SHRENUJ & COMPANY LIMITED

(Reports and Accounts of Subsidiary Companies)

Financial Year

2010-2011

Contents
Reports and Accounts of :

ALIJA INTERNATIONAL PTY LTD.

Compilation Report

To Alija International Pty Ltd

For the year ended 31 March 2011

We have compiled the accompanying special purpose financial statements of Alija International Pty Ltd, which comprise the statement of financial position as at 31 March 2011, the income statement for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1.

The Responsibility of the Directors of Alija International Pty Ltd

The directors of Alija International Pty Ltd are solely responsible for the information contained in the special purpose financial statements and have determined that the significant accounting policies adopted as set out in Note 1 to the financial statements are appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the directors of Alija International Pty Ltd, we have compiled the accompanying special purpose financial statements in accordance with the significant accounting policies adopted as set out in Note 1 to the financial statements and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the directors of Alija International Pty Ltd. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

Name of Firm: Alija International Pty Ltd
Address: Suite 1405
227 Collins Street
Melbourne VIC 3000
Date: 24-05-2011

Sd/-
Maria Ralton
For Diane Yeomans and Associates Pty Ltd.

Balance Sheet As at 31st March 2011

	This Year Mar '2011 AUD	AUD	Last Year Mar '2010 AUD	INR	This Year Mar '2011 INR	Last Year Mar '2010 INR
ASSETS						
CURRENT ASSETS						
Cash on Hand	100		100	4602		4602
Bank Account (CBA)	9339		58663	429765		2699572
Bank Account (US$)	6819		25600	313799		1178068
Saver Account	-		1910	-		87895
Deposits at Call	-		1833	-		84352
Trade Debtors	1102146		502633	50718885		23130316
Other Debtors	-		277	-		12747
Trading Stock on Hand	-		1097796	-		50518706
SACL Inventory	-		86475	-		3979432
GST Liability	-		47614	-		2191115
TOTAL CURRENT ASSETS	-	1118404	1822901	-	51467071	83886805
NON-CURRENT ASSETS						
Fixtures and Fittings	105519		105519	4855805		4855805
Less Accumulated						
Depreciation	(71736)		(65504)	(3301169)		(3014383)
		33783	40015		1554636	1841422
Goodwill at Cost	600000		600000	27610980		27610980
		600000	600000		27610980	27610980
TOTAL NON-CURRENTASSETS		633783	640015		29165616	29452402
TOTAL ASSETS		1752187	2462915		80632667	113339207
LIABILITIES						
CURRENT LIABILITIES						
Customer Deposits	-		4069			187248
Trade Creditors	35824		458828	1648560		21114485
Superannuation Payable	-		6038			277858
PAYG Payable	-		4996			229907
GST Liability	78503		-	3612575		-
Loan Shrenuj UK	1075865		1075865	49509478		49509478
Loans - Facet	148580		218978	6837399		10076995
Loan FACET HK SACL	136321		231733	6273261		10663959
Loan Shrenuj Australia Pty Ltd	5807		-	267228		-
Provision for Income Tax	(74)		(74)	(3405)		(3405)
TOTAL CURRENT LIABILITIES		1480826	2000433		68145095	92056526
TOTAL LIABILITIES		1480826	2000433		68145095	92056526
NET ASSETS		271361	462482		12487572	21282681
EQUITY						
Issued and Paid Up Capital		100	100		4602	4602
Share premium reserve	600000		600000	27610980		27610980
Retained Earnings	(328739)	271261	(137618)	(15128010)	12482970	(6332946)
TOTAL EQUITY		271361	462482		12487572	21282635

Exchange Rate used for translation 1 AUD = 46.0183

These statements should be read in conjunction with the attached compilation report.

Trading Profit and Loss Statement For the year ended 31st March 2011

	This Year Mar '2011 AUD	AUD	Last Year Mar '2010 AUD	INR	This Year Mar '2011 INR	Last Year Mar '2010 INR
SALES						
Sales	1,253,898		1,753,421		57,702,254	80,689,454
TOTAL SALES		1,253,898	1,753,421		57,702,254	80,689,454
COST OF GOODS SOLD						
Opening Stock	1,097,796		1,397,011	50,518,706		64,288,071
Stock purchases	28,646		937,616	1,318,240		43,147,494
Customs & Duty	(12,804)		46,991	(589,218)		2,162,446
Repairs	1,378		2,903	63,413		133,591
Currency gain (loss)	13,203		6,370	607,580		293,137
Closing Stock	-		(1,097,796)	-		(50,518,706)
TOTAL COST OF GOODS SOLD		(1,128,219)	(1,293,095)		(51,918,720)	(59,506,034)
GROSS PROFIT		125,679	460,326		5,783,534	21,183,420
OVERHEAD EXPENSES						
Accountancy	6,146		15,190	282,828		699,018
Advertising & printing	7,599		5,014	349,693		230,736
Administration Expenses	7,100		11,988	326,730		551,667
Bank charges	2,672		2,951	122,961		135,800
Computer Supplies	145		247	6673		11367
Depreciation	6,231		7,189	286,740		330,826
Discount Allowed	18,421		35,844	847,703		1,649,480
Employees' Amenities	455		-	20938		-
Employment Expenses	66		159	3037		7317
Filing Fees	212		482	9756		22181
Freight and Couriers	13,387		15,517	616,047		714,066
Insurances	11,902		11,526	547,710		530,407
Interest Paid	-		912	-		41969
Internet Costs	873		1,231	40174		56,649
Legal Expenses	3,969		602	182,647		27703
Licences and Permits	716		1,390	32949		63,965
Light, Heat and Power	408		1,441	18775		66,312
Packaging	-		6,638	-		305,469
Parking	-		1,503	-		69,166
Payroll Tax	-		13,430	-		618,026
Postage	733		5,454	33731		250,984
Printing and Stationery	9,175		12,146	422,218		558,938
Rates and Taxes	1,630		-	75,010		-
Rent & occupancy costs	9,313		30,779	428,568		1,416,397
Security	652		1,119	30004		51,494
Storage Charges	1,247		1,948	57,385		89,644
Superannuation	12,119		27,584	557,696		1,269,369
Subscriptions and Memberships	0		1,771	0		81,498
Telephone	2,770		5,919	127,471		272,382
Trade fairs	32,692		27,356	1,504,430		1,258,877
Travel	10,508		65,643	483,560		3,020,779
Valuations	240		73	11044		3359
Wages	155,454		376,518	7,153,729		17,326,718
Workcover	774		513	35,618		23,607
Prior Year Adjustment Amount	-		44,383	-		2,042,430
TOTAL OVERHEAD EXPENSES		(317,611)	(734,460)		(14,615,918)	(33,798,601)
OTHER INCOME						
Interest Received	811		312	37,321		14,358
Discount Received	-		16	-		736
TOTAL OTHER INCOME		811	328		37,321	15,094
NET LOSS		(191,121)	(273,806)		(8,795,064)	(12,600,087)

Exchange Rate used for translation 1 AUD = 46.0183
These statements should be read in conjunction with the attached compilation report.

ASTRAL HOLDINGS INC

GROUPINGS OF BALANCE SHEET AS AT 31/03/2011

	2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
SCHEDULE 'A' - Share Capital				
Issued Subscribed And Paid-up				
Fully paid up	5,810,714	259,157,844	5,810,714	259,157,844
	5,810,714	259,157,844	5,810,714	259,157,844
SCHEDULE 'B' - Reserve and Surplus				
Capital Reserve	(1,217,853)	(54,316,244)	(1,217,853)	(54,316,244)
General Reserve	-	-	-	-
Adjustment for Intangible Asset	-	-	-	-
Share Premium Account	-	-	-	-
Exchange Fluctuation Reserve	-	-	-	-
Surplus in P&L A/c.	(1,380,522)	(61,571,270)	(1,101,931)	(49,146,123)
	(2,598,375)	(115,887,513)	(2,319,784)	(103,462,366)
SCHEDULE 'C' - Minority Interest				
Equity	-	-	-	-
Share of Opening Reserves	-	-	-	-
Share of Profit	-	-	-	-
Share of Exchange Fluctuation Reserve	-	-	-	
	-	-	-	-
SCHEDULE 'D' - Secured Loans				
Term Loan from Bank	5,850,000	260,910,000	7,650,000	341,190,000
From Banks	-	-	-	-
From Others	-	-	-	-
	5,850,000	260,910,000	7,650,000	341,190,000
SCHEDULE 'E' - Unsecured Loans				
Short term Loans & Advance from:				
Financial Institutions	-	-	-	-
Inter-Corporate Deposit	870,000	38,802,000	870,000	38,802,000
Loan from Group Company	-	-	-	-
Directors	-	-	-	-
Others	-	-	-	-
	870,000	38,802,000	870,000	38,802,000
SCHEDULE 'F' - Deferred Tax				
Assets (+)	-	-	-	-
Liability (-)	-	-	-	-
	-	-	-	-
SCHEDULE 'G' - Fixed Assets				
Cost	-	-	-	-
Less: Depreciation	-	-	-	-
Capital Work in Progress	160,406	7,154,112	-	-
	160,406	7,154,112	-	-
SCHEDULE 'H' - Investments	24,920,892	1,111,471,783	24,290,375	1,083,350,725
SCHEDULE 'I' - Current Assets, Loans & Advances				
A. Current Assets Inventories				
Raw Material	-	-	-	-
Finished Goods	-	-	-	-
Goods in transit	-	-	-	-
	-	-	-	-
Sundry Debtors				
Outstanding over six months	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Cash and Bank Balances				
Cash on hand	-	-	-	-
Balances with Scheduled Banks				
Current Accounts	**10,598**	**472,649**	**136,131**	**6,071,443**
Fixed Deposits	-	-	-	-
Margin Deposit Accounts	-	-	-	-
	10,598	472,649	136,131	6,071,443
B. Loans & Advances				
Due from Subsidiary Company	(15,516,566)	(692,038,844)	(12,832,910)	(572,347,786)
Advances recoverable in cash or in kind or for value to be received	**356,858**	**15,915,867**	**356,857**	**15,915,822**
Advance for Raw Material	-	-	-	-
Advance Taxes	-	-	-	-
	(15,159,708)	(676,122,977)	(12,476,053)	(556,431,964)
TOTAL (A) + (B)	(15,149,111)	(675,650,328)	(12,339,922)	(550,360,521)
SCHEDULE 'J' - Current Liabilities and Provisions				
A. CURRENT LIABILITIES				
Sundry Creditors/Related parties	58,054	2,589,208	-	-
Unpaid Dividend	-	-	-	-
Interest accrued & not due	13,620	607,452	15,850	706,910
	71,674	3,196,660	15,850	706,910
B. PROVISIONS				
Provision for Doubtful Debts	-	-	-	-
Provision for taxation	-	-	-	-
Proposed Dividend	-	-	-	-
Provision for Tax on Proposed Dividend	-	-	-	-
TOTAL (A) + (B)	71,674	3,196,660	15,850	706,910
SCHEDULE 'Y' - Preliminary Expenses to the extent not w/off	71,825	3,203,425	76,327	3,404,184
H.O.	-	-	-	-
Seepz	-	-	-	-
Trading Division	-	-	-	-
Transfer of Profit/Loss for the year	-	-	-	-
	-	-	-	-

(Exchange rate used for translation USD = 44.60 INR)

GROUPINGS OF BALANCE SHEET FOR THE YEAR ENDED 31/03/2011

	SCHEDULE	2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
A	**SHARE CAPITAL**	5,810,714	259,157,844	5,810,714	259,157,844
B	**RESERVES & SURPLUS**	(2,598,375)	(115,887,513)	(2,319,784)	(103,462,366)
C	**MINORITY INTEREST**	-	-	-	-
D	**SECURED LOANS**	5,850,000	260,910,000	7,650,000	341,190,000
E	**UNSECURED LOANS**	870,000	38,802,000	870,000	38,802,000
F	**DEFERRED TAX**	-	-	-	-
		9,932,339	**442,982,331**	**12,010,930**	**535,687,478**

GROUPINGS OF BALANCE SHEET FOR THE YEAR ENDED 31/03/2011 (Contd.)

	SCHEDULE	2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
G	**FIXED ASSETS**				
	Gross Block	-	-	-	-
	Less:Depreciation	-	-	-	-
	Net Block	-	-	-	-
	Capital Work in Progress	160,406	7,154,112	-	-
		160,406	7,154,112	-	-
H	**INVESTMENTS**	24,920,892	1,111,471,783	24,290,375	1,083,350,725
I	**CURRENT ASSETS, LOANS & ADVANCES**				
	Inventories	-	-	-	-
	Sundry Debtors	-	-	-	-
	Cash & Bank Balances	10,598	472,649	136,131	6,071,443
		10,598	472,649	136,131	6,071,443
	Loans & Advances	(15,159,708)	(676,122,977)	(12,476,053)	(556,431,964)
		(15,149,111)	**(675,650,328)**	**(12,339,922)**	**(550,360,521)**
J	**CURRENT LIABILITIES & PROVISIONS**				
	Current Liabilities	71,674	3,196,660	15,850	706,910
	Provisions	-	-	-	-
		71,674	3,196,660	15,850	706,910
	NET CURRENT ASSETS	(15,220,785)	(678,846,989)	(12,355,772)	(551,067,431)
Y	**PRELIMINARY EXPS NOT W/OFF**	71,825	3,203,425	76,327	3,404,184
		(10,119,192)	(451,315,914)	(490,153)	(21,860,824)
		9,932,339	**442,982,331**	**12,010,930**	**535,687,478**

GROUPINGS OF PROFIT & LOSS A/C. FOR THE YEAR ENDED 31ST March, 2011

SCHEDULE	2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
SCHEDULE 'K' - Sales				
Sales (including Inter Div.Rs.	-	-	-	-
Total (a)	-	-	-	-
Service Charges	-	-	-	-
Total (b)	-	-	-	-
SCHEDULE 'L' - Other Income				
Commission Income	-	-	-	-
Sundry Receipts	-	-	-	-
Share in Associates	-	-	-	-
Profit on Sale of Asset	-	-	-	-
Profit on Sale of Investment	-	-	-	-
Total (c)	-	-	-	-
Grant Total (a)+(b)+(c) (A)	-	-	-	-
SCHEDULE 'M ' - Materials Cost				
Materials Consumed				
Stock at commencement	-	-	-	-
Add: Purchases	-	-	-	-
Sale of Rough Diamonds/Raw Materials	-	-	-	-
Less: Stock at close	-	-	-	-
	-	-	-	-
Purchase of Finished Goods	-	-	-	-
Total (d)	-	-	-	-

GROUPINGS OF PROFIT & LOSS A/C. FOR THE YEAR ENDED 31ST March, 2011 (Contd.)

SCHEDULE	2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
Variation in Stock				
Stock at close	-	-	-	-
Less: Stock at commencement	-	-	-	-
Total (e)	-	-	-	-
Materials Cost (d)-(e) (C)	-	-	-	-
SCHEDULE 'N' - Manufacturing & Other Expenses				
Stores & Spares consumed	-	-	-	-
Power & fuel	-	-	-	-
Subcontracting charges	-	-	-	-
Rent	-	-	-	-
Rates & Taxes	-	-	-	-
Machinery repairs	-	-	-	-
Other Manufacturing Expenses	-	-	-	-
Total	-	-	-	-
Employees's Emoluments:				
Salaries, Wages, Gratuity, Bonus etc.	-	-	-	-
Contribution to PF etc.	-	-	-	-
Welfare expenses	-	-	-	-
Total	-	-	-	-
Selling & Distribution Expenses				
Marketing / Advisory Expenses	-	-	-	-
Freight & forwarding charges	-	-	-	-
Sales Promotion Expenses	-	-	-	-
Advertisement Expenses	-	-	-	-
Commission	-	-	-	-
Other Selling & Distribution Expenses	-	-	-	-
Total	-	-	-	-
Other Expenses:				
Insurance	-	-	-	-
Other Repairs	-	-	-	-
Legal & Professional Charges	**23,617**	**1,053,318**	**5,974**	**266,440**
Bad Debts	-	-	-	-
Traveling, Conveyance and Vehicle expenses	-	-	-	-
Miscellaneous Expenses	**2,317**	**103,338**	**29,664**	**1,323,014**
Remuneration to Auditors	-	-	10,000	446,000
Preliminary expenses w/off	4,500	200,700	4,500	200,700
Donations	-	-	-	-
Loss on sale / discarded of Assets	-	-	-	-
Total	30,434	1,357,356	50,138	2,236,155
Manufacturing & Other Expenses (D)	30,434	1,357,356	50,138	2,236,155

GROUPINGS OF PROFIT & LOSS A/C. FOR THE YEAR ENDED 31ST March, 2011 (Contd.)

SCHEDULE		2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
SCHEDULE 'O ' - Interest					
On Term Loan					
To Banks		188,014	8,385,413	263,326	11,744,340
To Others		48,656	2,170,058	3,125	139,375
Bank Charges		11,500	512,900	-	-
Less interest received		13	580	6	268
Total	**(E)**	248,157	11,067,791	266,445	11,883,447
Depreciation	**(F)**	-	-	-	-
Exchange difference on restatement		-	-	-	-
Provision for Income Tax	**(G)**	-	-	-	-
Differed Tax Liability	**(G)**	-	-	-	-
Provision for Wealth-Tax/Ex diff on Re-statement	**(G)**	-	-	-	-
TOTAL (C) TO (G)	**(B)**	278,591	12,425,147	316,583	14,119,602
Net profit after tax (A) - (B)		(278,591)	(12,425,147)	(316,583)	(14,119,602)
Prior period expenses		-	-	-	-
Minority Interest		-	-	-	-
Tax in respect of previous year		-	-	-	-
Surplus in Profit & Loss A/c. B/f. Transfer of Profit from Divisions		(1,101,931)	(49,146,123)	(785,348)	(35,026,521)
TOTAL	**(X)**	(1,380,522)	(61,571,270)	(1,101,931)	(49,146,123)
Transfer to General Reserve		-	-	-	-
Proposed Dividend		-	-	-	-
Tax on Dividend		-	-	-	-
TOTAL	**(Y)**	-	-	-	-
Balance Available for appropriation(x) -	**(Y)**	(1,380,522)	(61,571,270)	(1,101,931)	(49,146,123)

GROUPINGS OF PROFIT & LOSS A/C. FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE		2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
INCOME					
Sales and Services	**K**	-	-	-	-
Other Income	**L**	-	-	-	-
		-	-	-	-
EXPENDITURE					
Material Cost	**M**	-	-	-	-
Manufacturing & Other Expenses	**N**	30,434	1,357,356	50,138	2,236,155
Interest	**O**	248,157	11,067,791	266,445	11,883,447
Depreciation		-	-	-	-
		278,591	12,425,147	316,583	14,119,602
PROFIT BEFORE TAXATION		(278,591)	(12,425,147)	(316,583)	(14,119,602)
Less: Provision for Taxation - Current		-	-	-	-
Provision for Deferred Taxation		-	-	-	-
PROFIT AFTER TAXATION		(278,591)	(12,425,147)	(316,583)	(14,119,602)
Add: Balance Brought Forward		(1,101,931)	(49,146,123)	(785,348)	(35,026,521)
Excess provision for taxation in respect of previous years written back		-	-	-	-
		(1,380,522)	(61,571,270)	(1,101,931)	(49,146,123)
APPROPRIATION					
Transfer to General Reserve		-	-	-	-
Proposed Dividend		-	-	-	-
Tax on Proposed Dividend		-	-	-	-
Balance carried to Balance Sheet		(1,380,522)	(61,571,270)	(1,101,931)	(49,146,123)
		(1,380,522)	(61,571,270)	(1,101,931)	(49,146,123)

(Exchange rate used for translation USD = 44.60 INR)

ASTRAL JEWELS LLC

GROUPINGS OF BALANCE SHEET FOR THE YEAR ENDED 31/03/2011

	SCHEDULE	2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
A	**SHARE CAPITAL**	230,000	10,258,000	230,000	10,258,000
B	**RESERVES & SURPLUS**	(942,170)	(42,020,782)	(766,236)	(34,174,126)
C	**MINORITY INTEREST**	-	-	-	-
D	**SECURED LOANS**	-	-	-	-
E	**UNSECURED LOANS**	8,300	370,180	8,300	370,180
F	**DEFERRED TAX**	-	-	-	-
		(703,870)	**(31,392,602)**	**(527,936)**	**(23,545,946)**
G	**FIXED ASSETS**				
	Gross Block	41,748	1,861,961	51,089	2,278,569
	Less:Depreciation	36,601	1,632,405	31,091	1,386,659
	Net Block	5,147	229,556	19,998	891,911
	Capital Work in Progress	-	-	-	-
		5,147	229,556	19,998	891,911
H	**INVESTMENTS**	-	-	-	-
I	**CURRENT ASSETS, LOANS & ADVANCES**				
	Inventories	181,485	8,094,231	591,509	26,381,301
	Sundry Debtors	49,495	2,207,477	147,119	6,561,507
	Cash & Bank Balances	11,285	503,311	121,830	5,433,618
		242,265	10,805,019	860,458	38,376,427
	Loans & Advances	275,848	12,302,821	315,991	14,093,199
		518,113	**23,107,840**	**1,176,449**	**52,469,625**
J	**CURRENT LIABILITIES & PROVISIONS**				
	Current Liabilities	1,227,130	54,729,998	1,724,383	76,907,482
	Provisions	-	-	-	-
		1,227,130	54,729,998	1,724,383	76,907,482
	NET CURRENT ASSETS	(709,017)	(31,622,158)	(547,934)	(24,437,856)
Y	**PRELIMINARY EXPS NOT W/OFF**	-	-	-	-
		2,408,507	107,419,412	5,708,428	254,595,889
		(703,870)	**(31,392,602)**	**(527,936)**	**(23,545,946)**

(Exchange rate used for translation USD = 44.60 INR)

GROUPINGS OF PROFIT & LOSS A/C. FOR THE YEAR ENDED 31ST Mar, 2011

SCHEDULE		2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
SCHEDULE 'K' - Sales					
Sales (including Inter Div. Rs.)		436,955	19,488,193	1,204,549	53,722,885
Total (a)		436,955	19,488,193	1,204,549	53,722,885
Service Charges		-	-	-	-
Total (b)		-	-	-	-
SCHEDULE 'L' - Other Income					
Commission Income		-	-	-	-
Sundry Receipts		-	-	-	-
Share in Associates		-	-	-	-
Profit on Sale of Asset		-	-	-	-
Profit on Sale of Investment		-	-	-	-
Total (c)		-	-	-	-
Grant Total (a)+(b)+(c)	**(A)**	436,955	19,488,193	1,204,549	53,722,885
SCHEDULE 'M ' - Materials Cost					
Materials Consumed					
Stock at commencement		-	-	-	-
Add: Purchases		-	-	-	-
Exchange difference on restatement		-	-	-	-
Sale of Rough Diamonds/Raw Materials		-	-	-	-
Less: Stock at close		-	-	-	-
		-	-	-	-
Purchase of Finished Goods		22,447	1,001,136	374,551	16,704,975
Total (d)		22,447	1,001,136	374,551	16,704,975
Variation in Stock					
Stock at close		181,485	8,094,231	591,509	26,381,301
Less: Stock at commencement		591,509	26,381,301	1,299,496	57,957,522
Total (e)		(410,024)	(18,287,070)	(707,987)	(31,576,220)
Materials Cost (d)-(e)	**(C)**	432,471	19,288,207	1,082,538	48,281,195

(Exchange rate used for translation USD = 44.60 INR)

GROUPINGS OF PROFIT & LOSS A/C. FOR THE YEAR ENDED 31ST Mar, 2011

SCHEDULE	2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
SCHEDULE 'N' - Manufacturing & Other Expenses				
Stores & Spares consumed	-	-	-	-
Power & fuel	-	-	-	-
Subcontracting charges	-	-	-	-
Rent	-	-	-	-
Rates & Taxes	-	-	-	-
Machinery repairs	-	-	-	-
Other Manufacturing Expenses	-	-	-	-
Total	-	-	-	-
Employees's Emoluments:				
Salaries, Wages, Gratuity, Bonus etc.	-	-	170,910	7,622,586
Contribution to PF etc.	-	-	-	-
Welfare expenses	-	-	21,390	953,994
Total	-	-	192,300	8,576,580
Selling & Distribution Expenses				
Marketing / Advisory Expenses	-	-	-	-
Freight & forwarding charges	-	-	10,650	474,990
Sales Promotion Expenses	-	-	-	-
Advertisement Expenses	-	-	-	-
Commission	-	-	6,114	272,684
Other Selling & Distribution Expenses	1,232	54,947	-	-
Total	1,232	54,947	16,764	747,674
Other Expenses:				
Insurance	(9,652)	(430,479)	3,226	143,880
Other Repairs	-	-	-	-
Legal & Professional Charges	4,133	184,332	716	31,934
Bad Debts	-	-	-	-
Travelling, Conveyance and Vehicle expenses	-	-	42,247	1,884,216
Miscellaneous Expenses	1,251	55,795	(133,478)	(5,953,119)
Remuneration to Auditors	-	-	6,074	270,900
Preliminery expenses w/off	-	-	-	-
Donations	-	-	-	-
Exchange difference on restatement	-	-	-	-
Loss on sale / discarded of Assets	-	-	-	-
Total	(4,268)	(190,353)	(81,215)	(3,622,189)
Manufacturing & Other Expenses(D)	(3,036)	(135,406)	127,849	5,702,065

(Exchange rate used for translation USD = 44.60 INR)

GROUPINGS OF PROFIT & LOSS A/C. FOR THE YEAR ENDED 31ST Mar, 2011

		2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
SCHEDULE 'O ' - Interest					
On Term Loan		-	-	-	-
To Banks		-	-	-	-
To Others		-	-	-	-
Less interest received		-	-	-	-
Total	**(E)**	-	-	-	-
Depreciation	**(F)**	10,218	457,358	10,218	455,723
Exchange difference on restatement		-	-	-	-
Provision for Income Tax	**(G)**	-	-	-	-
Deffered Tax Liability	**(G)**	-	-	-	-
Provision for Wealth-Tax/ Ex diff on Re-statement	**(G)**	-	-	-	-
TOTAL (C) TO (G)	**(B)**	439,653	19,610,159	1,220,605	54,438,983
Net profit after tax (A) -	**(B)**	(2,698)	(121,966)	(16,056)	(716,098)
Minority Interest		-	-	-	-
Tax in respect of previous year		-	-	-	-
Surplus in Profit & Loss A/c. B/f.		(766,236)	(34,174,126)	(791,711)	(35,310,311)
Transfer of Profit from Divisions		-	-	-	-
Prior period expenses		(173,236)	-	41,531	1,852,283
TOTAL	**(X)**	(942,170)	(34,296,091)	(766,236)	(34,174,126)
Transfer to General Reserve		-	-	-	-
Proposed Dividend		-	-	-	-
Tax on Dividend		-	-	-	-
TOTAL	**(Y)**	-	-	-	-
Balance Available for appropriation	**(x) - (Y)**	(942,170)	(34,296,091)	(766,236)	(34,174,126)

(Exchange rate used for translation USD = 44.60 INR)

