised tax losses not recognised as a deferred tax asset	**31,845**	(27,966)
Total current tax charge for the year	**–**	–

The company had unused tax losses of approximately £340,000 (2013: £252,052) available to carry forward against future trading profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. The tax losses can be carried forward.

7. PROPERTY, PLANT & EQUIPMENT

	Fixtures & Fittings £	Computer Equipment £	Total £
Cost			
At 1 April 2013	26,830	68,790	95,620
Additions	–	–	–
At 31 March 2014	26,830	68,790	95,620
Depreciation			
At 1 April 2013	18,486	40,383	58,869
Charge for the year	1,669	7,102	8,771
At 31 March 2014	20,155	47,485	67,640
Net book value			
At 31 March 2014	6,675	21,305	27,980
At 31 March 2013	8,344	28,407	36,751

	Fixtures & Fittings £	Computer Equipment £	Total £
Cost			
At 1 April 2012	26,830	59,524	86,354
Additions	–	9,266	9,266
At 31 March 2013	26,830	68,790	95,620
Depreciation			
At 1 April 2012	16,400	30,914	47,314
Charge for the year	2,086	9,469	11,555
At 31 March 2013	18,486	40,383	58,869
Net book value			
At 31 March 2013	8,344	28,407	36,751
At 31 March 2012	10,430	28,610	39,040

8. INVENTORIES

	2014 £	2013 £
Finished goods	**39,202**	39,202

9. TRADE AND OTHER RECEIVABLES

	2014 £	2013 £
Trade receivables	**71,227**	246,428
VAT recoverable	**–**	5,229
Other receivables	**27,972**	27,660
Prepayments and accrued income	**49,452**	7,079
Amount due from fellow group undertakings	**724**	1,070
	149,375	287,466

Other receivables include a rent deposit of £20,000 (2013: £20,000) for which there is a charge.

10. TRADE AND OTHER PAYABLES

	2014 £	2013 £
Trade payables	**145,986**	97,431
Amounts owed to parent undertaking	**230,695**	230,695
Amounts owed to fellow group undertakings	**223,994**	161,418
Social securities and other taxes	**31,489**	18,954
Other payables	**4,146**	2,339
Accruals and deferred income	**82,353**	110,650
	718,663	621,487

The company has given a legal charge to its bank in respect of banking facilities including company credit card.

11. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2014, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2014 £	2013 £
Originating leases which expire:		
Within one year	**74,000**	68,000
Between 2-5 years	**80,167**	154,167
	154,167	222,167

12. RELATED PARTY TRANSACTIONS

At the year end, the company owed the following amounts to its parent and fellow group undertakings:

- Poeticgem Limited - £157,651 (2013: £95,075)
- Norlanka Industries Limited - £112 (2013 : £112)
- Multinational Textile Group Limited - £230,695 (2013: £230,695)
- Norwest Industries Limited - £66,231 (2013: £66,231)

At the year end, the company owed the following amounts to its fellow group undertakings:

- Nahata Limited - £NIL (2013: £420)
- Razamtazz Limited - £724 (2013: £650)

During the year, the company had the following transaction with its fellow group undertakings:

- Recharge of expenses to Casa Forma London Interiors LLC of £NIL (2013: £43,188).
- Made sales of £138,847 (2013: £NIL) to a family member of Mr P Seth, a director of the company. No balance was outstanding at the year end.
- Received rent of £18,240 (2013: £NIL) from Spring Near East Manufacturing Company Limited, Hong Kong, a fellow group company. No balance was outstanding at the year end.

13. SHARE CAPITAL

Allotted, called up and fully paid:

	2014 £	2013 £
250,000 Ordinary shares of £1 each	**250,000**	250,000

14. RETAINED EARNINGS

	2014	2013
	£	£
Balance brought forward	(437,371)	(543,396)
Profit/ (loss) for the financial year	(142,376)	106,025
Balance carried forward	**(579,747)**	(437,371)

15. NOTES TO THE CASH FLOW STATEMENTS

Reconciliation of operating profit to net cash inflow from operating activities

	2014	2013
	£	£
Operating profit/ (loss)	**(142,376)**	106,025
Depreciation	**8,771**	11,555
Decrease in stocks	**–**	8,659
Decrease in debtors	**138,091**	8,659
Increase/ (decrease) in creditors	**97,176**	(61,433)
Net cash inflow from operating activities	**101,662**	73,465

16. CAPITAL RISK MANAGEMENT

The company manages its capital to ensure that it will be able to continue as a going concern whilst maximizing the return to stakeholders through the optimisation of the equity balance. The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising of issued capital, reserves and retained earnings.

17. FINANCIAL RISK MANAGEMENT

The following section provides quantitative and qualitative disclosures on the effect that these risks have upon the company.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available the company uses other publicly available financial information. The company's exposure and the credit ratings of its counterparties are continuously monitored.

The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Management monitors forecasts of the company's liquidity reserve, comprising cash and cash equivalents, on the basis of expected cash flow. At 31 March 2014, the company held cash and cash equivalents of £172,359 (2013: £70,697).

Foreign currency risk

The company's functional and presentation currency and the majority of its spending as well as financing facilities are in GBP. As such, no exchange rate risk exists. The company has no deposit or loan facilities, hence is not affected by interest rate fluctuations.

17. ULTIMATE PARENT COMPANY

The immediate parent company is Multinational Textile Group Limited, a company registered in Mauritius, and the ultimate parent company is Pearl Global Industries Limited, a company registered in India.

Pearl Global Industries Limited prepares group financial statements and copies can be obtained from Corporate Office: 446, Udyog Vihar, Phase-V, Gurgaon - 122 016 (Haryana), India.

Pearl Global Industries Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

18. POST BALANCE SHEET EVENT

The 'Scheme of Arrangement' between Pearl Global Industries Limited (Transferor Company) and PDS Multinational Fashions Limited (Transferee Company) was sanctioned by Honorable High Court of Delhi through its order dated 25 April 2014 (the Scheme). Consequent upon 'the Scheme' becoming effective after filing the same with the Registrar of Companies, the entire investments of the Transferor Company into Share Capital of the Multinational Textiles Group Limited shall be transferred to the Transferee Company. In view of above, the Company's ultimate holding company will be PDS Multinational Fashions Limited, a company incorporated in India with its shares shall be listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

PDS Asia Star Corporation Limited

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended March 31, 2014, which were approved by them at the board meeting held on the date of this report.

PRINCIPAL ACTIVITIES

The principal activities of the Company are garment trading and investment holding. The principal activity of subsidiary is set out in Note (13) to the financial statements.

FINANCIAL RESULTS

The results of the Group for the year ended March 31, 2014 and the state of affairs of the Group and the Company as at that date are set out in the annexed financial statements.

DIVIDEND

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 (12) to the financial statements.

DIRECTORS

The directors of the Company who held office during the year and up to 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.

DIRECTORS' INTEREST

Except for the related party transactions as disclosed in Note (21) to the financial statements, no contracts of significance to which the Company, any of its ultimate holding company, its subsidiary or its fellow subsidiaries was a party and in which the director had a material interest subsisted at the end of the year or at any time during the year. At no time during the year was the Company, any of its ultimate holding company, its subsidiary or its fellow subsidiaries a party to any arrangements to enable the director of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or other body corporate.

AUDITORS

During the year, 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.

By Order of the Board

Sd/-

Chairman

Hong Kong, May 13, 2014.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS 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 28, which comprise the consolidated statement of financial position as at March 31, 2014 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 information.

Directors' responsibility for the financial statements

The directors of the Company 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 and to report our opinion solely to you, as a body, in accordance with section 141 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 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.

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 state of the Company's and the Group's affairs as at March 31, 2014 and of the Group's loss 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 13, 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2014

	NOTES	1/4/2013 -31/3/2014 HK$	24/10/2012 -31/3/2013 HK$
TURNOVER	(6)	48,494,059	–
OTHER REVENUE	(6)	2,542,359	38
COST OF GOODS SOLD		(42,559,233)	–
STAFF COSTS		(8,619,741)	(1,117,702)
DEPRECIATION		(383,455)	(49,790)
OTHER OPERATING EXPENSES		(7,236,332)	(2,198,436)
LOSS FROM OPERATIONS		(7,762,343)	(3,365,890)
FINANCE COST	(7)	(4,327)	–
LOSS BEFORE TAXATION	(8)	(7,766,670)	(3,365,890)
TAXATION	(10)	–	–
LOSS FOR THE YEAR/PERIOD		(7,766,670)	(3,365,890)
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD			
Item that may be reclassified to profit or loss:			
Exchange difference on translating of foreign operations		31,451	2,631
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR/PERIOD		**(7,735,219)**	(3,363,259)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

	NOTES	2014	2013
ASSETS			
Non-Current Assets			
Plant and equipment	(12)	**1,095,966**	616,219
Interest in a subsidiary	(13)	**4,038,483**	2,019,28
Current Assets			
Deposit and prepayment		**282,853**	171,163
Trade and other receivables	(14)	**10,337,861**	174,957
Amounts due from fellow subsidiaries	(15)	**2,301,174**	–
Bank balances		**4,148,270**	1,220,705
		17,070,158	1,566,825
Current Liabilities			
Amounts due to fellow subsidiaries	(16)	**10,842,495**	2,952,389
Amount due to a director	(16)	**–**	254,914
Amount due to immediate holding company	(16)	**6,457,400**	–
Trade and other payables	(17)	**9,630,707**	5,000
		26,930,602	3,212,303
Net Current Liabilities		**(9,860,444)**	(1,645,478)
NET LIABILITIES		**(8,764,478)**	(1,029,259)
Represented by:			
CAPITAL AND RESERVES			
Share capital	(18)	**2,334,000**	2,334,000
Translation reserve		**34,082**	2,631
Accumulated losses		**(11,132,560)**	(3,365,890)
SHAREHOLDERS' DEFICIT		**(8,764,478)**	(1,029,259)

APPROVED BY THE BOARD OF DIRECTORS ON MAY 13, 2014 AND SIGNED ON BEHALF OF THE BOARD BY:

Sd/- Sd/-

DIRECTOR DIRECTOR

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

	NOTES	2014	2013
ASSETS			
Non-Current Assets			
Plant and equipment	(12)	**15,826**	7,315
Interest in a subsidiary	(13)	**4,038,483**	2,019,283
		4,054,309	2,026,598
Current Assets			
Deposit and prepayment		**112,906**	112,743
Trade and other receivables	(14)	**6,195,331**	174,957
Amounts due from fellow subsidiaries	(15)	**2,301,174**	–
Bank balances		**139,479**	131,000
		8,748,890	418,700
Current Liabilities			
Amounts due to fellow subsidiaries	(16)	**10,842,495**	2,952,389
Amount due to a director	(16)	**–**	254,914
Amount due to immediate holding company	(16)	**6,457,400**	–
Trade and other payables	(17)	**5,225,640**	5,000
		22,525,535	3,212,303
Net Current Liabilities		**(13,776,645)**	(2,793,603)
NET LIABILITIES		**(9,722,336)**	(767,005)
Represented by:			
CAPITAL AND RESERVES			
Share capital	(18)	**2,334,000**	2,334,000
Accumulated losses	(19)	**(12,056,336)**	(3,101,005)
SHAREHOLDERS' DEFICIT		**(9,722,336)**	(767,005)

APPROVED BY THE BOARD OF DIRECTORS ON MAY 13, 2014 AND SIGNED ON BEHALF OF THE BOARD BY:

Sd/- Sd/-

DIRECTOR DIRECTOR

CONSOLIATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2014

	Share Capital HK$	Translation Reserve HK$	Accumulated Losses HK$	Total HK$
Issuance of share capital	2,334,000	–	–	2,334,000
Total comprehensive expenses for the period	–	2,631	(3,365,890)	(3,363,259)
At March 31, 2013 and April 1, 2013	2,334,000	2,631	(3,365,890)	(1,029,259)
Total comprehensive expenses for the year	–	31,451	(7,766,670)	(7,735,219)
At March 31, 2014	2,334,000	34,082	(11,132,560)	(8,764,478)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

	1/4/2013 -31/3/2014 HK$	24/10/2012 -31/3/2013 HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(7,766,670)**	(3,365,890)
Adjustments for:		
Depreciation	**383,455**	49,790
Interest income	**(1,784)**	(38)
Interest expenses	**4,327**	–
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	**(7,380,672)**	(3,316,138)
Increase in deposit and prepayment	**(111,690)**	(171,163)
Increase in trade and other receivables	**(10,162,904)**	(174,957)
Net receipt from fellow subsidiaries	**5,588,932**	2,952,389
Net (payment to)/receipt from a director	**(254,914)**	254,914
Net receipt from immediate holding company	**6,457,400**	–
Increase in trade and other payables	**9,625,707**	5,000
Net cash generated from/(used in) operations	**3,761,859**	(449,955)
Interest received	**1,784**	38
Interest paid	**(4,327)**	–
Net cash generated from/(used in) operating activities	**3,759,316**	(449,917)
CASH FLOWS FROM INVESTING ACTIVITIES		
Issuance of share capital	**–**	2,334,000
Payment to acquire plant and equipment	**(846,768)**	(666,009)
Net cash (used in)/generated from investing activities	**(846,768)**	1,667,991
CASH FLOWS FROM FINANCING ACTIVITIES	**–**	–
NET CHANGE IN CASH AND CASH EQUIVALENTS	**2,912,548**	1,218,074
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	**1,220,705**	–
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**15,017**	2,631
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	**4,148,270**	1,220,705

NOTES TO THE FINANCIAL STATEMENTS

1. **GENERAL**

PDS Asia Star Corporation Limited was incorporated in Hong Kong as a limited liability company. Its principal activities are garment trading and investment holding. The address of its registered office is 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong. The directors consider that the ultimate holding company is Pearl Global Industries Limited, a company incorporated in India. The shares of the ultimate holding company 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.

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 2014, the Group adopted the new and revised HKFRSs below, which are relevant to its operations.

• HKFRS 1 (Amendments)	Government Loans
• HKFRS 7 (Amendments)	Disclosures - Offsetting Financial Assets and Financial Liabilities
• HKFRS 10	Consolidated Financial Statements
• HKFRS 11	Joint Arrangements
• HKFRS 12	Disclosure of Interests in Other Entities
• HKFRS 13	Fair Value Measurement
• HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
• HKAS 19 (2011)	Employee Benefits
• HKAS 27 (2011)	Separate Financial Statements
• HKAS 28 (2011)	Investments in Associates and Joint Ventures
• HK (International Financial Reporting Interpretations Committee) ("IFRIC") - Int 20	Stripping Costs in the Production Phase of a Surface Mine
• HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle except for the amendments to HKAS 1
• Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 Other	Consolidated Financial Statements, Joint Arrangements Disclosure of Interests in Entities: Transition Guidance

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 financial statements. As such, no 2013 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 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures(2)
• HKFRS 9	Financial Instruments(2)
• HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investments Entities (1)
• HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities(1)
• HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets (1)
• HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting(1)
• HK (IFRIC) - Int 21	Levies(1)

Notes:

(1) Effective for annual periods beginning on or after 1 January 2014

(2) Effective for annual periods beginning on or after 1 January 2015

The directors anticipate that all of the above new and revised standards, amendments or interpretations will be adopted in the Group's and Company's financial statements for the period commencing April 1, 2014 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.

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.

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%
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.

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

The Group's financial liabilities include account and other payables 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.

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.

o. Turnover

Turnover represents invoiced amount of sales less discounts and returns.

p. Recognition of Revenue

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

- Revenue from sales of goods is recognised when 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.

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.

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 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 to the Group, 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. RECOGNITION OF REVENUE

	GROUP	
	1/4/2013 -31/3/2014	24/10/2012 -31/3/2013
Revenue recognised during the year/period including revenue arising from:	HK$	HK$
Turnover		
Sales of goods	48,494,059	–
Other revenue		
Bank interest income	1,784	38
Commission income	143,654	–
Management fee income	2,176,161	–
Marketing fee received	220,475	–
Sundry income	285	–
	2,542,359	38
Total revenue recognised	51,036,418	38

7. FINANCE COST

	GROUP	
	1/4/2013 -31/3/2014	24/10/2012 -31/3/2013
	HK$	HK$
Bank finance charges	4,327	–

8. LOSS BEFORE TAXATION

Loss before taxation is stated after charging:		
Auditors' remuneration	30,000	10,000
Depreciation	383,455	49,790
Exchange difference	135,487	18,965
Staff costs (including directors' remuneration)		
– Salaries and allowance	7,175,071	1,107,593
– Mandatory provident fund contribution	45,703	–
– Medical and social welfare contribution	1,273,608	10,109
– Staff quarters expenses	50,550	–
– Staff training expenses	11,053	–
– Staff welfare expenses	63,756	–

9. DIRECTORS' REMUNERATION

Fees	–	–
Other emoluments	1,331,193	479,149
	1,331,193	479,149

10. TAXATION

No Hong Kong profits tax has been provided in these financial statements as the Group made no estimated assessable profits for the year.

11. LOSS ATTRIBUTABLE TO SHAREHOLDERS

Included in the loss of HK$7,766,670 (2013: HK$3,365,890) attributable to shareholders of the Group is a loss of HK$8,955,331 (2013: HK$3,101,005) which is dealt with in the Company's own accounts.

12. PLANT AND EQUIPMENT

GROUP	Computer equipment HK$	Furniture and fixtures HK$	Leasehold improvement HK$	Office equipment HK$	Software HK$	Total HK$
Cost						
Additions and at 31/3/2013	173,426	140,038	181,530	171,015	–	666,009
Additions	105,168	570,673	66,558	21,807	82,562	846,768
Exchange realignment	4,350	5,405	4,657	4,245	288	18,945
At 31/3/2014	282,944	716,116	252,745	197,067	82,850	1,531,722

GROUP	Computer equipment HK$	Furniture and fixtures HK$	Leasehold improvement HK$	Office equipment HK$	Software HK$	Total HK$
Accumulated Depreciation						
Charge for the period and at 31/3/2013	11,659	8,752	15,128	14,251	–	49,790
Charge for the year	81,120	137,083	83,946	65,455	15,851	383,455
Exchange realignment	530	692	660	574	55	2,511
At 31/3/2014	93,309	146,527	99,734	80,280	15,906	435,756
Net Book Value						
At 31/3/2014	189,635	569,589	153,011	116,787	66,944	1,095,966
At 31/3/2013	161,767	131,286	166,402	156,764	–	616,219

COMPANY	Computer equipment HK$
Cost	
Additions and at 31/3/2013	7,980
Additions	14,200
At 31/3/2014	22,180
Accumulated Depreciation	
Charge for the period and at 31/3/2013	665
Charge for the year	5,689
At 31/3/2014	6,354
Net Book Value	
At 31/3/2014	15,826
At 31/3/2013	7,315

13. INTEREST IN A SUBSIDIARY

	COMPANY	
	2014 HK$	2013 HK$
Unlisted shares, at cost	**7,556,598**	1,233,000
Amount due (to)/from a subsidiary	**(3,518,115)**	786,283
	4,038,483	2,019,283

The amount is unsecured, interest-free and has no fixed terms of repayment. The subsidiary 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.

Details of the subsidiary are as follows:

Name of subsidiary	Place of incorporation	Percentage of Equity attributable to the Group	Principal activity
*(PDS Trading (Sanghai Co. Ltd)	The People's Republic of China	100%	Garment trading

* Not audited by Louis Lai & Luk CPA Limited

14. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Trade receivables (Note (i))	**5,064,018**	–	**1,616,336**	–
Bills receivables	**2,772,514**	–	**2,772,514**	–
Trade deposit paid	**677,786**	174,957	**10,500**	174,957
Other receivables	**1,823,543**	–	**1,795,981**	–
	10,337,861	174,957	**6,195,331**	174,957

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

Neither past due nor impaired	**4,982,737**	–	**1,616,336**	–
Past due but not impaired	**81,281**	–	**–**	–
	5,064,018	–	**1,616,336**	–

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/A DIRECTOR/IMMEDIATE HOLDING COMPANY

The amounts are unsecured, interest-free and have no fixed terms of repayment. The fellow subsidiaries, director and 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

	GROUP		COMPANY	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Trade payables (Note (i))	**6,747,525**	–	**3,457,733**	–
Trade deposit received	**2,518,603**	–	**1,545,131**	–
Other payables and accruals	**364,579**	5,000	**222,776**	5,000
	9,630,707	5,000	**5,225,640**	5,000

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

Due for payment:

Not later than one year	**6,747,525**	–	**3,457,733**	–

18. SHARE CAPITAL

	COMPANY	
	2014 HK$	2013 HK$
Authorised, issued and fully paid up:		
300,000 ordinary shares of US$1 each	**2,334,000**	2,334,000

19. RESERVES

	COMPANY Accumulated Losses HK$
Total comprehensive expense for the period and balance at March 31, 2013 and April 1, 2013	(3,101,005)
Total comprehensive expense for the year	(8,955,331)
Balance at March 31, 2014	(12,056,336)

20. 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:

	2014 HK$	2013 HK$
Within one year	**838,760**	–
In the second to fifth years inclusive	**639,678**	–
	1,478,438	–

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.

21. RELATED PARTY TRANSACTIONS

During normal course of business, the Group had the following transactions with the related parties below.

PDS Asia Star Corporation Limited

Name of Company	Relationship	Nature of transactions	2014 HK$	2013 HK$
Designed and Sourced Ltd.	Fellow subsidiary	Amount due to	(31,664)	–
		Commission expenses	203,383	–
FENG Qing	Director	Amount due to	–	(254,914)
GEM Australia Manufacturing Co. Ltd.	Fellow subsidiary	Amount due from	332,588	–
Global Textiles Group Ltd.	Fellow subsidiary	Consultancy fee	1,641,580	–
Multinational Textile Group Ltd.	Immediate holding company	Amount due to	(6,457,400)	–
		Management and service fee	252,819	–
Nor Europe Manufacturing Co. Ltd.	Fellow subsidiary	Marketing fee received	59,809	–
		Commission expenses	149,014	–
Nor France Manufacturing Co. Ltd.	Fellow subsidiary	Amount due from	116,700	–
Norwest Industries Limited	Fellow subsidiary	Amount due to	(10,756,213)	(2,822,534)
		Marketing fee received	160,666	–
		Commission expenses	914,183	–
Norwest USA Inc	Fellow subsidiary	Amount due from	58,350	–
Poeticgem Ltd.	Fellow subsidiary	Amount due to	(54,618)	(13,155)
Simple Approach Ltd.	Fellow subsidiary	Amount due to	–	(116,700)
		Consultancy fee	162,500	–
		Management and service fee	–	116,700
Sino West Manufacturing Co., Ltd.	Fellow subsidiary	Amount due from	354,236	–
Spring Near East Manufacturing Co. Ltd.	Fellow subsidiary	Amount due from	1,439,300	–
Zamira Fashion Limited	Fellow subsidiary	Commission expenses	27,347	–

22. CURRENCY RISK

(i) Exposure to currency risk

The following table details the Group's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of reporting period.

	(Expressed in HKD) 2014			
	CNY	GBP	EUR	USD
Deposit and prepayment	272,824	10,029	–	–
Trade and other receivables	4,142,530	–	–	6,184,831
Trade and other payables	(4,405,067)	–	–	(5,218,140)
Cash and cash equivalents	958,326	2,956	2,490	111,828
Net exposure arising from recognised assets and liabilities	968,613	12,985	2,490	1,078,519

	(Expressed in HKD) 2013		
	CNY	GBP	USD
Deposit and prepayment	102,877	9,866	–
Trade and other receivables	–	–	174,957
Cash and cash equivalents	–	–	102,242
Net exposure arising from recognised assets and liabilities	102,877	9,866	277,199

(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.

	2014		2013	
	Increase HK$	**Decrease HK$**	Increase HK$	Decrease HK$
Chinese Yuan (CNY)	**80,879**	**(80,879)**	8,590	(8,590)
British Pounds (GBP)	**1,084**	**(1,084)**	824	(824)
Euro Dollars (EUR)	**208**	**(208)**	–	–
United States Dollars (USD)	**–**	**–**	–	–
	82,171	**(82,171)**	9,414	(9,414)

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 2013.

23. EVENT AFTER THE REPORTING PERIOD

In terms of the 'Scheme of Arrangement' between Pearl Global Industries Limited ("Transferor Company") and PDS Multinational Fashions Limited ("Transferee Company") sanctioned by Hon'ble High Court of Delhi vide its order dated March 10, 2014 ("the Scheme") and consequent upon 'the Scheme' becoming effective after filing the same with the Registrar of Companies, the entire investments of the Transferor Company into share capital of the Multinational Textile Group Limited shall be transferred to the Transferee Company. In view of above, the Group's ultimate holding company will be PDS Multinational Fashions Limited, a company incorporated in India with its shares shall be listed on The National Stock Exchange and Bombay Stock Exchange in India.

24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

25. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Company's Board of Director on May 13, 2014.

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 2014.

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 (2013: NIL).

Statement of Directors' responsibilities in respect of the financial statements

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

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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.

Auditors

The auditors, Lancasters Chartered Accountants, have indicated their willingness to continue in office and will be automatically reappointed at the Annual Meeting.

By order of the Board

Sd/-
Director — Date: 23 May, 2014

SECRETARY'S CERTIFICATE

for the year ended 31 March 2014

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.

Sd/-

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

Date: 23 May, 2014

AUDITORS'S REPORT TO THE SHAREHOLDER OF SACB HOLDINGS LIMITED

Report on the Financial Statements

We have audited the financial statements of SACB Holdings Limited, which comprise of the statement of financial position at 31 March 2014, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and statement 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 shareholders, as a body, 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 some 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 statement, whether due to fraud or error. In making those risks 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 managements, 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 on pages 6 to 30 give a true and fair view of the financial position of the Company at 31 march 2014 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

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
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Pasram Bissessur FCCA, MBA (UK)
Licensed by FRC

Date : 23 May 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 USD	2013 USD
Revenue	6	–	–
Expenses		(13,107)	(8,659)
Loss before taxation		(13,107)	(8,659)
Taxation	7	–	–
Loss for the year		(13,107)	(8,659)
Other comprehensive income		–	–
Total comprehensive loss for the year		(13,107)	(8,659)

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

	Note	2014 USD	2013 USD
Assets			
Investments in associate	8	800,069	800,069
Receivables	9	397,269	294,083
Total non-current assets		1,197,338	1,094,152
Other receivables	10	507,513	507,513
Cash and cash equivalents		2,743	84
Total current assets		510,256	507,597
Total assets		1,707,594	1,601,749
Equity			
Stated capital	11	50,000	50,000
Revenue reserves		(35,990)	(22,883)
Total equity		14,010	27,117
Liabilities			
Loan from holding company	12	1,517,239	1,517,239
Total non-current liabilities		1,517,239	1,517,239
Other payables	13	54,883	57,393
Loan from holding company	12	121,462	–
Total current liabilities		176,345	57,393
Total liabilities		1,693,584	1,574,632
Total equity and liabilities		1,707,594	1,601,749

Approved by the Board of Directors on 23 May, 2014 and signed on its behalf by:

Sd/-
Director

Sd/-
Director

SACB Holdings Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Stated capital USD	Revenue reserves USD	Total USD
Balance at 01 April 2012	50,000	(14,224)	35,776
Total comprehensive loss for the year			
Loss for the year	–	(8,659)	(8,659)
Balance at 31 March 2013	50,000	(22,883)	27,117
Total comprehensive loss for the year			
Loss for the year	–	(13,107)	(13,107)
Balance at 31 March 2014	**50,000**	**(35,990)**	**14,010**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	2014 USD	2013 USD
Cash flows from operating activities		
Loss for the year	**(13,107)**	(8,659)
Adjustments for:		
Change in other receivables	**–**	3,791
Change in other payables	**(860)**	(20,837)
Net cash used in operating activities	**(13,967)**	(25,705)
Cash flows from investing activities		
Share application monies	**–**	(506,835)
Net cash used in investing activities	**–**	(506,835)
Cash flows from financing activities		
Repayment of loan to holding company	**(70,000)**	–
Repayment of loan to related party	**(1,650)**	(398,488)
Repayment of loan by related party	**75,941**	–
Loan received from holding company	**191,462**	1,097,180
Loan received from MLIB Principle	**–**	50,714
Loan to associate	**(179,127)**	-
Loan to related party	**–**	(218,142)
Net cash from financing activities	**16,626**	531,264
Net movement in cash and cash equivalents	**2,659**	(1,276)
Cash and cash equivalents at beginning of year	**84**	1,360
Cash and cash equivalents at end of the year	**2,743**	84

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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.

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

2. Basis of preparation

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements.

(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 that financial assets and financial liabilities are fair valued.

(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.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange of differences arising thereon are dependent on the functional currency selected. As described above, the directors have considered those factors therein and have determined that the functional currency of the Company is USD.

(d) *Use of estimates and judgements*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

3. Significant accounting policies

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

Revenue recognition

Revenue is recognised in the statement of profit or loss and other comprehensive income 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).

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.

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'

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary terms is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Impairment of assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis.

All impairment is recognised in the statement of profit or loss and other comprehensive income. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the statement of profit or loss and other comprehensive income.

An impairment is reversed if the reversal can be related objectively to an event occurring after the impairment was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised directly in the statement of profit or loss and other comprehensive income. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Investments in associates

Investments in 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.

Non-derivative financial assets

Financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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 on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables, held to maturity investments and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprises of 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.

Receivables and other receivables

Receivables and other receivables are stated at amortised cost.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets and 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 on a net basis or to realise the asset and settle the liability simultaneously.

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

Other payables

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

Loan from holding company and loan from related company

Loan from holding company and loan from related company are recognised initially at fair value, net of transaction costs incurred. Loan from holding company and loan from related 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.

Stated capital

Ordinary shares

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

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 of common significant influence.

Expenses

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

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.

New and revised IFRSs applicable for the first time

During the current year, the following new and revised IFRSs shall come into effect for the first time. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	Summary of requirement
IFRS 10 - Consolidated financial statements	IFRS 10 changes the definition of control, such that the same consolidation criteria will apply to all entities. The revised definition focuses on the need to have both "power" and "variable returns" for control to be present. Power is the current ability to direct the activities that significantly influence returns. Variable returns can be positive, negative or both. The determination of power is based on current facts and circumstances (including substantive potential voting rights) and is continuously assessed. An investor with more than half the voting rights would meet the power criteria in the absence of restrictions or other circumstances. However, an investor could have power over the investee even when it holds less than the majority of the voting rights in certain cases. IFRS 10 provides guidance on participating and protective rights, and brings the notion of "de facto" control firmly within the guidance. The standard also requires an investor with decision making rights to determine if it is acting as a principal or an agent and provides factors to consider. If an investor acts as an agent, it would not have the requisite power and, hence, would not consolidate.
IFRS 11 - Joint arrangements	IFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as it is currently the case). It: 1) distinguishes joint arrangements between joint operations and joint ventures; and 2) always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation.
IFRS 12 - Disclosure of interest in other entities	IFRS 12 sets out the required disclosures for entities reporting under IFRS 10 and IFRS 11. The objective of IFRS 12 is to require entities to disclose information that helps financial statement readers to evaluate the nature, risks, and financial effects associated with the entity's involvement with subsidiaries, associates, joint arrangements, and unconsolidated structured entities. Specific disclosures include the significant judgments and assumptions made in determining control as well as detailed information regarding the entity's involvement with these investees.
IFRS 13 - Fair Value Measurement	IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and

	sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. IFRS 13 defines fair value as 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, i.e. an exit price.
IAS 19 - Employee benefits (Amendments)	Requires the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19); Introduces enhanced disclosures about defined benefit plans; Modifies accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits; and Clarifies various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features.
IAS 27 - Separate financial statements 2011	The standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments.
IAS 28 - Investments in Associates and Joint Ventures (2011)	IFRS 5 applies to an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not re-measure the retained interest.
Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)	The amendments: 1) require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; 2) do not change the existing option to present profit or loss and other comprehensive income in two statements; and 3) change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, the entity is still allowed to use other titles. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.
Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	The amendments require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

New Standards, Interpretations and amendments to published standards not yet effective

The IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2014 and which have not been early adopted in these financial statements.

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application.

These statements, where applicable, will be applied in the year when they are effective.

Standard/Interpretation	Effective date
IFRS 9 Financial Instruments (2009)	To be Confirmed
IFRS 9 Financial Instruments (2010)	To be Confirmed
IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (2013)	To be Confirmed
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	Annual periods beginning on or after 1 January 2014*
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	Annual periods beginning on or after 1 January 2014*
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	Annual periods beginning on or after 1 January 2014*
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	Annual periods beginning on or after 1 January 2014*
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	Annual periods beginning on or after 1 July 2014*
Annual Improvements 2010-2012 Cycle	Annual periods beginning on or after 1 July 2014*
Annual Improvements 2011-2013 Cycle	Annual periods beginning on or after 1 July 2014*
IFRIC 21 Levies	Annual periods beginning on or after 1 January 2014*

*All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

IFRS 9 Financial Instruments (2009)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances);
- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss;
- All other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss;
- The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

IFRS 9 Financial Instruments (2010)

A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss - in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (2013)

A revised version of IFRS 9 which:

- Introduces a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures;

- Permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss;
- Removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. IFRS 9 shall now be effective for annual periods beginning on or after 01 January 2018.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amends IAS 32 Financial Instruments: Presentation to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- the application of simultaneous realisation and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

Amends IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to:

- provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement
- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries
- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

Amends IAS 39 Financial Instruments: Recognition and Measurement to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Annual Improvements 2010-2012 Cycle

Makes amendments to the following standards:

- IFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition';
- IFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date;
- IFRS 8: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly;
- IFRS 13: Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only);
- IAS 16 and IAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount;
- IAS 24: Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements 2011-2013 Cycle

Makes amendments to the following standards:

- IFRS 1 - Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only)
- IFRS 3 - Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself;
- IFRS 13 - Clarify the scope of the portfolio exception in paragraph 52;
- IAS 40 - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

IFRIC 21 Levies

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognised progressively if the obligating event occurs over a period of time
- If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

4. Determination of fair values

The Company accounting policies and disclosures requires the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Receivables and other receivables

The fair value of receivables and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. Financial risk management

Introduction and preview

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

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

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

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.

SACB Holdings Limited

- Interest rate risk

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

- Currency risk

  The Company has no currency risk as all its transactions are denominated in United States Dollar (USD).

Credit risk

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

Exposure to credit risk

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

	Carrying Amount	
	2014 USD	2013 USD
Receivables	**397,269**	294,083
Other receivables	**506,835**	506,835
Cash and cash equivalents	**2,743**	84
	906,847	801,002

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 2014			
Financial liabilities			
Loan from holding company	**121,462**	**1,517,239**	**1,638,701**
Other payables	**54,883**	**–**	**54,883**
Total financial liabilities	**176,345**	**1,517,239**	**1,693,584**

	Within One year USD	One to five years USD	Total USD
Year ended March 2013			
Financial liabilities			
Loan from holding company	–	1,517,239	1,517,239
Other payables	57,393	–	57,393
Total financial liabilities	**57,393**	**1,517,239**	**1,574,632**

Fair values versus carrying amounts

The fair values of financial assets and financial liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	Carrying amount 2014 USD	Fair value 2014 USD	Carrying Amount 2013 USD	Fair value 2013 USD
Financial Assets				
Receivables	**397,269**	**397,269**	294,083	294,083
Other receivables	**506,835**	**506,835**	506,835	506,835
Cash and cash equivalents	**2,743**	**2,743**	84	84
Total financial assets	**906,847**	**906,847**	801,002	801,002

	Carrying amount 2014 USD	Fair value 2014 USD	Carrying Amount 2013 USD	Fair value 2013 USD
Financial Liabilities				
Loan from holding company	**1,638,701**	**1,638,701**	1,517,239	1,517,239
Other payables	**54,883**	**54,883**	57,393	57,393
Total financial liabilities	**1,693,584**	**1,693,584**	1,574,632	1,574,632

6. Revenue

No revenue was generated for the year under review.

7. 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. The tax loss for 2014 will expire in 2019 (for 2013 will expire in 2018).

	2014 USD	2013 USD
Current year income tax	**–**	–
Reconciliation of effective tax		
Loss before taxation	**(13,107)**	(8,659)
Income tax at 15%	**(1,966)**	(1,299)
Foreign tax credit	**1,572**	1,039
Deferred tax asset not recognised	**394**	260
Income tax payable	**–**	–

8. Investments in associate

Investments consist of unquoted shares

	2014 USD	2013 USD
Cost		
At 01 April/ 31 March	**800,069**	800,069

Name of company	**Type of shares**	**Number of of shares**	**% held**	**Country of incorporation**
GWD Enterprise.	Equity	100 A shares and 25 B shares	25	United Kingdom

9. Receivables

	2014 USD	2013 USD
Unsecured, interest free loan with no fixed repayment terms	**397,269**	294,083
	397,269	294,083

10. Other receivables

	2014 USD	2013 USD
Share application Money	**506,835**	506,835
Prepaid expenses	**678**	678
	507,513	507,513

11. Stated capital

	2014 USD	2013 USD
50,000 ordinary shares of USD 1 each	**50,000**	50,000

All shares in issue are fully paid up.

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

SACB Holdings Limited

12. Loan from holding company

	2014 USD	2013 USD
Non current liability		
Unsecured, interest free loan with no fixed repayment terms	**1,517,239**	1,517,239
Current liability		
Unsecured, interest free loan with no fixed repayment terms	**121,462**	–

13. Other payables

	2014 USD	2013 USD
Non-trade payables and accrued expenses	**4,169**	5,029
Loan from MLIB Principle	**50,714**	50,714
Loan from Transnational Textiles Group	**–**	1,650
	54,883	57,393

14. Related party transactions

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

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.

Transactions during the year:	**Nature**	**2014 USD**	**2013 USD**
Loan to associate - GWD Enterprise Limited	Loan given	**(179,127)**	
Loan to related party - FG4 Limited	Loan given	**–**	218,142
Loan from holding company - Multinational Textile Group Limited	Loan received	**191,462**	1,097,180
Repayment of loan to holding company - Multinational Textile Group Limited	Amount repaid	**(70,000)**	–
Repayment of loan to related party - Transnational Textile Group Limited	Amount repaid	**(1,650)**	–
Repayment of loan to related party - Deepak Seth	Amount repaid	**–**	398,488
Repayment of loan by related party - Pallas Holdings Limited	Amount repaid	**75,941**	–
Balances outstanding at 31 March:			
Loan from holding company - Multinational Textile Group Limited	Loan payable	**1,638,701**	1,517,239
Loan to associate - GWD Enterprise Limited	Loan receivable	**179,127**	–
Loan to related party - FG4 Limited	Loan receivable	**218,142**	218,142
Loan to related party - Pallas Holdings Limited	Loan receivable	**–**	75,941
Loan from Transnational Textiles Group	Loan receivable	**–**	1,650

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 preparing consolidated financial statements

The Company is a subsidiary of Multinational Textile Group Limited and has taken advantage of paragraph 13 of International Accounting Standards (IAS 28) - 'Investment in Associates', which dispenses it from the need to prepare equity accounting in relation to its investment in associate. Multinational Textile Group Limited will prepare consolidated accounts. The registered office of Multinational Textile Group Limited is St Louis Business Centre, Cnr Desroches & St Louis Streets, Port-Louis, Mauritius.

17. Holding and ultimate holding company

The Company is a wholly owned subsidiary of Multinational Textile Group Limited, a Company incorporated in the Republic of Mauritius. The ultimate holding Company is Pearl Global Industries Limited a Company incorporated in India.

18. Event after reporting date

In terms of the 'Scheme of Arrangement' between Pearl Global Industries Limited (Transferar Company) and PDS Multinational Fashions Limited (Transfere Company) Sanctioned by Hon'ble High Court of Delhi Vide its order dated March 10, 2014, a certified copy which was issed an April 25, 2014 (the Scheme). and Consequent upon Scheme becoming effective an May 13, 2014 on its filling with Registrar of Companies the entire investments of the Transferar Company into Share Capital of the Multinational Textiles Group Limited shall be transferred to the Transferee Company. In view of the above, the companies ultimate holding company will be PDS Multinational Fashions Limited. A Company incarporated in India with its shares shall to be listed an the National Stock Exchange of India Limited and Bombay Stock Exchange.

	2014 USD	2013 USD
Revenue	**–**	–
Expenses		
Accounting and audit fees	**4,970**	700
Administration charges	**2,875**	2,875
Professional fees	**2,764**	1,325
License fees	**2,070**	1,955
Bank charges	**338**	1,134
Sundries	**90**	270
Telephone, fax and courier charges	**–**	400
	13,107	8,659
Loss before taxation	**(13,107)**	(8,659)

DPOD MANUFACTURING LIMITED

(FORMERLY KNOWN AS ORCHID FASHION LIMITED)

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the period from November 2, 2012 (Date of Incorporation) to March 31, 2014, which were approved by them at the board meeting held on the date of this report.

CHANGE OF NAME

By a special resolution passed on April 12, 2013, the Company has changed its name from Orchid Fashion Limited to DPOD Manufacturing Limited.

PRINCIPAL ACTIVITY

The principal activity of the Company is garment trading.

FINANCIAL RESULTS

The results of the Company for the period from November 2, 2012 (Date of Incorporation) to March 31, 2014 and the state of the Company's affairs as at March 31, 2014 are set out in the annexed financial statements.

DIVIDEND

The directors do not recommend any payments of dividend for the year.

DIRECTORS

The directors of the Company who held office during the period and up to date of this report were:

Vineet MATHUR	(Appointed on November 2, 2012 and resigned on October 28, 2013)
Deepak Kumar SETH	(Appointed on October 28, 2013)
Faiza Habeeb SETH	(Appointed on October 28, 2013)
Rajive RANJAN	(Appointed on October 28, 2013)
Pallak SETH	(Appointed on October 28, 2013)
Birthe SIEMERS	(Appointed on October 28, 2013)

In accordance with Article 7 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re–election.

DIRECTORS' INTEREST

Except for the related party transactions as disclosed in Note (17) to the financial statements, no contracts of significance to which the Company, any of its ultimate holding company or its fellow subsidiaries was a party and in which the director had a material interest subsisted at the end of the period or at any time during the period. At no time during the period was the Company, any of its ultimate holding company or its fellow subsidiaries a party to any arrangements to enable the director of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or other body corporate.

AUDITORS

During the period, Messrs. Louis Lai & Luk CPA Limited were appointed as the auditors of the Company. They now retire and, being eligible, offer themselves for re–appointment.

By Order of the Board
Sd/-
Chairman
Hong Kong, May 14, 2014.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DPOD MANUFACURING LIMITED

(FORMERLY KNOWN AS ORCHID FASHION LIMITED)

(incorporated in Hong Kong with limited liability)

We have audited the financial statements of DPOD Manufacturing Limited (Formerly Known As Orchid Fashion Limited) (the "Company") set out on pages 5 to 20, which comprise the statement of financial position as at March 31, 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from November 2, 2012 (Date of Incorporation) to March 31, 2014, 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 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 financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 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 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at March 31, 2014 and of the Company's profit and cash flows for the period from November 2, 2012 (Date of Incorporation) to March 31, 2014 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Sd/-
Louis Lai & Luk CPA Limited
Certified Public Accountants
Luk Wing Hay
Practising Certificate Number P01623
Hong Kong, May 14, 2014

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM NOVEMBER 2, 2012 (DATE OF INCORPORATION) TO MARCH 31, 2014

	NOTES	HK$
TURNOVER	(6)	57,333,693
COST OF GOODS SOLD		(51,849,627)
GROSS PROFIT		5,484,066
OTHER REVENUE	(6)	31,572
OTHER OPERATING EXPENSES		(4,834,584)
PROFIT FROM OPERATION		681,054
FINANCE COST	(7)	(295,546)
PROFIT BEFORE TAXATION	(8)	385,508
TAXATION	(10)	–
PROFIT FOR THE PERIOD		385,508
OTHER COMPREHENSIVE INCOME		–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		385,508

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2014

	NOTES	HK$
ASSETS		
Current Assets		
Inventories	(11)	27,306,531
Amount due from immediate holding company	(13)	466,800
Amount due from a shareholder	(13)	311,200
Trade and other receivables	(12)	11,017,111
Prepayment		87,883
Bank balances		1,184,651
		40,374,176
Current Liabilities		
Amounts due to fellow subsidiaries	(14)	17,940,180
Trade and other payables	(15)	21,270,488
		39,210,668
NET ASSETS		1,163,508
Represented by:		
CAPITAL AND RESERVES		
Share capital	(16)	778,000
Retained profit		385,508
SHAREHOLDERS' EQUITY		1,163,508

Approved by the board of Directors on May 14, 2014 and Signed on Behalf of the Board By:

Sd/- Sd/-
Director Director

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM NOVEMBER 2, 2012 (DATE OF INCORPORATION) TO MARCH 31, 2014

	Share Capital HK$	Retained Profits HK$	Total HK$
Issuance of share capital	77,800	–	77,800
Allotment of share capital	700,200	–	700,200
Total comprehensive income for the period	–	385,508	385,508
At March 31, 2014	778,000	385,508	1,163,508

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM NOVEMBER 2, 2012 (DATE OF INCORPORATION) TO MARCH 31, 2014

	HK$
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	**385,508**
Adjustment for	
Bank interest income	**(7)**
Other interest expenses	**196,383**
Bill interest	**99,163**
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**681,047**
Increase in inventories	**(27,306,531)**
Increase in amount due from immediate holding company	**(466,800)**
Increase in amount due from a shareholder	**(311,200)**
Increase in trade and other receivables	**(11,017,111)**
Increase in prepayment	**(87,883)**
Increase in amounts due to fellow subsidiaries	**17,940,180**
Increase in trade and other payables	**21,270,488**
CASH GENERATED FROM OPERATIONS	**702,190**
Bank interest received	**7**
Other interest paid	**(196,383)**
Bill interest paid	**(99,163)**
Net cash generated from operating activities	**406,651**
CASH FLOWS FROM INVESTING ACTIVITIES	**–**
CASH FLOWS FROM FINANCING ACTIVITIES	
Allotment of share capital and net cash generated from financing activities	**778,000**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**1,184,651**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**–**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,184,651**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

DPOD Manufacturing Limited (Formerly Known As Orchid Fashion Limited) was incorporated in Hong Kong as a limited liability company. 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 ultimate holding company is Pearl Global Industries Limited, a company incorporated in India. The shares of the ultimate holding company 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.

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.

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 financial statements. As such, no 2013 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 and HKFRS 7 (Amendments) — Mandatory Effective Date of HKFRS 9 and Transition Disclosures(2)
- HKFRS 9 — Financial Instruments(2)
- HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments) — Investments Entities(1)
- HKAS 32 (Amendments) — Offsetting Financial Assets and Financial Liabilities(1)
- HKAS 36 (Amendments) — Recoverable Amount Disclosures for Non–Financial Assets(1)
- HKAS 39 (Amendments) — Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting(1)
- HK (IFRIC) – Int 21 — Levies(1)

Notes:

(1) Effective for annual periods beginning on or after 1 January 2014

(2) Effective for annual periods beginning on or after 1 January 2015

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, 2014 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).

d. Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for any obsolete or slow moving items.

e. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

f. Financial Assets

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

g. Loans and Receivables

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

h. Financial Liabilities

The Company's financial liabilities include account and other payables which are subsequently measured at amortized cost, using the effective interest method.

i. Equity Instruments

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

DPOD MANUFACTURING LIMITED

j. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short–term highly liquid investments with original maturities of three months.

k. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Hong Kong Dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balance

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year–end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

l. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable 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.

m. Turnover

The Company had no turnover during the period.

n. Recognition of Revenue

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

- Revenue from sales of goods is 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.
- Other income is recognised on a receipt basis.

o. Related Parties

A related party is a person or entity that is related to the Company.

(A) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or a parent of the Company.

(B) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same 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.

p. Financial Risks

The financial risks in connection with the Company's financial instruments include risks as follows.

(i) Market risk includes three types of risk as below:

- Currency risk: the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.
- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.
- Price risk: the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Market risk embodies not only the potential for loss but also the potential for gain.

(ii) Credit risk: the risk that the corresponding party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss.

(iii) Liquidity risk (also referred to as funding risk): the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

(iv) Cash flow interest rate risk: the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

3. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(i) To safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

(ii) To support the Company's stability and growth; and

(iii) To provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risks are limited by the financial management policies and practices described below.

(a) 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.

(b) 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. RECOGNITION OF REVENUE

	HK$
Revenue recognised during the period including revenue arising from:	
Turnover	
Sales of goods	57,333,693
Other revenue	
Bank interest income	7
Other income	31,565
	31,572
Total revenue recognised	57,365,265

7. FINANCE COST

	HK$
Other interest	196,383
Bill interest	99,163
	295,546

8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

Auditors' remuneration	25,000
Exchange difference	15,948

9. DIRECTORS' REMUNERATION

Fees	–
Other emoluments	385,110
	385,110

10. 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 period.

11. INVENTORIES

	HK$
Raw materials	27,306,531

12. TRADE AND OTHER RECEIVABLES

	HK$
Trade receivables (Note (i))	9,841,631
Trade deposit paid	1,076,557
Other receivables	98,923
	11,017,111

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

Neither past due nor impaired	5,485,904
Past due but not impaired	4,355,727
	9,841,631

13. AMOUNT DUE FROM IMMEDIATE HOLDING COMPANY AND A SHAREHOLDER

The amount due from immediate holding company/a shareholder is 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 immediate holding company/a shareholder. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

14. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts are unsecured, interest–free and have no fixed terms of repayment. The fellow subsidiaries had agreed not to demand repayment until the Company is financially capable of repayment. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

15. TRADE AND OTHER PAYABLES

	HK$
Trade payables (Note (i))	12,058,123
Bills payable	8,966,043
Other payables and accruals	246,322
	21,270,488

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

Due for payment:	
Not later than one year	12,058,123

16. SHARE CAPITAL

	US$
Authorised, issued and fully paid up:	
100,000 ordinary shares of US$1 each	100,000
Translated into HK$	778,000

The Company was incorporated on November 2, 2012 with authorized share capital of US$10,000 divided into 10,000 ordinary shares of US$1 each. On the date of incorporation, 10,000 ordinary shares of US$10,000 was issued to the subscribers at par to provide initial working capital to the Company.

On October 28, 2013, the Company's issued share capital was increase by an allotment of 90,000 ordinary shares of US$1 each at par for cash making a total issued capital of US$90,000. All the shares issued rank pari passu in all respects with the existing shares of the Company.

17. RELATED PARTY TRANSACTIONS

During normal course of business, the Company had the following transactions with the related party below.

Name of Company/Officer	Relationship	Nature of transactions	HK$
Simple Approach Ltd.	Fellow subsidiary	– Amount due to	(268,815)
		– Marketing fee paid	268,815
Norwest Industries Ltd.	Fellow subsidiary	– Amount due to	(9,072,154)
Poeticgem Ltd.	Fellow subsidiary	– Amount due to	(7,235)
Nor Lanka Manufacturing Ltd.	Fellow subsidiary	– Amount due to	(8,591,807)
		– Rent	122,723
Nor Lanka Manufacturing Colombo Ltd.	Fellow subsidiary	– Amount due to	(169)
Multinational Textile Group Ltd.	Immediate holding company	– Amount due from	466,800
		– Management fees	116,700
Design Pod Ltd.	Shareholder	– Amount due from	311,200
Rajive RANJAN	Director	– Consultancy fees	385,110

18. 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)		
	EUR	USD	GBP
Trade and other receivable	–	11,017,111	–
Prepayment	87,883	–	–
Trade and other payable	(6,672)	(12,097,023)	–
Bills payable	–	(8,966,043)	–
Cash and cash equivalents	7,611	1,163,193	8,076
Net exposure arising from recognised assets and liabilities	88,822	(8,882,762)	8,076

DPOD MANUFACTURING LIMITED

(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.

	Increase HK$	Decrease HK$
Euro Dollars (EUR)	**8,075**	(8,075)
British Pounds (GBP)	**734**	(734)
United States Dollars (USD)	**–**	–
	8,809	(8,809)

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.

19. COMMENCEMENT OF BUSINESS

The Company was incorporated on November 2, 2012 and commenced business on April 1, 2013.

20. EVENT AFTER THE REPORTING PERIOD

In terms of the 'Scheme of Arrangement' between Pearl Global Industries Limited ("Transferor Company") and PDS Multinational Fashions Limited ("Transferee Company") sanctioned by Hon'ble High Court of Delhi vide its order dated April 25, 2014 ("the Scheme") and consequent upon 'the Scheme' becoming effective after filing the same with the Registrar of Companies, the entire investments of the Transferor Company into share capital of the Multinational Textile Group Limited shall be transferred to the Transferee Company. In view of above, the Company's ultimate holding company will be PDS Multinational Fashions Limited, a company incorporated in India with its shares shall be listed on The National Stock Exchange and Bombay Stock Exchange in India.

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Company's Board of Director on May 14, 2014.

SIMPLE APPROACH LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended March 31, 2014, which were approved by them at the board meeting held on the date of this report.

PRINCIPAL ACTIVITY

The principal activity of the Company is garment trading. The principal activity of the subsidiary is set out in Note (12) to the financial statements.

FINANCIAL RESULTS

The results of the Group for the year ended March 31, 2014 and the state of the Group's and Company's affairs as at that date are set out in the annexed financial statements.

DIVIDEND

The directors do not recommend payment of any dividends.

PLANT AND EQUIPMENT

Movements in plant and equipment are set out in Note (11) to the financial statements.

DONATIONS

Donations made by the group during the year amounted to HK$22,552.

DIRECTORS

The directors of the Company who held office during the year and up to date of this report were:

Sandeep Malhotra	
Pallak Seth	(Resigned on August 5, 2013)
Faiza Habeeb Seth	(Resigned on August 5, 2013)
Narayan Chand Kumbhat	(Appointed on August 5, 2013 and resigned on February 10, 2014)
Deepak Burman	(Appointed on February 10, 2014)
Rohit Girotra	(Appointed on February 10, 2014)

In accordance with Article 7 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re–election.

DIRECTORS' INTEREST

Except for the related party transactions as disclosed in Note (24) to the financial statements, no contracts of significance to which the Company, any of its holding company, its subsidiary or its fellow subsidiaries was a party and in which a director had a material interest subsisted at the end of the year or at any time during the year. At no time during the year was the Company, any of its holding company, its subsidiary or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

During the year, 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.

By Order of the Board

Sd/-

Chairman

Hong Kong, May 14, 2014.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS 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 33, which comprise the statement of financial position as at March 31, 2014 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 information.

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 and to report our opinion solely to you, as a body, in accordance with section 141 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 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.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at March 31, 2014 and of its profit 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.

Sd/-
Louis Lai & Luk CPA Limited
Certified Public Accountants
Luk Wing Hay
Practising Certificate Number P01623
Hong Kong, May 14, 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2014

	Notes	2014 HK$	2013 (Restated) HK$
Turnover	(6)	**365,016,762**	478,164,021
Cost of Sales		**(306,852,289)**	(390,038,370)
Gross Profit		**58,164,473**	88,125,651
Other Revenue	(6)	**22,363,665**	12,976,783
Excess of Share of Acquired Assets Over the Purchase Consideration of a Subsidiary		**650,323**	–
Selling And Distribution Costs		**(23,721,079)**	(34,383,416)
Depreciation Expenses		**(338,188)**	(144,389)
Staff Costs		**(31,607,683)**	(25,003,165)
Other Operating Expenses		**(22,160,351)**	(25,408,029)
Profit from Operations		**3,351,160**	16,163,435
Finance Costs	(7)	**(2,100,682)**	(3,444,948)
Profit Before Taxation	(8)	**1,250,478**	12,718,487
Taxation	(10)	**(253,935)**	(1,017,532)
Profit for the Year		**996,543**	11,700,955
Other Comprehensive Income			
Item that May Be Reclassified to Profit or Loss:			
– Exchange Difference on Translating Foreign Operations		**44,933**	–
Total Comprehensive Income Attributable to Shareholder for the Year		**1,041,476**	11,700,955

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

	Notes	2014 HK$	2013 HK$
ASSETS			
Non–Current Assets			
Plant and equipment	(11)	**1,434,681**	404,179
Current Assets			
Deposits and prepayment		**785,770**	622,522
Amount due from an affiliated company	(13)	**17,978**	–
Amounts due from fellow subsidiaries	(13)	**4,644,432**	20,900,419
Amount due from a director	(14)	**3,373,447**	4,521,432

SIMPLE APPROACH LIMITED

Trade and other receivables	(15)	**82,483,880**	124,650,370
Tax recoverable		**1,934,040**	–
Cash and bank balances		**18,270,769**	13,894,040
		111,510,316	164,588,783
Current Liabilities			
Amount due to ultimate holding company	(16)	**10,698**	79,745
Amount due to immediate holding company	(16)	**786,785**	1,497,650
Amounts due to fellow subsidiaries	(16)	**1,701,908**	12,778,649
Trade and other payables	(17)	**28,590,876**	56,039,859
Secured bank borrowings	(18)	**48,640,926**	61,815,692
Provision for taxation		**111,207**	720,246
		79,842,400	132,931,841
Net Current Assets		**31,667,916**	31,656,942
NET ASSETS		**33,102,597**	32,061,121
Represented by:			
CAPITAL AND RESERVES			
Share capital	(19)	**26,763,200**	26,763,200
Translation reserve		**44,933**	–
Retained profits		**6,294,464**	5,297,921
SHAREHOLDERS' EQUITY		**33,102,597**	32,061,121

APPROVED BY THE BOARD OF DIRECTORS ON MAY 14, 2014 AND SIGNED ON BEHALF OF THE BOARD BY:

Sd/- Sd/-
DIRECTOR DIRECTOR

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

	Notes	2014 HK$	2013 HK$
ASSETS			
Non–Current Assets			
Plant and equipment	(11)	**1,362,128**	404,179
Investment in a subsidiary	(12)	**2,753,956**	–
		4,116,084	404,179
Current Assets			
Deposits and prepayment		**740,884**	622,522
Amount due from an affiliated company	(13)	**17,978**	–
Amounts due from fellow subsidiaries	(13)	**4,644,432**	20,900,419
Amount due from a director	(14)	**3,373,447**	4,521,432
Trade and other receivables	(15)	**82,483,880**	124,650,370
Tax recoverable		**1,934,040**	–
Cash and bank balances		**14,994,402**	13,894,040
		108,189,063	164,588,783
Current Liabilities			
Amount due to ultimate holding company	(16)	**10,698**	79,745
Amount due to immediate holding company	(16)	**786,786**	1,497,650
Amounts due to fellow subsidiaries	(16)	**1,548,538**	12,778,649
Trade and other payables	(17)	**28,559,121**	56,039,859
Secured bank borrowings	(18)	**48,640,926**	61,815,692
Provision for taxation		**–**	720,246
		79,546,069	132,931,841
Net Current Assets		**28,642,994**	31,656,942
NET ASSETS		**32,759,078**	32,061,121
Represented by:			
CAPITAL AND RESERVES			
Share capital	(19)	**26,763,200**	26,763,200
Retained profits	(22)	**5,995,878**	5,297,921
SHAREHOLDERS' EQUITY		**32,759,078**	32,061,121

APPROVED BY THE BOARD OF DIRECTORS ON MAY 14, 2014 AND SIGNED ON BEHALF OF THE BOARD BY:

Sd/- Sd/-
DIRECTOR DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2014

	Share Capital HK$	Translation Reserve HK$	Retained Profits HK$	Total HK$
At April 1, 2012	26,763,200	–	(6,403,034)	20,360,166
Total comprehensive income for the year	–	–	11,700,955	11,700,955
At March 31, 2013 and April 1, 2013	26,763,200	–	5,297,921	32,061,121
Total comprehensive income for the year	–	44,933	996,543	1,041,476
At March 31, 2014	26,763,200	44,933	6,294,464	33,102,597

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

	2014 HK$	2013 HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**1,250,478**	12,718,487
Adjustments for:		
Depreciation	**338,188**	144,389
Bank interest expenses	**2,100,682**	4,486,944
Bank interest income	**(92,981)**	(67,742)
Excess of share of acquired assets over the purchase consolidation of a subsidiary	**(650,323)**	–
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**2,946,044**	17,282,078
Decrease in inventories	**9,774,354**	–
Increase in deposits and prepayment	**(136,447)**	(380,922)
Decrease/(Increase) in trade and other receivables	**51,701,378**	(26,445,086)
Net payment to affiliated company	**(17,978)**	–
Net receipt from fellow subsidiaries	**7,064,783**	17,460,660
Net receipt from a director	**1,147,985**	612,675
Net (payment to)/receipt from ultimate holding company	**(69,047)**	79,745
Net (payment to)/receipt from immediate holding company	**(19,161,724)**	1,497,650
(Decrease)/Increase in trade and other payables	**(29,202,696)**	29,914,369
NET CASH GENERATED FROM OPERATIONS	**24,046,652**	40,021,169
Bank interest received	**92,981**	67,742
Bank Interest paid	**(2,100,682)**	(4,486,944)
Hong Kong profits tax paid	**(2,804,981)**	(297,286)
Tax paid in other jurisdiction	**(361,763)**	–
Net cash generated from operating activities	**18,872,207**	35,304,681
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	**(1,272,958)**	(358,296)
Net cash outflow from the acquisition of subsidiary	**(102,442)**	–
Net cash used in investing activities	**(1,375,400)**	(358,296)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payment to secured and net cash used in financing activities	**(13,174,766)**	(32,244,397)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**4,322,041**	2,701,988
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**13,894,040**	11,192,052
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**54,688**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR	**18,270,769**	13,894,040

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Simple Approach Limited was incorporated in Hong Kong as a limited liability company. 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 ultimate holding company is Pearl Global Industries Limited, a company incorporated in India. The shares of the ultimate holding company 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.

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 2014, the Group adopted the new and revised HKFRSs below, which are relevant to its operations.

• HKFRS 1 (Amendments)	Government Loans
• HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
• HKFRS 10	Consolidated Financial Statements
• HKFRS 11	Joint Arrangements
• HKFRS 12	Disclosure of Interests in Other Entities
• HKFRS 13	Fair Value Measurement
• HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
• HKAS 19 (2011)	Employee Benefits
• HKAS 27 (2011)	Separate Financial Statements
• HKAS 28 (2011) Investments in Associates and Joint Ventures	
• HK (International Financial Reporting Interpretations	Stripping Costs in the Production Phase of a Surface Mine Committee) ("IFRIC") – Int 20
• HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009–2011 Cycle except for the amendments to HKAS 1
• Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements Disclosure of Interests in Other Entities: Transition Guidance

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 financial statements. As such, no 2013 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, amendmentsor interpretations that have been issued but are not yet effective.

• HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
• HKFRS 9	Financial Instruments[2]
• HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investments Entities[1]
• HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
• HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non–Financial Assets[1]
• HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting[1]
• HK (IFRIC) – Int 21	Levies[1]

Notes:

(1) Effective for annual periods beginning on or after 1 January 2014

(2) Effective for annual periods beginning on or after 1 January 2015

The directors anticipate that all of the above new and revised standards, amendments or interpretations will be adopted in the Group's and Company's financial statements for the period commencing April 1, 2014 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. 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.

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% – 33⅓%
Furniture and fixtures	33⅓%
Computer equipment	30% – 33⅓%
Leasehold improvement	33⅓%

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. 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

SIMPLE APPROACH LIMITED

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 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.

g. Financial Assets

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

h. Loans and Receivables

Loans and receivables are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortized cost using effective interest method, less any identified impairment losses. An impairment loss is recognised in the 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.

i Financial Liabilities

The Group's financial liabilities include account and other payables 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 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.

