

Tax

BLUE NILE PROJECTS LIMITED

DIRECTOR'S REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD 1ST APRIL 2015
TO 27TH JULY 2015

BLUE NILE PROJECTS LIMITED

REPORT OF THE DIRECTOR

The director submits his report together with the audited consolidated financial statements for the period 1st April 2015 to 27th July 2015.

PRINCIPAL ACTIVITIES

The principal activity of the company is investment holding. The activity of the subsidiary company is set out in note 13(b) to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the group for the period 1st April 2015 to 27th July 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 5 of the consolidated financial statements.

The director does not recommend the payment of a dividend.

PLANT AND EQUIPMENT

Details of the movements in plant and equipment of the group are shown in note 9 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the company are shown in note 11 to the consolidated financial statements.

EXCHANGE RESERVE

Movements in exchange reserve of the group during the year are set out in note 12 to the consolidated financial statements.

DIRECTOR

The director during the year and up to the date of this report was:

SANCHETI Vibhor

There being no provision in the company's Articles of Association for retirement by rotation, the director continues in office.

DIRECTOR'S INTERESTS

No contracts of significance in relation to the company's business to which the company and its subsidiary company was a party and in which the director of the company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the company and its subsidiary company a party to any arrangements to enable the director of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during the year.

CURRENCIES

The consolidated financial statements are expressed in United States Dollars and amounts expressing in Hong Kong Dollars have been converted into United States Dollars at an exchange rate of HK\$7.75 to US\$1. The amounts expressing in Ethiopian Birr currency have been converted into United States Dollars at an exchange rate of Birr20.52 to US\$1.

AUDITORS

The consolidated financial statements have been audited by Vincent Kwok & Co. who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

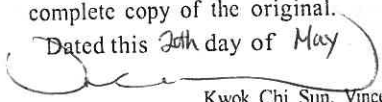


SANCHETI Vibhor
Chairman

HONG KONG, 20th April 2016

I, the undersigned, do hereby certify that I have examined this document with its original and that the same is a true and complete copy of the original.

Dated this 20th day of May, 2016


Kwok Chi Sun, Vincent
Certified Public Accountant (Practising)
Hong Kong
(P.C. # P03047)



VINCENT KWOK & CO. *Certified Public Accountants*

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**INDEPENDENT AUDITORS' REPORT
TO THE DIRECTOR OF
BLUE NILE PROJECTS LIMITED
(Incorporated in Hong Kong with limited liability)**

We have audited the consolidated financial statements of Blue Nile Projects Limited ("the company") and its subsidiary company set out on pages 5 to 16 which comprise the consolidated statement of financial position as at 27th July 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period 1st April 2015 to 27th July 2015, and a summary of significant accounting policies and other explanatory information.

Director's responsibility for the consolidated financial statements

The director of the company is 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 director determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

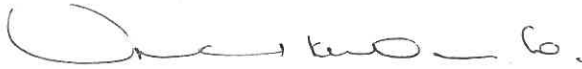
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements 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 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 accounting estimates made by the director, 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 financial position of the company and its subsidiary company as at 27th July 2015 and of their financial performance and cash flows for the period 1st April 2015 to 27th July 2015 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



Vincent Kwok & Co.

Certified Public Accountants

HONG KONG, 20th April 2016

BLUE NILE PROJECTS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 1ST APRIL 2015 TO 27TH JULY 2015

	Note	1.4.2015 to 27.7.2015 US\$	1.4.2014 to 31.3.2015 US\$
TURNOVER	4	276,647	668,388
COST OF SALES		(178,459)	(448,888)
GROSS PROFIT		<u>98,188</u>	<u>219,500</u>
OTHER REVENUES	4	5,507	1,153
DEPRECIATION		(10,204)	(37,428)
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(39,507)	(150,980)
		<u>(44,204)</u>	<u>(187,255)</u>
PROFIT FOR THE PERIOD/ YEAR	5	53,984	32,245
NON-CONTROLLING INTERESTS		(110)	(72)
PROFIT FOR THE PERIOD/ YEAR, NET		<u>53,874</u>	<u>32,173</u>
OTHER COMPREHENSIVE INCOME			
Exchange differences arising from translation of foreign subsidiary company		(1,263)	3,054
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/ YEAR		<u>52,611</u>	<u>35,227</u>