GROUPINGS OF PROFIT & LOSS A/C. FOR THE YEAR ENDED 31ST Mar, 2011

	SCHEDULE	2010-11 USD	2010-11 INR	2009-10 USD	2009-10 INR
INCOME					
Sales and Services	**K**	436,955	19,488,193	1,204,549	53,722,885
Other Income	**L**	-	-	-	-
		436,955	19,488,193	1,204,549	53,722,885
EXPENDITURE					
Material Cost	**M**	432,471	19,288,207	1,082,538	48,281,195
Manufacturing & Other Expenses	**N**	(3,036)	(135,406)	127,849	5,702,065
Interest	**O**	-	-	-	-
Depreciation		10,218	457,358	10,218	455,723
		439,653	19,610,159	1,220,605	54,438,983
PROFIT BEFORE TAXATION		(2,698)	(121,966)	(16,056)	(716,098)
Less: Provision for Taxation - Current		-	-	-	-
Provision for Deferred Taxation		-	-	-	-
PROFIT AFTER TAXATION		(2,698)	(121,966)	(16,056)	(716,098)
Add: Balance Brought Forward		(766,236)	(34,174,126)	(791,711)	(35,310,311)
Excess provision for taxation		-	-	-	-
Prior Period Adjustment		(173,236)	-	41,531	1,852,283
		(942,170)	(34,296,091)	(766,236)	(34,174,126)
APPROPRIATION					
Transfer to General Reserve		-	-	-	-
Proposed Dividend		-	-	-	-
Tax on Proposed Dividend		-	-	-	-
Balance carried to Balance Sheet		(942,170)	(34,296,091)	(766,236)	(34,174,126)
		(942,170)	(34,296,091)	(766,236)	(34,174,126)

(Exchange rate used for translation USD = 44.60 INR)

ASTRAL USA, INC

GROUPINGS OF BALANCE SHEET FOR THE YEAR ENDED 31/03/2011

		2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
A	**SHARE CAPITAL**	4,000,000	178,400,000	4,000,000	178,400,000
B	**RESERVES & SURPLUS**	(175,058)	(7,807,609)	(153,016)	(6,824,514)
C	**MINORITY INTEREST**	-	-	-	-
D	**SECURED LOANS**	-	-	-	-
E	**UNSECURED LOANS**	630,000	28,098,000	630,000	28,098,000
F	**DEFERRED TAX**	-	-	-	-
		4,454,942	**198,690,391**	**4,476,984**	**199,673,486**
G	**FIXED ASSETS**				
	Gross Block	-	-	-	-
	Less:Depreciation	-	-	-	-
	Net Block	-	-	-	-
	Capital Work in Progress	-	-	-	-
		-	-	-	-
H	**INVESTMENTS**	2,017,175	89,965,983	2,024,273	90,282,576
I	**CURRENT ASSETS, LOANS & ADVANCES**				
	Inventories	-	-	-	-
	Sundry Debtors	-	-	-	-
	Cash & Bank Balances	13,045	581,807	10,087	449,880
		13,045	581,807	10,087	449,880
	Loans & Advances	2,428,022	108,289,781	2,516,866	112,252,224
		2,441,067	**108,871,588**	**2,526,953**	**112,702,104**
J	**CURRENT LIABILITIES & PROVISIONS**				
	Current Liabilities	3,300	147,180	74,242	3,311,193
	Provisions	-	-	-	-
		3,300	147,180	74,242	3,311,193
	NET CURRENT ASSETS	2,437,767	108,724,408	2,452,711	109,390,911
Y	**PRELIMINARY EXPS NOT W/OFF**	-	-	-	-
		13,811,663	616,000,126	14,166,445	631,823,447
		4,454,942	**198,690,391**	**4,476,984**	**199,673,486**

(Exchange rate used for translation USD = 44.60 INR)

GROUPINGS OF PROFIT & LOSS A/C. FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
INCOME					
Sales and Services	K	-	-	-	-
Other Income	L	-	-	-	-
		-	-	-	-
EXPENDITURE					
Material Cost	M	-	-	-	-
Manufacturing & Other Expenses	N	22,042	983,095	15,358	684,967
Interest	O	-	-	-	-
Depreciation		-	-	-	-
		22,042	983,095	15,358	684,967
PROFIT BEFORE TAXATION		(22,042)	(983,095)	(15,358)	(684,967)
Less: Provision for Taxation - Current		-	-	-	-
Provision for Deferred Taxation		-	-	-	-
PROFIT AFTER TAXATION		(22,042)	(983,095)	(15,358)	(684,967)
Add: Balance Brought Forward		(153,016)	(6,824,514)	(137,658)	(6,139,547)
Excess provision for taxation in respect of previous years written back		-	-	-	-
		(175,058)	(7,807,609)	(153,016)	(6,824,514)
APPROPRIATION					
Transfer to General Reserve		-	-	-	-
Proposed Dividend		-	-	-	-
Tax on Proposed Dividend		-	-	-	-
Balance carried to Balance Sheet		(175,058)	(7,807,609)	(153,016)	(6,824,514)
		(175,058)	(7,807,609)	(153,016)	(6,824,514)

(Exchange rate used for translation USD = 44.60 INR)

GROUPINGS OF PROFIT & LOSS A/C.
FOR THE YEAR ENDED 31ST Mar,2011

		2010-11		2009-10	
		USD	Rupees	USD	Rupees
SCHEDULE 'K' - Sales					
Sales (including Inter Div.Rs.)		-	-	-	-
Total (a)		-	-	-	-
Service Charges		-	-	-	-
Total (b)		-	-	-	-
SCHEDULE 'L' - Other Income					
Commission Income		-	-	-	-
Sundry Receipts		-	-	-	-
Share in Associates		-	-	-	-
Profit on Sale of Asset		-	-	-	-
Profit on Sale of Investment		-	-	-	-
Total (c)		-	-	-	-
Grant Total (a)+(b)+(c)	**(A)**	-	-	-	-
SCHEDULE 'M ' - Materials Cost					
Materials Consumed					
Stock at commencement		-	-	-	-
Add: Purchases		-	-	-	-
Sale of Rough Diamonds/Raw Materials-		-	-	-	-
Less: Stock at close		-	-	-	-
		-	-	-	-
Purchase of Finished Goods		-	-	-	-
Total (d)		-	-	-	-
Variation in Stock					
Stock at close		-	-	-	-
Less: Stock at commencement		-	-	-	-
Total (e)		-	-	-	-
Materials Cost (d)-(e)	**(C)**	-	-	-	-
SCHEDULE 'N' - Manufacturing & Other Expenses					
Stores & Spares consumed		-	-	-	-
Power & fuel		-	-	-	-
Subcontracting charges		-	-	-	-
Rent		-	-	-	-
Rates & Taxes		-	-	-	-
Machinery repairs		-	-	-	-
Other Manufacturing Expenses		-	-	-	-
Total		-	-	-	-
Employees's Emoluments:					
Salaries, Wages, Gratuity, Bonus etc.		-	-	-	-
Contribution to PF etc.		-	-	-	-
Welfare expenses		-	-	-	-
Total		-	-	-	-
Selling & Distribution Expenses					
Marketing / Advisory Expenses		-	-	-	-
Freight & forwarding charges		-	-	-	-
Sales Promotion Expenses		-	-	-	-
Advertisement Expenses		-	-	-	-
Commission		-	-	-	-
Other Selling & Distribution Expenses		-	-	-	-
Total		-	-	-	-

(Exchange rate used for translation USD = 44.60 INR)

		2010-11		2009-10	
		USD	Rupees	USD	Rupees
Other Expenses:					
Insurance		-	-	-	-
Other Repairs		-	-	-	-
Legal & Professional Charges		**17,532**	**781,927**	**14,275**	**636,665**
Bad Debts		-	-	-	-
Travelling, Conveyance and Vehicle expenses		-	-	-	-
Miscellaneous Expenses		**4,510**	**201,168**	**6,083**	**271,302**
Remuneration to Auditors		-	-	-	-
Preliminery expenses w/off		-	-	-	-
Donations		-	-	-	-
Loss on sale / discarded of Assets		-	-	(5,000)	**(223,000)**
Total		22,042	983,095	15,358	684,967
Manufacturing & Other Expenses	**(D)**	22,042	983,095	15,358	684,967
SCHEDULE 'O ' - Interest					
On Term Loan		-	-	-	-
To Banks		-	-	-	-
To Others		-	-	-	-
Less interest received		-	-	-	-
Total	**(E)**	-	-	-	-
Depreciation	**(F)**				
Exchange difference on restatement					
Provision for Income Tax	**(G)**	-	-	-	-
Deffered Tax Liability	**(G)**	-	-	-	-
Provision for Wealth-Tax/ Ex diff on Re-statement	**(G)**	-	-	-	-
TOTAL (C) TO (G)	**(B)**	22,042	983,095	15,358	684,967
Net profit after tax (A) - (B)		(22,042)	(983,095)	(15,358)	(684,967)
Prior period expenses					
Minority Interest		-	-	-	-
Tax in respect of previous year		-	-	-	-
Surplus in Profit & Loss A/c. B/f.		**(153,016)**	**(6,824,514)**	**(137,658)**	**(6,139,547)**
Transfer of Profit from Divisions					
TOTAL	**(X)**	(175,058)	(7,807,609)	(153,016)	(6,824,514)
Transfer to General Reserve		-	-	-	-
Proposed Dividend		-	-	-	-
Tax on Dividend		-	-	-	-
TOTAL	**(Y)**	-	-	-	-
Balance Available for appropriation	**(x) - (Y)**	(175,058)	(7,807,609)	(153,016)	(6,824,514)

(Exchange rate used for translation USD = 44.60 INR)

BERNIES INTERNATIONAL LLC

BALANCE SHEETS
March 31, 2011 and 2010
(See Accountants' Review Report)

	2011 USD	2010 USD	2011 INR	2010 INR
ASSETS				
CURRENT ASSETS				
Cash	58242	44542	2597593	1986573
Accounts receivable trade	103845	160881	4631487	7175294
Accounts receivable member	-	524	-	23370
Inventories	407880	468664	18191448	20902414
Prepaid expenses	-	5404	-	241018
TOTAL CURRENT ASSETS	569967	680015	25420528	30328669
PROPERTY AND EQUIPMENT				
Fixtures and equipment	45139	34448	2013199	1536380
Vehicles	-	10731	-	478603
	45139	45179	2013199	2014983
Less accumulated depreciation	29548	33484	(1317840)	(1493386)
NET PROPERTY AND EQUIPMENT	15591	11695	695359	521597
OTHER ASSET				
Goodwill	100000	100000	4460000	4460000
	685558	791710	30575887	35310266

	2011 USD	2010 USD	2011 INR	2010 INR
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)				
CURRENT LIABILITIES				
Accounts payable trade	2062	4162	91965	185625
Accrued expenses	394	3834	17573	170997
TOTAL CURRENT LIABILITIES	2456	7996	109538	356622
ACCOUNTS PAYABLE AFFILIATE	-	46904	-	2091918
NOTE PAYABLE TO AFFILIATE	700000	700000	31220000	31220000
TOTAL LIABILITIES	702456	754900	31329538	33668540
MEMBERS' EQUITY (DEFICIT)	(16898)	36810	(753651)	1641726
	685558	791710	30575887	35310266

Exchange Rate used for translation 1 USD = INR 44.60 (Mar '11)

STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY (DEFICIT)
Years ended March 31, 2011 and 2010
(See Accountants' Review Report)

	2011 USD	2010 USD	2011 INR	2010 INR
OPERATING INCOME				
Sales	709759	830285	31655251	37030711
Cost of sales	487987	627299	21764220	27977535
GROSS PROFIT	221772	202986	9891031	9053176
OPERATING EXPENSES	275480	268081	12286408	11956413
NET LOSS	(53708)	(65095)	(2395377)	(2903237)
MEMBERS' EQUITY (DEFICIT)				
Beginning of year	36810	101905	1641726	4544963
End of year	(16898)	36810	(753651)	1641726

Exchange Rate used for translation 1 USD = INR 44.60

STATEMENTS OF OPERATING EXPENSES
Years ended March 31, 2011 and 2010
(See Accountants' Review Report)

	2011 USD	2010 USD	2011 INR	2010 INR
Advertising	8853	9982	394843	445197
Credit card fees	9284	5730	414066	255558
Contributions	2102	931	93749	41523
Depreciation	6795	7158	303057	319247
Dues and subscriptions	785	870	35011	38802
Employee benefits	14601	12704	651205	566598
Insurance	2094	5117	93392	228218
Office	7447	4308	332136	192137
Outside services	22056	6570	983698	293022
Payroll	110232	115815	4916347	5165349
Payroll managing member	32433	40000	1446512	1784000
Payroll taxes	11706	12723	522088	567446
Professional fees	4835	5960	215641	265816
Provision for doubtful accounts	4589	4205	204669	187543
Rent	12301	16733	548625	746292
Supplies	7211	5091	321611	227059
Taxes	1590	1798	70914	80191
Telephone	7461	6318	332761	281783
Travel and entertainment	4028	3307	179649	147492
Vehicle expense	5077	2761	226434	123140
TOTALS	275480	268081	12286408	11956413

Exchange Rate used for translation 1 USD = INR 44.60

STATEMENTS OF CASH FLOWS
Years ended March 31, 2011 and 2010
(See Accountants' Review Report)

	2011 USD	2010 USD	2011 INR	2010 INR
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	(53708)	(65095)	(2395377)	(2903237)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation	6795	7158	303057	319247
Provision for doubtful accounts	4589	4205	204669	187543
(Increase) decrease in accounts receivable	52971	(108336)	2362507	(4831786)
Decrease in inventories	60784	242970	2710966	10836462
(Increase) decrease in prepaid expenses	5404	(4173)	241018	(186116)
Decrease in accounts payable trade	(2100)	(3745)	(93660)	(167027)
Decrease in accrued expenses	(3440)	(2018)	(153423)	(90003)
Decrease in accounts payable affiliate	(46904)	(78592)	(2091918)	(3505203)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	24391	(7626)	1087839	(340120)
CASH FLOWS FROM FINANCING ACTIVITIES				
Purchase of property and equipment	(10691)	-	(476819)	-
NET CASH USED IN FINANCING ACTIVITIES	(10691)	-	(476819)	-
NET INCREASE (DECREASE) IN CASH	13700	(7626)	611020	(340120)
CASH				
Beginning of year	44542	52168	1986573	2326693
End of year	58242	44542	2597593	1986573

Exchange Rate used for translation 1 USD = INR 44.60

NOTES TO FINANCIAL STATEMENTS
March 31, 2011 and 2010
(See Accountants' Review Report)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Company's Activities:

The Company was formed in Delaware in 2005 and operated as a wholesale jewelry outlet in Columbus, Ohio until January 2011 and currently sells jewelry at jewelry shows around the state of Ohio.

Accounts Receivable Trade:

Accounts receivable trade represents amounts due directly from customers. Accounts receivables are stated at the amount management expects to collect from balances outstanding at year end. The potential risk is limited to the amount recorded in the financial statements. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, they have concluded that no allowance for doubtful accounts is considered necessary at March 31, 2011 and 2010.

Inventories:

Merchandise inventories are valued at the lower of cost or market which is determined by the specific identification method.

Property and Equipment:

Property and equipment are recorded at cost and are depreciated over the estimated useful lives of the assets using the straight-line method.

Goodwill:

Goodwill represents the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. Accounting principles generally accepted in the United States of America require the accounting for goodwill to be in accordance with FASB ASC 350, which requires the Company to test goodwill for impairment annually or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The evaluation is performed by comparing the carrying value of the assets to their estimated fair value including goodwill. The Company has not performed this evaluation.

Economic Dependence:

Purchases for the years ended March 31, 2011 and 2010 included purchases from two major suppliers that individually accounted for substantially all of the Company's product. Management believes no risk is present under this agreement due to other suppliers being readily available.

Income Taxes:

The Company is a limited liability entity and does not pay federal or state income taxes. The members' proportionate share of the Company's taxable income or loss is included on their income tax returns.

The Company assesses uncertain tax positions in accordance with FASB ASC 740 and has determined that all income tax filing positions would be sustained upon examination and, accordingly, has not recorded any reserves or related accruals for interest and penalties at March 31, 2011 and 2010 for uncertain income tax positions.

The Company files income tax returns in the U.S. federal, state and local jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state or local income tax examinations by tax authorities for years before 2008.

Revenue Recognition:

The Company recognizes revenue from the sale of jewelry when the certificate and risks of ownership are transferred to the customer, which is upon shipment or customer pick-up.

Advertising Costs:

Advertising costs are expensed when incurred. Charges to operations amounted to $8,853 (INR 394,844) in 2011 and $9,982 (INR 4458,197) in 2010.

Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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 period. Actual results could differ from those estimates.

Subsequent Events:

Management evaluated all activity of the Company through May 24, 2011, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.

NOTE B - NOTE PAYABLE TO AFFILIATE

Note payable to affiliate consisted of unsecured noninterest bearing advances with no scheduled repayment terms from Astral USA, Inc., a member of the Company.

NOTE C - OPERATING LEASE

The Company leases its retail facility under a lease agreement which expired during 2011 and was not renewed. The lease is treated as an operating lease for financial statement purposes. Charges to operations amounted to $12,301 (INR 548,625) in 2011 and $16,733 (INR 746,292) in 2010.

NOTE D - CONTROLLING INTEREST AND RELATED PARTY TRANSACTIONS

Controlling Interest:

Astral USA, Inc. owns 60% of the Company.

Related Party Transactions:

The Company purchases inventory from C & A Diamonds International LLC (C & A Diamonds), a related entity. Total purchases amounted to $217,949 (INR 9,720,525) in 2011 and $185,675 (INR 8,340,521) in 2010.

The Company also purchases inventory from Shrenuj USA, LLC, a related entity. Total purchases amounted to $29,418 (INR 1,312,043) in 2011 and $54,507 (INR 2,443,012) in 2010.

The Company sold jewelry to C & A Diamonds totaling $ 0 (INR Nil) in 2011 and $280 (INR 12,488) in 2010.

Due to the common control of these entities, the financial position and results of operations of the Company could be different if the entities were autonomous.

DAILY JEWELLERY LTD.

REPORT OF THE DIRECTORS

The directors have pleasure to present their annual report and the audited financial statements for the year ended to 31st March, 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company are retailing of jewellery.

FINANCIAL RESULTS AND APPROPRIATION

The results for the year ended 31st March, 2011 and the state of affairs of the Company at that date are set out on the annexed pages of the financial statements.

The directors propose no transfer to or from any reserves and no dividend is recommended.

DIRECTORS

The directors who held office during the year were:

Doshi Shreyas Kirtilal

Patel Dipan Jagdish

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

DIRECTORS' INTERESTS

No contracts of significance to which the Company, its holding company or its fellow subsidiary was a party and in which a director 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, its holding company or its 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 debenture of the Company or any other body corporate.

AUDITORS

The financial statements have been audited by Messrs. Dave Kwok & Co., Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board,

SD/-
Dipan Patel
Chairman.

Hong Kong

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DAILY JEWELLERY LIMITED
(INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

We have audited the financial statements of Daily Jewllery Limited (the "Company") set out on annexed pages, which comprise the statement of financial position as at 31st March, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 true 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 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 31st March, 2011 and of its loss and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Without qualifying our opinion, we draw attention to the financial statements which indicate that the Company has a net loss of US$36,421 (INR 1,624,377) during the year ended 31st March, 2011 and as of that date, the Company's total liabilities exceeded its total assets by US$1,433,028 (INR 63,913,049). These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

OTHER MATTERS

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Sd/-
DAVE KWOK & CO.
Certified Public Accountants
Hong Kong

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2011

	Note	2011 US$	2010 US$	2011 INR	2010 INR
TURNOVER	3	2,883,395	3,476,868	128,599,417	155,068,313
Cost of sales		(1,308,603)	(1,594,376)	(58,363,694)	(71,109,170)
Gross profit		1,574,792	1,882,492	70,235,723	83,959,143
Other revenue	3	543	863	24,218	38,490
Administrative expenses		(1,566,115)	(1,860,872)	(69,848,729)	(82,994,891)
PROFIT FROM OPERATIONS	4	9,220	22,483	411,212	1,002,742
Finance costs	6	(45,641)	(53,675)	(2,035,589)	(2,393,905)
LOSS BEFORE TAXATION		(36,421)	(31,192)	(1,624,377)	(1,391,163)
Taxation	7	-	-	-	-
NET LOSS FOR THE YEAR		(36,421)	(31,192)	(1,624,377)	(1,391,163)
OTHER COMPREHENSIVE INCOME		-	-		
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(36,421)	(31,192)	(1,624,377)	(1,391,163)

The annexed notes form an integral part of these financial statements.

(Exchange rate used for translation 1US$= INR 44.60)

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2011

	Note	2011 US$	2010 US$	2011 INR	2010 INR
NON-CURRENT ASSETS					
Fixed assets	8	105,775	118,684	4,717,565	5,293,306
Unlisted Investments	9	508	508	22,657	22,657
		106,283	119,192	4,740,222	5,315,963
CURRENT ASSETS					
Trade and other receivables	10	2,296,093	2,594,619	102,405,748	115,720,007
Inventories		2,903,815	2,835,287	129,510,149	126,453,800
Deposits		186,504	213,460	8,318,078	9,520,316
Amount due from directors		299,953	-	13,377,904	-
Bank balances and cash		139,658	163,577	6,228,747	7,295,534
		5,826,023	5,806,943	259,840,626	258,989,657
CURRENT LIABILITIES					
Bank overdraft		4,415	-	196,909	-
Trade and other payables	11	5,988,929	6,009,794	267,106,233	268,036,812
Amount due to related company	12	1,371,990	1,312,948	61,190,754	58,557,481
		7,365,334	7,322,742	328,493,896	326,594,293
NET CURRENT LIABILITIES		(1,539,311)	(1,515,799)	(68,653,270)	(67,604,636)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,433,028)	(1,396,607)	(63,913,048)	(62,288,673)
NET LIABILITIES		(1,433,028)	(1,396,607)	(63,913,048)	(62,288,673)
CAPITAL AND RESERVES					
SHARE CAPITAL	13	641,026	641,026	28,589,760	28,589,760
ACCUMULATED LOSSES		(2,074,054)	(2,037,633)	(92,502,808)	(90,878,432)
SHAREHOLDERS' DEFICIT		(1,433,028)	(1,396,607)	(63,913,048)	(62,288,673)

(Exchange rate used for translation 1US$= INR 44.60)

The annexed notes form an integral part of these financial statements.

Approved by the Board of Directors on 4 JUL 2011

Sd/-	Sd/-
Shreyas K. Doshi	Dipan Patel
Director	Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2011

	Share Capital US$	Accumulated Losses US$	Total US$	Share Capital INR	Accumulated Losses INR	Total INR
Balance as at 1st April, 2009	641,026	(2,006,441)	(1,365,415)	28,589,760	(89,487,269)	(60,897,509)
Total comprehensive income for the year	-	(31,192)	(31,192)	-	(1,391,163)	(1,391,163)
Balance as at 31st March, 2010	641,026	(2,037,633)	(1,396,607)	28,589,760	(90,878,432)	(62,288,672)
Total comprehensive income for the year	-	(36,421)	(36,421)	-	(1,624,377)	(1,624,377)
Balance as at 31st March, 2011	641,026	(2,074,054)	(1,433,028)	28,589,760	(92,502,809)	(63,913,049)

(Exchange rate used for translation 1US$= INR 40.60)

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST MARCH, 2011

	2011 US$	2010 US$	2011 US$	2010 US$
Cash flows from operating activities				
Loss before taxation	(36,421)	(31,192)	(1,624,377)	(1,391,163)
Adjustments for:				
Depreciation	32,133	84,372	1,433,132	3,762,991
Fixed assets written off	1,538	-	68,595	-
Bank interest received	(1)	-	(45)	-
Operating (loss)/profit before working capital changes	(2,751)	53,180	(122,695)	2,371,828
Decrease/(Increase) in trade receivable	309,296	(1,092,609)	13,794,602	(48,730,361)
(Increase) in other receivable	(10,769)	-	(480,297)	-
Decrease in prepayment	-	22,886	-	1,020,716
(Increase)/Decrease in inventories	(68,529)	215,659	(3,056,393)	9,618,391
Decrease in deposits	26,956	52,540	1,202,238	2,343,284
(Increase) in amount due from directors	(299,953)	-	(13,377,904)	-
(Decrease)/Increase in trade payable	(16,051)	121,150	(715,875)	5,403,290
Increase in other payable	148	-	6,601	-
(Decrease) in accrued expenses	(4,962)	(46,069)	(221,305)	(2,054,677)
Increase in amount due to a related company	59,043	756,838	2,633,318	33,754,975
Net cash (used in)/generated from operating activities	(7,572)	83,575	(337,710)	3,727,446
Cash flows from investing activities				
Purchase of fixed assets	(20,763)	(44,046)	(926,030)	(1,964,452)
Bank interest received	1	-	45	-
Net cash (used in) investing activities	(20,762)	(44,046)	(925,985)	(1,964,452)
Cash flows from financing activities	-	-	-	-
Net cash used in financing activities	-	-	-	-
Net (Decrease)/increase in cash and cash equivalents	(28,334)	39,529	(1,263,696)	1,762,993
Cash and cash equivalents at beginning of year	163,577	124,048	7,295,534	5,532,541
Cash and cash equivalents at end of year	135,243	163,577	6,031,838	7,295,534
Cash and cash equivalents			-	-
Bank balances and cash	139,658	163,577	6,228,747	7,295,534
Bank overdraft	(4,415)	-	(196,909)	-
	135,243	163,577	6,031,838	7,295,534

(Exchange rate used for translation 1US$= INR 44.60)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2011

1. GENERAL

The Company is a private limited company incorporated in Hong Kong. The registered office of the Company is situated at 5/F., Kaiseng Commercial Centre, 4-6 Hankow Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Company was principally involved in retailing of jewellery.

2. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of Compliance

These financial statement have been prepared in accordance with International Financial Reporting Standard (IFRSs), promulgated by the International Accounting Standards Board (IASB). IFRSs includes International Accounting Standards (IASs) and related Interpretations.

The principal accounting policies adopted are as follows.

(b) Basis of preparation of financial statements

These financial statements are prepared on the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis notwithstanding the significant net liabilities as at 31st March, 2011 on the strength of assurance that the directors and shareholders will continue to give financial assistance as is necessary to maintain the company as a going concern.

(d) Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated at the rate of 10% (2010: 20%) per annum on the straight-line basis to Write off the cost of each asset over its estimated useful life, after taking into account its estimated residual value, if any.

(e) Investments Securities

Investments held on a continuing basis for an identified long-term purpose are classified as non-trading investments and are stated in the balance sheet at cost less any provisions for diminution in value. Provisions are made when the fair values have declined below the carrying amounts, unless there is evidence that the decline is temporary, and are recognized as an expense in the profit and loss account, such provisions being determined for each investment individually.

Profits or losses on disposal of non-trading investments are determined as the difference between the estimated net disposal proceeds and the carrying amount of the investments and are accounted for in the income statement as they arise.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes cost of purchase of goods computed using weighted average method. Net realizable value is determined by reference to the sales proceeds of items sold in the ordinary course of business after the balance sheet date or to the management estimates based on prevailing market conditions.

In accordance with IAS2 “Inventories”, the Company estimates annually the net realisable value of inventories. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in respose to changes in market conditions. Management reassesses these estimates at each balance sheet date.

(g) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leaser are accounted for as operating leases. Rental applicable to such operating leases are charged to the income statement on the straight-line basis over the lease terms.

(h) Impairment of Assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the tangible assets other than inventories may be impaired or an impairment loss previously recognized no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price and value in use. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals impairment losses are credited to the income statement in the year in which the reversals are recognized.

(i) Taxation

Income tax expenses 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 profits as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company liability for current tax is calculated using tax rates that have been enacted or substantively enacted at 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 recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

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 profit will be available to allow all or part of the assets 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 assets realized. 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 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.

(j) Revenue recognition

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in the income statement as follows:

(i) Sales of goods

Sales of goods are recognized when goods are delivered and title has passed.

(ii) Interest income

Interest earned on bank deposits are accrued on a time apportioned basis on the principal outstanding and at the interest rate applicable.

(k) Foreign currencies

Hong Kong currency transactions during the year have been converted at the rates of US$1=HK$7.80. Monetary assets and liabilities denominated in foreign currencies are translated at the approximate rates ruling on the balance sheet date. Transactions in foreign currencies during the year are translated at the rates ruling on the dates of the transactions. Exchange differences arising are dealt with in the profit and loss account.