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 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.

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 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.

n. Turnover

Turnover represents invoiced amount of sales less discounts and returns.

o. 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 Company'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 marketing income are recognised when the services are rendered.
- Other income is recognised on a receipt basis.

p. 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.

q. 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.

r. 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.

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 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 Company's policy for borrowing cost as stated in the preceding note.

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.

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 RISK MANAGEMENT

The Group's financial risks are limited by the financial management policies and practices described below.

(a) Credit risk

The Group has no significant concentrations of credit risk because the creditworthiness of each of the Group's customers has been assessed before any goods are supplied to them on credit. The directors are not aware of any factor indicating that any debtors would not be capable of repaying their outstanding amounts. Accordingly, the directors are of the opinion that the Group is adequately protected from the credit risk.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. As at the end of reporting period, the Group keeps sufficient cash equivalents. Accordingly, the liquidity risk on difficult realization of cash equivalent is immaterial.

(c) Cash flow and fair value interest rate risk

The Group has no significant interest–bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate of fair values of current assets and liabilities

The nominal value of current assets and liabilities are assumed to approximate their fair values.

6. RECOGNITION OF REVENUE

	Group	
	2014	2013 (Restated)
	HK$	HK$
Revenue recognised during the year are as follows:		
Turnover:		
Sale of goods	**365,016,762**	478,164,021
Other revenue:		
Bank interest income	**92,981**	67,742
Commission received	**8,959,572**	8,394,982
Claim and recovery	**7,469,039**	2,203,193
Management fee received	**799,539**	1,647,159
Marketing fee income	**5,019,643**	–
Sundry income	**22,891**	663,707
	22,363,665	12,976,783
Total revenue recognised	**387,380,427**	491,140,804

7. FINANCE COSTS

Bank interest paid	**1,624,029**	2,440,213
Bank finance charges	**476,653**	1,004,735
	2,100,682	3,444,948

8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging :		
Auditors' remuneration	**147,123**	78,540
Depreciation	**338,188**	144,389
Exchange difference	**934,966**	837,033
Rental payment under operating leases – properties	**1,984,906**	1,394,402
Staff costs (including directors' remuneration)		
– Salaries and allowance	**29,690,706**	23,089,119
– Contribution to retirement benefit scheme – MPF	**438,223**	431,569
– Director's quarter expenses	**1,198,530**	1,209,291
– Recruitment expenses	**280,224**	273,186

9. DIRECTORS' REMUNERATION

	Group	
	2014 HK$	**2013 HK$**
Fees	**–**	–
Other emoluments	**2,641,375**	2,546,055
	2,641,375	2,546,055

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.

	GROUP		COMPANY	
	2014 HK$	2013 HK$	**2014 HK$**	2013 HK$
Hong Kong Profits Tax				
– Current year	**160,695**	1,017,532	**160,695**	1,017,532
– Overprovision for previous year	**(10,000)**	–	**(10,000)**	–
Overseas income tax:				
Current year	**103,240**	–	**–**	–
	253,935	1,017,532	**150,695**	1,017,532

SIMPLE APPROACH LIMITED

The tax charge for the year can be reconciled to the profit per Consolidated Statement of Comprehensive Income as follows:

	GROUP		COMPANY	
	2014 HK$	2013 HK$	**2014 HK$**	2013 HK$
Profit before taxation	**1,250,478**	12,718,487	**848,652**	12,718,487
Tax at the domestic income tax rate	**234,166**	2,098,550	**140,028**	2,098,550
Tax effect of expenses that are not deductible in determining taxable profit	**11,754**	5,695	**3,721**	5,695
Tax effect of income that are not taxable in determining taxable profit	**(208)**	(423)	**(208)**	(423)
Net tax allowance claimed	**18,223**	(9,087)	**17,154**	(9,087)
Utilization of tax loss not previously recognised	**–**	(1,077,203)	**–**	(1,077,203)
Over–provision for previous year	**(10,000)**	–	**(10,000)**	–
Taxation expense for the year	**253,935**	1,017,532	**150,695**	1,017,532

11. PLANT AND EQUIPMENT

GROUP

	Office Equipment	Furniture and Fixtures	Computer Equipment	Leasehold Improvement	Total
Cost	**HK$**	**HK$**	**HK$**	**HK$**	**HK$**
At 1/4/2013	271,393	139,260	506,834	28,600	946,087
Additions	334,232	52,683	157,783	728,260	1,272,958
Acquisitions of subsidiary	104,133	–	255,510	–	359,643
At 31/3/2014	709,758	191,943	920,127	756,860	2,578,688
Accumulated Depreciation					
At 1/4/2013	119,307	35,749	358,255	28,597	541,908
Charge for the year	127,163	44,620	116,846	49,559	338,188
Acquisitions of subsidiary	83,556	–	178,567	–	262,123
Exchange alignment	275	–	1,513	–	1,788
At 31/3/2014	330,301	80,369	655,181	78,156	1,144,007
Net Book Value					
At 31/3/2014	379,457	111,574	264,946	678,704	1,434,681
At 31/3/2013	152,086	103,511	148,579	3	404,179

Company

	Office Equipment	Furniture and Fixtures	Computer Equipment	Leasehold Improvement	Total
Cost	**HK$**	**HK$**	**HK$**	**HK$**	**HK$**
At 1/4/2012	148,523	24,170	386,498	28,600	587,791
Additions	122,870	115,090	120,336	–	358,296
At 31/3/2013 and 1/4/2013	271,393	139,260	506,834	28,600	946,087
Additions	334,232	52,683	157,783	728,260	1,272,958
At 31/3/2014	605,625	191,943	664,617	756,860	2,219,045
Accumulated Depreciation					
At 1/4/2012	54,851	24,170	299,433	19,065	397,519
Charge for the year	64,456	11,579	58,822	9,532	144,389
At 31/3/2013 and 1/4/2013	119,307	35,749	358,255	28,597	541,908
Charge for the year	123,596	44,620	97,234	49,559	315,009
At 31/3/2014	242,903	80,369	455,489	78,156	856,917
Net Book Value					
At 31/3/2014	362,722	111,574	209,128	678,704	1,362,128
At 31/3/2013	152,086	103,511	148,579	3	404,179

12. INTEREST IN A SUBSIDIARY

	Company	
	2014 HK$	**2013 HK$**
Unlisted shares, at cost	**1,704,341**	–
Amount due from a subsidiary	**1,049,615**	–
	2,753,956	–

The amount due from a subsidiary is unsecured, interest–free and has no fixed terms of repayment. No provisions for bad and doubtful debts have been recognised on the amount due. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

Details of the subsidiary are as follows:

Name of subsidiary	Place of incorporation	Percentage of Equity attributable to the Group – Directly	Indirectly	Principal activity
* Simple Approach (Canada) Limited (formerly known as Poeticgem (Canada) Limited)	Canada	100%	–	Garment trading and procures sales orders behalf of a foreign affiliated for a marketing fee

* Not audited by Louis Lai & Luk CPA Limited

13. AMOUNTS DUE FROM AN AFFILIATED COMPANY/FELLOW SUBSIDIARIES

The amounts due from an affiliated company/fellow subsidiaries are unsecured, interest–free and have no fixed terms of repayments. No provisions for bad and doubtful debts have been recognised on the amounts due from these companies. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

14. AMOUNT DUE FROM A DIRECTOR

Disclosed pursuant to Section 161B of the Companies Ordinance:

	GROUP AND COMPANY Sandeep Malhotra
	HK$
Balance at 1/4/2013	**4,521,432**
Balance at 31/3/2014	**3,373,447**
Maximum balance outstanding during the year	**4,521,432**

Terms : No fixed term of repayments

Interest : Free

Security : Nil

15. TRADE AND OTHER RECEIVABLES

	GROUP AND COMPANY	
	2014 HK$	**2013 HK$**
Trade receivables (Note (i))	**44,969,149**	86,764,040
Bills receivable	**22,275,204**	35,981,851
Other receivables	**15,239,527**	1,904,479
	82,483,880	124,650,370
(i) Aging analysis of trade receivables is as follows:		
Neither past due nor impaired	**42,792,541**	86,580,992
Past due but not impaired	**2,176,608**	183,048
	44,969,149	86,764,040

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

16. AMOUNTS DUE TO ULTIMATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY/ FELLOW SUBSIDIARIES

The amounts due to ultimate holding company/immediate holding company/fellow subsidiaries are unsecured, interest–free and have no fixed terms of repayment. The ultimate holding company/immediate holding company/fellow subsidiaries 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.

17. **TRADE AND OTHER PAYABLES**

	GROUP		COMPANY	
	2014 HK$	2013 HK$	**2014 HK$**	2013 HK$
Trade payable (Note (i))	**23,915,750**	50,139,246	**23,915,750**	50,139,246
Bills payable	**2,032,552**	806,003	**2,032,552**	806,003
Trade deposit received	**223,642**	483,004	**223,642**	483,004
Other payables and accruals	**2,418,932**	4,611,606	**2,387,177**	4,611,606
Total	**28,590,876**	56,039,859	**28,559,121**	56,039,859

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

Due for payment:				
Not later than one year	**23,915,750**	50,139,246	**23,915,750**	50,139,246
Later than one year	**–**	–	**–**	–
	23,915,750	50,139,246	**23,915,750**	50,139,246

18. **SECURED BANK BORROWINGS**

	GROUP AND COMPANY	
	2014 HK$	**2013 HK$**
Bank overdraft	**–**	270,411
Discounted bills loan	**19,782,721**	26,157,714
Trust receipts loan	**19,486,688**	24,669,276
Term loan	**1,988,568**	3,332,952
Factoring loan	**7,382,949**	7,385,339
	48,640,926	61,815,692

19. **SHARE CAPITAL**

	COMPANY	
	2014 HK$	**2013 HK$**
Authorised		
3,190,000 9% redeemable preference shares of US$ 1 each	**24,818,200**	24,818,200
500,000 ordinary shares of US$ 1 each	**3,890,000**	3,890,000
	28,708,200	28,708,200
Issued and fully paid–up:		
3,190,000 9% redeemable preference shares of US$ 1 each	**24,818,200**	24,818,200
250,000 ordinary shares of US$ 1 each	**1,945,000**	1,945,000
	26,763,200	26,763,200

20. **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:

	2014 HK$	**2013 HK$**
Within one year	**940,749**	1,568,238
In the second to fifth years inclusive	**130,969**	582,668
	1,071,718	2,150,906

(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.

21. **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.

22. **RESERVES**

	COMPANY Retained Profits/ (Accumulated Losses) HK$
Balance at April 1, 2012	(6,403,034)
Total comprehensive income for the year	11,700,955
Balance at March 31, 2013 and April 1, 2013	5,297,921
Total comprehensive income for the year	697,957
Balance at March 31, 2014	5,995,878

23. **ACQUISITION OF A SUBSIDIARY**

During the year, the Company acquired Simple Approach (Canada) Limited (formerly known as Poeticgem (Canada) Limited). Details of the net assets acquired and excess of share of acquired assets over purchase consideration are as follows:

	HK$
Purchase consideration:	
– cash paid	**1,704,341**
Total purchase consideration	
Fair value of net identifiable assets acquired, attributable to equity holders of the Company	**2,354,664**
Excess of share of acquired assets over the purchase consideration	**(650,323)**

The assets and liabilities arising from the acquisition are as follows:

ASSETS	
Cash and bank balances	**1,601,899**
Trade and other receivables	**9,534,888**
Inventories	**9,774,354**
Deposits and prepayment	**26,801**
Plant and equipment	**97,520**
Amounts due from fellow subsidiaries	**3,970,424**
LIABILITIES	
Trade payables	**(1,753,713)**
Provision for taxation	**(361,763)**
Amounts due to immediate holding company	**(18,450,859)**
Amounts due to fellow subsidiaries	**(2,084,887)**
Net assets acquired	**2,354,664**
Inflow of cash to acquired business, net of cash acquired:	
– cash and bank balances in subsidiary acquired on acquisition	**1,601,899**
Less: Cash consideration	**(1,704,341)**
Net cash outflow from the acquisition	**(102,442)**

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	2014 HK$	2013 HK$
Pearl Global Industries Ltd.	Ultimate holding company	SAP facilities charges	62,046	105,030
		Amount due to	(10,698)	(79,745)
Global Textile Group Ltd.	Fellow subsidiary	Consultancy fee	1,499,307	937,241
		Design fee	–	778,000
		Amount due to	(189,575)	(778,000)
Multinational Textile Group Ltd., Mauraitius	Immediate holding company	Consultancy fee	–	933,600
		Management fee	1,573,565	1,128,100
		Amount due to	(786,786)	(1,497,650)
Norp Knit Industries Ltd., Bangladesh	Fellow subsidiary	Purchase of goods	–	7,833,501
		Management fee income	(207,289)	(352,900)
		Amount due from	963,744	263,858

SIMPLE APPROACH LIMITED

Name of Company	Relationship	Nature of transaction	2014 HK$	2013 HK$
Norwest Industries Ltd., Hong Kong	Fellow subsidiary	Inspection commission	–	9,481,548
		Rental fee	1,035,000	1,035,000
		Sampling expense	–	587,857
		Commission income	(8,873,313)	(998,214)
		Commission expenses	2,306,557	–
		Consultancy fee	28,815	–
		SAP facilities charges	61,498	–
		Amount due from/(to)	630,414	(11,156,616)
PG Group Ltd., Hong Kong	Fellow subsidiary	Purchase of goods	–	1,632,672
		Marketing fee income	–	(27,559)
		Amount due from	126,349	126,349
Poeticgem Limited, UK	Fellow subsidiary	Commission expenses	–	58,193
		Commission income	(86,259)	–
		Consultancy fee	323,885	–
		Amount due (to)/from	(1,358,962)	39,815
Zamira Fashion Ltd., Hong Kong	Fellow subsidiary	Commission expenses	–	94,299
		Management fee income	(171,900)	(185,878)
		Amount due to	–	(844,033)
Designed and Sourced Ltd., Hong Kong	Fellow subsidiary	Management fee income	–	(116,700)
		Amount due from	–	116,700
FX Import Co. Limited, UK	Fellow subsidiary	Amount due from	–	575,312
FX Imports Co. Ltd., Hong Kong	Affiliated company	Amount due from	17,978	–
GEM Australia Manufacturing Co. Ltd. Hong Kong	Fellow subsidiary	Management fee income	–	(132,230)
	Amount due from	–	132,230	
Nor Lanka Manufacturing Ltd., Hong Kong	Fellow subsidiary	Management fee income	(257,850)	(318,501)
		Amount due from	–	679
Norwest USA Inc	Fellow subsidiary	Management fee income	–	(132,231)
		Amount due from	–	132,231
PDS Asia Star Corporation Ltd., Hong Kong.	Fellow subsidiary	Management fee income	(162,500)	(116,700)
		Amount due from	–	116,700
Sino West Manufacturing Co. Ltd., Hong Kong	Fellow subsidiary	Management fee income	–	(132,230)
		Amount due from	–	132,230
Spring Near East Manufacturing Co. Ltd., Hong Kong	Fellow subsidiary	Management fee income	–	(132,230)
		Marketing fee income	(925,594)	–
		Amount due from	925,594	132,230
DPOD Manufacturing Co. Ltd.	Fellow subsidiary	Marketing fee income	(268,815)	–
		Amount due from	268,815	–
Nordelhi Manufacturing Ltd.	Fellow subsidiary	Commission expenses	15,277	–
		Marketing fee income	(778,000)	–
		Amount due from	1,729,517	–

25. CONTINGENT LIABILITIES

(a) The Group had the following contingent liabilities not provided for in the financial statements at the end of reporting period:

	2014 HK$	2013 HK$
Irrevocable letter of credit	**83,420,925**	154,090,010

(b) At the end of reporting period, there were mutual guarantees between the Company and its fellow subsidiary.

26. CURRENCY RISK

(i) Exposure to currency risk

The following table details the Group's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong Dollars, translated using the spot rate at the end of reporting period.

(Expressed in HKD)
2014

	USD	GBP	EURO	RMB	BDT	CAD	AUD	Total
Trade and other receivables	82,430,598	–	–	–	53,282	–	–	82,483,880
Cash and cash equivalent	11,202,230	127,164	8,491	–	807,506	2,611,108	6,961	14,763,460
Trade and other payables	(27,776,428)	–	–	(221,269)	(1,119,438)	–	–	(29,117,135)
Bank borrowings	(48,640,923)	–	–	–	–	–	–	(48,640,923)
Net exposure arising from recognised assets and liabilities	17,215,477	127,164	8,491	(221,269)	(258,650)	2,611,108	6,961	19,489,282

(Expressed in HKD)
2013

	USD	GBP	EURO	RMB	BDT	CAD	Total
Trade and other receivables	121,108,162	1,790,215	–	–	141,099	–	123,039,476
Cash and cash equivalent	11,668,427	365,336	8,598	–	334,385	1,365,044	13,741,790
Trade and other payables	(51,037,647)	–	–	(96,012)	–	–	(51,133,659)
Bank borrowings	(59,980,172)	(1,565,109)	–	–	–	–	(61,545,281)
Net exposure arising from recognised assets and liabilities	21,758,770	590,442	8,598	(96,012)	475,484	1,365,044	24,102,326

(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.

	2014		2013	
	Increase HK$	Decrease HK$	Increase HK$	Decrease HK$
United States Dollars	–	–	–	–
British Pound	**10,618**	**(10,618)**	(49,302)	(49,302)
Euro Dollars	**709**	**(709)**	718	(718)
Chinese Yuan	**(18,476)**	**18,476**	(8,017)	8,017
Bangladeshi Taka	**(21,597)**	**21,597**	39,703	(39,703)
Canadian Dollar	**218,028**	**(218,028)**	113,981	(113,981)
Australian Dollar	**581**	**(581)**	–	–
	189,863	**(189,863)**	195,687	(195,687)

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 2014.

27. INTEREST RATE RISK

	GROUP AND COMPANY	
	2014 HK$	2013 HK$
Financial liabilities bearing variable interests:		
Bank overdraft	**–**	270,411
Discounted bills loan	**19,782,721**	26,157,714
Trust receipts loan	**19,486,688**	24,669,276
Term loan	**1,988,568**	3,332,952
Factoring loan	**7,382,949**	7,385,339
	48,640,926	61,815,692

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$175,407 (2013: HK$287,653). 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. EVENT AFTER THE REPORTING PERIOD

In terms of the 'Scheme of Arrangement' between Pearl Global Industries Limited ("Transferor Company") and PDS Multinational Fashions Limited ("Transferee Company") sanctioned by Hon'ble High Court of Delhi vide its order dated April 25, 2014 ("the Scheme") and consequent upon 'the Scheme' becoming effective after filing the same with the Registrar of Companies, the entire investments of the Transferor Company into share capital of the Multinational Textile Group Limited shall be transferred to the Transferee Company. In view of above, the Group's ultimate holding company will be PDS Multinational Fashions Limited, a company incorporated in India with its shares shall be listed on The National Stock Exchange and Bombay Stock Exchange in India.

29. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

30. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Company's Board of Director on May 14, 2014.

SIMPLE APPROACH (CANADA) LTD.

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
Simple Approach (Canada) Ltd.

I have audited the accompanying financial statements of Simple Approach (Canada) Ltd., which comprise of the balance sheet as at March 31, 2014 and the statements of comprehensive income and changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian Auditing Standards. Those standards require that I 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 fair presentation of 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Simple Approach (Canada) Ltd. as at March 31, 2014 and its financial performance and cash flows for the year ended March 31, 2014 in accordance with International Financial Reporting Standards.

Without qualifying my opinion, I draw attention to Note 2 to the financial statements which indicates that during the current period the company lost its only customer. This condition along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast doubt about the company's ability to continue as a going concern.

Oakville, Ontario — RAMAN AYYAR

April 16, 2014 — Chartered Professional Accountant,
Chartered Accountant

BALANCE SHEET AS AT MARCH 31, 2014

	2014 $	2013 $
Assets		
NON CURRENT:		
Equipment - Notes 3(d), (f) and 5	9,139	12,023
CURRENT:)		
Cash - Notes 3(e), (g) and 11	412,703	88,790
Accounts receivable	–	996,529
Inventory	–	1,681,126
Prepaid and other - Note 4	5,654	3,376
Due from related parties	–	434,167
	418,357	3,203,988
	427,496	3,216,011
Equity		
NET EQUITY - Page 4	248,877	214,685
Llabilities		
CURRENT:		
Accounts payable and accrued liabilities - Notes 3(f), (g), 4 and 11	4,000	196,191
Income taxes payable - Note 3(h)	14,008	45,569
Due to related parties - Notes - 3(e), (g), 6 and 11	160,611	2,759,566
COMMITMENTS: - Note 10	427,496	3,216,011

APPROVED ON BEHALF OF THE BOARD
Sd/-
Director

To be read in Conjunction with attached notes and Auditors Report dated April 16, 2014

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2014

	2014 $	2013 $
SALES - Notes 1, 2 and 3(b)	5,155,582	6,199,165
COST OF SALES		
Opening inventory -Notes 3(c) and (f)	1,681,126	1,982,251
Purchases - Note 7	2,932,848	5,156,005
Warehousing	170,014	193,079
Distribution Charges	159,075	172,856
Marketing costs - Note 7	120,000	180,000
Product design and development - Note 6	53,500	140,000
Professional fees	20,125	28,000
Miscellaneous	17,811	8,571
Chargebacks	10,636	–
Travel and conveyance	9,723	7,068
Insurance - Note 6	3,751	3,130
Brokerage and clearing charges	3,353	6,973
Closing inventory - Note 3(c) and (f)	–	(1,681,126)
	5,181,962	6,196,807
GROSS PROFIT FROM SALES	(26,380)	2,358
MARKETING FEES -Notes 1, 2, 3(b), 6 and 7	481,748	974,332
GROSS PROFIT	455,368	976,690
SELLING AND ADMINISTRATIVE EXPENSES:		
Wages and benefits	245,514	311,038
Rent - Note 9	40,655	40,583
Head Office expenses - Note 6	31,595	30,571
Travel and entertainment	29,738	51,847
Testing and inspection - Note 6	9,822	33,295
Professional fees	9,311	5,500
Courier	9,294	12,488
General and office	7,766	11,341
Advertising and promotion	7,741	11,499
Sample and designs	5,656	252,996
Insurance - Note 6	5,181	13,670
Telephone	4,512	6,215
Freight charges	–	41,984
Amortization - Notes 3(d) and (f)	3,424	4,187
	410,209	827,214
INCOME, from operations for the year	45,159	149,476
Add: Exchange gains - Notes 3(e), (h), 8 and 11(i)	3,041	14,777
INCOME, before income taxes for the year	48,200	164,253
Less: Income tax expense - Notes 3(h) and 10	(14,008)	(46,529)
COMPREHENSIVE INCOME, for the year	34,192	117,724

To be read in Conjunction with attached notes and Auditors Report dated April 16, 2014

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2014

	Issued and paid-up shares (100 common) (Authorized - Unlimited) $	Retained Earnings $	Total $
BALANCE, AT APRIL 1, 2012	100	96,861	96,961
TOTAL COMPREHENSIVE INCOME, for the period April 1, 2012 to June 30, 2012	–	74,517	74,517
BALANCE, AT JUNE 30, 2012	100	171,378	171,478
TOTAL COMPREHENSIVE INCOME, for the period - July 1,2012 to Sept. 30, 2012	–	139,253	139,253
BALANCE, AS AT SEPTEMBER 30, 2012	100	310,631	310,731

SIMPLE APPROACH (CANADA) LTD.

TOTAL COMPREHENSIVE INCOME, for the period -Oct.1, 2012 to Dec. 31, 2012	–	(14,589)	(14,589)
BALANCE, AS AT DECEMBER 31, 2012	100	296,042	296,142
TOTAL COMPREHENSIVE INCOME, for the period -Jan.1, 2013 to March 31, 2013	–	(81,457)	(81,457)
BALANCE, AS AT MARCH 31, 2013	100	214,585	214,685
TOTAL COMPREHENSIVE INCOME, for the period - April 1, 2013 to June 30, 2013	–	77,696	77,696
BALANCE, AS AT JUNE 30, 2013	100	292,281	292,381
TOTAL COMPREHENSIVE INCOME, for the period - July 1, 2013 to Sep.30, 2013	–	55,653	55,653
BALANCE, AS AT SEPTEMBER 30, 2013	100	347,934	348,034
TOTAL COMPREHENSIVE INCOME, for the period -Oct. 01, 2013 to Dec. 31, 2013	–	(36,697)	(36,697)
BALANCE, AS AT DECEMBER 31, 2013	100	311,237	311,337
TOTAL COMPREHENSIVE INCOME, for the period -Jan. 01 2014 to March 31, 2014	–	(62,460)	(62,460)
BALANCE, AS AT MARCH 31, 2014	100	248,777	248,877

To be read in Conjunction with attached notes and Auditors Report dated April 16, 2014

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Comprehensive income- page 3	**34,192**	117,724
Cash flows provided by or used in:		
– Amortization	**3,424**	4,187
– Income tax expense	**14,008**	46,529
	51,624	168,440
Change in:		
– accounts receivable	**996,529**	173,964
– prepaid and sundry	**(2,278)**	–
– inventory	**1,681,126**	301,125
– accounts payable and accrued liabilities	**(192,191)**	(161,109)
– due from related parties	**434,168**	(40,845)
– due to related parties	**(2,598,955)**	(1,487,048)
	370,023	(1,045,473)
Income tax (paid)	**(45,570)**	(42,414)
Net Cash from / (used in) Operating Activities	**324,453**	(1,087,887)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	**(540)**	(2,314)
Net Cash (used in) Investing Activities	**(540)**	(2,314)
CHANGE IN CASH AND EQUIVALENTS, during the year	**323,913**	(1,090,201)
CASH AND EQUIVALENTS, beginning of year	**88,790**	1,178,991
CASH AND EQUIVALENTS, end of year	**412,703**	88,790

To be read in Conjunction with attached notes and Auditors Report dated April 16, 2014

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. Nature of business operation:

The company is incorporated under laws of Ontario, Canada and is a wholly owned subsidiary of Simple Approach Ltd., a company incorporated under the laws of Hong Kong. On May 2, 2013 the ownership of the company changed from Poeticgem Limited, U.K. to Simple Approach Ltd. but the ultimate parent company remains the same - See Note 7. The company procures sales orders on behalf of a foreign affiliate for a marketing fee and also buys and sells goods on its own account.

The registered office and principal place of business of the company is 210-2550 Argentia Road, Mississauga, Ontario, Canada, L5N 5R1.

2. Going Concern: - Notes 12 (iii) and (iv)

During the current period the company lost its only customer and is trying to find other customers. The ability of the company to continue as a going concern is dependent on its getting new customers to replace the business lost or win back the lost customer. Currently, the company is supported for all its financial needs by its parent company. The company will continue as a going concern till such time the parent company decides to close the operations of the company. The company has significantly reduced its fixed expenses and is operating with minimum staff in Canada.

3. Significant Accounting Policies:

(a) Basis of presentation:

The financial statements have been prepared in accordance with International Financial Reporting Standards using historic cost basis.

(b) Income recognition:

Revenue on sale of goods is recognized upon delivery of goods and when recovery is reasonably certain.

Revenue from marketing fees is recognized at the time the foreign affiliate invoices the customers.

(c) Inventory:

Inventory includes goods in transit and is valued at lower of cost or net realizable value, cost being determined on a style by style basis, identified individually.

(d) Equipment and amortization

Equipment is carried at cost less accumulated amortization. Amortization is provided on the diminishing balance basis using the following annual rates:

Furniture and and equipment - 20%

Computers - 30%

(e) Foreign Currency Translation:

Monetary assets in foreign currencies have been translated at exchange rates in effect at the end of the fiscal period. Items of revenue and expense are translated at the exchange rates on the dates the transactions took place. Exchange gains or losses from such translation practices are reflected in the income statement.

(f) Accounting Estimates:

The preparation of financial statements in conformity with International Financial Reporting Standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

(g) Financial Instruments

The company's financial instruments consist of cash and deposits, accounts payable and accrued liabilities and amounts due to related parties. All these instruments are held for trading. There are no loans and advances, available for sale instruments or financial liabilities at amortized cost. The company initially measures all its financial instruments at cost which is equal to their fair values, except for certain related party transactions that are measured at exchange rates agreed to between the parties. Financial assets measured at cost are tested for impairment at the end of each year and the amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement and the amount of the reversal is recognized in net income. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. There was no impairment recorded during the current period.

(h) Future Taxes:

Income taxes are accounted using the asset and liability method of accounting. Under this method, future tax assets and liabilities are recognized for the future taxes arising from differences between the accounting basis of assets and liabilities and their corresponding tax basis. Future taxes are measured using tax rates expected to apply when the asset is realized or the liability settled.

(i) Currency:

All amounts stated in these financial statements are in Canadian dollars.

4. Prepaid and other:

Prepaid includes Harmonized Sales Taxes recoverable $2,275 (March 31, 2013 - payable $23,075 - included under accounts payable and accrued liabilities).

SIMPLE APPROACH (CANADA) LTD.

5. **Equipment:**

	Furniture and Equipment $	Computers $	Total $
Cost:			
At April 1, 2013	13,117	31,645	44,762
Additions	–	540	540
At March 31, 2014	13,117	32,185	45,302
Accumulated Amortization:			
At April 1, 2013	10,481	22,258	32,739
Additions	528	2,896	3,424
At March 31, 2014	11,009	25,154	36,163
Carrying Amount			
At March 31, 2014	2,108	7,031	9,139
At March 31, 2013	2,636	9,387	12,023
Cost:			
At April 01,2012	13,117	29,332	42,449
Additions	–	2,313	2,313
At March 31, 2013	13,117	31,645	44,762
Accumulated Amortization:			
At April 01,2012	9,822	18,730	28,552
Additions	659	3,528	4,187
At March 31, 2013	10,481	22,258	32,739
Carrying Amount			
At March 31, 2013	2,636	9,387	12,023
At March 31, 2012	3,295	10,602	13,897

6. **Related Party Transactions:**

During the year the related party transactions were as follows:

	Commission earned $	Purchases/ Expenses paid $	Amounts owed by related parties $	Amounts owed to related parties $
Norwest Industries Limited, Hong Kong				
March 31, 2014	361,748	–	–	–
March 31, 2013	794,332	–	434,167	–
Poeticgem Limited, UK				
March 31, 2014	–	31,595	–	19,319
March 31, 2013	–	30,571	–	262,620
Simple Approach Ltd., Hong Kong				
March 31, 2014	–	2,930,868	–	141,292
March 31, 2013	–	5,156,005	–	2,496,946

In addition to the above various other charges and expenses incurred by the related parties have been reimbursed as follows:

	2014 $	2013 $
Norwest Industries Limited	**18,187**	95,752
Poeticgem Limited	**–**	239,082
Simple Approach Ltd.	**53,500**	102,566
	71,687	437,400

The above corporations are related as follows:

Simple Approach Ltd. is the immediate parent of this company. Simple Approach Ltd., Poeticgem Limited and Norwest Industries Limited are all subsidiaries of Global Textile Limited, a foreign corporation. The advances are due on demand, unsecured, non-interest bearing and with no fixed terms of repayment.

8. **Marketing fees:**

The marketing costs are reallocated and included under marketing fees income.

9. **Exchange Gains:**

Exchange gain represents unrealized gains net of losses of $14,587 (previous period - $26,524

10. **Commitments:**

The company is lessee of its premises under a contract expiring December 2014. The minimum aggregate rent payable during the remainder of the contract is $30,704.

11. **Income taxes:**

		2014 $		2013 $
Net income for the period		34,192		117,724
Income tax expense		(14,008)		(46,529)
Income before taxes		48,200		164,253
Income tax using domestic tax rate	26.50 %	12,773	26.50 %	43,523
Non deductible meals and adjustments	2.27 %	1,090	1.33 %	2,185
Difference between tax and book amortization	0.30 %	145	(0.09)%	(148)
Adjustments to tax provision	– %	–	0.59 %	969
Total effective tax	29.07 %	14,008	28.33 %	46,529

12. **Financial Instruments Risk Management**

The company has policies relating to the identification, measurement, monitoring, mitigating and controlling of risks associated with financial instruments. The key risks related to financial instruments are credit risk, liquidity risk and market risk (currency, interest rate and equity). The following sections describe how the company mitigates each of these risks. All these risks have to be read in the context of Note 2 relating to going concern risk.

(i) Currency Risk:

The company owes its parent company for part of its purchases of goods in US Dollars. The company owes another related company in British Pounds for services rendered. As a result the company's payable to the related companies are subject to risk of foreign currency movements. Since the payable is to related parties the exchange risk is managed at the related companies' level..

(ii) Liquidity Risk:

The company's payables are to related companies and as such all of the operations are funded by related companies. The company mitigates the liquidity risk by relying on the related parties for their working capital requirements.

(iii) Market risk:

The company's commission and sales income was dependant on sales to one customer and during the current year the company lost this only customer and is trying to find other customers. - See Note 2.

(iv) Credit Risk:

During the current year the company lost its only customer and is trying to find other customers. Currently, the company is supported for all its financial needs by its parent company - See Note 2.

(v) Interest rate risk:

All of the company's fund requirements are met by the related companies and as such this risk is managed at the related companies' level.

(vi) Equity risk:

The company has no exposure to this risk since it does not have any such assets.

(vii) There was no change in the risk exposure objective, policies and procedures for risk management and measurement, from the previous period other than the going concern risk mentioned above - Note 2.

Zamira Fashion Limited

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended March 31, 2014, which were approved by them at the board meeting held on the date of this report.

PRINCIPAL ACTIVITY

The principal activity of the Company is trading of garment.

FINANCIAL RESULTS

The results of the Company for the year ended March 31, 2014 and the state of the Company's affairs as at that date are set out in the annexed financial statements.

DIVIDEND

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 (11) to the financial statements.

DIRECTORS

The directors of the Company who held office during the year and up to date of this 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' INTEREST

Except for the related party transactions as disclosed in Note (20) to the financial statements, no other contracts of significance to which the Company, any of its holding companies or its fellow subsidiaries was a party and in which the director had a material interest subsisted at the end of the year or at any time during the year. At no time during the year was the Company, any of its holding companies or its fellow subsidiaries a party to any arrangements to enable the director of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or other body corporate.

AUDITORS

During the year, 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.

By Order of the Board

Sd/-

Chairman

Hong Kong, May 14, 2014.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZAMIRA FASHION LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the accompanying financial statements of Zamira Fashion Limited (the "Company") set out on pages 5 to 29, which comprise the statement of financial position as at March 31, 2014, and the statement of 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report made solely to you, as a body, in accordance with section 141 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 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 opinion.

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 continuous financial support from the shareholders to support working capital of the Company. 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 state of the Company's affairs as at March 31, 2014 and of the Company's profit 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.

Sd/-

Louis Lai & Luk CPA Limited

Certified Public Accountants

Luk Wing Hay

Practising Certificate Number P01623

Hong Kong, May 14, 2014.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2014

	NOTES	2014 HK$	2013 HK$
Turnover	(6)	**270,638,063**	146,620,724
Purchases and Related Costs		**(237,315,387)**	(125,000,385)
Gross Profit		**33,322,676**	21,620,339
Other Revenue	(6)	**6,982,921**	5,480,973
Staff Costs		**(16,487,202)**	(11,468,963)
Amortization and Depreciation		**(112,632)**	(122,366)
Other Operating Expenses		**(16,462,308)**	(16,101,192)
Profit/(Loss) From Operation		**7,243,455**	(591,209)
Finance Costs	(7)	**(4,685,184)**	(1,406,586)
Profit/(Loss) Before Taxation	(8)	**2,558,271**	(1,997,795)
Taxation	(10)	**–**	–
Profit/(Loss) for the Year		**2,558,271**	(1,997,795))
OTHER COMPREHENSIVE INCOME		**–**	–
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE YEAR		**2,558,271**	(1,997,795)

Zamira Fashion Limited

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

	NOTES	2014 HK$	2013 HK$
ASSETS			
Non-Current Assets			
Plant and equipment	(11)	**283,982**	174,088
Current Assets			
Deposits and prepayment		**685,717**	559,038
Amount due from ultimate holding company	(12)	**5,252**	3,501
Amounts due from fellow subsidiaries	(12)	**2,200,398**	13,687,491
Trade and other receivables	(13)	**48,650,082**	27,999,436
Bank and cash balances		**1,777,881**	1,651,156
		53,319,330	43,900,622
Current Liabilities			
Amounts due to fellow subsidiaries	(14)	**14,381,110**	7,031,390
Amount due to a director	(14)	**352,000**	166,000
Trade and other payables	(15)	**13,383,692**	17,692,084
Secured bank borrowings	(16)	**37,058,206**	33,205,604
Obligation under finance lease	(17)	**–**	61,436
Bank overdraft		**–**	48,163
		65,175,008	58,204,677
Net Current Liabilities		**(11,855,678)**	(14,304,055)
NET LIABILITIES		**(11,571,696)**	(14,129,967)
Represented by:			
CAPITAL AND RESERVES			
Share capital	(18)	**1,945,000**	1,945,000
Accumulated losses		**(13,516,696)**	(16,074,967)
SHAREHOLDERS' DEFICIT		**(11,571,696)**	(14,129,967)

Approved by the Board of Directors on May 14, 2014 and signed on Behalf of the Board By:

Sd/- Director

Sd/- Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2014

	Stated capital HK$	Accumulated Losses HK$	Total HK$
At April 1, 2012	1,945,000	(14,077,172)	(12,132,172)
Total comprehensive expenses for the year	–	(1,997,795)	(1,997,795)
At March 31, 2013	1,945,000	(16,074,967)	(14,129,967)
Total comprehensive income for the year	–	2,558,271	2,558,271
At March 31, 2014	1,945,000	(13,516,696)	(11,571,696)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

	2014 HK$	2013 HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	**2,558,271**	(1,997,795)
Adjustments for:		
Interest income	**(481)**	(1,210)
Interest expenses	**4,685,184**	1,406,586
Depreciation	**112,632**	122,366
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	**7,355,606**	(470,053)
Increase in deposits and prepayment	**(126,679)**	(383,616)
Increase in trade and other receivables	**(20,650,646)**	(19,179,128)
Net payments to ultimate holding company	**(1,751)**	(3,501)
Net receipts from/(payments to) fellow subsidiaries	**18,836,813**	(5,922,821)
Net payments to immediate holding company	**–**	(1,011,400)
Net receipts from a director	**186,000**	166,000
(Decrease)/Increase in trade and other payables	**(4,308,392)**	12,206,170
NET CASH GENERATED FROM/(USED IN) OPERATIONS	**1,290,951**	(14,598,349)
Interest received	**481**	1,210
Interest paid	**(4,685,184)**	(1,406,586)
Net cash used in operating activities	**(3,393,752)**	(16,003,725)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment and net cash used in investing activities	**(222,526)**	(141,422)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts of secured bank borrowings	**3,852,602**	17,433,720
Repayment of obligations under finance lease	**(61,436)**	(138,374)
Net cash generated from financing activities	**3,791,166**	17,295,346
NET CHANGE IN CASH AND CASH EQUIVALENTS	**174,888**	1,150,199
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,602,993**	452,794
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,777,881**	1,602,993

A) CASH AND CASH EQUIVALENTS AS AT THE END OF REPORTING PERIOD REPRESENTED BY:

	2014 HK$	2013 HK$
Cash and bank balances	**1,777,881**	1,651,156
Bank overdraft	**–**	(48,163)
	1,777,881	1,602,993

NOTES TO THE FINANCIAL STATEMENTS

1. **GENERAL**

   Zamira Fashion Limited was incorporated in Hong Kong as a limited liability company. The principal activity of the Company 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, Hong Kong. The directors consider that the ultimate holding company is Pearl Global Industries Limited, a company incorporated in India. The shares of the ultimate holding company is 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.

      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 2014, the Company adopted the new and revised HKFRSs below, which are relevant to its operations.

- HKFRS 1 (Amendments) — Government Loans
- HKFRS 7 (Amendments) — Disclosures - Offsetting Financial Assets and Financial Liabilities
- HKFRS 10 — Consolidated Financial Statements
- HKFRS 11 — Joint Arrangements
- HKFRS 12 — Disclosure of Interests in Other Entities
- HKFRS 13 — Fair Value Measurement
- HKAS 1 (Amendments) — Presentation of Items of Other Comprehensive Income
- HKAS 19 (2011) — Employee Benefits
- HKAS 27 (2011) — Separate Financial Statements
- HKAS 28 (2011) — Investments in Associates and Joint Ventures
- HK (International Financial Reporting Interpretations Committee) ("IFRIC") - Int 20 — Stripping Costs in the Production Phase of a Surface Mine
- HKFRSs (Amendments) — Annual Improvements to HKFRSs 2009-2011 Cycle except for the amendments to HKAS 1
- Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — Consolidated Financial Statements, Joint Arrangements Disclosure of Interests in Other Entities: Transition Guidance

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 financial statements. As such, no 2013 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 and HKFRS 7 (Amendments) — Mandatory Effective Date of HKFRS 9 and Transition Disclosures(2)
- HKFRS 9 — Financial Instruments(2)
- HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments) — Investments Entities(1)
- HKAS 32 (Amendments) — Offsetting Financial Assets and Financial Liabilities(1)
- HKAS 36 (Amendments) — Recoverable Amount Disclosures for Non-Financial Assets(1)
- HKAS 39 (Amendments) — Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (1)
- HK (IFRIC) - Int 21 — Levies(1)

Notes:

(1) Effective for annual periods beginning on or after 1 January 2014

(2) Effective for annual periods beginning on or after 1 January 2015

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, 2014 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 shareholders have confirmed its willingness to provide such financial assistance as is necessary to maintain the Company as a going concern. On the strength of this assurance, the financial statements have been prepared on a going concern basis.

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 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.

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

The Company's financial liabilities include account and other payables 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 those entities operate ("the functional currency"). The financial statements are presented in Hong Kong Dollars ("HK$"), which are 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.

Zamira Fashion Limited

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 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 Statement of Comprehensive Income.

n. Turnover

Turnover represents invoiced amount of sales less discounts and returns.

o. Recognition of Revenue

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

- Revenue from sales of goods is 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.
- 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.

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 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 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 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. Retirement Benefit Scheme

The Company 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 Company 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 Company 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 Statement of Comprehensive Income represent contribution payable to the funds by the Company in accordance with the rules of the MPF Scheme.

u. Finance Leases/Hire Purchase Contracts

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

Assets held under finance leases or hire purchase contracts are recognised as assets of the Company at the lowest 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 Company, unless there is no reasonable certainty that the Company 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 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 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.

v. 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 financial statements.

w. 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.

x. 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) Market risk - Foreign exchange risk

The Company 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 Company uses forward contracts, transacted with one of fellow subsidiary and charge back to the Company for the gain/loss on foreign exchange contract. The Company is responsible for managing the net position in each foreign currency by using external forward currency contracts.

(b) Credit risk

The Company has no significant concentrations of credit risk because the creditworthiness of each of the Company's customers has been assessed before any goods are supplied to them on credit. The directors are not aware of any factor indicating that any debtors would not be capable of repaying their outstanding amounts. Accordingly, the directors are of the opinion that the Company is adequately protected from the credit risk.

(c) 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.

(d) Cash flow and fair value interest rate risk

The Company's fair value interest rate risk relates primarily to fixed-rate borrowings from a financial institution as disclosed in Note (23).

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 value of current assets and liabilities are assumed to approximate their fair values.

6. RECOGNITION OF REVENUE

Revenue recognised during the year including revenue arising from:	2014 HK$	2013 HK$
Turnover:		
Sales of goods	**270,638,063**	146,620,724
Other revenue:		
Bank interest income	**481**	1,210
Commission income	**1,885,758**	2,610,342
Reversal of impairment loss on investment in a subsidiary	**–**	1,128
Sundry income	**5,096,682**	2,868,293
	6,982,921	5,480,973
Total revenue recognised	**277,620,984**	152,101,697

7. FINANCE COSTS

Bank finance charges	**1,417,759**	772,732
Finance lease interest	**1,334**	12,274
Other interest paid	**3,233,681**	557,576
Bank loan interest	**32,410**	64,004
	4,685,184	1,406,586

8. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is stated after charging and (crediting):		
Auditors' remuneration	**96,414**	94,665
Depreciation – owned assets	**112,632**	66,989
– assets held under finance lease	**–**	55,377
Exchange difference	**(7,484,913)**	645,463
Rental payments under operating leases	**1,172,992**	1,001,166
Staff costs (including director's remuneration)		
– Salaries and allowance	**16,181,437**	11,224,229
– MPF contribution	**198,625**	202,450
– Staff welfare expenses	**107,140**	42,284

9. DIRECTOR'S REMUNERATION

	2014 HK$	2013 HK$
Fees	–	–
Other emoluments	**1,200,000**	1,200,000
	1,200,000	1,200,000

10. TAXATION

No Hong Kong profits tax has been provided in the financial statements as the assessable profits for the year have been wholly offset by the taxation loss sustained in previous years.

The tax charge for the year can be reconciled to the profit/loss per Statement of Comprehensive Income as follows:

	2014 HK$	2013 HK$
Profit/(Loss) before taxation	**2,558,271**	(1,997,795)
Tax at the domestic income tax rate	**422,114**	(329,636)
Tax effect of expenses that are not deductible in determining taxable profit	**18,584**	516
Tax effect of income that are not taxable in determining taxable profit	**(79)**	(386)
Net tax allowance claimed	**(35,357)**	(11,862)
Tax loss not yet recognised	**–**	341,368
Utilization of tax loss previously not recognised	**(405,262)**	–
Taxation expense for the year	**–**	–

At the end of reporting period, the Company has unused tax losses of HK$10,373,496 (2013: HK$12,829,630) available for offset against future profits. No deferred tax asset

Zamira Fashion Limited

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 HK$	Furniture and Fixtures HK$	Office Equipment HK$	Motor Vehicle HK$	Total HK$
Cost					
At 1/4/2012	1,548,200	323,504	522,166	498,000	2,891,870
Additions	12,000	92,582	36,840	–	141,422
At 31/3/2013	1,560,200	416,086	559,006	498,000	3,033,292
Additions	–	58,486	164,040	–	222,526
At 31/3/2014	1,560,200	474,572	723,046	498,000	3,255,818
Aggregate Depreciation					
At 1/4/2012	1,527,667	297,389	469,159	442,623	2,736,838
Charge for the year	22,818	15,423	28,748	55,377	122,366
At 31/3/2013	1,550,485	312,812	497,907	498,000	2,859,204
Charge for the year	4,000	60,010	48,622	–	112,632
At 31/3/2014	1,554,485	372,822	546,529	498,000	2,971,836
Net Book Value					
At 31/3/2014	5,715	101,750	176,517	–	283,982
At 31/3/2013	9,715	103,274	61,099	–	174,088

12. AMOUNTS DUE FROM ULTIMATE HOLDING COMPANY/FELLOW SUBSIDIARIES

The amounts due from ultimate holding company/fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayments. No provisions for bad and doubtful debts have been recognised on the amounts due. The nature of consideration to be provided for settlement is expected to be cash or cash equivalents.

13. TRADE AND OTHER RECEIVABLES

	2014 HK$	2013 HK$
Trade receivables (Note (i))	**47,223,950**	26,388,201
Bills receivables	**193,637**	–
Other receivables	**1,232,495**	1,611,235
	48,650,082	27,999,436

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

	2014 HK$	2013 HK$
Neither past due nor impaired	**47,223,950**	26,240,893
Past due but not impaired	**–**	147,308
	47,223,950	26,388,201

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

14. AMOUNTS DUE TO FELLOW SUBSIDIARIES/A DIRECTOR

Apart from a balance with a fellow subsidiary amounting HK$11,008,992 (2013: HK$7,031,390) which is interest-bearing at a rate of 7.5% per annum, the remaining amounts are interest-free. The amounts due are unsecured and have no fixed terms of repayment. The 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.

15. TRADE AND OTHER PAYABLES

	2014 HK$	2013 HK$
Trade payables (Note (i))	**8,946,379**	13,154,245
Accruals	**4,437,313**	3,197,859
Bills payables	**–**	1,339,980
	13,383,692	17,692,084

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

Due for payment:

	2014 HK$	2013 HK$
Not later than one year	**8,946,379**	13,154,245

16. SECURED BANK BORROWINGS

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

	2014 HK$	2013 HK$
Amount repayable within one year:		
Discounted bills loan	**1,143,893**	–
Factoring loan	**9,583,438**	–
Trust receipt loan	**25,594,875**	31,125,604
Term loan	**736,000**	1,344,000
	37,058,206	32,469,604
Amount not repayable within one year but contain a repayment on demand clause:		
Term loan	**–**	736,000
	37,058,206	33,205,604

17. OBLIGATION UNDER FINANCE LEASE

	Minimum lease payments		Present value of minimum lease payments	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Amount payable under finance lease:				
Within one year	–	62,770	–	61,436
Second to fifth years inclusive	–	–	–	–
	–	62,770	–	61,436
Future finance charges	–	1,334		
	–	61,436		
Less: Portion classified as current liabilities			–	61,436
Amounts due after one year included in non-current liabilities			–	–

The lease term is four years and the lease is repayable in fixed monthly instalements.

No arrangement has been entered into for contingent rental payments.

18. SHARE CAPITAL

	2014 HK$	2013 HK$
Authorised, issued and fully paid-up:		
250,000 ordinary shares of US$1 each	**1,945,000**	1,945,000

19. 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:

	2014 HK$	2013 HK$
Within one year	**106,260**	140,621
In the second to fifth years inclusive	**–**	57,052
	106,260	197,673

Operating lease payments represent rental payments payable by the Company for its leased premises. Leases are negotiated for an averaged term two years.

20. RELATED PARTY TRANSACTIONS

During normal course of business, the Company had the following transactions with the related parties below.

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Name of Company	Relationship with the Company	Nature of transactions	2014 HK$	2013 HK$
Norwest Industries Ltd., Hong Kong	Fellow subsidiary	– Management and service fee	**18,672**	18,672
		– Rental paid	**764,985**	700,800
		– Interest paid	**979,455**	557,576
		– Commission received	**463,611**	246,529
		– Amount due to	**(11,008,992)**	(7,031,390)
Poeticgem Ltd., UK	Fellow subsidiary	– Sales	**–**	18,878,756
		– Amount due (to)/from	**(71,665)**	8,175,362
Simple Approach Ltd., Hong Kong	Fellow subsidiary	– Management and service fee	**171,900**	185,877
		– Commission received	**–**	94,299
		– Amount due from	**–**	844,033
SSY Asia Limited, Hong Kong	Related company *	– Consultancy fee	**600,000**	600,000
Pearl Global industries Ltd., India	Ultimate holding company	– Security system	**50,765**	94,527
		– Amount due from	**5,252**	3,501
Multinational Textile Group Ltd., Mauritius	Immediate holding company	– Management and service fee	**639,889**	350,100
Nor Europe Manufacturing Co. Ltd., Hong Kong	Fellow subsidiary	– Commission received	**1,253,561**	2,177,593
		– Amount due from	**2,200,398**	3,716,701
Nor Lanka Manufacturing Ltd., Hong Kong	Fellow subsidiary	– Management and service fee	**62,932**	817,849
		– Purchases	**713,560**	–
		– Commission received	**–**	86,072
		– Amount due (to)/from	**(966,463)**	951,395
FX Import Co. Ltd., UK	Fellow subsidiary	– Designing expenses	**2,334,000**	–
		– Amount due to	**(2,334,000)**	–
PDS Asia Star Corporation Ltd., Hong Kong	Fellow subsidiary	– Commission received	**27,347**	–

Name of Company | **Relationship with the Company** | **Nature of transactions** | **2014 HK$** | **2013 HK$**

* Connected with Thomas Mueller who is a controlling director and shareholder of the company.

21. CONTINGENT LIABILITIES

(a) The Company had the following contingent liabilities not provided for in the financial statements at the end of reporting period:

	2014 HK$	2013 HK$
Irrevocable letters of credit	**22,795,805**	24,580,590

(b) At the end of reporting period, there were mutual guarantees between the Company and its fellow subsidiary.

22. 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 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 year end date.

(Expressed in HKD)
2014

	USD	CHF	EUR	GBP	BDT	RMB	Total
Trade and other receivables	6,333,598	193,637	42,057,930	–	–	2,268	48,587,433
Bank and cash balances	417,843	17,853	24,758	14,362	1,302,111	–	1,776,927
Trade and other payables	(8,796,583)	–	(1,150,994)	–	(326,572)	(66,834)	(10,340,983)
Secured bank borrowings	(27,750,003)	–	(8,572,204)	–	–	–	(36,322,207)
Net exposure arising from recognised assets and liabilities	(29,795,145)	211,490	32,359,490	14,362	975,539	(64,566)	3,701,170

(Expressed in HKD)
2013

	USD	CHF	EUR	GBP	BDT	RMB	Total
Trade and other receivables	5,771,835	–	20,742,927	1,233,979	17,078	1,543	27,767,362
Bank and cash balances	1,358,483	10,836	17,718	23,053	240,449	–	1,650,539
Trade and other payables	(16,741,824)	–	(314,236)	–	(71,609)	–	(17,127,669)
Secured bank borrowings	(31,125,604)	–	–	–	–	–	(31,125,604)
Net exposure arising from recognised assets and liabilities	(40,737,110)	10,836	20,446,409	1,257,032	185,918	1,543	(18,835,372)

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(ii) Sensitivity analysis

The following table indicates the approximate change in the Company's profit/loss before 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.

	2014		2013	
	Increase HK$	Decrease HK$	Increase HK$	Decrease HK$
Swiss Franc (CHF)	**17,659**	**(17,659)**	1,084	(1,084)
Euro (EUR)	**2,702,017**	**(2,702,017)**	2,044,641	(2,044,641)
British Pound (GBP)	**1,199**	**(1,199)**	125,703	(125,703)
Bangladeshi Taka (BDT)	**81,458**	**(81,458)**	18,592	(18,592)
Chinese Yuan (RMB)	**(5,391)**	**5,391**	154	(154)
	2,796,942	**(2,796,942)**	2,190,174	(2,190,174)

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 2013.

23. INTEREST RATE RISK

	2014 HK$	2013 HK$
Financial liabilities bearing variable interests:		
Bank overdraft	**–**	48,163
Discounted bills loan	**1,143,893**	–
Factoring loan	**9,583,438**	–
Trust receipts loan	**25,594,875**	31,125,604
Term loan	**736,000**	2,080,000
	37,058,206	33,253,767

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$468,518 (2013: HK$140,659). 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' corporate guarantee, ultimate holding and intermediate holding companies' corporate guarantee, directors' personal guarantee, bank guarantee and fellow subsidiary's properties.

25. EVENT AFTER THE REPORTING PERIOD

In terms of the 'Scheme of Arrangement' between Pearl Global Industries Limited ("Transferor Company") and PDS Multinational Fashions Limited ("Transferee Company") sanctioned by Hon'ble High Court of Delhi vide its order dated April 25, 2014 ("the Scheme") and consequent upon 'the Scheme' becoming effective after filing the same with the Registrar of Companies, the entire investments of the Transferor Company into share capital of the Multinational Textile Group Limited shall be transferred to the Transferee Company. In view of above, the Company's ultimate holding company will be PDS Multinational Fashions Limited, a company incorporated in India with its shares shall be listed on The National Stock Exchange and Bombay Stock Exchange in India.

26. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Company's Board of Directors on May 14, 2014.

Nordelhi Manufacturing Limited

REPORT OF THE SOLE DIRECTOR

The sole director presents his report and the audited financial statements of the Company for the year ended 31 March 2014.

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 dividend

The Company's results for the year ended 31 March 2014 and its state of affairs at that date are set out in the financial statements on pages 4 to 20.

The sole director does not recommend the payment of any dividend in respect of the year.

Director

The sole director of the Company during the year was Pallak Seth.

There being no provision in the Company's articles of association for the retirement of the sole director who will continue in office for the ensuing year.

Director's interests

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to the sole director or his spouses or minor children, or were any such rights exercised by them; or was the Company, its subsidiary or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the sole director to acquire such rights in any other body corporate.

Director's interests in contracts

The sole director had no material interest, either directly or indirectly, in any contract of significance to the business of the Company to which the Company, its subsidiary 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.

Sd/-

Sole Director

Hong Kong

8 May 2014

Independent auditors' report

To the shareholder 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 2014, and the statement of 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.

Director's responsibility for the financial statements

The sole director 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 sole director 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. Our report is made solely to you, as a body, in accordance with Section 141 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 sole director, 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 give a true and fair view of the state of affairs of the Company as at 31 March 2014, and of its profits 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.

Sd/-

Certified Public Accountants
Hong Kong
8 May 2014

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 31 March 2014

	Notes	2014 HK$	2013 HK$
REVENUE	3	**56,178,402**	47,496,566
Cost of sales		**(49,659,753)**	(42,621,130)
Gross profit		**6,518,649**	4,875,436
Other income and gain	3	**2,576,581**	2,998,750
Selling and distribution expenses		**(911,554)**	(126,249)
Administrative expenses		**(6,435,884)**	(8,304,690)
PROFIT/(LOSS) BEFORE TAX	4	**1,747,792**	(556,753)
Income tax credit	6	**268,087**	–
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**2,015,879**	(556,753)

STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	2014 HK$	2013 HK$
CURRENT ASSETS			
Trade and bills receivables	7	**9,967,785**	18,103,790
Due from the immediate holding company	10(b)	**380,434**	1,713,739
Due from fellow subsidiaries	10(b)	**1,452,617**	76,166
Cash and cash equivalents		**1,361,222**	623,949
Total current assets		**13,162,058**	20,517,644
CURRENT LIABILITIES			
Trade and bills payables		**7,630,180**	15,715,288
Other payables and accruals	8	**114,651**	112,151
Loan from the immediate holding company	10(b)	**–**	1,128,100
Due to fellow subsidiaries	10(b)	**1,729,517**	1,622,187
Tax payable		**–**	268,087
Total current liabilities		**9,474,348**	18,845,813
Net assets		**3,687,710**	1,671,831
EQUITY			
Issued capital9		**2,000,000**	2,000,000
Retained profits/(accumulated losses)		**1,687,710**	(328,169)
Total equity		**3,687,710**	1,671,831

Sd/-
Director

Nordelhi Manufacturing Limited

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2014

	Issued capital HK$	Retained profits/ (accumulated losses) HK$	Total equity HK$
At 1 April 2012	2,000,000	228,584	2,228,584
Loss and total comprehensive loss for the year	–	(556,753)	(556,753)
At 31 March 2013 and at 1 April 2013	2,000,000	(328,169)	1,671,831
Profit and total comprehensive income for the year	–	2,015,879	2,015,879
At 31 March 2014	2,000,000	1,687,710	3,687,710

STATEMENT OF CASH FLOWS

Year ended 31 March 2014

	Notes	2014 HK$	2013 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**1,747,792**	(556,753)
Adjustment for an interest income	3	**(4)**	–
		1,747,788	(556,753)
Decrease/(increase) in trade and bills receivables		**8,136,005**	(7,395,076)
Decrease in a prepayment		–	622,400
Decrease/(increase) in an amount due from the immediate holding company		**1,333,305**	(236,573)
Increase in amounts due from fellow subsidiaries		**(1,376,451)**	(76,166)
Increase/(decrease) in trade and bills payables		**(8,085,108)**	9,250,323
Increase in other payables and accruals		**2,500**	4,779
Increase/(decrease) in amounts due to fellow subsidiaries		**107,330**	(1,503,528)
Cash generated from operations		**1,865,369**	109,406
Interest received		4	–
Net cash flows from operating activities		**1,865,373**	109,406
CASH FLOW FROM A FINANCING ACTIVITY			
Repayment of a loan from the immediate holding company		**(1,128,100)**	–
NET INCREASE IN CASH AND CASH EQUIVALENTS		**737,273**	109,406
Cash and cash equivalents at beginning of year		**623,949**	514,543
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,361,222**	623,949
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**1,361,222**	623,949

NOTES TO FINANCIAL STATEMENTS

31 March 2014

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.

During the year, the Company was engaged in the trading of garments.

The Company is a wholly-owned subsidiary of Multinational Textile Group Limited, a company incorporated in Mauritius. In the opinion of the sole director, the Company's ultimate holding company is Pearl Global Industries Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange and the National Stock Exchange in India.

Subrequent to the reporting period, on 25 April 2014, the High Court of Delhi sanctioned a Scheme of Arrangement between Pearl Global Industries Limited (the "Transferor Company") and PDS Multinational Fashions Limited (the "Transferee Company"), Consequent to and upon the filing of the same Scheme of Arrangement with the Registrar of Companies in India, the share capital of the Multinational Textiles Group Limited was transferred from the Transferor Company to the Transferee Company which became the Company's new ultimate holding company.

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 ("HKICPA"), 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 2014.

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 year ended 31 March 2014, 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
- (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).

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

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 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.

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 either directly or 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 and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in 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, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include trade and bills payables, other payables and accruals, and amounts due to fellow subsidiaries.

Subsequent measurement

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, and only 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 for the current and prior periods 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, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the 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 sales services are rendered; and

(c) interest income, on an accrual basis using the effective interest method.

Foreign currency transactions

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3. REVENUE, OTHER INCOME AND GAIN

Revenue, which is also the Company's turnover, represents the net invoiced value of goods sold.

An analysis of other income and gain is as follows:

	2014 HK$	2013 HK$
Claims and other recovery	**2,091,436**	1,568,818
Commissions received	**372,208**	76,166
Foreign exchange difference, net	**112,933**	1,353,766
Interest income	**4**	–
	2,576,581	2,998,750

4. PROFIT/(LOSS) BEFORE TAX

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

	2014 HK$	2013 HK$
Auditors' remuneration	**94,900**	92,400
Foreign exchange differences, net	**(112,933)**	(1,353,766)

5. SOLE DIRECTOR'S REMUNERATION

The sole director did not receive any fees or emoluments in respect of his services rendered to the Company during the year (2013: Nil).

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2014 HK$	2013 HK$
Provision for the year	**–**	–
Overprovision in prior years	**(268,087)**	–
	(268,087)	–

A reconciliation of the tax expense/(credit) applicable to profit/(loss) 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:

	2014 HK$	2014 %	2013 HK$	2013 %
Profit/(loss) before tax	1,747,792		(556,753)	
Tax at the statutory tax rate	288,385	16.5	(91,864)	(16.5)
Income not subject to tax	(288,385)	(16.5)	–	–
Tax loss not recognised	–	–	91,864	16.5
Adjustments in respect of current tax of prior years	(268,087)	(15.3)	–	–
Tax at the effective tax rate	(268,087)	(15.3)	–	–

7. TRADE AND BILLS RECEIVABLES

	2014 HK$	2013 HK$
Trade receivables	**9,967,785**	15,231,393
Bills receivable	**–**	2,872,397
	9,967,785	18,103,790

The Company's trading terms with its customers are mainly on credit. The credit period is generally one month. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Company does not hold any collateral or credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

The aged analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	2014 HK$	2013 HK$
Neither past due nor impaired	**7,116,609**	15,768,405
Past due but not impaired:		
Within 1 month	**2,312,834**	2,335,385
1 to 2 months	**538,342**	–
	9,967,785	18,103,790

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

Receivables that were past due but not impaired relate to a customer that has a good track record with the Company. Based on past experience, the sole director of the Company is 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.