BLUE NILE PROJECTS LIMITED

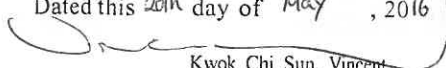
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 27TH JULY 2015

	Note	27.7.2015 US\$	31.3.2015 US\$
NON-CURRENT ASSETS			
Plant and equipment	9	150,908	151,067
CURRENT ASSETS			
Trade receivable		92,423	83,238
Stocks		371,633	224,797
Deposit and prepayment		43,229	248,677
Other receivable		59,318	32,951
Bank balances		57,172	269,807
		623,775	859,470
CURRENT LIABILITIES			
Accruals		2,600	2,750
Other payable		110,764	406,753
Receipt in advance		285,000	285,000
Amount due to the shareholder	10	12,249	4,685
		410,613	699,188
NET CURRENT ASSETS			
		213,162	160,282
		364,070	311,349
Financed by:			
SHARE CAPITAL	11	282,500	282,500
EXCHANGE RESERVE	12	1,791	3,054
RETAINED PROFIT		79,106	25,232
SHAREHOLDER'S FUNDS		363,397	310,786
NON-CONTROLLING INTERESTS		673	563
		364,070	311,349


SANCHETI Vibhor
Director

I, the undersigned, do hereby certify that I have examined this document with its original and that the same is a true and complete copy of the original.

Dated this 20th day of May, 2016


Kwok Chi Sun, Vincent
Certified Public Accountant (Practising)
Hong Kong
(P.C. # P03047)

BLUE NILE PROJECTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1ST APRIL 2015 TO 27TH JULY 2015

	Share capital US\$	Exchange reserve US\$	Retained profit/ (accumulated loss) US\$	Total US\$
At 1st April 2014	250,000	-	(6,941)	243,059
Shares issued during the year	32,500	-	-	32,500
Total comprehensive income for the year	-	3,054	32,173	35,227
At 31st March 2015	282,500	3,054	25,232	310,786
Total comprehensive (expense)/ income for the period	-	(1,263)	53,874	52,611
At 27th July 2015	282,500	1,791	79,106	363,397

BLUE NILE PROJECTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1ST APRIL 2015 TO 27TH JULY 2015

	1.4.2015 to 27.7.2015 US\$	1.4.2014 to 31.3.2015 US\$
Profit for the period/ year	53,984	32,245
Adjustments for:		
Bank interest income	(395)	(1,153)
Depreciation	10,204	37,428
	-----	-----
Operating profit before working capital changes	63,793	68,520
Increase in stocks	(146,836)	(224,797)
Increase in trade receivable	(9,185)	(83,238)
Decrease/ (increase) in deposit and prepayment	205,448	(8,486)
Increase in other receivable	(26,367)	(32,951)
(Decrease)/ increase in accruals	(150)	1,250
(Decrease)/ increase in other payable	(295,989)	406,753
Increase in receipt in advance	-	285,000
Increase in amount due to the shareholder	7,564	-
	-----	-----
NET CASH (OUTFLOW)/ INFLOW FROM OPERATING ACTIVITIES	(201,722)	412,051
	-----	-----
INVESTING ACTIVITIES		
Purchase of plant and equipment	(11,194)	(186,933)
Bank interest income	395	1,153
	-----	-----
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(10,799)	(185,780)
	=====	=====
NET CASH (OUTFLOW)/ INFLOW BEFORE FINANCING ACTIVITIES	(212,521)	226,271
	-----	-----
FINANCING ACTIVITY		
Issuance of ordinary shares	-	32,500
	-----	-----
(DECREASE)/ INCREASE IN BANK BALANCES	(212,521)	258,771
BANK BALANCES AT 1ST APRIL 2015/ 2014	269,807	9,053
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(114)	1,983
	-----	-----
BANK BALANCES AT 27TH JULY 2015/ 31ST MARCH 2015	57,172	269,807
	=====	=====

BLUE NILE PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL

Blue Nile Projects Limited is a company incorporated in Hong Kong with limited liability. The company's registered office is located at Room 1301, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

The principal activity of the company is investment holding. The activity of the subsidiary company is set out in note 13(b) to the consolidated financial statements.