(l) Employee Benefit

(i) Retirement Benefit Cost

The Company's employees are required to join the Mandatory Provident Fund Scheme (the "MPF Scheme"). Under the MPF Scheme, both the company and the employees contribute according to the rules of the scheme. Contributions for the scheme are charged to the income statement as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately from those of the company and managed by independent professional fund manager.

(ii) Employee Leave Entitlements

Employee entitlements to annual leave are recognized when they are accrue to employees. A provision is made for the estimated liability for annual leave as a results of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are recognized until the time of leave.

(1) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(2) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate assets when the reimbursement is virtually certain.

(m) Related Parties

Parties are considered to be related if one party 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. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties maybe individuals or corporate entities.

3. TURNOVER AND REVENUE

Turnover primarily represents the net invoiced value of goods sold less returns and discounts.

Revenues recognized during the year are as follows:

	2011 US$	2010 US$	2011 INR	2010 INR
Turnover:				
Sales of goods	2,883,395	3,476,868	128,599,417	155,068,313
Other revenue:				
Bank interest income	1	-	45	-
Sundry Income	542	863	24,173	38,490
Total revenues	2,883,938	3,477,731	128,623,635	155,106,803

4 PROFIT FROM OPERATIONS

	2011 US$	2010 US$	2011 INR	2010 INR
Profit from operations is arrived at after charging:				
Auditors' remuneration	2,115	2,115	94,329	94,329
Depreciation	32,133	84,372	1,433,132	3,762,991
MPF contributions	26,599	29,793	1,186,315	1,328,768
Staff cost, excluding directors' emoluments (Note 5)				
Salaries and allowances	652,000	713,663	29,079,200	31,829,370
Staff welfare	4,142	3,760	184,733	167,696
Building rental	686,670	856,512	30,625,482	38,200,435

5 DIRECTORS' EMOLUMENTS

	2011 US$	2010 US$	2011 INR	2010 INR
Fees	-	-	-	-
Other emoluments	-	-	-	-
	-	-	-	-

(Exchange rate used for translation 1US$= INR 44.60)

6 FINANCE COSTS

	2011 US$	2010 US$	2011 INR	2010 INR
Bank charges	45,641	53,675	2,035,589	2,393,905
	45,641	53,675	2,035,589	2,393,905

7 TAXATION

(a) No Hong Kong Profits Tax has been provided as the Company has no assessable profit for the year ended 31st March 2011

(2010: Nil).

(b) The charge for the year can be reconciled to the loss per the income statement as follows:

	2011 US$	2010 US$	2011 INR	2010 INR
Loss before taxation	(36,421)	(31,193)	(1,624,377)	(1,391,208)
Tax at the applicable rate of 16.5% (2010: 16.5%)	(6,009)	(5,146)	(268,001)	(229,512)
Tax effect of temporary differences not recognized	(1,903)	7,301	(84,874)	325,625
Tax effect of non-taxable income	-	-	-	-
Tax effect of unused tax losses not recognized	7,912	(2,155)	352,875	(96,113)
Tax expenses	-	-	-	-

(c) The Company has not recognized deferred tax assets (liabilities) as follows:

	2011				2010			
	Deductible (Taxable) Difference/Tax Loss		Deferred Tax Assets (Liabilities)		Deductible (Taxable) Difference/Tax Loss		Deferred Tax Assets (Liabilities)	
	US$	INR	US$	INR	US$	INR	US$	INR
Accelerated Depreciation	513,671	22,909,727	84,756	3,780,118	525,941	23,456,969	86,780	3,870,388
Accumulated unused tax losses	1,351,362	60,270,745	222,975	9,944,685	1,303,409	58,132,041	215,063	9,591,810
Total deductible temporary difference and unused tax losses	1,865,033	83,180,472	307,731	13,724,803	1,829,350	81,589,010	301,843	13,462,198

The tax losses do not expire under the Hong Kong taxation system.
(Exchange rate used for translation 1US$= INR 44.60)

8 FIXED ASSETS

	Furniture and fixtures US$	Office equipment US$	Casting moulds US$	Motor vehicle US$	Total US$	Furniture and fixtures INR	Office equipment INR	Casting moulds INR	Motor vehicle INR	Total INR
2011										
Cost:										
As at 1.4.2010	880,383	46,234	64,803	3,846	995,266	39,265,082	2,062,036	2,890,214	171,532	44,388,864
Additions	12,818	7,945	-	-	20,763	571,683	354,347	-	-	926,030
Disposal	-	-	-	(3,846)	(3,846)	-	-	-	(171,532)	(171,532)
As at 31.3.2011	893,201	54,179	64,803	-	1,012,183	39,836,765	2,416,383	2,890,214	-	45,143,362
Aggregate depreciation:										
As at 1.4.2010	767,546	41,926	64,803	2,308	876,583	34,232,552	1,869,900	2,890,214	102,937	39,095,603
Charge for the year	27,586	4,547	-	-	32,133	1,230,336	202,796	-	-	1,433,132
Written back on disposal	-	-	-	(2,308)	(2,308)	-	-	-	(102,937)	(102,937)
As at 31.3.2011	795,132	46,473	64,803	-	906,408	35,462,888	2,072,696	2,890,214	-	40,425,798
Net book value:										
As at 31.3.2011	98,069	7,706	-	-	105,775	4,373,877	343,687	-	-	4,717,564
2010										
Cost:										
As at 1.4.2009	836,337	46,234	64,803	3,846	951,220	37,300,630	2,062,036	2,890,214	171,532	42,424,412
Additions	44,046	-	-	-	44,046	1,964,452	-	-	-	1,964,452
As at 31.3.2010	880,383	46,234	64,803	3,846	995,266	39,265,082	2,062,036	2,890,214	171,532	44,388,864
Aggregate depreciation:										
As at 1.4.2009	687,696	38,173	64,803	1,538	792,210	30,671,242	1,702,516	2,890,214	68,595	35,332,567
Charge for the year	79,850	3,753	-	769	84,372	3,561,310	167,384	-	34,297	3,762,991
As at 3 1.3.2010	767,546	41,926	64,803	2,307	876,582	34,232,552	1,869,900	2,890,214	102,892	39,095,558
Net book value:										
As at 31.3.2010	112,837	4,308	-	1,539	118,684	5,032,530	192,136	-	68,640	5,293,306

(Exchange rate used for translation 1US$= INR 44.60)

9. UNLISTED INVESTMENT

	2011 US$	2010 US$	2011 INR	2010 INR
Unlisted Investments, at cost	508	508	22,657	22,657

10. TRADE AND OTHER RECEIVABLE

Trade receivables	1,096,175	1,405,471	48,889,405	62,684,007
Other receivables	1,199,918	1,189,148	53,516,343	53,036,001
	2,296,093	2,594,619	102,405,748	115,720,008

11. TRADE AND OTHER PAYABLES

Trade payables	3,191,472	3,207,523	142,339,651	143,055,526
Other payables	2,708,050	2,707,902	120,779,030	120,772,429
Accrued expenses	89,407	94,369	3,987,552	4,208,857
	5,988,929	6,009,794	267,106,233	268,036,812

12. AMOUNT DUE TO REALTED COMPANY

Inter Gems (H.K.) Limited	1,371,990	1,312,948	61,190,754	58,557,481

The amount due is interest free, unsecured and with no fixed repayment term.

13. SHARE CAPITAL

Authorized				
5,000,000 ordinary shares of HK$1 each	641,026	641,026	28,589,760	28,589,760
Issued and fully paid				
5,000,000 ordinary shares of HK$1 each	641,026	641,026	28,589,760	28,589,760

(Exchange rate used for translation 1US$= INR 44.60)

14 COMMITMENT UNDER OPERATING LEASES

The future minimum lease payments in respect of land and building under non-cancelable operating leases are payable in the following period:

	2011 US$	2010 US$	2011 US$	2010 US$
Not later than one year	535,331	398,465	23,875,763	17,771,539
Later than one year but within five years	29,056	118,974	1,295,898	5,306,240
	564,387	517,439	25,171,661	23,077,779

15 RELATED COMPANY TRANSACTION

During the year, the Company had the following transactions with the following related companies:

Name of company	Nature of transaction	Amount US$	Amount INR
Inter-Gems (H.K.) Limited	Sales	(2,156)	(96,158)
	Purchases	606,603	27,054,494
	Rental fee	54,553	2,433,064
	Telephone	413	18,420
	Electricity expenses	2,160	96,336
	Cleaning	1,354	60,388
	Security charges	564	25,154
Shrenuj & Company Limited	Purchases	55,175	2,460,805

(Exchange rate used for translation 1US$= INR 44.60)

16 FINANCIAL RISK MANAGEMENT

The Company does not have written risk management policies and guidelines. However, the management meets periodically to analyse formulate measures to minimise potential adverse effects on the Company's financial performance.

a) **Foreign Exchange Risk :**

The Company is exposed to foreign exchange risk arising from commercial transactions, primarily with respect to the HK dollar. The Company attempts to minimise its foreign exchange risk exposure through receipts and payments of the same currency bank accounts for HK dollar.

Global Marine Diamond Company

Groupings of Balance Sheet as at 31/03/2011

		2011 USD	2011 Rupees	2010 USD	2010 Rupees
A	**SHARE CAPITAL**	850,000	37,910,000	850,000	37,910,000
B	**RESERVES & SURPLUS**	404,000	18,018,400	-	-
C	**MINORITY INTEREST**	-	-	-	-
D	**SECURED LOANS**	-	-	-	-
E	**UNSECURED LOANS**	-	-	-	-
F	**DEFERRED TAX**	-	-	-	-
		1,254,000	**55,928,400**	**850,000**	**37,910,000**
G	**FIXED ASSETS**				
	Gross Block	-	-	-	-
	Less:Depreciation	-	-	-	-
	Net Block	-	-	-	-
	Capital Work in Progress	-	-	-	-
		-	-	-	-
H	**INVESTMENTS**	-	-	-	-
I	**CURRENT ASSETS, LOANS & ADVANCES**				
	Inventories	-	-	-	-
	Sundry Debtors	410,000	18,286,000	-	-
	Cash & Bank Balances	-	-	-	-
		410,000	18,286,000	-	-
	Loans & Advances	850,000	37,910,000	850,000	37,910,000
		1,260,000	56,196,000	850,000	37,910,000
J	**CURRENT LIABILITIES & PROVISIONS**				
	Current Liabilities	6,000	267,600	-	-
	Provisions	-	-	-	-
		6,000	267,600	-	-
	NET CURRENT ASSETS	1,254,000	55,928,400	850,000	37,910,000
Y	**PRELIMINARY EXPS NOT W/OFF**	-	-	-	-
Z	**DEBTORS/CREDITORS (CONTRA)**	-	-	-	-
		5,450,000	243,070,000	3,400,000	151,640,000
		1,254,000	**55,928,400**	**850,000**	**37,910,000**

(Exchange rate used for translation USD = 44.60 INR)

Groupings of Profit & Loss A/c for the year ended 31st March, 2011

	SCHEDULE	2011 USD	2011 Rupees	2010 USD	2010 Rupees
INCOME					
Sales and Services	**K**	-	-	-	-
Other Income	**L**	410,000	18,286,000	-	-
		410,000	18,286,000	-	-
EXPENDITURE					
Material Cost	**M**	-	-	-	-
Manufacturing & Other Expenses	**N**	6,000	2,67,600	-	-
Interest	**O**	-	-	-	-
Depreciation		-	-	-	-
		6,000	2,67,600	-	-
PROFIT BEFORE TAXATION		404,000	18,018,400	-	-
Less: Provision for Taxation - Current		-	-	-	-
Provision for Deferred Taxation		-	-	-	-
PROFIT AFTER TAXATION		404,000	18,018,400	-	-
Add: Balance Brought Forward		-	-	-	-
Excess provision for taxation in respect of previous years written back		-	-	-	-
		404,000	18,018,400	-	-
APPROPRIATION					
Transfer to General Reserve		-	-	-	-
Proposed Dividend		-	-	-	-
Tax on Proposed Dividend		-	-	-	-
Balance carried to Balance Sheet		404,000	18,018,400	-	-
		404,000	18,018,400	-	-

(Exchange rate used for translation USD = 44.60 INR)

Groupings of Balance Sheet as at 31/03/2011

	2011 USD	2011 Rupees	2010 USD	2010 Rupees
SCHEDULE 'A' - Share Capital				
Issued Subscribed And Paid-up				
Fully paid up	850,000	37,910,000	850,000	37,910,000
	850,000	37,910,000	850,000	37,910,000
SCHEDULE 'B' - Reserve and Surplus				
Capital Reserve	-	-	-	-
General Reserve	-	-	-	-
Adjustment for Intangible Asset	-	-	-	-
Share Premium Account	-	-	-	-
Exchange Fluctuation Reserve	-	-	-	-
Surplus in P&L A/c.	404,000	18,018,400	-	-
	404,000	18,018,400	-	-
SCHEDULE 'C' - Minority Interest				
Equity	-	-	-	-
Share of Opening Reserves	-	-	-	-
Share of Profit	-	-	-	-
Share of Exchange Fluctuation Reserve	-	-	-	-
	-	-	-	-
SCHEDULE 'D' - Secured Loans				
Term Loan from Bank	-	-	-	-
From Banks	-	-	-	-
From Others	-	-	-	-
	-	-	-	-
SCHEDULE 'E' - Unsecured Loans				
Short term Loans & Advance from:				
Financial Institutions	-	-	-	-
Inter-Corporate Deposit	-	-	-	-
Loan from Group Company	-	-	-	-
Directors	-	-	-	-
Others	-	-	-	-
	-	-	-	-
SCHEDULE 'F' - Deferred Tax				
Assets (+)	-	-	-	-
Liability (-)	-	-	-	-
	-	-	-	-

	2011 USD	2011 Rupees	2010 USD	2010 Rupees
SCHEDULE 'G' - Fixed Assets				
Cost	-	-	-	-
Less: Depreciation	-	-	-	-
Capital Work in Progress	-	-	-	-
	-	-	-	-
SCHEDULE 'H' - Investments	-	-	-	-
SCHEDULE 'I' - Current Assets, Loans & Advances				
A. Current Assets Inventories				
Raw Material	-	-	-	-
Finished Goods	-	-	-	-
Goods in transit	-	-	-	-
Goods in transit	-	-	-	-
	-	-	-	-
Sundry Debtors				
Outstanding over six months				
Others	410,000	18,286,000	-	-
	410,000	18,286,000	-	-
Cash and Bank Balances				
Cash on hand	-	-	-	-
Balances with Scheduled Banks				
Current Accounts	-	-	-	-
Fixed Deposits	-	-	-	-
Margin Deposit Accounts	-	-	-	-
	-	-	-	-
B. Loans & Advances				
Due from Subsidiary Company	-	-	-	-
Advances recoverable in cash or in kind or for value to be received	-	-	-	-
	850,000	37,910,000	850,000	37,910,000
Advance for Raw Material	-	-	-	-
Advance Taxes	-	-	-	-
	850,000	37,910,000	850,000	37,910,000
TOTAL (A) + (B)	1,260,000	56,196,000	850,000	37,910,000

(Exchange rate used for translation USD = 44.60 INR)

	2011 USD	2010 Rupees	2011 USD	2010 Rupees
SCHEDULE 'J' - Current Liabilities and Provisions				
A. CURRENT LIABILITIES				
Sundry Creditors/Related parties	6,000	267,600	-	-
Unpaid Dividend	-	-		
Interest accrued & not due	-	-		
	6,000	267,600	-	-
B. PROVISIONS				
Provision for Doubtful Debts	-	-	-	-
Provision for taxation	-	-		
Proposed Dividend	-	-		
Provision for Tax on Proposed Dividend	-	-		
	-	-	-	-
TOTAL (A) + (B)	6,000	267,600	-	-

Groupings of Profit & Loss A/c for the year ended 31st Mar, 2011

	2011 USD	2010 Rupees	2011 **USD**	2010 **Rupees**
SCHEDULE 'K' - Sales				
Sales (including Inter Div.Rs.	-	-	-	-
Sale of Raw Material	-	-		
Total (a)	-	-	-	-
Service Charges	-	-		
Total (b)	-	-	-	-
SCHEDULE 'L' - Other Income				
Commission Income	410,000	18,286,000	-	
Sundry Receipts	-	-	-	-
Share in Associates	-	-		
Profit on Sale of Asset	-	-	-	-
Profit on Sale of Investment	-	-		
Total (c)	410,000	18,286,000	-	-
Grant Total (a)+(b)+(c) (A)	410,000	18,286,000	-	-

(Exchange rate used for translation USD = 44.60 INR)

	2011 USD	2011 Rupees	2010 USD	2010 Rupees
SCHEDULE 'M' - Materials Cost				
Materials Consumed				
Stock at commencement	-	-	-	-
Add: Purchases	-	-	-	-
Sale of Rough Diamonds/Raw Materials	-	-	-	-
Less: Stock at close	-	-	-	-
	-	-	-	-
Purchase of Finished Goods	-	-	-	-
Total (d)	-	-	-	-
Variation in Stock				
Stock at close	-	-	-	-
Less: Stock at commencement	-	-	-	-
Total (e)	-	-	-	-
Materials Cost (d)-(e) (C)	-	-	-	-

	2011 USD	2011 Rupees	2010 USD	2010 Rupees
SCHEDULE 'N' - Manufacturing & Other Expenses				
Stores & Spares consumed	-	-	-	-
Power & fuel	-	-	-	-
Subcontracting charges	-	-		
Rent	-	-	-	-
Rates & Taxes	-	-	-	-
Machinery repairs	-	-	-	-
Other Manufacturing Expenses	-	-	-	-
Total	-	-	-	-
Employees's Emoluments:				
Salaries, Wages, Gratuity, Bonus etc.	-	-	-	-
Contribution to PF etc.	-	-	-	-
Welfare expenses	-	-	-	-
Total	-	-	-	-
Selling & Distribution Expenses				
Marketing / Advisory Expenses	-	-	-	-
Freight & forwarding charges	-	-	-	-
Sales Promotion Expenses	-	-	-	-
Advertisement Expenses	-	-	-	-
Commission	-	-	-	-
Other Selling & Distribution Expenses	-	-	-	-
Total	-	-	-	-

		2011 USD	2011 Rupees	2010 USD	2010 Rupees
Other Expenses:					
Insurance		-	-	-	-
Other Repairs		-	-	-	-
Legal & Professional Charges		6,000	267,600	-	-
Bad Debts		-	-	-	-
Traveling, Conveyance and Vehicle expenses		-	-	-	-
Miscellaneous Expenses		-	-	-	-
Remuneration to Auditors		-	-	-	-
Preliminary expenses w/off		-	-	-	-
Donations		-	-	-	-
Loss on sale / discarded of Assets		-	-	-	-
Total		6,000	267,600	-	-
Manufacturing & Other Expenses	**(D)**	6,000	267,600	-	-
SCHEDULE 'O' - Interest					
On Term Loan					
To Banks		-	-	-	-
To Others		-	-	-	-
Less interest received		-	-		
Total	**(E)**	-	-	-	-
Depreciation	**(F)**	-	-	-	-
Exchange difference on restatement					
Provision for Income Tax	**(G)**	-	-	-	-
Deferred Tax Liability	**(G)**	-	-	-	-
Provision for Wealth-Tax/Ex diff on Re-statement	**(G)**	-	-	-	-
TOTAL (C) TO (G)	**(B)**	6,000	267,600	-	-
Net profit after tax (A) - (B)		404,000	18,018,400	-	-
Prior period expenses		-	-	-	-
Minority Interest		-	-	-	-
Tax in respect of previous year		-	-	-	-
Surplus in Profit & Loss A/c. B/f.		-	-	-	-
Transfer of Profit from Divisions		-	-	-	-
TOTAL	**(X)**	404,000	18,018,400	-	-
Transfer to General Reserve		-	-	-	-
Proposed Dividend		-	-	-	-
Tax on Dividend		-	-	-	-
TOTAL	**(Y)**	-	-	-	-
Balance Available for appropriation	**(x) - (y)**	404,000	18,018,400	-	-

	2011 USD	2011 Rupees	2010 USD	2010 Rupees
SCHEDULE 'Y' - Preliminary Expenses				
to the extent not w/off	-	-		
H.O.				
Seepz	-	-	-	-
Trading Division	-	-	-	-
Transfer of Profit/Loss for the year	-	-	-	-
	-	-	-	-

	2011 USD	2011 Rupees	2010 USD	2010 Rupees
SCHEDULE 'Z' - Debtors/Creditors (Contra)				
Shrenuj & Co. Ltd.	-	-	-	-
	-	-	-	-

INTERGEMS (H.K.) LTD.

REPORT OF THE DIRECTORS

The directors "submit herewith their report together with the audited financial statements of Inter-Gems (H.K.) Limited (the "Company") for the year ended 31 March 2011.

PRINCIPAL ACTIVITY

The principal activity of the Company is the general trading of diamond. There is no significant change compared with the activity conducted in previous year.

FINANCIAL STATEMENTS

The loss of the Company for the year ended 31 March 2011 and the state of the Company's affairs as at that date are exhibited in the annexed audited financial statements.

RESERVES

Details of the movements in the reserves during the year are set out in the statement of changes in equity on page 8.

DIVIDENDS

No interim dividend was paid during the year (2010: HK$1.54) (INR 8.83). The directors do not recommend the payment of a final dividend (2010: Nil).

SHARE CAPITAL

There are no changes in the composition of the authorized and issued capital of the Company.

FIXED ASSETS

Details of the movements in fixed assets during the year are set out in note 4 to the financial statements.

DONATIONS

During the year. the Company made charitable donations in the amount of HK$ 12,800 (INR 73399) (2010: HK$ Nil) (INR - Nil).

DIRECTORS

The following directors held office during the financial year and up to the date of this report:-

Patel Anita

Patel Dipan Jagdish

Doshi Vishal Shrevas

In accordance with the Company's Articles of Association, all existing directors shall remain in office.

DIRECTORS' INTERESTS

During the year, the Company has the following significant transactions in which the directors have, whether directly or indirectly, an interest:-

Name of related party	Name of director echo has an interest	Relationship	Type of transactions	Amount HK$	INR
Daily Jewellery Limited	Patel Dipan Jagdish and Patei Anita	The directors are ultimate shareholders of that related party	Sales Purchase:	4,731,505 16,817	27,131,869 96,434
Facet (Hong Kong) Limited	Patel Dipan Jagdish and Patel Anita	The directors are shareholders of that related party	Purchases	15,600,143	89,455,900

(Exchange rate used for convertion 1HK$ = INR 5.7343)

Apart from the above, no other contracts of significance to which the Company 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 a party to any arrangement to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITOR

The financial statements for the year were audited by Messrs. Cheng & Cheng Limited who retire and being eligible, offer themselves for re-appointment.

On behalf of the Board
Sd/-
Chairman
Hong Kong. 18 May 2011

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

INTER-GEMS (H.K.) LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Inter-Gems (H.K.) Limited set out on pages 5 to 30, which comprise the statement of financial position as at 31 March 2011, 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 information.

Directors' responsibilities 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 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. 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 as to 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' affairs as at 31st March 2011 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/-
Cheng & Cheng Limited
Certified Public Accountants (Practising)

Hong Kong 18 May 2011

Y.Y. Li, Alice
Practising Certificate number P03373

STATEMENT OF FINANCIAL POSITION

For the rear ended 31st March 2011

	Note	2011 HK$	2010 HK$	2011 INR	2010 INR
Non-current assets					
Fixed assets					
- Property, plant and equipment	4	8,635,811	8,832,654	49,520,331	50,649,088
Interests in subsidiaries	5	1,560,000	1,560,000	8,945,508	8,945,508
Long-terns investments	6	320,000	320,000	1,834,976	1,834,976
		10,515,811	10,712,654	60,300,815	61,429,572
Current assets					
Inventories		47,356,731	25,173,979	271,557,703	144,355,148
Trade and other receivables	7	179,812,547	182,195,870	1,031,099,088	1,044,765,777
Tax recoverable		189,623	31,161	1,087,355	178,687
Cash and cash equivalents	22	30,334,872	16,058,690	173,949,257	92,085,346
		257,693,773	223,459,700	1,477,693,403	1,281,384,958
Deduct: Current liabilities					
Trade and other payables	9	131,638,864	118,718,558	754,856,738	680,767,827
Interest-bearing borrowings	11	129,633,783	108,515,051	743,359,002	622,257,857
		261,272,647	227,233,609	1,498,215,740	1,303,025,684
Net current liabilities		(3,578,874)	(3,773,009)	(20,522,337)	(21,635,566)
Total assets less current liabilities		6,936,937	6,938,745	39,778,478	39,788,845
Capital and reserves					
Share capital	10	501,000	501,000	2,872,884	2,872,884
Reserves	10	6,435,937	6,437,745	36,905,594	36,915,961
		6,936,937	6,938,745	39,778,478	39,788,845

(Exchange rate used for convertion 1HK$ = INR 5.7343)

Signed on behalf of the Board of Directors by :

Sd/-	Sd/-
Director	Director

The attached notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Note	2011 HK$	2010 HK$	2011 INR	2010 INR
Turnover	12	334,400,897	344,045,733	1,917,555,064	1,972,861,447
Cost of sales		(321,424,021)	(332,919,962)	(1,843,141,764)	(1,909,062,938)
Gross profit		12,976,876	11,125,771	74,413,300	63,798,509
Other revenue	13	2,742,175	3,838,740	15,724,454	22,012,487
Administrative expenses		(9,187,205)	(7,223,965)	(52,682,190)	(41,424,382)
Other net income	14	60,000	-	344,058	-
Finance costs	15	(5,636,374)	(5,770,436)	(32,320,659)	(33,089,411)
Profit before taxation	16	955,472	1,970,110	5,478,963	11,297,203
Taxation	17	(957,280)	(329,205)	(5,489,331)	(1,887,760)
Net (loss)/profit for the year		(1,808)	1,640,905	(10,368)	9,409,443

There was no other comprehensive income or loss during the year.

(Exchange rate used for transalation 1HK$ = INR 5.7343)

The attached notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the rear ended 31st March 2011

	Note	Share capital HK$	Retained profits HK$	Total HK$	Share capital INR	Retained profits INR	Total INR
Balance at 1 April 2009		501,000	5,567,340	6,068,340	2,872,884	31,924,798	34,797,682
Changes in equity:							
Interim dividends	18	-	(770,500)	(770,500)	-	(4,418,278)	(4,418,278)
Total comprehensive income for the year	10	-	1,640,905	1,640,905	-	9,409,442	9,409,442
Balance at 31 March 2010		501,000	6,437,745	6,938,745	2,872,884	36,915,962	39,788,846
Balance at 1 April 2010		501,000	6,437,745	6,938,745	2,872,884	36,915,961	39,788,845
Changes in equity:							
Total comprehensive loss for the year	10	-	(1,808)	(1,808)	-	(10,368)	(10,368)
Balance at 31 March 2011		501,000	6,435,937	6,936,937	2,872,884	36,905,593	39,778,477

(Exchange rate used for transalation 1HK$ = INR 5.7343)

The attached notes form an integral part of these financial statements

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STATEMENT OF CASH FLOWS

For the rear ended 31st March 2011

	Note	2011 HK$	2010 HK$	2011 INR	2010 INR
Operating activities					
Profit before taxation		955,472	1,970,110	5,478,963	11,297,202
Adjustments for:					
Depreciation of owned assets		264,323	262,202	1,515,707	1,503,545
Interest on basil: loans		5,541,412	5,671,707	31,776,119	32,523,269
Interest on term loans from bank with a repayment on demand clause		94,962	98,729	544,541	566,142
Reversal of impairment losses of investment properties		(60,000)	-	(344,058)	-
Operating profit before working capital changes		6,796,169	8,002,748	38,971,272	45,890,158
(Increase)/decrease in inventories		(22,182,752)	15,262,269	(127,202,555)	87,518,429
Decrease (increase) in trade and other receivables		2,383,323	(56,643,103)	13,666,689	(324,808,546)
Increase in trade and other payables		12,920,306	37,609,821	74,088,911	215,665,997
Cash (used in) generated from operations		(82,954)	4,231,735	(475,683)	24,266,038
Tax paid		(1,115,742)	(257,657)	(6,397,999)	(1,477,483)
Net cash (used in)/ from operating activities		(1,198,696)	3,974,078	(6,873,682)	22,788,555
Net cash used in investing activities	20	(7,480)	(28,522)	(42,893)	(163,554)
Net cash from/(used in) financing activities	21	15,482,358	(2,325,911)	88,780,485	(13,337,471)
Increase in cash and cash equivalents		14,276,182	1,619,645	81,863,910	9,287,530
Cash and cash equivalents at beginning of the year		16,058,690	14,439,045	92,085,346	82,797,816
Cash and cash equivalents at end of the year	22	30,334,872	16,058,690	173,949,256	92,085,346

(Exchange rate used for transalation 1HK$ = INR 5.7343)

The attached notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2011

1. CORPORATE INFORMATION

Inter-Gems (H.K.) Limited is a limited liability company incorporated and domiciled in Hong Kong. The addresof its registered office and principal place of business is 5 F. Kaiseng Commerical Centre, 4-6 Hankow Road, Tsim Sha Tsui. Hong Kong.