8. OTHER PAYABLES AND ACCRUALS

	2014 HK$	2013 HK$
Other payables	**81,251**	81,251
Accruals	**33,400**	30,900
	114,651	112,151

9. SHARE CAPITAL

	2014 HK$	2013 HK$
Authorised, issued and fully paid:		
2,000,000 ordinary shares of HK$1 each	**2,000,000**	2,000,000

10. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Company had the following material transactions with related parties during the year:

	Notes	2014 HK$	2013 HK$
Ultimate holding company:			
Sales of non-merchandise items	(i)	**235,219**	–
Immediate holding company:			
Management fees paid	(ii)	**205,205**	223,691
Fellow subsidiary:			
Commission received	(iii)	**372,207**	76,166
Management fee expenses	(iv)	**4,430,500**	3,390,616
Commission expenses	(v)	**814,519**	–
IT services fees	(vi)	**9,336**	–
Purchases of non-merchandise items	(vii)	**951,517**	–

Notes:

(i) The sales of non-merchandise items to the ultimate holding company were based on terms mutually agreed between the Company and the ultimate holding company.

(ii) The management fees paid were for the provision of corporate administrative services and were agreed mutually between the Company and the immediate holding company.

(iii) The commissions received were related to referral of customers and were charged at rates mutually agreed between the Company and the respective fellow subsidiaries.

(iv) The management fee expenses were related to the provision of resource and manpower resources and were charged at rates mutually agreed between the Company and a fellow subsidiary.

(v) The commissions paid were related to the provision of marketing and promotion services and were charged at rates mutually agreed between the Company and the respective fellow subsidiaries.

(vi) The IT services fees were related to the accounting system rendered to the Company and were charged at rates mutually agreed between the Company and a fellow subsidiary.

(vii) Sample expenses were for market samples purchased from retail stores and charges for designing samples and were charged at rates mutually agreed between the Company and a fellow subsidiary.

(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.

The loan from the immediate holding company as at 31 March 2013 was unsecured, interest-free and repayable within one year.

11. 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 trade and bills receivables, amounts due from fellow subsidiaries and the immediate holding company, cash and cash equivalents, trade and bills payables, financial liabilities included in other payables and accruals, amounts due to fellow subsidiaries and a loan from the immediate holding company approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company did not have any financial assets and liabilities measured at fair value as at the end of each reporting period.

12. 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 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 profit/(loss) before tax (due to changes in the fair value of monetary assets and liabilities).

	Change in exchange rate %	Increase/ (decrease) in profit before tax HK$
31 March 2014		
If HK$ weakens against GBP	**10.0**	163,651
If HK$ strengthens against GBP	**(10.0)**	(163,651)
If HK$ weakens against Euro	**10.0**	59,623
If HK$ strengthens against Euro	**(10.0)**	(59,623)
31 March 2013		
If HK$ weakens against GBP	**10.0**	(611,547)
If HK$ strengthens against GBP	**(10.0)**	611,547
If HK$ weakens against Euro	**10.0**	(109,062)
If HK$ strengthens against Euro	**(10.0)**	109,062

Credit risk

The aggregate carrying amount of trade and bills receivables, cash and cash equivalents, and amounts due from the immediate holding company and fellow subsidiaries represents the Company's maximum exposure to credit risk in relation to financial assets. The Company's cash and cash equivalents are deposited with creditworthy banks with no recent history of default. The Company has policies in place to evaluate credit risk when accepting new businesses and to limit its credit exposure to individual customers. The maximum exposure for trade and bills receivables is the carrying amount as disclosed in note 7 to the financial statements. At the end of the reporting period, the Company had a certain concentration of credit risk as 96% (2013: 69%) of the Company's trade and bills receivables were due from the Company's top customer.

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from its 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 2014 and 31 March 2013.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the sole director on 8 May 2014.

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 2014.

Principal activity

The principal activity of the Company is the holding of investments.

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 (2013: 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.

Auditors

The auditors, Lancasters Chartered Accountants, have indicated their willingness to continue in office and will be automatically reappointed at the Annual Meeting.

By order of the Board of Directors

Sd/-
Director
Date: 23 May, 2014

SECRETARY'S CERTIFICATE FOR THE YEAR ENDED 31 MARCH 2014

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.

Sd/-

For and on behalf of **KROSS BORDER CORPORATE SERVICES LIMITED**
Company secretary
Date: 23 May, 2014

AUDITORS' REPORT TO THE SHAREHOLDER OF GLOBAL TEXTILE 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 2014, and the statement of profit and loss and other comprehensive income, the statements 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 shareholdre, 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 Audition. 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 procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgements, including the assessment of the risks of material misstatment 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.

Opinion

In our opinion, the financial statements on pages 6 to 33 give a true and fair view of the financial position of the Company as 31 March 2014 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

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
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Pasram Bissessur FCCA, MBA (UK)
Licensed by FRC

Date : 23 May 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 USD	2013 USD
Revenue	6	**5,116,865**	4,378,596
Expenses		**(5,173,534)**	(4,348,062)
(Loss)/profit from operating activities		**(56,669)**	30,534
Finance income	7	**33,963**	35,080
(Loss)/profit before taxation		**(22,706)**	65,614
Taxation	8	**–**	(1,968)
(Loss)/profit for the year		**(22,706)**	63,646
Other comprehensive income		**–**	–
Total comprehensive (loss)/income for the year		**(22,706)**	63,646

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

	Notes	2014 USD	2013 USD
Assets			
Investments	9	**2,500,000**	2,500,000
Receivables	10	**1,404,056**	1,404,056
Total non-current assets		**3,904,056**	3,904,056
Other receivables	11	**382,997**	541,706
Tax refund	8	**1,646**	–
Cash and cash equivalents		**489**	142,671
Total current assets		**385,132**	684,377
Total assets		**4,289,188**	4,588,433
Equity			
Stated capital	12	**3,987,266**	3,987,266
Revenue reserves		**295,403**	318,109
Total equity		**4,282,669**	4,305,375

Global Textiles Group Limited

Liabilities			
Other payables	13	**6,519**	282,171
Tax payable	8	**–**	887
Total current liabilities		**6,519**	283,058
Total equity and liabilities		**4,289,188**	4,588,433

Approved by the Board of Directors on 23 May, 2014 and signed on its behalf by:

Sd/- Director

Sd/- Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Stated capital USD	**Revenue reserves USD**	**Total USD**
Balance as at 01 April 2012	5,771,556	335,698	6,107,254
Contributions by and distributions to owners of the company			
Buy back of shares	(1,784,290)	(81,235)	(1,865,525)
Total comprehensive income for the year			
Profit for the year	–	63,646	63,646
Balance as at 31 March 2013	3,987,266	318,109	4,305,375
Total comprehensive loss for the year			
Loss for the year	–	(22,706)	(22,706)
Balance as at 31 March 2014	**3,987,266**	**295,403**	**4,282,669**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	2014 USD	2013 USD
Cash flows from operating activities		
(Loss)/profit before taxation	**(22,706)**	65,614
Adjustments for:		
Change in other receivables	**158,709**	(184,160)
Change in other payables	**(3,805)**	182,272
Net cash from operating activities	**132,198**	63,726
Tax paid	**(2,534)**	(1,081)
	129,664	62,645
Cash flows from financing activities		
Repayment by related party	**–**	1,050,000
Repayment to related party	**(271,846)**	(368,075)
Repayment of loan to holding company	**–**	(111,400)
Advances to holding company	**–**	(500,000)
Net cash (used in)/from financing activities	**(271,846)**	70,525
Movement in cash and cash equivalents	**(142,182)**	133,170
Cash and cash equivalents at beginning of the year	**142,671**	9,501
Cash and cash equivalents at end of the year	**489**	142,671

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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.

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

2. Basis of preparation

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements.

(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 that financial assets and financial liabilities are fair valued.

(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.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange of differences arising thereon are dependent on the functional currency selected. As described in 2 (c), the directors have considered those factors therein and have determined that the functional currency of the Company is USD.

(d) *Use of estimates and judgements*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

3. Significant accounting policies

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

Revenue recognition

Revenue is recognised in the statement of profit or loss and other comprehensive income 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).
- Marketing and consultancy income are accounted for as it accrues

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.

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'

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary terms is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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Impairment of assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis.

All impairment is recognised in the statement of profit or loss and other comprehensive income. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the statement of profit or loss and other comprehensive income.

An impairment is reversed if the reversal can be related objectively to an event occurring after the impairment was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised directly in the statement of comprehensive income. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Investments

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. The investments are measured at fair value and changes therein, other than impairment and foreign exchange gains and losses are recognised directly in equity.

Non-derivative financial assets

Financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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 on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables, held to maturity investments and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprises of 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.

Receivables and other receivables

Receivables and other receivables are stated at amortised cost.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets and 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 on a net basis or to realise the asset and settle the liability simultaneously.

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

Other payables

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

Advances from holding company

Advances from holding company are recognised initially at fair value, net of transaction costs incurred. Advances from holding company are subsequently carried at amortised cost: Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Stated capital

Ordinary shares

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

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 of common significant influence.

Expenses

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

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.

New and revised IFRSs applicable for the first time

During the current year, the following new and revised IFRSs shall come into effect for the first time. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	Summary of requirement
IFRS 10 - Consolidated financial statements	IFRS 10 changes the definition of control, such that the same consolidation criteria will apply to all entities. The revised definition focuses on the need to have both "power" and "variable returns" for control to be present. Power is the current ability to direct the activities that significantly influence returns. Variable returns can be positive, negative or both. The determination of power is based on current facts and circumstances (including substantive potential voting rights) and is continuously assessed. An investor with more than half the voting rights would meet the power criteria in the absence of restrictions or other circumstances. However, an investor could have power over the investee even when it holds less than the majority of the voting rights in certain cases. IFRS 10 provides guidance on participating and protective rights, and brings the notion of "de facto" control firmly within the guidance. The standard also requires an investor with decision making rights to determine if it is acting as a principal or an agent and provides factors to consider. If an investor acts as an agent, it would not have the requisite power and, hence, would not consolidate.
IFRS 11 - Joint arrangements	IFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as it is currently the case). It: 1) distinguishes joint arrangements between joint operations and joint ventures; and 2) always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation.
IFRS 12 - Disclosure of interest in other entities	IFRS 12 sets out the required disclosures for entities reporting under IFRS 10 and IFRS 11. The objective of IFRS 12 is to require entities to disclose information that helps financial statement readers to evaluate the nature, risks, and financial effects associated with the entity's involvement with subsidiaries, associates, joint arrangements, and unconsolidated structured entities. Specific disclosures include the significant judgments and assumptions made in determining control as well as detailed information regarding the entity's involvement with these investees.
IFRS 13 - Fair Value Measurement	IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

	IFRS 13 defines fair value as 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, i.e. an exit price.
IAS 19 - Employee benefits (Amendments)	Requires the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19); Introduces enhanced disclosures about defined benefit plans; Modifies accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits; and Clarifies various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features.
IAS 27 - Separate financial statements 2011	The standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments.
IAS 28 - Investments in Associates and Joint Ventures (2011)	IFRS 5 applies to an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not re-measure the retained interest.
Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)	The amendments: 1) require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; 2) do not change the existing option to present profit or loss and other comprehensive income in two statements; and 3) change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, the entity is still allowed to use other titles. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.
Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	The amendments require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	The interpretation clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, and subsequent measurement.
	Requires stripping activity costs which provide improved access to and are recognised as a non-current 'stripping activity asset' when certain criteria are met. The stripping activity asset is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity, using the units of production method unless another method is more appropriate.

New Standards, Interpretations and amendments to published standards not yet effective

The IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2014 and which have not been early adopted in these financial statements.

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application.

These statements, where applicable, will be applied in the year when they are effective.

Standard/Interpretation	Effective date
IFRS 9 Financial Instruments (2009)	To be confirmed
IFRS 9 Financial Instruments (2010)	To be confirmed
IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (2013)	To be confirmed
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	Annual periods beginning on or after 1 January 2014*
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	Annual periods beginning on or after 1 January 2014*
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	Annual periods beginning on or after 1 January 2014*
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	Annual periods beginning on or after 1 January 2014*
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	Annual periods beginning on or after 1 July 2014*
Annual Improvements 2010-2012 Cycle	Annual periods beginning on or after 1 July 2014*
Annual Improvements 2011-2013 Cycle	Annual periods beginning on or after 1 July 2014*
IFRIC 21 Levies	Annual periods beginning on or after 1 January 2014*

*All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

IFRS 9 Financial Instruments (2009)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss
- The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

IFRS 9 Financial Instruments (2010)

A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss - in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (2013)

A revised version of IFRS 9 which:

- Introduces a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss.
- Removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. IFRS 9 shall now be effective for annual periods beginning on or after 01 January 2018.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amends IAS 32 Financial Instruments: Presentation to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- the application of simultaneous realisation and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

This standard is not expected to have a significant impact on the financial statements of the Company.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

Amends IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other* Entities and IAS 27 *Separate Financial Statements* to:

- provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement
- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries
- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

This standard is not expected to have a significant impact on the financial statements of the Company.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

This standard is not expected to have a significant impact on the financial statements of the Company.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

Amends IAS 39 Financial Instruments: Recognition and Measurement to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

This standard is not expected to have a significant impact on the financial statements of the Company.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

This standard is not expected to have a significant impact on the financial statements of the Company.

Annual Improvements 2010-2012 Cycle

Makes amendments to the following standards:

- IFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'
- IFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date
- IFRS 8: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly
- IFRS 13: Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)
- IAS 16 and IAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount
- IAS 24: Clarify how payments to entities providing management services are to be disclosed.

  This standard is not expected to have a significant impact on the financial statements of the Company.

Makes amendments to the following standards:

- IFRS 1 - Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only)
- IFRS 3 - Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself
- IFRS 13 - Clarify the scope of the portfolio exception in paragraph 52
- IAS 40 - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

This standard is not expected to have a significant impact on the financial statements of the Company.

IFRIC 21 Levies

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognised progressively if the obligating event occurs over a period of time
- If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

This standard is not expected to have a significant impact on the financial statements of the Company.

4. Determination of fair values

The Company accounting policies and disclosures requires the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Receivables and other receivables

The fair value of other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. Financial risk management

Introduction and preview

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

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

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

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.

Interest rate risk

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

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 risk

The Company invests in stocks denominated in GBP. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to the 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 GBP.

Currency profile

	Financial assets 2014 USD	Financial liabilities 2014 USD	Financial assets 2013 USD	Financial liabilities 2013 USD
USD	**840,194**	**6,519**	1,175049	282,171
GBP	**946,670**	**–**	912,706	–
	1,786,864	**6,519**	2,087,755	282,171

Sensitivity Analysis:

A 10 % strengthening of USD against the GBP at 31st March 2014 would have increased net profit before tax by USD 94,667 (2013: USD 91,270). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in 2013.

Currency	2014 USD	2013 USD
GBP	**94,667**	91,270

Similarly a 10% weakening of the USD against the GBP at 31st March 2014 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.

Exposure to credit risk

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

	2014 USD	2013 USD
Receivables	**1,404,056**	1,404,056
Other receivables	**382,319**	541,028
Cash and cash equivalents	**489**	142,671
	1,786,864	2,087,755

Liquidity risk

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

31 March 2014	**Within one year USD**	**One to five years USD**	**Total USD**
Financial liabilities			
Other payables	**6,519**	–	6,519
31 March 2013	USD	USD	USD
Financial liability			
Other payables	282,171	–	282,171

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	Carrying amount 2014 USD	Fair value 2014 USD	Carrying Amount 2013 USD	Fair value 2013 USD
Financial Assets				
Receivables	**1,404,056**	**1,404,056**	1,404,056	1,404,056
Other receivables	**382,319**	**382,319**	541,028	541,028
Cash and cash equivalents	**489**	**489**	142,671	142,671
Total Financial Assets	**1,786,864**	**1,786,864**	2,087,755	2,087,755
Financial Liabilities				
Other payables	**6,519**	**6,519**	282,171	282,171

6. Revenue

	2014 USD	2013 USD
Revenue consists of:		
Marketing income	**4,831,865**	4,378,596
Consultancy income	**285,000**	–
	5,116,865	4,378,596

7. Finance income

	2014 USD	2013 USD
Finance Income		
Interest received on loan	**33,963**	35,080

8. Taxation

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

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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

	2014 USD	2013 USD
Current year income tax	–	1,968

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

Reconciliation of effective taxation

	2014 USD	2013 USD
(Loss)/profit before taxation	(22,706)	65,614
Income tax at 15%	(3,406)	9,842
Foreign tax credit	2,725	(7,874)
Deferred tax asset not recognised	681	–
Income tax as per statement of profit or loss and other comprehensive income	–	1,968
Less tax paid under APS	(1,646)	(1,081)
Current tax (asset)/ liability	(1,646)	887

9. Investments

Investments consist of unquoted shares

	2014 USD	2013 USD
Cost		
At 01 April/31 March	2,500,000	2,500,000

Name of company	Type of shares	Number of shares	2014 % held	2013 % held	Country of incorporation
Poeticgem Limited	Equity	50,000	100	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

	2014 USD	2013 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
	1,404,056	1,404,056

11. Other receivables

	2014 USD	2013 USD
Non-trade receivables	382,319	541,028
Prepayments	678	678
	382,997	541,706

12. Stated capital

	2014 USD	2013 USD
At 01 April	3,987,266	5,771,556
Shares buyback	–	(1,784,290)
At 31 March	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

	2014 USD	2013 USD
Non-trade payables and accrued expenses	6,519	282,171

14. Related party transactions

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

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

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

	Nature	2014 USD	2013 USD
Name of related parties:			
Multinational Textiles Group Limited	Loan advanced	–	500,000
Multinational Textiles Group Limited	Corporate Service fees accrued	–	125,000
Multinational Textiles Group Limited	Corporate Service fee repaid	–	125,000
Multinational Textiles Group Limited	Buy back of shares	–	1,865,525
Multinational Textiles Group Limited	Management fees paid	–	111,400
Multinational Textiles Group Limited	Consultancy fee accrued	69,330	–
Norwest Industries Limited	Marketing fees accrued	4,170,834	3,870,745
Norwest Industries Limited	Marketing fees received	4,357,204	3,693,113
PDS Asia Star Corp Limited	Consultancy fees accrued	211,000	–
PDS Asia Star Corp Limited	Consultancy fees received	211,000	
PG Group	Marketing fees accrued	395,318	328,850
PG Group	Marketing fees received	395,318	328,850
Simple Approach Limited	Marketing fees accrued	192,713	229,780
Simple Approach Limited	Marketing fees received	268,346	129,780
Poeticgem Limited	Interest accrued	33,963	35,080
Poeticgem Limited	Interest received	–	123,892
Pearl Global (HK) Limited	Loan repaid	–	750,000
Pearl Global (HK) Limited	Corporate Service fees accrued	–	210,299
Pearl Global (HK) Limited	Corporate Service fees paid	210,299	–
JSM Trading Limited	Loan repaid	–	300,000
Pallas Holdings Limited	Loan repaid	–	368,075
Pallas Holdings Limited	Interest repaid	61,047	–
Transnational Textile Group Limited	Advance repaid	500	–
Balances outstanding at 31 March:			
Multinational Textiles Group Limited	Loan receivable	500,000	500,000
Multinational Textiles Group Limited	Consultancy fees receivable	69,330	–
Norwest Industries Limited	Marketing fees receivable	246,008	432,378
Simple Approach Limited	Marketing fees receivable	24,367	100,000
Poeticgem Limited	Loan receivable	904,056	904,056
Poeticgem Limited	Interest receivable	42,613	8,650
Pallas Holdings Limited	Interest payable	–	61,047
Transnational Textile Group Limited	Loan payable	–	500

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 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.

17. Holding and ultimate holding company

The Company is a wholly owned subsidiary of Multinational Textile Group Limited, a Company incorporated in the Republic of Mauritius. The ultimate holding Company is Pearl Global Industries Limited a Company incorporated in India.

18. Event after reporting date

In terms of the 'Scheme of Arrangement' between Pearl Global Industries Limited (Transferor Company) and PDS Multinational Fashions Limited (Transferee Company) sanctioned by Hon'ble High Court of Delhi vide its order dated March 10, 2014, a certified copy of which was issued on April 25, 2014 (the Scheme), and consequent upon scheme becoming effective on May 13, 2014 on its filing with the Registrar of Companies, the entire investments of the Transferor Company into Share Capital of the Multinational Textiles Group Limited shall be transferred to the Transferee Company. In view of above, the Company's ultimate holding company will be PDS Multinational Fashions Limited, a company incorporated in India with its shares shall to be listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

	2014 USD	2013 USD
Revenue		
Marketing income	**4,831,865**	4,378,596
Consultancy income	**285,000**	–
	5,116,865	4,378,596
Expenses		
Consultancy fees	**5,141,678**	3,950,797
Audit and accounting fees	**14,700**	15,750
Professional fees	**10,740**	4,307
Administration charges	**2,875**	2,875
Licence fees	**2,070**	1,955
Bank charges	**1,471**	34,876
Corporate service fees	**–**	335,299
Telephone, fax and courier charges	**–**	1,505
Sundries	**–**	698
	5,173,534	4,348,062
(Loss)/profit before taxation	**(56,669)**	30,534
Finance income	**33,963**	35,080
(Loss)/profit before taxation	**(22,706)**	65,614

Poeticgem Limited

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and the audited financial statements for the year ended 31 March 2014.

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 continued growth in the foreseeable future.

The company's key performance indicators are measured by reference to maintaining growth in revenue and net profit. Revenue has decreased by £7,908,800 (27%) over the last year due to change in customers preference in taking deliveries at source rather than landed at UK, however overall business with the customers has not reduced. Profit before tax in 2013 of £1,024,079 has decreased to £948,402 due to challenging market and economic conditions affecting the sourcing and sales thereby impacting the margins.

Other key financial performance indicators can be summarised as follows:

	2014	2013
i) Improvement and efficiency of asset usage	**2014**	**2013**
a) Average credit period for trade receivables	37 days	61 days
b) Stock turnover days	8 days	10 days
ii) Financial stability of the company	**2014**	**2013**
Working capital ratio	1.26:1	1.11:1
Liquidity ratio	1.23:1	1.03:1

Average credit period for trade receivables has reduced because spread of annual turnover was not concentrated in the last quarter of the year as was in previous year. Other ratios show positive changes in the financial structure of the company which continues to maintain a satisfactory liquidity position.

Policy on the payment of creditors

The company applies a policy of agreeing payment terms with each of its main suppliers and the company aims to abide by these terms, subject to satisfactory performances by suppliers.

At the year end, the company had 20 days (2013: 21 days) of purchases outstanding.

Key risks and uncertainties

The main risks of the company are summarised below:

– *Currency risk*

Purchases of the company are mainly denominated 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. The company enters into forward foreign exchange contracts to manage its currency risks.

– *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 and borrowings from group companies. 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

Sd/-

Mr Anuj Banaik

Director

14 May 2014

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and the audited financial statements for the year ended 31 March 2014.

Results and dividends

The company's profit for the year after taxation was £872,289 (2013: £802,176).

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 have an impact on the UK retail industry. Poeticgem Limited will continue to follow the plans of customer diversification and optimisation of synergies between various subsidiaries of Pearl Global Industries 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 2013:

Mr Anuj Banaik

Mrs Payel Seth

Mrs Faiza 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	**2014** £	**2013** £
During the year the company made the following charitable donations:		
Grocery Aid President's Quiz Night	**4,110**	–
Graduate Fashion Week	**–**	25,000
Other small charitable payments[a]	**–**	2,962
	4,110	27,962

(a) These payments were made to various charitable organisations such as Banana Bunch and Tree of Light. 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.

Poeticgem Limited

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 a 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
Sd/-
Mr Anuj Banaik
Director

14 May 2014

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF POETICGEM LIMITED FOR THE YEAR ENDED 31 MARCH 2014

We have audited the financial statements of Poeticgem Limited for the year ended 31 March 2014, 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 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 2014 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 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.

Sd/-
Vinodkumar Vadgama (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young 15 May 2014
Chartered Accountants
Statutory Auditor

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Continuing operations			
Revenue	4	**21,661,556**	29,570,356
Cost of revenue		**(13,149,568)**	(19,605,257)
Gross profit		**8,511,988**	9,965,099
Other income	5	**847,842**	1,100,147
Distribution costs		**(2,247,618)**	(3,509,436)
Administrative expenses		**(5,992,302)**	(6,302,930)
Operating profit	6	**1,119,910**	1,252,880
Finance income	8	**1,953**	1,056
Finance costs	9	**(173,461)**	(229,857)
Profit for the year before taxation		**948,402**	1,024,079
Taxation	10	**(76,113)**	(221,903)
Profit for the financial year	24	**872,289**	802,176
Other comprehensive income			
Net effect of cash flow hedges	23	**314,394**	(524,786)
Total comprehensive income for the year		**1,186,683**	277,390

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

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

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

	Notes	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Non current assets			
Property, plant and equipment	11	**2,641,229**	2,702,773
Investments in subsidiaries	12	**8,074,445**	8,074,489
Other investments	13	**445,753**	399,717
Trade and other receivables	15	**701,682**	849,501
		11,863,109	12,026,480
Current assets			
Inventories	14	**272,194**	567,055
Trade and other receivables	15	**5,672,563**	7,035,812
Other financial assets	23	**31,467**	–
Cash and cash equivalents		**4,520,114**	614,005
		10,496,338	8,216,872

Poeticgem Limited

Total assets		**22,359,447**	20,243,352
Current liabilities			
Trade and other payables	16	**(3,632,770)**	(6,392,540)
Current tax liabilities		**(90,894)**	(241,644)
Borrowings	17	**(4,606,181)**	(493,982)
Other financial liabilities	23	**–**	(282,927)
		(8,329,845)	(7,411,093)
Net current assets		**2,166,493**	805,779
Non current liabilities			
Other payables		**(793)**	(3,287)
Borrowings	17	**(5,461,054)**	(5,461,054)
Deferred tax liabilities	21	**(14,127)**	(973)
		(5,475,974)	(5,465,314)
Total liabilities		**(13,805,819)**	(12,876,407)
Net assets		**8,553,628**	7,366,945
Shareholders' equity			
Share capital	22	**50,000**	50,000
Other reserves	23	**31,467**	(282,927)
Retained earnings	24	**8,472,161**	7,599,872
Total equity		**8,553,628**	7,366,945

The financial statements were approved by the board of directors and authorised for issue on 14 May 2014 and were signed on its behalf by:

Sd/-
Mr Anuj Banaik
Director

Company Registration No. 02608346

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Share capital £	Other reserves £	Retained earnings £	Total £
Balance at 1 April 2012	50,000	241,859	6,797,696	7,089,555
Total comprehensive income for the year	–	(524,786)	802,176	277,390
Balance at 1 April 2013	50,000	(282,927)	7,599,872	7,366,945
Total comprehensive income for the year	–	314,394	872,289	1,186,683
Balance at 31 March 2014	50,000	31,467	8,472,161	8,553,628

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £	2013 £
Cash flows from operating activities			
Cash generated from operations	28	**156,229**	5,030,069
Finance costs		**(173,461)**	(229,857)
Finance income		**1,953**	1,056
Net cash (used in)/ generated from operating activities		**(15,279)**	4,801,268
Payment of income taxes		**(213,709)**	(586,422)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		**(75,188)**	(146,820)
Purchases of available-for-sale finance assets		**(46,036)**	(44,644)
Proceeds from the disposal of subsidiary		**144,122**	–
Net cash generated from/ (used in) investing activities		**22,898**	(191,464)
Cash flows from financing activities			
Advance from/ (repayment of) borrowings		**72,081**	(4,156,077)
Proceed of advances from debt factoring		**120,512**	–
Capital element of hire purchase contracts repayments		**–**	(3,553)
Net cash generated from / (used in) financing activities		**192,593**	(4,159,630)
Net decrease in cash and cash equivalents		**(13,497)**	(136,248)
Cash and cash equivalents at the start of the year		**605,176**	741,424
Cash and cash equivalents at the end of the year		**91,679**	605,176

	2014 £	2013 £
Cash and cash equivalents comprise:		
Cash at bank and in hand	**4,520,114**	614,005
Bank overdrafts	**(3,928,435)**	(8,829)
	591,679	605,176

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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.

2.1 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by Section 401 of the Companies Act 2006 as it is a subsidiary undertaking of Multinational Textile Group Limited, a company incorporated in Mauritius, and is included in the consolidated accounts of that company.

2.2 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

2.3 Impairment

The carrying values of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the assets' recoverable 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 statement of comprehensive income.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

- **Sale of goods**

  Revenue represents amounts receivable from the distribution of garments net of discounts and value added tax. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

- **Commission receivable**

  Commission receivable is earned when the supplier delivers to the end customers.

- **Rental income**

  Rental income is earned at arm's length on the freehold property which is occupied by one of the company's subsidiaries. Rental income under operating leases is credited to the statement of comprehensive income on a straight line basis over the term of the lease.

– **Interest income**

Interest revenue is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

– **Corporate income**

Corporate income represents the recovery of cost of services rendered by senior management. It is accounted for on an accrual basis.

2.5 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Assets obtained under finance leases and hire purchase contracts are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.6 Investments

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

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price and other costs incurred in bringing the inventories to their present location and condition. Cost is measured using the FIFO method. Net realisable value represents the estimated selling price.

2.8 Taxation

Income tax expense represents the current tax payable and deferred tax provisions.

– **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profits as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable of deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

– **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

2.9 Foreign currencies

Transactions in currencies other than in pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Foreign exchange differences arising on translation are included in the income statement in the period in which they arise.

2.10 Related parties

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

2.11 Financial instruments

Financial instruments are measured initially at cost, which is the fair value of whatever was paid or received to acquire or incur them. The company has the following categories of financial assets and liabilities:

- **Trade and other receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are stated at their nominal value as reduced by appropriated allowances for estimated irrecoverable amounts. This also includes factored debts as described overleaf.

- **Trade and other payables**

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payable are stated at their nominal value.

- **Factored debts**

Factored debts are shown as gross assets within trade receivables and a corresponding liability is shown in respect of proceeds received within payables. The interest and factoring charges are recognised in the statement of comprehensive income during the period to which they relate using the effective interest method.

- **Available-for-sale financial assets**

vailable-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.

- **Interest-bearing loans and borrowings**

Interest-bearing bank loans and overdrafts are recorded as the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the statement of comprehensive income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

- **Derivative financial instruments and hedge accounting**

The company uses derivative financial instruments such as forward currency contracts to hedge its exposure to exchange rate movements on merchandise purchases, certain other costs and sales denominated in foreign currencies.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The company applies cash flow hedge accounting whereby changes in the fair value of the hedging instrument are recognised directly in equity rather than the statement of comprehensive income. When the hedged item is recognised in the financial statements, the accumulated gains and losses are removed from equity and recognised in the profit and loss.

Hedge effectiveness testing is carried out retrospectively and prospectively and where ineffectiveness arises on hedged item, the changes in fair value are taken directly to the statement of comprehensive income for the year.

2.12 New IFRSs and interpretations not applied

The IASB has issued the following standards and interpretations which have been endorsed by the European Union to be applied to financial statements with periods commencing on or after the following dates:

	Effective for period beginning on or after
IFRS 9 Financial Instruments	1 January 2015
Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to IFRS 10, IFRS 12 and IAS 27 Investments Entries	1 January 2014
Amendments to IAS 36 Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRIC 21 Levies	1 January 2014
Defined Benefit Plans: Employee Contributions	1 July 2014

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	Effective for period beginning on or after
Annual Improvements of IFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014

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 payables and foreign receivables

Certain foreign payables and foreign receivables 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:	**2014 £**	**2013 £**
Sale of garments	**12,492,983**	20,266,047
Commission receivable	**9,168,573**	9,304,309
	21,661,556	29,570,356

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

	2014 £	**2013 £**
UK	**9,561,887**	17,751,811
Rest of the World	**9,168,573**	9,329,816
Europe	**2,931,096**	2,488,729
	21,661,556	29,570,356

5. Other income

	2014 £	**2013 £**
Rent receivable	**74,763**	149,526
Gain from disposal of subsidiary	**144,078**	–
Exchange gain/ (loss)	**(403,455)**	100,059
Corporate income	**207,710**	194,143
Sundry income	**824,746**	656,419
	847,842	1,100,147

6. Operating profit

Operating profit has been arrived at After charging/(crediting):	**2014 £**	2013 £
Staff costs (see note 7)	**4,209,853**	4,078,166
Depreciation of property, plant and equipment	**95,940**	144,944
Amortisation of leasehold	**40,892**	83,079
Profit on disposal of subsidiary	**144,078**	–
Operating lease rentals	**220,665**	224,626
Hire of equipment	**–**	2,398
Loss/ (profit) on foreign exchange transactions	**403,455**	(100,059)
Fees payable to auditors:		
Audit of annual financial statements	**25,000**	25,000
Other services - review of the interim financial statements	**17,374**	16,000
Other services relating to taxation	**6,400**	8,350
Other services	**10,945**	7,558

7. Staff numbers and costs

	2014 £	**2013 £**
The payroll costs (including directors) were as follows:		
Staff wages and salaries	**3,678,072**	3,560,523
Directors' remuneration	**100,000**	100,000
Social security costs	**431,781**	417,643
	4,209,853	4,078,166

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

	2014 Number	2013 Number
Designers	**35**	28
Sales	**31**	27
Management and administration	**11**	24
Quality control	**18**	13
	95	92

Directors' emoluments	**£**	£
Emoluments for qualifying services	**116,554**	118,509

8. Finance income

	2014 £	**2013 £**
Interest income on bank deposits	**–**	1,000
Other interest	**1,953**	56
	1,953	1,056

9. Finance costs

	2014 £	**2013 £**
Interest on borrowings	**172,439**	219,235
Interest on obligations under hire purchase and lease contracts	**–**	105
Interest on overdue tax	**1,022**	10,517
	173,461	229,857

10. Taxation for the period

	2014 £	**2013 £**
Current tax expense:		
UK corporation tax	**110,000**	232,658
Adjustment for prior year	**(47,041)**	–
	62,959	232,658

Deferred tax:

Origination and reversal of temporary differences	**13,154**	(10,755)
Income tax expenses	**76,113**	221,903

Reconciliation of current tax expenses to accounting profit:

	2014 £	2013 £
Profit before taxation	**948,402**	1,024,079
Notional taxation charge at the UK corporation tax rate of 23% (2013: 24%)	**218,132**	245,779
Tax effects of:		
Expenses not deductible for tax purposes	**19,538**	17,919
Excess depreciation over capital allowances	**253**	29,751
Adjustments in respect of prior years	**(47,041)**	–
Other tax adjustments	**(23,063)**	–
Tax losses surrendered from group company	**(104,860)**	(60,791)
Total current charge for the year	**62,959**	232,658

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 2013	2,436,537	602,093	828,648	794,584	2,916	4,664,778
Additions	–	–	74,188	1,100	–	75,288
Disposals	–	–	–	–	–	–
At 31 March 2014	2,436,537	602,093	902,836	795,684	2,916	4,740,066
Accumulated depreciation						
At 1 April 2013	153,707	574,603	580,229	652,171	1,295	1,962,005
Charge for the year	24,364	16,528	66,032	29,366	542	136,832
On disposals	–	–	–	–	–	–
At 31 March 2014	178,071	591,131	646,261	681,537	1,837	2,098,837
Carrying amount						
At 31 March 2014	2,258,466	10,962	256,575	114,147	1,079	2,641,229
At 31 March 2013	2,282,830	27,490	248,419	142,413	1,621	2,702,773

Security

Properties with a carrying value of £2,258,466 (2013: £2,282,830) are subject to a legal charge to secure bank loans (see note 17).

	Land and Buildings Freehold £	Land and buildings leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 April 2012	2,436,537	602,093	712,487	763,927	27,947	4,542,991
Additions	–	–	116,161	30,657	–	146,818
Disposals	–	–	–	–	(25,031)	(25,031)
At 31 March 2013	2,436,537	602,093	828,648	794,584	2,916	4,664,778
Accumulated depreciation						
At 1 April 2012	129,342	515,889	497,553	593,502	22,727	1,759,013
Charge for the year	24,365	58,714	82,676	58,669	3,599	228,023
On disposals	–	–	–	–	(25,031)	(25,031)
At 31 March 2013	153,707	574,603	580,229	652,171	1,295	1,962,005
Carrying amount						
At 31 March 2013	2,282,830	27,490	248,419	142,413	1,621	2,702,773
At 31 March 2012	2,307,195	86,204	214,934	170,425	5,220	2,783,978

Included in the above are assets held under finance leases and hire purchase contracts as follows:

	Motor vehicles 2013 £	2012 £
Cost	–	25,031
Aggregate depreciation	–	(22,242)
Carrying amount	–	2,789

Security

Properties with a carrying value of £2,282,830 (2012: £2,307,195) are subject to a legal charge to secure bank loans (see note 17).

12. Investments in subsidiaries

	Shares in Subsidiary undertakings 2014 £	2013 £
Cost		
At the beginning of the year	**8,074,489**	8,074,489
Disposals during the year	**(44)**	–
At the end of the year	**8,074,445**	8,074,489

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
Razamtazz Limited	Mauritius	Ordinary	100

Poeticgem (Canada) Limited was disposed of during the year.

The aggregate amount of capital and reserves and the results of the undertakings at 31 March 2014 were as follows:

	Capital and reserves £	Profit/ (loss) for the period £
Pacific Logistics Limited	**(260,594)**	(317,925)
Poetic Knitwear Limited	**(693,290)**	(2,062)
FX Import Company Limited	**(697,080)**	225,855
FX Import Hong Kong Limited	**225,914**	85,457
Razamtazz Limited	**5,442,961**	(254,593)

13. Other investments

	2014 £	2013 £
• Available-for-sale:		
At start of the year	**399,717**	355,073
Additions during the year	**88,389**	26,145
Net profit/ (loss) - exchange difference	**(42,353)**	18,499
At the end of the year	**445,753**	399,717

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

	2014 £	2013 £
Finished goods and goods for resale	**272,194**	567,055

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15. Trade and other receivables

	2014 £	2013 £
Current assets		
Trade receivables	**1,262,425**	3,413,350
Other receivables	**1,157,888**	656,940
Receivables from fellow group companies	**806,295**	778,566
Receivables from subsidiary companies	**2,242,537**	1,837,505
Prepaid expenses	**194,445**	340,978
Receivables from related parties	**8,973**	8,473
	5,672,563	7,035,812
Non-current assets		
Other receivables	**248,565**	396,384
Receivables from subsidiary companies	**453,117**	453,117
	701,682	849,501

The average credit period given for trade receivable at the end of the year is 37 days (2013: 61 days).

At 31 March 2014, the ageing analysis of trade receivables is as follows:

		Overdue but not impaired	
	Total £	<3 months £	>3 months £
2014	92,727	36,945	55,782
2013	304,287	188,444	115,843

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

	2014 £	2013 £
Trade payables	**724,725**	1,139,675
Payables to fellow group companies	**2,713,778**	4,599,542
Payable to related parties	**24,433**	3,253
Social security and other taxes	**64,922**	217,790
Accrued expenses	**104,912**	432,280
	3,632,770	6,392,540

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

	2014 £	2013 £
Bank overdrafts	**3,928,435**	121,398
Bank loans	**5,268,875**	5,084,225
Advances from factors	**308,871**	188,359
Loan from parent undertaking	**561,054**	561,054
	10,067,235	5,955,036
The borrowings are repayable as follows:		
On demand or within one year	**4,606,181**	493,982
In the second year	**–**	–
In the third to fifth years inclusive	**5,461,054**	5,461,054
	10,067,235	5,955,036
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(4,606,181)**	(493,982)
Amount due for settlement after 12 months	**5,461,054**	5,461,054

The weighted average of interest rates paid was as follows:

	2014 %	2013 %
Bank overdrafts	**2.5**	3.29
Bank loans	**2.58**	2.72

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 2.58 percent per annum and is determined based on 2.08 percent plus base rate.

At 31 March 2014 the company had available £5,624,573 (2013: £5,185,103) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The company has advances from factors that are secured by a charge on the trade receivables of the company.

Other loans represent an amount of £561,054 (2013: £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

	2014 £	2013 £
Forward foreign exchange (fair value)	**31,467**	(282,927)

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 2014, a recognised profit of £31,467 (2013: loss of £282,927) 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:

	2014 £	2013 £
Forward foreign exchange contracts (cash flow hedges)	**2,261,853**	8,142,488

These commitments have been entered into to hedge against future payments to suppliers in the ordinary course of business that will fall due in the period ending 31 March 2015.

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 £	2014 Total £
Financial assets					
Available-for-sale investments	–	455,753	–	–	455,753
Other long-term receivables	–	–	248,565	–	248,565
Trade receivables	–	–	1,262,425	–	1,262,425
Other receivables	–	–	1,157,888	–	1,157,888
Receivables from fellow group companies	–	–	806,295	–	806,295
Receivables from subsidiary companies	–	–	2,695,654	–	2,695,654
Receivables from related parties	–	–	8,973	–	8,973
Cash and cash equivalents	–	–	4,520,114	–	4,520,114
Derivative financial assets	31,467	–	–	–	31,467
Total financial assets	31,467	455,753	10,699,914	-	11,187,134

Financial liabilities					
Trade payables, other payables and accruals-current	–	–	–	829,637	829,637
Other payables-not current	–	–	–	793	793
Secured borrowings	–	–	–	9,506,181	9,506,181
Payable to immediate parent company	–	–	–	561,054	561,054
Payables to fellow group companies	–	–	–	2,713,778	2,713,778
Payables to related parties	–	–	–	24,433	24,433
Total financial liabilities	–	–	–	13,635,876	13,635,876

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 £	2013 Total £
Financial assets					
Available-for-sale investments	–	399,717	–	–	399,717
Other long-term receivables	–	–	396,884	–	396,884
Trade receivables	–	–	3,413,350	–	3,413,350
Other receivables	–	–	656,940	–	656,940
Receivables from fellow group companies	–	–	778,566	–	778,566
Receivables from subsidiary companies	–	–	2,290,622	–	2,290,622
Receivables from related parties	–	–	8,473	–	8,473
Cash and cash equivalents	–	–	614,005	–	614,005
Total financial assets	–	399,717	8,158,840	–	8,558,557
Financial liabilities					
Trade payables, other payables and accruals-current	–	–	–	1,571,955	1,571,955
Other payables-not current	–	–	–	3,287	3,287
Secured borrowings	–	–	–	5,393,982	5,393,982
Payable to immediate parent company	–	–	–	561,054	561,054
Payables to fellow group companies	–	–	–	4,599,542	4,599,542
Payables to related parties	–	–	–	3,253	3,253
Derivative financial liabilities	282,927	–	–	–	282,927
Total financial liabilities	282,927	–	–	12,133,073	12,416,000

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 £
2014		
Increase in basis point of 0.25%	**(23,765)**	(23,765)
Decrease in basis point of 0.25%	**23,765**	23,765
2013		
Increase in basis point of 0.25%	**(13,485)**	(13,485)
Decrease in basis point of 0.25%	**13,485**	13,485

b) Foreign currency risk

The company has transactional currency exposures. Such exposures arise mainly from purchases in currencies other than the company's functional currency. Approximately 62% (2013: 87%) of the company's purchases are denominated in currencies other than the functional currency of the company, whilst almost all of the company's sales are denominated in the company's functional currency.

The company uses forward currency contracts to eliminate the foreign currency exposures on its purchases transactions, for which the corresponding settlements are anticipated to take place more than one month after the company has entered into firm commitments for the purchases. The forward currency contracts must be in the same currency as the hedged items. The company negotiates the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness. It is the company's policy that a forward contract is not entered into until a firm commitment is in place.

At 31 March 2014, the company had fully hedged its foreign currency purchases for which firm commitments existed at the balance sheet date, thus the company's exposure to foreign currency risk is minimal. These arrangements are designed to address significant exchange exposures and are renewed on a revolving basis as required.

At 31 March 2014, the company held 11 forward currency contracts (2013: 16) designated as hedges in respect of expected future purchases from suppliers in Asia, for which the company has firm commitments.

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 2014	
Other investments	**741,600**
Trade and other receivables	**1,230,908**
Cash and cash equivalents	**7,335,454**
Trade payables	**(174,897)**
Borrowings	**(935,193)**
Net exposure arising from recognised assets and liabilities	**8,197,872**
At 31 March 2013	
Other investments	607,250
Trade and other receivables	839,606
Cash and cash equivalents	895,617
Trade payables	(1,106,393)
Borrowings	(279,875)
Net exposure arising from recognised assets and liabilities	956,205

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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 £
2014		
10% weakened	**(819,787)**	(819,787)
10% strengthened	**819,787**	819,787
2013		
10% weakened	**(95,621)**	(95,621)
10% strengthened	**95,621**	95,621

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.

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.

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 £	2014 Total £
Trade payables	724,725	–	–	724,725
Other payables	104,912	–	793	105,705
Social security and other taxes	64,922	–	–	64,922
Borrowings	4,606,181	–	5,461,054	10,067,235
Payables to fellow group companies	2,713,778	–	–	2,713,778
Payables to related parties	24,433	–	–	24,433
	8,238,951	–	5,461,847	13,700,798

	Within 1 year or on demand £	More than 1 year but less than 2 years £	More than 2 years £	2013 Total £
Trade payables	1,139,675	–	–	1,139,675
Other payables	432,280	–	3,287	435,567
Social security and other taxes	217,790	–	–	217,790
Borrowings	493,982	–	5,461,054	5,955,036
Payables to fellow group companies	4,599,542	–	–	4,599,542
Payables to related parties	3,253	–	–	3,253
	6,886,522	–	5,464,341	12,350,863

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:

	2014 £	2013 £
Deferred tax liabilities	**(14,127)**	(973)

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

	2014 £	2013 £
At the start of the year	**(973)**	(350,773)
Credited/ (charged) to statement of comprehensive income	**(13,154)**	10,755
Paid in the year	**–**	339,045
At the end of the year	**(14,127)**	(973)

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 2012	(11,728)	(339,045)	(350,773)
Tax credit to statement of comprehensive income	10,755	–	10,755
Paid in the year	–	339,045	339,045
At 31 March 2013	(973)	–	(973)
Tax charge to statement of comprehensive income	(13,154)	–	(13,154)
At 31 March 2014	(14,127)	–	(14,127)

22. Share capital

	2014 £	2013 £
Issued and fully paid		
50,000 Ordinary shares of £1 each	**50,000**	50,000

Poeticgem Limited

23. Other reserves

	2014 £	2013 £
Hedging reserve		
Cash flow hedges:		
Fair value at the start of the year	**282,927**	(241,859)
Transfer to Profit & Loss	**(282,927)**	241,859
Fair value of cash flow hedges	**(31,467)**	282,927
Fair value at the end of the year	**(31,467)**	282,927

24. Retained earnings

	2014 £	2013 £
Balance at the start of the year	**7,599,872**	6,797,696
Profit for the financial year	**872,289**	802,176
Balance at the end of the year	**8,472,161**	7,599,872

25. Operating lease arrangements

	2014 £	2013 £
Minimum lease payments under operating leases recognised in the statement of comprehensive income for the year	**220,665**	224,626

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	
	2014 £	2013 £	2014 £	2013 £
Within one year	**185,397**	178,080	**96,015**	54,164
Between two and five years	**502,296**	676,800	**91,546**	18,738
More than five years	**146,300**	239,900	**–**	–
	833,993	1,094,780	**187,561**	72,902

Operating lease payments represent rentals payable by the company.

26. Contingent liabilities

At 31 March 2014, 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:

	2014		2013	
	$	£	$	£
Non-current asset investments	258,400	155,318*	382,750	258,524*

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

28. Notes to the cash flow statement

	2014 £	2013 £
Cash flows from operating activities		
Profit from operations	**1,119,910**	1,252,880
Adjustments for:		
Depreciation of property, plant and equipment	**95,940**	144,944
Amortisation of leasehold	**40,892**	83,079
Gain on disposal of subsidiary	**(144,078)**	–
Operating cash inflows before working capital	**1,112,664**	1,480,903
Decrease in inventories	**294,861**	286,098
Decrease in receivables	**1,511,068**	3,233,330
(Decrease)/ Increase in payables	**(2,762,364)**	29,738
Cash generated from operations	**156,229**	5,030,069

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	
	2014 £	2013 £	**2014 £**	2013 £	**2014 £**	2013 £	**2014 £**	2013 £
FX Import Company Limited, UK	477,663	399,809	–	–	1,248,338*	828,261*	–	–
Global Textile Group Limited, Mauritius	–	–	22,345	22,528	–	–	566,668*	566,748*
Pearl Global Industries Limited, India	–	–	78,993	273,663	–	–	657	273,663
Norwest Industries Limited, HK	9,723,717	9,534,928	1,152,420	2,933,214	–	–	2,289,810	2,392,215
Pacific Logistics Limited, UK	47,470	86,005	242,130	940,724	633,039*	476,361*	–	–
Poetic Knitwear Limited, UK	–	–	–	–	692,729	754,291	–	–
Simple Approach Limited, Hong Kong	144,078	4,764	7,294	–	114,918	–	–	3,258
Simple Approach (Canada) Limited, Canada	18,916	19,108	–	–	10,500	170,533	–	–
Spring Near East Manufacturing Limited, Hong Kong	1,024	–	102,811	78,500	281,521	70,405	–	—
Razamtazz Limited, Mauritius	124,063	135,228	–	–	121,548	61,176	–	–
Zamira Fashion Limited, Hong Kong	–	–	–	1,545,542	5,552	–	–	698,957
Gem Australia, Hong Kong	–	8,327	–	–	2,501	12,382	–	–
Nor India Manufacturing Limited, Hong Kong	–	–	–	–	–	594	–	–
Nor Lanka Manufacturing Limited, Hong Kong	37,628	41,499	3,116,777	2,209,486	–	–	397,697	1,225,755
NAFS Limited, UK	–	–	–	–	894	834	–	–
Nor Europe Manufacturing Limited, Hong Kong	40,203	–	9,732	–	–	4,362	–	–
Nor France SAS, France	–	–	–	–	2,576	–	–	–

Poeticgem Limited

	Sales/management fee FOB transfers/ rent/commissions interest received		Commission interest paid/ purchases /expenses		Amounts owed by related party		Amounts owed to related party	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	£	£	**£**	£	**£**	£	**£**	£
PDS Asia Star Corporation Limited, Hong Kong	–	–	–	–	4,619	1,077	–	–
Norwest Inc, USA	–	–	–	–	–	597	–	–
Sino West Manufacturing Limited, Hong Kong	31,800	33,600	–	–	5,426	202,158	–	–
Multinational Textile Group Limited, Mauritius	–	–	561,525	752,803	176,154	192,070	–	–
Design & Source, Hong Kong	–	–	826	–	43,283	196,368	–	–
Casa Forma Limited, UK	–	–	–	–	157,651	95,075	–	–
Pearl Global (HK) Limited	–	–		63,694	–	–	–	–
Dpod Manufacturing Co Limited, Hong Kong	–	–	–	–	612	–	–	–
Pearl GES Group Limited	–	–	–	–	88	–	–	–

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 (2013: £451,500).

♦ The amount owed by Pacific Logistics Limited includes an interest free long-term loan of £1,617 (2013: £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.

The above companies are related as follows:

The ultimate parent company of Poeticgem Limited is Pearl Global Industries Limited, India.

The immediate parent company of Poeticgem Limited is Global Textile Group Limited, Mauritius.

Pacific Logistics Limited, Poetic Knitwear Limited and Razamtazz Limited, are all wholly owned subsidiaries of Poeticgem Limited.

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

Norwest Industries Limited, Hong Kong; Nor Lanka Manufacturing Limited, Hong Kong; Spring Near East Manufacturing Limited, Hong Kong; Zamira Fashions Limited, Hong Kong; Simple Approach Limited, Hong Kong; Simple Approach (Canada) Limited [formerly known as Poeticgem (Canada) Limited], Canada, Hong Kong; Gem Australia, Hong Kong; Nor India Manufacturing Limited, Hong Kong; Nor Europe Manufacturing Limited, Hong Kong; Norwest Inc, USA; Sino West Manufacturing Limited, Hong Kong and Design & Source, Hong Kong, Nor France SAS, France, PDS Asia Star Corporation Limited, Hong Kong, Dpod Manufacturing Co Limited, Hong Kong and Pearl GES Group Limited are fellow subsidiaries of Global Textile Group Limited, Mauritius.

Casa Forma Limited and Pearl Global (HK) Limited are wholly owned subsidiaries of Multinational Textile Group Limited, the intermediate parent company of Poeticgem Limited.

NAFS Limited is controlled by common directors.

b) Loans and advances to/ (from) related parties

i) Loans and advances to/ (from) key management of the company and their close family members

	2014	2013
	£	£
At start of the year	**5,220**	356,664
Amounts advanced during the year	**1,017,883**	688,816
Amounts repaid during the year	**(1,038,562)**	(1,040,260)
At end of the year	**(15,459)**	5,220

The above loans are interest free.

ii) Loans to/ (from) business in which close family member of key management has a controlling interest

	2014	**2013**
	£	**£**
At start of the year	**–**	(385,108)
Amounts repaid during the year	**–**	385,108
At end of the year	**–**	–

The above loans are interest free and repayable on demand.

Directors' emoluments	**Salaries/ Bonus**	**Benefits**	**2014**	**2013**
	£	**£**	**£**	**£**
Mr Anuj Banaik	100,000	16,554	116,554	117,157
Mrs Payel Seth	–	–	–	1,352

c) Other transactions with related parties

Mr Pallak Seth, close family member of Mrs Faiza Seth, has given a personal guarantee of £750,000 in respect of a bank loan taken by the company.

Mr Deepak Seth, close family member of Mrs Payel Seth, has given a personal guarantee of £4,900,000 plus interest in respect of a bank loan taken by the company.

One of the company's bank loans is secured by a legal charge over Flat 3, 22 Down Street, Mayfair, London, a property owned by Razamtazz Limited, a wholly owned subsidiary of the company.

30. Control

The immediate parent company is Global Textile Group Limited, a company registered in Mauritius, and the ultimate parent company is Pearl Global Industries Limited, a company registered in India. Pearl Global Industries Limited prepares group financial statements and copies can be obtained from Corporate Office: 446, Udyog Vihar, Phase-V, Gurgaon - 122 016 (Haryana), India. Pearl Global Industries Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

31. Post Balance Sheet Event

The 'Scheme of Arrangement' between Pearl Global Industries Limited (Transferor Company) and PDS Multinational Fashions Limited (Transferee Company) was sanctioned by Honorable High Court of Delhi through its order dated 25 April 2014 (the Scheme). Consequent upon 'the Scheme' becoming effective after filing the same with the Registrar of Companies, the entire investments of the Transferor Company into Share Capital of the Multinational Textiles Group Limited shall be transferred to the Transferee Company. In view of above, the Company's ultimate holding company will be PDS Multinational Fashions Limited, a company incorporated in India with its shares shall be listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2014.

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 2013:

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.

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

Sd/-

Mr Christopher Severs

Director

8 May 2014

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FX IMPORT COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2014

We have audited the financial statements of FX Import Company Limited for the year ended 31 March 2014, 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 2014 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, 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 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.

Sd/-

Vinodkumar Vadgama (Senior Statutory Auditor)

for and on behalf of UHY Hacker Young **8 May 2014**

Chartered Accountants

Statutory Auditor

FX Import Company Limited

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Continuing operations			
Revenue	4	**5,019,328**	6,065,424
Cost of revenue		**(2,797,845)**	(3,629,171)
Gross profit		**2,221,483**	2,436,253
Other income	6	**202,588**	–
Distribution costs		**(78,809)**	(102,474)
Administration expenses		**(2,113,523)**	(2,620,081)
Operating profit/ (loss)	5	**231,739**	(286,302)
Finance income	8	**–**	321
Finance costs	9	**(5,884)**	(6,433)
Profit/ (loss) before taxation		**225,855**	(292,414)
Taxation	10	**–**	7,500
Profit/ (loss) for the financial year	21	**225,855**	(284,914)

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.

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

	Notes	2014 £	2013 £
Non current assets			
Property, plant and equipment	11	**12,072**	16,096
Intangible assets	12	**2,150**	3,439
Investment in subsidiary	13	**865**	865
		15,087	20,400
Current assets			
Inventories	14	**58,766**	20,534
Trade and other receivables	15	**1,072,179**	1,414,186
Cash and cash equivalents		**159,836**	139,721
		1,290,781	1,574,441
Total assets		**1,305,868**	1,594,841
Current liabilities			
Trade and other payables	16	**(1,427,448)**	(1,940,130)
Hire purchase contracts and finance leases	17	**–**	(2,146)
		(1,427,448)	(1,942,276)
Net current liabilities		**(136,667)**	(367,835)
Non current liabilities			
Borrowings	18	**(575,500)**	(575,500)
		(575,500)	(575,500)
Total liabilities		**(2,002,948)**	(2,517,776)
Net liabilities		**(697,080)**	(922,935)
Shareholders' equity			
Share capital	20	**25,200**	25,200
Retained earnings	21	**(722,280)**	(948,135)
Total equity		**(697,080)**	(922,935)

The financial statements were approved by the board of directors and authorised for issue on 8 May 2014 and were signed on its behalf by:

Sd/-
Mr Christopher Severs
Director

Company registration no. 03170332

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Share capital £	Retained earnings £	Total £
Balance at 31 March 2012	25,200	(663,221)	(638,021)
Comprehensive income			
Loss for the year	–	(284,914)	(284,914)
Balance at 1 April 2013	25,200	(948,135)	(922,935)
Comprehensive income			
Profit for the year	–	225,855	225,855
Balance at 31 March 2014	25,200	(722,280)	(697,080)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £	2013 £
Cash flows from operating activities			
Cash generated from operations	23	**28,145**	130,126
Finance cost paid		**(5,884)**	(2,026)
Finance income		**–**	321
Net cash generated from operating activities		**22,261**	128,421
Tax paid		**–**	(7,716)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		**–**	(1,150)
Net cash used in investing activities		**–**	(1,150)
Cash flows from financing activities			
Repayment of bank loans		**–**	(35,695)
Capital element of hire purchase contracts repayments		**(2,146)**	(3,452)
Net cash used in financing activities		**(2,146)**	(39,147)
Net increase in cash and cash equivalents		**20,115**	80,408
Cash and cash equivalents at the start of the year		**139,721**	59,313
Cash and cash equivalents at the end of the year		**159,836**	139,721

	2014 £	2013 £
Cash and cash equivalents comprise:		
Cash at bank and in hand	**159,836**	139,721

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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 even though at the Balance Sheet date, the company's current liabilities exceeded its current assets by £136,667 (2013: £367,835).

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

2.5 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.

– **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.

2.15 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 IASB has issued the following standards and interpretations which have been endorsed by the European Union to be applied to financial statements with periods commencing on or after the following dates:

	Effective for period beginning on or after
IFRS 9 Financial Instruments	1 January 2015
Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to IFRS 10, IFRS 12 and IAS 27 Investments Entries	1 January 2014
Amendments to IAS 36 Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRIC 21 Levies	1 January 2014
Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements of IFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014

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

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:

	2014 £	2013 £
Analysis of revenue by category:		
Sale of garments	**3,161,974**	3,869,509
Commission receivable	**1,857,354**	2,195,915
	5,019,328	6,065,424

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

	2014 £	2013 £
UK	**2,761,961**	3,808,057
Rest of the World	**2,257,367**	2,257,367
	5,019,328	6,065,424

5. Operating profit/ (loss)

	2014 £	2013 £
Operating profit/ (loss) has been arrived at after charging:		
Amortisation of intangible assets	**1,289**	1,289
Depreciation of property, plant and equipment	**4,024**	5,366
(Profit)/ Loss on foreign exchange transactions	**(20,692)**	1,748
Staff costs (see note 7 below)	**1,013,423**	765,521

Auditor remuneration

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

	2014 £	2013 £
Fees payable to the company's auditor:		
Audit of annual financial statements	**5,000**	5,000
Review of the interim financial statements	**4,350**	4,000

6. Other income

	2014 £	2013 £
Design income	**197,370**	–
Sundry income	**5,218**	–
	202,588	–

7. Staff numbers and costs

	2014 £	2013 £
Employee costs include:		
Staff wages and salaries	**831,384**	600,234
Directors' remuneration	**100,000**	100,000
Social security costs	**81,230**	64,570
Directors' pension costs - defined contribution plans	**808**	718
	1,013,422	765,522

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

	2014 Number	2013 Number
Designer	**8**	6
Sales	**8**	4
Management and administration	**3**	2
	19	12

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	£	£
Emoluments for qualifying services	**108,003**	105,161

8. Finance income

	2014 £	2013 £
Other interest	–	321

9. Finance costs

	2014 £	2013 £
Bank and factoring interest paid	**5,584**	5,914
Hire purchase interest paid	**300**	519
	5,884	6,433

10. Taxation for the year

Income tax expense	2014 £	2013 £
Current tax expense:		
UK corporation tax	–	(7,716)
Adjustment for prior year	–	216
Total current tax	–	(7,500)
Reconciliation of current tax expense to accounting loss:		
Profit/ (loss) before taxation	**225,855**	(292,414)
Notional taxation charge at the UK corporation tax rate of 23% (2013: 24%)	**51,947**	(70,179)
Tax effects of:		
Expenses not deductible for tax purposes	**1,322**	3,605
Capital allowances in excess of depreciation	**(94)**	(10)
Group relief surrendered	–	58,868
Tax losses utilised	**(53,175)**	–
Adjustment in respect of prior years	–	216
Total current tax charge for the year	–	(7,500)

The company had unused tax losses of approximately £439,000 (2013: £670,074) 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.

11. Property, plant and equipment

	Fixtures fittings and equipment £	Motor vehicles £	Total £
Cost			
At 1 April 2013	19,318	27,362	46,680
Additions	–	–	–
At 31 March 2014	19,318	27,362	46,680

Accumulated depreciation			
At 1 April 2013	13,120	17,464	30,584
Charge for the year	1,549	2,475	4,024
At 31 March 2014	14,669	19,939	34,608
Carrying amount			
At 31 March 2014	4,649	7,423	12,072
At 31 March 2013	6,198	9,898	16,096

Assets held under hire purchase contracts have the following carrying amount:

Motor vehicles

	2014 £	2013 £
Cost	–	13,362
Accumulated depreciation	–	(6,785)
Carrying amount	–	6,577

	Fixtures fittings and equipment £	Motor vehicles £	Total £
Cost			
At 1 April 2012	18,168	27,362	45,530
Additions	1,150	–	1,150
At 31 March 2013	19,318	27,362	46,680
Accumulated depreciation			
At 1 April 2012	11,054	14,164	25,218
Charge for the year	2,066	3,300	5,366
At 31 March 2013	13,120	17,464	30,584
Carrying amount			
At 31 March 2013	6,198	9,898	16,096
At 31 March 2012	7,114	13,198	20,312

Assets held under hire purchase contracts have the following carrying amount:

Motor vehicles

	2013 £	2012 £
Cost	**13,362**	13,362
Accumulated depreciation	**(6,785)**	(4,593)
Carrying amount	**6,577**	8,769

12. Intangible assets

	Trademarks	
	2014 £	2013 £
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	**6,306**	5,017
Charge for the year	**1,289**	1,289
At the end of the year	**7,595**	6,306
Net book value		
At the end of the year	**2,150**	3,439
At the start of the year	**3,439**	4,728

13. Investment in subsidiary

	Shares in subsidiary undertaking	
	2014 £	2013 £
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 2014 were as follows:

	Principal activity	Capital and reserves £	Profit for the year £
FX Import Hong Kong Limited	Importing and distribution of garments	225,914	85,457

14. Inventories

	2014 £	2013 £
Finished goods and goods for resale	**58,766**	20,534

15. Trade and other receivables

	2014 £	2013 £
Trade receivables	**341,116**	1,199,893
Other receivables	**117,168**	69,775
Prepayments	**9,209**	17,533
Receivables from subsidiary company	**407,435**	126,985
Receivables from fellow subsidiary undertakings	**197,251**	–
	1,072,179	1,414,186

As at 31 March 2014, none of the trade receivables were overdue.

