

KIL INTERNATIONAL LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2018

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**KIL INTERNATIONAL LIMITED**  
**REPORT OF THE SOLE DIRECTOR**

The sole director has pleasure to present his report and the audited financial statements for the year ended 31st March, 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the Company was engaged in trading in diamond, rough diamond and diamond jewelry.

**RESULTS AND APPROPRIATIONS**

The results for the year ended 31st March, 2018 and the state of affairs of the Company at that date are set out in the financial statements on pages 4 to 10.

The sole director does not recommend the payment of any dividend. (2017 : Nil)

**SOLE DIRECTOR**

The sole director who held office during the year was:

Harshil Premji KANANI

In accordance with the Company's Articles of Association, all the directors retire and, being eligible, offer themselves for re-election.

**AUDITORS**

On behalf of the Board

Chairman

Hong Kong,

INDEPENDENT AUDITORS' REPORT  
TO THE SOLE SHAREHOLDER OF  
KIL INTERNATIONAL LIMITED  
(Incorporated in Hong Kong with limited liability)

**Report on the financial statements**

We have audited the financial statements of Kil international Limited set out on pages 4 to 8, which comprise the statement of financial position as at 31st March, 2018, and the statement of comprehensive income for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Director's responsibility for the financial statements**

The sole director is responsible for the preparation of financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, Section 141D of the Companies Ordinance requires that the statement of financial position together with the notes thereon should be prepared in accordance with the requirements of the Eleventh Schedule to that Ordinance.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing and with reference to PN900 (Clarified) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" 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' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation 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 the director, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT  
TO THE SOLE SHAREHOLDER OF  
KIL INTERNATIONAL LIMITED  
(Incorporated in Hong Kong with limited liability)

**Auditors' responsibility (Cont'd)**

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 of the Company for the year ended 31st March, 2018 are prepared, in all material respects, in accordance with the SME-FRS. In addition, in our opinion the statement of financial position together with the notes thereon is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st March, 2018 according to the best of our information and explanations given to us, and as shown by the books of the Company.

**Report on other matters under Section 141D of the Hong Kong Companies Ordinance**

We report that we have obtained all the information and explanations which we have required.

KIL INTERNATIONAL LIMITED  
 STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED 31ST MARCH, 2018

	Note	2018 HK\$	2017 HK\$
<b>REVENUE</b>	3	365,186,485	430,175,745
<b>COST OF SALES</b>		<u>(362,862,523)</u>	<u>(428,400,275)</u>
<b>GROSS PROFIT</b>		2,323,962	1,775,470
<b>OTHER REVENUE</b>	3	56	25
<b>ADMINISTRATIVE EXPENSES</b>		(103,050)	(103,050)
<b>OTHER OPERATING EXPENSES</b>		(1,565,900)	(791,089)
<b>FINANCE COSTS</b>	4	<u>(240,204)</u>	<u>(200,502)</u>
<b>COMPREHENSIVE INCOME BEFORE TAXATION</b>	5	414,864	680,854
<b>TAXATION</b>	7	<u>(48,443)</u>	<u>(92,336)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>366,421</u></u>	<u><u>588,518</u></u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

KIL INTERNATIONAL LIMITED  
 STATEMENT OF FINANCIAL POSITION  
AS AT 31ST MARCH, 2018

	Note	2018 HK\$	2017 HK\$
<b>CURRENT ASSETS</b>			
Inventories	8	23,545,035	21,902,551
Accounts receivable		90,264,254	97,532,813
Deposits and other receivables		24,000	24,000
Cash and bank balances		78,654	392,671
		<u>113,911,943</u>	<u>119,852,035</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable		71,368,876	77,631,496
Accrual		21,000	21,000
Bank loans		7,362,500	7,362,500
Provision for taxation		48,443	92,336
		<u>78,800,819</u>	<u>85,107,332</u>
<b>NET CURRENT ASSETS</b>		<u>35,111,124</u>	<u>34,744,703</u>
<b>EQUITY</b>			
Share capital			
Issued and fully paid :			
32,000,000 ordinary shares	9	32,000,000	32,000,000
Retained earnings	10	3,111,124	2,744,703
<b>TOTAL EQUITY</b>		<u>35,111,124</u>	<u>34,744,703</u>

Approved by: \_\_\_\_\_  
 Sole Director

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

KIL INTERNATIONAL LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2018

**1. Reporting entity**

Kil International Limited is a company incorporated in Hong Kong with limited liability. The Company's registered office was located at Room No. 1502, 15/F, Rise Commercial Building, No. 5-11, Granville Circuit, Tsim Sha Tsui, Kowloon, Hong Kong. The principal activity of the Company was trading in diamond, rough diamond and diamond jewelry.

**2. Basis of preparation and accounting policies**

The Company qualifies under the Companies Ordinance to prepare and present its financial statements in accordance with Section 141D of that Ordinance. The Company's shareholder has unanimously agreed in writing to apply Section 141D with respect to the Company's financial statements for the year ended at 31st March, 2018.