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out as follows:-

(a) STATEMENT OF COMPLIANCE

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 ("HKAS's") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Company is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Information on adoption of new accounting standards to the extent that they are relevant to the Company for the current and prior accounting periods are reflected in note.

(b) BASIS OF PREPARATION OF TILE FINANCIAL STATEMENTS

The measurement basis used in the preparation of the financial statements is the historical cost basis. The financial statements are presented in Hong Kong Dollars and all values are rounded to the nearest dollar except when otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets. liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(c) SUBSIDIARY

Subsidiary is entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(g)).

(d) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The following financial instruments are classified according to the management's intention on acquisition:-

<u>Interest-bearing borrowings</u>

Interest-bearing borrowings are recognized initially at fair value less attributable transaction cost. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

<u>Receivables</u>

Receivables are initially recognized at fair value and thereafter stated at amortized cost less impairment losses. except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses.

<u>Payables</u>

Payables are initially recognized at fair value. Payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(e) PLANT AND EQUIPMENT

Plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(g)).

Depreciation is calculated to write off the cost or valuation of each item of plant and equipment, less its estimated residual value, if any, using the straight line method over its estimated useful live. The estimated useful lives and/or annual rates of depreciation adopted, if any, are as follows:-

Leasehold land and buildings	2%
Furniture and fixtures	20%
Office equipment	20%
Plant and machinery	20%
Decoration	20%

Where parts of an item of plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) LEASED ASSETS

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if' the Company determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

<u>Classification of assets leased to the Company</u>

Assets that are held by the Company under leases which transfer to the Company substantially all the risk., and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Company are classified as operating leases.

<u>Operating lease charges</u>

Where the Company has the use of assets held under operating leases, payments made under the leases are charged to statement of comprehensive income in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in statement of comprehensive income as an integral part of the aggregate net lease payments made. Contingent rentals are charged to statement of comprehensive income in the accounting period in which they are incurred.

(g) IMPAIRMENT OF ASSETS

<u>impairment of non-financial assets</u>

An assessment is carried out at each end of the reporting period to determine whether there are any internal or external indications that assets are impaired. If any such indications exist, the recoverable amount of the assets, being the greater of its net selling price or value in use, is estimated. The carrying amount of the asset is reduced to its recoverable amount were appropriate. Such impairment loss is recognized in statement of comprehensive income.

(h) INVENTORIES

<u>Trading goods</u>

Inventories represent assets held for sale in the ordinary course of business of the Company are stated at the lower of cost and net realizable value.

The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to present location and condition is determined by using first in first out basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

(i) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(j) EMPLOYEE BENEFITS

<u>Short term employee benefits and contributions to defined contribution retirement plans</u>

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2. **SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)**

(k) INCOME TAX

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities, if any. Current tax and movements in deferred tax assets and liabilities are recognized in statement of comprehensive income except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using the prevailing tax rate, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. are recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:-

In the case of current tax assets and liabilities, the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(l) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in statement of comprehensive income as follows:-

(i) Sale of goods

Revenue is recognized when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Rendering of services

Commission income is recognized when services are rendered.

Rental income receivable under operating leases is recognized in statement of comprehensive income in equal instalments over the periods covered by the lease term. except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in statement of comprehensive income as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

Any other income not mentioned above is recognized whenever it is received or receivable.

(m) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the accounts of the Company are measured by using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Hong Kong Dollars ("HKS"), which is the functional and presentation currency.

(n) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in statement of comprehensive income, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognized in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

(o) RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Company 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 (being members of key management personnel, significant shareholders and or their close family members) 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. ADOPTION OF NEW ACCOUNTING STANDARDS

The HKICPA has issued certain new HKFRSs. Amendments to HKFRSs and Interpretations that are first effective for the current accounting period of the Company or have immediate effect. Amongst them, the following developments are relevant to the Company's financial statements:-

* HKAS I (Revised) Presentation of financial statements
* Amendments to HKFRS 7, Financial instruments: Disclosures - improving disclosures about financial instruments
* HK Interpretations Presentation of financial statements - classification by the borrower of a term loan that contains a repayment on demand clause
* Improvements to HKFRSs (2009)

The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

There is no material impact on the Company's financial statements as the amendments and interpretations were consistent with policies already adopted by the Company except for adoption of HK Interpretation 5 as follows:

In November 2010 the HKICPA issued Hong Kong Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause. The Interpretation is effective immediately and is a clarification of an existing standard, HKAS I Presentation of Financial Statements. It sets out the conclusion reached by the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS I irrespective of the probability that the lender will invoke the clause without cause.

In order to comply with the requirements of Hong Kong Interpretation 5, the Company has changed its accounting policy on the classification of term loans that contain a repayment on demand clause. Under the new policy, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the statement of financial position. Previously such term loans were classified in accordance with the agreed repayment schedule unless the Company had breached any of the loan covenants set out in the agreement as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

The new accounting policy has been applied retrospectively by re-presenting the opening balances at 1 April 2009, with consequential reclassification adjustments to comparatives for the year ended 31 March 2010. There classification has had no effect on reported statement of comprehensive income total comprehensive income or equity for any period presented.

Effect of adoption of Hong Kong Interpretation 5 on the statement of financial position

	31-03-2011	31-03-2010	31-03-2011	31-03-2010
	HK$	HK$	INR	INR
Increase/(decrease) in				
Current liabilities				
Interest-bearing borrowings	4,306,174	4,146,388	24,692,894	23,776,633
Non-current liabilities				
Interest-bearing borrowings	(4,306,174)	(4,146,388)	(24,692,894)	(23,776,633)

(Exchange rate used for transalation 1HK$ = INR 5.7343)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Continued)

4. FIXED ASSETS

- PROPERTY, PLANT AND EQUIPMENT

		Furniture and fixtures	Office equipment	Plant and machinery	Depriciation	Land and buildings in Hong Kong carried at cost	Total
		HK$ INR	HK$ INR	HK$ INR	HK$ INR	HK$ INR	HK$ INR
Cost							
At 1April 2009	HK$	394,607	318,036	-	244,000	9,616,027	10,572,670
	INR	**2,262,795**	**1,823,714**	**-**	**1,399,169**	**55,141,184**	**60,626,862**
Additions	HK$	8,438	20,084	-	-	-	28,522
	INR	**48,386**	**115,168**	**-**	**-**	**-**	**163,554**
At 31 March 2010	HK$	403,045	338,120	-	244,000	9,616,027	10,601,192
	INR	**2,311,181**	**1,938,882**	**-**	**1,399,169**	**55,141,184**	**60,790,416**
At 1 April 2010	HK$	403,045	338,120	-	244,000	9,616,027	10,601,192
	INR	**2,311,181**	**1,938,882**	**-**	**1,399,169**	**55,141,184**	**60,790,416**
Additions	HK$	-	7,480	-	-	-	7,480
	INR	**-**	**42,893**	**-**	**-**	**-**	**42,893**
Transfer	HK$	(8,438)	-	8,438	-	-	-
	INR	**(48,386)**	**-**	**48,386**	**-**	**-**	**-**
Impairment losses reversed in statement of comprehensive income	HK$	-	-	-	-	60,000	60,000
	INR	**-**	**-**	**-**	**-**	**344,058**	**344,058**
At 31 March 2011		394,607	345,600	8,438	244,000	9,676,027	10,668,672
		2,262,795	**1,981,775**	**48,386**	**1,399,169**	**55,485,242**	**61,177,367**
Deduct: Accumulated depreciation							
At 1 April 2009	HK$	294,307	258,058	-	244,000	709,971	1,506,336
	INR	**1,687,645**	**1,479,782**	**-**	**1,399,169**	**4,071,187**	**8,637,783**
Charged for the year	HK$	46,612	23,269	-	-	192,321	262,202
	INR	**267,287**	**133,431**	**-**	**-**	**1,102,826**	**1,503,544**
At 31 March 2010	HK$	340,919	281,327	-	244,000	902,292	1,768,538
	INR	**1,954,932**	**1,613,213**	**-**	**1,399,169**	**5,174,013**	**10,141,327**
At 1 April 2010	HK$	340,919	281,327	-	244,000	902,292	1,768,538
	INR	**1,954,932**	**1,613,213**	**-**	**1,399,169**	**5,174,013**	**10,141,327**
Charged for the year	HK$	44,704	22,010	1,688	-	193,521	261,923
	INR	**256,346**	**126,212**	**9,679**	**-**	**1,109,707**	**1,501,944**
Impairment losses reversed in statement of comprehensive income	HK$	-	-	-	-	2,400	2,400
	INR	**-**	**-**	**-**	**-**	**13,762**	**13,762**
Transfer	HK$	(1,688)	-	1,688	-	-	-
	INR	**(9,679)**	**-**	**9,679**	**-**	**-**	**-**
At 31 March 2011	HK$	383,935	303,337	3,376	244,000	1,098,213	2,032,861
	INR	**2,201,599**	**1,739,425**	**19,358**	**1,399,169**	**6,297,482**	**11,657,033**
Net book values							
At 31 March 2011	HK$	10,672	42,263	5,062	-	8,577,814	8,635,811
	INR	**61,196**	**242,349**	**29,027**	**-**	**49,187,759**	**49,520,331**
At 31 March 2010	HK$	62,126	56,793	-	-	8,713,735	8,832,654
	INR	**356,249**	**325,668**	**-**	**-**	**49,967,171**	**50,649,088**

5 INTERESTS IN SUBSIDIARIES

	Note	2011 HK$	2010 HK$	2011 INR	2010 INR
Unlisted shares. at cost		1,560,000	1,560,000	8,945,508	8,945,508

Particulars of subsidiaries are as follows:-

Name	Place of incorporation and operation	Percentage of registered capital	Principal activities
	People's Republic of China	100°%	Trading of diamond

6 LONG-TERM INVESTMENTS

	2011 HK$	2010 HK$	2011 INR	2010 INR
Kowloon Cricket Club Membership. at cost	320,000	320,000	1,834,976	1,834,976

It was determined by the Directors of the Company that the amount available for sale of financial assets stated at cost due to the evidence of fair value in market price was not available.

7 TRADE AND OTHER RECEIVABLES

	2011 HK$	2010 HK$	2011 INR	2010 INR
Trade debtors	129,898,421	151,686,830	744,876,516	869,817,789
Other debtors and receivables	35,293,062	17,319,268	202,381,005	99,313,878
Amounts due from related companies	11,216,064	10,759,895	64,316,276	61,700,466
Amounts due from directors	3,405,000	2,429,877	19,525,292	13,933,644
	179,812,547	182,195,870	1,031,099,089	1,044,765,777

(Exchange rate used for transalation 1HK$ = INR 5.7343)

8 LOANS TO OFFICERS

Loans to officers of the Company disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows: -

(a) Loans to officers of the Company

		Maximum balance the year		Balance at end year		Balance at the beging of the year	
Name of borrower -	**Position**	HK$	INR	HK$	INR	HK$	INR
Patel Anita	Director	643,011	3,687,218	-	-	643,011	3,687,218
Patel Dipan Jagdish	Director	2,168,414	12,434,336	2,168,414	12,434,336	643,012	3,687,224
Doshi Vishal Shreyas	Director	1,236,586	7,090,955	1,236,586	7,090,955	1,143,854	6,559,202

The amounts due from the officers used for business purpose are unsecured, interest free and have no fixed repayment terms. During the year, no provision was made against these loans.

(b) Loans to corporation with controlling interest held by officers of the Company

		Maximum balance during the year		Balance at end of the year		Balance at the begining of the year	
Name of borrower	Name and Position of the connected officer	HK$	INR	HK$	INR	HK$	INR
Daily Jewellery Limited	Patel Anita Patel Dipan Jagdish (Director)	10,701,526	61,365,761	10,701,526	61,365,761	10,240,991	58,724,915
Ever Gold (Hong Kong) Limited	Patel Anita Patel Dipan Jagdish (Director)	15,350	88,022	15,350	88,022	15,350	88,022
Facet (Hong Kong) Limited	Patel Anita Patel Dipan Jagdish (Director)	503,554	2,887,530	499,188	2,862,494	503,554	2,887,530

The amounts due are unsecured interest free and have no fixed repayment terms. During the year, no provision was made against these loans.

(Exchange rate used for transalation 1HK$ = INR 5.7343)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Continued)

9 TRADE AND OTHER PAYABLES

	2011 HK$	2010 HK$	2011 INR	2010 INR
Trade creditors	110,624,125	116,049,747	634,351,920	665,464,064
Other creditors and payables	330,787	334,194	1,896,832	1,916,369
Amounts due to related companies	20,683,952	2,334,617	118,607,986	13,387,394
	131,638,864	118,718,558	754,856,738	680,767,827

10 CAPITAL AND RESERVES

Share Capital

	2011 HK$	2010 HK$	2011 INR	2010 INR
Authorized, issued and fully paid:				
501,000 ordinary shares of HK$ 1 each	501,000	501,000	2,872,884	2,872,884

Reserves

Apart from retained profits, there were no other reserves. Details of the movements in reserves during the year are referred to in the statement of changes in equity.

11 INTEREST-BEARING BORROWINGS

	2011 HK$	2010 HK$ (restated)	2011 INR	2010 INR
Secured short-term bank loans	123,044,878	104,157,270	705,576,244	597,269,033
Secured term loans from bank with a repaymenton demand clause (*)	6,588,905	4,357,781	37,782,758	24,988,824
Total interest-bearing borrowings	129,633,783	108,515,051	743,359,002	622,257,857

(*) The interest-bearing bank borrowings, including the term loans repayable on demand are carried at amortized cost. None of the portion of terns loans due for repayment after one year which contain a repayment on demand clause and that is classified as a current liability is expected to be settled within one year.

(Exchange rate used for transalation 1HK$ = INR 5.7343)

The term loans due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause, as follows:-

	2011 HK$	2010 HK$	2011 INR	2010 INR
Term loans repayable				
- within 1 year	2,282,731	211,393	13,089,864	1,212,191
- after 1 year but within 5 years	1,184,894	894,162	6,794,538	5,127,393
- after 5 years	3,121,280	3,252,226	17,898,356	18,649,240
	6,588,905	4,357,781	37,782,758	24,988,824

All of the banking facilities are subject to the fulfilment of covenants relating to certain of the Company's financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Company was to breach the covenants the drawn down facilities would become repayable on demand. In addition, certain of the Company's term loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Company has complied with the covenants and met the scheduled repayment obligations.

The Company regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Company continues to meet these requirements. Information of the Company's management of liquidity risk are setout in note 25. As at 31 March 2011 none of the covenants relating to drawn down facilities had been breached (2010: HK$ Nil).

12 TURNOVER

The Company is principally engaged in the general trading of diamond. Turnover comprises the following category of revenue recognized during the year:-

	2011 HK$	2010 HK$	2011 INR	2010 INR
Sales	334,400,897	344,045,733	1,917,555,064	1,972,861,447

13 OTHER REVENUE

	2011 HK$	2010 HK$	2011 INR	2010 INR
Exchange gains	-	3,346,040	-	19,187,197
Gross rental income from investment properties	453,300	422,700	2,599,358	2,423,889
Sundry income	2,288,875	70,000	13,125,096	401,401
	2,742,175	3,838,740	15,724,454	22,012,487

(Exchange rate used for transalation 1HK$ = INR 5.7343)

14 OTHER NET INCOME

	2011 HK$	2010 HK$	2011 INR	2010 INR
Reversal of impairment losses of investment properties	60,000	-	344,058	-

15 FINANCE COSTS

	2011 HK$	2010 HK$	2011 INR	2010 INR
Interest on bank loans	5,541,412	5,671,707	31,776,119	32,523,269
Interest on term loans from bank with a repayment on demand clause	94,962	98,729	544,541	566,142
	5,636,374	5,770,436	32,320,660	33,089,411

16 PROFIT BEFORE TAXATION

	2011 HK$	2010 HK$	2011 INR	2010 INR
Profit before taxation is stated after charging:				
Auditor's remuneration	17,000	17,000	97,483	97,483
Depreciation of owned assets	264,323	262,202	1,515,707	1,503,545
Directors' remuneration				
Fees -	-	-	-	-
Other emoluments including all allowances and benefits in kind	922,000	633,500	5,287,025	3,632,679
Operating leases charges	-	-	-	-
Minimum lease payments - Hire of land and buildings	646,849	653,261	3,709,226	3,745,995
Employee benefits expenses including the above directors' remuneration	3,645,015	2,604,202	20,901,610	14,933,276

17 TAXATION

	2011 HK$	2010 HK$	2011 INR	2010 INR
Current tax - Hong Kong Profits Tax				
Charged for the year	157,280	329,205	901,891	1,887,760
Adjustment for under-provision in previous years	800,000	-	4,587,440	-
	957,280	329,205	5,489,331	1,887,760

Hong Kong Profits Tax is arrived at 16.5% on the estimated assessable profits for the year

No provision for deferred taxation has been made in view of immaterial effect.

(Exchange rate used for transalation 1HK$ = INR 5.7343)

INTER-GEMS (H.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the tear ended 31st March 2011

17 TAXATION (Continued)

The tax expense for the year can be reconciled to the results per the statement of comprehensive income as follows:-

	2011 HK$	2010 HK$	2011 INR	2010 INR
Profit before taxation	955,472	1,970,110	5,478,963	11,297,202
Notional tax at the domestic income tax rate of 16.5%	157,653	325,068	904,030	1,864,037
Tax effect of non-deductible expenses	1,988	205	11,400	1,176
Tax effect of non-taxable revenue	(9,900)	-	(56,770)	-
Tax effect of origination and reversal of temporary differences	7,539	3,932	43,231	22,547
Adjustment for under-provision in previous years	800,000	-	4,587,440	-
Income tax expense for the year	957,280	329,205	5,489,331	1,887,760

18 DIVIDENDS

	2011 HK$	2010 HK$	2011 INR	2010 INR
Interim dividends declared and paid HKSNil (2010: HKS 1.54) per share	-	770,500	-	4,418,278

19 RELATED PARTY DISCLOSURES

During the year, the Company had the following significant related party's transactions and balances:-

(a) Key management personnel remuneration

The remuneration of key management personnel including the directors during the year was as follows:

	2011 HK$	2010 HK$	2011 INR	2010 INR
For directors				
Short-term employee benefits	-	-	-	-
Directors' fee	-	-	-	-
Salaries. allowances and benefits in kind	922,000	633,500	5,287,025	3,632,679
	922,000	633,500	5,287,025	3,632,679

All the above remuneration is included in "employee benefits expenses" shown in note 16.

(Exchange rate used for transalation 1HK$ = INR 5.7343)

(b) Financing arrangements

	2011 HK$	2010 HK$	2011 INR	2010 INR
Amounts due from related companies	11,216,064	10,759,895	64,316,276	61,700,466
Amounts due from directors	3,405,000	2,429,877	19,525,292	13,933,644
Amounts due to related companies	20,683,952	2,334,617	118,607,986	13,387,394

The outstanding balances with these related parties were unsecured, interest free and had no fixed repayment terms.

(c) Other related party transactions

	Note	2011 HK$	2010 HK$	2011 INR	2010 INR
Sales to the ultimate holding company	(i)	50,755,961	68,437,601	291,049,907	392,441,735
Sales to fellow subisdaries	(i)	56,156,541	61,076,021	322,018,453	350,228,227
Purchases from the ultimate holding company	(ii)	191,442,912	181,941,573	1,097,791,090	1,043,307,562
Purchases from fellow subisdaries	(ii)	17,420,896	15,944,017	99,896,644	91,427,777
Purchases from a related company	(ii)	15,600,143	12,895,407	89,455,900	73,946,132

(i) Sales to the ultimate holding company and fellow subsidaries were conducted in the normal course of business at prices and terms not less than those charged to and contracted with other third party customers. A balance of HK$49,333,540 was still outstanding at the end of the reporting period (2010: HK$83,635,768).

(ii) Purchases from the ultimate holding company, fellow subsidaries and the related companies were conducted in the normal course of business at prices and terms not less than those charged by and contracted with other third party suppliers. A balance of HK$72,141,913 was still outstanding at the end of the reporting period (2010: HK$86,261,213) .

20 INVESTING ACTIVITIES

	2011 HK$	2010 HK$	2011 INR	2010 INR
Net cash used in investing activities				
Purchase of property, plant and equipment	(7480)	(28522)	(42893)	(163554)

(Exchange rate used for transalation 1HK$ = INR 5.7343)

21 FINANCING ACTIVITIES

	2011 HK$	2010 HK$	2011 INR	2010 INR
Proceeds from bank loans	23,314,386	6,000,000	133,691,684	34,405,800
Repayment of basil: loans	(2,195,654)	(1,784,975)	(12,590,539)	(10,235,582)
Dividends paid	-	(770,500)	-	(4,418,278)
Interest paid	(5,636,374)	(5,770,436)	(32,320,659)	(33,089,411)
Net cash flow/(used in) financing activities	15,482,358	(2,325,911)	88,780,486	(13,337,471)

22 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following items in the statement of financial position:-

	2011 HK$	2010 HK$	2011 INR	2010 INR
Cash at bank and on hand	21,681,162	16,058,690	124,326,287	92,085,346
Demand deposits with banks and other financial institutions	8,653,710	-	49,622,969	-
Cash and cash equivalents in the statement of cash flows	30,334,872	16,058,690	173,949,256	92,085,346

23 BANKING FACILITIES

The banking facilities, including mortgage loan and trust receipt, are secured by the Company's properties together with directors' and ultimate holding, company's guarntees. In addition, there were term loans granted under the Special Loan Guarantee Scheme and guaranteed by the Government of the HKSAR. immediate holding company and directors. The total bank facilities amounted to HK$166,861,500 of which HK$129,633,783 was utilized at the end of the reporting period.

(Exchange rate used for transalation 1HK$ = INR 5.7343)

24. CAPITAL MANAGEMENT

Capital comprises of share capital and reserves stated on the statement of financial position. The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt equity ratio analyses.

The Company's operation is primarily sourced from the business income, and other finances sourced from the following which except otherwise indicated are interest free and have no fixed repayment terms:-

	2011 HKS	2010 HKS
Current liabilities		
Amounts due to related companies	20,683,952	2,334,617
Other creditors and payables	330,787	334,194
Interest-bearing borrowings	129,633,783	108,515,051

The Company is not subject to externally imposed capital requirements.

(Exchange rate used for transalation 1HK$ = INR 5.7343)

25. FINANCIAL RISK MANAGEMENT

Exposure to credit risk, liquidity risk, interest rate risk and currency risk arises in the normal course of the Company's business. These risks are limited by the Company's financial management policies and practices described below.

Credit risk

The Company's principal financial assets are bank deposits and amounts receivables. The credit risk on the liquid funds is limited because of the close involvement of the management in overseeing the recovery of the assets.

Liquidity risk

The management has built an appropriate liquidity risk management framework to meet the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Interest rate risk

The Company is exposed to interest rate risk through the impact of the rate changes on interest-bearing borrowings. The interest rates and terms of repayment of the Company's interest-bearing loans are shown as below "interest rate profile". The Company defines "net borrowings" as being interest-bearing financial liabilities (excluding redeemable preference shares) less interest-bearing investments (excluding cash held for short-term working capital purposes). The Company's policy is to obtain the most favourable interest rates available for the borrowings.

a) Interest rate profile

The following table details the interest rate profile of the Company's net borrowings (as defined above) at the end of the reporting period.

	2011		2010	
	Etlective interest rate %	HK$ INR	Etlective interest rate %	HK$ INR
Variable rate borrowings				
Bank loans	7% over US Prime rate - 3% below	**HK$** 129,633,783	7 % over US Prime rate - 3% below	**HK$** 108,515,051
	Hong Kong Prime rate	**INR** 743,359,002	Hong Kong Prime rate	**INR** 622,257,857

(Exchange rate used for transalation 1HK$ = INR 5.7343)

b) Sensitivity analysis

At 31 March 2011 it is estimated that a general increase/decrease of 100 basis points (2010:100 basis points) in interest rates, with all other variables held constant, would decrease/increase the Company's profit after tax and retained profits by approximately HK$ 1,082,442 (INR 6,207,047)(2010: HK$ 906,101).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis points (2010:100 basis points) increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual end of the reporting period. The analysis is performed on the same basis for previous year.

Except for the Company's bank borrowings, the Company has no significant interest-bearing assets and liabilities.

Cash at bank earns interest at floating rates based on daily bank deposits rates.

The Company does not use any derivative instruments to reduce its economic exposure to changes in interest rates.

Currency risk

The Company has no significant exposure to foreign currency risk as substantially all of the Company's transactions are denominated in its functional currency. Hong Kong Dollars.

26. POSSIBLE IMPACT OF AMENDMIENTS, NEW STANDARDS, AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2011

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are relevant to the Company but are not yet effective for the year ended 31 March 2011 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
Improvements to HKFRSs (2010)	1 July 2010 or 1 January 2011
Amendments to HKFRS 7. Financial instruments: Disclosures - Transfer of Financial Assets	1 July 2011
HKFRS 9. Financial Instruments	1 January 2013

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. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

27. COMMITMENTS UNDER OPERATING LEASES

AS LEASEES

At the end of the reporting period. the Company as a leasee had total future minimum lease payments payable under non-cancellable operating leases as set out below:-

	2011 HK$	2010 HK$	2011 INR	2010 INR
Land and buildings				
- Within 1 year	996,240	357,696	5,712,739	2,051,136
- in the 2nd to 5th years inclusive	596,160	-	3,418,560	-
	1,592,400	357,696	9,131,299	2,051,136

(Exchange rate used for transalation 1HK$ = INR 5.7343)

AS LESSORS

At the end of the reporting period, the Company as a lessor had total future minimum lease payments receivable under non-cancellable operating leases as set out below:-

	2011 HK$	2010 HK$	2011 INR	2010 INR
Land and buildings				
- within 1 year	323,100	-	1,852,752	-
- in the 2nd to 5th years inclusive	331,200	-	1,899,200	-
	654,300	-	3,751,952	-

(Exchange rate used for transalation 1HK$ = INR 5.7343)

28. ULTIMATE HOLDING COMPANY

The directors consider the parent company, Shrenuj (Mauritius) Pvt Limited. a company incorporated in Republic of Mauritius, to be the ultimate holding company.

29. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform with the current year's presentation.

As a result of the application of HK Interpretation 5 - Presentation of financial statements - classification by the borrower of a term loan that contains a repayment on demand clause, those comparative figures in respect of terms loans with an overriding right of repayment on demand have been adjusted as current liabilities to conform to current year' presentation. Further details of this development are disclosed in note 3.

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of' Directors on 18 May 2011.

Appendix AI

INTER-GEMS (H.K.) LIMITED

DETAILED INCOME STATEMENT

For the year- ended 31 March 2011

	2011	2010	2011	2010
	HK$	**HK$**	**INR**	**INR**
Turnover				
Sales	334,400,897	344,045,733	1,917,555,064	1,972,861,447
Deduct: Cost of sales				
Inventories at beginning of the year	25,173,979	40,436,248	144,355,148	231,873,577
Purchases	343,443,466	317,480,804	1,969,407,867	1,820,530,174
Declaration	133,040	150,665	762,891	863,958
Transportation and freight charges	30,267	26,224	173,560	150,376
Inventories at end of the year	(47,356,731)	(25,173,979)	(271,557,703)	(144,355,148)
Gross profit	12,976,876	11,125,771	74,413,301	63,798,510
Add: Other revenue				
Exchange gains	-	3,346,040	-	19,187,197
Gross rental income from land and buildings	453,300	422,700	2,599,358	2,423,889
Sundry income	2,288,875	70,000	13,125,096	401,401
	2,742,175	3,838,740	15,724,454	22,012,487
Deduct: Operating costs	9,187,205	7,223,965	52,682,190	41,424,382
Add: Other net income				
Reversal of impairment losses of land and buildings	60,000	-	344,058	-
Deduct: Finance costs				
Interest on bank loans	5,541,412	5,671,707	31,776,119	32,523,269
Interest on term loans from bank with a repayment on demand clause	94,962	98,729	544,541	566,142
	5,636,374	5,770,436	32,320,660	33,089,411
Net profit for the year before taxation	955,472	1,970,110	5,478,963	11,297,204

(Exchange rate used for transalation 1HK$ = INR 5.7343)

OPERATING COSTS

For the year ended 31 March 2011

	2011	2010	2011	2010
	HK$	HK$	INR	INR
Administrative expenses				
Advertising	901,277	709,154	5,168,193	4,066,502
Agency fee	4,250	16,800	24,371	96,336
Auditor's remuneration	17,000	17,000	97,483	97,483
Bank charges	2,060,335	940,403	11,814,579	5,392,553
Business registration fee	450	450	2,580	2,580
Business trips	377,591	226,940	2,165,220	1,301,342
Cleaning	17,307	14,768	99,244	84,684
Commission	-	49,009	-	281,032
Depreciation of owned assets	264,323	262,202	1,515,707	1,503,545
Directors' emoluments	922,000	633,500	5,287,025	3,632,679
Donations	12,800	-	73,399	-
Electricity. tele-communication and water	120,641	108,189	691,792	620,388
Entertainment	197,035	246,383	1,129,858	1,412,834
Entrance and membership fee	11,750	6,000	67,378	34,406
Exchange differences	24,637	-	141,276	-
Hire of land and buildings under operating leases	646,849	653,261	3,709,226	3,745,995
Insurance	270,893	829,470	1,553,382	4,756,430
Jewellery certified fee	-	7,876	-	45,163
Legal and professional fees	171,076	18,377	981,001	105,379
License	3,500	-	20,070	-
Motor vehicle expenses	61,289	109,421	351,450	627,453

(Exchange rate used for transalation 1HK$ = INR 5.7343)

For the year ended 31 March 2011

	2011	2010	2011	2010
	HK$	HK$	HK$	HK$
Newspaper and magazine	2,200	2,068	12,615	11,859
Postage. printing and stationery	27,920	18,983	160,102	108,854
Provident fund expenses	90,126	92,678	516,810	531,443
Rates and building management fees	72,729	-	417,050	-
Repairs and maintenance	26,666	12,500	152,911	71,679
Salaries and allowances	2,358,004	1,774,225	13,521,502	10,173,938
Securities	6,600	6,910	37,846	39,624
Staff quarter expenses	243,900	71,401	1,398,596	409,435
Staff welfare and messing	30,985	32,398	177,677	185,780
Sundries	17,334	3,918	99,398	22,467
Transportation. packing and storage	194,247	308,975	1,113,871	1,771,755
Travelling	31,491	50,706	180,579	290,763
	9,187,205	7,223,965	52,682,191	41,424,381

(Exchange rate used for transalation 1HK$ = INR 5.7343)

ITHEMBA DIAMONDS PTY LTD

(Rs. in Lacs)

Capital	20.30
Reserves	(138.86)
Total Assets	77.19
Total Liabilities	77.19
Income	631.88
Profit before Taxation	(47.50)
Provision for Taxation	-
Profit after Tax	(47.50)

LUME GROUP AG

GROUPINGS OF BALANCE SHEET FOR THE YEAR ENDED 31/03/2011

	SCHEDULE	2010-11 Rupees	2010-11 CHF	2009-10 Rupees	2009-10 CHF
A	SHARE CAPITAL	53,326,130	1,100,000	53,326,130	1,100,000
B	RESERVES & SURPLUS	10,263,923	211,722	11,147,827	229,955
C	MINORITY INTEREST	-		-	
D	SECURED LOANS	-	-	-	-
E	UNSECURED LOANS	82,368,365	1,699,077	82,368,365	1,699,077
F	DEFERRED TAX	-	-	-	-
		145,958,417	**3,010,799**	**121,956,404**	**3,029,032**
G	**FIXED ASSETS**				
	Gross Block	142,649,434	2,942,542	142,649,434	2,942,542
	Less:Depreciation	1,492,453	30,786	991,527	20,453
	Net Block	141,156,981	2,911,756	141,657,907	2,922,089
	Capital Work in Progress	-	-	-	-
		141,156,981	2,911,756	141,657,907	2,922,089
H	**INVESTMENTS**	-	-	-	-
I	**CURRENT ASSETS, LOANS & ADVANCES**				
	Inventories	5,615,532	115,836	5,615,532	115,836
	Sundry Debtors	16,204,066	334,254	16,204,066	334,254
	Cash & Bank Balances	3,434,445	70,845	3,434,445	70,845
		25,254,043	520,935	22,241,633	520,935
	Loans & Advances	(9,899,172)	(204,198)	(9,899,172)	(204,198)
		15,354,871	**316,737**	**13,523,277**	**316,737**
J	**CURRENT LIABILITIES & PROVISIONS**				
	Current Liabilities	11,319,392	233,494	11,319,392	233,494
	Provisions	-	-	-	-
		11,319,392	233,494	9,969,166	233,494
	NET CURRENT ASSETS	4,035,479	83,243	3,554,111	83,243
Y	**Preliminery expenses not written off**	765,957	15,800	1,148,936	23,700
		655,818,272	13,528,079	549,678,899	13,564,545
		145,958,417	**3,010,799**	**121,956,405**	**3,029,032**

(Exchange rate used for translation 1CHF = 48.47 INR)

GROUPINGS OF PROFIT & LOSS A/C. FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	2010-11 Rupees	2010-11 CHF	2009-10 Rupees	2009-10 CHF
INCOME					
Sales and Services	**K**	-	-	15,616,024	322,124
Other Income	**L**	-	-	-	-
		-	-	15,616,024	322,124
EXPENDITURE					
Material Cost	**M**	-	-	13,273,601	273,805
Manufacturing & Other Expenses	**N**	-	-	2,073,174	42,765
Interest	**O**	-	-	-	-
Depreciation		500,926	10,333	500,926	10,333
		500,926	10,333	15,847,702	326,903
PROFIT BEFORE TAXATION		(500,926)	(10,333)	(231,678)	(4,779)
Less: Provision for Taxation - Current		-	-	-	-
Provision for Deferred Taxation		-	-	-	-
PROFIT AFTER TAXATION		(500,926)	(10,333)	(231,678)	(4,779)
Add: Balance Brought Forward		11,147,827	229,955	11,762,484	242,634
Excess provision for taxation in		-		-	
respect of previous years written back		-	-	-	-
		10,646,901	219,622	11,530,806	237,855
APPROPRIATION					
Transfer to General Reserve		-	-	-	-
Proposed Dividend		-	-	-	-
Tax on Proposed Dividend		-	-	-	-
Balance carried to Balance Sheet		10,263,923	211,722	11,147,827	229,955
		10,263,923	211,722	11,147,827	229,955

(Exchange rate used for translation 1CHF = 48.47 INR)

GROUPINGS OF PROFIT & LOSS A/C.
FOR THE YEAR ENDED 31ST March, 2011

	2010-11 Rupees	2010-11 CHF	2009-10 Rupees	2009-10 CHF
SCHEDULE 'K' - Sales				
Sales (including Inter Div.Rs.)	-	-	15,616,024	322,124
Total (a)	-	-	15,616,024	322,124
Service Charges	-	-	-	-
Total (b)	-	-	-	-
SCHEDULE 'L' - Other Income				
Consultacy fees	-	-	-	-
Sundry Receipts	-	-	-	-
Profit on Sale of Investment	-	-	-	-
Total (c)	-	-	-	-
Grant Total (a)+(b)+(c) (A)	-	-	15,616,024	322,124
SCHEDULE 'M ' - Materials Cost				
Materials Consumed				
Stock at commencement	-	-	-	-
Add: Purchases	-	-	-	-
Sale of Rough Diamonds/ Raw Materials	-	-	-	-
Less: Stock at close	-	-	-	-
	-	-	-	-
Purchase of Finished Goods	-	-	-	-
Total (d)	-	-	-	-
Variation in Stock				
Stock at close	5,615,532	115,836	5,615,532	115,836
Less: Stock at commencement	5,615,532	115,836	18,889,133	389,641
Total (e)	-	-	(13,273,601)	(273,805)
Materials Cost (d)-(e) (C)	-	-	13,273,601	273,805
SCHEDULE 'N' - Manufacturing & Other Expenses				
Stores & Spares consumed	-	-	-	-
Power & fuel	-	-	-	-
Subcontracting charges	-	-	-	-
Rent	-	-	-	-
Rates & Taxes	-	-	-	-
Machinery repairs	-	-	-	-
Other Manufacturing Expenses	-	-	-	-
Total	-	-	-	-
Employees's Emoluments:				
Salaries, Wages, Gratuity, Bonus etc.	-	-	-	-
Contribution to PF etc.	-	-	-	-
Welfare expenses	-	-	-	-
Total	-	-	-	-

(Exchange rate used for translation 1CHF = 48.47 INR)

	2010-11 Rupees	2010-11 CHF	2009-10 Rupees	2009-10 CHF
Selling & Distribution Expenses				
Marketing / Advisory Expenses	-	-	-	-
Freight & forwarding charges	-	-	-	-
Sales Promotion Expenses	-	-	-	-
Advertisement Expenses	-	-	-	-
Export Commission	-	-	-	-
Other Selling & Distribution Expenses	-	-	-	-
Total	-	-	-	-
Other Expenses:				
Insurance	-	-	-	-
Other Repairs	-	-	-	-
Legal & Professional Charges	-	-	1,120,237	23,108
	-	-	-	-
Travelling, Conveyance and Vehicle expenses	-	-	-	-
Miscellaneous Expenses	-	-	952,938	19,657
Remuneration to Auditors	-	-	-	-
Donations	-	-	-	-
Loss on sale / discarded of Assets	-	-	-	-
Total	-	-	2,073,174	42,765
Manufacturing & Other Expenses (D)	-	-	2,073,174	42,765
SCHEDULE 'O ' - Interest				
On Term Loan	-	-	-	-
To Banks	-	-	-	-
To Others	-	-	-	-
Less interest received	-	-	-	-
Total (E)	-	-	-	-
Depreciation (F)	500,926	10,333	500,926	10,333
Exchange difference on restatement	-	-	-	-
Preliminery expens written off	382,979	7,900	382,979	7,900
Provision for Income Tax (G)	-	-	-	-
Deffered Tax Liability (G)	-	-	-	-
Provision for Wealth-Tax/ Ex diff on Re-statement (G)	-	-	-	-
TOTAL (C) TO (G) (B)	883,905	18,233	16,230,680	334,803
Net profit after tax (A) - (B)	(883,905)	(18,233)	(614,656)	(12,679)
Minority Interest	-	-	-	-
Tax in respect of previous year	-	-	-	-
Surplus in Profit & Loss A/c. B/f.	11,147,827	229,955	11,762,484	242,634
Transfer of Profit from Divisions	-	-	-	-
TOTAL (X)	10,263,923	211,722	11,147,827	229,955
Transfer to General Reserve	-	-	-	-
Proposed Dividend	-	-	-	-
Tax on Dividend	-	-	-	-
TOTAL (Y)	-	-	-	-
Balance Available for Appropriation (x) - (Y)	10,263,923	211,722	11,147,827	229,955

(Exchange rate used for translation 1CHF = 48.47 INR)

SHRENUJ AUSTRALIA PTY LTD

Compilation Report

To Shrenuj Australia Pty Ltd

For the year ended 31 March 2011

We have compiled the accompanying special purpose financial statements of Shrenuj Australia Pty Ltd, which comprise the statement of financial position as at 31 March 2011, the income statement for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1.

The Responsibility of the Directors of Shrenuj Australia Pty Ltd

The directors of Shrenuj Australia Pty Ltd are solely responsible for the information contained in the special purpose financial statements and have determined that the significant accounting policies adopted as set out in Note 1 to the financial statements are appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the directors of Shrenuj Australia Pty Ltd, we have compiled the accompanying special purpose financial statements in accordance with the significant accounting policies adopted as set out in Note 1 to the financial statements and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the directors of Shrenuj Australia Pty Ltd. We do not accept responsibility to any other person for the contents of the special purpose financial statements

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Name of Firm: Shrenuj Australia Pty Ltd
Address: Suite 1405
277 Collins Street
Me!burne VIC 3000
Date: 24-05-2011

Signed: Maria Ralton for Diane Yeomans & Associates Pty Ltd

Balance Sheet As at 31 March 2011

	This Year Mar '2011 AUD	AUD	Last Year Mar '2010 AUD	INR	This Year Mar '2011 INR	Last Year Mar '2010 INR
ASSETS						
CURRENT ASSETS						
Bank Account	38726		27738	1782105		1276456
Bank Account (US$)	16005		1636	736523		75286
Deposits at Call	2110		-	97099		-
Trade Debtors	96625		-	4446518		-
Trading Stock on Hand	802990		225	36952235		10354
Consignment Stock	126512		-	5821867		-
Withholding Tax Paid	9		9	414		414
GST Receivable	86755		-	3992318		-
TOTAL CURRENT ASSETS		1169732	29608		53829078	1362510
NON-CURRENT ASSETS						
Less Premliminary						
Expenses written off	(970)		(970)	(44638)		(44638)
		(970)	(970)		(44638)	(44638)
Preliminary Expenses	970		970	44638		44638
		970	970	44638		44638
TOTAL ASSETS		1169732	29608		53829078	1362510
LIABILITIES						
CURRENT LIABILITIES						
Accrued Expenses	2356		-	108419		-
Trade Creditors	1086945		-	50019361		-
Sundry Loan	46562		46562	2142704		2142704
Loan Alija International Pty Ltd	(5807)		1629	(267228)		74964
Loan (Broadstone)	186216		186216	8569344		8569344
GST Liability	-		16540			761143
PAYG Withholding Tax Payable	12452		-	573020		-
Superannuation Payable	-		5250	-		241596
Provision for Income Tax	20327		-	935414		-
TOTAL CURRENT LIABILITIES		1349051	256197		62081034	11789750
TOTAL LIABILITIES		1349051	256197		62081034	11789750
NET ASSETS		(179319)	(226589)		(8251956)	(10427241)
EQUITY						
Issued and Paid Up Capital		10	10		460	460
Retained Earnings		(179329)	(226599)		(8252416)	(10427701)
TOTAL EQUITY		(179319)	(226589)		(8251956)	(10427241)

Exchange Rate used for translation 1 AUD = 46.0183

These statements should be read in conjunction with the attached compilation report.

Trading Profit and Loss Statement For the year ended 31 March 2011

	This Year Mar '2011 AUD	AUD	Last Year Mar '2010 AUD	INR	This Year Mar '2011 INR	Last Year Mar '2010 INR
SALES						
Sales	423513		-	19489348		-
TOTAL SALES		423513	-		19489348	-
COST OF GOODS SOLD						
Opening Stock	225		-	10354		-
Purchases	1056124		225	48601031		10354
Duty and Custom Fees	7401		-	340581		-
Closing Stock	(802990)		(225)	(36952235)		(10354)
TOTAL COST OF GOODS SOLD		(260760)	-		(11999731)	-
GROSS PROFIT		162753	-		7489617	-
OVERHEAD EXPENSES						
Accounting & Book keeping fees	5049		-	232346		-
Administration Expenses	638		-	29360		-
Bank Charges	591		15	27197		690
Debt Collection Expenses	1524		-	70132		-
Discount Allowed	6870		-	316146		-
Employees' Amenities	1485		-	68337		-
Freight and Cartage	6921		-	318493		-
Internet Costs	409		-	18821		-
Light, Heat and Power	380		-	17487		-
Office Expenses	10462		-	481443		-
Mass Market	1796		-	82649		-
Parking	118		-	5430		-
Postage	385		-	17717		-
Printing and Stationery	-		717	-		32995
Rent	7589		-	349233		-
Security	411		-	18914		-
Storage Charges	481		-	22135		-
Superannuation	6251		-	287660		-
Subscriptions and Memberships	279		-	12839		-
Telephone	704		-	32397		-
Travel	5287		-	243299		-
Travel and Accommodation	3984		-	183337		-
Wages	46826		-	2154853		-
Workcover	336		-	15462		-
TOTAL OVERHEAD EXPENSES		(108775)	(732)		(5005641)	(33685)
OTHER INCOME						
Interest Received	132		-	6074		-
Foreign Currency Fluctuations	13418		-	617474		-
TOTAL OTHER INCOME		13550	-		623548	-
NET PROFIT BEFORE INCOME TAX		67528	(732)		3107524	(33685)
Income Tax attributable to Operating Profit		(20258)	-		(932239)	-
NET PROFIT		47270	(732)		2175285	(33685)

Exchange Rate used for translation 1 AUD = 46.0183

These statements should be read in conjunction with the attached compilation report.

SHRENUJ BOTSWANA PTY. LTD.

(Registration number 2007/958)
Annual Financial Statements for the year ended 31 March 2011
Statement of Financial Position

	Note(s)	2011 US$	2010 US$	2011 INR	2010 INR
Assets					
Non-Current Assets					
Property, plant and equipment	4	2,020,625	1,568,633	90,119,875	69,961,033
Current Assets					
Inventories	8	11,894,941	11,208,084	530,514,369	499,880,546
Trade and other receivables	9	1,582,278	153,271	70,569,599	6,835,887
Cash and cash equivalents	10	727,310	106,072	32,438,026	4,730,811
		14,204,529	11,467,427	633,521,994	511,447,244
Non-current assets held for sale and assets of disposal groups		300,000	-	13,380,000	-
Total Assets		16,525,154	13,036,060	737,021,869	581,408,277
Equity and Liabilities					
Equity					
Stated capital	11	465,475	465,475	20,760,185	20,760,185
Retained income		347,031	85,061	15,477,583	3,793,721
		812,506	550,536	36,237,768	24,553,906
Liabilities					
Non-Current Liabilities					
Deferred tax	7	42,471	22,843	1,894,207	1,018,798
Current Liabilities					
Loans from related companies	5	2,110,000	2,040,000	94,106,000	90,984,000
Other financial liabilities	12	13,051,954	2,293,000	582,117,148	102,267,800
Current tax payable		2,491	18,868	111,099	841,513
Trade and other payables	13	505,732	8,110,813	22,555,647	361,742,260
		15,670,177	12,462,681	698,889,894	555,835,573
Total Liabilities		15,712,648	12,485,524	700,784,101	556,854,371
Total Equity and Liabilities		16,525,154	13,036,060	737,021,869	581,408,277

(Exchange rate used for translation 1 US$ = 44.60)

(Registration number 2007/958)
Annual Financial Statements for the year ended 31 March 2011
Statement of Comprehensive Income

	Note(s)	2011 US$	2010 US$	2011 INR	2010 INR
Revenue	15	30,217,349	3,829,223	1,347,693,765	170,783,346
Cost of sales	16	(27,370,828)	(2,861,186)	(1,220,738,929)	(127,608,896)
Gross profit		**2,846,521**	**968,037**	**126,954,836**	**43,174,450**
Other income		636	314	28,366	14,004
Operating expenses		(2,188,006)	(801,139)	(97,585,068)	(35,730,799)
Operating profit (loss)	17	**659,151**	**167,212**	**29,398,134**	**7,457,655**
Finance costs	18	(375,051)	(39)	(16,727,275)	(1,739)
Profit (loss) before taxation		**284,100**	**167,173**	**12,670,859**	**7,455,916**
Taxation	19	(22,130)	(41,711)	(986,998)	(1,860,311)
Profit (loss) for the year		**261,970**	**125,462**	**11,683,861**	**5,595,605**
Other comprehensive income		-	-	-	-
Total comprehensive income (loss)		**261,970**	**125,462**	**11,683,861**	**5,595,605**

(Exchange rate used for translation 1 US$ = 44.60)

(Registration number 2007/958)
Annual Financial Statements for the year ended 31 March 2011

Statement of Changes in Equity	Stated capital	Advances towards stated capital	Total stated capital	Retained income	Total equity	Stated capital	Advances towards stated capital	Total stated capital	Retained income	Total equity
	US$	US$	US$	US$	US$	INR	INR	INR	INR	INR
Balance at 01 April 2009	17	144,983	145,000	(40,401)	104,599	758	6,466,242	6,467,000	(1,801,885)	4,665,115
Changes in equity										
Total comprehensive income for the year	-	-	-	125,462	125,462	-	-	-	5,595,605	5,595,605
Advances towards stated capital	-	320,475	320,475	-	320,475	-	14,293,185	14,293,185	-	14,293,185
Total changes	-	320,475	320,475	125,462	445,937	-	14,293,185	14,293,185	5,595,605	19,888,790
Balance at 01 April 2010	17	465,458	465,475	85,061	550,536	758	20,759,427	20,760,185	3,793,720	24,553,905
Changes in equity										
Total comprehensive income for the year	-	-	-	261,970	261,970	-	-	-	11,683,862	11,683,862
Advances towards stated capital	465,458	(465,458)	-	-	-	20,759,427	(20,759,427)	-	-	-
Total changes	465,458	(465,458)	-	261,970	261,970	20,759,427	(20,759,427)	-	11,683,862	11,683,862
Balance at 31 March 2011	465,475	-	465,475	347,031	812,506	20,760,185	-	20,760,185	15,477,582	36,237,767
Note(s)	11	11	11							

(Exchange rate used for translation 1 US$ = 44.60)

(Registration number 2007/958)

Annual Financial Statements for the year ended 31 March 2011

Statement of Cash Flows

	Note(s)	2011	2010	2011	2010
		US$	**US$**	**INR**	**INR**
Cash flows from operating activities					
Cash used in operations	20	(8,931,787)	(3,001,899)	(398,357,700)	(133,884,695)
Finance costs		(375,051)	(39)	(16,727,275)	(1,739)
Tax paid		(18,879)	-	(842,003)	-
Net cash from operating activities		(9,325,717)	(3,001,938)	(415,926,978)	(133,886,434)
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(882,040)	(1,652,618)	(39,338,984)	(73,706,763)
Sale of property, plant and equipment		61	-	2,721	-
Proceeds from loans from related companies		70,000	2,040,000	3,122,000	90,984,000
Other non-cash items	27	27	1,204	1,204	
Net cash from investing activities		(811,952)	387,409	(36,213,059)	17,278,441
Cash flows from financing activities					
Proceeds on share issue	11	-	320,475	-	14,293,185
Repayment of other financial liabilities		10,758,954	2,293,000	479,849,348	102,267,800
Net cash from financing activities		10,758,954	2,613,475	479,849,348	116,560,985
Total cash and cash equivalents movement for the year		621,285	(1,054)	27,709,311	(47,008)
Cash and cash equivalents at the beginning of the year		106,072	107,126	4,730,811	4,777,820
Total cash and cash equivalents at end of the year	10	727,357	106,072	32,440,122	4,730,812

(Exchange rate used for translation 1 US$ = 44.60)

SHRENUJ DMCC

DIRECTORS' REPORT

The director submits his report and financial statements for the year ended 3I March 2011.

Results:

The net profit for the year amounted to US $ INR 236652863/-.

Review of the business:

The Company is mainly engaged in trading of diamonds, precious metals, precious stones, precious. jewellery and pearls.

Events since the end of the year:

There were no important events, which have occurred since the year-end that materially affect the company.

Shareholder and it's interest:

The shareholder at 31 March 2011 and its interest as at that date in the share capital of the company was as follows:

	No. of shares	US,$
Shrenuj & Company Limited	11,210	3,054,496
(represented by Mr.Smit S. Kothari)		(INR 13,62,30,522)

Auditors:

A resolution to re-appoint KSI Shah & Associates as auditors and fix their remuneration will be put to the board at the annual general meeting.

SMIT S. KOTHARI
DIRECTOR

(Rate adopted for conversion $ 1 = Rs.44.60)

Independent Auditors' Report to the Shareholder of SHRENUJ DMCC

Report on the Financial Statements

We have audited the accompanying financial statements of SHRENUJ DMCC, which comprises the Statement of financial position as of 31 March 2011, and the statement of comprehensive income statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting, policies and explanatory notes.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentations of these financial statements in accordance with International Financial Reporting Standards. 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 circumstance.

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 ethical requirements and plan and perform the audit to obtain reasonable assurance weather 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 risk 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of SHRENUJ DMCC as of 31 March 2011 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without qualifying our audit opinion we draw attention to note 1(c) of the financial statements, which states that company does not prepare consolidated financial statement, as its ultimate parent company Shrenuj & Company Limited prepares consolidated financial statements.

KSI SHAH & ASSOCIATES

CHARTERED ACCOUNTANTS
Dubai

26th May, 2011

Statement of Financial Position At 31 March 2011

	Notes	2011 US $	2010 US $	2011 INR	2010 INR
ASSETS					
Non-current assets					
Property plant and equipment	3	3,767,151	3,672,077	168,014,935	163,774,634
Capital work in progress	4	219,493	50,311	9,789,388	2,243,871
Investments	5,16	865,000	865,000	38,579,000	38,579,000
		4,851,644	4,587,388	216,383,323	204,597,505
Current assets					
Inventories	6	14,906,810	8,716,568	664,843,726	388,758,933
Trade and other receivables	7,16	50,783,484	45,462,691	2,264,943,386	2,027,636,019
Prepayments		105,083	44,882	4,686,702	2,001,737
Due from related parties	16	5,220,191	2,300,191	232,820,519	102,588,519
Cash and bank balances	8	1,100,440	2,346,142	49,079,624	104,637,932
		72,116,008	58,870,474	3,216,373,957	2,625,623,140
TOTAL ASSETS		76,967,652	63,457,862	3,432,757,280	2,830,220,645
EQUITY AND LIABILITIES					
Equity					
Share capital	9	3,054,496	3,054,496	136,230,522	136,230,522
Accumulated profits		17,809,663	12,503,545	794,310,970	557,658,107
Total equity		20,864,159	15,558,041	930,541,492	693,888,629
Non current liabilities	10	5,684,114	44,203	253,511,484	1,971,454
Current liabilities					
Trade and other payables	11,16	36,089,051	31,863,339	1,609,571,675	1,421,104,919
Due to related parties	16	1,333,400	1,333,400	59,469,640	59,469,640
Bank borrowings	I	12,996,928	14,658,879	579,662,989	653,786,003
		50,419,379	47,855,618	2,248,704,304	2,134,360,562
TOTAL EQUITY AND LIABILITIES		76,967,652	63,457,862	3,432,757,280	2,830,220,645

The accompanying notes on pages 1 to 22 form an integral part of ‘these financial statements.