The average credit period given for trade receivables at the end of the year is 25 days (2013: 76 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.

16. Trade and other payables

	2014 £	2013 £
Trade payables	**422,622**	1,071,983
Payables to parent undertaking	**796,838**	376,762
Payables to fellow subsidiary undertakings	**–**	43,165
Payables to related parties	**66,642**	166,002
Social security and other taxes	**14,333**	80,701
Accrued expenses	**127,013**	201,517
	1,427,448	1,940,130

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 £159,142 (2013: £525,046).

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.

FX Import Company Limited

17. Hire purchase contracts and finance leases

	2014 £	2013 £
Amounts payable are as follows:		
Within one year	–	2,146
In the second to fifth years	–	–
Less: Future interest charges	–	–
Present value of the obligations	–	2,146
Less: Amount due for settlement within 12 months (shown under current liabilities)	–	(2,146)
Amount due for settlement after 12 months	–	–

The company's obligations under hire purchase contracts are secured by charges over the relevant assets.

18. Borrowings

	2014 £	2013 £
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:		
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

19. Deferred tax

Unrecognised deferred tax assets and liabilities

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

	2014 £	2013 £
Tax losses	**87,776**	154,117
Original and reversal of temporary differences	**1,626**	1,964
	89,402	156,081

Deferred tax assets have not been recognised in respect of the losses due to uncertainty of full and immediate utilisation of these losses.

20. Share capital

	2014 £	2013 £
Issued and fully paid		
25,200 Ordinary 'A' shares of £1 each	**25,200**	25,200

21. Retained earnings

	2014 £	2013 £
Balance at the start of the year	**(948,135)**	(663,221)
Profit/ (loss) for the year	**225,855**	(284,914)
Balance at the end of the year	**(722,280)**	(948,135)

22. Operating lease arrangements

	2014 £	2013 £
Minimum lease payments under operating lease recognised in the statement of comprehensive income for the year	–	–

	Land and buildings 2014 £	Land and buildings 2013 £
Within one year	**28,200**	–
Between two and five years	**113,775**	–
More than five years	–	–
	141,975	–

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.

23. Notes to the cash flow statement

	2014 £	2013 £
Cash flows from operating activities		
Profit/ (loss) from operations	**231,739**	(290,709)
Adjustments for:		
Depreciation of property, plant and equipment	**4,024**	5,366
Amortisation of intangible assets	**1,289**	1,289
Operating cash flows before working capital	**237,052**	(284,054)
(Increase)/decrease in stock	**(38,232)**	114,943
Decrease/ (increase) in receivables	**342,007**	(721,322)
(Decrease)/ increase in payables	**(512,682)**	1,020,559
Cash generated from operations	**28,145**	130,126

24. 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

	2014 £	2013 £
Receivable from Chris Severs	**87,704**	46,730

- Loans from directors

	2014 £	2013 £
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 2014 £	2013 £	Management charges/ Commission paid/ purchases/ expenses 2014 £	2013 £	Amounts owed to/ (by) related party 2014 £	2013 £
Poeticgem Limited, UK	–	–	477,663	399,809	1,248,338*	828,261*
Pacific Logistics Limited, UK	–	–	505	40,761	–	43,165
Norwest Industries Limited, Hong Kong	2,087	45,966	123,059	58,728	65,253	118,902
FX Import Hong Kong Limited, Hong Kong	1,811,506	2,211,401	–	–	(407,435)	(126,985)
Zamira Fashions Hong Kong Limited, Hong Kong	197,370	–	–	–	(180,323)	–
Simple Approach Limited, Hong Kong	–	–	–	–	1,389	47,100
Nor Europe Manufacturing Co. Limited, Hong Kong	19,100	–	–	572	(16,928)	–

The above companies are related as follows:

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

Pacific Logistics Limited is a fellow subsidiary company.

Norwest Industries Limited, Hong Kong, Zamira Fashions Hong Kong Limited, Hong Kong, Simple Approach Limited, Hong Kong and Nor Europe Manufacturing Co, 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.

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 (2013: £451,500).

25. Capital commitments

The company has no significant capital commitments at 31 March 2014.

26. 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 2014 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.

27. 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.

28. 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 2014, the company held cash and cash equivalents of £159,836 (2013: £139,721). It also receives borrowings of which £575,500 (2013: £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 2014	
Trade and other receivables	**328,162**
Cash and cash equivalents	**25,724**
Trade payables	**(202,597)**
Net exposure arising from recognised assets and liabilities	**151,289**

	US dollar
	$
At 31 March 2013	
Trade and other receivables	**362,599**
Cash and cash equivalents	**185,424**
Trade payables	**(73,354)**
Net exposure arising from recognised assets and liabilities	**474,669**

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**
	$	**$**
2014		
10% weakened	(15,129)	(15,129)
10% strengthened	15,129	15,129
2013		
10% weakened	(47,467)	(47,467)
10% strengthened	47,467	47,467

29. 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 Pearl Global Industries Limited, a company registered in India. Pearl Global Industries Limited prepares group financial statements and copies can be obtained from Corporate Office: 446, Udyog Vihar, Phase-V, Gurgaon - 122 016 (Haryana), India.

Pearl Global Industries Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

30. Post Balance Sheet Event

The 'Scheme of Arrangement' between Pearl Global Industries Limited (Transferor Company) and PDS Multinational Fashions Limited (Transferee Company) was sanctioned by Honorable High Court of Delhi through its order dated 25 April 2014 (the Scheme). Consequent upon 'the Scheme' becoming effective after filing the same with the Registrar of Companies, the entire investments of the Transferor Company into Share Capital of the Multinational Textiles Group Limited shall be transferred to the Transferee Company. In view of above, the Company's ultimate holding company will be PDS Multinational Fashions Limited, a company incorporated in India with its shares shall be listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

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 2014.

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 2014 and its state of affairs at that date are set out in the financial statements on pages 5 to 24.

The directors do not recommend the payment of any dividend in respect of the year.

Property, plant and equipment

Details of movements in the Company's property, plant and equipment during the year are set out in note 7 to the financial statements.

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 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Directors' interests in contracts

No director had a material interest, either directly or indirectly, in any contract 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

Sd/-
Chairman
Hong Kong
8 May 2014

INDEPENDENT AUDITORS' REPORT

To the shareholder 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 24, which comprise the statement of financial position as at 31 March 2014, and the statement of 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 141 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2014, and of its profit 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.

Sd/-

Certified Public Accountants

Hong Kong

8 May 2014

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2014 HK$	2013 HK$
REVENUE	3	**119,261,586**	125,348,527
Cost of sales		**(89,438,558)**	(90,652,003)
Gross profit		**29,823,028**	34,696,524
Other income and gains	3	**1,557,821**	1,077,245
Selling and distribution costs		**(28,815,720)**	(33,488,451)
Administrative expenses		**(1,810,034)**	(1,045,720)
PROFIT BEFORE TAX	4	**755,095**	1,239,598
Income tax credit/(expense)	6	**297,726**	(236,800)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,052,821**	1,002,798

STATEMENT OF FINANCIAL POSITION

	Notes	2014 HK$	2013 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	7	**11,362**	–
CURRENT ASSETS			
Trade and bills receivables	8	**12,134,835**	23,057,468
Deposits		**87,525**	–
Cash and cash equivalents		**3,586,234**	1,919,584
Total current assets		**15,808,594**	24,977,052
CURRENT LIABILITIES			
Trade payables		**6,188,755**	11,044,085
Other payables and accruals	9	**224,309**	30,900
Due to the immediate holding company	12(b)	**4,818,158**	1,551,068
Due to a fellow subsidiary	12(b)	**1,671,825**	10,283,085
Tax payable		**–**	203,826
Total current liabilities		**12,903,047**	23,112,964
NET CURRENT ASSETS		**2,905,547**	1,864,088
Net assets		**2,916,909**	1,864,088
EQUITY			
Issued capital10	**10,000**	10,000	
Retained profits		**2,906,909**	1,854,088
Total equity		**2,916,909**	**1,864,088**

Sd/-
Director

Sd/-
Director

FX Import Hong Kong Limited

STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2014

	Issued capital HK$	Retained profits HK$	Total equity HK$
At 1 April 2012	10,000	851,290	861,290
Profit and total comprehensive income for the year	–	1,002,798	1,002,798
At 31 March 2013 and at 1 April 2013	10,000	1,854,088	1,864,088
Profit and total comprehensive income for the year	–	1,052,821	1,052,821
At 31 March 2014	10,000	2,906,909	2,916,909

STATEMENT OF CASH FLOWS
Year ended 31 March 2014

	Notes	2014 HK$	2013 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	**755,095**	1,239,598	
Adjustments for:			
Interest income	3	**(9,234)**	(4,291)
Depreciation	4	**325**	–
		746,186	1,235,307
Decrease/(increase) in trade and bills receivables		**10,922,633**	(10,987,844)
Decrease/(increase) in deposits		**(87,525)**	11,203
Increase/(decrease) in trade payables		**(4,855,330)**	5,866,024
Increase/(decrease) in other payables and accruals		**193,409**	(11,973)
Increase in an amount due to the immediate holding company		**3,267,090**	745,185
Increase/(decrease) in an amount due to a fellow subsidiary		**(8,611,260)**	3,879,198
Cash generated from operations		**1,575,203**	737,100
Interest received		**9,234**	4,291
Hong Kong profits tax refunded		**93,900**	–
Net cash flows from operating activities		**1,678,337**	741,391
CASH FLOW FROM AN INVESTING ACTIVITY			
Purchase of an item of property, plant and equipment		**(11,687)**	–
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,666,650**	**741,391**
Cash and cash equivalents at beginning of year		**1,919,584**	**1,178,193**
CASH AND CASH EQUIVALENTS AT END OF YEAR		**3,586,234**	**1,919,584**
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**3,586,234**	**1,919,584**

NOTES TO FINANCIAL STATEMENTS
31 March 2014

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 during the year was Pearl Global Industries Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Subrequent to the reporting period, on 25 April 2014, the High Court of Delhi sanctioned a Scheme of Arrangement between Pearl Global Industries Limited (the "Transferor Company") and PDS Multinational Fashions Limited (the "Transferee Company"), a company incorporated in India with shares listed on the Bombay Stock Exchange and the National Stock Exchange of India Limited. Consequent to and upon the filing of the same Scheme of Arrangement with the Registrar of Companies in India the share capital of the Multinational Textiles Group an intermediate holding Company of the Company Limited was transferred from the Transferor Company to the Transferee Company which became the Company's new ultimate holding company.

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 2014.

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 year ended 31 March 2014, 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
   - (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).

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.

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.

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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 and 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 are charged to profit or loss on the straight-line basis over the lease terms.

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

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 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.

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 either directly or 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 and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in 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, in the case of loans and borrowings, 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 a fellow subsidiary and the immediate holding company.

Subsequent measurement

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, and only 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.

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 for the current and prior periods 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, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the 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) interest income, on an accrual basis using the effective interest method.

Foreign currency transactions

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Company's turnover, represents the net invoiced value of goods sold.

An analysis of other income and gains is as follows:

	2014 HK$	2013 HK$
Foreign exchange gains, net	**1,548,587**	1,072,954
Interest income	**9,234**	4,291
	1,557,821	1,077,245

4. PROFIT BEFORE TAX

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

	2014 HK$	2013 HK$
Auditors' remuneration	**94,900**	94,200
Depreciation	**325**	–
Minimum lease payments under operating leases of of land and buildings	**175,050**	–
Staff costs (excluding directors' remuneration (note 5)):		
Salaries and allowances	**403,487**	–
Pension scheme contributions (defined contribution scheme)	**9,175**	–
	412,662	–
Foreign exchange gains, net	**(1,548,587)**	(1,072,954)

5. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2013: Nil).

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2014 HK$	2013 HK$
Provision for the year	**–**	203,826
Underprovision/(overprovision) in prior years	**(297,726)**	32,974
	(297,726)	236,800

A reconciliation of the tax expense/(credit) applicable to profit before tax at the Hong Kong statutory rate to the tax charge/(credit) at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, is as follows:

	2014		2013	
	HK$	%	HK$	%
Profit before tax	**755,095**		1,239,598	
Tax at the statutory tax rate	**124,591**	**16.5**	204,534	16.5
Adjustments in respect of current tax of prior years	**(297,726)**	**(39.4)**	32,974	2.6
Income not subject to tax	**(124,591)**	**(16.5)**	(708)	–
Tax at the effective tax rate	**(297,726)**	**(39.4)**	236,800	19.1

7. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$
31 March 2014	
At 1 April 2013, net of accumulated depreciation	–
Addition	11,687
Depreciation provided during the year	(325)
At 31 March 2014, net of accumulated depreciation	11,362
At 31 March 2014:	
Cost	11,687
Accumulated depreciation	(325)
Net carrying amount	11,362

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8. TRADE AND BILLS RECEIVABLES

	2014 HK$	2013 HK$
Trade receivables	**10,468,880**	16,412,404
Bill receivables	**1,665,955**	6,645,064
	12,134,835	**23,057,468**

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.

The aged analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2014 HK$	2013 HK$
Neither past due nor impaired	**11,474,476**	19,158,445
Past due but not impaired:		
Less than one month	**–**	3,714,519
One to three months	**660,359**	102,339
Over three months	**–**	82,165
	12,134,835	23,057,468

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.

9. OTHER PAYABLES AND ACCRUALS

	2014 HK$	2013 HK$
Accrued employee benefits	**139,198**	–
Other payables	**20,765**	–
Accruals	**64,346**	30,900
	224,309	30,900

10. SHARE CAPITAL

	2014 HK$	2013 HK$
Authorised, issued and fully paid:		
10,000 ordinary shares of HK$1 each	**10,000**	10,000

11. OPERATING LEASE ARRANGEMENTS

The Company leases its office premises under operating lease arrangements and the leases are negotiated for an original term of four years.

At the end of the reporting period, the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2014 HK$	2013 HK$
Within one year	**354,132**	–
In the second to fifth years, inclusive	**885,330**	–
	1,239,462	–

12. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following material transactions with related parties during the year:

	Notes	2014 HK$	2013 HK$
Immediate holding company:			
Commission paid	(i)	21,422,152	27,011,385
Fellow subsidiary:			
Commission paid	(i)	7,249,274	6,366,833
Human resources support expenses	(ii)	222,000	272,000

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 agreed between the Company and the respective related parties.

(ii) The human resources support expenses were charged by a fellow subsidiary based on rates agreed between the Company and the fellow subsidiary.

(b) The balances with a fellow subsidiary and the immediate holding company are unsecured, interest-free and have no fixed terms of repayment.

13. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade and bills receivables, deposits, 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 disclosed in the corresponding notes to the financial statements.

14. 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, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, and amounts due to a fellow subsidiary and the immediate holding company approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company did not have any financial assets and liabilities measured at fair value as at the end of each reporting period.

15. 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).

	Change in the GBP exchange rate %	Increase/ (decrease) in profit before tax HK$	Increase/ (decrease) in equity HK$
31 March 2014			
If HK$ weakens against GBP	1	1,141,754	1,141,754
If HK$ strengthens against GBP	(1)	(1,141,754)	(1,141,754)
31 March 2013			
If HK$ weakens against GBP	1	723,809	723,809
If HK$ strengthens against GBP	(1)	(723,809)	(723,809)

Credit risk

The carrying amounts of deposits, 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, 64% (2013: 57%) 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 2014 and 31 March 2013.

16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 8 May 2014.

Pacific Logistics Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The directors present their annual report and the audited financial statements for the year ended 31 March 2014.

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 2013:

Mrs Payel Seth

Mr Anuj Banaik

Mrs Faiza Habeeb 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 Directors' Report and the financial statements in accordance with applicable law and regulations.

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

– select suitable accounting policies and then apply them consistently;

– make judgements and estimates that are reasonable and prudent;

– state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and

– prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy, at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the financial information included on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

– so far as the director is aware, there is no relevant information of which the company's auditor is unaware; and

– the director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board

Sd/-

Mr Anuj Banaik

Director

8 May 2014

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PACIFIC LOSGISTICS LIMITED FOR THE YEAR ENDED 31 MARCH 2014

We have audited the financial statements of Pacific Logistics Limited for the year ended 31 March 2014, 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 2014 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.

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.

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

8 May 2014

Chartered Accountants
Statutory Auditor

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Continuing operations			
Revenue	4	**363,551**	1,321,999
Cost of revenue		**(344,511)**	(1,041,834)
Gross profit		**19,040**	280,165
Operating expenses			
Administration expenses		**(336,698)**	(347,811)
Other operating income		**1,978**	4,257
Operating loss	5	**(315,680)**	(63,389)
Finance costs	7	**(2,245)**	(3,545)
Loss before taxation	5	**(317,925)**	(66,934)
Taxation	8	**–**	3,497
Loss for the financial year	17	**(317,925)**	(63,437)

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.

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

	Notes	2014 £	2013 £
Non current assets			
Property, plant and equipment	9	**64,797**	100,722
Deferred tax assets	15	**6,109**	6,109
Trade and other receivables	11	**270,934**	295,888
		341,840	402,719
Current assets			
Trade and other receivables	11	**20,928**	179,319
Cash and cash equivalents		**19,531**	51,791
		40,459	231,110
Total assets		**382,299**	633,829
Current liabilities			
Trade and other payables	12	**(641,276)**	(563,545)
Obligations under hire purchase contracts	13	–	(3,087)
		(641,276)	(566,632)
Net current liabilities		**(600,817)**	(335,522)
Non current liabilities			
Borrowings	14	**(1,617)**	(1,617)
Obligations under hire purchase contracts	13	–	(8,249)
		(1,617)	(9,866)
Total liabilities		**(642,893)**	(576,498)
Net assets/ (liabilities)		**(260,594)**	57,331
Shareholders' equity			
Share capital	16	**10,000**	10,000
Retained earnings	17	**(270,594)**	47,331
Total equity		**(260,594)**	57,331

The financial statements were approved by the board of directors and authorised for issue on 8 May 2014 and were signed on its behalf by:

Sd/-
Mr Anuj Banaik
Director
Company registration no. 04944346

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2012	10,000	110,768	120,768
Comprehensive income			
Loss for the year	–	(63,437)	(63,437)
Balance at 1 April 2013	10,000	47,331	57,331
Comprehensive income			
Loss for the year	–	(317,925)	(317,925)
Balance at 31 March 2014	10,000	(270,594)	(260,594)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £	2013 £
Cash flows from operating activities			
Cash (used) in/ generated by operations	19	**(32,473)**	37,529
Finance costs		**(2,245)**	(3,545)
Net cash (used) in/ generated by operating activities		**(34,718)**	33,984
Tax paid		**–**	(1,613)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		**–**	(297)
Proceeds from disposal of property, plant and equipment		**13,794**	–
Net cash generated from/ (used) in investing activities		**13,794**	(297)
Cash flows from financing activities			
Capital element of hire purchase contracts repayments		**(11,336)**	(3,087)
Repayments of loan from parent undertaking		**–**	(29,560)
Net cash used in financing activities		**(11,336)**	(32,647)
Net decrease in cash and cash equivalents		**(32,260)**	(573)
Cash and cash equivalents at the start of the year		**51,791**	52,364
Cash and cash equivalents at the end of the year		**19,531**	51,791

	2014 £	2013 £
Cash and cash equivalents comprise:		
Cash at bank and in hand	**19,531**	51,791

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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 £600,817 (2013: £335,522).

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 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	over the lease term
Plant and machinery	25% reducing balance
Fixtures, fittings and equipment	25%-33.33% reducing balance
Motor vehicles	25% reducing balance

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term.

2.3 Impairment

The carrying values of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the assets' recoverable 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.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Pacific Logistics Limited

– **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.

2.5 Leasing and hire purchase commitments

Assets obtained under 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 income statement so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

2.6 Taxation

Income tax expense represents the current tax payable and deferred tax provisions.

– Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profits as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

– Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

2.7 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.

2.8 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.

2.9 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.

2.10 New IFRSs and interpretations not applied

The IASB has issued the following standards and interpretations which have been endorsed by the European Union to be applied to financial statements with periods commencing on or after the following dates:

	Effective for period beginning on or after
IFRS 9 Financial Instruments	1 January 2015
Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to IFRS 10, IFRS 12 and IAS 27 Investments Entries	1 January 2014
Amendments to IAS 36 Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRIC 21 Levies	1 January 2014
Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements of IFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014

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:

	2014 £	**2013 £**
United Kingdom	**363,551**	1,305,141
Rest of the World	**–**	16,858
	363,551	1,321,999

5. Operating loss

	2014 £	**2013 £**
Operating loss has been arrived at after charging:		
Staff costs (see note 6 below)	**121,514**	276,159
Depreciation of property, plant and equipment	**24,251**	35,002
Loss/ (Profit) on foreign exchange transactions	**24,954**	(39,525)
Profit on disposal of property, plant and equipment	**2,120**	–

Auditor remuneration

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

	2014 £	**2013 £**
Fees payable to the company's auditor:		
Audit of annual financial statements	**5,000**	5,000
Fees payable to the company's auditor and its associates for other services:		
Review of the interim financial statements	**3,225**	3,000

6. Staff numbers and costs

	2014 £	2013 £
Employee costs include:		
Staff wages and salaries	**113,643**	200,507
Directors' remuneration	**–**	47,685
Social security costs	**7,871**	27,967
	121,514	276,159

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

	2014 Number	2013 Number
Management and administration	**2**	5
Warehouse staff	**2**	6
	4	11

	2014	2013
Directors' emoluments		
Emoluments for qualifying services	**–**	49,993

7. Finance costs

	2014 £	2013 £
Interest on bank overdrafts	**1,810**	2,674
Interest on obligations under hire purchase contracts	**435**	871
	2,245	3,545

8. Taxation for the year

Income tax expense	2014 £	2013 £
Current tax expense		
UK corporation tax	**–**	–
Adjustment for prior year	**–**	(1,687)
Deferred tax:		
Origination and reversal of temporary differences	**–**	(1,810)
Income tax expense	**–**	(3,497)

Reconciliation of current tax expenses to accounting loss:

	2014	2013
Profit/ (Loss) before taxation	**(317,925)**	(66,934)
Notional taxation charge at the UK corporation tax rate of 23% (2013: 24%)	**(73,123)**	(16,064)
Tax effects of:		
Expenses not deductible for tax purposes	**14**	630
Depreciation in excess of capital allowances	**566**	2,247
Group relief surrendered	**72,543**	13,187
Adjustment in respect of prior years	**–**	(1,687)
Total current tax charge for the year	**–**	(1,687)

9. Property, plant and equipment

	Land and Buildings Leasehold £	Plant and machinery £	Fixtures fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2013	29,442	488,190	120,225	53,282	691,139
Additions	–	–	–	–	–
Disposals	–	(1,000)	–	(46,832)	(47,832)
At 31 March 2014	29,442	487,190	120,225	6,450	643,307
Accumulated depreciation					
At 1 April 2013	29,442	413,234	108,902	38,839	590,417
Charge for the year	–	18,718	3,583	1,950	24,251
On disposals	–	(1,000)	–	(35,158)	(36,158)
At 31 March 2014	29,442	430,952	112,485	5,631	578,510
Carrying amount					
At 31 March 2014	–	56,238	7,740	819	64,797
At 31 March 2013	–	74,956	11,323	14,443	100,722

Assets held under hire purchase contracts have the following carrying amount:

	Motor Vehicles 2014 £	2013 £
Cost	**–**	25,898
Accumulated depreciation	**–**	(16,566)
Carrying amount	**–**	9,332

10. Property, plant and equipment (Contd.)

	Land and Buildings Leasehold £	Plant and machinery £	Fixtures fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2012	29,442	488,190	119,928	53,282	690,842
Additions	–	–	297	–	297
At 31 March 2013	29,442	488,190	120,225	53,282	691,139
Accumulated depreciation					
At 1 April 2012	29,442	388,249	103,677	34,047	555,415
Charge for the year	–	24,985	5,225	4,792	35,002
At 31 March 2013	29,442	413,234	108,902	38,839	590,417
Carrying amount					
At 31 March 2013	–	74,956	11,323	14,443	100,722
At 31 March 2012	–	99,941	16,251	19,235	135,427

Assets held under hire purchase contracts have the following carrying amount:

	Motor Vehicles 2013 £	2012 £
Cost	**25,898**	25,898
Accumulated depreciation	**(16,566)**	(13,455)
Carrying amount	9,332	12,443

11. Trade and other receivables

	2014 £	2013 £
Current assets		
Trade receivables	**12,767**	64,042
Other receivables	**4,353**	–
Receivables from parent and fellow subsidiary companies (note 23)	**–**	43,165
Receivables from fellow group companies (note 23)	**–**	59,931
Prepayments	**3,808**	12,181
	20,928	179,319

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.

	2014 £	2013 £
Non-current assets		
Other receivables	**270,934**	295,888

The average credit period given for trade receivables at the end of the year is 13 days (2013: 18 days).

Pacific Logistics Limited

At 31 March 2014, the ageing analysis of trade receivables is as follows:

		Overdue but not impaired	
	Total £	<3 months £	>3 months £
2014	8,984	8,984	–
2013	17,437	–	17,437

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.

12. Trade and other payables

	2014 £	2013 £
Trade payables	**3,529**	50,202
Payables to parent company (note 23)	**631,422**	474,744
Social security and other taxes	**1,325**	20,474
Accrued expenses	**5,000**	18,125
	641,276	563,545

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.

13. Obligations under hire purchase contracts

	2014 £	2013 £
Amounts payable under hire purchase contracts:		
Within one year	–	3,957
In the second to fifth years	–	8,249
	–	12,206
Less: future finance charges	–	(870)
Present value of hire purchase obligations	–	11,336
Less: amount due for settlement within 12 months (shown under current liabilities)	–	(3,087)
Amount due for settlement after 12 months	–	8,249

The fair value of the hire purchase contracts is approximately equal to the carrying amount. The company's obligations under hire purchase contracts are secured by charges over the relevant assets.

14. Borrowings

	2014 £	2013 £
Loan from related party (note 23)	**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.

15. Deferred tax

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

	2014 £	2013 £
Deferred tax assets	**6,109**	6,109

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

	2014 £	2013 £
At the start of the year	**6,109**	4,299
Credited to income statement during the year	**–**	1,810
At the end of the year	**6,109**	6,109

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

	Decelerated tax depreciation £
At 1 April 2012	**4,299**
Tax credit to income statement	**1,810**
At 31 March 2013	**6,109**
Tax credit to income statement	**–**
At 31 March 2014	**6,109**

16. Share capital

	2014 £	2013 £
Issued and fully paid		
10,000 Ordinary shares of £1 each	**10,000**	10,000

17. Retained earnings

	2014 £	2013 £
Balance at the start of the year	**47,331**	110,768
Net loss for the year	**(317,925)**	(63,437)
Balance at the end of the year	**(270,594)**	47,331

18. Operating lease arrangements

	2014 £	2013 £
Minimum lease payments under operating leases recognised in the income statement for the year	**39,034**	102,180

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:

	2014 £	2013 £
Within one year	**–**	149,526
Between two and five years	**–**	448,578
	–	598,104

Operating lease payments represent rentals payable by the company.

19. Notes to the cash flow statement

	2014 £	2013 £
Cash flows from operating activities		
Loss from operations	**(315,680)**	(63,389)
Adjustments for:		
Depreciation of property, plant and equipment	**24,251**	35,002
Profit on disposal of property, plant and equipment	**(2,120)**	–
Operating cash outflow before working capital	**(293,549)**	(28,387)
Decrease in receivables	**183,345**	95,543
Increase/ (Decrease) in payables	**77,731**	(29,627)
Cash (used) in/ generated from operations	**(32,473)**	37,529

20. 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 & Customs amounting to £75,000. The company's maximum contingent liability under this guarantee as at 31 March 2014 is £75,000.

The company has extended an Unlimited Multilateral Guarantee on 8 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.

21. 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.

22. 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 2014, the company held cash and cash equivalents of £19,531 (2013: £51,791).

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.

23. 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	
	2014 £	2013 £	2014 £	2013 £	2014 £	2013 £	2014 £	2013 £
Poeticgem Limited, UK	242,130	940,724	47,470	86,005	–	–	633,039*	476,361*
FX Import Company Limited, UK	–	40,760	505	–	–	43,165*	–	–
Norwest Industries Limited, Hong Kong	–	–	–	–	–	800*	–	–
Nor Lanka Manufacturing Limited, Hong Kong	–	19,941	–	–	–	59,132*	–	–

The immediate parent company of Pacific Logistics Limited and FX Import Company Limited is Poeticgem Limited.

Norwest Industries Limited, Hong Kong and Nor Lanka Manufacturing Limited, Hong Kong, are fellow subsidiaries of Global Textile Group Limited, parent company of Poeticgem Limited.

- These loans are interest free and repayable on demand.
- This includes £1,617 (2013: £1,617) interest free loan and is repayable on demand.

24. Control

The immediate parent company is Poeticgem Limited, a company registered in England and Wales and the ultimate parent company is Pearl Global Industries Limited, a company registered in India.

Pearl Global Industries Limited prepares group financial statements and copies can be obtained from Corporate Office: 446, Udyog Vihar, Phase-V, Gurgaon - 122 016 (Haryana), India.

Pearl Global Industries Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

25. Post Balance Sheet Event

The 'Scheme of Arrangement' between Pearl Global Industries Limited (Transferor Company) and PDS Multinational Fashions Limited (Transferee Company) was sanctioned by Honorable High Court of Delhi through its order dated 25 April 2014 (the Scheme). Consequent upon 'the Scheme' becoming effective after filing the same with the Registrar of Companies, the entire investments of the Transferor Company into Share Capital of the Multinational Textiles Group Limited shall be transferred to the Transferee Company. In view of above, the Company's ultimate holding company will be PDS Multinational Fashions Limited, a company incorporated in India with its shares shall be listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

Poetic Knitwear Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The directors present their annual report and the audited financial statements for the year ended 31 March 2014.

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 2013:

Mr Gary M Isaacs

Mr Pallak Seth

Mr Deepak K Seth

Auditor

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

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently:
- make judgements and estimates that are reasonable and prudent:
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements: and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the financial information included on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant information of which the company's auditor is unaware: and
- the director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board

Sd/-

Mr Gary M Isaacs

Director

8 May 2014

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF POETIC KNITWEAR LIMITED FOR THE YEAR ENDED 31 MARCH 2014

We have audited the financial statements of Poetic Knitwear Limited for the year ended 31 March 2014, 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 2014 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.

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.

Sd/-

Vinodkumar Vadgama (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young — 8 May 2014

Chartered Accountants
Statutory Auditor

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Continuing operations			
Revenue		–	–
Cost of Revenue		–	–
Gross profit		–	–
Other income	4	–	2,380
Administrative expenses		(2,062)	(2,242)
(Loss)/profit for the year before taxation	5	(2,062)	138
Taxation	7	–	–
(Loss)/profit for the financial year	10	(2,062)	138

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.

Poetic Knitwear Limited

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

	Notes	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Current assets			
Cash and cash equivalents		**1,439**	65,063
Total assets		**1,439**	65,063
Current liabilities			
Trade and other payables	8	**(694,729)**	(756,291)
Net current liabilities		**(693,290)**	(691,228)
Total liabilities		**(694,729)**	(756,291)
Net assets		**(693,290)**	(691,228)
Shareholder's equity			
Share capital	9	100	100
Retained earnings	10	**(693,390)**	(691,328)
Total equity		**(693,290)**	(691,228)

The financial statements were approved by the board of directors and authorised for issue on 8 May 2014 and were signed on its behalf by:

Sd/-
Mr Gary M Isaacs
Director

Company registration no. 06863593

The notes on page 10 to 16 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Share capital £	Retained earnings £	Total £
Balance at 31 March 2012	100	(691,466)	(691,366)
Comprehensive income			
Profit for the year	–	138	138
Balance at 1 April 2013	100	(691,328)	(691,228)
Comprehensive income			
Loss for the year	–	(2,062)	(2,062)
Balance at 31 March 2014	100	(693,390)	(693,290)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Cash flows from operating activities		
(Loss)/profit for the year	**(2,062)**	138
Operating cash flows before movements in working capital	**(2,062)**	138
Decrease/ (increase) in receivables	**–**	125,000
Decrease in payables	**(61,562)**	(124,726)
Net cash generated by operating activities	**(63,624)**	412
Net increase in cash and cash equivalents	**(63,624)**	412
Cash and cash equivalents at the start of the year	**65,063**	64,651
Cash and cash equivalents at the end of the year	**1,439**	65,063
Cash and cash equivalents comprise:		
Cash at bank and in hand	**1,439**	65,063

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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 £693,290.

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 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	-	over lease term for short lease
Fixtures, fittings and equipment	-	25% reducing balance

2.3 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.

2.4 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.

Poetic Knitwear Limited

2.5 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.

2.6 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.

2.7 New IFRSs and interpretations not applied

The following standards, amendments and interpretations are not yet effective and have not yet been adopted early by the company:

	Effective for period beginning on or after
IFRS 9 Financial Instruments	1 January 2015
Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to IFRS 10, IFRS 12 and IAS 27 Investments Entries	1 January 2014
Amendments to IAS 36 Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRIC 21 Levies	1 January 2014
Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements of IFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014

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

	2014 £	2013 £
Other income	–	2,380

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

	2014 £	2013 £
Employee costs include:		
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

Income tax expense	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Current tax expense:		
UK corporation tax	–	–
Reconciliation of current tax expense to accounting loss		
(Loss)/profit before taxation	**(2,062)**	138
National taxation charge at the UK corporation tax rate of 23% (2013: 24%)	**(474)**	33
Tax effects on:		
Losses available to be carried forward	–	(33)
Group relief surrendered	**474**	–
Total current tax charge for the year	–	–

The company has unused tax losses of approximately £691,000 (2013: £691,584) available for carry forward against future trading profits. On the basis of these financial statements no provision has been made for corporation tax.

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.

8. Trade and other payables

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Payable to parent company (note 13)	**692,729**	754,291
Accrued expenses	**2,000**	2,000
	694,729	756,291

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 2014 £	Year ended 31 March 2013 £
Issued and fully paid		
100 Ordinary shares of £1 each	**100**	100

10. Retained earnings

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Balance at the start of the year	**(691,328)**	(691,466)
Net profit/ (loss) for the year	**(2,062)**	138
Balance at the end of the year	**(693,390)**	(691,328)

Poetic Knitwear Limited

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 2014, the company held cash and cash equivalents of £1,439 (2013: £65,063).

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	
	2014 £	**2013** £	**2014** £	**2013** £
Poeticgem Limited, UK	**–**	–	**692,729**	754,291

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 Pearl Global Industries Limited, a company registered in India. Pearl Global Industries Limited prepares group financial statements and copies can be obtained from Corporate Office: 446, Udyog Vihar, Phase-V, Gurgaon - 122 016 (Haryana), India.

Pearl Global Industries Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

15. Post Balance Sheet Event

The 'Scheme of Arrangement' between Pearl Global Industries Limited (Transferor Company) and PDS Multinational Fashions Limited (Transferee Company) was sanctioned by Honorable High Court of Delhi through its order dated 25 April 2014 (the Scheme). Consequent upon 'the Scheme' becoming effective after filing the same with the Registrar of Companies, the entire investments of the Transferor Company into Share Capital of the Multinational Textiles Group Limited shall be transferred to the Transferee Company. In view of above, the Company's ultimate holding company will be PDS Multinational Fashions Limited, a company incorporated in India with its shares shall be listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

Razamtazz Limited

DIRECTORS' REPORT

The directors are pleased to present their report together with the audited financial statements of Razamtazz Limited (the "Company") for the year ended 31 March 2014.

Principal activity

The principal activity of the Company is investing in properties.

Results and dividend

The results for the year are shown on page 5.

The directors do not recommend the payment of dividend for the year under review. (2013: NIL)

Statement of Directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial period giving a true and fair view of the state of affairs of the Company and of the 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
- 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.

Auditors

The auditors, Lancasters Chartered Accountants, have indicated their willingness to continue in office and will be automatically reappointed at the Annual Meeting.

By order of the Board of Directors

Sd/-
Director

Date: 23 May, 2014

Auditors's report to the shareholder of Razamtazz Limited

Report on the Financial Statements

We have audited the financial statements of Razamtazz Limited, which comprise of the statement of financial position at 31 March 2014, and the statements of profit or loss and other comprehensive income, the 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 shareholders, as a body 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 some 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 misstatemens.

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 statement, whether due to fraud or error. In making those risks 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 managements, 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 on pages 6 to 36 give a true and fair view of the financial position of the Company at 31 march 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Pasram Bissessur FCCA, MBA (UK)
Licensed by FRC

Date: 23 May 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 GBP	2013 GBP
Revenue	6	**140,500**	225,282
Expenses		**(500,967)**	(468,636)
Loss from operating activities		**(362,467)**	(243,354)
Finance income	7	**73,040**	14,838
Finance costs	7	**(5,266)**	–
Net finance income		**67,774**	14,838
Debtor written off		**(3,090)**	–
Other income	8	**43,190**	17,601
Loss before taxation		**(254,593)**	(210,915)
Taxation	9	**–**	–
Loss for the year		**(254,593)**	(210,915)
Other comprehensive income		–	–
Total comprehensive loss for the year		**(254,593)**	(210,915)

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

	Note	2014 GBP	2013 GBP
Assets			
Investment Property	10	**5,476,038**	5,630,908
Held-to-maturity investment	11	**768,498**	–
Receivables	12	**1,190**	1,190
Total non-current assets		**6,245,726**	5,632,098
Other receivables	13	**52,872**	37,214
Cash and cash equivalents		**67,330**	657,562
Total current assets		**120,202**	694,776
Total assets		**6,365,928**	6,326,874
Equity			
Stated capital	14	**1**	1
Revenue reserves		**5,442,960**	5,697,553
Total equity		**5,442,961**	5,697,554
Liabilities			
Bank loan		**414,501**	–
Other payables	15	**508,466**	629,320
Total current liabilities		**922,967**	629,320
Total equity and liabilities		**6,365,928**	6,326,874

Approved by the Board of Directors on 23 May, 2014 and signed on its behalf by:

Sd/-
Director

Sd/-
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Stated capital GBP	Revenue reserves GBP	Total GBP
Balance at 01 April 2012	1	5,908,468	5,908,469
Total comprehensive loss for the year			
Loss for the year	–	(210,915)	(210,915)
Balance at 31 March 2013	1	5,697,553	5,697,554
Total comprehensive loss for the year			
Loss for the year	–	(254,593)	(251,503)
Balance at 31 March 2014	**1**	**5,442,960**	**5,442,961**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	2014 GBP	2013 GBP
Cash flows from operating activities		
Loss for the year	**(254,593)**	(210,915)
Adjustments for:		
Depreciation	**267,759**	248,436
Change in other receivables	**(15,658)**	(28,344)
Change in other payables	**16,688**	(12,365)
Net cash from/ (used in) operating activities	**14,196**	(3,188)
Cash flows from investing activities		
Investment in bonds	**(768,498)**	–
Investment in property	**(112,889)**	–
Net cash used in investing activities	**(881,3887**	–
Cash flows from financing activities		
Advances from holding company	**195,895**	97,115
Repayment to holding company	**(135,523)**	–
Repayment to related company	**(255,624)**	–
Advances from related company	**57,710**	1,098,759
Short term loan from UBS bank	**414,501**	(535,174)
Net cash from financing activities	**276,959**	660,700
Net movement in cash and cash equivalents	**(590,232)**	657,512
Cash and cash equivalents at beginning of the year	**657,562**	50
Cash and cash equivalents at end of the year	**67,330**	657,562

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. General information

The Company was incorporated as a private limited company on 30 May 2007 and was granted a Category 2 Global Business Licence on 31 May 2007. The principal activity of the Company is investing in properties.

The Company is a holder of a Category 2 Global Business Licence under the Financial Services Act 2007. Since the Company operates in an international environment and conducts most of its transactions in foreign currencies the Company has chosen to retain the Great Britain Pound (GBP) as its reporting currency.

2. Basis of preparation

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements.

(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 that financial assets and financial liabilities are fair valued.

(c) Functional currency and presentation currency

The financial statements are presented in Great Britain Pound (GBP) which is the Company's functional currency and presentation currency.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange of differences arising thereon are dependent on the functional currency selected. As described in 2(c), the directors have considered those factors therein and have determined that the functional currency of the Company is GBP.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

3. Significant accounting policies

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

Revenue recognition

Revenue is recognisedin the statement of profit or loss and other comprehensive income as follows:

- Interest Income: as it accrues (taking into account the effective yield on the assets).
- Rental income: arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary terms is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Impairment of assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis.

All impairment is recognised in the statement of profit or loss and other comprehensive income. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the statement of profit or loss and other comprehensive income.

An impairment is reversed if the reversal can be related objectively to an event occurring after the impairment was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised directly in the statement of profit or loss and other comprehensive income. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

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.

Razamtazz Limited

The Directors have elected to recognise the investment property using the cost model. 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.

Any gain or loss on disposal recognised in the statement 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.

Depreciation

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

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

Buildings	2% straight line basis
Fixtures, fittings and equipment	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.

Held-to-maturity investments

Bonds are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment. After each year end, the Company assess its intent and ability to hold its held-to-maturity investments

Non-derivative financial assets

Financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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 on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables, held to maturity investments and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Receivables and other receivables

Receivables and other receivables are stated at amortised cost.

Cash and cash equivalents

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

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets and 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 on a net basis or to realise the asset and settle the liability simultaneously.

Other payables

Other payables are stated at amortised cost.

Stated capital

Ordinary shares

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

Expenses

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

Offsetting financial instruments

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

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 of common significant influence.

Provisions

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

New and revised IFRSs applicable for the first time

During the current year, the following new and revised IFRSs shall come into effect for the first time. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	Summary of requirement
IFRS 10 - Consolidated financial statements	IFRS 10 changes the definition of control, such that the same consolidation criteria will apply to all entities. The revised definition focuses on the need to have both "power" and "variable returns" for control to be present. Power is the current ability to direct the activities that significantly influence returns. Variable returns can be positive, negative or both. The determination of power is based on current facts and circumstances (including substantive potential voting rights) and is continuously assessed. An investor with more than half the voting rights would meet the power criteria in the absence of restrictions or other circumstances. However, an investor could have power over the investee even when it holds less than the majority of the voting rights in certain cases. IFRS 10 provides guidance on participating and protective rights, and brings the notion of "de facto" control firmly within the guidance. The standard also requires an investor with decision making rights to determine if it is acting as a principal or an agent and provides factors to consider. If an investor acts as an agent, it would not have the requisite power and, hence, would not consolidate.
IFRS 11 - Joint arrangements	IFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as it is currently the case). It: 1) distinguishes joint arrangements between joint operations and joint ventures; and 2) always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation.
IFRS 12 - Disclosure of interest in other entities	IFRS 12 sets out the required disclosures for entities reporting under IFRS 10 and IFRS 11. The objective of IFRS 12 is to require entities to disclose information that helps financial statement readers to evaluate the nature, risks, and financial effects associated with the entity's involvement with subsidiaries, associates, joint arrangements, and unconsolidated structured entities. Specific disclosures include the significant judgments and assumptions made in determining control as well as detailed information regarding the entity's involvement with these investees.
IFRS 13 - Fair Value Measurement	IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

New and revised IFRSs	Summary of requirement
	IFRS 13 defines fair value as 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, i.e. an exit price.
IAS 19 - Employee benefits (Amendments)	Requires the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19); Introduces enhanced disclosures about defined benefit plans; Modifies accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits; and Clarifies various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features.
IAS 27 - Separate financial statements 2011	The standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments.
IAS 28 - Investments in Associates and Joint Ventures (2011)	IFRS 5 applies to an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not re-measure the retained interest.
Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)	The amendments: 1) require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; 2) do not change the existing option to present profit or loss and other comprehensive income in two statements; and 3) change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, the entity is still allowed to use other titles. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.
Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	The amendments require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

New Standards, Interpretations and amendments to published standards not yet effective

The IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2013 and which have not been early adopted in these financial statements.

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application.

These statements, where applicable, will be applied in the year when they are effective.

Standard/Interpretation	Effective date
IFRS 9 Financial Instruments (2009)	To be confirmed
IFRS 9 Financial Instruments (2010)	To be confirmed
IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (2013)	To be confirmed
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	Annual periods beginning on or after 1 January 2014*
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	Annual periods beginning on or after 1 January 2014*
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	Annual periods beginning on or after 1 January 2014*
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	Annual periods beginning on or after 1 January 2014*
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	Annual periods beginning on or after 1 July 2014*
Annual Improvements 2010-2012 Cycle	Annual periods beginning on or after 1 July 2014*
Annual Improvements 2011-2013 Cycle	Annual periods beginning on or after 1 July 2014*
IFRIC 21 Levies	Annual periods beginning on or after 1 January 2014*

*All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

IFRS 9 Financial Instruments (2009)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances);
- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss;
- All other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss;
- The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

IFRS 9 Financial Instruments (2010)

A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss - in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (2013)

A revised version of IFRS 9 which:

- Introduces a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures;
- Permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss;
- Removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. IFRS 9 shall now be effective for annual periods beginning on or after 01 January 2018.

Razamtazz Limited

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amends IAS 32Financial Instruments: Presentation to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- the application of simultaneous realisation and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

Amends IFRS 10Consolidated Financial Statements, IFRS 12Disclosure of Interests in Other Entities and IAS 27Separate Financial Statements to:

- provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9Financial Instruments or IAS 39Financial Instruments: Recognition and Measurement
- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries
- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

Amends IAS 39 Financial Instruments: Recognition and Measurement to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Annual Improvements 2010-2012 Cycle

Makes amendments to the following standards:

- IFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition';
- IFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date;
- IFRS 8: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly;
- IFRS 13: Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only);
- IAS 16 and IAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount;
- IAS 24: Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements 2011-2013 Cycle

Makes amendments to the following standards:

- IFRS 1 - Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only)
- IFRS 3 - Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself;
- IFRS 13 - Clarify the scope of the portfolio exception in paragraph 52;
- IAS 40 - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

IFRIC 21 Levies

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognised progressively if the obligating event occurs over a period of time
- If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

4. Determination of fair values

The Company's accounting policies and disclosures requires the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Receivables and other receivables

The fair value of receivables and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. Financial risk management

Introduction and preview

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

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

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

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.

- Interest rate risk

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

- Currency risk

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

Credit risk

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

Exposure to credit risk

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

	2014 USD	2013 USD
Receivables	**1,190**	1,190
Other receivables	**52,872**	37,145
Cash and cash equivalents	**67,330**	657,562
	121,392	695,897

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**
31 March 2014			
Financial liabilities			
Other payables	**508,466**	–	**508,466**
Bank loan	**414,501**	–	**414,501**
Total financial liabilities	**922,967**	–	922,967
31 March 2013	USD	USD	USD
Financial liabilities			
Other payables	**629,320**	–	629,320
Total financial liabilities	**629,320**	–	629,320

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	Carrying amount 2014 GBP	**Fair value 2014 GBP**	Carrying Amount 2013 GBP	Fair value 2013 GBP
Financial assets				
Held to maturity investment	**768,498**	**768,498**	–	–
Receivables	**1,190**	**1,190**	1,190	1,190
Other receivables	**52,872**	**52,872**	37,145	37,145
Cash and cash equivalents	**67,330**	**67,330**	657,562	657,562
Total financial assets	**889,890**	**889,890**	695,897	695,897
Financial liabilities				
Other payables	**508,466**	**508,466**	629,320	629,320
Bank loan	**414,501**	**414,501**	–	–
Total financial liabilities	**922,967**	**922,967**	629,320	629,320

6. Revenue

Revenue represents:

	2014 GBP	2013 GBP
Rental fee income	**140,500**	225,282

7. Finance income

	2014 GBP	2013 GBP
Finance income		
Interest income	**29,844**	–
Bank interest	**–**	3,549
Gain on foreign exchange	**43,196**	11,289
	73,040	14,838
Finance costs		
Interest paid	**(5,266)**	–
Net finance income	**67,774**	14,838

8. Other income

	2014 GBP	2013 GBP
Other income		
Insurance received	**42,099**	17,601
Other income	**1,091**	–
	43,190	17,601

9. Taxation

The company holds a Category 2 Global Business Licence and is exempt from Income Tax under the Mauritian laws.

10. Investment property

	Building GBP	**Furniture and fittings GBP**	**Total GBP**
Cost			
At 01 April 2013	5,858,911	525,032	6,383,943
Additions during the year	–	112,889	112,889
At 31 March 2014	**5,858,911**	**637,921**	**6,496,832**
Depreciation			
At 01 April 2012	351,405	153,194	504,599
Charge for the year	117,178	131,258	248,436
At 01 April 2013	468,583	284,452	753,035
Charge for the year	117,178	150,581	267,759
At 31 March 2014	585,761	435,033	1,020,794
Net book value			
Balance at 31 March 2014	**5,273,150**	**202,888**	**5,476,038**
Balance at 31 March 2013	5,390,328	240,580	5,630,908

The fair value of the investment property has been estimated at GBP 8,400,000. The Valuation of the investment property was carried out by Savills Commercial Limited of 20 Grosvenor Hill London W1K3HQ on May 2012. Savill Commercial Limited provided their opinions on the value of the investment property based on the following:

- The current Market Value of the leasehold interest, with the benefit of full vacant possession ("Vacant Possession Value")
- The projected Market Value of leasehold interest
- The potential or estimated Rental Value
- Reinstatement Cost Assessment, where appropriate

The current Market and Projected Market Value of the leasehold interest on the special assumption of full vacant possession is estimated to GBP 8,400,000 (Eight Million Four Hundred Thousand PoundSterlings).

The parent company (Poeticgem Limited), has an arrangement with the Barclays Bank and HSBC as a result of these, the banks have placed a legal charge over the property of the company, as first charge with Barclays Bank and second charge with HSBC.

Razamtazz Limited

11. Held to maturity investment

	2014 USD	2013 USD
Cost		
At 01 April	–	–
Additions during the year	768,498	–
31 March	768,498	–

12. Receivables

	2014 GBP	2013 GBP
Receivable from Star Trust	1,190	1,190

13. Other receivables

	2014 GBP	2013 GBP
Premium on bonds	45,878	–
Interest receivable on bonds	6,923	–
Prepaid expenses	71	69
Rent receivable	–	31,639
Deposit to Savills	–	5,506
	52,872	37,214

14. Stated capital

	2014 GBP	2013 GBP
Stated capital		
1 Ordinary shares of GBP 1 each	1	1

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.

15. Other payables

	2014 GBP	2013 GBP
Payable to related company	365,670	563,584
Payable to holding company	121,548	61,176
Deposit on rent	17,000	–
Payable to frou Holdings Limited	2,256	2,256
Other payables	1,992	2,304
	508,466	629,320

16. 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.

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

		2014 GBP	2013 GBP
Transaction during the year	*Nature*		
Payable to related company	Advances repaid	195,895	563,584
Advances from holding company	Advances	195,895	97,114
Repayment to holding company	Advances repaid	135,523	65,468
Balances outstanding at 31 March:			
Due to Multinational Textile Group Limited	Amount payable	365,670	563,584
Due to Poeticgem Limited	Amount payable	121,548	61,176

17. Capital management

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

The management of the Company's capital position is undertaken by the management team of the Company. The management team ensures that the Company 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.

18. Holding and ultimate holding company

The immediate parent company of Razamtazz Limited is Poeticgem Limited, a company registered in England and Wales, and the ultimate parent company is Pearl Global Industries Limited, a company registered in India.

19. Event after reporting date

In terms of the 'Scheme of Arrangement' between Pearl Global Industries Limited (Transferor Company) and PDS Multinational Fashions Limited (Transferee Company) sanctioned by Hon'ble High Court of Delhi vide its order dated March 10, 2014, a certified copy of which was issued on April 25, 2014 (the Scheme), and consequent upon scheme becoming effective on May 13, 2014 on its filing with the Registrar of Companies, the entire investments of the Transferor Company into Share Capital of the Multinational Textiles Group Limited shall be transferred to the Transferee Company. In view of above, the Company's ultimate holding company will be PDS Multinational Fashions Limited, a company incorporated in India with its shares shall to be listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

Norwest Industries Limited

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2014.

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 13 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 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 5 to 64.

The directors do not recommend the payment of any dividend in respect of the year.

Property, plant and equipment and investment properties

Details of movements in the property, plant and equipment, and investment properties of the Company and the Group during the year are set out in notes 11 and 12 to the financial statements, respectively.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 25(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

Directors

The directors of the Company during the year were:

Pallak Seth	
Sandeep Malhotra	(resigned on 21 August 2013)
Faiza Habeeb Seth	(resigned on 10 February 2014)
Deepak Kumar Seth	(appointed on 10 February 2014)
Omprakash Makam Suryanarayan Setty	(appointed on 10 February 2014)

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 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Directors' interests in contracts

No director had a material interest, either directly or indirectly, in any contract 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

Sd/-
Chairman

Hong Kong
22 May 2014

Independent auditors' report

To the shareholders 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 (together, the "Group") set out on pages 5 to 64, which comprise the consolidated and company statements of financial position as at 31 March 2014, 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 141 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.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014, and of the Group's profit 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.

Sd/-
Certified Public Accountants

Hong Kong
22 May 2014

Norwest Industries Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2014

	Notes	2014 HK$	2013 HK$
REVENUE	4	**3,356,746,585**	3,007,394,133
Cost of sales		**(2,913,763,197)**	(2,569,405,724)
Gross profit		**442,983,388**	437,988,409
Other income and gains	4	**97,595,089**	74,987,683
Selling and distribution expenses		**(159,457,744)**	(147,831,495)
Administrative expenses		**(314,064,112)**	(272,178,065)
Other operating expenses		**(13,668,997)**	(10,810,210)
Finance costs	6	**(21,830,481)**	(19,822,765)
PROFIT BEFORE TAX	5	**31,557,143**	62,333,557
Income tax expense	8	**(2,411,414)**	(11,045,382)
PROFIT FOR THE YEAR		**29,145,729**	51,288,175
Attributable to:			
Owners of the parent		**37,676,065**	57,633,081
Non-controlling interests		**(8,530,336)**	(6,344,906)
		29,145,729	51,288,175

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2014

	2014 HK$	2013 HK$
PROFIT FOR THE YEAR	**29,145,729**	51,288,175
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Cash flow hedges	**(18,420,231)**	23,114,403
Changes in fair value of available-for-sale investments	**(51,695)**	(116,341)
Exchange differences on translation of foreign operations	**(224,301)**	(47,958)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(18,696,227)**	22,950,104
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**10,449,5022**	74,238,279
Attributable to:		
Owners of the Parent	**19,019,201**	80,583,185
Non-controlling Interests	**(8,569,699)**	(6,344,906)
	10,449,502	74,238,279

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	2014 HK$	2013 HK$
NON-CURRENT ASSETS			
Property, Plant And Equipmente	11	**17,051,832**	17,861,797
Investment Properties	12	**31,497,247**	32,230,718
Goodwill	14	**583,365**	583,365
Available-for-sale Investments	15	**3,174,226**	5,187,632
Deposits	18	**205,197**	107,680
Deferred tax assets	23	**150,687**	–
Total non-current assets		**52,662,554**	55,971,192
CURRENT ASSETS			
Inventories	16	**117,573,652**	111,859,270
Trade and bills receivables	17	**542,159,090**	677,505,617
Prepayments, deposits and other receivables	18	**91,919,254**	28,638,003
Available-for-sale investments	15	**1,961,711**	–
Due from the ultimate holding company	29(b)	**390,321**	–
Due from the immediate holding company	29(b)	**1,225,083**	–
Due from fellow subsidiaries	29(b)	**92,245,488**	83,125,740
Due from non-controlling shareholders	29(b)	**1,100,107**	1,285,645
Derivative financial instruments	22	**–**	20,690,485
Pledged time deposits	19	**149,198,429**	131,406,575
Cash and cash equivalents	19	**19,705,718**	14,272,391
Total current assets		**1,017,478,853**	1,068,783,726
CURRENT LIABILITIES			
Trade and bills payables		**296,493,730**	345,181,513
Other payables and accruals	20	**23,747,758**	23,997,670
Interest-bearing bank borrowings	21	**371,984,469**	357,675,367
Due to the ultimate holding company	29(b)	**–**	827,179
Due to the immediate holding company	29(b)	**–**	6,825,771
Due to fellow subsidiaries	29(b)	**13,695,341**	18,770,575
Loans from non-controlling shareholders	29(b)	**1,089,200**	–
Derivative financial instruments	22	**1,369,350**	–
Tax payable		**20,867,344**	21,615,279
Total current liabilities		**729,247,192**	774,893,354
NET CURRENT ASSETS		**288,231,661**	293,890,372
TOTAL ASSETS LESS CURRENT LIABILITIES		**340,894,215**	349,861,564
TOTAL ASSETS LESS CURRENT LIABILITIES		**340,894,215**	349,861,564
NON-CURRENT LIABILITIES			
Deferred tax liabilities	23	**177,301**	3,852,469
Net assets		**340,716,914**	346,009,095
EQUITY			
Equity attributable to owners of the parent			
Issued capital24		**31,120,000**	31,120,000
Reserves		**321,066,842**	320,237,756
		352,186,842	351,357,756
Non-controlling interests		**(11,469,928)**	(5,348,661)
Total equity		**340,716,914**	346,009,095

Sd/-
Director

Sd/-
Director

Norwest Industries Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2014

	Note	Issued 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 2012		9,336,000	62,707	(5,837,846)	–	282,861,817	(88,107)	286,334,571	(40,440)	286,294,131
Profit for the year		–	–	–		57,633,081	–	57,633,081	(6,344,906)	51,288,175
Other comprehensive income for the year:										
Changes in fair values of available-for-sale investments, net of tax		–	(116,341)	–	–	–	–	(116,341)	–	(116,341)
Cash flow hedges, net of tax		–	–	23,114,403	–	–		23,114,403	–	23,114,403
Exchange differences on translation of foreign operations		–	–	–	–	–	(47,958)	(47,958)	–	(47,958)
Total comprehensive income for the year		–	(116,341)	23,114,403	–	57,633,081	(47,958)	80,583,185	(6,344,906)	74,238,279
Capitalisation of retained profits		21,784,000	–	–	–	(21,784,000)	–	–	–	–
Interim dividend paid	10	–	–	–	–	(15,560,000)	–	(15,560,000)	–	(15,560,000)
Capital contribution by non-controlling shareholders		–	–	–	–	–	–	–	1,036,685	1,036,685
At 31 March 2013		31,120,000	(53,634)	17,276,557	–	303,150,898	(136,065)	351,357,756	(5,348,661)	346,009,095
At 1 April 2013		31,120,000	(53,634)*	17,276,557*	–	303,150,898*	(136,065)*	351,357,756	(5,348,661)	346,009,095
Profit for the year		–	–	–	–	37,676,065	–	37,676,065	(8,530,336)	29,145,729
Other comprehensive income for the year:										
Changes in fair values of available-for-sale investments, net of tax		–	(51,695)	–	–	–	–	(51,695)	–	(51,695)
Cash flow hedges, net of tax		–	–	(18,420,231)	–	–	–	(18,420,231)	–	(18,420,231)
Exchange differences on translation of foreign operations		–	–	–	–	–	(181,083)	(181,083)	(39,363)	(220,446)
Total comprehensive income for the year		–	(51,695)	(18,420,231)	–	37,676,065	(181,083)	19,023,056	(8,569,699)	10,453,357
Acquisition of non-controlling interests		–	–	–	(2,633,970)	–	–	(2,633,970)	2,439,470	(194,500)
Interim dividend paid	10	–	–	–	–	(15,560,000)	–	(15,560,000)	–	(15,560,000)
Capital contribution by non-controlling shareholders		–	–	–	–	–	–	–	8,962	8,962
At 31 March 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**

*These reserve accounts comprise the reserves of HK$321,066,842 (2013: HK$320,237,756) in the consolidated statement of financial position.

Norwest Industries Limited

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2014

	Notes	2014 HK$	2013 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	31,557,143	62,333,557	
Adjustments for:			
Interest income	4	(2,175,816)	(1,077,885)
Depreciation for property, plant and equipment	5	9,758,888	8,301,426
Depreciation for investment properties	5	733,471	733,471
Loss on disposal of items of property, plant and equipment	5	1,488,407	426,136
Finance costs	6	21,830,481	19,822,765
		63,192,574	90,539,470
Increase in inventories		(5,714,382)	(20,324,713)
Decrease/(increase) in trade and bills receivables		135,346,527	(298,930,342)
Increase in prepayments, deposits and other receivables		(63,183,993)	(2,859,151)
Decrease/(increase) in an amount due from the ultimate holding company		(390,321)	271,569
Increase in an amount due from the immediate holding company		(1,748,176)	–
Increase in amounts due from fellow subsidiaries		(9,119,748)	(1,061,191)
Increase/(decrease) in trade and bills payables		(48,687,784)	164,895,566
Increase/(decrease) in other payables and accruals		(250,949)	7,155,890
Increase/(decrease) in an amount due to the ultimate holding company		(827,179)	827,179
Increase/(decrease) in an amount due to the immediate holding company		(6,827,342)	1,700,741
Increase/(decrease) in amounts due to fellow subsidiaries		(5,075,254)	6,024,918
Cash generated from/(used in) operations		56,713,973	(51,760,064)
Hong Kong profits tax paid		(3,345,601)	(1,251,804)
Interest paid		(21,830,481)	(19,822,765)
Net cash flows from/(used in) operating activities		31,537,891	(72,834,633)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of a subsidiary	26	328,888	(583,500)
Purchases of items of property, plant and equipment		(10,529,447)	(12,573,951)
Proceeds from disposal of property, plant and equipment		83,375	–
Purchases of available-for-sale investments		–	(3,345,400)
Interest received		2,175,816	1,077,885
Decrease/(increase) in pledged time deposits		82,845,473	(24,345,849)
Net cash flows from/(used in) investing activities		74,904,105	(39,770,815)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(15,560,000)	(15,560,000)
Proceeds from new bank loans, net		14,309,102	135,366,029
Loans from non-controlling shareholders		1,089,200	–
Net cash flows from/(used in) financing activities		(161,698)	119,806,029
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		106,280,298	7,200,581
Cash and cash equivalents at beginning of year		14,272,391	114,381,340
Effect of foreign exchange rate changes, net		(209,644)	(248,804)
CASH AND CASH EQUIVALENTS AT END OF YEAR		120,343,045	121,333,117
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	19,705,718	14,272,391
Cash and cash equivalents as stated in the consolidated statement of financial position		19,705,718	14,272,391
Time deposits with original maturity of less than three months when acquired, pledged as security for bank loans and bank overdraft facilities		100,637,327	107,060,726
Cash and cash equivalents as stated in the consolidated statement of cash flows		120,343,045	121,333,117

STATEMENT OF FINANCIAL POSITION
31 March 2014

	Notes	2014 HK$	2013 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	11	8,630,970	6,832,588
Investment properties	12	31,497,247	32,230,718
Investments in subsidiaries	13	4,701,340	4,429,040
Available-for-sale investments	15	3,174,226	5,187,632
Deferred tax assets	23	97,079	–
Total non-current assets		48,100,862	48,679,978
CURRENT ASSETS			
Trade and bills receivables	17	287,450,934	353,287,700
Prepayments, deposits and other receivables	18	25,475,713	14,018,786
Available-for-sale investments	15	1,961,711	–
Due from the ultimate holding company	29(b)	757,342	–
Due from the immediate holding company	29(b)	516,165	–
Due from fellow subsidiaries	29(b)	77,561,649	67,938,777
Due from subsidiaries	13	112,666,197	152,194,389
Loan to a subsidiary	29(b)	1,750,500	–
Derivative financial instruments	22	–	19,632,816
Pledged time deposits	19	129,511,950	131,406,575
Cash and cash equivalents	19	11,572,449	8,890,207
Total current assets		649,224,610	747,369,250
CURRENT LIABILITIES			
Trade and bills payables		103,686,664	164,505,403
Other payables and accruals	20	15,304,126	16,013,767
Interest-bearing bank borrowings	21	242,308,155	267,870,203
Due to the ultimate holding company	29(b)	–	687,139
Due to the immediate holding company	29(b)	–	1,130,895
Due to fellow subsidiaries	29(b)	3,987,093	6,685,262
Due to a subsidiary	13	6,893,881	2,896,429
Derivative financial instruments	22	683,979	–
Tax payable		3,602,628	9,904,004
Total current liabilities		376,466,526	469,693,102
NET CURRENT ASSETS		272,758,084	277,676,148
TOTAL ASSETS LESS CURRENT LIABILITIES		320,858,946	326,356,126
TOTAL ASSETS LESS CURRENT LIABILITIES		320,858,946	326,356,126
NON-CURRENT LIABILITIES			
Deferred tax liabilities		–	2,962,375
Net assets		320,858,946	323,393,751
EQUITY			
Issued capital24	31,120,000	31,120,000	
Reserves	25(b)	289,738,946	292,273,751
Total equity		320,858,946	323,393,751

Sd/-
Director

Sd/-
Director

1. CORPORATE 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 during the year was Pearl Global Industries Limited, a company incorporated in India with shares listed on The National Stock Exchange of India Limited.