2 PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, Interpretations issued by the Hong Kong Institute of Certified Public Accountants, and accounting principles generally accepted in Hong Kong.

(b) Consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary company made up to 27th July.

The results of the subsidiary company acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal.

All significant inter-company transactions and balances within the group are eliminated on consolidation.

(c) Revenue recognition

Revenue from sales of goods is recognised when goods are delivered to customers and title has passed.

Bank interest income is recognised on an accrual basis.

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) Subsidiary company

Subsidiary company is an entity in which the company, directly or indirectly, controls the composition of the board of director, controls more than half the voting power or holds more than half of the issued share capital.

Investment in a subsidiary company is stated at cost less provision, if necessary, for any impairment.

The result of a subsidiary company is accounted for by the company on the basis of dividends received.

(e) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and are depreciated at rates sufficient to write off their cost over their estimated useful lives on a straight line basis at the following annual rates.

Furniture and fixtures	20%
Equipment and tools	20%
Computers	25%

(f) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost, calculated on the first in first out basis, represents purchase cost of the goods. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(g) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the end of reporting period are translated at rates of exchange ruling at the end of reporting period. Exchange differences arising in these cases are dealt with in the statement of profit or loss and other comprehensive income.

On consolidation, the assets and liabilities of the entity which are denominated in currencies other than United States Dollars are translated at the rates ruling at the end of reporting period. Income and expense items are translated at the average exchange rates for the year. All exchange differences on consolidation are dealt with as a movement in exchange reserve.

(h) Taxation

Income tax expense represents current tax expense. The income tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other 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 end of reporting period.

Deferred tax is not provided.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The company's management makes assumptions, estimates and judgements in the process of applying the group's accounting policies that affect the assets, liabilities, income and expenses in the consolidated financial statements prepared in accordance with HKFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

4 TURNOVER AND OTHER REVENUES

The principal activity of the company is investment holding. Revenues recognised during the period/ year are as follows:

	1.4.2015 to 27.7.2015 US\$	1.4.2014 to 31.3.2015 US\$
Turnover		
Sales of goods	276,647	668,388
	-----	-----
Other revenues		
Bank interest income	395	1,153
Exchange gain	5,112	-
	-----	-----
	5,507	1,153
	=====	=====
Total revenues	282,154	669,541
	=====	=====

5 PROFIT FOR THE PERIOD/ YEAR

	1.4.2015 to 27.7.2015 US\$	1.4.2014 to 31.3.2015 US\$
Profit for the period/ year is stated after charging the following:		
Auditors' remuneration	1,441	1,692
Cost of sales	178,459	448,888
Depreciation	10,204	37,428
	=====	=====

6 TAXATION

Hong Kong profits tax has not been provided as the company has no estimated assessable profit for the period (year ended 31st March 2015: Nil).

The subsidiary company operating in Ethiopia is eligible for a four-years period tax holiday and concessions and was exempted from Ethiopia income taxes for the period (year ended 31st March 2015: Nil).

Reconciliation between tax expense and accounting profit at applicable tax rates:

	1.4.2015 to 27.7.2015 US\$	1.4.2014 to 31.3.2015 US\$
Profit for the period/ year	53,984 =====	32,245 =====
Tax at the applicable tax rate of 16.5% (year ended 31st March 2015: 16.5%)	8,907	5,320
Tax effect on tax holiday and concessions	(8,907)	(5,320)
Tax expense	- =====	- =====

7 LOSS ATTRIBUTABLE TO THE SHAREHOLDER

The loss attributable to the shareholder is dealt with in the financial statement of the company is the extent of HK\$3,400 (year ended 31st March 2015: loss of US\$5,242).

8 DIRECTOR'S EMOLUMENTS

The director received no fees or other emoluments for his services rendered to the company during the period (year ended 31st March 2015: Nil).