The Independent Auditors’ Report is set forth on page 2.

Approved by the board of directors on 26th May 2011 and signed on its behalf by:

For SHRENUJ DMCC,
DIRECTOR

(Rate adopted for conversion $ 1 = Rs.44.60)

Statement of Comprehensive Income for the year ended 31 March 2011

	Notes	2011 US$	2010 US$	2011 INR	2010 INR
Revenue	16	**91,006,597**	**66,196,383**	**4,058,894,226**	**2,952,358,682**
Cost of sales	13,16	(83,139,989)	(61,140,783)	(3,708,043,509)	(2,726,878,922)
Gross profit		**7,866,608**	**5,055,600**	**350,850,717**	**225,479,760**
Other income	14	51,152	38,875	2,281,379	1,733,825
Expenses	15	(1,677,133)	(1,313,282)	(74,800,132)	(58,572,377)
Profit from operations		**6,240,627**	**3,781,193**	**278,331,964**	**168,641,208**
Interest income from bank		2,808	518,881	125,237	23,142,093
Finance cost		(787,777)	(489,353)	(35,134,854)	(21,825,144)
Profit from operation after finance cost		**5,455,658**	**3,810,721**	**243,322,347**	**169,958,157**
Profit/(loss) on derivative instruments		(149,540)	533,281	(6,669,484)	23,784,333
Net profit for the year		**5,306,118**	**4,344,002**	**236,652,863**	**193,742,490**

The accompanying notes on pages 1 to 22 form an integral part of these financial statements.
(Rate adopted for conversion $ 1 = Rs.44.60)

Statement of Changes in Equity for the year ended 31 March 2011

	Share Capital US$	Accumulated Profits US $	Total US $	Share Capital INR	Accumulated Profits INR	Total INR
As at 31 March 2009	**3,054,496**	**8,159,543**	**11,214,039**	**136,230,522**	**363,915,618**	**500,146,140**
Net profit for the year	-	4,344,002	4,344,002	-	193,742,489	193,742,489
As at 31 March 2010	**3,054,496**	**12,503,545**	**15,558,041**	**136,230,522**	**557,658,107**	**693,888,629**
Net profit for the year	-	5,306,118	5,306,118	-	236,652,863	236,652,863
As at 31 March 2011	**3,054,496**	**17,809,663**	**20,864,159**	**136,230,522**	**794,310,970**	**930,541,492**

The accompanying notes on pages 1 to 22 form an integral part of these financial statements.

(Rate adopted for conversion $ 1 = Rs.44.60)

Statement of Cash Flows for the year ended 31 March 2011

	Notes	2011 US $	2010 US $	2011 INR	2010 INR
Cash flows from operating activities					
Net profit for the year		5,306,118	4,344,002	236,652,863	193,742,489
Adjustment for:					
Depreciation		163,865	46,612	7,308,379	2,078,895
Profit on sale of property plant and equipment		-	(101)	-	(4,505)
Finance cost		787,777	489,353	35,134,854	21,825,144
(Profit)/loss on derivative instruments		149,540	(533,281)	6,669,484	(23,784,333)
Interest income		(2,808)	(518,881)	(125,237)	(23,142,093)
Provision for staff end of service benefits		14,911	26,383	665,031	1,176,682
Operating profit before working capital changes		**6,419,403**	**3,854,087**	**286,305,374**	**171,892,279**
Changes in inventories		(6,190,242)	852,584	(276,084,793)	38,025,246
Changes in trade and other receivables and prepayments		(5,380,995)	(27,928,935)	(239,992,377)	(1,245,630,501)
Changes in trade and other payables		4,225,712	12,554,340	188,466,755	559,923,564
Cash from/(used in) operating activities		**(926,122)**	**(10,667,924)**	**(41,305,041)**	**(475,789,412)**
Staff end of service benefits paid			(19,340)	-	(862,564)
Finance cost paid		(787,777)	(489,353)	(35,134,854)	(21,825,144)
Net cash from/(used in) operating activities		**(1,713,899)**	**(11,176,617)**	**(76,439,895)**	**(498,477,120)**
Cash flows from investing activities					
Purchase of property, plant and equipment		(258,938)	(1,316,850)	(11,548,635)	(58,731,510)
Changes in work in progress		(169,182)	-	(7,545,517)	-
Advance against properties		-	1,011,456	-	45,110,938
Profit/(loss) on derivative instruments		(149,540)	533,281	(6,669,484)	23,784,333
Investments in shares		-	(865,000)	-	(38,579,000)
Proceeds from sale of property, plant and equipment		-	136	-	6,066
Changes in fixed deposits		(2,048)	7,554,862	(91,341)	336,946,845
Changes in margin deposits		-	(12,970)	-	(578,462)
Interest income received		2,808	518,881	125,237	23,142,093
Net cash from/(used in) investing activities		**(576,900)**	**7,423,796**	**(25,729,740)**	**331,101,303**
Cash flows from financing activities					
Changes in related parties balances		(2,920,000)	(1,695,797)	(130,232,000)	(75,632,546)
Changes in bank borrowings		3,963,049	7,058,960	176,751,985	314,829,616
Net cash from/(used in) financing activities		**1,043,049**	**5,363,163**	**46,519,985**	**239,197,070**
Cash and cash equivalents at end of the year		**(1,247,750)**	**1,610,342**	**(55,649,650)**	**71,821,253**
Cash and cash equivalents at beginning of the year		**2,243,714**	**633,372**	**100,069,644**	**28,248,391**
Cash and cash equivalents at end of the year	17	**995,964**	**2,243,714**	**44,419,994**	**100,069,644**

The accompanying notes on pages 1 to 21 form an integral part of these financial statements.

(Rate adopted for conversion $ 1 = Rs.44.60)

Notes to the Financial Statements for the Year ended 31 March 2011

1. Legal status and business activity

a) **SHRENUJ DMCC** is a limited liability Company registered under trade license number 30243 at Dubai Multi Commodities Centre with Government of Dubai, UAE.

b) The Company is registered to carry trading of diamonds, precious metals, precious stones, precious jewellery and pearls.

c) The Company does not prepare consolidated financial statements as its ultimate parent company Shrenuj & Company Limited prepares consolidated financial statements. The registered office of Shrenuj & Company Limited is at C-405. Dharam Palace. 100-103 N.S. Patkar Marg, Mumbai,India.

2. Significant accounting policies, estimates and judgments

Significant accounting estimates and judgments:

The Company makes estimates and assumptions concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates by definition, may differ from the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities at 3I March 2011 within the next financial year are discussed below.

Carrying values of property, plant and equipment

Residual values are assumed to be 5% of cost, unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets estimated useful lives.

Inventory provisions

Management regularly undertakes a review of the company's inventory in order to assess the likely realization proceeds, taking into account purchase and current market prices, age, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Doubtful debt provisions

Management regularly undertakes a review of the amounts of receivables owed to the Company either from third parties and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment:

Financial and non-financial assets are subject to impairment review based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on calculation of expected future cash flows which includes management assumptions and estimates of future performances.

Basis of preparation

Functional and presentation currency

The functional currency of the Company is UAE Dirhams. These financial statements are presented in United States Dollars ("USD"), which in the opinion of management is the most appropriate presentation currency in view of the global presence of the group. UAE Dirham is currently pegged to USD and there are no differences on translation from functional to presentation currency.

Significant accounting policies:

The financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards. The significant accounting policies adopted are as follows:

a) **Depreciation of property, plant and equipment:**

The cost less estimated residual value of 5% cost of property, furniture and equipment is depreciated by equal annual installments over their estimated useful lives as under.

Office & residential premises	25 years
Office furniture	10 years
Office equipment	5-6 years
Vehicles	5 years

During the previous years the useful lives with zero residual value was estimated as under:

Office & residential premises	28-30 years
Furniture, office equipments & vehicles	4 years

Depreciation on additions is calculated on a pro-rata basis from the month of addition and on deletion up to the month of deletion of the asset.

b) **Investment in subsidiaries:**

Subsidiary companies are those companies in which the Company. directly or indirectly. has an interest of more than one half of the voting rights or otherwise has power to exercise control over the financial and operating policies.

Investment in subsidiaries is stated at cost.

Income from investment in subsidiaries is accounted only to the extent of receipt of distribution of accumulated net profits of subsidiary. Distributions received in excess of such profits are considered as a recovery of investments and are recorded as a reduction of the cost of investments.

c) **Investments in other securities:**

Investments in securities are recognised on a trade date basis and are initially measured at cost. At subsequent reporting dates, investments in securities classified as held for trading are measured at fair value. For held for trading securities, the net unrealised change in fair value and the gains and losses on disposal are recognised in the statement of income.

Investments, which have fixed or determinable payments and which are intended to be held to maturity are classified as "held to maturity" and measured at amortised cost less provision for impairment in value. Amortised cost is calculated by taking into account any discount or premium on acquisition.

All other investments are classified as "available for sale". Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised directly in equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss. Unquoted shares are valued at cost.

Fair values for investments include foreign exchange gain or losses arising on account of foreign currencies translated at the rate of exchange ruling at the balance sheet date.

Dividend income is accounted on receipt basis and net of withholding taxes where applicable in the country of origin.

d) Inventories:

Inventories are valued at lower of cost and net realisable value using the weighted average method Inventory of jewellery is valued at cost. Cost comprises invoice value plus applicable making charges. Net realisable value is based on estimated selling price less further cost expected to be incurred for disposal.

e) Trade receivables:

Provision is made for doubtful debts. Bad debts are written off when there is no possibility of recovery.

f) Trade and other payables:

Liabilities are recognized for amounts to be paid for goods or services received, whether invoiced by the supplier or not.

g) Staff end of service benefits:

Provision is made for end of service benefits payable at the balance sheet in accordance with the local labour law.

h) Derivatives:

The Company uses derivative financial instruments such as forward currency contracts. Such derivative financial instruments are initially recognized at fair value 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 income statement.

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

i) Revenue:

Sales represent net amount invoiced for goods delivered during the year. Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

Interest income is accounted on accrual basis.

Dividend income is accounted on receipt basis

J) Foreign currency transactions:

Transactions in foreign currencies are converted into US Dollars at the rate of exchange ruling on the date of the transaction.

Assets and liabilities expressed in foreign currencies are translated into US Dollars at the rate of exchange ruling at the balance sheet date.

Resulting exchange gains/losses are taken to the income statement.

k) Cash and cash equivalents:

Cash and cash equivalents for the purpose of the cash flow statement comprise cash and cheques on hand, bank balance in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

1) Dividend:

Dividend is paid out of accumulated profits, when declared.

3. Property, plant and equipment

	*Office & Residential Premises	Furniture & office equipment	Vehicles	Total	Office Residential Premises	Furniture & office equipment	Vehicles	Total
	US$	US$	US$	US$	INR	INR	INR	INR
Cost								
As at 01.04.2010	#3,567,120	103,701	112,855	3,783,676	159,093,552	4,625,065	5,033,333	168,751,950
Purchased during the year	240,697	18,241	-	258,938	10,735,086	813,549	-	11,548,635
As at 31.03.2011	3,807,817	121,942	112,855	4,042,614	169,828,638	5,438,614	5,033,333	180,300,585
Depreciation								
As at 01.04.2010	-	65,717	45,882	111,599	-	2,930,978	2,046,337	4,977,315
Charge for the year	135,551	6,871	21,442	163,864	6,045,575	306,447	956,313	7,308,335
As at 31.03.2011	135,551	72,588	67,324	275,463	6,045,575	3,237,425	3,002,650	12,285,650
Net book value								
As at 31.03.2011	3,672,266	49,354	45,531	3,767,151	163,783,064	2,201,188	2,030,683	168,014,935
As at 3 1.03.2010	3,567,120	37,984	66,973	3,672,077	159,093,552	1,694,086	2,986,996	163,774,634

Represents offices no.16 D and 41 D at Ahnas Tower, Dubai. U.A.E. and residential flats 3702 and 3710 at Gold Crest View, flat no.1705 at Global Lake View, Dubai. U.A.E. However as of the reporting date Flat No.1705 at Global Lake View was not put to use and hence no depreciation is charged for the year.

#Includes offices no.16 D and 41 D at Almas Tower amounting to US $ 2,836,781/- (INR 12,65,20,433) under mortgage against bank borrowing (refer note 12).

Due to change in estimated life and residual value of all assets, depreciation has recluced by US $ 7,020/- (INR 313,092) in the current year.

In the opinion of the management, there is no impairment of permanent nature as of the reporting date.

(Rate adopted for conversion $ 1 = Rs.44.60)

		2011 US$	2010 US$	2011 US$	2010 US$
4	**Capital work in progress**				
	Interior fit out of Offices*	219,493	50,311	9,789,388	2,243,871
	*Refer note 2O for capital commitment.				
5	**Investments**				
	In a subsidiary - (I00 shareholding) Global Marine Diamond Company, State of Delaware. USA				
	1500 shares (570/-	855,000	855,000	38,133,000	38,133,000
	Unquoted shares)				
	Intercontinental Jewellery Manufacturing Public Co. Ltd.				
	Thailand 150,757 (0.10% shareholding)	10,000	10,000	446,000	446,000
		865,000	865,000	38,579,000	38,579,000
6	**Inventories**				
	Polished diamonds	12,066,413	6,842,451	538,162,020	305,173,315
	Jewellery	2,840,397	1,874,117	126,681,706	83,585,618
		14,906,810	8,716,568	664,843,726	388,758,933

*Includes inventories amounting to US$ 6,777,615 (INR 302,281,629) (previous year US$ 2,577,941 INR 114,976,169) given on consignment basis.

		2011 US$	2010 US$	2011 US$	2010 US$
7	**Trade and other receivables**				
	Trade receivables (refer note 16)	49,301,960	43,020,412	2,198,867,416	1,918,710,375
	Other receivables *	1,295,678	2,412,655	57,787,239	107,604,413
		50,597,638	45,433,067	2,256,654,655	2,026,314,788
	Provision for doubtful debts	(111,867)	(111,867)	(4,989,268)	(4,989,268)
		50,485,771	45,321,200	2,251,665,387	2,021,325,520
	Advance to staff	275,481	21,127	12,286,453	942,264
	Accrued interest	1,796	1,036	80,102	46,206
	Unrealised gain on derivative instruments	-	92,925	-	4,144,455
	Deposits	20,436	26,403	911,446	1,177,574
		50,783,484	45,462,691	2,264,943,388	2,027,636,019

Represents unsecured other receivables, on demand from business associates within and outside U.A.E. without any stipulation of interest.

(Rate adopted for conversion $ 1 = Rs.44.60)

		2011 US$	2010 US$	2011 INR	2010 INR
8	**Cash and bank balances**				
	Cash on hand	44,707	98,408	1,993,932	4,388,997
	Bank balance in:				
	Current accounts	951,257	2,145,306	42,426,062	95,680,648
	Margin deposits (refer note -11)	43,079	43,079	1,921,323	1,921,323
	Fixed deposits	61,397	59,349	2,738,306	2,646,965
		1,100,440	2,346,142	49,079,623	104,637,933
9	**Share capital**				
	11210 shares of US$ 1,000	3,054,496	3,054,496	136,230,522	136,230,522
	(converted US$ @ Dhs 3.67 each)				
10	**Non-current liabilities**				
	Term loan from a bank	7,125,000	-	317,775,000	-
	Short term portion (refer note 12)	(1,500,000)	-	(66,900,000)	-
		5,625,000	-	250,875,000	-
	Staff end of service benefits	59,114	44,203	2,636,484	1,971,454
	Total non-current liabilities	5,684,114	44,203	253,511,484	1,971,454
11	**Trade and other payables**				
	Trade payables (refer note 16)	35,917,247	31,110,340	1,601,909,216	1,387,521,164
	Other payables	9,981	631,462	445,153	28,163,205
	Accruals	161,823	121,537	7,217,306	5,420,550
		36,089,051	31,863,339	1,609,571,675	1,421,104,919
12	**Bank borrowings**				
	Short term loans*	8,496,928	7,811,194	378,962,989	348,379,252
	Bills discounting	3,000,000	6,847,685	133,800,000	305,406,751
	Term loan short term portion (refer note 10)	1,500,000		66,900,000	-
		12,996,928	14,658,879	579,662,989	653,786,003

*Working capital loan repayable within one rear.

Bank borrowings and other facilities are secured against

- Corporate guarantee from Shrenuj & Company Limited. India.
- Mortgage charge over two DM (office premises at Abnas Tower, Dubai.)
- Non-notarised mortgage over stocks and receivables.
- Post dated cheque of USD 5 million. (INR 223 million)
- Personal guarantee of Mr. Smit Kothari.
- Assignment of insurance policies covering risk of fire theft, burglary, riots etc.

In addition there are various conditions and financial covenants attached to the bank facilities, which are in the normal course of business.

(Rate adopted for conversion $ 1 = Rs.44.60)

13 Cost of sales

Cost of sales includes cost of diamonds or cost of jewellery sold and other direct costs.

	2011 US$	2010 US$	2011 INR	2010 INR
14 Other income				
Profit on sale of property, plant and equipment	-	101	-	4,505
Dividend income	425	1,195	18,955	53,297
Miscellaneous and commission income	50,727	37,579	2,262,424	1,676,023
	51,152	38,875	2,281,379	1,733,825
15 Expenses				
Director's salaries and benefits	586,294	190,790	26,148,712	8,509,234
Staff salaries and benefits	425,893	509,867	18,994,828	22,740,068
Rent	30,272	30,272	1,350,131	1,350,131
Commission on sales	12,688	53,688	565,885	2,394,485
Other administrative expenses	458,121	468,429	20,432,197	20,891,933
Provision for doubtful debts	-	13,624	-	607,630
Depreciation	163,865	46,612	7,308,379	2,078,895
	1,677,133	1,313,282	74,800,132	58,572,376

16 Related party transactions

The Company in the normal course of business enters into transactions with other business enterprises that fall within the definition of a related party contained in the International Accounting Standard - 24 Related parties are the entities Under common ownership and/or common management control associate entities and entities of relatives and family trust.

The nature and amount of significant transactions during the year and balances as at 31 March 2011 are as Under:

	2011 US$	2010 US$	2011 INR	2010 INR
Purchases	35,650,239	29,860,376	1,590,000,659	1,331,772,770
Sales	16,655,544	11,433,589	742,837,262	509,938,069

The Company also receives funds from and provides funds to related parties as and when required to meet working capital requirements free of interest charge.

(Rate adopted for conversion $ 1 = Rs.44.60)

At the balance sheet date. balances with related parties were as follows:

	2011 US$	2010 US$	2011 INR	2010 INR
Included in investments:				
Investment in a subsidiary	855,000	855,000	38,133,000	38,133,000
Included in current assets:				
Trade receivables	2,256,096	6,947,943	100,621,882	309,878,258
Due from related parties	5,220,191	2,300,190	232,820,519	102,588,474
Included in current liabilities:				
Trade payable	10,379,645	26,016,781	462,932,167	1,160,348,433
Due to related parties	1,333,400	1,333,400	59,469,640	59,469,640

17 Cash and cash equivalents

Cash on hand	44,707	98,408	1,993,932	4,388,997
Bank balances in current accounts	951,257	2,145,306	42,426,062	95,680,648
	995,964	2,243,714	44,419,994	100,069,645

18 Financial instruments: Credit, interest rate, liquidity and exchange rate risk exposures

Credit risk

Financial assets which potentially expose the Company to concentration of credit risk comprise principally of bank balances, trade and other receivables and due from related parties.

The Company's bank balances in current. margin and fixed deposit accounts are placed with high credit quality financial institutions.

As at 31 March 2011 the Company's significant concentration of credit risk from trade receivables situated within UAE amounted to US $ 42,064,406/- (INR 1876072508).

As at 31 March 2011 there is no significant concentration of credit risk outside U.A.E. and from outside the industry in which the company operates.

Interest rate risk

Bank borrowings are at rates prevailing in international markets.

(Rate adopted for conversion $ 1 = Rs.44.60)

Liquidity risk

The following are the contractual maturities of the Company's financial liabilities as of 31 March 2011.

	Carrying Amounts	Payable within next12 months	Payable after 12 months	Carrying Amounts	Payable within next 12months	Payable after 12 months
Non-derivative financial liabilities	**US$**	**US$**	**US$**	**INR**	**INR**	**INR**
Trade and other payables	36,089,051	36,089,051	-	1,609,571,675	1,609,571,675	-
Due to related parties	1,333,400	1,333,400	-	59,469,640	59,469,640	-
Term loan	7,125,000	1,500,000	5,625,000	317,775,000	66,900,000	250,875,000
Staff end of service benefits	59,114	-	59,114	2,636,484	-	2,636,484
Loans	8,496,928	8,496,928	-	378,962,989	378,962,989	-
Bills discounting	3,000,000	3,000,000	-	133,800,000	133,800,000	-
	56,103,493	50,419,379	5,684,114	2,502,215,788	2,248,704,304	253,511,484

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in U.A.E. Dirhams or US Dollars to which the Dirham is fixed.

19 Financial instruments: Fair value

The fair values of the Company's financial assets comprising of trade and other receivables, due from related parties and bank balances and financial liabilities comprising of trade and other payables, due to related parties and bank borrowings approximate to their carrying values.

20 Capital commitment

The Company has entered into a contract for interior fit out of office amounting to US $ 1 64,850/- (INR 7,352,310) The outstanding capital commitment at the balance sheet date is US $ 39,510/- (INR 1,762,146) (not provided).

	2011	2010	2011	2010
	US$	**US$**	**INR**	**INR**
21 Contingent liability				
Bankers' letters of guarantee	43,079	43,079	1,921,323	1,921,323

22 Comparative figures

Previous year figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.

(Rate adopted for conversion $ 1 = Rs.44.60)

SHRENUJ GmbH

GROUPINGS OF BALANCE SHEET FOR THE YEAR ENDED 31/03/2011

	SCHEDULE	2010-11 Rupees	2010-11 Euro	2009-10 Rupees	2009-10 Euro
A	SHARE CAPITAL	1,578,395	25,000	1,578,395	25,000
B	RESERVES & SURPLUS	(13,313,892)	(210,877)	(7,955,353)	(126,004)
C	MINORITY INTEREST	-	-	-	-
D	SECURED LOANS	-	-	-	-
E	UNSECURED LOANS	72,440,798	1,147,381	73,506,524	1,164,261
F	DEFERRED TAX	-	-	-	-
		60,705,301	**961,504**	**67,129,566**	**1,063,257**
G	**FIXED ASSETS**				
	Gross Block	8,977,784	142,198	8,946,217	141,698
	Less:Depreciation	7,211,750	114,226	5,706,403	90,383
	Net Block	1,766,034	27,972	3,239,814	51,315
	Capital Work in Progress	-	-	-	-
		1,766,034	27,972	3,239,814	51,315
H	**INVESTMENTS**	-	-	-	-
I	**CURRENT ASSETS, LOANS & ADVANCES**				
	Inventories	71,144,042	1,126,842	68,485,058	1,084,726
	Sundry Debtors	83,088,782	1,316,033	103,667,600	1,641,978
	Cash & Bank Balances	7,615,410	120,620	1,922,173	30,445
		161,848,234	2,563,494	174,074,831	2,757,149
	Loans & Advances	10,490,412	166,156	12,004,596	190,139
		172,338,646	**2,729,650**	**186,079,427**	**2,947,289**
J	**CURRENT LIABILITIES & PROVISIONS**				
	Current Liabilities	113,399,379	1,796,120	122,189,675	1,935,348
	Provisions	-	-	-	-
		113,399,379	1,796,120	122,189,675	1,935,348
	NET CURRENT ASSETS	58,939,267	933,530	63,889,752	1,011,940
Y	**BRANCH ACCOUNTS**	-	-	-	-
		872,690,454	13,822,436	942,764,601	14,932,331
		60,705,301	**961,502**	**67,129,566**	**1,063,255**

(Exchange rate used for translation 1Euro = 63.135 INR)

GROUPINGS OF PROFIT & LOSS A/C. FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	2010-11 Rupees	2010-11 Euro	2009-10 Rupees	2009-10 Euro
INCOME					
Sales and Services	**K**	183,939,967	2,913,402	159,541,233	2,526,954
Other Income	**L**	8,740,746	138,444	5,280,562	83,638
		192,680,713	3,051,846	164,821,795	2,610,592
EXPENDITURE					
Material Cost	**M**	168,171,297	2,663,644	105,467,191	1,670,482
Manufacturing & Other Expenses	**N**	28,585,966	452,770	43,420,708	687,735
Interest	**O**	(223,388)	(3,538)	(180,529)	(2,859)
Depreciation		1,505,347	23,843	2,053,648	32,527
Exchange difference on restatement		-	-	-	-
		198,039,222	3,136,718	150,761,018	2,387,885
PROFIT BEFORE TAXATION		(5,358,509)	(84,873)	14,060,777	222,707
Less: Provision for Taxation - Current		-	-	-	-
Provision for Deferred Taxation		-	-	-	-
PROFIT AFTER TAXATION		(5,358,509)	(84,873)	14,060,777	222,707
Add: Balance Brought Forward		(10,001,963)	(158,420)	(24,062,740)	(381,127)
Excess provision for taxation in		-		-	
respect of previous years written back		-	-	-	-
		(15,360,472)	(243,293)	(10,001,963)	(158,420)
APPROPRIATION					
Transfer to General Reserve		-	-	-	-
Proposed Dividend		-	-	-	-
Tax on Proposed Dividend		-	-	-	-
Balance carried to Balance Sheet		(15,360,472)	(243,293)	(10,001,963)	(158,420)
		(15,360,472)	(243,293)	(10,001,963)	(158,420)

(Exchange rate used for translation 1Euro = 63.135 INR)

GROUPINGS OF PROFIT & LOSS A/C. FOR THE YEAR ENDED 31st March, 2011

		2010-11		2009-10	
		Rupees	Euro	Rupees	Euro
SCHEDULE 'K' - Sales					
Sales (including Inter Div.Rs.)		183,939,967	2,913,402	159,541,233	2,526,954
Total (a)		183,939,967	2,913,402	159,541,233	2,526,954
Service Charges		-	-	-	-
Total (b)		-	-	-	-
SCHEDULE 'L' - Other Income					
Insurance Claim		486,503	7,706	64,830	1,027
Commission income		-	-	-	-
Sundry Receipts		8,254,243	130,738	5,215,732	82,611
Profit on sale of Fixed Assets		-	-	-	-
Total (c)		8,740,746	138,444	5,280,562	83,638
Grant Total (a)+(b)+(c)	(A)	192,680,713	3,051,846	164,821,795	2,610,592
SCHEDULE 'M ' - Materials Cost					
Materials Consumed					
Stock at commencement		-	-	-	-
Add: Purchases		-	-	-	-
Sale of Rough Diamonds/Raw Materials					
Less: Stock at close		-	-	-	-
		-	-	-	-
Purchase of Finished Goods		170,830,281	2,705,759	99,110,882	1,569,805
Total (d)		170,830,281	2,705,759	99,110,882	1,569,805
Variation in Stock					
Stock at close		71,144,042	1,126,842	68,485,058	1,084,726
Less: Stock at commencement		68,485,058	1,084,726	74,841,367	1,185,403
Total (e)		2,658,984	42,115	(6,356,309)	(100,677)
Materials Cost (d)-(e)	(C)	168,171,297	2,663,644	105,467,191	1,670,482
SCHEDULE 'N' - Manufacturing & Other Expenses					
Stores & Spares consumed		-	-	-	-
Power & fuel		-	-	-	-
Subcontracting charges		-	-	-	-
Rent		-	-	1,774,432	28,105
Rates & Taxes		-	-	-	-
Machinery repairs		-	-	-	-
Other Manufacturing Expenses		-	-	-	-
Total		-	-	1,774,432	28,105
Employees's Emoluments:					
Salaries, Wages, Gratuity, Bonus etc.		8,135,682	128,860	14,629,926	231,722
Contribution to PF etc.		1,848,367	29,276	3,168,206	50,181
Welfare expenses		831,498	13,170	1,097,207	17,379
Total		10,815,547	171,306	18,895,339	299,281

(Exchange rate used for translation 1Euro = 63.135 INR)

		2010-11		2009-10	
		Rupees	Euro	Rupees	Euro
Selling & Distribution Expenses					
Marketing / Advisory Expenses		961,238	15,225	655,554	10,383
Freight & forwarding charges		1,581,025	25,042	1,211,070	19,182
Sales Promotion Expenses		22,077	350	23,801	377
Advertisement Expenses		64,371	1,020	-	-
Export Commission		2,200,041	34,846	1,883,347	29,830
Other Selling & Distribution Expenses		1,181,230	18,709	736,972	11,673
Total		6,009,982	95,191	4,510,744	71,445
Other Expenses:					
Insurance		568,484	9,004	739,768	11,717
Other Repairs		-	-	16,824	266
Legal & Professional Charges		396,901	6,286	790,707	12,524
Travelling, Conveyance and Vehicle expenses		2,997,562	47,478	2,280,335	36,118
Miscellaneous Expenses		6,451,818	102,190	13,426,404	212,659
Remuneration to Auditors		1,345,672	21,314	986,155	15,620
Donations		-	-	-	-
Loss on sale / discarded of Assets		-	-	-	-
Total		11,760,437	186,272	18,240,193	288,904
Manufacturing & Other Expenses	(D)	28,585,966	452,770	43,420,708	687,735
SCHEDULE 'O ' - Interest					
On Term Loan		-	-	-	-
To Banks		-	-	-	-
To Others		-	-	5,301	84
Less interest received		223,388	3,538	185,830	2,943
Total	(E)	(223,388)	(3,538)	(180,529)	(2,859)
Depreciation	(F)	1,505,347	23,843	2,053,648	32,527
Exchange difference on restatement		-	-	-	-
Provision for Income Tax	(G)	-	-	-	-
Deffered Tax Liability	(G)	-	-	-	-
Provision for Wealth-Tax/ Ex diff on Re-statement	(G)	-	-	-	-
TOTAL (C) TO (G)	(B)	198,039,222	3,136,718	150,761,018	2,387,885
Net profit after tax (A) - (B)		(5,358,509)	(84,873)	14,060,777	222,707
Minority Interest		-	-	-	-
Tax in respect of previous year		-	-	-	-
Surplus in Profit & Loss A/c. B/f.		(10,001,963)	(158,420)	(24,062,740)	(381,127)
Transfer of Profit from Divisions		-	-	-	-
TOTAL	(X)	(15,360,472)	(243,293)	(10,001,963)	(158,420)
Transfer to General Reserve		-	-	-	-
Proposed Dividend		-	-	-	-
Tax on Dividend		-	-	-	-
TOTAL	(Y)	-	-	-	-
Balance Available for Appropriation	(x) - (Y)	(15,360,472)	(243,293)	(10,001,963)	(158,420)

(Exchange rate used for translation 1Euro = 63.135 INR)

SHRENUJ JAPAN CORPORATION

Kurihara C.P.A. Office

412-1 Ohaza Mizuno, Sayama-shi, Saitama 350-1317, Japan

Phone+81-(0)4-2958-1311 Fax:+81-(0)4-2958-1317

TO WHOM IT MAY CONCERN

In our opinion, the financial statements of Shrenuj Japan Corporation, which is prepared on the basis of the information provided by Representative Directors, present fairly, in all material respects in conformity with accounting principles generally accepted in Japan.Tokyo,

Japan Kurihara C.P.A.