On 10 March 2014, the High Court of Delhi sanctioned a Scheme of Arrangement between Pearl Global Industries Limited (the "Transferor Company") and PDS Multinational Fashions Limited (the "Transferee Company"), a company incorporated in India with shares planned to be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Subsequent to the reporting period and consequent to the filing of the same Scheme of Arrangement with the Registrar of Companies in India on 13 May 2014, the share capital of the Multinational Textiles Group Limited was transferred from the Transferor Company to the Transferee Company which became the Company's new ultimate holding company.

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-sales investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$"), which is also the Company's functional and presentation currency.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary (collectively referred to as the "Group") for the year ended 31 March 2014. 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 in the accounting policy for subsidiaries below. 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 they have had no impact on the Group's financial statements for the year ended 31 March 2014.

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 year ended 31 March 2014, 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

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is archived when the Group is exposed, or has rights, to variables 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 results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

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 by 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 that is financial instrument and within the scope of HKAS 39 Financial Instruments: Recognition and Measurement is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. 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 2014. 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.

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 disposed operation and the portion of the cash-generating unit retained.

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.

Impairment of non-financial assets

Where an indication of impairment exists or when annual impairment testing for an asset is required (other than inventories and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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); and
   (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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 disposal recognised in the statement of profit or loss in the year the investment property is disposed is the difference between the net sales proceeds and the carrying amount of the property.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables, and 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 the income statement.

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.

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 operating expenses for receivables.

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 in other income, 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 in other gains or losses. 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.

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 the income statement 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.

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.

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 and is accrued 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.

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 loans and borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

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.

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.

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.

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. 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 statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of financial position.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the income statement is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods 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.

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.

<u>Leases</u>

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 the income statement on the straight line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to the income statement on the straight-line basis over the lease terms.

<u>Dividends</u>

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.

<u>Revenue recognition</u>

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.

<u>Employee benefits</u>

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 income statement 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 are based in Mainland China and Sri Lanka are required to participate in central pension schemes operated by the respective local governments. These subsidiaries are required to contribute certain percentages of its payroll costs to the central pension schemes. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension schemes.

<u>Foreign currencies</u>

These financial statements are presented in HK$, which is the Group's functional and presentation 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 income statement.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when their fair values were determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than HK$. As at the end of the reporting period, the assets and liabilities of the subsidiaries are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into HK$ at the weighted average exchange rates for the period. 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.

For the purpose of the consolidated statement of cash flows, the cash flows of an overseas subsidiary are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the period are translated into HK$ at the weighted average exchange rate for the period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

(a) Impairment of property, plant and equipment

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

(b) Impairment of trade and 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.

(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) 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:* Disclosure and 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.

(e) 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.

(f) 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 2014 was HK$585,365. Further details are given in note 14.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold.

An analysis of the Group's other income and gains is as follows:

	2014 HK$	2013 HK$
Interest income	**2,175,816**	1,077,885
Handling fee income	**13,672,099**	27,158,077
Rental income	**2,189,343**	2,136,012
Foreign exchange differences, net	**36,567,839**	21,997,809
Sales of trim & trimmings	**15,909,890**	5,683,230
Others	**27,080,102**	16,934,670
	97,595,089	74,987,683

5. PROFIT BEFORE TAX

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

	2014 HK$	2013 HK$
Auditors' remuneration	**929,028**	658,300
Depreciation for property, plant and equipment	**9,758,888**	8,301,426
Depreciation for investment properties	**733,471**	733,471
Staff costs (excluding directors' remuneration (note 7)):		
Salaries and allowances	**128,827,876**	115,155,466
Pension scheme contributions (defined contribution scheme)	**11,289,685**	4,304,952
	140,117,561	119,460,418
Minimum lease payments under operating leases of land and buildings	**12,507,432**	7,954,173
Loss on disposal of items of property, plant and equipment	**1,488,407**	426,136

6. FINANCE COSTS

	Group	
	2014 HK$	2013 HK$
Interest on bank loans, overdrafts and other loans	**21,830,481**	19,822,765

7. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance, is as follows:

	2014 HK$	2013 HK$
Fees	**1,945,000**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**–**	–
Pension scheme contributions	**–**	–
	1,945,000	–

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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.

	2014 HK$	2013 HK$
Group		
Current - Hong Kong		
Charge for the year	**7,143,626**	11,014,813
Overprovision in prior years	**(1,960,101)**	(1,153,664)
Current - Elsewhere		
Charge for the year	**636,734**	1,175,890
Overprovision in prior years	**(3,222,863)**	–
Deferred (note 23)	**(185,982)**	8,343
Total tax charge for the year	**2,411,414**	.11,045,382

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before 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:

Group - 2014

	Hong Kong HK$	Others HK$	Total HK$
Profit/(loss) before tax	38,274,042	(6,716,899)	31,557,143
Tax at the applicable tax rate	6,215,806	(2,131,137)	4,084,669
Adjustments in respect of current tax of previous periods	(1,960,101)	(3,222,863)	(5,182,964)
Income not subject to tax	(3,710,898)	(23,048)	(3,733,946)
Expenses not deductible for tax	1,006,731	–	1,006,731
Tax on deemed profit arising from operations outside Hong Kong	–	636,734	636,734
Tax losses utilised from prior years	(1,122,744)	–	(1,122,744)
Tax losses not recognised	4,249,645	2,154,185	6,403,830
Others	319,104	–	319,104
Tax at the effective rate	4,997,543	(2,586,129)	2,411,414

Group - 2013

	Hong Kong HK$	Others HK$	Total HK$
Profit/(loss) before tax	69,882,081	(7,548,524)	62,333,557
Tax at the applicable tax rate	11,530,543	(2,555,474)	8,975,069
Adjustments in respect of current tax of previous periods	(1,153,664)	–	(1,153,664)
Income not subject to tax	(5,644,600)	–	(5,644,600)
Expenses not deductible for tax	1,252,213	–	1,252,213
Tax on deemed profit arising from operations outside Hong Kong	–	1,175,890	1,175,890
Tax losses not recognised	3,330,323	2,555,474	5,885,797
Others	554,677	–	554,677
Tax at the effective rate	9,869,492	1,175,890	11,045,382

As at the end of the reporting period, certain subsidiaries of the Group had unused tax losses arising in Hong Kong of HK$46,523,233 (2013: HK$27,572,318), 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 in respect of the unused tax losses have only been recognised to the extent that the deferred tax liabilities associated with chargeable temporary differences were offset as the directors consider it uncertain that future taxable profits will be available to utilise all the unused tax losses. The deferred tax assets not recognised are analysed as follows:

	2014 HK$	2013 HK$
Unused tax losses	**12,339,278**	6,055,091
Depreciation allowance in excess of depreciation	**(5,616,344)**	(169,294)
Total tax charge for the year	**6,722,934**	5,885,797

9. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 March 2014 includes a profit of HK$30,041,412 (2013: HK$47,638,722) which has been dealt with in the financial statements of the Company (note 25(b)).

10. DIVIDENDS

	2014 HK$	2013 HK$
Interim - HK$0.5 cents (2013: HK$0.5 cents) per ordinary share	**15,560,000**	15,560,000

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

11. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK$	Furniture and fixtures HK$	Motor vehicles HK$	Office equipment HK$	Total HK$
31 March 2014					
At 1 April 2013:					
Cost	5,978,510	12,041,111	3,272,305	24,436,706	45,728,632
Accumulated depreciation	(4,493,625)	(5,382,050)	(3,003,428)	(14,987,732)	(27,866,835)
Net carrying amount	1,484,885	6,659,061	268,877	9,448,974	17,861,797
At 1 April 2013, net of accumulated depreciation	1,484,885	6,659,061	268,877	9,448,974	17,861,797
Additions	345,141	2,559,523	–	7,624,783	10,529,447
Disposals(32,464)	(6,533)	–	(1,532,785)	(1,571,782)	
Depreciation provided during the year	(929,589)	(2,650,842)	(193,953)	(5,984,504)	(9,758,888)
Exchange realignment	843	18,200	–	(27,785)	(8,742)
At 31 March 2014, net of accumulated depreciation	868,816	6,579,409	74,924	9,528,683	17,051,832
At 31 March 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
31 March 2013					
At 1 April 2012:					
Cost	5,878,994	7,834,600	3,084,597	17,190,058	33,988,249
Accumulated depreciation	(3,422,485)	(4,153,784)	(2,480,264)	(9,938,066)	(19,994,599)
Net carrying amount	2,456,509	3,680,816	604,333	7,251,992	13,993,650
At 1 April 2012, net of accumulated depreciation	2,456,509	3,680,816	604,333	7,251,992	13,993,650
Additions	99,516	5,040,079	187,708	7,246,648	12,573,951
Disposals–	(426,136)	–	–	(426,136)	
Depreciation provided during the year	(1,071,140)	(1,645,243)	(523,164)	(5,061,879)	(8,301,426)
Exchange realignment	–	9,545	–	12,213	21,758
At 31 March 2013, net of accumulated depreciation	1,484,885	6,659,061	268,877	9,448,974	17,861,797
At 31 March 2013:					
Cost	5,978,510	12,041,111	3,272,305	24,436,706	45,728,632
Accumulated depreciation	(4,493,625)	(5,382,050)	(3,003,428)	(14,987,732)	(27,866,835)
Net carrying amount	1,484,885	6,659,061	268,877	9,448,974	17,861,797

	Leasehold improvements HK$	Furniture and fixtures HK$	Motor vehicles HK$	Office equipment HK$	Total HK$
31 March 2014					
At 1 April 2013:					
Cost	5,928,637	6,216,684	3,272,305	14,391,389	29,809,015
Accumulated depreciation	(4,476,216)	(4,410,846)	(3,003,428)	(11,085,937)	(22,976,427)
Net carrying amount	1,452,421	1,805,838	268,877	3,305,452	6,832,588
At 1 April 2013, net of accumulated depreciation	1,452,421	1,805,838	268,877	3,305,452	6,832,588
Additions	312,679	1,946,678	–	4,590,843	6,850,200
Depreciation provided during the year	(916,633)	(939,373)	(193,953)	(3,001,859)	(5,051,818)
At 31 March 2014, net of accumulated depreciation	848,467	2,813,143	74,924	4,894,436	8,630,970
At 31 March 2014:					
Cost	6,241,316	8,163,362	3,272,305	18,982,232	36,659,215
Accumulated depreciation	(5,392,849)	(5,350,219)	(3,197,381)	(14,087,796)	(28,028,245)
Net carrying amount	848,467	2,813,143	74,924	4,894,436	8,630,970
31st April, 2013					
At 1st April 2012					
Cost	5,836,904	5,633,543	3,084,597	12,175,063	26,730,107
Accumulated depreciation	(3,420,185)	(3,573,375)	(2,480,264)	(8,650,491)	(18,124,315)
Net carrying amount	2,416,719	2,060,168	604,333	3,524,572	8,605,792
At 1 April 2012, net of accumulated depreciation	2,416,719	2,060,168	604,333	3,524,572	8,605,792
Additions	91,733	583,141	187,708	2,216,326	3,078,908
Depreciation provided during the year	(1,056,031)	(837,471)	(523,164)	(2,435,446)	(4,852,112)
At 31 March 2013, net of accumulated depreciation	1,452,421	1,805,838	268,877	3,305,452	6,832,588
At 31 March 2013:					
Cost	5,928,637	6,216,684	3,272,305	14,391,389	29,809,015
Accumulated depreciation	(4,476,216)	(4,410,846)	(3,003,428)	(11,085,937)	(22,976,427)
Net carrying amount	1,452,421	1,805,838	268,877	3,305,452	6,832,588

12. INVESTMENT PROPERTIES

Group and Company

	HK$
At 1 April 2012:	
Cost	36,673,551
Accumulated depreciation	(3,709,362)
Net carrying amount	32,964,189
At 1 April 2012, net of accumulated depreciation	32,964,189
Depreciation provided during the year	(733,471)
At 31 March 2013, net of accumulated depreciation	32,230,718
At 31 March 2013 and at 1 April 2013:	
Cost	36,673,551
Accumulated depreciation	(4,442,833)
Net carrying amount	32,230,718
At 1 April 2013, net of accumulated depreciation	32,230,718
Depreciation provided during the year	(733,471)
At 31 March 2014, net of accumulated depreciation	31,497,247
At 31 March 2014:	
Cost	36,673,551
Accumulated depreciation	(5,176,304)
Net carrying amount	31,497,247

The Group's investment properties are situated in Hong Kong and are held under medium term leases.

As at the end of the reporting period, the aggregate fair value of the Group's investment properties as estimated by the directors based on market information amounted to HK$84,000,000 (2013: HK$77,000,000). Part of the investment property of the Group has been leased to a third party under an operating lease, further summary details of which are included in note 28(a) to the financial statements.

At 31 March 2014, all of the Group's investment properties were pledged to secure the general banking facilities granted to the Group (note 21).

Norwest Industries Limited

13. INVESTMENTS IN SUBSIDIARIES

	Company 2014 HK$	Company 2013 HK$
Unlisted shares, at cost	**4,701,340**	4,429,040

The balances with subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the Company's subsidiaries as at 31 March 2014 are as follows:

Name	Place incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Grand Pearl Trading Company Limited*#	People's Republic of China ("PRC")/ Mainland China	United States Dollars ("US$") 150,000	100%	–	Provision of sourcing services
Nor Europe Manufacturing Company Limited ("Nor Europe")	Hong Kong	US$100,000	70%	–	Trading of garment products
Nor India Manufacturing Company Limited	Hong Kong	US$10,000	100%	–	Trading of garment products
Nor Lanka Manufacturing Limited	Hong Kong	HK$10,000	100%	–	Trading of garment products
Sino West Manufacturing Company Limited ("Sino West")	Hong Kong	US$10,000	80%	–	Trading of footwear products
Spring Near East Manufacturing Company Limited	Hong Kong	US$10,000	100%	–	Trading of garment products
GEM Australia Manufacturing Company Limited ("GEM Australia")	Hong Kong	US$100,000	100%	–	Trading of garment products
Designed and Sourced Limited ("Designed and Sourced")	Hong Kong	US$200,000	60%	–	Provision of design services
Norwest USA., Inc.*	United States	US$50,000	100%	–	Provision of sourcing services
NOR France Manufacturing Company Limited	Hong Kong	US$100,000	75%	–	Provision of sourcing services
Nor France SAS*	France	EURO ("EUR")10,000	–	75%	Trading of garment products
Nor Lanka Colombo Manufacturing Company Limited* ("NL Colombo")	Sri Lanka	Sri Lankan Rupee ("LKR") 64,427,000	–	100%	Trading of garment products
Nor Europe Manufacturing S.L.* ("Nor Europe SL")	Spain	EUR3,000	–	70%	Provision of sourcing services
Kleider Sourcing Hong Kong Company Limited	Hong Kong	US$10,000	100%	–	Provision of design, sourcing, and trading of garment products

* 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 ended 31 March 2014, the Group acquired Nor Europe Manufacturing S.L. from an independent third party. During the year ended 31 March 2013, the Group acquired Nor Lanka Colombo Manufacturing Company Limited from an independent third party. Further details of these acquisitions are included in note 26 to the financial statements.

On 8 May 2013, the Group increased its equity interest in GEM Australia Manufacturing Company Limited by purchasing 25,000 shares from a non-controlling shareholder at par value for a total consideration of HK$194,500.

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2014	2013
Percentage of equity interest held by non-controlling interests:		
Nor Europe	**30%**	30%
Sino West	**20%**	20%
Designed and Sourced	**40%**	40%
GEM Australia	**–**	25%

	2014 HK$	2013 HK$
Loss for the year allocated to non-controlling interests:		
Nor Europe	**1,623,179**	631,736
Sino West	**1,095,527**	1,225,750
Designed and Sourced	**4,407,110**	1,729,675
GEM Australia	**198,847**	2,435,123
Accumulated losses of the non-controlling interests at the reporting dates:		
Nor Europe	**2,300,594**	677,415
Sino West	**2,316,037**	1,220,510
Designed and Sourced	**5,514,386**	1,107,276
GEM Australia	–	2,240,623

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

2014	Nor Europe HK$	Sino West HK$	Designed and Sourced HK$
Revenue	94,822,953	20,632,945	2,687,241
Other income and gain	2,127,535	267	707,233
Total expenses, net	(102,361,085)	(26,110,846)	(14,412,250)
Loss and total comprehensive loss for the year	(5,410,597)	(5,477,634)	(11,017,776)
Current assets	11,028,027	5,319,251	1,245,459
Non-current assets	29,875	600,925	81,445
Current liabilities	18,726,550	17,438,250	15,112,870
Non-current liabilities	–	62,111	–
Net cash flows from/(used in) operating activities	(310,250)	596,626	(2,578,086)
Net cash flows from/(used in) investing activities	83,373	(5,980)	–
Net cash flows from/(used in) financing activities	–	(370,859)	2,839,700
Net increase/(decrease) in cash and cash equivalents	(226,877)	219,787	261,614

2013	GEM Australia HK$	Nor Europe HK$	Sino West HK$	Designed and Sourced HK$
Revenue	14,615,464	93,954,816	3,037,040	–
Other income and gain	–	730,735	334,539	–
Total expenses, net	(24,355,954)	(96,791,337)	(9,551,930)	(4,324,190)
Loss and total comprehensive loss for the year	(9,740,490)	(2,105,786)	(6,180,351)	(4,324,190)

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

2013	GEM Australia HK$	Nor Europe HK$	Sino West HK$	Designed and Sourced HK$
Current assets	11,282,741	28,626,296	1,304,787	766,949
Non-current assets	1,009,060	83,373	910,405	125,803
Current liabilities	21,133,675	30,967,720	8,213,829	3,660,942
Non-current liabilities	120,616	–	103,914	–
Net cash flows from operating activities	2,140,451	926,689	678,222	200,256
Net cash flows used in investing activities	(1,183,569)	(122,780)	(941,989)	(133,492)
Net cash flows from financing activities	–	–	370,859	–
Net increase in cash and cash equivalents	956,882	803,909	107,092	66,764

14. GOODWILL

	2014 HK$	2013 HK$
Cost and net carrying amount	**583,365**	583,365

Impairment testing of goodwill

Goodwill acquired through a business combination has been allocated to the relevant cash-generating unit for impairment testing. The recoverable amount of the cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial forecast covering a five-year period approved by management. The discount rate applied to the cash flow projections is 12% (2013: 12%) and the budgeted revenue and results of operation have been determined based on management's expected market and business development. The discount rate used is before tax and reflects specific risks relating to the cash-generating unit.

15. AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company 2014 HK$	2013 HK$
Unit trusts, at fair value		
Non-current	**3,174,226**	5,187,632
Current	**1,961,711**	–
	5,135,937	5,187,632

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$51,695 (2013: HK$116,341).

The above investments consist of investments in unit trusts which have been designated as available-for-sale investments and have no fixed maturity date or coupon rate.

The fair values of the unit trusts are based on quoted market prices.

16. INVENTORIES

The Group's inventories represented fabrics sourced for supplies to manufacturers for their production of garments for the Group.

17. TRADE AND BILLS RECEIVABLES

	Group 2014 HK$	Group 2013 HK$	Company 2014 HK$	Company 2013 HK$
Trade receivables	**523,883,401**	642,197,383	**273,240,802**	329,293,835
Bills receivable	**18,275,689**	35,308,234	**14,210,132**	23,993,865
	542,159,090	677,505,617	**287,450,934**	353,287,700

The Group's and the Company'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 and the Company seek to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. There is no significant concentration of credit risk.

An aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group 2014 HK$	Group 2013 HK$	Company 2014 HK$	Company 2013 HK$
Neither past due nor impaired	**462,675,977**	599,145,327	**248,533,262**	306,308,893
Past due but not impaired:				
Less than one month	**61,234,951**	65,746,221	**32,274,238**	38,971,861
One to three months	**12,269,400**	9,935,190	**6,156,154**	5,459,817
Over three months	**5,978,762**	2,678,879	**487,280**	2,547,129
	542,159,090	677,505,617	**287,450,934**	353,287,700

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

As at the end of the reporting period, the Group and Company had transferred certain bills of exchange amounting to HK$51,328,627 (2013: HK$124,388,071) and HK$36,672,217 (2013: HK$51,161,554), respectively, to banks with recourse in exchange for cash, respectively. The proceeds of the Group and the Company from transferring the bills receivable of HK$51,221,763 (2013: HK$123,854,712) and HK$36,590,381 (2013: HK$51,036,673), respectively, 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/Company makes good of any losses incurred by the banks (note 21).

Receivables that were past due but not impaired relate to a number of customers that have had a good track record with the Group and 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. The Group and the Company do not hold any collateral or other credit enhancements over these balances.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group 2014 HK$	Group 2013 HK$	Company 2014 HK$	Company 2013 HK$
Prepayments	**69,944,678**	7,542,854	**5,821,963**	5,222,570
Deposits	**3,502,341**	3,254,371	**2,071,469**	2,462,681
Other receivables	**18,677,432**	17,948,458	**17,582,281**	6,333,535
	92,124,451	28,745,683	**25,475,713**	14,018,786
Less: Portion classified as non-current assets	**(205,197)**	(107,680)	**–**	–
	91,919,254	28,638,003	**25,475,713**	14,018,786

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.

19. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	Group 2014 HK$	Group 2013 HK$	Company 2014 HK$	Company 2013 HK$
Cash and bank balances	**19,705,718**	14,272,391	**11,572,449**	8,890,207
Time deposits	**149,198,429**	131,406,575	**129,511,950**	131,406,575
	168,904,147	145,678,966	**141,084,399**	140,296,782
Less: Pledged time deposits: Pledged for bank loans and bank overdraft facilities (note 21)	**(149,198,429)**	(131,406,575)	**(129,511,950)**	(131,406,575)
Cash and cash equivalents	**19,705,718**	14,272,391	**11,572,449**	8,890,207

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$20,023,940 (2013: HK$8,156,170). 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 deposits are deposited with creditworthy banks with no recent history of default.

20. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014 HK$	**2013 HK$**	**2014 HK$**	**2013 HK$**
Other payables	**5,891,138**	6,463,666	**1,444,274**	4,377,562
Operating tax payables	**6,171,262**	6,438,048	**6,171,262**	6,438,048
Accrued employee benefits	**3,441,981**	4,896,247	**2,507,424**	1,788,302
Accruals	**5,376,498**	4,814,002	**3,172,190**	2,081,494
Advance from customers	**2,866,879**	1,385,707	**2,008,976**	1,328,361
	23,747,758	23,997,670	**15,304,126**	16,013,767

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

21. INTEREST-BEARING BANK BORROWINGS

Group	2014			2013		
	Contractual interest rate (%)	**Maturity**	**HK$**	**Contractual interest rate (%)**	**Maturity**	**HK$**
Mortgage loan (note (b))*	2.25% over 1 month HIBOR	2016/ on demand	2,621,780	2.25% over 1 month HIBOR	2016/ on demand	3,706,820
Mortgage loan (note (c))*	2% below BLR	2017/ on demand	3,895,000	2% below BLR	2017/ on demand	5,035,000
Term loan (note (d))*	1% over 1 month HIBOR	2017/ on demand	1,542,000	1% over 1 month HIBOR	2017/ on demand	1,974,000
Collateralised bank advances**	LIBOR+3.5%, cost of funding+2.25%, HIBOR +2.25%, LIBOR+3.9%, 1.5% p.a. over 3 months LIBOR, 0.5% p.a. below the bank's standard bills finance rate, 1.5% p.a. over the bank's standard bills finance rate, 2% p.a. above the bank's cost of fund	2014	51,328,627	Either on HIBOR+2.25%, standard finance rates+1.5%	2013	124,388,071
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.	2014	275,928,221	Cost of funding+2%, cost of funding+2.25%, LIBOR+2.5%, HIBOR+2.25%, standard finance rates +1.5%, prime rate, highest of US$ prime rate+2%, cost of funding+2% or US$ higher of LIBOR +3% or branch cost of funding+2%	2013	222,571,476
Factoring****	0.18% of gross invoice amount with recourse term	2014	36,668,841	–	–	–
			371,984,469			357,675,367

* Denominated in HK$
** Denominated in British Pound Sterling and US$
*** Denominated in EUR, British Pound Sterling ("GBP") and US$
**** Denominated in EUR and US$

Company	2014			2013		
	Contractual interest rate (%)	**Maturity**	**HK$**	**Contractual interest rate (%)**	**Maturity**	**HK$**
Mortgage loan (note (b))*	2.25% over 1 month HIBOR	2016/ on demand	2,621,780	2.25% over 1 month HIBOR	2016/ on demand	3,706,820
Mortgage loan (note (c))*	2% below BLR	2017/ on demand	3,895,000	2% below BLR	2017/ on demand	5,035,000
Term loan (note (d))*	1% over 1 month HIBOR	2017/ on demand	1,542,000	1% over 1 month HIBOR	2017/ on demand	1,974,000
Collateralised bank advances**	HIBOR + 2.25%, LIBOR + 3.5%, cost of funding +2.25%, 0.5% p.a. below the bank's standard bills finance rate, 1.5% p.a. over the bank's standard bills finance rate, 2%p.a. above the bank's cost of fund	2014	36,672,217	Either on HIBOR+2.25%, LIBOR+2.5% or standard finance rates+1.5%	2013	51,161,554
Trust receipt loans***	Either on cost of funding+2.25%, LIBOR+3.5%, HIBOR+2.2%, LIBOR+2.2%, 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%, LIBOR (as determinated by the bank) and 2.5% p.a	2014	187,100,395	Either on cost of funding+2%, cost of funding+2.25%, LIBOR+2.5%, HIBOR+2.25%, standard finance rates +1.5%, prime rate, highest of US$ prime rate+1.5%, cost of funding+2% or US$ LIBOR+3.5%, or higher of LIBOR +3% or branch cost of funding+2%	2013	205,992,828
Factoring*****	0.18% of gross invoice amount with recourse term	2014	10,476,763	–	–	–
			242,308,155			267,870,202

* Denominated in HK$
** Denominated in GPB and US$
*** Denominated in EUR, GPB and US$
**** Denominated in EUR and US$
***** Denominated in US$

21. INTEREST-BEARING BANK BORROWINGS (continued)

	Group		Company	
	2014 HK$	**2013 HK$**	**2014 HK$**	**2013 HK$**
Analysed into:				
Bank loans repayable within one year	366,582,729	349,616,587	236,906,415	259,811,423
Bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause	5,401,740	8,058,780	5,401,740	8,058,780
Amounts shown under current liabilities	371,984,469	357,675,367	242,308,155	267,870,203

Notes:

(a) The Group's banking facilities are secured by way of:
  - (i) the pledged of certain of the Group's time deposits and marketable securities;
  - (ii) bank guarantees with aggregate of US$1,800,000;
  - (iii) guarantees from the ultimate holding company, fellow subsidiaries, directors of the Company and a related party; and
  - (iv) certain of the Group's and the Company's insurance deposits.

(b) The bank loan is secured by the Group's investment properties (note 12 to the financial statements), 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 properties (note 12 to the financial statements), interest-bearing at 2% below the related banks' best lending rate per annum and repayable by 120 equal monthly installments which commenced on 30 September 2007.

(d) 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 installments which commenced on 8 October 2010.

22. DERIVATIVE FINANCIAL INSTRUMENTS

Assets

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Foreign currency contracts	–	20,690,485	–	19,632,816

Liabilities

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Foreign currency contracts	**1,369,350**	–	**683,979**	–

Cash flow hedges

At 31 March 2014, the Group and the Company held 63 and 38 forward currency contracts (2013: 179 and 153), respectively, and they are designated as hedges in respect of expected future sales to customers in the United Kingdom for which the Group and the Company have 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 between April 2014 and December 2014 were assessed to be highly effective and a net loss of HK$22,060,104 (2013: a net gain of HK$27,681,919) was included in the hedging reserve for the year.

23. DEFERRED TAX LIABILITIES/(ASSETS)

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

Group

	Depreciation allowance in excess of related depreciation HK$	Cash flow hedges HK$	Total HK$
At 1 April 2012	430,197	(1,153,587)	(723,390)
Deferred tax charged to the consolidated statement of profit or loss during the year (note 8)	8,343	–	8,343
Deferred tax charged to other comprehensive income during the year	–	4,567,516	4,567,516
At 31 March 2013 and at 1 April 2013	438,540	3,413,929	3,852,469
Deferred tax credited to the consolidated statement of profit or loss during the year (note 8)	(185,982)	–	(185,982)
Deferred tax credited to other comprehensive income during the year	–	(3,639,873)	(3,639,873)
At 31 March 2014	252,558	(225,944)	26,614

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:

	HK$
Net deferred tax assets recognised in the consolidated statement of financial position	**150,687**
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(177,301)**
	26,614

Company

	Depreciation allowance in excess of related depreciation HK$	Cash flow hedges HK$	Total HK$
At 1 April 2012	(6,984)	(902,705)	(909,689)
Deferred tax credited to the statement of profit or loss during the year	(270,055)	–	(270,055)
Deferred tax charged to other comprehensive income during the year	–	4,142,119	4,142,119
At 31 March 2013 and at 1 April 2013	(277,039)	3,239,414	2,962,375
Deferred tax charged to the statement of profit or loss during the year	292,818	–	292,818
Deferred tax credited to other comprehensive income during the year	–	(3,352,272)	(3,352,272)
At 31 March 2014	15,779	(112,858)	(97,079)

24. SHARE CAPITAL

	2014 HK$	2013 HK$
Authorised, issued and fully paid: 4,000,000 (2013: 4,000,000) ordinary shares of US$1 each	**31,120,000**	31,120,000

25. RESERVES

(a) Group

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.

(b) Company

	Issued Capital HK$	Available for sale Investment revaluation reserve HK$	Hedging reserve HK$	Retained profits HK$	Total Equity HK$
At 1 April 2012	9,336,000	62,707	(4,568,231)	265,639,260	270,469,736
Profit for the year	–	–	–	47,638,722	47,638,722
Other comprehensive income for the year:					
Change in fair values of available-for-sale investments, net of tax	–	(116,341)	–	–	(116,341)
Cash flow hedges, net of tax	–	–	20,961,634	–	20,961,634
Total comprehensive income for the year	–	(116,341)	20,961,634	47,638,722	68,484,015
Capitalisation of retained profits	21,784,000	–	–	(21,784,000)	–
Interim dividend paid	–	–	–	(15,560,000)	(15,560,000)
At 31 March 2013 and at 1 April 2013	31,120,000	(53,634)*	16,393,403*	275,933,982*	323,393,751
Profit for the year	–			30,041,412	30,041,412
Other comprehensive loss for the year:					
Change in fair values of available-for-sale investments, net of tax	–	(51,695)	–	–	(51,695)
Cash flow hedges, net of tax	–	–	(16,964,522)	–	(16,964,522)
Total comprehensive income for the year	–	(51,695)	(16,964,522)	30,041,412	13,025,195
Interim dividend paid	–	–	–	(15,560,000)	(15,560,000)
At 31 March 2014	31,120,000	(105,329)*	(571,119)*	290,415,394*	320,858,946

* These reserve accounts comprise the reserves of HK$289,738,946 (2013: HK$292,273,751) in the Company's statement of financial position.

26. BUSINESS COMBINATION

(a) On 10 April 2013, the Group acquired 70% interest Nor Europe SL from an independent third party. Nor Europe SL is engaged in the provision of sourcing services.The fair values of the identifiable assets of Nor Europe SL as at the date of acquisition were as follows:

	Fair value recognised on acquisition HK$
Consideration for a 100% equity interest acquired	29,875
Net assets	
Other receivables	194,205
Cash and cash equivalent	358,763
Due to an intermediate holding company	(523,093)
Total identifiable net assets at fair value	29,875
Net cash inflow per the consolidated statement of cash flows	328,888

Subsequent to the acquisition, Nor Europe SL had no revenue and contributed profit of HK$76,825 to the Group's consolidated financial statements for the year ended 31 March 2014. Prior to the acquisition, Nor Europe SL had no revenue and contributed loss of HK$139,132.

(b) On 13 August 2012, the Group acquired a 100% interest NL Colombo from an independent third party. NL Colombo is engaged in the trading of garments. The purchase consideration for the acquisition in the form of cash, HK$583,500 was paid at the acquisition date.

The fair values of the identifiable assets of NL Colombo as at the date of acquisition were as follows:

	Note	Fair value recognised on acquisition HK$
Consideration for a 100% equity interest acquired		583,500
Assets		
Other receivables		135
Goodwill on acquisition	14	583,365
Satisfied by cash		583,500

None of the goodwill recognised is expected to be deductible for income tax purposes.

Subsequent to the acquisition, NL Colombo contributed turnover of HK$685,176 and loss of HK$1,037,867 to the Group's consolidated financial statements for the year ended 31 March 2013. Prior to the acquisition, NL Colombo was inactive and had no revenue and profit or loss.

27. CONTINGENT LIABILITIES

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

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Guarantees given to banks in connection with facilities granted to:				
Subsidiaries and fellow subsidiaries	–	–	633,183,000	327,232,165
Fellow subsidiaries	427,122,000	237,427,000	–	–

These amounts represent the aggregate amounts that could be required to be paid if the guarantees were called upon in entirety. At 31 March 2014, the banking facilities granted to subsidiaries and fellow subsidiaries subject to guarantees given to banks by the Company were utilised to the extent of approximately HK$542,405,880 (2013: HK$306,883,301), and the banking facilities guaranteed by the Group to fellow subsidiaries were utilised to the extent of approximately HK$336,344,880 (2013: HK$217,078,136).

28. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group and the Company leased part of its investment property (note 12 to the financial statements) under an operating lease arrangement with the lease negotiated for a term of four years. At 31 March 2013, the Group and the Company had a total future minimum lease receivables of HK$22,692 under a non-cancellable operating lease falling within a year.

(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 four years. At 31 March 2014, the Group and the Company had total future minimum lease payments under the non-cancellable operating leases falling due as follows:

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Within one year	24,095,807	7,845,976	2,182,911	4,425,897
In the second to fifth years, inclusive	10,987,160	16,122,407	5,006,562	9,613,181
	35,082,967	23,968,383	7,189,473	14,039,078

29. 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	2014 HK$	2013 HK$
Fellow subsidiaries:			
Sales of goods	(i)	39,822,260	44,091,657
Purchases of goods	(ii)	4,712,410	1,339,189
Handling fees received	(iii)	15,561,673	25,043,315
Marketing fees paid	(iv)	123,165,667	126,157,010
Rentals received	(v)	2,027,738	1,875,840
Interest received	(vi)	979,455	557,576
Service fees received	(vii)	47,022	29,506
Support services fee paid	(viii)	8,583,482	–
Sampling fees received	(ix)	10,988,171	11,796,101
Management fees paid	(x)	2,200,460	2,798,445
Rental fees paid	(xi)	594,897	–
Design expenses paid	(xii)	609,428	–
Consultancy fees paid	(xiii)	1,505,388	–
Consultancy fees received	(xiv)	184,269	–
Immediate holding company:			
Marketing fee paid	(iv)	709,536	2,987,520
Management fees paid	(x)	23,966,212	23,067,661

Notes:

(i) The sales were made according to the prices and conditions mutually agreed between the Group and the respective fellow subsidiaries.

(ii) The purchases were made according to the prices and conditions mutually agreed between the Group and the respective fellow subsidiaries.

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

(iv) The marketing fees paid were related to the provision of marketing services provided by fellow subsidiaries and were based on terms mutually agreed between the Group and the respective fellow subsidiaries or the immediate holding company.

(v) 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.

(vi) The interest was charged at 7.5% per annum in respect of an amount due from a fellow subsidiary.

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

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

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

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

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

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

(b) Outstanding balances with related parties:

(i) Except for an unsecured amount due from a fellow subsidiary of HK$11,008,992 (2013: HK$7,031,790) as at 31 March 2014 which is interest-bearing at 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, included in current assets, are unsecured, interest-free and have no fixed terms of repayment.

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

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

30. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Group and the Company comprise trade and bills receivables, deposits and other receivables, amounts due from fellow subsidiaries, the ultimate holding company, the immediate holding company, subsidiaries and non-controlling shareholders, a loan to a subsidiary, pledged time deposits, and cash and bank balances, which are categorised as loans and receivables, whereas available-for-sales investments are categorised as available-for-sale financial assets. Derivative financial instruments 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 and company statements of financial position or in corresponding notes to the financial statements.

The financial liabilities of the Group and the Company comprise 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, the immediate holding company and a subsidiary, and loans from non-controlling shareholders, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the consolidated and company statements of financial position or in the corresponding notes to the financial statements.

31. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

As at 31 March 2014, the Group's and the Company's available-for-sale investments and derivative financial instruments were measured at Level 2 fair value.

During the years ended 31 March 2014 and 31 March 2013, there were no transfers of fair value measurements between Level 1 and Level 2, and no transfer into or out of Level 3.

The fair values of trade and bills receivables, deposits and other receivables, amounts due from fellow subsidiaries, the ultimate holding company, the immediate holding company, subsidiaries and non-controlling shareholders, a loan to a subsidiary, pledged time deposits, cash and cash equivalents, trade and bills payables, other payables and accruals, interest-bearing bank borrowings, amounts due to an ultimate holding company, the immediate holding company and fellow subsidiaries, and loans from non-controlling shareholders, approximated to their carrying amounts largely due to the short term maturities of these instruments.

32. 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 cash equivalents 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 floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$	Increase/ (decrease) in equity HK$
2014			
HK$	(50)	(1,015,402)	(1,015,402)
HK$	50	1,015,402	1,015,402
2013			
HK$	(50)	(1,788,377)	(1,788,377)
HK$	50	1,788,377	1,788,377

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 44% (2013: 45%) of the Group's sales are denominated in currencies other than the functional currency of the Group. 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).

	Change in the exchange rate %	Increase/ (decrease) in profit before tax HK$
31 March 2014		
If HK$ weakens against GBP	10.0	2,635,203
If HK$ strengthens against GBP	(10.0)	(2,635,203)
31 March 2013		
If HK$ weakens against GBP	10.0	29,572,941
If HK$ strengthens against GBP	(10.0)	(29,572,941)

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. As the Group's trade receivables relate to diversified debtors, there is no significant concentration of credit risk within the Group.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 17 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 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 2014 and 31 March 2013.

33. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 May 2014.

Hangzhou Grand Pearl Trading Co., Ltd:

AUDIT REPORT

ZPHS(2014) NO. 222

To Hangzhou Grand pearl trading co., ltd

We have audited the accompanying financial statements of Hangzhou Grand Pearl Trading co.,ltd. including the statement of financial position as at 31 March 2014,the income statement and the cash flow statement from April 2013 to March 2014,as well as notes to financial statements.

I. Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing and fairly presenting financial statements in accordance with Accounting Systems for Business Enterprises; (2) designing, implementing and maintaining necessary internal control in order that financial statements are free from material misstatement, whether due to fraud or error.

II. Certified Public Accountants' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with Chinese Certified Public Accountants'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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

III. Audit Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 March 2014, and of its operation results and its cash flows from April 2013 to March 2014 in accordance with "China Accounting Systems for Business Enterprises".

IV. Explanatory Paragraph

In the course of our audit, we have reminded the users of financial statements that total owners' equity is RMB -998,476.23 which is influence on capacity of sustainable operation, This paragraph has no effect to our audit opinion.

Zhejiang PuHua Certified Public Accountants co.,Ltd.

Certified Public Accountants

Hangzhou o China

Date of Report: April. 16th, 2014

THE STATEMENT OF FINANCIAL POSITION
As of March 31, 2014

Assets	Line No.	Beginning Balance	Ending Balance	Liabilities and Owners' Equity	Line No.	Beginning Balance	Ending Balance
Current assets:				Current liabilities:			
Monetary funds	1	4,480.53	2,394.01	Short-term loans	68		
Short-term investments	2			Notes payable	69		
Notes receivable	3			Accounts payable	70	57,544.50	
Dividend receivable	4			Advances from customers	71		
Interest receivable	5			Accrued payroll	72		
Accounts receivable	6			Welfare expenses payable	73		
Other receivables	7	7,416.99		Dividend payable	74		
Advances to suppliers	8	19,615.90		Taxs payable	76	12,975.96	-515.10
Subsidies receivable	9			Rates payable	80		
Inventories	10			Other payables	81	1,056,658.28	1,111,370.31
Prepaid expenses	11			Accrued expenses	82	185.00	
Long-term debt investment due within one year	21			Estimated liabilities	83		
Other current assets	24			Long-term liabilities due within one year	84		
Total current assets	31	31,513.42	2,394.01	Other current liabilities	86		
					90		
Long-term investments:				Total current liabilities	100	1,127,363.74	1,110,855.21
Long-term equity investments	32			Long-term Liabilities:			
Long-term debt investments	34	–	–	Long-term borrowings	101		
Total long-term investments	38			Bonds payable	102		
Including: consolidation difference				Long-term payables	103		
Including: equity investment difference				Special payables	106		
				Other long-term liabilities	108		
Fixed assets :				Total long-term liabilities	110		
Fixed assets: cost	39	353,181.43	353,181.43	Deffered taxes:			
Less: accumulated depreciation	40	167,504.54	243,196.46	Deferred tax credit	111		
Fixed assets: net book value	41	185,676.89	109,984.97	Total liabilities	113	1,127,363.74	1,110,855.21
Less: provision for impairment of fixed assets	42						
Fixed assets: net	43	185,676.89	109,984.97	Minority interests	114		
Construction materials	44						
Construction in progress	45						
Disposal of fixed assets	46				115		
Sub-total of fixed assets	50	185,676.89	109,984.97	Owners' equity:	116		
				Paid-in capital	117	1,023,675.00	1,023,675.00

Hangzhou Grand Pearl Trading Co., Ltd:

Assets	Line No.	Beginning Balance	Ending Balance	Liabilities and Owners' Equity	Line No.	Beginning Balance	Ending Balance
Intangible and others assets:				Less: investment returned	118		
Intangible assets	51			Paid-in capital: net	119	1,023,675.00	1,023,675.00
Long-term prepayments	52			Capital surplus	120		
Other long-term assets	53			Surplus reserve	121		
Total intangible and other assets	60			Including: Statutory public welfare fund	122		
				Undistributed profit	124	-1,933,848.43	-2,022,151.23
Deferred taxes:				Including: Cash dividend to be disributed	125		
Deferred tax debit	61			Difference arising from foreign currency financial statements translation	125		
				Total owners' equity	126	-910,173.43	-998,476.23
Total assets	67	217,190.31	112,378.98	Total liabilities and owners' equity	135	217,190.31	112,378.98

Legal Representative **Officer in Charge of Accounting Work:** **Head of Accounting Department:**

STATEMENT OF INCOME AND PROFIT DISTRIBUTION

From April 2013 to March 2014

Si. No.	Items	Line No.	Perceding Period Comparative	Current Period Cumulative
1.	Revenue from main operations	1	410,068.61	287,268.91
	Less: Cost of main operations	4	78,839.33	110,785.20
	Taxes & rates for main operations	5	8,079.01	3,905.35
2.	Profit / loss from main operations	10	323,150.27	172,578.36
	Add: Profit / loss from other operations	11		
	Less: Operating expenses	14		
	General &Administrative expenses	15	393,419.48	243,461.17
	Financial expenses	16	914.37	917.10
3.	Operating profit / loss	18	-71,183.58	-71,799.91
	Add: Investment income	19		
	Revenue from subsidies	22		
	Non-operating revenue	23		
	Less: Non-operating expenditures	25		16,502.89
4.	Profit before income tax	27	-71,183.58	-88,302.80
	Less: Income tax	28		
	Minority interest income	29		
5.	Net profit	30	-71,183.58	-88,302.80
	Add: Undistributed profit at the beginning of the year	31	-1,862,664.85	-1,933,848.43
	Other transfer-ins	32		
6.	Profit to be distributed	33	-1,933,848.43	-2,022,151.23
	Less: Appropriation of statutory surplus reserve	35		
	Appropriation of statutory public welfare fund	36		
	Appropriation of employee reward & welfare fund	37		
	Appropriation of reserve fund	38		
	Appropriation of enterprise development fund	39		
	Profit capitalized on return of investment	40		
7.	Profit to be distributed to investors	41	-1,933,848.43	-2,022,151.23
	Less: Dividend payable on preferred stock	42		
	Appropriation of discretionary surplus reserve	43		
	Dividend payable on common stock	44		
	Common stock dividend converted into capital	45		
8.	Undistributed profit	46	-1,933,848.43	-2,022,151.23

Legal Representative **Officer in Charge of Accounting Work:** **Head of Accounting Department:**

Hangzhou Grand Pearl Trading Co., Ltd:

CASH FLOW STATEMENT

From April 2013 to March 2014

Sl. No.	Items	Line No	Amount	Sl. No.	Supplementary Information:	Line No	Amount
1.	**Cash flows from operating activities:**			1.	**Reconciliation of net profit to cash flows from operating activities:**		
	Cash receipts from sale of goods or rendering of services	1	336,104.63		Net Profit	57	-88,302.80
					Add: Minority interest income		
	Refunds of taxes and rates	3			Provisions for impairment of assets	58	
	Other cash receipts relating to operating activities	8	54,739.93		Depreciation of fixed assets	59	75,691.92
	Total cash inflows	9	390,844.56		Amortization of intangible assets	60	
	Cash payments for goods and services	10	140,864.77		Amortization of long-term prepayments	61	
	Cash paid to and on behalf of employees	12	191,118.53		Decrease in prepaid expenses (or less: increase)	62	
	Cash payments for taxes and rates	13	42,730.03		Increase in accrued expenses (or less: decrease)	63	
	Other cash payments relating to operating activities	18	18,217.75		Losses on disposal of fixed assets, intangible assets and other long-term	64	
	Total cash outflows	20	392,931.08		Assets (or less: gains)	65	
	Net cash flows from operating activities	21	-2,086.52		Losses on scrapping of fixed assets	66	
2.	Cash flows form investing activities:				Financial expenses	67	
	Cash received from return of investments	22			Investment losses (or less: gains)	68	
	Including: cash received from sale of subsidiaries	23			Deferred tax credit (or less: debit)	69	
	Cash received from return on investment	24			Decrease in inventories (or less: increase)	70	
	Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	25			Decrease in operating receivables (or less: increase)	71	27,032.89
	Other cash receipts relating to investing activities	28			Increase in operating payables (or less: decrease)	72	-16,508.53
	Total cash inflows	29			Others	73	
	Cash payments for acquiring fixed assets, intangible assets and other long-term assets	30			Net cash flows from operating activities	75	-2,086.52
	Cash payments for acquiring investments	31					
	Including:cash payments for acquiring subsidiaries	32					
	Other cash payments relating to investing activities	35					
	Total cash outflows	36					
	Net cash flows from investing activities	37	-0.00				
3.	Cash flows from financing activities:			2.	Investing and financing activities unrelated to cash receipts and payments		
	Cash received from investments by others	38			Conversion of debt into capital	76	
	Including:cash received from minority stockholders' investment by subsidiaries	39			Convertible bonds to be expired within one year	77	
	Cash received from borrowings	40			Fixed assets rented-in under finance lease	78	
	Other cash receipts relating to financing activities	43					
	Total cash inflows	44					
	Cash repayments of borrowings	45					
	Cash payments for distribution of dividends or profits and for interest expenses	46					
	Including:cash payments for distribution of dividends to minority stockholders by subsidiaries	47					
	Other cash payments relating to financing activities	51		3.	Net increase in cash and cash equivalents		
	Including:cash payments to minority stockholders by subsidiaries due to capital reduction	52			Cash at the end of the period	79	2,394.01
	Total cash outflows	53			Less: cash at the beginning of the period	80	4,480.53
	Net cash flows from financing activities	54			Add: cash equivalents at the end of the period	81	
4.	Effect of foreign exchange rate changes on cash	55			Less: cash equivalents at the beginning of the period	82	
5.	Net increase in cash and cash equivalents	56	-2,086.52		Net increase in cash and cash equivalents	83	-2,086.52

Legal Representative **Officer in Charge of Accounting Work:** **Head of Accounting Department:**

Hangzhou Grand Pearl Trading Co., Ltd:

NOTES TO FINANCIAL STATEMENTS FROM APRIL 2013 TO DECEMBER MARCH 2014

Monetary unit: RMB Yuan

I. Company Profile

Hangzhou Grand Pearl Trading co.,ltd (the 'Company"), with the 'Certificate of Approval for establishment of Enterprises with Investment of Taiwan, Hongkong, Macao and overseas Chinese In the People's Republic of China' numbered Shang Wai Zi Zhe Fu Zi (2009) 06522 by Zhejiang Provincial People's Government. NORWEST INDUSTRIES LIMITED from Hong Kong investment In Taiwan. Hong Kong and Macao. established operate-owned enterprise (limited liability company).On April27 2009, the Company registered at Hangzhou Municipal Industry and Commerce Administration Bureau and obtained corporate business license numbered 330100400027941 with USD 150,000.00 as its registered capital and USD 150,000.00 as total investment. The Company operation term is a twenty-year period.

The Company mainly involves In: Clothing, apparel, household goods, textiles, wholesale business and related Information and advice.

II. Main accounting policies and estimates adopted by the Company

(I) Accounting standards and accounting systems

The Company adopts "China Accounting System for Business Enterprises" and their supplementary regulations,

(II) Fiscal year

The fiscal year of the Company runs from April 1 to March 31 under the Gregorian calendar.

(III) Bookkeeping base currency

The Company takes Renminbi yuan (RMB) as its bookkeeping base currency.

(IV) Accounting basis and principle

The Company adopts the accrual basis and historical cost convention.

(V) Foreign currency translation

Transactions denominated in foreign currency are to be translated into RMB yuan at the average market rate (announced by the People's Bank of China) on the day of the transaction. At the end of a period, the balances of the foreign currency accounts are adjusted according to the average market rate on the last day of the period. The difference arising from the adjustment, if related to the acquisition of fixed assets which have not reached the expected useful conditions, shall be accounted for as the cost of the fixed assets; if occurred during the start-up period but not related to fixed assets, shall be recorded as "long-term prepayments"; otherwise, shall be recorded as `financial expenses".

(VI) Foreign currency financial statements translation

1. Assets and liabilities in the balance sheet are translated at the average market rate ruling at the balance sheet date: items of stockholders' equity. except "undistributed profit", are translated at the average market rate ruling at the date when related transactions incurred: undistributed profit" is stated at the amount of the translated statement of profit distribution. The difference between the translated assets. liabilities and stockholders' equity is stated as "foreign currency financial statements translation difference "after" undistributed profit".
2. Items in the income statement and current cumulative in the statement of profit distribution are translated at the weighted average exchange rate for the reporting period; "net profit" in the statement of profit distribution Is stated at the translated amount in the income statement; "undistributed profit at the beginning of the year" is stated at the amount of "undistributed profit" translated in the preceding period; "undistributed profit" is stated at the calculated amount of the items in the statement of profit distribution.

(VII) Criteria of cash equivalents

For the purpose of cash flow statement, cash equivalents refer to high liquidity and easy redemption investments that the Company intends to hold for no more than three months with little value-fluctuation risks.

(VIII) Inventories

1. Inventories include raw materials, packaging materials, low-value consumables, work in process and goods on hand (or finished goods), held for sale, service or consumption during production.
2. All Inventories are stated at the actual cost. Raw materials and finished goods dispatched from storage are accounted for with the weighted average method. Low-value consumables and packaging material consumed, put to lease or lend are fully charged to cost or expenses upon first usage.
3. Perpetual inventory method is adopted.
4. Where the cost of Inventories (excluding materials held for production) is higher than the net realizable value because the inventories are damaged, completely or partially obsolescent, or the selling price is lower than the cost, a provision for inventory impairment loss shall be made on the difference between the cost and the lower net realizable value for Individual inventory items. As for materials held for production, if the net realizable value of the finished goods Is higher than the cost, the materials shall still be stated at cost. Only when the falling price of materials has caused the net realizable value of the finished goods to be lower than the cost, shall the materials be stated at their net realizable value.

(IX) Fixed assets and depreciation method

1. Fixed assets are assets with a useful life over 1 year and a high unit price, held for the purpose of production, service, rent or operation management.
2. Fixed assets are stated at the historical cost. Leasing fixed assets are stated at the lower of the original book value and the present value of the minimum leasing payment.
3. Depreciation of fixed assets is calculated under the straight-line method. The depreciation rate of fixed assets is set according to their original cost, deducting the estimated residual value (0% of the original cost, if the period of land use right is longer than the useful life of the related buildings and structures, the amount not amortized at the end of the useful life shall be accounted for as residual value of the land use right: and no residual value for capitalized decoration expenditures and improvement expenditures on fixed assets rented-in under operation lease) and the estimated useful life .The depreciation rates of different categories of fixed assets, if impairment loss is excluded ,are as follows:

Categories	Useful Life (year)	Annual Depreciation rate(%)
Electronic equipments	3	33.33
Production equipments	5	20.00

4. At the end of an accounting period, a provision for impairment loss shall be made for each fixed asses whose net realizable value falls below its net book value because of continuous declining price, technology obsolescence, scrap or idleness.

(X) Revenue recognition

1. Revenue from the sale of goods is recognized when all of the following conditions are satisfied;
   - material risks and rewards concerning the ownership of the goods have been transferred to the buyer,
   - the enterprise retains neither further managerial nor actual control of the goods,
   - he related revenue has been received or the right to collect receivables is established,
   - the related cost of the goods sold can be reliably measured?
2. Revenue from services rendered is recognized when the service has been rendered, and the corresponding revenue has been received or the right to collect receivables has been established. When the service starts and completes in different accounting years, the percentage of completion method is used to recognize revenue and cost, provided all the following conditions are met: the total amount of revenue from the service contract and degree of completion of services can be reliably estimated. the related revenue can flow Into the Company, the cost incurred and will be incurred can be measured reliably'
3. Revenue arising from allowing others use the Company's intangible assets (such as the trademark, patent, loyalty, software and copyright), and other non-cash assets, shall be accrued according to the terms stipulated by contract or agreement, and be recognized when: the related economic benefit can flow into the Company; the amount of revenue can be measured reliably.

(XI) Enterprise, income tax

Tax payable method is used to account for enterprise income tax

III. Taxes

Categories	Tax rate
Value added tax	17%
Enterprise income tax	25%

Hangzhou Grand Pearl Trading Co., Ltd:

IV. Notes on items of financial statements

1. Monetary funds

items	Beginning	Ending balance
Cash in bank	4,480.53	2,394.01
Total	4,480.53	2,394.01

2. Fixed asset

Category	opening balance	increase	decrease	ending balance
Fixed assets-cost				
Production equipment	296,121.13			296,121.13
Electronic equipment	57,060.30			57,060.30
Subtotal	353,181.43			353,181.43
Accumulated depreciation				
Production equipment	119,363.15	66,773.99		186,137.14
Electronic equipment	48,141.39	8,917.93		57,059.32
Subtotal	167,504.54	75,691.92		243,196.46
Less: impairment of fixed assets				
Net book value	185,676.89			109,984.97

3. Accounts payable

1. Age analysis

Age	Beginning balance		Ending balance	
	Book balance	Ratio(%)	Book balance	Ratio(%)
Within 1 year	57,544.50	100.00%		
Total	57,544.50	100.00%		

4. Tax Paybles

items	Beginning	Ending balance
VAT payable	11,506.54	-515.10
Local tax payable	1,469.42	
Total	12,975.96	-515.10

5. Other payables

1. Age analysis

Age	Beginning balance		Ending balance	
	Book balance	Ratio(%)	Book balance	Ratio(%)
Within 1 year	655,566.12	62.04%	710,278.15	63.91%
1-2year	401,092.16	37.96%		
2-3 year			401,092.16	36.09%
Total	1,056,658.28	100.00%	1,111,370.31	100.00%

2. Balances due to related parties

Related parties	Ending balance
Norwest Industries LTD Hangzhou Office	1,111,370.31
Subtotal	1,111,370.31

6. Paid-in capital

Investors	Begining Balance		Increase / Decrease		Ending balance	
	USD Amount	RMB Amount	USD Amount	RMB Amount	USD Amount	RMB Amount
Norwest Industries LTD	150,000.00		1,023,675.00		150,000.00	1,023,675.00
Total	150,000.00	1,023,675.00			150,000.00	1,023,675.00

7. Undistributed profit

Items	Current Period Cumulative
Beginning balance	-1,933,848.43
Increase	
Decrease	-88,302.80
Ending balance	-2,022,151.23

8. Revenue from main operation

items	Perceding Period Comparative	Current Period Cumulative
Domestic Sales	410,068.61	287,268.91
Total	410,068.61	287,268.91

9. Cost of main operations

items	Perceding Period Comparative	Current Period Cumulative
Domestic Sales	78,839.33	110,785.20
Total	78,839.33	110,785.20

10. Financial expenses

items	Perceding Period Comparative	Current Period Cumulative
Interest expenses		
Less: interest proceeds	130.04	27.90
Exchange gains and losses		
Bank charges	1,044.41	945.00
Total	914.37	917.10

V. Related party relationships and transactions

(I) Related party relationships

Related parties	Relationships with the Company
Norwest Industries LTD Hangzhou Office	Branch of controlled subsidiary of the stockholder of the Company

(II) Related party transactions

Please check notes to items of financial statements for balances due to and from related parties.

Hangzhou Grand Pearl Trading co.,ltd
Apr. 16th, 2014

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2014.

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 subsidiary is set out in note 12 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 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 5 to 50.

The directors do not recommend the payment of any dividend in respect of the year.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year is set out in note 11 to the financial statements.

Directors

The directors of the Company during the year were:

Deepak Kumar Seth

Pallak Seth

Payel Seth (appointed on 1 April 2014)

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 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiary, holding companies or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Directors' interests in contracts

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiary, 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

Sd/-

Chairman

Hong Kong

22 May 2014

INDEPENDENT AUDITORS' REPORT

To the shareholder of Nor Lanka Manufacturing Limited

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Nor Lanka Manufacturing Limited (the "Company") and its subsidiary (together, the "Group") set out on pages 5 to 50, which comprise the consolidated and company statements of financial position as at 31 March 2014, 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 141 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.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014, and of the Group's profit 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.