These financial statements comply with the Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants and have been prepared under the accrual basis of accounting.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) 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 following base:

Revenue from sale of goods is recognised when goods are delivered and the significant risk and rewards of ownership of the goods have been transferred to the buyer.

Bank interest income is recognised on receipt basis.

(b) Taxation

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is not provided.

(c) Inventories

Inventories are stated at the lower of cost (using a first-in-first-out basis) and net realisable value. In arriving at net realisable value an allowance has been made for deterioration and obsolescence.

KIL INTERNATIONAL LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2018

**2. Basis of preparation and accounting policies (Cont'd)**

(d) Accounts and other receivables

Accounts and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the statement of comprehensive income.

(e) Related parties

For the purpose of these financial statements, parties are considered to be related if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities and include entities which are under the significant influence of related parties of the Company where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Company or of any entity that is a related party of the Company.

**3. Revenue**

An analysis of the Company's revenue is as follows:

	2018 HK\$	2017 HK\$
<b>Turnover</b>		
Sale of goods	365,186,485	430,175,745
<b>Other revenue</b>		
Bank interest income	56	25
	365,186,541	430,175,770

**4. Finance costs**

	2018 HK\$	2017 HK\$
Bank interest expenses	240,204	200,502

**5. Comprehensive income before taxation for the year**

Comprehensive income before taxation for the year is arrived at after charging/(crediting) the following :

	Note	2018 HK\$	2017 HK\$
Auditors' remuneration		8,400	8,400
Bank interest income		(56)	(25)
Cost of sales		362,862,523	428,400,275
Key management personnel's remuneration	6	-	-

KIL INTERNATIONAL LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31ST MARCH, 2018

**6. Director's emoluments**

The director did not receive any emolument during the year. (2017: Nil)

**7. Taxation**

Hong Kong Profits Tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year.

	2018 HK\$	2017 HK\$
Tax charge for the year	68,443	112,336
Less: one-time off rebate	(20,000)	(20,000)
	<u>48,443</u>	<u>92,336</u>

**8. Inventories**

Inventories comprise entirely of diamonds and jewelry.

**9. Share capital**

	2018 HK\$	2017 HK\$
Issued and fully paid: 32,000,000 ordinary shares	<u>32,000,000</u>	<u>32,000,000</u>

**10. Changes in equity**

	Share capital HK\$	Retained earnings HK\$	Total HK\$
Balance as at 31.3.2017	32,000,000	2,744,703	34,744,703
Profit for the year	<u>-</u>	<u>366,421</u>	<u>366,421</u>
Balance as at 31.3.2018	<u>32,000,000</u>	<u>3,111,124</u>	<u>35,111,124</u>

**11. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Director on

KIL INTERNATIONAL LIMITED  
 DETAILED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED 31ST MARCH, 2018  
 (For management information purposes only)

	2018 HK\$	2017 HK\$
<b>SALES</b>	<u>365,186,485</u>	<u>430,175,745</u>
<b>LESS: COST OF SALES</b>		
Opening inventories	21,902,551	20,886,501
Purchases	363,879,025	428,761,754
Certificates and declararion	65,240	69,637
Freight and transportation	<u>560,742</u>	<u>584,934</u>
	386,407,558	450,302,826
Less: closing inventories	<u>23,545,035</u>	<u>21,902,551</u>
	<u>362,862,523</u>	<u>428,400,275</u>
<b>GROSS PROFIT</b>	2,323,962	1,775,470
<b>OTHER REVENUE</b>		
Bank interest income	<u>56</u>	<u>25</u>
	<u>2,324,018</u>	<u>1,775,495</u>
<b>ADMINISTRATIVE EXPENSES (P.10)</b>	103,050	103,050
<b>OTHER OPERATING EXPENSES (P.10)</b>	1,565,900	791,089
<b>FINANCE COSTS (P.10)</b>	<u>240,204</u>	<u>200,502</u>
	<u>1,909,154</u>	<u>1,094,641</u>
<b>COMPREHENSIVE INCOME BEFORE TAXATION</b>	<u>414,864</u>	<u>680,854</u>

KIL INTERNATIONAL LIMITED  
 DETAILED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED 31ST MARCH, 2018  
 (For management information purposes only)

	2018	2017
	HK\$	HK\$
<b>ADMINISTRATIVE EXPENSES</b>		
Auditors' remuneration	8,400	8,400
Business registration fee	2,250	2,250
Rent and rates	92,400	92,400
	<u>103,050</u>	<u>103,050</u>
<b>OTHER OPERATING EXPENSES</b>		
Accounting fee	12,600	12,600
Bank charges	17,847	39,703
Director's quarter expenses	192,000	148,000
Entertainment	36,784	30,750
Exhibition fee	84,528	5,290
Postage and courier	24,637	19,232
Printing and stationery	27,147	15,773
Mandatory Provident Fund	6,000	5,500
Salaries	1,080,000	444,000
Sundry expenses	35,742	30,051
Telecommunications	25,845	22,715
Travelling - Local	12,310	9,105
Travelling - Overseas	10,460	8,370
	<u>1,565,900</u>	<u>791,089</u>
<b>FINANCE COSTS</b>		
Bank interest	<u>240,204</u>	<u>200,502</u>