9 PLANT AND EQUIPMENT

	Furniture and fixtures US\$	Equipment and tools US\$	Computers US\$	Total US\$
Cost				
At 1st April 2015	5,534	182,518	832	188,884
Additions	353	10,841	-	11,194
Exchange adjustments	(38)	(1,230)	(6)	(1,274)
At 27th July 2015	<u>5,849</u>	<u>192,129</u>	<u>826</u>	<u>198,804</u>
Accumulated depreciation				
At 1st April 2015	1,107	36,502	208	37,817
Charge for the period	300	9,855	49	10,204
Exchange adjustments	(3)	(121)	(1)	(125)
At 27th July 2015	<u>1,404</u>	<u>46,236</u>	<u>256</u>	<u>47,896</u>
Net book value				
At 27th July 2015	<u>4,445</u>	<u>145,893</u>	<u>570</u>	<u>150,908</u>
At 31st March 2015	<u>4,427</u>	<u>146,016</u>	<u>624</u>	<u>151,067</u>

10 AMOUNT DUE TO THE SHAREHOLDER

The amount due to the shareholder is unsecured, interest free and repayable on demand.

11 SHARE CAPITAL

	27.7.2015 US\$	31.3.2015 US\$
Issued and fully paid:		
282,500 shares	282,500 =====	282,500 =====

12 EXCHANGE RESERVE

	27.7.2015 US\$	31.3.2015 US\$
Balance brought forward	3,054	-
Exchange (loss)/ gain arising from consolidation of a foreign subsidiary company	(1,263)	3,054
Balance carried forward	1,791 =====	3,054 =====

13 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

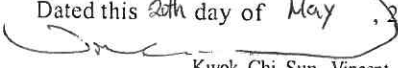
(a) Company-level statement of financial position

	Note	27.7.2015 US\$	31.3.2015 US\$
NON-CURRENT ASSET			
Investment in a subsidiary company	13(b)	574,641	254,563
CURRENT ASSETS			
Deposit and prepayment		34,363	243,678
Bank balances		10,113	114,511
		44,476	358,189
CURRENT LIABILITIES			
Accruals		2,600	2,750
Other payable		64,600	50,000
Receipt in advance		285,000	285,000
Amount due to the shareholder		-	4,685
		352,200	342,435
NET CURRENT ASSETS			
		(307,724)	15,754
NET ASSETS			
		266,917	270,317
Financed by:			
SHARE CAPITAL			
		282,500	282,500
ACCUMULATED LOSS			
	13(c)	(15,583)	(12,183)
SHAREHOLDER'S FUNDS			
		266,917	270,317


 SANCHETI Vibhor
 Director

I, the undersigned, do hereby certify that I have examined this document with its original and that the same is a true and complete copy of the original.

Dated this 24th day of May, 2016


 Kwok Chi Sun, Vincent
 Certified Public Accountant (Practising)
 Hong Kong
 (P.C. # P03047)

13 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONT'D)

(b) Investment in a subsidiary company

	27.7.2015 US\$	31.3.2015 US\$
Unlisted shares, at cost	574,641	254,563
	=====	=====

(i) Particulars regarding the subsidiary company are as follows:

Name of company	Place of incorporation/ operation	Principal activity	Attributable equity interest held by the company directly	
			27.7.2015	31.3.2015
Abay Energy PVT. Ltd. Co.	Ethiopia	Manufacturing	99%	99%

(ii) The aggregate turnover of the subsidiary company not audited by Vincent Kwok & Co. is 100% (year ended 31st March 2015: 100%) of the group's turnover.

(iii) The director is of his opinion that there is no permanent diminution in value of the investment in a subsidiary company. Hence, no provision is made in the financial statements.

(c) Movement in accumulated loss

	1.4.2015 to 27.7.2015 US\$	1.4.2014 to 31.3.2015 US\$
Balance at beginning of period/ year	(12,183)	(6,941)
Total comprehensive expense for the period/ year	(3,400)	(5,242)
Balance at end of period/ year	(15,583)	(12,183)
	=====	=====

14 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of director on 20th April 2016.

BLUE NILE PROJECTS LIMITED

DETAILED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 1ST APRIL 2015 TO 27TH JULY 2015

(For management purposes only)

	1.4.2015 to 27.7.2015 US\$	1.4.2014 to 31.3.2015 US\$
Expenses		
Administrative and other operating expenses		
Accounting fee	1,400	1,450
Auditors' remuneration	1,200	1,300
Bank charges	118	672
Business registration fee	300	300
Company secretarial fee	382	1,520
	<u>3,400</u>	<u>5,242</u>
Loss for the period/ year	<u>(3,400)</u>	<u>(5,242)</u>