Sd/-

Certified Public Accountants

Hong Kong

22 May 2014

NOR Lanka Manufacturing Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2014

	Notes	2014 HK$	2013 HK$
REVENUE	5	**963,485,326**	914,602,868
Cost of sales		**(874,583,002)**	(814,793,474)
Gross profit		**88,902,324**	99,809,394
Other income and gain	5	**24,104,359**	18,459,988
Selling and distribution costs		**(13,875,799)**	(11,812,853)
Administrative expenses		**(62,726,525)**	(54,884,242)
Other operating expenses		**(4,889,517)**	(2,351,108)
Finance costs	7	**(10,972,854)**	(12,481,723)
PROFIT BEFORE TAX	6	**20,541,988**	36,739,456
Income tax expense	9	**(3,713,100)**	(6,131,163)
PROFIT FOR THE YEAR		**16,828,888**	30,608,293

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2014

	2014 HK$	2013 HK$
PROFIT FOR THE YEAR	**16,828,888**	30,608,293
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Cash flow hedges	**(1,455,709)**	2,152,769
Exchange differences on translation of a foreign operation	**(33,959)**	(16,880)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(1,489,668)**	2,135,889
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**15,339,220**	32,744,182

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	2014 HK$	2013 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	11	**4,258,808**	5,836,374
Goodwill	13	**583,365**	583,365
Deferred tax assets	20	**53,608**	–
Total non-current assets		**4,895,781**	6,419,739
CURRENT ASSETS			
Inventories	14	**117,573,652**	111,859,270
Trade and bills receivables	15	**164,201,027**	188,764,527
Prepayments, deposits and other receivables	16	**61,608,781**	13,453,495
Due from fellow subsidiaries	25(b)	**14,790,095**	16,249,193
Due from an intermediate holding company	25(b)	**755,761**	–
Derivative financial instruments	18	**–**	1,057,669
Cash and cash equivalents		**238,565**	829,804
Total current assets		**359,167,881**	332,213,958
CURRENT LIABILITIES			
Trade and bills payables		**99,246,542**	93,388,981
Other payables and accruals	17	**5,210,063**	5,078,978
Due to an intermediate holding company	25(b)	**–**	4,700,647
Due to the immediate holding company	25(b)	**46,540,632**	82,457,115
Due to the ultimate holding company	25(b)	**363,131**	98,028
Due to fellow subsidiaries	25(b)	**2,542,504**	1,683,441
Derivative financial instruments	18	**685,371**	–
Interest-bearing bank borrowings	19	**121,305,090**	81,874,775
Tax payable		**15,040,543**	10,895,602
Total current liabilities		**290,933,876**	280,177,567
NET CURRENT ASSETS		**68,234,005**	52,036,391
TOTAL ASSETS LESS CURRENT LIABILITIES		**73,129,786**	58,456,130
NON-CURRENT LIABILITIES			
Deferred tax liabilities	20	**–**	665,564
Net assets		**73,129,786**	57,790,566
31 March 2014			
EQUITY			
Issued capital	21	**10,000**	10,000
Reserves		**73,119,786**	57,780,566
Total equity		**73,129,786**	57,790,566

Sd/-
Director

Sd/-
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2014

	Issued capital HK$	Exchange reserve HK$	Hedging reserve HK$	Retained profits HK$	Total equity HK$
At 1 April 2012	10,000	–	(1,269,615)	26,305,999	25,046,384
Profit for the year	–	–	–	30,608,293	30,608,293
Other comprehensive income/(loss) for the year:					
Cash flow hedges, net of tax	–	–	2,152,769	–	2,152,769
Exchange differences on translation of a foreign operation	–	(16,880)	–	–	(16,880)
Total comprehensive income for the year	–	(16,880)	2,152,769	30,608,293	32,744,182
At 31 March 2013 and at 1 April 2013	10,000	(16,880)*	883,154*	56,914,292*	57,790,566
Profit for the year	–	–	–	16,828,888	16,828,888
Other comprehensive loss for the year:					
Cash flow hedges, net of tax	–	–	(1,455,709)	–	(1,455,709)
Exchange differences on translation of a foreign operation	–	(33,959)	–	–	(33,959)
Total comprehensive income for the year	–	(33,959)	(1,455,709)	16,828,888	15,339,220
At 31 March 2014	10,000	(50,839)*	(572,555)*	73,743,180*	73,129,786

* These reserve accounts comprise the reserves of HK$73,119,786 (2013: HK$57,780,566) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2014

	Notes	2014 HK$	2013 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**20,541,988**	36,739,456
Adjustments for:			
Interest income	5	**(10,495)**	(29,476)
Depreciation	6	**2,864,462**	2,351,108

NOR Lanka Manufacturing Limited

	Notes	2014 HK$	2013 HK$
Finance costs	7	10,972,854	12,481,723
Loss on disposal of items of property, plant and equipment	6	1,488,407	–
		35,857,216	51,542,811
Increase in inventories		(5,714,304)	(20,327,592)
Decrease/(increase) in trade and bills receivables		24,563,500	(42,298,730)
Increase in prepayments, deposits and other receivables		(48,155,256)	(4,671,890)
Decrease/(increase) in amounts due from fellow subsidiaries		1,459,098	(15,987,737)
Increase in an amount due from an intermediate holding company		(755,761)	–
Increase in trade and bills payables		5,857,466	29,363,655
Increase in other payables and accruals		131,077	3,783,818
Decrease in an amount due to an intermediate holding company		(4,700,647)	(743,363)
Decrease in an amount due to the immediate holding company		(35,916,504)	(12,225,588)
Increase/(decrease) in an amount due to the ultimate holding company		265,103	(58,629)
Increase/(decrease) in amounts due to fellow subsidiaries		859,063	(2,531,748)
Cash used in operations		(26,249,949)	(14,154,993)
Interest received		10,495	29,476
Interest paid		(10,972,854)	(12,481,723)
Net cash flows used in operating activities		(37,212,308)	(26,607,240)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of a subsidiary		–	(583,500)
Purchases of items of property, plant and equipment		(2,750,412)	(4,410,825)
Cash flows used in investing activities		(2,750,412)	(4,994,325)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new bank loans, net		39,430,315	31,469,379
NET DECREASE IN CASH AND CASH EQUIVALENTS		(532,405)	(132,186)
Cash and cash equivalents at beginning of year		829,804	960,624
Effect of foreign exchange rate changes, net		(58,834)	1,366
CASH AND CASH EQUIVALENTS AT END OF YEAR		238,565	829,804
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		238,565	829,804

STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	2014 HK$	2013 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,414,660	5,056,361
Investment in a subsidiary	12	4,656,503	583,500
Deferred tax assets	20	53,608	–
Total non-current assets		7,124,771	5,639,861
CURRENT ASSETS			
Inventories	14	86,846,153	109,355,740
Trade and bills receivables	15	164,201,027	188,764,527
Prepayments, deposits and other receivables	16	47,001,613	12,808,247
Due from the immediate holding company	25(b)	755,761	–
Due from fellow subsidiaries	25(b)	14,790,095	16,249,193
Due from a subsidiary	25(b)	–	2,648,809
Derivative financial instruments	18	–	1,057,669
Cash and cash equivalents		1,345,309	751,949
Total current assets		314,939,958	331,636,134
CURRENT LIABILITIES			
Trade and bills payables		55,024,073	91,100,010
Other payables and accruals	17	2,965,198	4,705,264
Due to an intermediate holding company	25(b)	–	4,700,647
Due to the immediate holding company	25(b)	46,540,632	82,457,115
Due to the ultimate holding company	25(b)	363,131	98,028
Due to fellow subsidiaries	25(b)	2,542,504	1,683,441
Due to a subsidiary	25(b)	6,710,687	–
Derivative financial instruments	18	685,371	–
Interest-bearing bank borrowings	19	115,781,944	81,874,775
Tax payable		15,040,543	10,895,602
Total current liabilities		245,654,083	277,514,882
NET CURRENT ASSETS		69,285,875	54,121,252
TOTAL ASSETS LESS CURRENT LIABILITIES		76,410,646	59,761,113
NON-CURRENT LIABILITIES			
Deferred tax liabilities	20	–	665,564
Net assets		76,410,646	59,095,549

31 March 2014

	Notes	2014 HK$	2013 HK$
EQUITY			
Issued capital	21	10,000	10,000
Reserves	22(b)	76,400,646	59,085,549
Total equity		76,410,646	59,095,549

Sd/-
Director

Sd/-
Director

NOTES TO FINANCIAL STATEMENTS

31 March 2014

1. CORPORATE INFORMATION

Nor Lanka 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.

During the year, the Group was principally involved in the trading of garments.

The Company is a wholly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company during the year was Pearl Global Industries Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange and the National Stock Exchange in India.

On 10 March 2014, the High Court of Delhi sanctioned a Scheme of Arrangement between Pearl Global Industries Limited (the "Transferor Company") and PDS Multinational Fashions Limited (the "Transferee Company"), a company incorporated in India with shares planned to be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Subsequent to the reporting period and consequent to the filing of the same Scheme of Arrangement with the Registrar of Companies in India on 13 May 2014, the share capital of Multinational Textiles Group Limited, an intermediate holding company of the Company, was transferred from the Transferor Company to the Transferee Company which became the Company's new ultimate holding company.

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, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$"), which is also the Company's functional and presentation currency.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary (collectively referred to as the "Group") for the year ended 31 March 2014. The financial statements of its subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. The results of its subsidiary 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 in the accounting policy for subsidiaries below. 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 of 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 they have had no impact on the Group's financial statements for the year ended 31 March 2014.

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 year ended 31 March 2014, 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

Subsidiaries

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 results of its subsidiary are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

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 by the acquiree.

If the business combination is achieved in stages, the 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 that is a financial instrument and within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not fall within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. 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. 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.

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 value of the disposed operation and the portion of the cash-generating unit retained.

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.

Impairment of non-financial assets

Where an indication of impairment exists or when annual impairment testing for an asset is required (other than inventories and deferred tax assets), 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 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.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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 used for this purpose are as follows:

Furniture and fixtures	25%
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.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and 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 costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

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.

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 operating 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 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.

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 has occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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 and is accrued 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.

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, other payables and accruals, amounts due to the ultimate holding company, the immediate holding company and fellow subsidiaries, financial guarantee contracts, derivative financial instruments, and interest-bearing loans and borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

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.

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 the statement of profit or loss when the hedged item affects the statement of 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 in effective 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 statement of 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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. 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 statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

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 for the current and prior periods 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. 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.

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 lessee, rentals payable under operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

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) marketing income, when the services are rendered;

(c) handling income, when the services are rendered; and

(d) interest income, on an accrual basis using the effective interest rate 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 subsidiary which is based in Sri Lanka are required to participate in central pension schemes operated by the local government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Foreign currencies

These financial statements are presented in HK$, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair value 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 differences on the items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss respectively).

The functional currency of an overseas subsidiary is a currency other than HK$. As at the end of the reporting period, the assets and liabilities of the subsidiary are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and the statement of profit or loss is translated into HK$ at the weighted average exchange rate for the period. 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 profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of an overseas subsidiary are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the period are translated into HK$ at the weighted average exchange rate for the period.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

(a) Impairment of property, plant and equipment

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

(b) Impairment of trade and 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.

(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) 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: Disclosure and 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.

(e) 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.

(f) 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 2014 was HK$585,365. Further details are given in note 13.

5. REVENUE, OTHER INCOME AND GAIN

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold.

An analysis of other income and gain is as follows:

	2014 HK$	2013 HK$
Interest income	**10,495**	29,476
Handling income	**2,323,432**	1,232,757
Marketing fee income	**62,931**	842,836
Foreign exchange differences, net	**19,803,653**	13,345,413
Compensation from suppliers	**1,829,131**	–
Others	**74,717**	3,009,506
	24,104,359	18,459,988

6. PROFIT BEFORE TAX

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

	2014 HK$	2013 HK$
Cost of inventories sold	**874,583,002**	814,793,474
Auditors' remuneration	**75,342**	214,627
Depreciation	**2,864,462**	2,351,108
Loss on disposal of items of property, plant and equipment	**1,488,407**	–
Staff costs (excluding directors' remuneration (note 8)):		
Salaries and allowances	**38,182,744**	34,917,097
Pension scheme contributions (defined contribution schemes)	**3,172,425**	2,228,378
	41,355,169	37,145,475
Minimum lease payments under operating leases of land and buildings	**1,705,639**	1,214,670
Foreign exchange differences, net	**(19,803,653)**	(13,345,413)

7. FINANCE COSTS

	2014 HK$	2013 HK$
Interest on letters of credit	**10,972,854**	12,481,723

8. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2013: Nil).

9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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.

	2014 HK$	2013 HK$
Group		
Current - Hong Kong		
Charge for the year	**4,144,671**	6,077,295
Deferred tax (note 20)	**(431,571)**	53,868
Total tax charge for the year	**3,713,100**	6,131,163

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

Group - 2014

	Hong Kong HK$	Others HK$	Total HK$
Profit/(loss) before tax	22,579,617	(2,037,629)	20,541,988
Tax at the applicable tax rate	3,725,647	(336,209)	3,389,438
Income not subject to tax	(10,384)	–	(10,384)
Expenses not deductible for tax	15,837	–	15,837
Tax losses not recognised	–	336,209	336,209
Tax at the effective rate	3,731,100	–	3,731,100
Group - 2013			
Profit/(loss) before tax	37,777,323	(1,037,867)	36,739,456
Tax at the applicable tax rate	6,233,258	(290,603)	5,942,655
Income not subject to tax	(143,931)	–	(143,931)
Expenses not deductible for tax	41,836	–	41,836
Tax losses not recognised	–	290,603	290,603
Tax at the effective rate	6,131,163	–	6,131,163

There was no significant unprovided deferred tax charge in respect of the year and as at the end of the reporting period (2013: Nil).

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 March 2014 includes a profit of HK$18,770,806 (2013: HK$31,896,396) which has been dealt with in the financial statements of the Company (note 22(b)).

11. PROPERTY, PLANT AND EQUIPMENT

Group	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2014			
At 31 March 2013 and 1 April 2013:			
Cost	2,199,671	7,408,863	9,608,534
Accumulated depreciation	(780,719)	(2,991,441)	(3,772,160)
Net carrying amount	1,418,952	4,417,422	5,836,374
At 1 April 2013, net of accumulated depreciation	1,418,952	4,417,422	5,836,374
Additions	512,790	2,237,622	2,750,412
Disposal	–	(1,488,407)	(1,488,407)
Depreciation provided during the year	(712,857)	(2,151,605)	(2,864,462)
Exchange realignment	19,044	5,847	24,891
At 31 March 2014, net of accumulated depreciation	1,237,929	3,020,879	4,258,808
At 31 March 2014:			
Cost	2,712,461	7,323,053	10,035,514
Accumulated depreciation	(1,474,532)	(4,302,174)	(5,776,706)
Net carrying amount	1,237,929	3,020,879	4,258,808
31 March 2013			
At 1 April 2012:			
Cost	1,320,521	3,864,617	5,185,138
Accumulated depreciation	(376,181)	(1,044,775)	(1,420,956)
Net carrying amount	944,340	2,819,842	3,764,182
At 1 April 2012, net of accumulated depreciation	944,340	2,819,842	3,764,182
Additions	869,571	3,541,254	4,410,825
Depreciation provided during the year	(404,503)	(1,946,605)	(2,351,108)
Exchange realignment	9,544	2,931	12,475
At 31 March 2013, net of accumulated depreciation	1,418,952	4,417,422	5,836,374
At 31 March 2013:			
Cost	2,199,671	7,408,863	9,608,534
Accumulated depreciation	(780,719)	(2,991,441)	(3,772,160)
Net carrying amount	1,418,952	4,417,422	5,836,374
31 March 2014			
At 31 March 2013 and 1 April 2013:			
Cost	1,600,763	7,221,775	8,822,538
Accumulated depreciation	(778,531)	(2,987,646)	(3,766,177)
Net carrying amount	822,232	4,234,129	5,056,361
At 1 April 2013, net of accumulated depreciation	822,232	4,234,129	5,056,361
Additions	116,220	1,171,980	1,288,200
Disposal	–	(1,488,407)	(1,488,407)
Depreciation provided during the year	(466,573)	(1,974,921)	(2,441,494)
At 31 March 2014, net of accumulated depreciation	471,879	1,942,781	2,414,660

Group	Furniture and fixtures HK$	Office equipment HK$	Total HK$
At 31 March 2014:			
Cost	1,716,983	6,070,323	7,787,306
Accumulated depreciation	(1,245,104)	(4,127,542)	(5,372,646)
Net carrying amount	471,879	1,942,781	2,414,660
31 March 2013			
At 1 April 2012:			
Cost	1,320,521	3,864,617	5,185,138
Accumulated depreciation	(376,181)	(1,044,775)	(1,420,956)
Net carrying amount	944,340	2,819,842	3,764,182
At 1 April 2012, net of accumulated depreciation	944,340	2,819,842	3,764,182
Additions	280,242	3,357,158	3,637,400
Depreciation provided during the year	(402,350)	(1,942,871)	(2,345,221)
At 31 March 2013, net of accumulated depreciation	822,232	4,234,129	5,056,361
At 31 March 2013:			
Cost	1,600,763	7,221,775	8,822,538
Accumulated depreciation	(778,531)	(2,987,646)	(3,766,177)
Net carrying amount	822,232	4,234,129	5,056,361

12. INVESTMENT IN A SUBSIDIARY

	Company 2014 HK$	2013 HK$
Unlisted shares, at cost	**4,656,503**	583,500

The amount due from a subsidiary included in the Company's current assets is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the Company's subsidiary as at 31 March 2014 are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity directly attributable to the Company	Principal activities
Nor Lanka Colombo Manufacturing Company Limited*	Sri Lanka	Sri Lankan Rupee ("LKR") 64,427,000	100%	Trading of garment products

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst &Young global network.

As at 31 March 2013, the Group acquired Nor Lanka Colombo Manufacturing Company Limited from an independent third party. During the year, the Group has further increased capital to the subsidiary. Further details of this acquisition are included in note 23 to the financial statements.

13. GOODWILL

	2014 HK$	2013 HK$
Cost and net carrying amount	**583,365**	583,365

Impairment testing of goodwill

Goodwill acquired through a business combination has been allocated to the relevant cash-generating unit for impairment testing. The recoverable amount of the cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial forecast covering a five-year period approved by management. The discount rate applied to the cash flow projections is 12% (2013: 12%) and the budgeted revenue and results of operation have been determined based on management's expected market and business development. The discount rate used is before tax and reflects specific risks relating to the cash-generating unit.

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14. INVENTORIES

The Group's inventories represented fabrics sourced for supplies to manufacturers for their production of garments for the Group.

15. TRADE AND BILLS RECEIVABLES

	Group and Company	
	2014 HK$	**2013 HK$**
Trade receivables	**161,657,380**	183,051,236
Bills receivable	**2,543,647**	5,713,291
	164,201,027	188,764,527

The Group's and the Company'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 and the Company seek to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. There is no significant concentration of credit risk.

An aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group and Company	
	2014 HK$	**2013 HK$**
Neither past due nor impaired	**139,456,389**	170,605,246
Past due but not impaired:		
Less than one month	**14,795,323**	14,159,395
Between one to three months	**4,494,003**	3,995,712
Over three months	**5,455,312**	4,174
	164,201,027	188,764,527

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

As at the end of the reporting period, the Group and Company had transferred certain bills of exchange amounting to HK$40,848,488 (2013: HK$65,296,128) to banks with recourse in exchange for cash. The proceeds of the Group and the Company from transferring the bills receivable of HK$40,823,460 (2013: HK$65,054,265) 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/Company makes good of any losses incurred by the banks (note 19).

Receivables that were past due but not impaired relate to a number of customers that have had a good track record with the Group and 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. The Group and the Company do not hold any collateral or other credit enhancements over these balances.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014 HK$	**2013 HK$**	**2014 HK$**	**2013 HK$**
Prepayments	**59,865,992**	**2,784,746**	46,456,135	2,611,070
Deposits	**1,115,662**	**–**	265,658	–
Other receivables	**627,127**	**10,668,749**	279,820	10,197,177
	61,608,781	**13,453,495**	47,001,613	12,808,247

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.

17. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014 HK$	**2013 HK$**	**2014 HK$**	**2013 HK$**
Other payables	**1,585,064**	**3,716,833**	1,450,299	3,716,845
Accrued employee benefits	**1,979,874**	**937,479**	1,485,556	937,479
Accruals	**1,645,125**	**424,666**	29,343	50,940
	5,210,063	**5,078,978**	2,965,198	4,705,264

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

18. DERIVATIVE FINANCIAL INSTRUMENTS

Assets

	Group and Company	
	2014 HK$	**2013 HK$**
Foreign currency contracts	**–**	1,057,669

Liabilities

	Group and Company	
	2014 HK$	**2013 HK$**
Foreign currency contracts	**685,371**	–

Cash flow hedges

At 31 March 2014, the Group and the Company held 25 forward currency contracts (2013: 26) designated as hedges in respect of expected future sales to customers in the United Kingdom and Europe 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 between April 2014 and September 2014 (2013: between April 2013 and August 2013) were assessed to be highly effective and a net loss of HK$1,743,364 (2013: a net gain of HK$2,578,166) was included in the hedging reserve.

19. INTEREST-BEARING BANK BORROWINGS

Group	2014			2013		
	Contractual interest rate (%)	**Maturity**	**HK$**	**Contractual interest rate (%)**	**Maturity**	**HK$**
Trust receipt loans	LIBOR plus 2.25%, LIBOR plus 3.5%, LIBOR plus 4.0%, 4 months LIBOR plus 5% subject to a minimum of 7% p.a. or cost of funding plus 2.25%	April - July 2014	80,456,602	LIBOR plus 3.5%, LIBOR plus 4.0% or cost of funding plus 2.5%	April - May 2013	16,578,647
Collateralised bank advances	LIBOR plus 3.9% , LIBOR plus 1.5% or cost of funding plus 2.25%	April - June 2014	14,656,410	LIBOR plus 3.5%	April 2013	65,296,128

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Group	2014			2013		
	Contractual interest rate (%)	Maturity	HK$	Contractual interest rate (%)	Maturity	HK$
Factoring	0.18% of gross invoice amount with recourse term	2014	26,192,078	–	–	–
			121,305,090			81,874,775

Company	2014			2013		
	Contractual interest rate (%)	Maturity	HK$	Contractual interest rate (%)	Maturity	HK$
Trust receipt loans	LIBOR plus 2.25%, LIBOR plus 3.5% LIBOR plus 4.0% or cost of funding plus 2.25%	April - June 2014	74,933,456	LIBOR plus 3.5%, LIBOR plus 4.0% or cost of funding plus 2.5%	April - May 2013	16,578,647
Collateralised bank advances	LIBOR plus 3.9%, LIBOR plus 1.5% or cost of funding plus 2.25%	April - June 2014	14,656,410	LIBOR plus 3.5%	April 2013	65,296,128
Factoring	0.18% of gross invoice amount with recourse term	2014	26,192,078	–	–	–
			115,781,944			81,874,775

Notes:

(a) Certain of the Group's bank borrowings are secured by way of:

(i) a joint corporate guarantee from its ultimate holding company and its immediate holding company to the extent of United States dollars ("US$") 5,000,000;

(ii) a corporate guarantee from the Company to the extent of US$2,250,000; and

(iii) a corporate guarantee from the ultimate holding company to the aggregate of HK$280,000,000 and British Pound Sterling ("GBP") 30,000,000.

(b) The Group's trust receipt loans are all denominated in US$, the collateralised bank advances are all denominated in GBP and US$ and the factoring are all denominated in Euro and US$.

20. DEFERRED TAX LIABILITIES/(ASSETS)

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

Group and Company

	Depreciation allowance in excess of related depreciation HK$	Cash flow hedges HK$	Total HK$
At 1 April 2012	437,181	(250,882)	186,299
Deferred tax charged to profit or loss during the year (note 9)	53,868	–	53,868
Deferred tax charged to other comprehensive income during the year	–	425,397	425,397
At 31 March 2013 and at 1 April 2013	491,049	174,515	665,564
Deferred tax credited to profit or loss during the year (note 9)	(431,571)	–	(431,571)
Deferred tax credited to other comprehensive income during the year	–	(287,601)	(287,601)
At 31 March 2014	59,478	(113,086)	(53,608)

21. SHARE CAPITAL

	2014 HK$	2013 HK$
Authorised, issued and fully paid:		
10,000 ordinary shares of HK$1 each	**10,000**	10,000

22. RESERVES

(a) Group

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.

(b) Company

	Issued capital HK$	Hedging reserve HK$	Retained profits HK$	Total equity HK$
At 1 April 2012	10,000	(1,269,615)	26,305,999	25,046,384
Profit for the year	–	–	31,896,396	31,896,396
Other comprehensive income for the year:				
Cash flow hedges, net of tax	–	2,152,769	–	2,152,769
At 31 March 2013 and at 1 April 2013	10,000	883,154	58,202,395	59,095,549
Profit for the year	–	–	18,770,806	18,770,806
Other comprehensive loss for the year:				
Cash flow hedges, net of tax	–	(1,455,709)	–	(1,455,709)
At 31 March 2014	10,000	(572,555)	76,973,201	76,410,646

* These reserve accounts comprise the reserves of HK$76,400,646 (2013: HK$59,085,549) in the Company's statement of financial position.

23. BUSINESS COMBINATION

On 13 August 2012, the Group acquired a 100% interest in Nor Lanka Colombo Manufacturing Limited ("NL Colombo") from an independent third party. NL Colombo is engaged in the trading of garments. The purchase consideration for the acquisition was in the form of cash of HK$583,500 paid at the acquisition date.

On 25 June 2013, the Group increased its capital investment to NL Colombo in the form of cash of HK$4,073,003 and paid during the year.

The fair values of the identifiable assets of NL Colombo as at the date of acquisition were as follows:

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	Note	2013 HK$
Consideration for a 100% equity interest acquired		583,500
Assets		
Other receivables		135
Goodwill on acquisition	13	583,365
Satisfied by cash		583,500

None of the goodwill recognised is expected to be deductible for income tax purposes.

Subsequent to the acquisition, NL Colombo contributed turnover of HK$685,176 and loss of HK$1,037,867 to the Group's consolidated financial statements for the year ended 31 March 2013. Prior to the acquisition, NL Colombo was inactive and had no revenue and profit or loss.

24. OPERATING LEASE ARRANGEMENTS

The Group leases certain office properties under operating lease arrangements. Leases for these properties are negotiated for terms ranging from one to two years.

At 31 March 2014, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Within one year	**1,057,078**	1,604,401	**–**	159,279
In the second to fifth years, inclusive	**5,428**	1,083,842	**–**	–
	1,062,506	2,688,243	–	159,279

25. 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	2014 HK$	2013 HK$
Ultimate holding company:			
IT support expenses paid	(i)	**265,103**	–
Immediate holding company:			
Commission income received	(ii)	**–**	364,748
Sales of goods	(iii)	**62,573,647**	8,252,692
IT support expenses paid	(i)	**23,340**	–
Support services paid	(iv)	**219,220**	–
Intermediate holding company:			
Management fees paid	(v)	3,111,782	2,882,117
Marketing fees paid	(v)	709,536	2,987,520
Fellow subsidiaries:			
Sales of goods	(iii)	40,912,290	26,016,759
Marketing fees paid	(v)	126,775	562,390
Management fees paid	(v)	255,267	582,335
Management fee received	(vi)	–	817,848
Sampling fees paid	(vii)	–	458,047
Support services paid	(iv)	5,637,589	–
Rent received	(viii)	122,723	–

Notes:

(i) The IT support expenses paid were based on terms mutually agreed by the Group and the respective related parties.

(ii) The commission income received was related to referrals of customers and was charged at a rate mutually agreed between the Group and the immediate holding company.

(iii) The sales were made according to the prices and conditions mutually agreed between the Group and the respective related parties.

(iv) The support services paid were charged based on terms mutually agreed by the Group and the respective related parties.

(v) The management fees and marketing fees paid were based on terms mutually agreed between the Group and the respective intermediate holding company or fellow subsidiaries.

(vi) The management fee income was charged to a fellow subsidiary for the provision of administrative services, which were based on terms mutually agreed between the Group and a fellow subsidiary.

(vii) The sampling fees paid were charged at terms mutually agreed between the Group and a fellow subsidiary.

(viii) The rent was received based on terms mutually agreed by the Group and a fellow subsidiary.

(b) Outstanding balances with related parties:

The balances with the ultimate holding company, an intermediate holding company, the immediate holding company, fellow subsidiaries and a subsidiary are unsecured, interest-free and have no fixed terms of repayment.

26. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Group and the Company comprise trade and bills receivables, deposits and other receivables, amounts due from fellow subsidiaries and an intermediate holding company, and cash and cash equivalents which are categorised as loans and receivables. Derivative financial instruments are categorised as financial assets or financial liabilities at fair value through profit or loss - held for trading. The carrying amounts of these financial assets are the amounts shown on the consolidated or company statement of financial position or in the corresponding notes to the financial statements. The financial liabilities of the Group and the Company comprise 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, an intermediate holding company, the immediate holding company and a subsidiary which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the consolidated or company statement of financial position or in the corresponding notes to the financial statements.

27. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

As at 31 March 2014, the Group's and the Company's derivative financial instruments were measured at Level 2 fair value.

During the years ended 31 March 2014 and 31 March 2013, there were no transfers of fair value measurements between Level 1 and Level 2, and no transfer into or out of Level 3.

The fair values of trade and bills receivables, deposits and other receivables, amounts due from fellow subsidiaries and an intermediate holding company, cash and cash equivalents, trade and bills payables, financial liabilities included in other payables and accruals, amounts due to the ultimate holding company, an intermediate holding company, the immediate holding company, fellow subsidiaries and a subsidiary, and interest-bearing bank borrowings approximated to their carrying amounts largely due to the short term maturities of these instruments.

28. 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 bank borrowings which bear interest at variable rates.

The following table demonstrates the sensitivity to a reasonably possible change in the HK$ interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$	Increase/ (decrease) in equity HK$
2014			
HK$	50	(409,374)	(409,374)
HK$	(50)	409,374	409,374
2013			
HK$	50	(409,374)	(409,374)
HK$	(50)	409,374	409,374

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by the Group in currencies (mainly GBP) other than the Group's functional currency. The Group mitigates the risk of foreign currency exposure by contracting with customers and suppliers primarily in the Group's functional currency, whenever possible.

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).

	Change in the exchange rate %	Decrease/ (increase) in profit before tax HK$
31 March 2014		
If HK$ weakens against GBP	10.0	3,586,850
If HK$ strengthens against GBP	(10.0)	(3,586,850)
31 March 2013		
If HK$ weakens against GBP	10.0	9,399,470
If HK$ strengthens against GBP	(10.0)	(9,399,470)

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 and bank balances, arises from default of the counterparties with a maximum exposure equal to the aggregate carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. As the Group's trade receivables relate to diversified debtors, there is no significant concentration of credit risk within the Group.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 15 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 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 shareholder's 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 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 2014 and 31 March 2013.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 May 2014.

Nor Lanka Manufacturing Colombo Limited

Independent Auditor's Report

To the shareholder of Nor Lanka Manfacturing Colombo Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of Nor Lanka Manufacturing Colombo Limited, which comprise the statement of financial position as at 31 March 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out in pages 2 to 17.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Sri Lanka Accounting Standards for 'Small and Medium-sized Entities' (SLFRS for SMEs). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

3. Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Sri Lanka Auditing Standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

4. Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year then ended 31 March 2014 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2014 and of its results and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for 'Small and Medium-sized Entities' (SLFRS for SMEs).

5. Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151 (2) of the Companies Act, No. 7 of 2007.

Sd/-
Chartered Accounts
23 June 2014
Calombo

STATEMENT OF COMPREHENSIVE INCOME

(all amounts are in US Dollars)

	Notes	Year ended 31 March 2014	For the three months period ended 31 March 2013
Revenue	5	**26,149,939**	92,357
Cost of sales		**(24,187,868)**	(70,648)
Gross profit		**1,962,071**	21,709
Administrative expenses		**(2,290,259)**	(157,384)
Distribution expenses		**(64,496)**	(1,464)
Operating loss	6	**(392,684)**	(137,139)
Finance income		**206,906**	Nil
Finance costs		**(76,127)**	(2,758)
Finance income / (costs) - net	8	**130,779**	(2,758)
Loss before tax		**(261,905)**	(139,897)
Income tax	9	**Nil**	Nil
Loss for the year / period		**(261,905)**	(139,897)
Loss per share - basic	10	**(0.05)**	(699)

STATEMENT OF FINANCIAL POSITION

(all amounts are in US Dollars)

	Notes	31 March 2014	31 March 2013
ASSETS			
Non-current assets			
Plant and equipment	11	**237,037**	103,458
Current assets			
Inventories	12	**3,949,550**	332,060
Trade and other receivables	13	**10,165,354**	177,940
Cash and cash equivalents	15	**85,128**	21,895
		14,200,032	531,895
Total assets		**14,437,069**	635,353
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	21	**523,499**	16
Accumulated losses		**(401,802)**	(139,897)
		121,697	(139,881)
Non-current liabilities			
Defined benefit obligations	18	**63,537**	Nil
Current liabilities			
Trade and other payables	16	**13,314,535**	763,665
Borrowings	17	**937,300**	11,569
		14,251,835	775,234
Total liabilities		**14,315,372**	775,234
Total equity and liabilities		**14,437,069**	635,353

The Board of Directors is responsible for preparation and presentation of these financial statements. These financial statements were approved for issue by the Board of Directors

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 7 of 2007.

Sd/-
Deepak Pallall Directors

Sd/-
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

(all amounts are in US Dollars)

	Notes	Stated capital	Accumulated losses	Total
Balance at 1 January 2013		16	Nil	16
Loss for the period		Nil	(139,897)	(139,897)
Balance at 31 March 2013		16	(139,897)	(139,881)
Balance at 1 April 2013		16	(139,897)	(139,881)
Issue of shares	21	523,483	Nil	523,483
Loss for the year		Nil	(261,905)	(261,905)
Balance at 31 March 2014		**523,499**	**(401,802)**	**121,697**

Nor Lanka Manufacturing Colombo Limited

STATEMENT OF CASH FLOW

(all amounts are in US Dollars)

	Notes	Year ended 31 March 2014	For the three months period ended 31 March 2013
Operating activities			
Cash (used in) / generated from operations	22	**(1,199,385)**	114,700
Interest paid	8	**–**	(122)
Interest received	8	**1,349**	Nil
Net cash (used in) / generated from operating activities		**(1,198,036)**	114,578
Investing activities			
Purchase of plant and equipment	11	**(187,945)**	(104,252)
Net cash used in investing activities		**(187,945)**	(104,252)
Financing activities			
Proceeds from issuance of ordinary shares	21	**523,483**	Nil
Proceeds from borrowings		**1,376,322**	Nil
Repayments of borrowings		**(666,406)**	Nil
Net cash generated from financing activities		**1,233,399**	Nil
(Decrease) / increase in cash and cash equivalents		**(152,582)**	10,326
Movement in cash and cash equivalents			
At the beginning of the period		**10,326**	Nil
(Decrease) / increase		**(152,582)**	10,326
At end of the period	15	**(142,256)**	10,326

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in United States Dollars unless otherwise stated)

1. General information

The Company was incorporated under the Companies Act, No. 07 of 2007 on 06 November 2009 as GC Lanka (Private) Limited. The name of the Company was changed to Nor Lanka Manufacturing Colombo Limited on 19 December 2012. The Company carries on the business of export locally procured manufactured garments. The registered office is situated at No. 423, Negambo Road, Wattala.

These financial statements have been approved for issue by the Board of Directors on 23 June 2014

2. Summary of significant accounting policies

These financial statements are prepared in accordance with the Sri Lanka Accounting Standards for 'Small and Medium-sized Entities' (SLFRS for SMEs). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Nor Lanka Manufacturing Colombo Limited have been prepared in accordance with the Sri Lanka Accounting Standards for 'SLFRS for Small and Medium-sized Entities' (SLFRS for SMEs). They have been prepared under the historical cost convention, except for financial assets and liabilities which are measured at fair value.

The preparation of financial statements in conformity with the SLFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in Note 3.

The financial statements are prepared and presented in United States Dollars (US$), and the Directors of the Company are of the opinion that the use of US$ as the functional currency provides information about the Company that is useful and reflects the economic substance of the underlying events and circumstances relevant to the Company due to:

(i) All raw material purchases, which constitute the majority of the expenses are paid for in US$;

(ii) Sales are invoiced and settled in US$; and

(iii) The demand for the Company's products and sales prices are dependent upon competitive forces outside the country of domicile (i.e. Sri Lanka).

Financial statements are also prepared in Sri Lanka Rupees for local statutory requirements.

2.2 Foreign currency translation

(a) Functional and presentation currency

The items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in "United States Dollar", which is considered the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the reporting 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.

Foreign exchange gains and losses are presented in profit or loss within 'finance income / (costs) - net'.

2.3 Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

(a) Measurement

All Plant and equipment which initially recorded at historical cost. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. The carrying amount of the replaced parts are derecognised. All repair and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

(b) Depreciation

Depreciation on assets is charged so as to allocate the cost of the assets less their residual value over their estimated useful lives, using the straight-line method commencing from the month in which the asset is available for use.

The estimated useful lives range as follows:

Furniture and fittings	3 years
Other equipment	3 years
Computer equipment	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains / (losses) - net, in the statement of comprehensive income.

2.4 Impairment of non-financial assets other than inventories

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. 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 (or CGU'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 (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.5 Financial assets - loans and receivables

2.5.1 Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. the Company's loans and receivables comprise trade and other receivables and cash and cash equivalent in the statement of financial position (Notes 2.7 and 2.8).

2.5.2 Recognition and measurement

Loans and receivables are initially measured at fair value and subsequently carried at amortised cost using the effective interest method.

2.6 Impairment of financial assets - assets carried at amortised cost

The Company 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. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors 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 where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss 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) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

2.7 Trade receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

2.8 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in deposits held at call with banks.

Bank overdraft are shown with borrowings in current liabilities in the statement of financial position.

2.9 Stated capital

The ordinary shares are classified as equity.

2.10 Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2.11 Borrowings

Borrowings are initially recognised at the transaction price including transaction costs. These are subsequently stated at amortised cost.

2.12 Borrowing costs

All borrowing costs are recognised as an expense in statement of comprehensive income in the period in which they are incurred.

2.13 Employee benefits

(a) Defined benefit plan - Gratuity

Defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and compensation. The defined benefit plan comprises the gratuity provided under the Act, No 12 of 1983.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by the Company using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds, as there is no deep market on high quality corporate bonds, by the Company.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(b) Defined contribution plans

All local employees of the Company are members of the Employees' Provident Fund and Employees' Trust Fund, to which their employer contributes 12% and 3% respectively of such employees' basic or consolidated wage or salary, cost of living and all other allowances.

(c) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

2.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligations as a result of past events, 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 of the obligation can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

The provisions are measured at the present value of expenditures expected to be required to settle the obligation.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The provision for current income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provision of the Inland Revenue Act, No.10 of 2006.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax assets is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.16 Revenue recognition

(a) Sale of goods

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of all applicable taxes and levies, returns, rebates and discounts.

2.17 Expenditure

The expenses are recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining plant and equipment in a state of efficiency is charged against income in arriving at the result for the year.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 . Information about key sources of estimation uncertainty and judgements

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) *Impairment of non - financial assets other than inventories*

The Company test annually the indicators to ascertain whether non-financial assets have suffered any impairment, in accordance with the accounting policy stated in Note 2.4. These calculations require the use of estimates.

(b) *Useful lives of plant and equipment*

The Company reviews annually the estimated useful lives of plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of plant and equipment would increase the recorded depreciation charge and decrease the property, plant and equipment.

(c) *Defined benefit obligations*

The present value of the gratuity obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for gratuity include the discount rate. Any changes in these assumptions will impact the carrying amount of gratuity obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for gratuity obligations are based in part on current market conditions, additional information is disclosed in Note 18.

3.2 Critical judgments in applying the entity's accounting policies

No judgments have been made in applying the entity's accounting policies.

4. Going concern

At the statement of financial position date the Company's accumulated losses amounted to USD 401,802 and the Company's current liabilities exceeded its current assets by USD 51,803 on that date. However, despite this position, the financial statements have been prepared on the basis of the Company being a going concern as the Board of Directors of the Company are confident that the Company will be profitable in the future according to the business plan developed for the succeeding financial year and will have adequate resources to continue its operations in the foreseeable future. In the event the Company is unable to continue as a going concern, the non-current assets will be re-classified to current assets at their current realisable value and provision will be made for any liabilities that may arise on winding up of the Company's operations.

5. Revenue

	Notes	Year ended 31 March 2014	For the three months period ended 31 March 2013
Sales [Note 23 (i)]		**26,149,939**	92,357

Sales of the Company wholly consists of proceeds received / receivable from trading of garments to Nor Lanka Manufacturing Limited, the parent company.

6. Expenses by nature

The following items have been charged / (credited) in arriving at operating (loss) / profit.

		Year ended 31 March 2014	For the three months period ended 31 March 2013
Directors' emoluments		**Nil**	**Nil**
Auditors' remuneration	- audit	**3,900**	3,270
	- non - audit	**2,139**	Nil
		6,039	3,270
Depreciation on plant and equipment (Note 11)		**54,366**	794
Repair and maintenance expenditure		**54,516**	920
Operating lease rentals - property		**79,772**	45,048
Employee benefit expenses (Note 7)		**1,101,324**	2,545

7. Employee benefit expenses

	Year ended 31 March 2014	For the three months period ended 31 March 2013
Salaries and wages	**806,165**	2,344
Defined contribution plans	**263,390**	201
Defined benefit obligations (Note 18)	**31,769**	Nil
	1,101,324	2,545
Average monthly number of employees employed by the Company during the year / period :	**218**	3

8. Finance income and costs - net

	Year ended 31 March 2014	For the three months period ended 31 March 2013
Finance income:		
Interest income	**1,349**	Nil
Net foreign exchange transaction and translation gains	**205,557**	Nil
Finance income	**206,906**	Nil
Finance costs:		
Net foreign exchange transaction and translation losses	**Nil**	(2,636)
Interest expense		
- bank overdrafts	**(21,159)**	(122)
- bank borrowings	**(11,395)**	Nil
- bank charges on letter of credits	**(43,573)**	Nil
Finance costs	**(76,127)**	(2,758)
	130,779	(2,758)

9. Income tax

As per the agreement with the Board of Investment of Sri Lanka (BOI) dated 7 April 2010 under Section 17 of the BOI Law No. 4 of 1978 the Company's profits and income are exempt from income tax for a period of five years from the year of assessment reckoned from the year in which the Company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations whichever is earlier, as may be specified in a certificate issued by the BOI.

The tax exemption period has not commenced during the year ended 31 March 2014 since the Company has not completed the two years period from commencing commercial operations or making profits.

The tax losses available for carry forward as at 31 March 2014 amounting to USD 228,580 (as at 31 March 2013 - USD 151,730) wholly consist of tax losses incurred before commencement of tax holiday.

Deferred tax

Deferred tax assets amounting to USD 35,054 (as at 31 March 2013 - USD 18,208) have not been recognised in the books of account as at 31 March 2014 in the view of the uncertainty of future taxable profits. The tax rate applicable immediately after the tax exempt period is 12%.

10. Loss per share

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the number of ordinary shares in issue during the period.

	Year ended 31 March 2014	For the three months period ended 31 March 2013
Net loss attributable to equity holders of the Company	**(261,905)**	(139,897)
Weighted average number of ordinary shares in issue	**4,832,075**	200
Basic loss per share (US $)	**(0.05)**	(699)

Nor Lanka Manufacturing Colombo Limited

11. Plant and equipment

	Furniture & fittings	Other equipment	Computer equipment	Office Equipment	Total
Three months period ended 31 March 2013					
Opening net book amount	Nil	Nil	Nil	Nil	Nil
Additions	79,437	8,776	16,039	Nil	104,252
Depreciation charge (Note 6)	(290)	(474)	(30)	Nil	(794)
Closing net book amount	79,147	8,302	16,009	Nil	103,458
At 31 March 2013					
Cost	79,437	8,776	16,039	Nil	104,252
Accumulated depreciation	(290)	(474)	(30)	Nil	(794)
Closing net book amount	79,147	8,302	16,009	Nil	103,458
Year ended 31 March 2014					
Opening net book amount	79,147	8,302	16,009	Nil	103,458
Additions	50,973	26,259	104,119	6,594	187,945
Depreciation charge (Note 6)	(31,656)	(6,374)	(15,807)	(529)	(54,366)
Closing net book amount	98,464	28,187	104,321	6,065	237,037
At 31 March 2014					
Cost	130,410	35,035	120,158	6,594	292,197
Accumulated depreciation	(31,946)	(6,848)	(15,837)	(529)	(55,160)
Net book amount	98,464	28,187	104,321	6,065	237,037

12. Inventories

	2014	2013
Raw materials	**3,949,550**	332,060

13. Trade and other receivables

	2014	2013
Receivables from parent company [Note 23 (iii)]	**8,287,826**	92,356
Prepayments [See Note (a) below]	**59,805**	23,036
Other receivables [See Note (b) below]	**1,782,880**	62,548
Statutory Receivables	**34,843**	Nil
	10,165,354	177,940

(a) Prepayments mainly consist of prepaid rent amounting to USD 23,036 (2013 - USD 23,036), prepaid insurance of USD 25,502 (2013 - USD Nil) and other prepaid expenses of USD 11,267 (2013 - USD Nil).

(b) Other receivables mainly consist of advance to suppliers of USD 1,646,065 (2013 - USD Nil) and rent deposit amounting to USD 109,255 (2013 - USD 46,071).

14. Financial instruments by category

	2014	2013
Financial assets - measured at amortised cost		
Trade and other receivables (excluding prepayments and statutory receivables) (Note 13)	**10,070,706**	154,904
Cash and cash equivalents (Note 15)	**85,128**	21,895
	10,155,834	176,799
Financial liabilities - measured at amortised cost		
Trade and other payables (excluding statutory payables) (Note 16)	**13,297,214**	763,665
Bank overdraft (Note 17)	**227,384**	11,569
Short term borrowings (Note 17)	**709,916**	Nil
	14,234,514	775,234

15. Cash and cash equivalents

	2014	2013
Cash in hand and at bank	**85,128**	21,895

For the purposes of the cash flow statement, the year / period end cash and cash equivalents are as follows:

	2014	2013
Cash at bank and in hand	**85,128**	21,895
Bank overdrafts (Note 17)	**(227,384)**	(11,569)
	(142,256)	10,326

16. Trade and other payables

	2014	2013
Trade payables	**5,684,122**	303,602
Amount due to parent company [Note 23 (iv)]	**7,405,408**	410,495
Accrued expenses [See Note (a) below]	**207,684**	49,568
Statutory payables	**17,321**	Nil
	13,314,535	763,665

(a) Accrued expenses mainly consists of rent payable amounting to USD 67,000 (2013 - USD 5,850), payables related to data cable installation fee amounting to USD Nil (2013 - USD 7,176), mobile data charge payable amounting to USD 17,439 (2013 - USD 4,876) and fright charges payable of USD 13,500 (2013 - USD Nil).

17. Borrowings

	2014	2013
Current		
Bank overdraft	**227,384**	11,569
Short term borrowings	**709,916**	Nil
	937,300	**11,569**

Bank overdraft and short term borrowings are unsecured. Some of bank overdrafts reflect book overdrawn situations as at 31 March 2014.

Weighted average effective interest rates	2014	2013
- bank overdrafts	26%	32%
- short term borrowings	7%	Nil

18. Defined benefit obligations

	2014	2013
Statement of financial position obligation for:		
- Gratuity	**63,537**	Nil
Statement of comprehensive income		
- Gratuity	**31,769**	Nil

(a) The movement in the defined benefit obligations over the year is as follows:

	2014	2013
At the beginning of the year / period	**Nil**	Nil
Current service cost	**16,101**	Nil
Actuarial loss	**15,668**	Nil
Intercompany transfers	**31,769**	Nil
At the end of the year / period	**63,537**	Nil

(b) The total charge included in the administrative expenses.

(c) As stated in the accounting policy 2.13 as at 31 March 2014 an actuarial valuation was carried out by the Company using the projected unit credit method as per recommendations made in the LKAS 19; Employee Benefits.

The principal actuarial assumptions used were as follows.

		2014
Discount rate		**10%**
Future salary increases	- executive staff	**5%**
Staff turnover factor	- executive staff	**1.5%**

19. Contingent liabilities

There were no material contingent liabilities outstanding at the statement of financial position date.

20. Commitments

Capital Commitments

There were no material capital commitments existing at the financial position date.

Operating lease commitments

The Company has a monthly commitment to pay USD 12,423 (2013 - USD 8,772) as rent for office premises. There were no other material operating commitments outstanding at the statement of financial position date.

21. Stated capital

	Number of shares issued	Ordinary share value
At 1 January 2013	200	16
At 31 March 2013	200	16
Issue of shares	6,442,500	523,483
At 31 March 2014	6,442,700	523,499

All issued shares are fully paid.

22. Cash (used in) / generated from operations

Reconciliation of loss before tax to cash (used in) / generated from operations :

	Year ended 31 March 2014	For the three months period ended 31 March 2013
Loss before tax	**(261,905)**	(139,897)
Adjustments for:		
Depreciation (Note 11)	**54,366**	794
Interest expense (Note 8)	**–**	122
Interest income (Note 8)	**(1,349)**	Nil
Changes in working capital:		
- inventories	**(3,617,490)**	(332,060)
- trade and other receivables	**(9,855,646)**	(177,924)
- payables	**12,450,870**	763,665
Defined benefit obligations (Note 18)	**31,769**	Nil
Net cash (used in) / generated from operations	**(1,199,385)**	114,700

23. Directors' interest in contract and related party transactions

The Company is controlled by Nor Lanka Manufacturing Limited which owns 100% of Company's stated capital and is considered to be the immediate parent company. The ultimate parent company of the Group is Pearl Global Industries Limited, incorporated in India.

The following transactions were carried out with the parent company:

(i) Sale of goods and services:	Year ended 31 March 2014	For the three months period ended 31 March 2013
Sale of goods:		
Nor Lanka Manufacturing Limited	26,149,939	92,357

(ii) Purchase of goods and services:	Year ended 31 March 2014	For the three months period ended 31 March 2013
Purchase of goods:		
Nor Lanka Manufacturing Limited	**398,914**	19,881

(iii) Receivables from parent company:	**2014**	**2013**
Nor Lanka Manufacturing Limited	**8,287,826**	92,356

(iv) Payable to parent company:	**2014**	2013
Nor Lanka Manufacturing Limited	**7,405,408**	410,495

(v) Key management compensation

Key management personal includes directors (executive and non-executive) who have significant influence over the interest of the Company. The compensation paid or payable to key management for employees service is shown below.

	Year ended 31 March 2014	For the three months period ended 31 March 2013
Salaries and other short term employee benefits	**Nil**	Nil

24. Events after the end of reporting date

No events have occurred since the statement of financial position date which would require adjustments to, or disclosure in, these financial statements.

Nor India Manufacturing Company Limited

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2014.

Principal activity

The principal activity of the Company is the trading of garments. There were no significant changes in nature of the Company's principal activity during the year.

Results and dividends

The Company's profit for the year ended 31 March 2014 and its state of affairs at that date are set out in the financial statements on pages 4 to 21.

The directors do not recommend the payment of any dividend in respect of the year.

Directors

The directors of the Company during the year were:

Deepak Kumar Seth

Pallak Seth

In accordance with article 7 of the Company's articles of association, both directors will retire and, being eligible, will offer themselves for re-election.

Directors' interests

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Directors' interests in contracts

No director had a material interest, either directly or indirectly, in any contract 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

Sd/-

Chairman

Hong Kong

22 May 2014

INDEPENDENT AUDITORS' REPORT

To the shareholder of Nor India Manufacturing Company Limited

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Nor India Manufacturing Company Limited (the "Company") set out on pages 4 to 21, which comprise the statement of financial position as at 31 March 2014, and the statement of 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 141 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2014, and of its profit 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.

Sd/-

Certified Public Accountants

Hong Kong

22 May 2014

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2014

	Notes	2014 HK$	2013 HK$
REVENUE	3	**113,000,059**	88,684,415
Cost of sales		**(99,891,758)**	(77,992,756)
Gross profit		**13,108,301**	10,691,659
Other income and gains	3	**2,206,877**	770,751
Selling and distribution expenses		**(11,894)**	(193,428)
Administrative expenses		**(5,974,217)**	(6,447,446)
Finance costs	6	**(792,698)**	(903,535)
PROFIT BEFORE TAX	4	**8,536,369**	3,918,001
Income tax expense	7	**(1,408,500)**	(646,470)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7,127,869**	3,271,531

STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	2014 HK$	2013 HK$
CURRENT ASSETS			
Trade and bills receivables	8	**7,245,146**	15,195,103
Other receivables		**1,752,201**	–
Due from the immediate holding company	11(b)	**6,893,880**	2,896,429
Due from a fellow subsidiary	11(b)	–	1,865
Cash and cash equivalents		**1,281,812**	577,994
Total current assets		**17,173,039**	18,671,391
CURRENT LIABILITIES			
Trade payables		**3,583,493**	8,684,223
Accrual		**31,900**	30,900
Due to a fellow subsidiary	11(b)	**–**	7,253
Interest-bearing bank borrowings	9	**–**	4,927,738
Tax payable		**2,224,173**	815,673
Total current liabilities		**5,839,566**	14,465,787
Net assets		**11,333,473**	4,205,604
EQUITY			
Issued capital	10	**77,800**	77,800
Accumulated profits		**11,255,673**	4,127,804
Total equity		**11,333,473**	4,205,604

Sd/- Sd/-

Director Director

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2014

	Note	Issued capital HK$	Retained profits HK$	Total equity HK$
Issue of shares on incorporation	10	77,800	856,273	934,073
Profit and total comprehensive income for the year		–	3,271,531	3,271,531
At 31 March 2013 and at 1 April 2013		77,800	4,127,804	4,205,604
Profit and total comprehensive income for the year		–	7,127,869	7,127,869
At 31 March 2014		77,800	11,255,673	11,333,473

STATEMENT OF CASH FLOWS

Year ended 31 March 2014

	Notes	2014 HK$	2013 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**8,536,369**	3,918,001
Adjustment for finance costs	6	**792,698**	903,535
		9,330,067	4,821,536
Decrease/(increase) in trade and bills receivables		**7,949,957**	(8,456,300)
Increase in other receivables		**(1,752,201)**	–
Increase in an amount due from the immediate holding company		**(3,997,451)**	(3,317,726)
Decrease/(increase) in an amount due from a fellow subsidiary		**1,865**	(1,865)
Increase/(decrease) in trade payables		**(5,100,730)**	5,221,207
Increase/(decrease) in an accrual		**1,000**	(16,182)
Decrease in an amount due to the intermediate holding company		**–**	(58,350)
Increase/(decrease) in an amount due to a fellow subsidiary		**(7,253)**	7,253
Cash generated from/(used in) operations		**6,424,254**	(1,800,427)
Finance costs paid		**(792,698)**	(903,535)
Net cash flows from/(used in) operating activities		**5,631,556**	(2,703,962)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing bank borrowings		**36,005,819**	51,989,437
Repayment of interest-bearing bank borrowings		**(40,933,557)**	(49,365,454)
Net cash flows from/(used in) financing activities		**(4,927,738)**	2,623,983
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**703,818**	(79,979)
Cash and cash equivalents at beginning of year		**577,994**	657,973
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,281,812**	577,994
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		**1,281,812**	577,994

NOTES TO FINANCIAL STATEMENTS

31 March 2014

1. CORPORATE INFORMATION

Nor India Manufacturing Company 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 Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company during the year was Pearl Global Industries Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange and the National Stock Exchange of India Limited.

On 10 March 2014, the High Court of Delhi sanctioned a Scheme of Arrangement between Pearl Global Industries Limited (the "Transferor Company") and PDS Multinational Fashions Limited (the "Transferee Company"), a company incorporated in India with shares planned to be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Subsequent to the reporting period and consequent to the filing of the same Scheme of Arrangement with the Registrar of Companies in India on 13 May 2014, the share capital of Multinational Textiles Group Limited, an intermediate holding company of the Company, was transferred from the Transferor Company to the Transferee Company which became the Company's new ultimate holding company.

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 2014.

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 year ended 31 March 2014, 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

(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).

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

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 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.

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 either directly or 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 and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in 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, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables, an amount due to a fellow subsidiary, and interest-bearing bank borrowings.

Subsequent measurement

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, and only 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 for the current and prior periods 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, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the 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 the 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, when the services are rendered; and

(c) interest income, on an accrual basis using the effective interest rate method.

Foreign currency transactions

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Company's turnover, represents the net invoiced value of goods sold.

An analysis of other income and gains is as follows:

	2014 HK$	2013 HK$
Foreign exchange difference, net	**2,055,932**	768,886
Commission income	**150,945**	1,865
	2,206,877	770,751

4. PROFIT BEFORE TAX

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

	2014 HK$	2013 HK$
Auditors' remuneration	**31,900**	30,900
Staff costs (excluding directors' remuneration (note 5)):		
Salaries and allowances	**2,013,826**	3,632,863
Minimum lease payments under operating leases of land and buildings	**267,934**	285,036

5. DIRECTORS' REMUNERATION

No directors received any fees or emoluments in respect of their services rendered to the Company during the year.

6. FINANCE COSTS

	2014 HK$	2013 HK$
Interest on bank borrowings	**792,698**	903,535

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

A reconciliation of the tax expense applicable to profit before tax using the Hong Kong statutory rate of 16.5% 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:

	2014 HK$	%	2013 HK$	%
Profit before tax	8,536,369		3,918,001	
Tax at the statutory tax rate	1,408,500	16.5	646,470	16.5
Tax at the effective tax rate	1,408,500	16.5	646,470	16.5

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period. (2013: Nil)

8. TRADE AND BILLS RECEIVABLES

	2014 HK$	2013 HK$
Trade receivables	**6,156,651**	14,128,498
Bills receivables	**1,088,495**	1,066,605
	7,245,146	15,195,103

The Company's trading terms with its customers are mainly on credit. Trade and bills receivables are non-interest-bearing and are on terms of up to 90 days. 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.

The aged analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	2014 HK$	2013 HK$
Neither past due nor impaired	**6,339,889**	15,195,103
Past due but not impaired:		
Less than one month	**869,088**	–
One to three months	**–**	–
Over three months	**36,169**	–
	7,245,146	15,195,103

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

Receivables that were past due but not impaired relate to an independent customer that has had a good track record with the Company. The directors of the Company are of the opinion that no provision for impairment is necessary in respect of this balance as there has not been a significant change in credit quality and the balance is still considered fully recoverable.

At 31 March 2013, the Company had transferred certain bills of exchange amounting to HK$4,927,738 to banks with recourse in exchange for cash. The proceeds from transferring the bills receivable of HK$4,911,575 have been accounted for as collateralised bank advances and will be included in interest-bearing bank borrowings until the bills are collected or the Company makes good of any losses incurred by the banks (note 9).

9. INTEREST-BEARING BANK BORROWINGS

	2014 HK$	2013 HK$
Collateralised bank advances	**–**	4,927,738

The collateralised bank advances were denominated in British Pound Sterling, interest-bearing at 3.99% - 4.00% per annum and matured in April 2013.

10. SHARE CAPITAL

	2014 HK$	2013 HK$
Authorised:		
10,000 ordinary shares of US$1 each	**77,800**	77,800
Issued and fully paid:		
10,000 ordinary shares of US$1 each	**77,800**	77,800

On incorporation, the Company's authorised share capital was US$10,000 divided into 10,000 ordinary shares of US$1 each and 10,000 ordinary shares were issued at par for cash as the subscriber's shares.

11. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following material transactions with related parties during the year:

	Notes	2014 HK$	2013 HK$
Intermediate holding company:			
Management fees paid	(i)	**389,031**	210,060
Immediate holding company:			
Commissions received	(ii)	**150,945**	–
Management fees paid	(iii)	**4,074,695**	–
IT services fee	(iv)	**16,922**	–
Consultancy fee	(v)	**184,128**	205,717
Rental expense	(vi)	**267,934**	285,036
Fellow subsidiary:			
Commissions received	(ii)	**84,392**	1,865
Commissions paid	(vii)	**13,036**	–

Nor India Manufacturing Company Limited

Notes:

(i) The management fees paid for advisory services were determined based on terms mutually agreed between the Company and the intermediate holding company.

(ii) The commissions received for the referral of customers were charged at rates mutually agreed between the Company and the immediate holding company or a fellow subsidiary.

(iii) The management fees were determined based on terms mutually agreed between the Company and the immediate holding company.

(iv) The IT services fees were related to the accounting service rendered to the Company and were charged at rates mutually agreed between the Company and the immediate holding company.

(v) The consultancy fee paid was determined based on terms mutually agreed between the Company and the immediate holding company.

(vi) The rental expense was determined based on terms mutually agreed between the Company and the immediate holding company.

(vii) The commissions paid were determined based on terms mutually agreed between the Company and a fellow subsidiary.

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

12. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade and bills receivables, other receivables, amounts due from the immediate holding company and a fellow subsidiary, and bank balances 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, an accrual, an amount due to a fellow subsidiary, and interest-bearing bank borrowings 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.

13. 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, other receivables, amounts due from the immediate holding company and a fellow subsidiary, bank balances, trade payables, an accrual, an amount due to a fellow subsidiary, and interest-bearing bank borrowings 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.

14. 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:

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term debt obligations with floating interest rates. The Company mitigates the risk by monitoring closely the movements in interest rates and reviewing its banking facilities regularly. The Company currently does not use any interest rate swap to hedge its exposure to interest rate risk and will continue to monitor if such need arises.

The following table demonstrates the sensitivity at 31 March 2013 to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings) and the Company's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$	Increase/ (decrease) in equity HK$
31 March 2013			
GBP	50	(246,387)	(246,387)
GBP	(50)	246,387	246,387

The Company did not have significant exposure to interest rate risk as at 31 March 2014.

Foreign currency risk

The Company has transactional currency exposures. Such exposures mainly arise from sales or purchases in currencies 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).

	Change in the GBP exchange rate %	Increase/ (decrease) in profit before tax HK$	Increase/ (decrease) in equity HK$
31 March 2014			
If HK$ weakens against GBP	10	12,855	12,855
If HK$ strengthens against GBP	(10)	(12,855)	(12,855)
31 March 2013			
If HK$ weakens against GBP	10	421,119	421,119
If HK$ strengthens against GBP	(10)	(421,119)	(421,119)

Credit risk

The carrying amounts of bank balances, other receivables and trade and bills receivables represent 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. The Company has policies in place to evaluate credit risk when accepting new business 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 8 to the financial statements. At the end of the reporting period, the Company had a certain level of concentration of credit risk as 62% (2013: 56%) of the Company's trade and bills receivables were due from the Company's top customer.

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, either have no fixed terms of repayment or are repayable within three months subsequent to the end of the reporting period.

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to its shareholder, return capital to the shareholder or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2014 and the 2013.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 May 2014.

Spring Near East Manufacturing Company Limited

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2014.

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 principle activity during the year.

Results

The Company's profit for the year ended 31 March 2014 and its state of affairs at that date are set out in the financial statements on pages 5 to 28.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Company during the year are set out in note 8 to the financial statements.

Directors

The directors of the Company during the year were:

Deepak Kumar Seth

Pallak Seth

Esra Tasoren (appointed on 10 February 2014)

In accordance with article 7 of the Company's articles of association, the directors will retire and, being eligible, will offer themselves for re-election.

Directors' interests

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Directors' interests in contracts

No director had a material interest, either directly or indirectly, in any contract 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

Sd/-

Chairman

Hong Kong

22 May 2014

INDEPENDENT AUDITORS' REPORT

To the shareholder of Spring Near East Manufacturing Company Limited

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Spring Near East Manufacturing Company Limited (the "Company") set out on pages 5 to 28, which comprise the statement of financial position as at 31 March 2014, and the statement of 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 141 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2014, and of its profit 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.

Sd/-

Certified Public Accountants

Hong Kong

22 May 2014

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 MARCH 2014

	Notes	2014 HK$	2013 HK$
REVENUE	3	**430,643,833**	273,376,616
Cost of sales		**(393,530,328)**	(252,197,049)
Gross profit		**37,113,505**	21,179,567
Other income and gain	3	**5,742,472**	1,347,042
Selling and distribution expenses		**(3,436,162)**	(1,134,800)
Administrative expenses		**(30,998,314)**	(20,539,297)
Other operating expenses		**(936,590)**	(813,060)
Finance costs	5	**(813,739)**	(300,523)
PROFIT/(LOSS) BEFORE TAX	4	**6,671,172**	(261,071)
Income tax expense	7	**–**	–
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**6,671,172**	(261,071)

STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	2014 HK$	2013 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	8	**2,351,629**	2,503,627
Deposits	9	**149,493**	107,680
Total non-current assets		**2,501,122**	2,611,307
CURRENT ASSETS			
Trade and bills receivables	10	**56,876,685**	82,100,812
Prepayments, deposits and other receivable	9	**670,812**	146,082
Due from a fellow subsidiary	17(b)	**2,542,504**	17,497
Pledged deposit	11	**19,686,479**	–
Cash and cash equivalents	11	**4,125,244**	1,382,425
Total current assets		**83,901,724**	83,646,816
CURRENT LIABILITIES			
Trade and bills payables	12	**68,781,714**	64,602,911
Other payables and accruals	13	**134,042**	608,057
Due to an intermediate holding company	17(b)	**–**	731,655
Due to the immediate holding company	17(b)	**4,088,796**	24,029,662
Due to fellow subsidiaries	17(b)	**5,694,050**	992,198
Interest-bearing bank borrowings	14	**8,371,224**	2,631,792
Total current liabilities		**87,069,826**	93,596,275
NET CURRENT LIABILITIES		**(3,168,102)**	(9,949,459)
Net liabilities		**(666,980)**	(7,338,152)

Spring Near East Manufacturing Company Limited

	Notes	2014	2013
EQUITY			
Issued capital	15	**77,800**	77,800
Accumulated losses		**(744,780)**	(7,415,952)
Net deficiency in assets		**(666,980)**	(7,338,152)

Sd/-
Director

Sd/-
Director

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2014

	Issued capital HK$	Accumulated losses HK$	Net deficiency in assets HK$
At 1 April 2012	77,800	(7,154,881)	(7,077,081)
Loss and total comprehensive loss for the year	–	(261,071)	(261,071)
At 31 March 2013 and at 1 April 2013	77,800	(7,415,952)	(7,338,152)
Profit and total comprehensive income for the year	–	6,671,172	6,671,172
At 31 March 2014	77,800	(744,780)	(666,980)

STATEMENT OF CASH FLOWS

Year ended 31 March 2014

	Notes	2014 HK$	2013 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year		**6,671,172**	(261,071)
Adjustments for:			
Interest income	3	**(167)**	(89)
Depreciation	4	**936,590**	547,472
Loss on disposal of items of property, plant and equipment	4	**–**	426,136
Finance costs		**813,739**	300,523
		8,421,334	1,012,971
Decrease/(increase) in trade and bills receivables		**25,224,127**	(67,313,824)
Decrease/(increase) in deposits and other receivables		**(566,543)**	616,361
Increase in an amount due from a fellow subsidiary		**(2,525,007)**	(17,497)
Increase in trade and bills payables		**4,178,803**	50,832,501
Increase/(decrease) in other payables and accruals		**(474,015)**	578,057
Increase/(decrease) in an amount due to an intermediate holding company		**(731,655)**	673,305
Increase/(decrease) in an amount due to the immediate holding company		**(19,940,866)**	15,336,425
Increase/(decrease) in amounts due to fellow subsidiaries		**4,701,852**	(1,137,411)
Cash generated from operations		**18,288,030**	580,888
Interest received		**167**	89
Interest paid		**(813,739)**	(300,523)
Net cash flows from operating activities		**17,474,458**	280,454
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in a pledged deposit		**(19,686,479)**	–
Purchases of items of property, plant and equipment		**(784,592)**	(2,243,694)
Net cash flows used in investing activities		**(20,471,071)**	(2,243,694)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new bank loans, net		**5,739,432**	2,631,792
Year ended 31 March 2014			
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,742,819**	668,552
Cash and cash equivalents at beginning of year		**1,382,425**	713,873
CASH AND CASH EQUIVALENTS AT END OF YEAR		**4,125,244**	1,382,425
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		**4,125,244**	1,382,425

NOTES TO FINANCIAL STATEMENTS

31 March 2014

1. CORPORATE INFORMATION

Spring Near East Manufacturing Company 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 Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is Pearl Global Industries Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange and the National Stock Exchange of India Limited.

On 10 March 2014, the High Court of Delhi sanctioned a Scheme of Arrangement between Pearl Global Industries Limited (the "Transferor Company") and PDS Multinational Fashions Limited (the "Transferee Company"), a company incorporated in India with shares planned to be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Subsequent to the reporting period and consequent to the filing of the same Scheme of Arrangement with the Registrar of Companies in India on 13 May 2014, the share capital of Multinational Textiles Group Limited, an intermediate holding company of the Company, was transferred from the Transferor Company to the Transferee Company which became the Company's new ultimate holding company.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's immediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements are presented in Hong Kong dollars ("HK$") and have been prepared under the historical cost convention.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Certain new and revised HKFRSs are 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 2014.

2.4 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 year ended 31 March 2014, 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

An assessment is made at the end of the 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.

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

(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).

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 rates used for this purpose are as follows:

Furniture and fixtures	25%
Office equipment	33⅓%
Computer 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 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.

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.

Operating 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 Company is the lessee, rentals payable under the 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.

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

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 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.

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 either directly or 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 and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in 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, in the case of loans and borrowings, net of directly attributable transaction costs.

Spring Near East Manufacturing Company Limited

The Company's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, an amount due to an intermediate holding company, an amount due to the immediate holding company, amounts due to fellow subsidiaries and interest-bearing bank borrowings.

Subsequent measurement

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, and only 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.

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 for the current period 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 deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the 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 the 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 sales services are rendered; and

(c) interest income, on an accrual basis using the effective interest method.

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 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.

Foreign currency transactions

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.6 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 the disclosure of contingent liabilities, at the end of the reporting period. However, 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

The Company measures foreign currency transactions in the functional currency. The functional currency of the Company is determined based on management's assessment of the primary economic environment in which the Company operates. When the indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

3. REVENUE, OTHER INCOME AND GAIN

Revenue, which is also the Company's turnover, represents the net invoiced value of goods sold.

An analysis of other income and gain is as follows:

	2014 HK$	2013 HK$
Bank interest income	**167**	89
Commission income	**1,252,461**	976,347
Foreign exchange difference, net	**3,550,576**	–
Others	**939,268**	370,606
	5,742,472	1,347,042

4. PROFIT/(LOSS) BEFORE TAX

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

	2014 HK$	2013 HK$
Auditors' remuneration	**30,900**	30,900
Depreciation	**936,590**	547,472
Staff costs (excluding directors' remuneration (note 6)):		
Salaries and allowances	**11,147,019**	8,452,099
Pension scheme contributions (defined contribution schemes)	**3,792,387**	1,670,102
	14,939,406	10,122,201
Minimum lease payments under operating leases of land and buildings	**1,596,351**	903,376
Loss on disposal of items of property, plant and equipment	**–**	426,136
Foreign exchange difference, net	**(3,550,576)**	265,138

5. FINANCE COSTS

	2014 HK$	2013 HK$
Interest on overdrafts	**588,372**	42,343
Bank charges arising from letters of credit	**225,367**	258,180
	813,739	300,523

6. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	2014 HK$	2013 HK$
Fees	**–**	–
Salaries, allowances and benefits in kind	**228,234**	–
Pension scheme contribution	**19,561**	–
	247,795	–

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits in Hong Kong during the year (2013: Nil).

A reconciliation of the tax credit applicable to loss for the year at the Hong Kong statutory rate of 16.5% (2013: 16.5%) 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:

	2014 HK$	%	2013 HK$	%
Profit/(loss) before tax	6,671,172		(261,071)	
Tax at the statutory tax rate	1,100,743	16.5	(43,077)	16.5
Expense not deductible for tax	2,105	–	19,876	(7.6)
Tax losses utilised from prior years	(1,122,744)	(16.8)	–	–
Tax losses not recognised	–	–	129,618	(49.7)
Temporary differences not recognised	19,896	0.3	(106,417)	40.8
Tax at the effective tax rate	–	–	–	–

At the end of the reporting period, the Company had unused tax losses arising in Hong Kong of HK$1,369,599 (2013: HK$8,174,106), subject to the agreement of the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the Company.

At the end of the reporting period, deferred tax assets in respect of the unused tax losses have only been recognised to the extent to offset the deferred tax liabilities associated with chargeable temporary differences as the directors consider it uncertain that future taxable profits will be available to utilise all the unused tax losses. The deferred tax assets not recognised are analysed as follows:

	2014 HK$	2013 HK$
Unused tax losses	**225,984**	1,348,727
Depreciation allowances in excess of depreciation	**(137,232)**	(157,128)
	88,752	1,191,599

8. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK$	Office equipment HK$	Computer equipment HK$	Total HK$
31 March 2014				
At 31 March 2013 and at 1 April 2013:				
Cost	1,931,986	920,544	119,529	2,972,059
Accumulated depreciation	(67,671)	(388,239)	(12,522)	(468,432)
Net carrying amount	1,864,315	532,305	107,007	2,503,627
At 1 April 2013, net of accumulated depreciation	1,864,315	532,305	107,007	2,503,627
Additions	70,474	414,755	299,363	784,592
Depreciation provided during the year	(496,891)	(375,848)	(63,851)	(936,590)
At 31 March 2014, net of accumulated depreciation	1,437,898	571,212	342,519	2,351,629
At 31 March 2014				
Cost	2,002,460	1,335,299	418,892	3,756,651
Accumulated depreciation	(564,562)	(764,087)	(76,373)	(1,405,022)
Net carrying amount	1,437,898	571,212	342,519	2,351,629
31 March 2013				
At 1 April 2012:				
Cost	869,862	692,071	–	1,561,933
Accumulated depreciation	(203,645)	(124,747)	–	(328,392)
Net carrying amount	666,217	567,324	–	1,233,541
At 1 April 2012, net of accumulated depreciation	666,217	567,324	–	1,233,541
Additions	1,895,692	228,473	119,529	2,243,694
Disposals	(426,136)	–	–	(426,136)
Depreciation provided during the year	(271,458)	(263,492)	(12,522)	(547,472)
At 31 March 2013, net of accumulated depreciation	1,864,315	532,305	107,007	2,503,627
At 31 March 2013				
Cost	1,931,986	920,544	119,529	2,972,059
Accumulated depreciation	(67,671)	(388,239)	(12,522)	(468,432)
Net carrying amount	1,864,315	532,305	107,007	2,503,627

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLE

	2014 HK$	2013 HK$
Prepayments	**428,760**	144,128
Deposits	**151,447**	109,634
Other receivables	**240,098**	–
	820,305	253,762
Less: Portion classified as non-current assets	**(149,493)**	(107,680)
	670,812	146,082

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 recent history of default.

10. TRADE AND BILLS RECEIVABLES

	2014 HK$	2013 HK$
Trade receivables	**56,443,270**	82,031,996
Bill receivables	**433,415**	68,816
	56,876,685	82,100,812

The Company's trading terms with its customers are mainly on credit. he 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.

The aged analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	2014 HK$	2013 HK$
Neither past due nor impaired	**48,340,353**	72,129,622
Past due but not impaired		
Less than one month	**8,534,360**	9,440,006
One month to three months	**–**	452,551
Over three months	**1,972**	78,633
	56,876,685	82,100,812

Spring Near East Manufacturing Company Limited

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

Receivables that were past due but not impaired relate to an independent customer that has had a good track record with the Company. 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.

At 31 March 2013, the Company had certain discounted bills amounting to HK$2,631,792 to a bank with recourse in exchange for cash. The proceeds from transferring the bills receivable of HK$2,623,677 as at 31 March 2013 have been accounted for as collateralised bank advances and have been included in interest-bearing bank borrowings until the bills are collected or the Company makes good of any losses incurred by the banks (note 14).

11. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSIT

	2014 HK$	2013 HK$
Cash and bank balances	**4,125,244**	1,382,425
Time deposit	**19,686,479**	–
	23,811,723	1,382,425
Less: Pledged time deposit:		
Pledged for bank borrowings (note 14)	**(19,686,479)**	–
Cash and cash equivalents	**4,125,244**	1,382,425

12. TRADE AND BILLS PAYABLE

	2014 HK$	2013 HK$
Trade payables	**64,856,291**	64,602,911
Bills payables	**3,925,423**	–
	68,781,714	64,602,911

Trade payable balances are non-interest-bearing and are normally due for settlement within 30 to 75 days.

13. OTHER PAYABLES AND ACCRUALS

	2014 HK$	2013 HK$
Other payables	**38,027**	189,705
Accrued employee benefits	**65,115**	387,452
Accruals	**30,900**	30,900
	134,042	608,057

14. INTEREST-BEARING BANK BORROWINGS

	Contractual interest rate (%)	Maturity	2014 HK$	2013 HK$
Collateralised bank advances, secured	3.7%	2013	**–**	2,631,792
Trust receipt loan	Cost of funding plus 2.5%	June 2014	**8,371,224**	–
			8,371,224	2,631,792

The collateralised bank advances are denominated in United States dollar ("US$"), whereas the trust receipt loan is denominated in British Pound Sterling ("GBP"). The Company's banking facilities are pledged by guarantees of the ultimate holding company.

15. SHARE CAPITAL

	2014 HK$	2013 HK$
Authorised, issued and fully paid:		
10,000 ordinary shares of US$1 each	**77,800**	77,800

16. OPERATING LEASE ARRANGEMENTS

The Company leases its office premises under operating lease arrangements. Leases for the properties are negotiated for terms ranging from four to five years.

At the end of the reporting period, the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2014 HK$	2013 HK$
Within one year	**1,788,077**	1,129,532
In the second to fifth years, inclusive	**4,836,531**	4,952,033
	6,624,608	6,081,565

17. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following material transactions with related parties during the year:

	Notes	2014 HK$	2013 HK$
Intermediate holding company:			
Management fees paid	(i)	**1,188,473**	731,655
Immediate holding company:			
Support services paid	(v)	**41,234**	–
Fellow subsidiaries:			
Management fees paid	(i)	**925,594**	132,230
Commissions received	(ii)	**1,252,461**	976,347
Designing expense paid	(iii)	**609,428**	–
Commission paid	(iv)	**12,110**	–
Support services paid	(v)	**2,090,591**	–

Notes:

(i) The management fees paid were determined based on terms mutually agreed between the Company and the respective related parties.

(ii) The commissions received were related to referrals of customers and were charged at rates mutually agreed between the Company and the respective fellow subsidiaries.

(iii) The designing expense paid was based on terms mutually agreed by the Company and a fellow subsidiary.

(iv) The commission paid was charged based on terms mutually agreed between the Company and a fellow subsidiary.

(v) The support services paid were charged based on terms mutually agreed by the Company and the respective related parties.

(b) Outstanding balances with related parties:

The balances with an intermediate holding company, the immediate holding company and fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

18. FAIR VALUE

At the end of the reporting period, the carrying amounts of the Company's financial assets and financial liabilities approximated to their fair values.

The fair values of financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sale transactions. The fair values of trade and bills receivables, deposits and other receivables, an amount due from a fellow subsidiary, pledged time deposits, bank balances, trade and bills payables, financial liabilities included in other payables and accruals, amounts due to an intermediate holding company, the immediate holding company and fellow subsidiaries, and interest-bearing bank borrowing 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.

19. 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 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/(loss) before tax (due to changes in the fair value of monetary assets and liabilities).

	Change in the exchange rate %	Decrease/ (increase) in profit before tax HK$
31 March 2014		
If HK$ weakens against GBP	10	20,397,814
If HK$ strengthens against GBP	(10)	(20,397,814)

	Change in the exchange rate %	Increase/ (decrease) in loss before tax HK$
31 March 2013		
If HK$ weakens against GBP	**10**	1,624,627
If HK$ strengthens against GBP	**(10)**	(1,624,627)

Credit risk

The aggregate carrying amount of bank balances, pledged time deposits, trade and bills receivables, an amount due from a fellow subsidiary, and deposits and other receivables represent the Company's maximum exposure to credit risk in relation to financial assets. The Company's bank balances and pledged time deposits are deposited with creditworthy banks with no recent history of default. The Company has policies in place to evaluate credit risk when accepting new businesses and to limit its credit exposure to individual customers. The maximum exposure for trade and bills receivables is the carrying amount as disclosed in note 10 to the financial statements. At the end of the reporting period, the Company had a certain concentration of credit risk as 68% (31 March 2013: 84%) of the Company's trade and bills receivables were due from the Company's top customer.

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from its 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 issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2014 and 31 March 2013.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 May 2014.

Sino West Manufacturing Company Limited

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2014.

Principal activity

The principal activity of the Company during the year was the trading of footwear. There were no significant changes in the nature of the Company's principal activities during the year.

Results

The Company's loss for the year ended 31 March 2014 and its state of affairs as at that date are set out in the financial statements on pages 5 to 28.

Property, plant and equipment

Details of movements in the Company's property, plant and equipment during the year are set out in note 9 to the financial statements.

Directors

The directors of the Company during the year were:

Pallak Seth	
Keith Thornton Lesbirel	(resigned on 1 April 2014)
Deepak Kumar Seth	(appointed on 31 January 2014)
Payel Seth	(appointed on 31 January 2014)

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 rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to the sole director or his spouses or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Directors' interests in contracts

The directors had no material interest, either directly or indirectly, in any contract 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.

REPORT OF THE DIRECTORS

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

Sd/-

Chairman

Hong Kong

22 May 2014

INDEPENDENT AUDITORS' REPORT

To the shareholders of Sino West Manufacturing Company Limited

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Sino West Manufacturing Company Limited (the "Company") set out on pages 5 to 28, which comprise the statement of financial position as at 31 March 2014, and the statement of 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.

Director's 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 sole director 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. Our report is made solely to you, as a body, in accordance with Section 141 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2014, and of its loss 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.

Sd/-

Certified Public Accountants

Hong Kong

22 May 2014

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2014

	Notes	Year ended 31 March 2014 HK$	Period from 3 January 2012 (date of incorporation) to 31 March 2013 HK$
REVENUE	4	**20,632,945**	3,037,040
Cost of sales		**(18,791,686)**	(2,609,943)
Gross profit		**1,841,259**	427,097
Other income	4	**267**	334,539
Administrative expenses		**(6,636,839)**	(6,274,272)
Distribution costs		**(316,641)**	(511,375)
Other operating expenses		**(372,568)**	(38,600)
Finance costs	6	**(34,915)**	(13,826)
LOSS BEFORE TAX	5	**(5,519,437)**	(6,076,437)
Income tax credit/(expense)	8	**41,803**	(103,914)
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		**(5,477,634)**	(6,180,351)

STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	2014 HK$	2013 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	9	**600,925**	910,405
CURRENT ASSETS			
Trade and bills receivables	10	**4,251,727**	1,053,739
Prepayments and deposits	11	**725,085**	128,396
Due from non-controlling shareholders	18(b)	**15,560**	15,560
Cash and cash equivalents		**326,879**	107,092
Total current assets		**5,319,251**	1,304,787
CURRENT LIABILITIES			
Trade payables		**2,572,219**	572,255
Other payables and accruals	12	**124,757**	73,876
Interest-bearing bank borrowings	13	**–**	370,859
Due to the immediate holding company	18(b)	**14,322,878**	4,825,801
Due to an intermediate holding company	18(b)	**–**	116,700
Due to fellow subsidiaries	18(b)	**418,396**	2,254,338
Total current liabilities		**17,438,250**	8,213,829
NET CURRENT LIABILITIES		**(12,118,999)**	(6,909,042)

TOTAL ASSETS LESS CURRENT LIABILITIES		**(11,518,074)**	(5,998,637)
NON-CURRENT LIABILITIES			
Deferred tax liabilities	14	**62,111**	103,914
Net liabilities		**(11,580,185)**	(6,102,551)
EQUITY			
Issued capital	15	**77,800**	77,800
Accumulated losses		**(11,657,985)**	(6,180,351)
Net deficiency in assets		**(11,580,185)**	(6,102,551)

Sd/-
Director

Sd/-
Director

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2014

	Note	Issued capital HK$	Accumulated losses HK$	Net deficiency in assets HK$
Issue of shares on incorporation	15	77,800	–	77,800
Loss and total comprehensive loss for the period		–	(6,180,351)	(6,180,351)
At 31 March 2013 and 1 April 2013		77,800	(6,180,351)	(6,102,551)
Loss and total comprehensive loss for the year		–	(5,477,634)	(5,477,634)
At 31 March 2014		77,800	(11,657,985)	(11,580,185)

STATEMENT OF CASH FLOWS

Year ended 31 March 2014

	Notes	Year ended 31 March 2014 HK$	Period from 3 January 2012 (date of incorporation) to 31 March 2013 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(5,519,437)**	(6,076,437)
Adjustments for:			
Interest income	4	**(267)**	(31)
Depreciation	5	**315,460**	31,584
Finance costs	6	**34,915**	13,826
		(5,169,329)	(6,031,058)
Increase in trade and bills receivables		**(3,197,988)**	(1,053,739)
Increase in prepayments and deposits		**(596,689)**	(128,396)
Increase in trade payables		**1,999,964**	572,255
Increase in other payables and accruals		**50,881**	73,876
Increase in an amount due to the immediate holding company		**9,497,077**	4,888,041
Increase/(decrease) in an amount due to an intermediate holding company		**(116,700)**	116,700
Increase/(decrease) in amounts due to fellow subsidiaries		**(1,835,942)**	2,254,338
Cash generated from operations		**631,274**	692,017
Interest received		**267**	31
Interest paid		**(34,915)**	(13,826)
Net cash flows from operating activities		**596,626**	678,222
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	9	**(5,980)**	(941,989)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new bank loans, net	13	**–**	370,859
Repayment of bank loans	13	**(370,859)**	–
Net cash flows from/(used in) financing activities		**(370,859)**	370,859
NET INCREASE IN CASH AND CASH EQUIVALENTS		**219,787**	107,092
Cash and cash equivalents at beginning of year/period		**107,092**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		**326,879**	107,092

Year ended 31 March 2014

ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	**326,879**	107,092

NOTES TO FINANCIAL STATEMENTS

31 March 2014

1. CORPORATE INFORMATION

Sino West Manufacturing Company 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 footwear.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is Pearl Global Industries Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange and the National Stock Exchange of India Limited.

On 10 March 2014, the High Court of Delhi sanctioned a Scheme of Arrangement between Pearl Global Industries Limited (the "Transferor Company") and PDS Multinational Fashions Limited (the "Transferee Company"), a company incorporated in India with shares planned to be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Subsequent to the reporting period and consequent to the filing of the same Scheme of Arrangement with the Registrar of Companies in India on 13 May 2014, the share capital of Multinational Textiles Group Limited, an intermediate holding company of the Company, was transferred from the Transferor Company to the Transferee Company which became the Company's new ultimate holding company.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's immediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements are presented in Hong Kong dollars ("HK$") and have been prepared under the historical cost convention.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Certain new and revised HKFRSs are 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 2014.

2.4 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 year ended 31 March 2014, in these financial statements. The Company is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(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).

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 year in which it arises in those expense categories consistent with the function of the impaired asset.

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 profit or loss in the year 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 in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation.

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 used for this purpose are as follows:

Office equipment	25% - 33⅓%
Computer equipment	25% - 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 including 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.

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.

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

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 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.

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 either directly or 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 and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in 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, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables, other payables and accruals, amounts due to the immediate holding company, an intermediate holding company and fellow subsidiaries, and interest-bearing bank borrowings.

Subsequent measurement

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, and only 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.

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 for the current and prior years 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, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the 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 the 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 year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

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

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Company maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) commission income, when the services are rendered; and

(c) interest income, on an accrual basis using the effective interest method.

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 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.

The employees of the Company which are based in Mainland China and the United Kingdom are required to participate in central pension schemes operated by the respective local governments. The Company is 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 currency transactions

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

4. REVENUE AND OTHER INCOME

Revenue, which is also the Company's turnover, represents the net invoiced value of goods sold.

An analysis of other income is as follows:

	Year ended 31 March 2014 HK$	**Period from 3 January 2012 (date of incorporation) to 31 March 2013 HK$**
Bank interest income	**267**	31
Commission income	**–**	334,508
	267	334,539

5. LOSS BEFORE TAX

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

	Year ended 31 March 2014 HK$	**Period from 3 January 2012 (date of incorporation) to 31 March 2013 HK$**
Cost of inventories sold	**18,791,686**	2,609,943
Auditors' remuneration	**31,900**	30,900
Depreciation	**315,460**	31,584
Staff costs (excluding the directors' remuneration (note 7)):		
Salaries, allowances and welfares	**1,535,228**	1,461,397
Pension scheme contributions (defined contribution scheme)	**156,698**	87,153
	1,691,926	1,548,550
Minimum lease payments under operating leases of office premises	**571,026**	533,435
Foreign exchange differences, net	**57,108**	6,566

Sino West Manufacturing Company Limited

6. FINANCE COSTS

	Year ended 31 March 2014 HK$	Period from 3 January 2012 (date of incorporation) to 31 March 2013 HK$
Interest on overdrafts and other loans	**31,378**	4,846
Bank charges arising from letters of credit	**3,537**	8,980
	34,915	13,826

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	Year ended 31 March 2014 HK$	Period from 3 January 2012 (date of incorporation) to 31 March 2013 HK$
Fees	**–**	–
Salaries, allowances and benefits in kind	**203,992**	586,301
Pension scheme contribution	**21,874**	68,286
	225,866	654,587

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (Period ended 31 March 2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	Year ended 31 March 2014 HK$	Period from 3 January 2012 (date of incorporation) to 31 March 2013 HK$
Charge for the year/period	**–**	–
Deferred tax (note 14)	**(41,803)**	103,914
Tax charge/(credit) for the year/period	**(41,803)**	103,914

A reconciliation of the tax credit applicable to loss before tax using the Hong Kong statutory rate of 16.5% (Period ended 31 March 2013: 16.5%) 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:

	Year ended 1 March 2014 HK$	%	Period from 3 January 2012 (date of incorporation) to 31 March 2013 HK$	%
Loss before tax	**(5,519,437)**		(6,076,437)	
Tax credit at the statutory tax rate	**(910,707)**	**16.5**	(1,002,612)	16.5
Tax loss not recognised	**868,904**	**(15.7)**	898,698	(14.8)
Tax charge/(credit) at the	**(41,803)**	**0.8**	103,914	(1.7)

As at 31 March 2014, the Company had unused tax losses of HK$11,920,701 (2013: HK$6,654,620) which arose in Hong Kong and but the Company did not recognise any corresponding deferred tax assets as the directors consider it uncertain that there will be available taxable profits to utilise the unused tax losses.

9. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$	Computer equipment HK$	Total HK$
31 March 2014			
At 31 March 2013 and at 1 April 2013:			
Cost	876,939	65,050	941,989
Accumulated depreciation	(24,357)	(7,227)	(31,584)
Net carrying amount	852,582	57,823	910,405
At 1 April 2013, net of accumulated depreciation	852,582	57,823	910,405
Additions	–	5,980	5,980
Depreciation provided during the year	(292,284)	(23,176)	(315,460)
At 31 March 2014, net of accumulated depreciation	560,298	40,627	600,925
At 31 March 2014:			
Cost	876,939	71,030	947,969
Accumulated depreciation	(316,641)	(30,403)	(347,044)
Net carrying amount	560,298	40,627	600,925
31 March 2013			
At 3 January 2012 (date of incorporation)	–	–	–
Additions	876,939	65,050	941,989
Depreciation provided during the period	(24,357)	(7,227)	(31,584)
At 31 March 2013, net of accumulated depreciation	852,582	57,823	910,405
At 31 March 2013:			
Cost	876,939	65,050	941,989
Accumulated depreciation	(24,357)	(7,227)	(31,584)
Net carrying amount	852,582	57,823	910,405

10. TRADE AND BILLS RECEIVABLES

	2014 HK$	2013 HK$
Trade receivables	**4,251,727**	1,046,350
Bills receivable	**–**	7,389
	4,251,727	1,053,739

The Company's trading terms with its customers are mainly on credit. The credit period is generally one month. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Company does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

The aged analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	2014 HK$	2013 HK$
Neither past due nor impaired	**1,701,049**	667,094
Past due but not impaired:		
Less than one month	**931,436**	384,123
One to three months	**1,619,242**	2,522
	4,251,727	1,053,739

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

Receivables that were past due but not impaired relate to independent customers that have a good track record with the Company. 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.

At 31 March 2013, the Company had transferred certain bills of exchange amounting to HK$370,859 to banks with recourse in exchange for cash. The proceeds from transferring the bills receivable of HK$369,716 have been accounted for as collateralised bank advances and had been included in interest-bearing bank borrowings until the bills are collected or the Company makes good of any losses incurred by the banks (note 13). The Company has not transferred any more bills of exchange to banks since 28 February 2014.

11. PREPAYMENTS AND DEPOSITS

	2014 HK$	2013 HK$
Prepayments	**654,365**	95,439
Deposits	**70,720**	32,957
	725,085	128,396

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.

12. OTHER PAYABLES AND ACCRUALS

	2014 HK$	2013 HK$
Accrued employee benefits	**–**	14,824
Accrual	**31,900**	30,900
Other payables	**92,857**	28,152
	124,757	73,876

13. INTEREST-BEARING BANK BORROWINGS

	2014 HK$	2013 HK$
Collateralised bank advances	**–**	370,859

The collateralised bank advances are denominated in United States Dollar ("US$"), interest-bearing at the London Interbank Offered Rate plus 3.7% and mature within a year.

14. DEFERRED TAX LIABILITIES

	Depreciation allowance in excess of related depreciation HK$
At 3 January 2012 (date of incorporation)	–
Deferred tax charged to profit or loss during the period	103,914
At 31 March 2013 and 1 April 2013	103,914
Deferred tax credited to profit or loss during the year (note 8)	(41,803)
At 31 March 2014	62,111

15. SHARE CAPITAL

	2014 HK$	2013 HK$
Authorised:		
10,000 ordinary shares of US$1 each	**77,800**	77,800
Issued and fully paid:		
10,000 ordinary shares of US$1 each	**77,800**	77,800

On incorporation, the Company's authorised share capital was US$10,000 divided into 10,000 ordinary shares of US$1 each and 10,000 ordinary shares were issued at par for cash as the subscribers' shares.

16. NOTE TO THE STATEMENT OF CASH FLOWS

Major non-cash transactions

On 3 January 2012 (date of incorporation), the Company issued 10,000 ordinary shares of US$1 each at par, of which 8,000 shares were issued to the immediate holding company and 2,000 shares were issued to the non-controlling shareholders. The corresponding considerations of HK$62,240 and HK$15,560 were settled through and debited to an amount due to the immediate holding company and amounts due from the non-controlling shareholders, respectively.

17. OPERATING LEASE COMMITMENTS

The Company leases its office premise under an operating lease arrangement with the lease for the property negotiated for a term of two years.

At 31 March 2014, the Company had total future minimum lease payments under the non-cancellable operating lease failing due as follows:

	2014 HK$	2013 HK$
Within one year	**97,486**	206,379
In the second to fifth years, inclusive	**–**	103,189
	97,486	309,568

18. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following material transactions with related parties during the year/period:

	Notes	2014 HK$	2013 HK$
Fellow subsidiaries:			
Management fees paid	(i)	**–**	132,231
Commission income received	(ii)	**–**	334,509
Rental paid	(iii)	**594,897**	410,411
Consultancy fees paid	(iv)	**222,646**	–
Service support expenses paid	(v)	**855,302**	–
Intermediate holding company:			
Management fees paid	(i)	**209,126**	116,700
Immediate holding company:			
Rental paid	(iii)	**–**	7,687
IT support expenses paid	(vi)	**11,281**	–
Courier expenses paid	(vii)	**59**	–
Bank charges paid	(viii)	**9,508**	–

Notes:

(i) The management fees paid were based on mutually agreed terms between the Company and the fellow subsidiary or the intermediate holding company.

(ii) The commission income received was based on terms mutually agreed between the Company and the fellow subsidiary.

(iii) The rentals paid were based on the area of the office space occupied and on terms mutually agreed with the respective related parties.

(iv) The consultancy fees paid were based on terms mutually agreed with the respective fellow subsidiaries.

(v) The service support expenses paid were based on terms mutually agreed between the Company and the fellow subsidiary.

(vi) The IT support expenses paid were based on terms mutually agreed between the Company and the immediate holding company.

(vii) The courier expenses paid were based on terms mutually agreed between the Company and the immediate holding company.

(viii) The bank charges paid were based on terms mutually agreed between the Company and the immediate holding company.

(b) The balances with the immediate holding company, an intermediate holding company, fellow subsidiaries and the non-controlling shareholders are unsecured, interest-free and have no fixed terms of repayment.

19. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade and bills receivables, deposits, amounts due from non-controlling shareholders and cash and cash equivalents which are categorised as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements. The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and amounts due to the immediate holding company, an intermediate holding company and 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.

20. 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, amounts due from non-controlling shareholders, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and amounts due to the immediate holding company, an intermediate holding company and fellow subsidiaries approximated to their carrying amounts largely due to the short term maturities of these instruments.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Credit risk

The aggregate carrying amount of cash and cash equivalents, trade and bills receivables, deposits and amounts due from the non-controlling shareholders represents the Company's maximum exposure to credit risk in relation to financial assets. The Company's cash and cash equivalents are deposited with creditworthy banks with no recent history of default. The Company has policies in place to evaluate credit risk when accepting new businesses and to limit its credit exposure to individual customers. The maximum exposure for trade and bills receivables is the carrying amount as disclosed in note 10 to the financial statements. At the end of the reporting period, the Company had a certain level of concentration of credit risk as 23% (31 March 2013: 100%) of the Company's trade and bills receivables were due from the Company's top customer.

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, either have no fixed terms of repayment or are repayable within three months subsequent to the end of the reporting period.

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' 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 issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2014 and the period from 3 January 2012 (date of incorporation) to 31 March 2013.

22. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 May 2014.

GEM Australia Manufacturing Company Limited

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2014.

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 principle activity during the year.

Results

The Company's result for the year then ended and the state of affairs of the Company as at 31 March 2014 are set out in the financial statements on pages 4 to 26.

Property, plant and equipment

Details of movements in the Company's property, plant and equipment during the year are set out in note 9 to the financial statements.

Directors

The directors of the Company during the year were:

Pallak Seth	
Spagnolo Patrick	(appointed on 10 September 2013)
Deepak Kumar Seth	(appointed on 10 February 2014)
Payel Seth	(appointed on 10 February 2014)
Faiza Habeeb Seth	(resigned on 10 February 2014)
Anuj Banaik	(resigned on 10 February 2014)

In accordance with the Company's articles of association, all remaining 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 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Directors' interests in contracts

No director had a material interest, either directly or indirectly, in any contract 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

Sd/-
Chairman
Hong Kong
22 May 2014

Independent auditors' report

To the shareholder of GEM Australia Manufacturing Company Limited

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of GEM Australia Manufacturing Company Limited (the "Company") set out on pages 4 to 26, which comprise the statement of comprehensive income as at 31 March 2014, and the statement of 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 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.

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 141 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2014, and of its loss 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.

Sd/-

Certified Public Accountants

Hong Kong

22 May 2014

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2014

	Notes	Year Ended 31 March 2014 HK$	Period from 6 June 2012 (date of incorporation) to 31 March 2013 HK$
REVENUE	4	**50,823,961**	14,615,464
Cost of sales		**(43,758,594)**	(12,010,330)
Gross profit		**7,065,367**	2,605,134
Other income and gain	4	**1,253,582**	–
Administrative expenses		**(6,249,249)**	(10,773,451)
Selling and distribution cost		**(6,052,723)**	(1,091,564)
Other operating expenses		**(342,888)**	(347,649)
Finance costs	6	**(89,495)**	(12,344)
LOSS BEFORE TAX		**(4,415,406)**	(9,619,874)
Income tax credit/(expense)	8	**5,426**	(120,616)
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		**(4,409,980)**	(9,740,490)

STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	2014 HK$	2013 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	9	**706,683**	1,009,060
CURRENT ASSETS			
Trade receivables	10	**7,889,225**	9,541,863
Prepayments		**273,726**	589,496
Due from the non-controlling shareholder	15	**–**	194,500
Cash and cash equivalents		**425,432**	956,882
Total current assets		**8,588,383**	11,282,741
CURRENT LIABILITIES			
Trade payables		**2,391,382**	1,414,359
Other payables and accruals	11	**1,135,183**	1,411,439
Due to the immediate holding company	15(b)	**18,426,482**	16,571,120
Due to the ultimate holding company	15(b)	**3,890**	42,012
Due to fellow subsidiaries	15(b)	**595,409**	1,694,745
Total current liabilities		**22,552,346**	21,133,675

GEM Australia Manufacturing Company Limited

	Note		
NET CURRENT LIABILITIES		**(13,963,963)**	(9,850,934)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(13,257,280)**	(8,841,874)
NON-CURRENT LIABILITIES			
Deferred tax liabilities	12	**115,190**	120,616
Net liabilities		**(13,372,470)**	(8,962,490)
EQUITY			
Issued capital	13	**778,000**	778,000
Accumulated losses		**(14,150,470)**	(9,740,490)
Net deficiency in assets		**(13,372,470)**	(8,962,490)

Sd/- Director

Sd/- Director

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2014

	Note	Issued capital HK$	Accumulated losses HK$	Net deficiency in assets HK$
Issue of shares on incorporation	13	778,000	–	778,000
Loss and total comprehensive loss for the period		–	(9,740,490)	(9,740,490)
At 31 March 2013 and 1 April 2013		778,000	(9,740,490)	(8,962,490)
Loss and total comprehensive loss for the year		–	(4,409,980)	(4,409,980)
At 31 March 2014		**778,000**	**(14,150,470)**	**(13,372,470)**

STATEMENT OF CASH FLOWS

Year ended 31 March 2014

	Notes	Year Ended 31 March 2014 HK$	Period from 6 June 2012 (date of incorporation) to 31 March 2013 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(4,415,406)**	(9,619,874)
Adjustments for:			
Interest income	4	**(11)**	–
Depreciation	5	**329,141**	174,509
Finance costs	6	**89,495**	12,344
		(3,996,781)	(9,433,021)
Decrease/(increase) in trade receivables		**1,652,638**	(9,541,863)
Decrease/(increase) in prepayments		**315,770**	(589,496)
Increase in trade payables		**977,023**	1,414,359
Increase/(decrease) in other payables and accruals		**(276,256)**	1,411,439
Increase in an amount due to the immediate holding company		**2,049862**	17,154,620
Increase/(decrease) in an amount due to the ultimate holding company		**(38,122)**	42,012
Increase/(decrease) in amounts due to fellow subsidiaries		**(1,099,336)**	1,694,745
Cash generated from/(used in) operations		**(415,202)**	2,152,795
Interest received		**11**	–
Interest paid		**(89,495)**	(12,344)
Net cash flows from/(used in) operating activities		**(504,686)**	2,140,451
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	9	**(26,764)**	(1,183,569)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(531,450)**	956,882
Cash and cash equivalents at the beginning of year/period		**956,882**	–
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**425,432**	95,882

NOTES TO FINANCIAL STATEMENTS

31 March 2014

1. CORPORATE INFORMATION

GEM Australia Manufacturing Company 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 subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company during the year was Pearl Global Industries Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

On 10 March 2014, the High Court of Delhi sanctioned a Scheme of Arrangement between Pearl Global Industries Limited (the "Transferor Company") and PDS Multinational Fashions Limited (the "Transferee Company"), a company incorporated in India with shares planned to be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Subsequent to the reporting period and consequent to the filing of the same Scheme of Arrangement with the Registrar of Companies in India on 13 May 2014, the share capital of Multinational Textiles Group Limited, an intermediate holding company of the Company, was transferred from the Transferor Company to the Transferee Company which became the Company's new ultimate holding company.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's immediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements are presented in Hong Kong dollars ("HK$") and have been prepared under the historical cost convention.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Company, and accordingly, they have had no impact on the Company's financial statements for the year ended 31 March 2014.

2.4 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 year ended 31 March 2014, in these financial statements. The Company is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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
  - (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).

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.

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 the 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 in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation.

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 used for this purpose are as follows:

Furniture and fixtures	25%
Office equipment	25% - 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 including 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 period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and cash at banks, including term deposits, which are not restricted as to use.

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

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 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.

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 either directly or 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 and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in 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, in the case of loans and borrowings, net of directly attributable transaction costs.

GEM Australia Manufacturing Company Limited

The Company's financial liabilities include trade payables, other payables and accruals, amounts due to the immediate holding company, the ultimate holding company and fellow subsidiaries.

Subsequent measurement

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, and only 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.

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 for the current and prior periods 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, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the 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 the 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 sales services are rendered; and

(c) interest income, on an accrual basis using the effective interest method.

Employee benefits

Retirement benefit costs

The employees of the Company which are based in Australia are required to participate in superannuation schemes operated by the respective local governments. The Company is required to contribute certain percentages of its payroll costs to the central pension schemes. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the superannuation schemes.

Foreign currency transactions

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

4. REVENUE AND OTHER INCOME

Revenue, which is also the Company's turnover, represents the net invoiced value of goods sold.

An analysis of other income and gain is as follows:

	Year Ended 31 March 2014 HK$	Period from 6 June 2012 (date of incorporation) to 31 March 2013 HK$
Bank interest income	**11**	–
Commission income	**78,344**	–
Foreign exchange difference, net	**869,039**	–
Others	**306,190**	–
	1,253,584	–

5. LOSS BEFORE TAX

The Company's loss before tax is arrived at after charging/(crediting):

	Year ended 31 March 2014 HK$	Period from 6 June 2012 (date of incorporation) to 31 March 2013 HK$
Cost of inventories sold	**43,758,594**	10,965,357
Auditors' remuneration	**31,900**	30,900
Depreciation	**329,141**	174,509
Staff costs (excluding directors' remuneration (note 7):		
Salaries and allowances	**3,594,940**	3,253,312
Pension scheme contributions (defined contribution scheme)	**342,904**	258,656
	3,937,844	3,511,968
Minimum lease payments under operating leases of land and buildings	**576,904**	493,273
Foreign exchange differences, net	**(869,039)**	173,140

6. FINANCE COSTS

	Year ended 31 March 2014 HK$	Period from 6 June 2012 (date of incorporation) to 31 March 2013 HK$
Bank charges arising from letters of credit	**10,978**	12,344
Bank charges arising from overdrafts	**78,517**	–
	89,495	12,344

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	Year ended 31 March 2014 HK$	Period from 6 June 2012 (date of incorporation) to 31 March 2013 HK$
Fees		–
Other emoluments:		
Salaries, allowances and benefits in kind	**403,291**	1,797,331
Pension scheme contributions	**52,027**	165,448
	455,318	1,962,779

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (Period ended 31 March 2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	Year ended 31 March 2014 HK$	Period from 6 June 2012 (date of incorporation) to 31 March 2013 HK$
Charge for the year/period	–	–
Deferred (note 11)	**(5,426)**	120,616
Tax charge/(credit) for the year/period	**(5,426)**	120,616

A reconciliation of the tax credit applicable to loss before tax using the Hong Kong statutory rate of 16.5% (Period ended 31 March 2013: 16.5%) 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:

	Year ended 31 March 2014 HK$	Year ended 31 March 2014 %	Period from 6 June 2012 (date of in corporation) to 31 March 2013 HK$	Period from 6 June 2012 (date of in corporation) to 31 March 2013 %
Loss before tax	**(4,415,406)**		(9,619,874)	
Tax credit at the statutory tax rate	**(728,377)**	**16.5**	(1,587,279)	16.5
Expenses not deductible for tax	**156,345**	**(3.5)**	95,130	(1.0)
Tax loss not recognised	**566,606**	**(12.9)**	1,612,765	(16.8)
Tax charge/(credit) at the effective tax rate	**(5,426)**	**0.1**	120,616	(1.3)

As at 31 March 2014, the Company had unused tax losses of HK$13,208,313 (2013: HK$9,774,337) which arose in Hong Kong and but the Company did not recognise any corresponding deferred tax assets as the directors consider it uncertain that there will be available taxable profits to utilise the unused tax losses.

9. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2014			
At 31 March 2013 and at 1 April 2013:			
Cost	582,821	600,748	1,183,569
Accumulated depreciation	(87,198)	(87,311)	(174,509)
Net carrying amount	495,623	513,437	1,009,060
At 1 April 2013, net of accumulated depreciation	495,623	513,437	1,009,060
Additions	7,945	18,819	26,764
Depreciation provided during the year	(146,593)	(182,548)	(329,141)
At 31 March 2014, net of accumulated depreciation	356,975	349,708	706,683
At 31 March 2014:			
Cost	590,766	619,567	1,210,333
Accumulated depreciation	(233,791)	(269,859)	(503,650)
Net carrying amount	356,975	349,708	706,683
31 March 2013			
At 6 June 2012 (date of incorporation)	–	–	–
Additions	582,821	600,748	1,183,569
Depreciation provided during the period	(87,198)	(87,311)	(174,509)
At 31 March 2013, net of accumulated depreciation	495,623	513,437	1,009,060
At 31 March 2013:			
Cost	582,821	600,748	1,183,569
Accumulated depreciation	(87,198)	(87,311)	(174,509)
Net carrying amount	495,623	513,437	1,009,060

10. TRADE AND BILL RECEIVABLES

The Company's trading terms with its customers are mainly on credit. The credit period is generally one month. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The aged analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2014 HK$	2013 HK$
Neither past due nor impaired	**4,395,914**	7,930,263
Past due but not impaired - less than one month	**3,493,311**	1,611,600
	7,889,225	9,541,863

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

Receivables that were past due but not impaired relate to customers that have had a good track record with the Company. 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.

11. OTHER PAYABLES

	2014 HK$	2013 HK$
Accrued employee benefits	**71,554**	883,213
Other payables	**1,063,629**	528,226
	1,135,183	1,411,439

12. DEFERRED TAX LIABILITIES

	Depreciation allowance in excess of related depreciation HK$
At 6 June 2012 (date of incorporation)	–
Deferred tax charged to the profit or loss during the period	**120,616**
At 31 March 2013 and at 1 April 2013	**120,616**
Deferred tax credited to the profit or loss during the year (note 8)	**(5,426)**
At 31 March 2014	**115,190**

13. SHARE CAPITAL

	2014 HK$	2013 HK$
Authorised:		
100,000 ordinary shares of US$1 each	**778,000**	778,000
Issued and fully paid:		
100,000 ordinary shares of US$1 each	**778,000**	778,000

GEM Australia Manufacturing Company Limited

On incorporation, the Company's authorised share capital was US$100,000 divided into 100,000 ordinary shares of US$1 each and 100,000 ordinary shares were issued at par for cash as the subscriber's shares.

14. NOTE TO THE STATEMENT OF CASH FLOWS

Major non-cash transactions

On 6 June 2012 (date of incorporation), the Company issued 100,000 ordinary shares of US$1 each at par, of which 75,000 shares were issued to the immediate holding company and 25,000 shares were issued to the non-controlling shareholder. The corresponding considerations of HK$583,500 and HK$194,500 were settled through and debited to an amount due to the immediate holding company and an amount due from the non-controlling shareholder, respectively.

During the year ended 31 March 2014, the immediate holding company acquired all of the equity interest in the Company then held by a non-controlling shareholder for a consideration of HK$194,500, which was settled through a transfer of the same amount from an amount due from the non-controlling shareholder to an amount due from the immediate holding company as mutually agreed between the involved parties.

15. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Company had the following material transactions with the immediate holding company and fellow subsidiaries during the year/period:

	Notes	2014 HK$	2013 HK$
Ultimate holding company:			
SAP expenses	(i)	**3,890**	42,012
Immediate holding company:			
Bank interests paid	(ii)	**57,523**	–
Bank charges paid	(iii)	**26,886**	–
Sourcing commissions paid	(iv)	**1,855,362**	93,398
Fellow subsidiaries:			
Purchases of goods	(v)	**–**	1,062,230
Management fees paid	(vi)	**769,793**	132,231
Commissions paid	(vii)	**9,885**	336,374
Consulting Fee	(viii)	**184,269**	–

Notes:

(i) The SAP expenses were charged at terms mutually agreed between the Company and the ultimate holding company.

(ii) The bank interests paid were charged at rates mutually agreed between the Company and the immediate holding company.

(iii) The bank charges paid were charged at rates mutually agreed between the Company and the immediate holding company.

(iv) The sourcing commissions paid were charged at terms mutually agreed between the Company and the immediate holding company.

(v) The purchases of goods were made according to the prices and terms mutually agreed between the Company and the respective fellow subsidiaries.

(vi) The management fees were charged at terms mutually agreed between the Company and the respective fellow subsidiaries.

(vii) The commissions paid were charged at terms mutually agreed between the Company and the respective fellow subsidiaries.

(viii) The consulting fee was charged at terms mutually agreed between the Company and the respective fellow subsidiaries.

(b) Outstanding balances with related parties:

The balances with the immediate holding company, the ultimate holding company, fellow subsidiaries and the non-controlling shareholder are unsecured, interest-free and have no fixed terms of repayment.

16. OPERATING LEASE COMMITMENTS

The Company leases its office premise under an operating lease arrangement with the lease for the property negotiated for a term of three years.

At 31 March 2014, the Company had total future minimum lease payments under non-cancellable operating lease falling due as follows:

	2014 HK$	2013 HK$
Within one year	**196,833**	657,473
In the second to fifth years, inclusive	**202,738**	876,405
	399,571	1,533,878

17. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, an amount due from the non-controlling shareholder 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, the ultimate holding company and 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 the corresponding notes to the financial statements.

18. 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 receivables, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, and balances with the immediate holding company, the ultimate holding company, non-controlling shareholder and fellow subsidiaries approximated to their carrying amounts largely due to the short term maturities of these instruments.

19. 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 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 Australian dollar ("AUD") exchange rate, 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).

	Change in the AUD exchange rate %	Increase/ (decrease) in loss before tax HK$	Decrease/ (increase) in equity HK$
31 March 2014			
If HK$ weakens against AUD	1	4,150	4,150
If HK$ strengthens against AUD	(1)	(4,150)	(4,150)
31 March 2013			
If HK$ weakens against AUD	1	(9,220)	(9,220)
If HK$ strengthens against AUD	(1)	9,220	9,220

Credit risk

The aggregate carrying amount of cash and cash equivalents, trade receivables, and an amount due from the non-controlling shareholder 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 11 to the financial statements. At the end of the reporting period, the Company had a certain concentration of credit risks as 19% (31 March 2013: 56%) of the Company's trade receivables was 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 shareholders' 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 issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2014 and the period from 6 June 2012 (date of incorporation) to 31 March 2013.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 May 2014.

Nor Europe Manufacturing Company Limited

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2014.

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 subsidiary are set out in note 11 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results

The Group's results for the year ended 31 March 2014, and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 4 to 33.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 10 to the financial statements.

Directors

The directors of the Group during the year were:

Pallak Seth

Albert Farre Moll

In accordance with the Company's articles of association, all remaining 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 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiary, holding companies or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Directors' interests in contracts

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiary, 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

Sd/-

Chairman

Hong Kong

22 May 2014

INDEPENDENT AUDITORS' REPORT

To the shareholders of Nor Europe Manufacturing Company Limited

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Nor Europe Manufacturing Company Limited (the "Company") and its subsidiary (together, the "Group") set out on pages 4 to 33, which comprise the consolidated and company statement of financial position as at 31 March 2014, and the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 March 2014, 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 141 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.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014, and of its loss and cash flows for the year ended 31 March 2014 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Sd/-

Certified Public Accountants

Hong Kong

22 May 2014

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2014

	Notes	Year ended 31 March 2014 HK$	Period from 4 November 2011 (date of incorporation) to 31 March 2013 HK$
REVENUE	4	**94,822,953**	93,954,816
Cost of sales		**(86,218,939)**	(84,457,416)
Gross profit		**8,604,014**	9,497,400
Other income and gains, net	4	**2,284,587**	730,735
Selling and distribution costs		**(9,099,884)**	(5,768,569)
Administrative expenses		**(6,824,413)**	(6,920,374)
Other operating expenses		**(37,438)**	(297,913)
Finance costs	6	**(260,638)**	(277,330)
LOSS BEFORE TAX	5	**(5,333,772)**	(3,036,051)
Income tax expense	8	**–**	–
LOSS FOR THE YEAR/PERIOD		**(5,333,772)**	(3,036,051)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2014

	Year ended 31 March 2014 HK$	Period from 4 November 2011 (date of incorporation) to 31 March 2013 HK$
LOSS FOR THE YEAR/PERIOD	**(5,333,772)**	(3,036,051)
OTHER COMPREHENSIVE LOSS		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of a foreign operation	**(2,179)**	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR/PERIOD, NET OF TAX	**(2,179)**	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD	**(5,335,951)**	(3,036,051)

Nor Europe Manufacturing Company Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	2014 HK$	2013 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	10	**52,845**	83,373
CURRENT ASSETS			
Trade and bills receivables	12	**10,132,151**	27,561,866
Prepayments, deposits and other receivables	13	**760,455**	27,121
Due from a non-controlling shareholder	19(b)	**233,400**	233,400
Cash and cash equivalents		**592,549**	803,909
Total current assets		**11,718,555**	28,626,296
CURRENT LIABILITIES			
Trade payables		**12,446,519**	12,013,381
Receipts in advance, other payables and accruals	14	**671,753**	88,246
Due to the immediate holding company	19(b)	**3,780,789**	14,840,057
Due to an intermediate holding company	19(b)	**46,843**	145,875
Due to fellow subsidiaries	19(b)	**2,419,498**	3,880,161
Total current liabilities		**19,365,402**	30,967,720
NET CURRENT LIABILITIES		**(7,646,847)**	(2,341,424)
Net liabilities		**(7,594,002)**	(2,258,051)
EQUITY			
Issued capital	15	**778,000**	778,000
Reserves	16(a)	**(8,372,002)**	(3,036,051)
Net deficiency in assets		**(7,594,002)**	(2,258,051)

Sd/-
Director

Sd/-
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2014

	Note	Issued capital HK$	Exchange reserve HK$	Accumulated losses HK$	Net deficiency in assets HK$
Issue of shares on incorporation	15	778,000	–	–	778,000
Loss and total comprehensive loss for the period		–	–	(3,036,051)	(3,036,051)
At 31 March 2013 and at 1 April 2013		778,000	–*	(3,036,051)*	(2,258,051)
Loss for the year		–	–	(5,333,772)	(5,333,772)
Other comprehensive loss for the year:					
Exchange differences on translation of a foreign operation		–	(2,179)	–	(2,179)
Total comprehensive loss for the year		–	(2,179)	(5,333,772)	(5,335,951)
At 31 March 2014		778,000	(2,179)*	(8,369,823)*	(7,594,002)

* These reserve accounts comprise the deficit of reserves of HK$8,372,002 (2013: HK$3,036,051) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2014

	Notes	Year ended 31 March 2014 HK$	Period from 4 November 2011 (date of incorporation) to 31 March 2013 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(5,333,772)**	(3,036,051)
Adjustments for:			
Depreciation	5	**37,438**	39,407
Finance costs	6	**260,638**	277,330
		(5,035,696)	(2,719,314)
Decrease/(increase) in trade and bills receivables		**17,429,715**	(27,561,866)
Increase in prepayments, deposits and other receivables		**(515,136)**	(27,121)
Increase in trade payables		**433,138**	12,013,381
Increase in receipts in advance, other payables and accruals		**563,350**	88,246
Increase/(decrease) in an amount due to the immediate holding company		**(11,061,745)**	15,384,657
Increase/(decrease) in an amount due to an intermediate holding company		**(622,125)**	145,875
Increase/(decrease) in amounts due to fellow subsidiaries		**(1,460,663)**	3,880,161
Cash flows generated from/(used in) operations		**(269,162)**	1,204,019
Interest paid		**(260,638)**	(277,330)
Net cash flows from/(used in) operating activities		**(529,800)**	926,689
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of a subsidiary	17	**328,888**	–
Purchases of items of property, plant and equipment	10	**(22,026)**	(122,780)
Net cash flows from/(used in) investing activities		**306,862**	(122,780)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(222,938)**	803,909
Cash and cash equivalents at beginning of year/period		**803,909**	–
Effect of foreign exchange rate changes, net		**11,578**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		**592,549**	803,909
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**592,549**	803,909

STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	2014 HK$	2013 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	10	–	83,373
Investment in a subsidiary	11	29,875	–
Total non-current assets		29,875	83,373
CURRENT ASSETS			
Trade and bills receivables	12	10,132,151	27,561,866
Deposits	13	–	27,121
Due from a non-controlling shareholder	19(b)	233,400	233,400
Due from a subsidiary	19(b)	85,444	–
Cash and cash equivalents		577,032	803,909
Total current assets		11,028,027	28,626,296
CURRENT LIABILITIES			
Trade payables		12,446,519	12,013,381
Receipts in advance and an accrual	14	32,901	88,246
Due to the immediate holding company	19(b)	3,780,789	14,840,057
Due to an intermediate holding company	19(b)	46,843	145,875
Due to fellow subsidiaries	19(b)	2,419,498	3,880,161
Total current liabilities		18,726,550	30,967,720
NET CURRENT LIABILITIES		(7,698,523)	(2,341,424)
Net liabilities		(7,668,648)	(2,258,051)
EQUITY			
Issued capital	15	778,000	778,000
Accumulated losses	16(b)	(8,446,648)	(3,036,051)
Net deficiency in assets		(7,668,648)	(2,258,051)

Sd/-
Director

Sd/-
Director

NOTES TO FINANCIAL STATEMENTS

31 March 2014

1. CORPORATE INFORMATION

Nor Europe Manufacturing Company 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, Kwoloon, Hong Kong.

During the year, the Group was engaged in the trading of garments and investment holding.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company during the year was Pearl Global Industries Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange and the National Stock Exchange of India Limited.

On 10 March 2014, the High Court of Delhi sanctioned a Scheme of Arrangement between Pearl Global Industries Limited (the "Transferor Company") and PDS Multinational Fashions Limited (the "Transferee Company"), a company incorporated in India with shares planned to be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Subsequent to the reporting period and consequent to the filing of the same Scheme of Arrangement with the Registrar of Companies in India on 13 May 2014, the share capital of Multinational Textiles Group Limited, an intermediate holding company of the Company, was transferred from the Transferor Company to the Transferee Company which became the Company's new ultimate holding company.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Group had net current liabilities and net liabilities at the end of the reporting period, as the Group's immediate holding company has agreed to provide adequate funds for the Group to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary (collectively referred to as the "Group") for the year ended 31 March 2014. The financial statements of its subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. The results of its subsidiary are consolidated from the date of incorporation/acquisition, being 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 in the accounting policy for subsidiaries below. 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 the profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to the 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 of liabilities.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Group, and accordingly, they have had no impact on the Group's financial statements for the year ended 31 March 2014.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied any new and revised HKFRSs, that have been issued but are not yet effective for the year ended 31 March 2014, 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

Subsidiaries

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 results of its subsidiary are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

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 by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Nor Europe Manufacturing Company Limited

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 that is a financial instrument and within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not fall within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. 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. 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.

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 value of the disposed operation and the portion of the cash-generating unit retained.

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 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.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person
  (i) has control or joint control over the Group;
  (ii) has significant influence over the Group; or
  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:
  (i) the entity and the Group are members of the same group;
  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  (iii) the entity and the Group are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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 year 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 in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

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 improvement	Over the shorter of the lease terms and 33⅓%
Furniture and fixtures	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.

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 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

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.

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.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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 and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the 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, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, amounts due to the immediate holding company, an intermediate holding company and fellow subsidiaries.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the 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, and only 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 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 statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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 for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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.

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.

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 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.

Foreign currencies

These financial statements are presented in HK$, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair value 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 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).

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The functional currency of an overseas subsidiary is a currency other than HK$. As at the end of the reporting period, the assets and liabilities of the subsidiary are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and the statement of profit or loss is translated into HK$ at the weighted average exchange rate for the period. 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 profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of an overseas subsidiary are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the period are translated into HK$ at the weighted average exchange rate for the period.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold.

An analysis of the Group's other income and gains is as follows:

	Year ended 31 March 2014 HK$	Period from 4 November 2011 (date of incorporation) to 31 March 2013 HK$
Penalty charges received from suppliers	**773,369**	730,735
Commission income	**70,799**	–
Foreign exchange difference, net	**1,440,419**	–
	2,284,587	730,735

5. LOSS BEFORE TAX

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

	Year ended 31 March 2014 HK$	Period from 4 November 2011 (date of incorporation) to 31 March 2013 HK$
Cost of inventories sold	**86,218,939**	84,457,416
Auditors' remuneration	**32,900**	30,900
Depreciation	**37,438**	39,407
Staff costs (excluding directors' remuneration (note 7)):		
Salaries and allowances	**978,558**	1,546,048
Pension scheme contributions (defined contribution schemes)	**206,625**	170,144
	1,185,183	1,716,192
Minimum lease payments under operating leases of land and buildings	**326,622**	524,994
Foreign exchange differences, net	**(1,440,419)**	258,506

6. FINANCE COSTS

	Group	
	Year ended 31 March 2014 HK$	Period from 4 November 2011 (date of incorporation) to 31 March 2013 HK$
Interest on overdrafts and bank charges arising from letters of credit	**260,638**	277,330

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	Year ended 31 March 2014 HK$	Period from 4 November 2011 (date of incorporation) to 31 March 2013 HK$
Fees	**–**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**–**	1,213,680
	–	1,213,680

8. INCOME TAX

Hong Kong profits tax been provided at the rate of 16.5% (Period ended 31 March 2013: 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.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the year (Period ended 31 March 2013: Nil).

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

Year ended 31 March 2014

	Hong Kong HK$	Spain HK$	Total HK$
Profit/(loss) before tax	(5,410,597)	76,825	(5,333,772)
Tax at the applicable tax rate	(892,749)	12,676	(880,073)
Tax losses not recognised	892,749	–	892,749
Income not subject to tax	–	(12,676)	(12,676)
Tax at the effective rate	–	–	–

Period from 4 November 2011 (date of incorporation) to 31 March 2013

	Hong Kong HK$	Spain HK$	Total HK$
Loss before tax	(3,036,051)	–	(3,036,051)
Tax at the applicable tax rate	(500,948)	–	(500,948)
Expenses not deductible for tax	19,617	–	19,617
Tax losses not recognised	483,339	–	483,339
Others	(2,008)	–	(2,008)
Tax charge at the effective rate	–	–	–

There was no significant unprovided deferred tax charge in respect of the year and as at the end of the reporting period (Period ended 31 March 2013: Nil).

As at 31 March 2014, the Group had unused tax losses of HK$8,339,925 (31 March 2013: HK$2,929,328) which arose in Hong Kong but the Group did not recognise any corresponding deferred tax assets as the directors consider it uncertain that there will be available taxable profits to utilise the unused tax losses.

9. LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated loss attributable to owners of the parent for the year ended 31 March 2014 includes a loss of HK$5,410,597 (Period ended 31 March 2013: HK$3,036,051) which has been dealt with in the financial statements of the Company (note 16(b)).

10. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2014				
At 31 March 2013 and at 1 April 2013:				
Cost	49,871	10,674	62,235	122,780
Accumulated depreciation	(17,409)	(4,141)	(17,857)	(39,407)
Net carrying amount	32,462	6,533	44,378	83,373

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	Leasehold improvements HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
At 1 April 2013, net of accumulated depreciation	32,462	6,533	44,378	83,373
Additions	–	–	22,026	22,026
Depreciation provided during the year	(12,956)	(2,544)	(21,938)	(37,438)
Exchange realignment	843	(741)	(15,218)	(15,116)
At 31 March 2014, net of accumulated depreciation	20,349	3,248	29,248	52,845
At 31 March 2014:				
Cost	46,225	10,850	97,452	154,527
Accumulated depreciation	(25,876)	(7,602)	(68,204)	(101,682)
Net carrying amount	20,349	3,248	29,248	52,845
31 March 2013				
At 4 November 2012 (date of incorporation)	–	–	–	–
Additions	49,871	10,674	62,235	122,780
Depreciation provided during the period	(17,409)	(4,141)	(17,857)	(39,407)
At 31 March 2013, net of accumulated depreciation	32,462	6,533	44,378	83,373
At 31 March 2013:				
Cost	49,871	10,674	62,235	122,780
Accumulated depreciation	(17,409)	(4,141)	(17,857)	(39,407)
Net carrying amount	32,462	6,533	44,378	83,373

Company

31 March 2014

	Leasehold improvements HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
At 31 March 2013 and at 1 April 2013:				
Cost	49,871	10,674	62,235	122,780
Accumulated depreciation	(17,409)	(4,141)	(17,857)	(39,407)
Net carrying amount	32,462	6,533	44,378	83,373
At 1 April 2013, net of accumulated depreciation	32,462	6,533	44,378	83,373
Transferred to a subsidiary	(32,462)	(6,533)	(44,378)	(83,373)
At 31 March 2014, net of accumulated depreciation	–	–	–	–
At 31 March 2014:				
Cost	–	–	–	–
Accumulated depreciation	–	–	–	–
Net carrying amount	–	–	–	–
31 March 2013				
At 4 November 2012 (date of incorporation)	–	–	–	–
Additions	49,871	10,674	62,235	122,780
Depreciation provided during the period	(17,409)	(4,141)	(17,857)	(39,407)
At 31 March 2013, net of accumulated depreciation	32,462	6,533	44,378	83,373
At 31 March 2013:				
Cost	49,871	10,674	62,235	122,780
Accumulated depreciation	(17,409)	(4,141)	(17,857)	(39,407)
Net carrying amount	32,462	6,533	44,378	83,373

11. INVESTMENT IN A SUBSIDIARY

	Company 2014 HK$	Company 2013 HK$
Unlisted shares, at cost	**29,875**	–

Particulars of the Company's subsidiary as at the end of the reporting period are as follows:

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable directly to the Company	Principal activities
Nor Europe Manufacturing S.L. ("Nor Europe SL")*	Spain	Euro 3,000	100	Provision of sourcing services

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

12. TRADE AND BILLS RECEIVABLES

	Group and Company 2014 HK$	Group and Company 2013 HK$
Trade receivables	**10,132,151**	23,103,598
Bills receivable	**–**	4,458,268
	10,132,151	27,561,866

The Group's trading terms with its customers are mainly on credit. Trade and bills receivables are non-interest-bearing and are on terms of up to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The aged analysis of trade receivables as at the end of the reporting period, based on payment due date, that are neither individually nor collectively considered to be impaired, is as follows:

	Group and Company 2014 HK$	Group and Company 2013 HK$
Neither past due nor impaired	**9,795,091**	26,371,112
Past due but not impaired:		
Less than one month	**337,060**	1,190,754
	10,132,151	27,561,866

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default. Receivables that were past due but not impaired relate to customers that have a good track record with the Group. 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. The Group does not hold any collateral or other credit enhancements over these balances.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group 2014 HK$	Group 2013 HK$	Company 2014 HK$	Company 2013 HK$
Prepayments	**576,010**	–	**–**	–
Deposits	**45,313**	27,121	**–**	27,121
Other receivables	**139,132**	–	**–**	–
	760,455	27,121	**–**	27,121

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.

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14. RECEIPTS IN ADVANCE, OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Receipts in advance	–	57,346	–	57,346
Accrual	32,901	30,900	32,901	30,900
Accrued employee benefits	2,975	–	–	–
Other payables	635,877	–	–	–
	671,753	88,246	32,901	88,246

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

15. SHARE CAPITAL

	2014 HK$	2013 HK$
Authorised, issued and fully paid: 10,000 ordinary shares of US$1 each	778,000	778,000

On incorporation, the Group's authorised share capital was US$100,000 divided into 10,000 ordinary shares of US$1 each and 10,000 ordinary shares were issued at par for cash as subscribers' shares.

16. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current year and the prior period are presented in the consolidated statement of changes in equity on page 7 of the financial statements.

(b) Company

	Accumulated losses HK$
Loss and total comprehensive loss for the period from 4 November 2011 (date of incorporation) to 31 March 2013	(3,036,051)
At 31 March 2013 and at 1 April 2013	(3,036,051)
Loss and total comprehensive loss for the year	(5,410,597)
At 31 March 2014	(8,446,648)

17. BUSINESS COMBINATION

On 10 April 2013, the Group acquired a 100% interest Nor Europe SL from an independent third party. Nor Europe SL is engaged in the provision of sourcing services. The fair values of the identifiable assets of Nor Europe SL as at the date of acquisition were as follows:

	Fair value recognised on acquisition of Nor Europe SL HK$
Consideration for 100% equity interest acquired	29,875
Net assets	
Other receivables	194,205
Cash and cash equivalents	358,763
Due to an intermediate holding company	(523,093)
Total identifiable net assets at fair value	29,875
Net cash inflow per the consolidated statement of cash flows	328,888

Subsequent to the acquisition, Nor Europe SL had no revenue and contributed profit of HK$76,825 to the Group's consolidated financial statements for the year ended 31 March 2014. Prior to the acquisition, Nor Europe SL had no revenue and incurred a loss of HK$139,132.

18. NOTE TO THE STATEMENT OF CASH FLOWS

Major non-cash transaction

On 4 November 2011 (date of incorporation), the Group issued 100,000 ordinary shares of US$1 each at par, of which 70,000 shares were issued to the immediate holding company and 30,000 shares were issued to a non-controlling shareholder. The corresponding considerations of HK$544,600 and HK$233,400 were settled through and debited to an amount due to the immediate holding company and an amount due from the non-controlling shareholder, respectively.

19. 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/period:

	Notes	Year ended 31 March 2014 HK$	Period from 4 November 2011 (date of incorporation) to 31 March 2013 HK$
Immediate holding company:			
Marketing service fees	(i)	–	31,680
Commission income	(ii)	3,719,531	3,147,127
Sample expenses	(iii)	171,782	–
Intermediate holding company:			
Management fees	(i)	367,606	291,750
Commission income	(ii)	149,014	–
Commissions paid	(iv)	59,809	–
Fellow subsidiaries:			
Marketing service fees	(i)	–	341,024
Commission income	(ii)	–	1,930,232
Commissions paid	(iv)	1,290,217	–
Purchases of goods	(v)	701,300	–

Notes:

(i) The management fees and marketing service fees paid were based on terms mutually agreed between the Group and the respective related parties.

(ii) The commission income received was based on terms mutually agreed between the Group and the respective related parties.

(iii) The sample expenses paid were based on terms mutually agreed between the Group and the immediate holding company.

(iv) The commissions paid were based on terms mutually agreed between the Group and the respective related parties.

(v) The purchases were made according to prices and conditions mutually agreed between the Group and the respective fellow subsidiaries.

(b) Outstanding balances with related parties:

The balances with an intermediate holding company, the immediate holding company, a non-controlling shareholder, fellow subsidiaries and a subsidiary are unsecured, interest-free and have no fixed terms of repayment.

20. OPERATING LEASE ARRANGEMENTS

The Group leases its office premise and car park under operating lease arrangements. Leases for the properties are negotiated for terms ranging from one to four years.

At 31 March 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Within one year	154,257	156,504	–	156,504
In the second to fifth years, inclusive	244,241	386,231	–	386,231
	398,498	542,735	–	542,735

21. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Group and the Company comprise trade and bills receivables, deposits and other receivables, amounts due from a non-controlling shareholder and a subsidiary, and cash and cash equivalents which are categorised as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the consolidated and company statements of financial position or in the corresponding notes to the financial statements. The financial liabilities of the Group and the Company comprise trade payables, other payables and accruals, and amounts due to the immediate holding company, an intermediate holding company and fellow subsidiaries which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the consolidated and company statements of financial position or in the corresponding notes to the financial statements.

22. FAIR VALUE

At the end of the reporting period, the carrying amounts of the Group's and the Company's financial assets and financial liabilities approximated to their fair values.

The fair values of financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sale transactions. The fair values of trade and bills receivables, deposits and other receivables, amounts due from a non-controlling shareholder and a subsidiary, cash and cash equivalents, trade payables, other payables and accruals, and amounts due to the immediate holding company, an intermediate holding company and fellow subsidiaries approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Group and the Company did not have any financial assets and liabilities measured at fair value as at the end of each reporting period.

23. 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 the non-controlling shareholder 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 12 to the financial statements. At the end of the reporting period, the Group had a certain level of concentration of credit risk as 65% (31 March 2013: 37%) of the Group's trade and bills receivable was due from the Group's top customer.

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 issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2014 and 31 March 2013.

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 May 2014.

Designed and Sourced Limited

REPORT OF THE DIRECTORS

The directors present their first report and the audited financial statements of the Company for the year ended 31 March 2014.

Principal activity

The principle activity of the Company is the trading of furniture. There was no significant change in the nature of the Company's principal activity during the year.

Results

The Company's result for the year then ended and the state of affairs of the Company as at 31 March 2014 are set out in the financial statements on pages 5 to 23.

Property, plant and equipment

Details of movements in the Company's property, plant and equipment during the year are set out in note 7 to the financial statements.

Directors

The directors of the Company during the year were:

Pallak Seth

Liang Kan Ke

Faiza Habeeb Seth (resigned on 10 February 2014)

Deepak Kumar Seth (appointed on 10 February 2014)

Payel Seth (appointed on 10 February 2014)

In accordance with the Company's articles of association, all remaining 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 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Directors' interests in contracts

No director had a material interest, either directly or indirectly, in any contract 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

Sd/-

Chairman

Hong Kong

22 May 2014

INDEPENDENT AUDITORS' REPORT

To the shareholders of Designed and Sourced Limited

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Designed and Sourced Limited (the "Company") set out on pages 5 to 23, which comprise the statement of financial position as at 31 March 2014, and the statement of 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 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.

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 141 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2014, and of its loss 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.

Sd/-

Certified Public Accountants

Hong Kong

22 May 2014

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2014

	Notes	Year ended 31 March 2014 HK$	Period from 27 August 2012 (date of incorporation) to 31 March 2013 HK$
REVENUE	3	**2,687,241**	–
Cost of sales		**(2,059,502)**	–
Gross profit		**627,739**	–
Other income	3	**707,233**	–
Administrative expenses		**(11,665,288)**	(4,292,797)
Selling and distribution costs		**(477,744)**	(19,377)
Finance cost	5	**(3,758)**	–
Other operating expenses		**(205,958)**	(12,016)
LOSS BEFORE TAX	4	**(11,017,776)**	(4,324,190)
Income tax expense	7	**–**	–
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		**(11,017,776)**	(4,324,190)

STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	2014 HK$	2013 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	8	**81,445**	125,803
CURRENT ASSETS			
Prepayments and deposits	9	**263,017**	77,785
Due from non-controlling shareholders	13(b)	**622,400**	622,400
Due from a fellow subsidiary	13(b)	**31,664**	–
Cash and cash equivalents		**328,378**	66,764
Total current assets		**1,245,459**	766,949
CURRENT LIABILITIES			
Trade payables		**319,476**	–
Other payables and accruals	10	**373,328**	295,266
Due to the immediate holding company	13(b)	**11,068,518**	850,423
Due to fellow subsidiaries	13(b)	**511,848**	2,515,253
Loan from the immediate holding company	13(c)	**1,750,500**	–
Loans from non-controlling shareholders	13(c)	**1,089,200**	–
Total current liabilities		**15,112,870**	3,660,942
NET CURRENT LIABILITIES		**(13,867,411)**	(2,893,993)
Net liabilities		**(13,785,966)**	(2,768,190)
EQUITY			
Issued capital	11	**1,556,000**	1,556,000
Accumulated losses		**(15,341,966)**	(4,324,190)
Net deficiency in assets		**(13,785,966)**	(2,768,190)

Sd/- Director

Sd/- Director

Designed and Sourced Limited

STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 March 2014

	Note	Issued capital HK$	Accumulated losses HK$	Net deficiency in assets HK$
Issue of shares on incorporation	11	1,556,000	–	1,556,000
Loss and total comprehensive loss for the period		–	(4,324,190)	(4,324,190)
At 31 March 2013 and 1 April 2013		1,556,000	(4,324,190)	(2,768,190)
Loss and total comprehensive loss for the year		–	(11,017,776)	(11,017,776)
At 31 March 2014		1,556,000	(15,341,966)	(13,785,966)

STATEMENT OF CASH FLOWS

Year ended 31 March 2014

	Notes	Year ended 31 March 2014 HK$	Period from 27 August 2012 (date of incorporation) to 31 March 2013 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(11,017,776)**	(4,324,190)
Adjustment for:			
Depreciation for property, plant and equipment	4	**44,358**	7,689
Interest expenses		**3,758**	–
		(10,969,660)	(4,316,501)
Increase in prepayments and deposits		**(185,232)**	(77,785)
Increase in an amount due from a fellow subsidiary		**(31,664)**	–
Increase in trade payables		**319,476**	–
Increase in other payables and accruals		**78,062**	295,266
Increase in an amount due to the immediate holding company		**10,218,095**	1,784,023
Increase/(decrease) in amounts due to fellow subsidiaries		**(2,003,405)**	2,515,253
Cash generated from/(used in) operations		**(2,574,328)**	200,256
Interest paid		**(3,758)**	–
Net cash flows from/(used in) operating activities		**(2,578,086)**	200,256
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**–**	(133,492)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in a loan from the immediate holding company		**1,750,500**	–
Increase in loans from non-controlling shareholders		**1,089,200**	–
Cash generated from financing activities		**2,839,700**	–
NET INCREASE IN CASH AND CASH EQUIVALENTS		**261,614**	66,764
Cash and cash equivalents at beginning of year/period		**66,764**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		**328,378**	66,764
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		**328,378**	66,764

NOTES TO FINANCIAL STATEMENTS

31 March 2014

1. CORPORATE INFORMATION

Designed and Sourced 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 principle activity of the Company is the trading of furniture.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company during the year was Pearl Global Industries Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange and the National Stock Exchange in India.

On 10 March 2014, the High Court of Delhi sanctioned a Scheme of Arrangement between Pearl Global Industries Limited (the "Transferor Company") and PDS Multinational Fashions Limited (the "Transferee Company"), a company incorporated in India with shares planned to be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Subsequent to the reporting period and consequent to the filing of the same Scheme of Arrangement with the Registrar of Companies in India on 13 May 2014, the share capital of Multinational Textiles Group Limited, an intermediate holding company of the Company, was transferred from the Transferor Company to the Transferee Company which became the Company's new ultimate holding company.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's immediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements are presented in Hong Kong dollars ("HK$") and have been prepared under the historical cost convention.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Certain new and revised HKFRSs became effective for the first time during the current financial year but are not applicable to the Company, and accordingly, they have had no impact on the Company's financial statements for the year ended 31 March 2014.

2.4 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 year ended 31 March 2014, 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.

2.5 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
  (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).

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.

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 the 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 in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation.

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 used for this purpose are as follows:

Furniture and fixtures	25%
Office equipment	25% - 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 including 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 period 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 are charged to profit or loss on the straight-line basis over the lease terms.

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

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 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.

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 either directly or 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 and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in 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, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables, financial liabilities included in other payables, accruals and receipts in advance, amounts due to the immediate holding company and fellow subsidiaries, and loans from the immediate holding company and non-controlling interests.

Subsequent measurement

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, and only 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 for the current and prior periods 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, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the 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 the 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, when the services are rendered.

Employee benefits

Retirement benefits scheme

The Company operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. 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 Company in an independently administered fund. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Company's employer voluntary contributions, which are refunded to the Company when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Foreign currency transactions

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3. REVENUE AND OTHER INCOME

Revenue, which is also the Company's turnover, represents the net invoiced value of goods sold.

Other income represents commission income received.

4. LOSS BEFORE TAX

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

	Notes	Year ended 31 March 2014 HK$	Period from 27 August 2012 (date of incorporation) to 31 March 2013 HK$
Auditors' remuneration		**31,900**	30,900
Depreciation		**44,358**	7,689
Staff costs (excluding directors' remuneration (note 5)):			
Salaries and allowances		**5,541,789**	2,160,425
Pension scheme contributions (defined contribution scheme)		**534,300**	97,299
		6,076,089	2,257,724
Minimum lease payments under operating leases of land and buildings		**719,977**	98,148
Foreign exchange differences, net		**161,600**	4,327

5. FINANCE COSTS

	Notes	Year ended 31 March 2014 HK$	Period from 27 August 2012 (date of incorporation) to 31 March 2013 HK$
Interests on overdrafts and other loans		**2,957**	–
Bank charges arising from letters of credit		**801**	–
		3,758	–

6. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	Year ended 31 March 2014 HK$	Period from 27 August 2012 (date of incorporation) to 31 March 2013 HK$
Fees	**–**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**1,587,702**	155,000
Pension scheme contributions	**16,250**	–
	1,603,952	155,000

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits in Hong Kong during the year ended 31 March 2014. A reconciliation of the tax credit applicable to loss before tax using the Hong Kong statutory rate of

16.5% (Period ended 31 March 2013: 16.5%) to the tax at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	Year ended 31 March 2014 HK$	%	Period from 27 August 2012 (date of incorporation) to 31 March 2013 HK$	%
Loss before tax	(11,017,776)		(4,324,190)	
Tax credit at the statutory tax rate	(1,817,933)	16.5	(713,491)	16.5
Tax losses not recognised	1,811,543	(16.4)	729,602	(16.8)
Other	6,390	(0.1)	(16,111)	0.3
Tax at the effective tax rate	–	–	–	–

As at 31 March 2014, the Company had unused tax losses of HK$15,400,878 (2013: HK$4,421,830), subject to the agreement of the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the Company.

At the end of the reporting period, deferred tax assets in respect of the unused tax losses have not been recognised as the directors consider it uncertain that there will be available taxable profits to utilise the usused tax losses.

8. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2014			
At 31 March 2013 and at 1 April 2013			
Cost	1,615	131,877	133,492
Accumulated depreciation	(67)	(7,622)	(7,689)
Net carrying amount	1,548	124,255	125,803
At 1 April 2013, net of accumulated depreciation	1,548	124,255	125,803
Depreciation provided during the year	(404)	(43,954)	(44,358)
At 31 March 2014, net of accumulated depreciation	1,144	80,301	81,445
At 31 March 2014:			
Cost	1,615	131,877	133,492
Accumulated depreciation	(471)	(51,576)	(52,047)
Net carrying amount	1,144	80,301	81,445
31 March 2013			
At 27 August 2012 (date of incorporation)	–	–	–
Additions	1,615	131,877	133,492
Depreciation provided during the period	(67)	(7,622)	(7,689)
At 31 March 2013, net of accumulated depreciation	1,548	124,255	125,803
At 31 March 2013:			
Cost	1,615	131,877	133,492
Accumulated depreciation	(67)	(7,622)	(7,689)
Net carrying amount	1,548	124,255	125,803

9. PREPAYMENTS AND DEPOSITS

	2014 HK$	2013 HK$
Prepayments	**185,232**	–
Deposits	**77,785**	77,785
	263,017	77,785

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.

10. OTHER PAYABLES AND ACCRUALS

	2014 HK$	2013 HK$
Accrued employee benefits	**55,297**	264,366
Accrual	**31,900**	30,900
Deferred income	**179,149**	–
Other payables	**106,982**	–
	373,328	295,266

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

11. SHARE CAPITAL

	2014 HK$	2013 HK$
Authorised:		
500,000 ordinary shares of US$1 each	**3,890,000**	3,890,000
Issued and fully paid:		
200,000 ordinary shares of US$1 each	**1,556,000**	1,556,000

On incorporation, the Company's authorised share capital was US$500,000 divided into 500,000 ordinary shares of US$1 each and 200,000 ordinary shares were issued at par for cash as the subscriber's shares.

12. NON-CASH TRANSACTION

Major non-cash transaction

On 27 August 2012 (date of incorporation), the Company issued 200,000 ordinary shares of US$1 each at par, of which 120,000 shares were issued to the immediate holding company and 80,000 shares were issued to non-controlling shareholders. The corresponding considerations of HK$933,600 and HK$622,400 were settled through and debited to an amount due to the immediate holding company and an amount due from the non-controlling shareholders, respectively.

13. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Company had the following material transactions with related parties during the year:

		2014 HK$	2013 HK$
Intermediate holding company:			
Commission fees received	(i)	**204,097**	–
Management fees paid	(ii)	**126,409**	–
Consulting fees paid	(iii)	**303,420**	–
Fellow subsidiaries:			
Commission fees received	(i)	**9,773**	–
Management fees paid	(ii)	**–**	116,700
Consulting fees paid	(iii)	**281,177**	–

Notes:

(i) The commissions received were from the provision of sourcing services and were determined based on terms mutually agreed between the respective related parties.

(ii) The management fees were from the provision of corporate management services and were determined based on terms mutually agreed between the Company and the respective related parties.

(iii) The consulting fees were from the provision of project management, design, IT services and were determined based on terms mutually agreed between the Company and the respective related parties.

(b) The balances with the immediate holding company, fellow subsidiaries and non-controlling shareholders are unsecured, interest-free and have no fixed terms of repayment.

(c) The loans from the immediate holding company and non-controlling shareholders are unsecured, interest-free and are repayable within a year.

14. OPERATING LEASE COMMITMENTS

The Company leases its office premises under operating lease arrangements and the leases are negotiated for terms ranging from one to two years.

At the end of the reporting period, the Company had total future minimum lease payments under non-cancellable operating lease falling due as follows:

	2014 HK$	2013 HK$
Within one year	**423,490**	18,079
In the second to fifth years, inclusive	**101,362**	–
	524,852	–

15. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise deposits, amounts due from non-controlling shareholders and a fellow subsidiary, and cash and cash equivalents which are categorised as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals, amounts due to the immediate holding company and fellow subsidiaries, and loans from the immediate holding company and non-controlling shareholders 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 deposits, bank balances, trade payables, financial liabilities included in other payables and accruals, balances with the immediate holding company, non-controlling shareholders and fellow subsidiaries, and loans from the immediate holding company and non-controlling shareholders 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.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Credit risk

The aggregate carrying amount of deposits, cash and cash equivalents, amounts due from non-controlling shareholders and a fellow subsidiary represents the Company's maximum exposure to credit risk in relation to financial assets. The Company's cash and cash equivalents are deposited with creditworthy banks with no recent history of default.

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 shareholders' 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 issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2014 and the period from 27 August 2012 (date of incorporation) to 31 March 2013.

18. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 May 2014.

Kleider Sourcing Hong Kong Limited

REPORT OF THE DIRECTORS

The directors present their first report and the audited financial statements of the Company for the period from 18 October 2013 (date of incorporation) to 31 March 2014.

Principal activity

The principal activity of the Company during the period was the trading of garments.

Results

The Company's loss for the period from 18 October 2013 (date of incorporation) to 31 March 2014 and its state of affairs as at that date are set out in the financial statements on pages 4 to 17.

Directors

The directors of the Company during the period were:

Pallek Seth	(appointed on 18 October 13)
Deepak Kumar Seth	(appointed on 10 February 14)
Iftekhar Ullah	(appointed on 10 February 14)

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 period.

Directors' interests

At no time during the period was rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to the directors or their spouses or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Directors' interests in contracts

The directors had no material interest, either directly or indirectly, in any contract 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 period.

Auditors

Ernst & Young were appointed by the directors as the Company's first 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

Sd/-

Chairman

Hong Kong

22 May 2014

INDEPENDENT AUDITORS' REPORT

To the shareholder of Kleider Sourcing Hong Kong Limited

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Kleider Sourcing Hong Kong Limited (the "Company") set out on pages 4 to 17, which comprises the statement of financial position as at 31 March 2014, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 18 October 2013 (date of incorporation) to 31 March 2014, 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 141 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2014, and of its loss and cash flows for the period from 18 October 2013 (date of incorporation) to 31 March 2014, in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Sd/-

Certified Public Accountants

Hong Kong

22 May 2014

STATEMENT OF COMPREHENSIVE INCOME

Period from 18 October 2013 (date of incorporation) to 31 March 2014

	Notes	HK$
REVENUE	4	**5,400,857**
Cost of sales		**(4,627,820)**
Gross profit		**773,037**
Other income	4	**737,723**
Administrative expenses		**(1,667,083)**
Selling and distribution costs		**(213,999)**
Other operating expense		**(92)**
LOSS BEFORE TAX	5	**(370,414)**
Income tax credit	7	**–**
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(370,414)**

STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	HK$
CURRENT ASSETS		
Trade receivables	8	**4,112,195**
Other receivables		**98,794**
Cash and cash equivalents		**244,083**
Total current assets		**4,455,072**
CURRENT LIABILITIES		
Trade payables		**3,465,721**
Other payables and an accrual	9	**155,266**
Due to the immediate holding company	11(b)	**1,125,241**
Due to a fellow subsidiary	11(b)	**1,458**
Total current liabilities		**4,747,686**
Net liabilities		**(292,614)**
EQUITY		
Issued capital	10	**77,800**
Accumulated loss		**(370,414)**
Net deficiency in assets		**(292,614)**

Sd/-	Sd/-
Director	Director

STATEMENT OF CHANGES IN EQUITY

Period from 18 October 2013 (date of incorporation) to 31 March 2014

	Note	Issued capital HK$	Accumulated loss HK$	Net deficiency in assets HK$
Issue of shares on incorporation	10	77,800	–	77,800
Loss and total comprehensive loss for the period		–	(370,414)	(370,414)
At 31 March 2014		77,800	(370,414)	(292,614)

STATEMENT OF CASH FLOWS

Period from 18 October 2013 (date of incorporation) to 31 March 2014

	HK$
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax	**(370,414)**
Increase in trade receivables	**(4,112,195)**
Increase in other receivables	**(98,794)**
Increase in trade payables	**3,465,721**
Increase in other payables and an accrual	**155,266**
Increase in an amount due to the immediate holding company	**1,125,241**
Increase in an amount due to a fellow subsidiary	**1,458**
Cash generated from operations and net cash flows from operating activities	166,283
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of shares	77,800
CASH AND CASH EQUIVALENTS AT END OF PERIOD	244,083
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Bank balances	244,083

NOTES TO FINANCIAL STATEMENTS

31 March 2014

1. CORPORATE INFORMATION

Kleider Sourcing Hong Kong Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F, Surson Commercial Building 140-142, Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the period, the Company was engaged in the trading of garments.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company during the period was Pearl Global Industries Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange and the National Stock Exchange of India Limited.

Subsequent to the reporting period, on 25 April 2014, the High Court of Delhi sanctioned a Scheme of Arrangement between Pearl Global Industries Limited (the "Transferor Company") and PDS Multinational Fashions Limited (the "Transferee Company"), a company incorporated in India with shares planned to be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Consequent to and upon the filing of the same Scheme of Arrangement with the Registrar of Companies in India, the share capital of Multinational Textiles Group Limited, an intermediate holding company of the Company, was transferred from the Transferor Company to the Transferee Company, which became the Company's new ultimate holding company.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's ultimate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements are presented in Hong Kong dollars ("HK$") and have been prepared under the historical cost convention.

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 period ended 31 March 2014, in these financial statements. The Company is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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
  - (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).

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.

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.

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

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 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.

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 either directly or 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 and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in 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, in the case of loans and borrowings, net of directly attributable transaction costs.

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

Subsequent measurement

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, and only 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.

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 for the current and prior years 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, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the 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 the 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 year 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, when the services are rendered.

Foreign currency transactions

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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

4. REVENUE AND OTHER INCOME

Revenue, which is also the Company's turnover, represents the net invoiced value of goods sold.

Other income represents commission income.

5. LOSS BEFORE TAX

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

	Period from 18 October 2013 (date of incorporation) to 31 March 2014 HK$
Cost of inventories sold	**4,627,820**
Auditors' remuneration	**31,900**
Foreign exchange differences, net	**92**

6. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the period.

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits in Hong Kong during the period from 18 October 2013 (date of incorporation) to 31 March 2014.

A reconciliation of the tax credit applicable to loss before tax using the Hong Kong statutory rate of 16.5% to the tax at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	Period from 18 October 2013 (date of incorporation) to 31 March 2014 HK$	%
Loss before tax	**(370,414)**	
Tax credit at the statutory tax rate	**(61,118)**	(16.5)
Expenses not deductible for tax	**61,118**	16.5
Tax at the effective tax rate	**–**	–

8. TRADE RECEIVABLES

The Company's trading terms with its customers are mainly on credit. The credit period is generally one month. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at the end of the reporting period, all of the Company's trade receivables were neither past due nor individually or collectively considered to be impaired, and these receivables relate to an independent customer that has had a good track record with the Company. 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.

9. OTHER PAYABLES AND AN ACCRUAL

	HK$
Other payables	**123,366**
Accrual	**31,900**
	155,266

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

10. SHARE CAPITAL

	HK$
Authorised:	
10,000 ordinary shares of US$1 each	77,800
Issued and fully paid:	
10,000 ordinary shares of US$1 each	77,800

On incorporation, the Company's authorised share capital was US$10,000 divided into 10,000 ordinary shares of US$1 each and 10,000 ordinary shares were issued at par for cash as the subscriber's shares.

11. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following material transactions with related parties during the period:

	Notes	2014 HK$
Immediate holding company		
Service support fee paid	(i)	**1,661,077**
Commission income received	(ii)	**548,490**

Notes:

(i) The service support fee was charged based on mutually agreed terms between the Company and the immediate holding company.

(ii) The commission income received was charged based on mutually agreed terms between the Company and the immediate holding subsidiary.

(b) The balances with the immediate holding company and a fellow subsidiary are unsecured, interest-free and have no fixed terms of repayment.

12. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, 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 comprises trade payables, financial liabilities included in other payables and an accrual, 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.

13. 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 receivables, other receivables and cash and cash equivalents, financial liabilities included in trade payables, other payables and an accrual, and 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 the reporting period.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Credit risk

The aggregate carrying amount of cash and cash equivalents, trade receivables and other receivables represents the Company's maximum exposure to credit risk in relation to financial assets. The Company's cash and cash equivalents are deposited with creditworthy banks with no recent history of default. The Company has policies in place to evaluate credit risk when accepting new businesses and to limit its credit exposure to individual customers. The maximum exposure for trade receivables is the carrying amount as disclosed in note 8 to the financial statements. At the end of the reporting period, the Company had a certain level of concentration of credit risk as the Company's entire trade receivables balance was due from the Company's sole 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 issue new shares. No changes were made in the objectives, policies or processes for managing capital during the period from 18 October 2013 (date of incorporation) to 31 March 2014.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 May 2014.

Poeticgem International Limited

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the period from September 27, 2013 (Date of Incorporation) to March 31, 2014, which were approved by them at the board meeting held on the date of this report.

PRINCIPAL ACTIVITY

The Company conducted no business during the period.

FINANCIAL RESULTS

The results of the Company for the period from September 27, 2013 (Date of Incorporation) to March 31, 2014 and the state of the Company's affairs as at that date are set out in the annexed financial statements.

DIVIDEND

The directors do not recommend payment of any dividends.

DIRECTORS

The directors of the Company who held office during the period and up to date of this report were:

Pallak Seth (appointed on September 27, 2013)

Omprakash Makam Suryanarayan Setty (appointed on September 27, 2013)

In accordance with Article 7 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

DIRECTORS' INTEREST

No contracts of significance to which the Company, any of its holding company or fellow subsidiaries was a party and in which a director had a material interest subsisted at the end of the period or at any time during the period. At no time during the period was the Company, any of its holding companies or fellow subsidiary a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

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.

Sd/-
By Order of the Board
Chairman

Hong Kong, April 29, 2014.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER 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 17, which comprise the statement of financial position as at March 31, 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from September 27, 2013 (Date of Incorporation) to March 31, 2014, and a summary of significant accounting policies and other explanatory information.

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 financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 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 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 audit opinion.

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 state of the Company's affairs as at March 31, 2014 and of its loss and cash flows for the period from September 27, 2013 (Date of Incorporation) to March 31, 2014 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, April 29, 2014.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM SEPTEMBER 27, 2013 (DATE OF INCORPORATION) TO MARCH 31, 2014

	Notes	Hk$
Turnover		–
Other Revenue	(6)	5
Other Operating Expenses		(81,110)
Loss Before Taxation	(7)	(81,105)
Taxation	(9)	–
Loss for the Period		(81,105)
Other Comprehensive Income		–
Total Comprehensive Expenses For the period		(81,105)

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

	Notes	Hk$
ASSETS		
Current Assets		
Bank balances		500,961
Current Liabilities		
Amount due to a fellow subsidiary	(10)	497,266
Accruals		7,000
		504,266
NET LIABILITIES		(3,305)
Represented by:		
CAPITAL AND RESERVES		
Share capital	(11)	77,800
Accumulated losses		(81,105)
SHAREHOLDER'S DEFICIT		(3,305)

APPROVED BY THE BOARD OF DIRECTORS ON APRIL 29, 2014 AND SIGNED ON BEHALF OF THE BOARD BY:

Sd/-
Director

Sd/-
Director

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM SEPTEMBER 27, 2013 (DATE OF INCORPORATION) TO MARCH 31, 2014

	Share Capital HK$	Accumulated Losses HK$	Total HK$
Issuance of share capital	77,800	–	77,800
Total comprehensive expense for the period	–	(81,105)	(81,105)
At March 31, 2014	77,800	(81,105)	(3,305)

STATEMENT OF CASH FLOWS FOR THE PERIOD FROM SEPTEMBER 27, 2013 (DATE OF INCORPORATION) TO MARCH 31, 2014

	HK$
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before taxation	**(81,105)**
Adjustments for:	
Bank interest income	**(5)**
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	**(81,110)**
Increase in amount due to a fellow subsidiary	**497,266**
Increase in accruals	**7,000**
Cash generated from in operations	**423,156**
Bank interest received	**5**
Net cash generated from operating activities	**423,161**
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 CHANGE IN CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS AT END OF PERIOD	**500,961**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Poeticgem International Limited was incorporated in Hong Kong as a limited liability company. The Company conducted no business during the period. The address of its registered office is 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong. The directors consider that the ultimate holding company is Pearl Global Industries Limited, a company incorporated in India. The shares of the ultimate holding company is listed on the Bombay Stock Exchange and National 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.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note (5) to the financial statements.

b. 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 and HKFRS 7 (Amendments) — Mandatory Effective Date of HKFRS 9 and Transition Disclosures [2]
- HKFRS 9 — Financial Instruments[2]
- HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments) — Investments Entities[1]
- HKAS 32 (Amendments) — Offsetting Financial Assets and Financial Liabilities[1]
- HKAS 36 (Amendments) — Recoverable Amount Disclosures for Non-Financial Assets[1]
- HKAS 39 (Amendments) — Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting[1]
- HK (IFRIC) - Int 21 — Levies[1]

Notes:

(1) Effective for annual periods beginning on or after 1 January 2014

(2) Effective for annual periods beginning on or after 1 January 2015

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, 2014 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 has confirmed its willingness to provide such financial assistance as is necessary to maintain the Company as a going concern. On the strength of this assurance, the financial statements have been prepared on a going concern basis.

d. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

e. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

f. Financial Assets

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

g. Loans and Receivables

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

h Financial Liabilities

The Company's financial liabilities include account and other payables which are subsequently measured at amortized cost, using the effective interest method.

i. Equity Instruments

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

Poeticgem International Limited

j. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months.

k. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Hong Kong Dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

l. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable loss for the year. Taxable loss differs from net loss as reported in the Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable loss, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable loss will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific assets and liabilities in a transaction that affects neither the tax loss nor the accounting loss.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Statement of Comprehensive Income.

m. Turnover

The Company had no turnover during the period.

n. 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 Company's business. It 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 basis as follows:

- Interest income from bank deposits is accrued on a time proportion basis on the principal outstanding and at the rate applicable.

o. Related Parties

A related party is a person or entity that is related to the Company.

(A) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or a parent of the Company.

(B) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same 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.

p. Financial Risks

The financial risks in connection with the Company's financial instruments include risks as follows.

(i) Market risk includes three types of risk as below:

- **Currency risk:** the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.
- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.
- **Price risk:** the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Market risk embodies not only the potential for loss but also the potential for gain.

(ii) Credit risk: the risk that the corresponding party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss.

(iii) Liquidity risk (also referred to as funding risk): the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

(iv) Cash flow interest rate risk: the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

3. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(i) To safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

(ii) To support the Company's stability and growth; and

(iii) To provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risks are limited by the financial management policies and practices described below.

(a) Credit risk

The Company has no significant concentrations of credit risk because it has no financial assets.

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. As the fellow subsidiary and shareholder have confirmed the willingness to provide continuous financial support to the Company, the directors are of the opinion that the Company is adequately protected from the liquidity risk.

(c) Cash flow and fair value interest rate risk

The Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimate of fair values of current assets and liabilities

The nominal value of current assets and liabilities are assumed to approximate their fair values.

6. RECOGNITION OF REVENUE

	HK$
Revenue recognised during the period are as follows:	
Other revenue:	
Bank interest income and total revenue recognised	**5**

7. LOSS BEFORE TAXATION

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

Auditors' remuneration	**12,000**
Exchange difference	**13,977**

8. DIRECTORS' REMUNERATION

Fees	–
Other emoluments	–
	–

9. TAXATION

No Hong Kong profits tax has been provided in the financial statements as the Company made no assessable profits for the period.

10. 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.

11. SHARE CAPITAL

	HK$
Authorised:	
100,000 ordinary shares of US$1 each	**778,000**
Issued and fully paid-up:	
10,000 ordinary shares of US$1 each	**77,800**

The Company was incorporated on September 27, 2013 with authorised share capital of US$100,000 divided into ordinary shares of US$1 each. On the date of incorporation, 10,000 ordinary shares of US1 each were issued to the subscriber at par to provide initial working capital to the Company.

12. 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 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)		
	USD	**GBP**	**BDT**
Cash and cash equivalent and net exposure arising from recognised assets and liabilities	46,365	5,918	375,231

(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 statement of financial position date.

	Increase HK$	**Decrease HK$**
United States Dollars	–	–
British Pound	494	(494)
Bangladeshi Taka	31,332	(31,332)
	31,826	(31,826)

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.

13. COMMENCEMENT OF BUSINESS

The Company was incorporated on September 27, 2013 and conducted no business during the period.

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Company's Board of Directors on April 29, 2014.

Nor France Manufacturing Company Limited

REPORT OF THE DIRECTORS

The directors present their first report and the audited financial statements for the period from 18 December 2012 (date of incorporation) to 31 March 2013 and the year ended 31 March 2014.

Principal activities

The principal activity of the Company was the trading of garments. Details of the principal activities of the Company's subsidiary are set out in note 11 to the financial statements.

Results

The Group's results for the period from 18 December 2012 (date of incorporation) to 31 March 2013 and the year ended 31 March 2014 and the state of affairs of the Company and the Group at 31 March 2013 and 31 March 2014 are set out in the financial statements on pages 5 to 30.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Company and the Group during the period/year is set out in note 10 to the financial statements.

Directors

The directors of the Company during the period/year were:

Deepak Kumar Seth	(appointed on 18 December 2012)
Pallak Seth	(appointed on 18 December 2012)
Faiza Habeeb Seth	(appointed on 18 December 2012)

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 period/year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiary, holding companies or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Directors' interests in contracts

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiary, holding companies or fellow subsidiaries was a party during the period/year.

Auditors

Ernst & Young were appointed by the directors as the Company's first 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

Sd/-
Chairman
Hong Kong

22 May 2014

INDEPENDENT AUDITORS' REPORT

To the shareholders of NOR France Manufacturing Company Limited

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of NOR France Manufacturing Company Limited (the "Company") and its subsidiary (together, the "Group") set out on pages 5 to 30, which comprise the consolidated and company statements of financial position as at 31 March 2013 and 2014, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the period from 18 December 2012 (date of incorporation) to 31 March 2013 and the year ended 31 March 2014, 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 141 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.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013 and 31 March 2014, and of the Group's losses and cash flows for the period from 18 December 2012 (date of incorporation) to 31 March 2013 and the year ended

31 March 2014 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Certified Public Accountants

Hong Kong

22 May 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Period from 18 December 2012 (date of incorporation) to 31 March 2013 and year ended 31 March 2014

	Notes	Year ended 31 March 2014 HK$	Period from 18 December 2012 (date of incorporation) to 31 March 2013 HK$
REVENUE	4	**977,001**	–
Cost of sales		**(921,876)**	–
Gross profit		**55,125**	–
Other income and gain, net	4	**244,236**	–
Selling and distribution costs		**(159,256)**	(12,208)
Administrative expenses		**(4,708,098)**	(1,264,940)
Other operating expenses		**(15,976)**	(17,818)
Finance costs	7	**(4,039)**	–
LOSS BEFORE TAX	5	**(4,588,008)**	(1,294,966)
Income tax expense	8	–	–
LOSS FOR THE YEAR/PERIOD		**(4,588,008)**	(1,294,966)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period from 18 December 2012 (date of incorporation) to 31 March 2013 and year ended 31 March 2014

	Year ended 31 March 2014 HK$	Period from 18 December 2012 (date of incorporation) to 31 March 2013 HK$
LOSS FOR THE YEAR/PERIOD	**(4,588,008)**	(1,294,966)
OTHER COMPREHENSIVE LOSS		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of a foreign operation	**(154,521)**	(316)
OTHER COMPREHENSIVE LOSS FOR THE YEAR/PERIOD	**(154,521)**	(316)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD	**(4,742,529)**	(1,295,282)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2013 and 2014

	Notes	2014 HK$	2013 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	10	**37,259**	–
Deposit	12	**55,704**	51,743
Total non-current assets		**92,963**	51,743
CURRENT ASSETS			
Prepayments and deposits	12	**251,126**	42,498
Due from non-controlling shareholders	17(b)	**194,500**	194,500
Cash and cash equivalents		**567,333**	440,582
Total current assets		**1,012,959**	677,580
CURRENT LIABILITIES			
Other payables and accruals	13	**558,617**	278,817
Due to the immediate holding company	17(b)	**5,659,956**	967,788
Due to fellow subsidiaries	17(b)	**147,160**	–
Total current liabilities		**6,365,733**	1,246,605
NET CURRENT LIABILITIES		**(5,352,774)**	(569,025)
Net liabilities		**(5,259,811)**	(517,282)
EQUITY			
Issued capital	14	**778,000**	778,000
Reserves	15(a)	**(6,037,811)**	(1,295,282)
Net deficiency in assets		**(5,259,811)**	(517,282)

Sd/- Sd/-

Director Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period from 18 December 2012 (date of incorporation) to 31 March 2013 and year ended 31 March 2014

	Note	Issued capital HK$	Exchange reserve HK$	Accumulated losses HK$	Net deficiency in assets HK$
Issue of shares on incorporation	14	778,000	–	–	778,000
Loss for the period		–	–	(1,294,966)	(1,294,966)
Other comprehensive loss for the period					
Exchange differences on translation of a foreign operation		–	(316)	–	(316)
Total comprehensive loss for the period		–	(316)	(1,294,966)	(1,295,282)
At 31 March 2013 and at 1 April 2013		778,000	(316)*	(1,294,966)*	(517,282)
Loss for the year		–	–	(4,588,008)	(4,588,008)
Other comprehensive loss for the year:					
Exchange differences on translation of a foreign operation		–	(154,521)	–	(154,521)
Total comprehensive loss for the year		–	(154,521)	(4,588,008)	(4,742,529)
At 31 March 2014		778,000	(154,837)*	(5,882,974)*	(5,259,811)

* These reserve accounts comprise the deficit of reserves of HK$6,037,811 (2013: HK$1,295,282) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Period from 18 December 2012 (date of incorporation) to 31 March 2013 and year ended 31 March 2014

	Notes	Year ended 31 March 2014 HK$	Period from 18 December 2012 (date of incorporation) to 31 March 2013 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(4,588,008)**	(1,294,966)
Adjustments for:			
Depreciation	5	**15,976**	–
Finance costs	7	**4,039**	–
		(4,567,993)	(1,294,966)
Increase in prepayments and deposits		**(196,693)**	(94,635)
Increase in other payables and accruals		**252,870**	280,249
Increase in an amount due to the immediate holding company		**4,524,219**	969,910
Increase in amounts due to fellow subsidiaries		**147,160**	–
Net cash flows from/(used in) operating activities		**159,563**	(139,442)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	10	**(53,755)**	–
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**–**	583,500
Interest paid		**(4,039)**	–
Net cash flows from/(used in) financing activities		**(4,039)**	583,500
NET INCREASE IN CASH AND CASH EQUIVALENTS		**101,769**	444,058
Cash and cash equivalents at beginning of year/period		**440,582**	–
Effect of foreign exchange rate changes, net		**24,982**	(3,476)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		**567,333**	440,582
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Bank balances		**567,333**	440,582

STATEMENT OF FINANCIAL POSITION

31 March 2013 and 2014

	Notes	2014 HK$	2013 HK$
NON-CURRENT ASSETS			
Investment in a subsidiary	11	**101,140**	101,140
CURRENT ASSETS			
Due from a subsidiary	17(b)	**4,319,627**	515,814
Due from non-controlling shareholders	17(b)	**194,500**	194,500
Cash and cash equivalents		**366,838**	–
Total current assets		**4,880,965**	710,314
CURRENT LIABILITIES			
Other payables and accruals	13	**32,900**	35,859
Due to the immediate holding company	17(b)	**5,659,956**	967,788
Due to fellow subsidiaries	17(b)	**147,160**	–
Total current liabilities		**5,840,016**	1,003,647

Nor France Manufacturing Company Limited

	Notes	2014 HK$	2013 HK$
NET CURRENT LIABILITIES		**(959,051)**	(293,333)
Net liabilities		**(857,911)**	(192,193)
EQUITY			
Issued capital	14	**778,000**	778,000
Reserves	15(b)	**(1,635,911)**	(970,193)
Net deficiency in assets		**(857,911)**	(192,193)

Sd/- Sd/-

Director Director

NOTES TO FINANCIAL STATEMENTS

31 March 2013 and 2014

1. CORPORATE INFORMATION

NOR France 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.

During the period/year, the Group was principally involved in the trading of garments and investment holding.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company during the year was Pearl Global Industries Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange and the National Stock Exchange of India Limited.

On 10 March 2014, the High Court of Delhi sanctioned a Scheme of Arrangement between Pearl Global Industries Limited (the "Transferor Company") and PDS Multinational Fashions Limited (the "Transferee Company"), a company incorporated in India with shares planned to be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Subsequent to the reporting period and consequent to the filing of the same Scheme of Arrangement with the Registrar of Companies in India on 13 May 2014, the share capital of Multinational Textiles Group Limited, an intermediate holding company of the Company, was transferred from the Transferor Company to the Transferee Company which became the Company's new ultimate holding company.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Group had net current liabilities and net liabilities at the end of the reporting period, as the Group's immediate holding company has agreed to provide adequate funds for the Group to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They 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.

<u>Basis of consolidation</u>

The consolidated financial statements include the financial statements of the Company and its subsidiary (collectively referred to as the "Group") for the period from 18 December 2012 (date of incorporation) to 31 March 2013 and the year ended 31 March 2014. The financial statements of its subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. The results of its subsidiary are consolidated from the date of incorporation/acquisition, being 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 in the accounting policy for subsidiaries below. 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 the profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to the 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 of liabilities.

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 period from 18 December 2012 (date of incorporation) to 31 March 2013 and the year ended 31 March 2014, 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

<u>Subsidiaries</u>

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 results of its subsidiary are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

<u>Business combinations and goodwill</u>

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 by the acquiree.

If the business combination is achieved in stages, the 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 that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not fall within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. 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. 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.

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 value of the disposed operation and the portion of the cash-generating unit retained.

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.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person
  (i) has control or joint control over the Group;
  (ii) has significant influence over the Group; or
  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:
  (i) the entity and the Group are members of the same group;
  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  (iii) the entity and the Group are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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 used for this purpose are as follows:

Furniture and fixtures	20%
Computer 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 including 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.

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 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

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.

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.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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).

Nor France Manufacturing Company Limited

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 and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the 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, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include other payables and accruals, amounts due to the immediate holding company and fellow subsidiaries.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the 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, and only 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 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 statement of financial position, cash and bank balances comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in 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 income statement is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods 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. 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliablyfrom 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.

Employee benefits

Retirement benefit costs

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

The employees of the Group's subsidiary which is based in France are required to participate in central pension schemes operated by the local government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Foreign currencies

These financial statements are presented in HK$, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values were 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 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 the profit or loss, respectively).

The functional currency of an overseas subsidiary is a currency other than HK$. As at the end of the reporting period, the assets and liabilities of the subsidiary are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and its statement of profit or loss is translated into HK$ at the weighted average exchange rate for the period. 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.

For the purpose of the consolidated statement of cash flows, the cash flows of an overseas subsidiary are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the period are translated into HK$ at the weighted average exchange rate for the period.

4. **REVENUE, OTHER INCOME AND GAINS**

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold.

An analysis of the Group's other income and gains is as follows:

	Year ended 31 March 2014 HK$	Period from 18 December 2012 (date of incorporation) to 31 March 2013 HK$
Compensation from suppliers for late shipments	32,321	–
Foreign exchange differences, net	154,958	–
Others	56,957	–
	244,236	

5. **LOSS BEFORE TAX**

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

	Year ended 31 March 2014 HK$	Period from 18 December 2012 (date of incorporation) to 31 March 2013 HK$
Cost of inventories sold	921,876	–
Auditors' remuneration	64,023	–
Depreciation	15,976	–
Staff costs (excluding directors' remuneration (note 6)):		
Salaries and allowances	2,176,360	108,496
Pension scheme contributions (defined contribution schemes)	882,381	52,152
	3,058,741	160,648
Minimum lease payments under operating leases of land and buildings	215,783	14,526
Foreign exchange differences, net	(154,958)	9,485

6. **DIRECTORS' REMUNERATION**

No directors received any fees or emoluments in respect of their services rendered to the Company during the period/year.

7. **FINANCE COSTS**

	Year ended 31 March 2014 HK$	Period from 18 December 2012 (date of incorporation) to 31 March 2013 HK$
Interest on bank overdraft	3,135	–
Bank charges arising from letters of credit	904	–
	4,039	–

8. **INCOME TAX**

Hong Kong profits tax has been provided at the rate of 16.5% (Period ended 31 March 2013: 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.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the year (Period ended 31 March 2013: Nil).

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

Year ended 31 March 2014

	Hong Kong HK$	Spain HK$	Total HK$
Loss before tax	(665,718)	(3,922,290)	(4,588,008)
Tax at the applicable tax rate	(109,843)	(1,307,299)	(1,417,142)
Tax losses not recognised	109,843	1,307,299	1,417,142
Tax at the effective rate	–	–	–

Period from 18 December 2012 (date of incorporation) to 31 March 2013

	Hong Kong HK$	France HK$	Total HK$
Loss before tax	(970,193)	(324,773)	(1,294,966)
Tax at the applicable tax rate	(160,082)	(108,247)	(268,329)
Tax losses not recognised	160,082	108,247	268,329
Tax charge at the effective rate	–	–	–

There was no significant unprovided deferred tax charge in respect of the year and as at the end of the reporting period (Period ended 31 March 2013: Nil).

9. **LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT**

The consolidated loss attributable to owners of the parent for the year ended 31 March 2014 includes a loss of HK$665,718 (Period ended 31 March 2013: HK$970,193) which has been dealt with in the financial statements of the Company (note 15(b)).

10. **PROPERTY, PLANT AND EQUIPMENT**

Group

	Furniture and fixtures HK$	Computer equipment HK$	Total HK$
31 March 2014			
At 18 December 2012 (date of incorporation), 31 March 2013 and at 1 April 2013:			
Additions	15,501	38,254	53,755
Depreciation provided during the year	(3,019)	(12,957)	(15,976)
Exchange realignment	(98)	(422)	(520)
At 31 March 2014, net of accumulated depreciation	12,384	24,875	37,259
At 31 March 2014:			
Cost	15,501	38,254	53,755
Accumulated depreciation	(3,117)	(13,379)	(16,496)
Net carrying amount	12,384	24,875	37,259

11. **INVESTMENT IN A SUBSIDIARY**

	Company 2014 HK$	2013 HK$
Unlisted shares, at cost	101,140	101,140

Particulars of the Company's subsidiary as at 31 March 2013 and 2014 are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity directly attributable to the Company	Principal activities
NOR France SAS *	France	EURO ("EUR") 10,000	100%	Trading of garment products

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

Nor France Manufacturing Company Limited

12. PREPAYMENTS AND DEPOSITS

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Prepayments	**251,126**	42,498	**–**	–
Deposits	**55,704**	51,743	**–**	–
	306,830	94,241	**–**	–
Less: Portion classified as non-current assets	**(55,704)**	(51,743)	**–**	–
	251,126	42,498	**–**	–

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.

13. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014 HK$	2013 HK$	2014 HK$	2013 HK$
Accruals	**65,037**	–	**32,900**	–
Accrued employee benefits	**459,139**	35,859	**–**	35,859
Other payables	**34,441**	242,958	**–**	–
	558,617	278,817	**32,900**	35,859

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

14. SHARE CAPITAL

	2014 HK$	2013 HK$
Authorised, issued and fully paid:		
100,000 ordinary shares of US$1 each	**778,000**	778,000

On incorporation, the Company's authorised share capital was US$100,000 divided into 100,000 ordinary shares of US$1 each and 100,000 ordinary shares were issued at par for cash as the subscriber's shares.

15. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current year and the prior period are presented in the consolidated statement of changes in equity on page 8 of the financial statements.

(b) Company

	Accumulated losses HK$
Loss and total comprehensive loss for the period from 18 December 2012 (date of incorporation) to 31 March 2013	**(970,193)**
At 31 March 2013 and at 1 April 2013	**(970,193)**
Loss and total comprehensive loss for the year	**(665,718)**
At 31 March 2014	**(1,635,911)**

16. OPERATING LEASE ARRANGEMENTS

The Group leases an office premise under an operating lease arrangement and the lease is negotiated for an original term of three years.

At the end of the reporting period, the Group had total future minimum lease payments under a non-cancellable operating lease falling due as follows:

	2014 HK$	2013 HK$
Within one year	**222,814**	206,972
In the second to fifth years, inclusive	**207,241**	399,477
	430,055	606,449

17. 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/period:

	Notes	Year ended 31 March 2014 HK$	Period from 18 December 2012 (date of incorporation) to 31 March 2013 HK$
Intermediate holding company:			
Management fees paid	(i)	88,505	–
Immediate holding company:			
Commissions paid	(ii)	46,859	–
Fellow subsidiaries:			
Consulting fees paid	(iii)	244,883	–

Notes:

(i) The management fees paid were based on terms mutually agreed between the Group and the intermediate holding company.

(ii) The commissions paid were based on terms mutually agreed between the Group and the immediate holding company.

(iii) The consulting fees paid were based on terms mutually agreed by the Group and the respective related parties.

(b) The balances with the immediate holding company, fellow subsidiaries, non-controlling shareholders and a subsidiary are unsecured, interest-free and have no fixed terms of repayment.

18. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Group and the Company comprise deposits, amounts due from non-controlling shareholders and a subsidiary, and cash and cash equivalents which are categorised as loans and receivables. The carrying amounts of these financial assets are the amounts shown on the consolidated and company statements of financial position or in the corresponding notes to the financial statements. The financial liabilities of the Group and the Company comprise other payables and accruals, and amounts due to the immediate holding company and fellow subsidiaries which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the consolidated and company statements of financial position or in the corresponding notes to the financial statements.

19. FAIR VALUE

At the end of the reporting period, the carrying amounts of the Group's and 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 deposits, amounts due from non-controlling shareholders and a subsidiary, cash and cash equivalents, financial liabilities included in other payables and accruals, and amounts due to the immediate holding company and fellow subsidiaries approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Group and the Company did not have any financial assets and liabilities measured at fair value as at the end of each reporting period.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group'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 Group's financial management policies and practices described below:

Foreign currency risk

The Group has transactional currency exposures. Such exposures mainly arise from sales or purchases in currencies (mainly EUR) other than the functional currency of the Group. The Group 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 EUR exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Change in the EUR exchange rate %	Decrease/ (increase) in loss before tax HK$	Increase/ (decrease) in equity HK$
31 March 2014			
If HK$ weakens against EUR	1	(1,896)	(1,896)
If HK$ strengthens against EUR	(1)	1,896	1,896
31 March 2013			
If HK$ weakens against EUR	1	(305)	(305)
If HK$ strengthens against EUR	(1)	305	305

Credit risk

The carrying amounts of deposits, amounts due from non-controlling shareholders and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's cash and cash equivalents are deposited with creditworthy banks with no recent history of default. The Group has policies in place to evaluate credit risk when accepting new businesses and to limit its credit exposure to individual customers.

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 the 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 issue new shares. No changes were made in the objectives, policies or processes for managing capital during the period from 18 December 2012 (date of incorporation) to 31 March 2013 and year ended 31 March 2014.

21. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 May 2014.

PDS MULTINATIONAL FASHIONS LIMITED

Registered Office: A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110028
Corp. Office: No. 2339, IInd Floor, Krishna Complex, 17th Cross HSR Layout, Sector-I, Bangalore - 560 102
Tel: 080-67653030, Website: www.pdsmultinational.com; e-mail: investors@pdsmultinational.com
CIN: U18101DL2011PLC217162

ATTENDANCE SLIP

(TO BE SIGNED AND HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

I/We hereby record my/our presence at the **3rd Annual General Meeting** of the Company to be held on Friday, the 26th September, 2014 at 12.30 P.M. at Sri Sathya Sai International Centre, Pragati Vihar (Near Pragati Vihar Hostel), Lodhi Road, New Delhi-110003

NAME(s) AND ADDRESS OF THE MEMBER(S)

Folio No./DP ID* No.and Client ID* No.

I certify that I am a member/Proxy for the member holding................equity shares of ₹10/- each

Please "✓" in the Box.

☐ Member ☐ Proxy

....

Name of the Proxy in Block Letters Signature of Member/Proxy attending

Note:

1. Member/Proxy attending the Annual General Meeting must bring his/her attendance slip which should be signed and deposited before entry at the meeting Hall.
2. Duplicate attendance slip will not be issued at the venue.

* Applicable only in case of investors holding shares in electronic form

PDS
Multinational Group

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	:	U18101DL2011PLC217162
Name of the Company	:	PDS MULTINATIONAL FASHIONS LIMITED
Registered Office	:	A-3, COMMUNITY CENTRE, NARAINA INDUSTRIAL, AREA PHASE-II, NEW DELHI-110028
Name of the Member(s)	:	
Registered address	:	
E-mail ID	:	
Folio No/Client id	:	
DP ID	:	

I/We, being the member(s) of…………...equity shares of ₹10/each of PDS Multinational Fashions Limited, hereby appoint

(i) Name:…………………...Address:…………………..

………

E-Mail ………………….. Signature …………………... or failing him/her

(ii) Name:…………………...Address:…………………..

………

E-Mail ………………….. Signature …………………... or failing him/her

(iii) Name:…………………...Address: …………………..

………

E-Mail ………………….. Signature …………………... ....

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 3rd Annual General Meeting of the Company, to be held on Friday, 26th September, 2014 at 12.30 P.M. at Sri Sathya sai International Centre, Pragati Vihar (Near Pragati Vihr Hostel), Lodhi Road, New Delhi-110003 and at any adjournment thereof in respect of such resolutions as indicated below:

Resolution Number	Description	Optional*		
		No of Shares held by me	I assent to the resolution (For)	I dissent from the resolution (Against)
Ordinary Business				
1.	Adoption of Accounts for the Financial Year ended 31st March, 2014, the Balance sheet as at the date and the Reports of Directors and Auditors thereon			
2.	Appointment of Mr. Deepak Seth who retire by rotation and offers herself for re-appointment			
3.	Appointment of M/s S.R. Dinodia & Co. LLP Chartered Accountants, Regn. No.001478N/N500005,as Auditors for a period of five years.			
Special Business				
4	Appointment of Mr. Ashok Kumar Chhabra (DIN: 06869497) as an Independent Director for a period five consecutive years for a term up to March 31, 2019			
5	Appointment of Mr. Ashok Kumar Sanghi (DIN: 00011207) as an Independent Director for a period five consecutive years for a term up to March 31, 2019			
6	Appointment of Dr. Ashutosh Prabhudas Bhupatkar (DIN: 01854934) as an Independent Director for a period five consecutive years for a term up to March 31, 2019			

Resolution Number	Description	Optional*		
		No of Shares held by me	I assent to the resolution (For)	I dissent from the resolution (Against)
7	To Approve appointment of Mrs. Payel Seth, as Managing Director, with effect from 1st June, 2014			
8	Special resolution under Section 180(1)(c) of the Companies Act, 2013 for borrowing an amount not exceeding ₹ 500 Crores			
9	Special resolution under section 188 of the companies Act, 2013 for entering into contract or arrangement with related parties namely Multinational Textile Group Limited and Norwest Industries Limited			

Signed this……………...day of ……………..2014

Affix
₹ 1.00
Revenue
Stamp

Signature of the Shareholder(s)………………………...

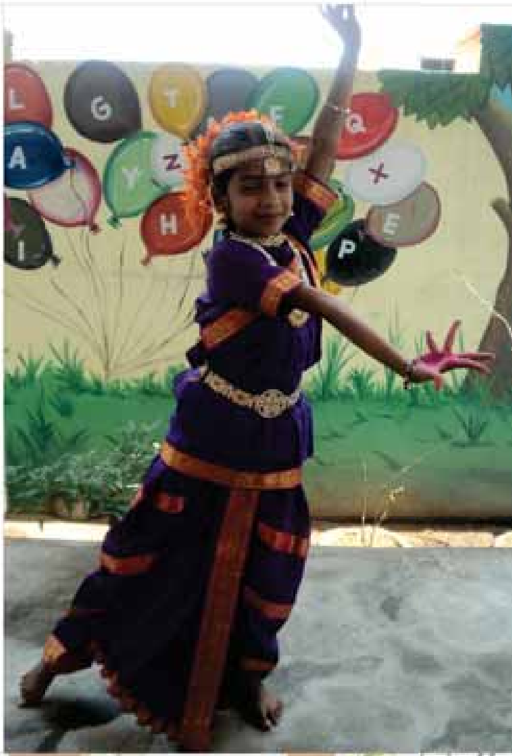
Signature of the Proxy holder(s)………………………...

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the company, not less than 48 hours before the Commencement of the Meeting.
2. *It is optional to put "✓" in the appropriate column blank against any or all resolutions indicated in the Box. If you leave the 'For' or 'Against' any or all resolution, your proxy will be entitled to vote in the manner as he/her thinks appropriate.

Soham For Kids

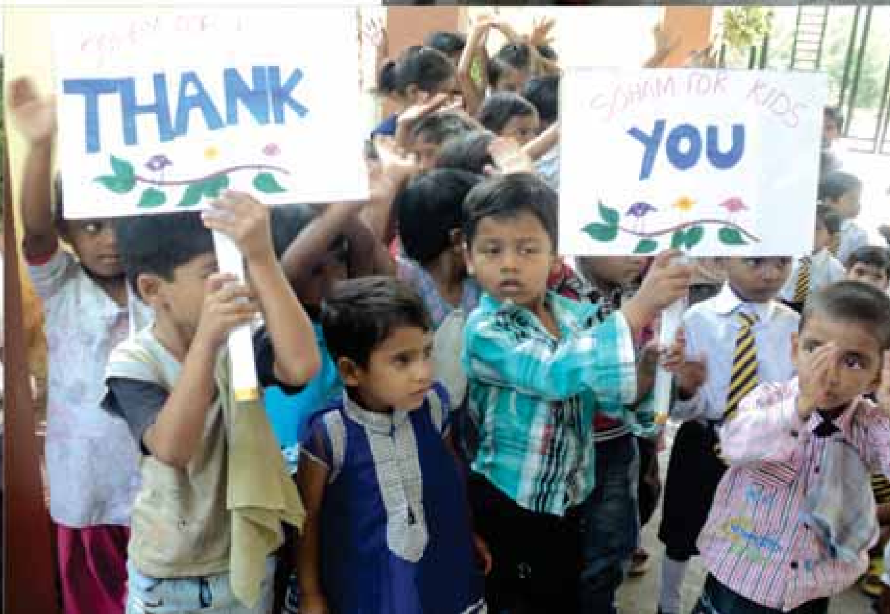
A genuine start in life for children who have nothing



Soham For Kids is a welcoming school that helps some of India's most deprived children to benefit from a start in life that most of us take for granted.

- A holistic approach: we provide vital clothing, food and healthcare alongside education.
- Non-denominational: unlike many schools in India, we accept children of all faiths and none.
- Completely free: while some charitable schools India charge for places, we do not.
- Aiding the community: we provide classes and other facilities to help the families and guardians of our pupils.

Thank you for your support.



PDS

PDS Multinational Fashions Limited

Registered Office
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New Delhi-110 028
CIN : U18101DL2011PLC217162
www.pdsmultinational.com

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