Office+B1:B13

May 10,2011

BALANCE SHEETS
March 31,2011

	YEN	INR
ASSETS		
Current Assets		
Cash on hand and in banks	10188233	5446629
Accounts receivable	14694558	7855711
Inventories	10374536	5546227
Accounts receivable-other	1293025	691251
Prepaid expenses	335700	179465
Other current assets	80560	43067
Allowance for doubtful accounts	(145000)	(77517)
Total Current Assets	36821612	19684834
Fixed Assets		
Tangible Fixed Assets		
Buildings and attached structures	280700	150062
Tools, furniture and fixtures	1732000	925927
	2012700	1075989
Less accumulated depreciation	(1298541)	(694200)
Total Tangible Fixed Assets	714159	381789
Intangible Fixed Assets		
Software	174829	93464
Total Intangible Fixed Assets	174829	93464
Investments and Other Assets		
Guarantee Deposits Paid	706000	377428
Long-term Prepaid expenses	199566	106688
Total Investments and Other Assets	905566	484116
Total Fixed Assets	1794554	959369
Total Assets	38616166	20644203

	YEN	INR
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	10779526	5762735
Current portion of long-term debt	4668000	2495513
Accrued expenses	375962	200989
Deposits received	8353660	4465867
Income taxes payable	70000	37422
Consumption taxes payable	197200	105423
Other current liabilities	199097	106437
Total Current Liabilities	24643445	13174386
Long-term Liabilities		
Long-term debt	49976384	26717375
Total Long-term Liabilities	49976384	26717375
Total Liabilities	74619829	39891761
Shareholder's Equity		
Common stock	8000000	4276800
Deficit	(44003663)	(23524358)
Total Shareholder's Equity	(36003663)	(19247558)
Total Liabilities and Shareholder's Equity	38616166	20644203

Exchange Rate used for translation 1 YEN = 0.5346

STATEMENTS OF INCOME
March 31,2011

	YEN	INR
Net Sales	62796040	33570763
Cost of Sales	(56391638)	(30146970)
Gross Profit	6404402	3423793
Selling, General and Administrative Expenses		
Director's salaries	7150000	3822390
Employees' salaries	8441278	4512707
Welfare expenses	1925294	1029262
Shipping cost	495253	264762
Commissions	2070801	1107050
Sales promotion expenses	50000	26730
Traveling expenses	1226043	655443
Communication expenses	1325807	708776
Utilities	431841	230862
Supplies	225753	120688
Insurance expenses	380615	203477
Depreciation	424745	227069
Professional fees	2119200	1132924
Rent expenses	3104000	1659398
Bank charges	475209	254047
Other expenses	888462	474972
Total Selling, General and Administrative Expenses	30734301	16430557
Operating income	(24329899)	(13006764)
Non-operating income		
Foreign currency exchange gain	1765207	943680
Other income	843803	451097
	2609010	1394777
Non-operating expenses		
Interest expenses	347350	185693
Other expenses	94565	50554
	441915	236247
Ordinary income	(22162804)	(11848234)
Net income before income taxes	(22162804)	(11848234)
Income taxes	70000	37422
Net income	(22232804)	(11885656)

NOTE 1 Inventories: Inventories are stated at cost by specific cost method.

NOTE 2 Allowance for doubtful accounts:

Allowance for doubtful accounts is stated based on Japanese tax law.

NOTE 3 Depreciation and amortization:

Tangible assets : mainly declining balance method based on Japanese tax law.

Intangible assets : straight-line method based on Japanese tax law.

NOTE 4 Type and number of shares

Ordinary share

Outstanding shares at the end of March 31,2011 200 shares

SHRENUJ JEWELLERY (FAR EAST) LTD.

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited financial statements of Shrenuj Jewellery (Far East) Limited (the "Company") for the year ended 31st March 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the manufacturing/trading of jewellery. There are no significant changes compared with the activities conducted in previous year.

FINANCIAL STATEMENTS

The profit of the Company for the year ended 31st March 2011 and the state of the Company's affairs as at that date are exhibited in the annexed audited financial statements.

RESERVES

Details of the movements in the reserves during the year are set out in the statement of changes in equity on page 7.

DIVIDENDS

No dividends were paid or proposed to be paid (2010: US$ Nil).

SHARE CAPITAL

There are no changes in the composition of the authorized and issued capital of the Company.

FIXED ASSETS

Details of the movements in fixed assets during the year are set out in note 4 to the financial statements.

DIRECTORS

The following directors held office during the financial year:-

Parikh Nihar Nitin

Doshi Vishal Shreyas

In accordance with the Company's Articles of Association, all existing directors shall remain in office.

DIRECTORS' INTERESTS

No contracts of significance to which the Company 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 a party to any arrangement to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITOR

The financial statements for the year were audited by Messrs. Cheng & Cheng Limited who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Sd/-
Nihar Nitin Parikh
Chairman

Hong Kong, 28 May 2011

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SHRENUJ JEWELLERY (FAR EAST) LIMITED
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Shrenuj Jewellery (Far East) Limited set out on pages 5 to 20, which comprise the statement of financial position as at 31st March 2011, 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 information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board 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. 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 as to 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 31st March 2011 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Sd/-
Cheng & Cheng Ltd
Certified Public Accountants (Practising)

Sd/-
Y.Y. Li, Alice
Practising Certificate number P03373

Hong Kong, 28-May 2011

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2011

	Note	2011 US$	2010 US$	2011 INR	2010 INR
Turnover	8	11,658,373	1,182,178	519,963,436	52,725,139
Cost of sales		(11,293,249)	(1,088,819)	(503,678,905)	(48,561,327)
Gross profit		365,124	93,359	16,284,531	4,163,812
Other revenue	9	49,809	42	2,221,481	1,873
Administrative expenses		(96,409)	(77,756)	(4,299,841)	(3,467,918)
Profit before taxation	10	318,524	15,645	14,206,171	697,767
Taxation	11	(53,845)	(4,259)	(2,401,487)	(189,951)
Net profit for the year		264,679	11,386	11,804,684	507,816
Other comprehensive income/(loss) for the year:					
Exchange gains and losses on translation of					
- foreign currency transactions		5,629	(6,056)	251,053	(270,098)
Total comprehensive income for the year		270,308	5,330	12,055,737	237,718

(Exchange rate used for translation 1 US$ = INR 44.60)

The attached notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2011

	Note	2011 US$	2010 US$	2011 INR	2010 INR
Non-current assets					
Fixed assets					
- Plant and equipment	4	21,299	26,755	949,935	1,193,273
Current assets					
Inventories		308,891	628,701	13,776,539	28,040,065
Trade and other receivables	5	7,320,405	784,608	326,490,063	34,993,517
Tax recoverable		31,543	79,077	1,406,818	3,526,834
Cash at bank and on hand		12,854	3,319	573,288	148,027
		7,673,693	1,495,705	342,246,708	66,708,443
Deduct: Current liabilities					
Trade and otherpayables	6	6,838,161	935,937	304,981,981	41,742,790
Net current assets		835,532	559,768	37,264,727	24,965,653
Total assets less current liabilities		856,831	586,523	38,214,663	26,158,926
Capital and reserves					
Share capital	7	120,000	120,000	5,352,000	5,352,000
Reserves	7	736,831	466,523	32,862,663	20,806,926
		856,831	586,523	38,214,663	26,158,926

(Exchange rate used for translation 1 US$ = INR 44.60)

Signed on behalf of the Board of Directors by:-

Vishal S. Doshi — Director
Nihar N. Parikh — Director

The attached notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2011

	Share capital US$	Exchange reserve US$	Retained profits US$	Total US$
Balance at 1st April 2009	120,000	-	461,193	581,193
Changes in equity:				
Total comprehensive income/(loss) for the year	-	(6,056)	11,386	5,330
Balance at 31st March 2010	120,000	(6,056)	472,579	586,523
Balance at 1 April 2010	120,000	(6,056)	472,579	586,523
Changes in equity:				
Total comprehensive income for the year	-	5,629	264,679	270,308
Balance at 31st March 2011	120,000	(427)	737,258	856,831

	Share capital INR	Exchange reserve INR	Retained profits INR	Total INR
Balance at 1st April 2009	5,352,000	-	20,569,208	25,921,208
Changes in equity:				
Total comprehensive income/(loss) for the year	-	(270,098)	507,816	237,718
Balance at 31st March 2010	5,352,000	(270,098)	21,077,024	26,158,926
Balance at 1 April 2010	5,352,000	(270,098)	21,077,023	26,158,926
Changes in equity:				
Total comprehensive income for the year	-	251,053	11,804,683	12,055,737
Balance at 31st March 2011	5,352,000	(19,045)	32,881,706	38,214,663

(Exchange rate used for translation 1 US$ = INR 44.60)
The attached notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2011

	Note	2011 US$	2010 US$	2011 INR	2010 INR
Operating activities					
Profit before taxation		318,524	15,645	14,206,170	697,767
Adjustments for:					
Depreciation of owned assets		16,059	15,297	716,231	682,246
Operating profit before working capital changes		334,583	30,942	14,922,401	1,380,013
Decrease in inventories		319,810	23,720	14,263,526	1,057,912
Increase in trade and other receivables		(6,535,797)	(475,824)	(291,496,546)	(21,221,750)
Increase in trade and other payables		5,902,224	543,582	263,239,190	24,243,757
Cash generated from operations		20,820	122,420	928,571	5,459,932
Tax paid		(6,311)	(164,713)	(281,471)	(7,346,200)
Net cash from/(used in) operating activities		14,509	(42,293)	647,100	(1,886,268)
Net cash used in investing activities	13	(10,603)	-	(472,894)	-
Net cash from financing activities		-	-	-	-
Increase/(decrease) in cash and cash equivalents		3,906	(42,293)	174,206	(1,886,268)
Cash and cash equivalents at beginning of the year		3,319	51,668	148,027	2,304,393
Effect of foreign currency transactions		5,629	(6,056)	251,053	(270,098)
Cash and cash equivalents at end of the year	14	12,854	3,319	573,286	148,027

(Exchange rate used for translation 1 US$ = INR 44.60)
The attached notes form an integral part of these financial statements.

Appendix A

DETAILED INCOME STATEMENT
For the year ended 31 March 2011

	2011 US$	2010 US$	2011 INR	2010 INR
Turnover				
Sales	11,658,373	1,182,178	519,963,436	52,725,139
Deduct: Cost of sales			-	-
Inventories at beginning of the year	628,701	652,421	28,040,065	29,097,977
Purchases	10,973,439	1,065,099	489,415,379	47,503,415
Inventories at end of the year	(308,891)	(628,701)	(13,776,539)	(28,040,065)
Gross profit	365,124	93,359	16,284,531	4,163,812
Add: Other revenue	-	-	-	-
Sundry income	49,809	42	2,221,481	1,873
	414,933	93,401	18,506,012	4,165,685
Deduct: Operating costs				
Administrative expenses				
Auditor's remuneration	1,602	1,538	71,449	68,595
Bad debt written off	-	46,528	-	2,075,149
Bank charges	5,126	208	228,620	9,277
Business registration fee	58	314	2,587	14,004
Computer software	-	1,171	-	52,227
Declaration	5,093	286	227,148	12,756
Depreciation of owned assets	16,059	15,297	716,231	682,246
Design charges	776	-	34,610	-
Electricity, tele-communication and water	446	437	19,892	19,490
Exchange differences	748	954	33,361	42,548
Inspection charges	6,400	-	285,440	-
Insurance	169	2,296	7,537	102,402
Legal and professional fees	45,042	410	2,008,873	18,286
Postage, printing and stationery	58	-	2,587	-
Salaries and allowances	11,053	7,692	492,964	343,063
Transportation, packing and storage	2,253	625	100,484	27,875
Travelling	1,526	-	68,060	-
	96,409	77,756	4,299,843	3,467,918
Net profit for the year before taxation	**318,524**	**15,645**	**14,206,169**	**697,767**

(Exchange rate used for translation 1 US$ = INR 44.60)

SHRENUJ JEWELRY (FAR EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. CORPORATE INFORMATION

Shrenuj Jewelry (Far East) Limited is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office and principal place of business is 5/F., Kaiseng Commercial Centre, No.4-6 Hankow Road, Tsim Sha Tsui, Kowloon, Hong Kong.

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out as follows:-

(a) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Company is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Company. Information on adoption of new accounting standards to the extent that they are relevant to the Company for the current and prior accounting periods are reflected in note 3.

(b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The measurement basis used in the preparation of the financial statements is the historical cost basis except certain financial instruments are stated at their revalued amounts or fair value as explained in the accounting policies set out below. The financial statements are presented in United States Dollars and all values are rounded to the nearest dollar except when otherwise indicated.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The following financial instruments are classified according to the management's intention on acquisition:-

Receivables

Receivables are initially recognized at fair value and thereafter stated at amortized cost less impairment losses, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses.

Payables

Payables are initially recognized at fair value. Payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(d) PLANT AND EQUIPMENT

Plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(g)).

Depreciation is calculated to write off the cost or valuation of each item of plant and equipment, less its estimated residual value, if any, using the straight line method over its estimated useful live. The annual rates of depreciation adopted, if any, are as follows:-

Furniture, fixtures and equipment	20%
Plant and machinery	20%
Computer software	20%
Leasehold improvement	20%

Where parts of an item of plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) LEASED ASSETS

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Company determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Classification of assets leased to the Company

Assets that are held by the Company under leases which transfer to the Company substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Company are classified as operating leases.

Operating lease charges

Where the Company has the use of assets held under operating leases, payments made under the leases are charged to the statement of comprehensive income in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in the statement of comprehensive income as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the statement of comprehensive income in the accounting period in which they are incurred.

(g) IMPAIRMENT OF ASSETS

Impairment of non-financial assets

An assessment is carried out at each end of the reporting period to determine whether there are any internal or external indications that assets are impaired. If any such indications exist, the recoverable amount of the assets, being the greater of its net selling price or value in use, is estimated. The carrying amount of the asset is reduced to its recoverable amount where appropriate. Such impairment loss is recognized in the statement of comprehensive income.

(h) INVENTORIES

Trading goods

Inventories represent assets held for sale in the ordinary course of business of the Company are stated at the lower of cost and net realizable value.

The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to present location and condition is determined by using first in first out basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

(i) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(j) EMPLOYEE BENEFITS

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(k) INCOME TAX

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities, if any. Current tax and movements in deferred tax assets and liabilities are recognized in the statement of comprehensive income except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other Current tax is the expected tax payable on the taxable income for the year, using the prevailing tax rates, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized.

(l) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in the statement of comprehensive income as follows:-

(i) Sale of goods

Revenue is recognized when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Other income

Sundry income is recognized whenever it is received or receivable.

(m) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the accounts of the Company are measured by using the currency that sales prices for its goods and services are denominated and settled (the functional currency). The financial statements are presented in United States Dollars ("US$"), which is the functional and presentation currency.

(n) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in the statement of comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

(o) RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Company 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 (being members of key management personnel, significant shareholders and/or their close family members) 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. ADOPTION OF NEW ACCOUNTING STANDARDS

The IASB has issued certain new IFRSs, Amendments to IFRSs and Interpretations that are first effective for the current accounting period of the Company or have immediate effect. Amongst them, the following developments are relevant to the Company's financial statements:-

* IAS 1 (Revised), Presentation of financial statements
* Amendments to IFRS 7, Financial instruments: Disclosures - improving disclosures about financial instruments

The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

There is no material impact on the Company's financial statements as the amendments and interpretations were consistent with policies already adopted by the Company

4. FIXED ASSETS

- PLANT AND EQUIPMENT

	Furniture, fixtures and equipment	Computer software	Plant and machinery	Leasehold improvement	Total
	US$	**US$**	**US$**	**US$**	**US$**
Cost					
At 1 April 2009	21,625	-	48,141	6,722	76,488
At 1 April 2010	21,625	-	48,141	6,722	76,488
Additions	9,462	1,141	-	-	10,603
At 31 March 2011	31,087	1,141	48,141	6,722	87,091
Deduct: Accumulated depreciation					
At 1 April 2009	11,146	-	19,257	4,033	34,436
Charged for the year	4,325	-	9,628	1,344	15,297
At 31 March 2010	15,471	-	28,885	5,377	49,733
At 1 April 2010	15,471	-	28,885	5,377	49,733
Charged for the year	4,986	100	9,628	1,345	16,059
At 31 March 2011	20,457	100	38,513	6,722	65,792
Net book values					
At 31 March 2011	10,630	1,041	9,628	-	21,299
At 31 March 2010	6,154	-	19,256	1,345	26,755
	INR	**INR**	**INR**	**INR**	**INR**
Cost					
At 1 April 2009	964,475	-	2,147,089	299,801	3,411,365
At 1 April 2010	964,475	-	2,147,089	299,801	3,411,365
Additions	422,005	50,889	-	-	472,894
At 31 March 2011	1,386,480	50,889	2,147,089	299,801	3,884,259
Deduct: Accumulated depreciation					
At 1 April 2009	497,112	-	858,862	179,872	1,535,846
Charged for the year	192,895	-	429,409	59,942	682,246
At 31 March 2010	690,007	-	1,288,271	239,814	2,218,092
At 1 April 2010	690,007	-	1,288,271	239,814	2,218,092
Charged for the year	222,376	4,460	429,409	59,987	716,232
At 31 March 2011	912,383	4,460	1,717,680	299,801	2,934,324
Net book values					
At 31 March 2011	474,098	46,429	429,409	-	949,936
At 31 March 2010	274,468	-	858,818	59,987	1,193,273

(Exchange rate used for translation 1 US$ = INR 44.60)

5 TRADE AND OTHER RECEIVABLES

	2011 US$	2010 US$	2011 INR	2010 INR
Trade debtors	1,010,335	582,925	45,060,941	25,998,455
Other debtors and receivables	1,596,959	-	71,224,371	-
Amounts due from the ultimate holding company	3,902,606	-	174,056,228	-
Amounts due from fellow subsidiaries	810,505	182,564	36,148,523	8,142,354
Amounts due from directors	-	19,119	-	852,707
	7,320,405	784,608	326,490,063	34,993,516

6 TRADE AND OTHER PAYABLES

	2011 US$	2010 US$	2011 INR	2010 INR
Trade creditors	6,169,129	-	275,143,153	-
Other creditors and payables	61,915	1,538	2,761,409	68,595
Amounts due to fellow subsidiaries	607,117	934,399	27,077,418	41,674,195
	6,838,161	935,937	304,981,980	41,742,790

7 CAPITAL AND RESERVES

Share Capital

	2011 US$	2010 US$	2011 INR	2010 INR
Authorized:				
1,000,000 ordinary shares of HK$1 (US$0.128) each	128,205	128,205	5,717,943	5,717,943
Issued and fully paid:				
936,000 ordinary shares of HK$1 (US$0.128) each	120,000	120,000	5,352,000	5,352,000

Reserves

Details of the movements in reserves during the year are referred to in the statement of changes in equity. Apart from retained profits, the nature and purpose of other reserves within equity are as follows:-

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign currency.

8 TURNOVER

The Company is principally engaged in the trading of jewellery. Turnover comprises the following category of revenue recognized during the year:-

	2011 US$	2010 US$	2011 INR	2010 INR
Sales	11,658,373	1,182,178	519,963,436	52,725,139

9 OTHER REVENUE

	2011 US$	2010 US$	2011 INR	2010 INR
Sundry income	49,809	42	2,221,481	1,873

10 PROFIT BEFORE TAXATION

	2011 US$	2010 US$	2011 INR	2010 INR
Profit before taxation is stated after charging:				
Auditor's remuneration	1,602	1,538	71,449	68,595
Depreciation of owned assets	16,059	15,297	716,231	682,246
Directors' remuneration				
Fees	-	-	-	-
Other emoluments	-	-	-	-
Employee benefits expenses	11,053	7,692	492,964	343,063

11 TAXATION

	2011 US$	2010 US$	2011 INR	2010 INR
Current tax - Hong Kong Profits Tax				
Charged for the year	53,845	4,259	2,401,487	189,951

Hong Kong Profits Tax is arrived at 16.5% on the estimated assessable profits for the year.

No provision for deferred taxation has been made in view of immaterial effect.

(Exchange rate used for translation 1 US$ = INR 44.60)

11. TAXATION (Continued)

The tax expense for the year can be reconciled to the results as per the statement of comprehensive income as follows:-

	2011 US$	2010 US$	2011 INR	2010 INR
Profit before taxation	318,524	15,645	14,206,170	697,767
Notional tax at the domestic income tax rate of 16.5%	52,557	2,581	2,344,042	115,113
Tax effect of non-deductible expenses	-	1,678	-	74,839
Tax effect of origination and reversal of temporary differences	1,288	-	57,445	-
Income tax expense for the year	53,845	4,259	2,401,487	189,952

12 RELATED PARTY DISCLOSURES

During the year, the Company had the following significant related party's transactions and balances:-

(a) Financing arrangements

	As at 31 March 2011 US$	2010 US$	As at 31 March 2011 INR	2010 INR
Amounts due to fellow subsidiaries	607,117	934,399	27,077,418	41,674,195
Amounts due from the ultimate holding company	3,902,606	-	174,056,228	-
Amounts due from fellow subsidiaries	810,505	182,564	36,148,523	8,142,354
Amounts due from directors	-	19,119	-	852,707

The outstanding balances with these related parties were unsecured, interest free and had no fixed repayment terms.

(b) Other related party transactions

	As at 31 March 2011 US$	2010 US$	As at 31 March 2011 INR	2010 INR
Sales from the ultimate holding company	5,558,847	-	247,924,576	-
Sales from the fellow subsidiaries	3,650,353	-	162,805,744	-
Purchases from the ultimate holding company	671,319	1,045,544	29,940,827	46,631,262
Purchases from the fellow subsidiaries	905,752	7,262,230	40,396,539	323,895,458

Sales to / Purchases from ultimate holding company and fellow subsidiaries were conducted in the normal course of business at prices and terms not less than those charged to and contracted with other third party customers / suppliers.

(Exchange rate used for translation 1 US$ = INR 44.60)

13 INVESTING ACTIVITIES

	2011 US$	2010 US$	2011 INR	2010 INR
Net cash used in investing activities				
Purchase of plant and equipment	(10,603)	-	(472,894)	-

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following items in the statement of financial position:-

	2011 US$	2010 US$	2011 INR	2010 INR
Cash at bank and on hand	12,854	3,319	573,288	148,027

15 CAPITAL MANAGEMENT

Capital comprises of share capital and reserves stated on the statement of financial position. The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analyses.

The Company's operation is primarily sourced from the business income, and other finances sourced from the following which except otherwise indicated are interest free and have no fixed repayment terms:-

	2011 US$	2010 US$	2011 INR	2010 INR
Current liabilities				
Amounts due to fellow subsidiaries	607,117	934,399	27,077,418	41,674,195
Other creditors and payables	61,915	1,538	2,761,409	68,595

The Company is not subject to externally imposed capital requirements.

(Exchange rate used for translation 1 US$ = INR 44.60)

16. FINANCIAL RISK MANAGEMENT

Exposure to credit risk, liquidity risk and currency risk arises in the normal course of the Company's business. These risks are limited by the Company's financial management policies and practices described below.

Credit risk

The Company's principal financial assets are bank deposits and amounts receivables. The credit risk on the liquid funds is limited because of the close involvement of the management in overseeing the recovery of the assets.

Liquidity risk

The management has built an appropriate liquidity risk management framework to meet the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Currency risk

As the Company's majority transactions are denominated in its functional currency, the management considers no significant exposure to foreign currency risk.

17. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2011

Up to the date of issue of these financial statements, the IASB has issued the following amendments, new standards and interpretations which are relevant to the Company but are not yet effective for the year ended 31 March 2011 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments	1st July 2010
IFRS 1 (Amendment), Limited Exemptions from comparative IFRS7 disclosures for First-time Adopters	1st July 2011
IAS 24 (Revised), Related Party Disclosures	1st January 2011
IFRIC 14 (Amendment), Prepayments of a Minimum Funding Requirement	1st January 2011
Amendments to IFRS 7, Financial instruments: Disclosures - Transfer of Financial Assets	1st January 2011 and 1st July 2011
IFRS 9, Financial Instruments	1st January 2013

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. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

18. ULTIMATE HOLDING COMPANY

The directors consider Shrenuj & Co., Limited, a company incorporated in India, to be the ultimate holding company.

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on 28 May 2011.

SHRENUJ LIFESTYLE LIMITED

DIRECTORS' REPORT

To the Members,
SHRENUJ LIFESTYLE LIMITED

Your Directors have pleasure in presenting the SIXTH ANNUAL REPORT and the audited accounts of the Company for the financial year ended 31st March, 2011.

FINANCIAL RESULTS:

	Year ended 31/03/2011 (Rupees)	Year ended 31/03/2010 (Rupees)
Profit / (Loss) before Taxation	**(7,73,004)**	(10,662)
Less : Provision for Taxation	**-**	-
Add: Reversal/Provision of Deferred Tax (Net)	**55,534**	-
Profit / (Loss) after Taxation	**(7,17,470)**	(10,662)
Add: Balance Brought forward	**(66,461)**	(55,799)
Loss carried to Balance Sheet	**(7,83,931)**	(66,461)

During the period under review the Company had incurred a loss of Rs. 7,17,470/- and the same was carried to the Balance Sheet.

OPERATIONS:

During the year the Company has started its activity in various lifestyle products and earned income from Sales of Rs. 89.38 lacs.

REQUIREMENT UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 :

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Amendment Rules, 1999 and forming part of the Directors' Report is not given in this Report, as the Company had no employees covered under the aforesaid Section.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Information pursuant to sub-section 1(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is given in this Report as Annexure - I.

DIRECTOR'S RESPONSIBILITY STATEMENT:

As required under Section 217(2AA) of the Companies Act, 1956 your Directors confirm:

(i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) that the Directors have adopted such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended 31st March, 2011 and of the loss of the Company for that year;

(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 annual accounts on a going concern basis.

DIRECTORS:

During the year under review Shri Kirtilal Kalidas Doshi retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

AUDITORS AND AUDITORS REPORT:

M/s. Prakash S. Doshi & Company, Chartered Accountants, Statutory Auditors of Company hold office, in accordance with the provisions of the Companies Act, 1956, upto the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. Your Directors propose to appoint M/s. Prakash S. Doshi, & Co., as Auditors of the Company, (Firm Registration No. 108097W) subject to the approval of Members at the ensuing Annual General Meeting.

The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1)(B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

INSURANCE:

Properties and Assets of the Company are adequately insured.

APPRECIATION:

The Board wishes to place on record its warm appreciation to all the employees for their contribution to the growth of the Company.

Your Directors wish to thank the Company's Bankers and its customers for their continuing support.

By Order of the Board

sd/-
KIRTILAL K. DOSHI
CHAIRMAN

Mumbai, 27th May, 2011.

Registered Office:
21, Patthe Bapurao Marg,
Tardeo,
Mumbai – 400 034.

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE-I

Statement containing particulars pursuant to the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, and forming part of Directors' Report.

A. CONSERVATION OF ENERGY

As the Company is not covered in the list of industries required to furnish information in form 'A' relating to Conversation of Energy, the same is not given.

B. TECHNOLOGY ABSORPTION

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company	i) Manufacturing of Jewellery as per international standard ii) Conceptual Designs, Cast jewellery and precious stone studded jewellery.
2. Benefits derived as a result of the above R & D	i) Precision in manufacturing. ii) Improved quality of production. iii) Minimized loss. iv) Achieved consistency in production quality.
3. Future plan of action	Import of equipments, instruments, etc. for further improvement in production as well as quality control.
4. Expenditure on R & D	
a. Capital	Nil
b. Recurring	Nil
c. Total	Nil
d. Total R & D expenditure as a percentage of total turnover	Nil

Technology Absorption, Adoption and Innovation

1. Efforts in brief made towards technology absorption and innovation.	The Company keeps itself abreast of the technical development and innovation in the Company's line of products worldwide and tries to bring about improvements in the product for better yield, quality and cost effectiveness, etc.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.	i) Cost Reduction. ii) Achievement in precision and quality. iii) Use of indigenous equipments as import substitute.

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

a.	Technology imported	NIL
b.	Year of import	N. A.
c.	Has Technology been fully absorbed?	Yes
d.	If not fully absorbed, areas where this has not taken place, reason thereof and future plans of action	Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; export plans:	Nil
Foreign Exchange earned on F.O.B. basis:	Nil
Foreign Exchange Used:	Nil

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of **Shrenuj Lifestyle Limited** as at 31st March, 2011 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. 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 audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. 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 audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditors Report) Order, 2003 and the Companies (Auditors Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

3. Further to our comments in the Annexure referred to in Paragraph 2 above, 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 purposes of our audit;

   b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;

   c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account of the Company;

   d. In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with accounting standards referred to in section 211(3C) of the Companies Act, 1956;

   e. On the basis of the written representations received from the directors, and taken on records by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;

   f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon, give the information required by the Companies, Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

      i. in the case of the Balance Sheet of the state of the Company's affairs as at 31st March, 2011;

      ii. in the case of the Profit and Loss Account of the loss of the Company for year ended on that date, and

      iii. in case of the Cash Flow Statement of the cash flows for the year ended on that date.

For PRAKASH S. DOSHI & COMPANY
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO. : 108097W

P.S. DOSHI
PROPRIETOR
MEMBERSHIP NO. 011532

MUMBAI: 27-5-2011

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 2 of our report of even date on the accounts of **Shrenuj Lifestyle Limited** for the year ended 31st March, 2011)

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:-

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

   (c) The Company has not disposed off substantial part of fixed assets.

2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

   (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses (iii)(b) to (iii)(d) of the Para 4 of the order are not applicable to the Company.

   (b) The Company has taken an interest free unsecured loan from the holding Company which is covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year aggregates Rs. 15,581,351/- and year end balance of the loans taken was Rs. 1,513,840/-.

   (c) In our opinion, the terms and conditions on which loans have been taken from companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

   (d) There is no stipulation as regards repayment of principal.

4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system.

5. (a) On the basis of the audit procedures applied by us and accounting to the information and explanations. provided by the management, we are of the opinion that particulars of contracts or arrangements that need to be entered into the register maintained under section 301 have been so entered.

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted deposits from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

7. The clause (vii) of Para 4 of the order regarding internal audit is not applicable to the Company.
8. As represented to us by the management, the Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us in respect of statutory and other dues the Company is regular in depositing with appropriate authorities 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 statutory dues applicable to it. There are no arrears as at 31st March, 2011 which were due for more than six months from the date they became payable.
   (b) According to the information and explanations given to us, there are no statutory dues pending to be deposited on account of disputes pending at various forums.
10. The Company does have accumulated losses at the end of the financial year and has incurred cash losses during the financial year and in the immediately preceding financial year.
11. In our opinion and according to the records of the Company, it has not defaulted in repayment of dues to the bank and has nothing due to financial institution. The Company has not issued any debentures.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, 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.
14. In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us the Company has not given guarantees for loans taken by others from banks or financial institutions.
16. On the basis of review of utilization of funds pertaining to term loans on overall basis and related information as made available to us, the term loans taken by the Company were applied during the year for the purpose for which they were obtained.
17. On the basis of review of utilization of funds on overall basis, related information as made available to us, and as represented to us by the management, funds raised on short term basis have not been used for long term investment during the year.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
19. The Company has not issued debentures.
20. The Company has not raised monies by public issue during the year.
21. During the course of an examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company nor have we been informed of such case by the management.

For PRAKASH S. DOSHI & COMPANY
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO. : 108097W

P.S. DOSHI
PROPRIETOR
MEMBERSHIP NO. 011532

MUMBAI: 27-5-2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	31ST MARCH 2011 (Rupees)		31ST MARCH 2010 (Rupees)	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A		**500,000**		500,000
Loan Funds					
Unsecured Loans	B		**1,513,840**		-
TOTAL			**2,013,840**		500,000
APPLICATIONS OF FUNDS					
Fixed Assets	C				
Gross Block		**424,830**		-	
Less: Depreciation		**12,797**		-	
Net Block			412,033		-
Current Assets, Loans & Advances:	D				
Inventories		**138,498,577**		-	
Sundry Debtors		**6,845,109**		-	
Cash & Bank Balances		**1,876,965**		447,161	
Loans & Advances		**1,795,809**		-	
		149,016,460		447,161	
Less: Current Liabilities and Provisions :	E				
Current Liabilities		**147,710,062**		13,622	
Provisions		**544,056**		-	
		148,254,118		13,622	
Net Current Assets.			**762,342**		433,539
Deferred Tax Assets (Net)	F		**55,534**		-
Profit And Loss Accounts			**783,931**		66,461
TOTAL			**2,013,840**		500,000
Notes forming part of the accounts	L				

As per our report of even date

For PRAKASH S. DOSHI & COMPANY
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.108097W

Sd/-
Prakash S. Doshi
PROPRIETOR
MEMBERSHIP NO.:011532

MUMBAI : 27th May, 2011.

Sd/-
Shri Kirtilal K. Doshi **Chairman**

Shri Shreyas K. Doshi
Shri Umesh N. Shah } **Directors**

MUMBAI : 27th May, 2011.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	31ST MARCH 2011 (Rupees)	31ST MARCH 2010 (Rupees)
INCOME			
Sales	G	8,938,442	-
Other Income	H	1,622	-
Total		8,940,064	-
EXPENDITURE			
Material Cost	I	4,722,159	-
Employees' Remuneration	J	2,662,933	-
Operation & Establishment Expenses	K	2,313,548	10,662
Interest		1,631	-
Depreciation		12,797	-
Total		9,713,068	10,662
Profit before Taxation		(773,004)	(10,662)
Less: Provision for Taxation		-	-
Less: Provision for Fringe Benefit Tax		-	-
Add/Less : Reversal/Provision for Deferred Tax (Net)		55,534	-
Profit after Taxation		(717,470)	(10,662)
Balance brought forward		(66,461)	(55,799)
Balance Carried to Balance Sheet		(783,931)	(66,461)
Earning per share (basic & diluted) Rs. Face Value of shares Rs.10/- each (Refer note 12 of Schedule - N)		(14.35)	(0.21)
Notes forming part of Accounts	L		

As per our report of even date

For PRAKASH S. DOSHI & COMPANY
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.108097W

Sd/-
Prakash S. Doshi
PROPRIETOR
MEMBERSHIP NO.:011532

MUMBAI : 27th May, 2011.

Sd/-
Shri Kirtilal K. Doshi **Chairman**

Shri Shreyas K. Doshi
Shri Umesh N. Shah
Directors

MUMBAI : 27th May, 2011.

Cash Flow statement Annexed to the Balance Sheet for the year ended 31st March 2011

			2010-2011 (Rupees)	2009-2010 (Rupees)
A)	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net profit before tax and extraordinary items		**(773,004)**	(10,662)
	Adjustments for:			
	Depreciation		**12,797**	-
	Provision for Leave Salary & Gratuity		**544,056**	-
	Interest paid		**1,631**	-
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**(214,520)**	(10,662)
	Adjustments for:			
	Trade and Other receivables		**(6,845,109)**	-
	Inventories		**(140,294,386)**	-
	Trade Payables		**147,696,440**	(2,247)
	CASH GENERATED FROM OPERATIONS		**342,425**	(12,909)
	Direct Taxes paid		**-**	-
	NET CASH FLOW FROM OPERATING ACTIVITIES	**Total**	**342,425**	(12,909)
B)	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed assets		**(424,830)**	-
	Loans received		**1,513,840**	-
	NET CASH USED IN FINANCING ACTIVITIES	**Total**	**1,089,010**	-
C)	**CASH FLOW FROM FINANCE ACTIVITIES**			
	Interest paid		**(1,631)**	-
	NET CASH USED IN FINANCING ACTIVITIES	**Total**	**(1,631)**	-
	Net increase in cash and cash equivalent	**(A+B+C)**	**1,429,804**	(12,909)
	Opening balance of cash and cash equivalent		**447,161**	460,070
	Closing balance of cash and cash equivalent		**1,876,965**	447,161

As per our report of even date

For PRAKASH S. DOSHI & COMPANY
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.108097W

Sd/-
Prakash S. Doshi
PROPRIETOR
MEMBERSHIP NO.:011532

MUMBAI : 27th May, 2011.

Sd/-
Shri Kirtilal K. Doshi — **Chairman**

Shri Shreyas K. Doshi
Shri Umesh N. Shah — **Directors**

MUMBAI : 27th May, 2011.

Schedules 'A' to 'L' Annexed to and Forming Part of the Accounts for the year ending 31st March, 2011

	31ST MARCH, 2011 (Rupees)	31ST MARCH, 2010 (Rupees)
SCHEDULE 'A'		
Share Capital		
Authorised		
50,000 Equity Shares of Rs. 10 each	**500,000**	500,000
Issued, Subscribed and Paid up :		
50,000 Equity Shares of Rs.10 each fully paid up (The above Shares are held by Shrenuj & Co. Ltd., the Holding Company)	**500,000**	500,000
Total	**500,000**	500,000

	31ST MARCH, 2011 (Rupees)	31ST MARCH, 2010 (Rupees)
SCHEDULE 'B'		
Unsecured Loans		
Loan from Holding Company Shrenuj & Co. Ltd.	**1,513,840**	-
Total	**1,513,840**	-

SCHEDULE 'C'
FIXED ASSETS

PARTICULARS	GROSS BLOCK (AS COST)			DEPRECIATION			NET BLOCK	
	As at 01.04.2010	Additions	As at 31.03.2011	As at 01.04.2010	For the year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Office Equipements	-	157,259	**157,259**	-	2,896	2,896	154,362	-
Computers	-	52,855	**52,855**	-	3,402	3,402	49,454	-
Furniture & Fixtures	-	214,716	**214,716**	-	6,499	6,499	208,217	-
Total -	**424,830**	**424,830**	**-**	**12,797**	**12,797**	**412,033**	**-**	
Previous Year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Schedules 'A' to 'L' Annexed to and Forming Part of the Accounts for the year ending 31st March, 2011

	31ST MARCH 2011 (Rupees)		31ST MARCH 2010 (Rupees)	
SCHEDULE 'D'				
Current Assets, Loans & Advances:				
A. Current Assets				
Inventories				
(As taken, valued and certified by the management)				
Stores, Spares and Tools	**220,529**		-	
Finished Goods	**138,278,048**	**138,498,577**	-	-
Sundry Debtors				
(Unsecured, Considered good)				
Exceeding six months	**-**		-	
Others	**6,845,109**	**6,845,109**	-	-
Cash and Bank Balances				
Cash on hand	**27,060**		1,913	
Balances with Schedule Banks				
In Current Accounts	**1,849,905**	**1,876,965**	445,248	447,161
Total		**147,220,651**		447,161
B. Loans and Advances				
(Unsecured, Considered good)				
Advances recoverable in cash or in kind or for value to be received	**1,514,458**		-	
Advance Income Tax	**281,351**	**1,795,809**	-	-
Total		**149,016,460**		447,161
SCHEDULE 'E'				
Current Liabilities and Provisions				
A. Current Liabilities				
Sundry Creditors :		**-**		
Due to Small Scale Industrial Undertaking		**-**		-
Others		**144,303,395**		-
Other Liabilities		**3,406,667**		13,622
Total		**147,710,062**		13,622
B. Provisions				
Provision for Leave Encashment/Sick Leave/Gratuity		**544,056**		-
		544,056		-

Schedules 'A' to 'L' Annexed to and Forming Part of the Accounts for the year ending 31st March, 2011

		31ST MARCH 2011 (Rupees)		31ST MARCH 2010 (Rupees)
SCHEUDLE 'F'				
Deffered Tax Assets				
Liability				
Depreciation		**(12,592)**		
Assets				
Provision for Leave		**68,126**		
Total		**55,534**		-
SCHEUDLE 'G'				
Sales				
Gross Sales (Net of Trade Discount)		**9,530,602**		-
Less : Sales Return		**592,160**		-
Total		**8,938,442**		-
SCHEUDLE 'H'				
Other Income				
Interest Received (Gross) (Tax Deducted at Source Rs. NIL/- Previous Year Rs.NIL/-)		**1,622**		-
Total		**1,622**		-
SCHEDULE 'I'				
Material Cost				
(a) Purchase for Resale (Net of Return)		**143,000,207**		-
(b) Variation in Stock				
Stock at Commencement	**-**		-	
Less: Stock at Close	**138,278,048**	**(138,278,048)**	-	-
Total		**4,722,159**		-
SCHEDULE 'J'				
Employees' Remuneration				
Salaries, wages, gratuity, bonus etc.		**2,417,777**		-
Contribution to Provident and other funds		**218,407**		-
Welfare expenses		**26,749**		-
Total		**2,662,933**		-

Schedules 'A' to 'L' Annexed to and Forming Part of the Accounts for the year ending 31st March, 2011

		31ST MARCH 2011 (Rupees)		31ST MARCH 2010 (Rupees)
SCHEDULE 'K'				
Operation & Establishment Expenses				
Stores & Spares consumed		**375,433**		-
Factory Licence Fees		**43,520**		-
Filing Fees		**-**		3,162
Rent		**11,683**		-
Printing & Stationery		**52,825**		-
Postage & Telephone Charges		**8,810**		-
Conveyance		**24,547**		-
Travelling Expense		**60,290**		-
Carriage & Freight		**9,745**		-
Legal & Professional Fees		**12,515**		2,500
Courier Expenses		**76,912**		-
Repairs Others		**3,767**		-
Insurance		**15,620**		-
Octroi Duty		**33,408**		-
Brokerage & Commission		**1,291,838**		-
Advertisement Expenses		**60,036**		-
Sales Promotion Expenses		**121,614**		-
Sales Tax / VAT Tax Paid		**75,389**		-
Auditors' Remuneration				
Audit Fees	**20,000**		5,000	
Tax Audit Fees	**10,000**	**30,000**	-	5,000
Miscellaneous Expenses		**5,596**		-
Total		**2,313,548**		10,662

NOTES FORMING PART OF THE ACCOUNTS

SCHEDULE – L

1. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation of Financial Statements

i. The Company follows accrual system of accounting.

ii. The financial statements are prepared under the historical cost convention and in accordance with the normally accepted accounting principles as adopted consistently by the Company.

iii. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

B. Use of Estimate

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during reporting period. Differences between actual results and estimates are recognised in the period in which the results are known / materialized.

C. Fixed Assets and Depreciation

i. Fixed Assets are stated at acquisition cost less accumulated depreciation.

ii. Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

D. Inventories :

i. Finished goods are valued at cost or net realisable value whichever is lower.

ii Stores, spares parts and loose tools are valued at cost on FIFO basis.

E. Taxation:

i. No provision for taxation is made during the year considering the brought forward loss.

ii. Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

G. Contingent Liabilities:

A provision is recognised when:

- The Company has a present obligation as a result of a past event:
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation; that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

H. Foreign Currency Transactions :

i. Transactions in foreign currency (if not covered by forward contracts) are accounted for at exchange rate prevailing on the transaction date.

ii. Gains/Losses arising as a result of conversion of foreign currencies relating to revenue transactions are recognized in the Profit & Loss Account under the respective heads of account.

I. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

J. Employee Benefits:

i) Short Term Benefits:

Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

ii) Long Term Benefits:

a) Provident Fund:

Eligible employees of the company receive benefit from the provident fund which is a defined contribution plan, wherein both the employee and the company makes monthly contribution equal to specified percentage of the covered employees' salary. This contribution is made to the fund administered and managed by the Government of India. Aggregate contribution along with the interest thereon is paid to the employee at retirement, death and incapacitation or termination of employment. The employer's contribution is recognised as an expense in the profit and loss account of the year.

b) Gratuity:

The Company had applied to Life Insurance Corporation of India for formation of gratuity trust. Accordingly Company has made provision for gratuity as per actuarial valuation and will contribute the requisite amount in trust.

c) Leave Salary:

Provision for leave is recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of past employment and other long term benefits are charged to the profit and loss account.

2. During the year there are no transactions in foreign currency.

3. Activity of the company is to trade in finished goods hence data related to Licence capacity, Installed capacity and actual production is not applicable.

4. Details of Opening Stock, Purchases, Sales and Closing Stock.

a. Traded Goods

Class of Goods	Unit	Op. Stock		Purchases		Sales		Closing Stock	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Cut & Polished Diamonds	Carats	NIL (NIL)	NIL (NIL)	10.67 (NIL)	166452 (NIL)	10.67 (NIL)	169781 (NIL)	NIL (NIL)	NIL (NIL)
Plain/Studded Jewellery	Nos.	NIL (NIL)	NIL (NIL)	16023 (NIL)	142833755 (NIL)	588 (NIL)	8768661 (NIL)	15435 (NIL)	138278048 (NIL)

5. Value of imported and indigenous consumption

A. Stores & Spare Parts :

Particulars	Value		Percentage	
Imported	——Nil——	——Nil——	———Nil——-	———Nil——-
Indigenous	3,75,433	(——Nil——)	100.00	(——Nil——)
TOTAL	3,75,433	(——Nil——)	100.00	(——Nil——)

6. As the Company's business activities falls within a single primary business segment viz. Trading of Studded Jewellery, the disclosure requirements of Accounting Standard (AS-17) – Segment Reporting issued by the Institute of Chartered Accountants of India are not applicable.

7. (a) There are no Small Scale Undertakings, to whom the company owes a sum which is outstanding for more than 30 days at the Balance Sheet date. This information has been determined on the basis of information available with the Company. This has been relied upon by the auditors.

(b) We are informed that suppliers/service providers covered under Micro, Small Medium Enterprises Development Act 2006, have not furnished the information regarding filing of necessary memorandum with the appropriate authority. In view of this, information required to be disclosed u/s 22 of the said Act is not given.

8. Disclosure pursuant to Accounting Standard 15 – Employees Benefit :

1. Defined Contribution Plan:

   Contribution to Provident Fund of Rs.129216/-(Rs.NIL/-) is recognised as an expense for the year.

2. Defined Benefit Plan:

   a) Gratuity:

   In accordance with the payment of Gratuity Act, 1972 of India, the Company provided for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regards to such Gratuity Plan are determined by the actuarial valuations and are charged to revenue in the period determined.

   The Company has recognised provision for Gratuity as expense amounting to Rs.284174/-(Rs.NIL/-) based on actuarial valuation provided by Life Insurance Corporation of India.

The actuarial assumptions in arriving at provision for Gratuity for the year are as follows:

		2010-11
Mortality Basis	:	LIC (1994-96) Ult
Salary Escalation Rate	:	4% for each year
Discount Rate	:	8.00%
Valuation Method	:	Projected Unit Credit Method

b) Leave Salary:

The Company has recognised provision for Leave Salary (Privileged Leave) as expense amounting to Rs.220474/- (Rs.NIL/-) based on actuarial valuation.

The actuarial assumptions in arriving at provision for Leave Salary for the year are as follows:

		2010-11
Discount Rate	:	8.25%
Salary Growth	:	8.00%
Attrition Rate	:	5.00%
Retirement Age	:	60 Years
Mortality Basis	:	LIC (1994-96) Ult
Disability Rate	:	-

The Company has also recognised provision for Leave Salary (Sick Leave) as expense amounting to Rs.39408/- (Rs.NIL/-) based valuation made by the management.

9. Earning per Share:

Earning per Share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings per equity share are as stated below:

Particular		**31-03-2011**	**31-03-2010**
Profit after taxation	Rs.	-717470	-10662
Weighted average number of shares	Nos.	50000	50000
Earning per share (basic & diluted)	Rs.	-14.35	-0.21
Face value per share	Rs.	10.00	10.00

10. Previous year's figures have been regrouped wherever necessary to confirm this year's classification.

11. Related Party transactions:

As per the Directors

a. Parties where control exists:

Shrenuj & Co. Ltd.	Holding Company
Shrenuj Overseas Ltd.	Fellow Subsidiary
Daily Jewellery Ltd.	Fellow Subsidiary
Shrenuj DMCC Dubai (UAE)	Fellow Subsidiary
Astral USA, Inc	Fellow Subsidiary
Shrenuj (Mauritius) Pvt. Ltd.	Fellow Subsidiary
Astral Holdings Inc.	Fellow Subsidiary

Shrenuj Japan Corporation	Fellow Subsidiary
Shrenuj Jewellery (Far East) Ltd.	Fellow Subsidiary
Shrenuj N. V. (Antwerp)	Fellow Subsidiary
Intergems Hongkong	Fellow Subsidiary
Shrenuj GMBH	Fellow Subsidiary
Shrenuj USA, LLC	Fellow Subsidiary
Astral Jewels LLC	Fellow Subsidiary
Bernies International, LLC.	Fellow Subsidiary
Shrenuj Botswana (Proprietary) Ltd.	Fellow Subsidiary
Shrenuj Australia Pty Ltd.	Fellow Subsidiary
Lume Group AG	Fellow Subsidiary
Shrenuj (Shanghai) Diamonds Company Ltd. China	Fellow Subsidiary
Simon Golub & Sons, Inc.	Fellow Subsidiary
Shrenuj South Africa (Pty) Ltd.	Fellow Subsidiary
Lume Germany Gmbh	Fellow Subsidiary
Alija International Pty Ltd.	Fellow Subsidiary
Global Marine Diamond Company	Fellow Subsidiary

b. Associates:

SHL Gems & Jewellery Ltd.
Jomard SAS
SWA Trading Ltd.
Kiara Jewellery Private Ltd.
Trapz, LLC
Arisia Jewellery Private Ltd.
Copem & Shrenuj Italy
Shrenuj Jewellery Limited
Shrenuj Properties Private Ltd.
Eurostate Manufacturing Pvt. Ltd.
Inala Properties Pvt. Ltd.
Inala Metals & Minerals Pvt. Ltd.
Auxiliaries Systems Manufacturing Pvt. Ltd.
Ecovision Recycling Pvt. Ltd.
Ithemba Diamonds (Pty.) Ltd.
Uxolo Diamond Cutting Works (Pty.) Ltd.
Shrenuj Investment & Finance Pvt. Ltd.
Prest Impex Private Ltd.
K.K. Doshi & Co.

c. Key Management Personnel and their relatives:

Shri. Kirtilal K. Doshi	Chairman
Shri. Shreyas K. Doshi	Director
Shri. Vishal S. Doshi	Director
Shri. Nihar N. Parikh	Director
Shri. Umesh N. Shah	Director

The Following transactions were carried out with the related parties in the ordinary course of business:

I. Details relating to parties referred to in items (a) and (b) above :

S. No.	Particulars	Holding Company (Rs.)
i.	Purchase of Finished Goods	142833755 (-)
ii.	Other Services Provided	14067511 (-)
iii.	Outstanding Payable	144247975 (-)

iv.	Inter Corporate Deposits Received	Opening Balance	Received During the Year	Repaid During the Year	Closing Balance
a	Shrenuj & Company Ltd.	- (-)	15581351 (-)	14067511 (-)	1513840 (-)

12. Balance Sheet abstract and Company's General Business Profile :

1 Registration Details

Registration No.	155373
State Code	11
Balance Sheet Date	31st March, 2011

2 Capital raised during the year

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

3 Position of Mobilisation and deployment of Funds

Total Liabilities	Rs.2013840/-
Total Assets	Rs.2013840/-
Sources of Funds:	
Paid up Capital	Rs.500000/-
Reserves & Surplus	Rs.(783931)/-
Secured Loans	Rs.NIL/-
Unsecured Loans	Rs.1513840/-
Deferred Tax Liability	Rs.(55534)/-

Application of Funds:	
Net Fixed Assets	Rs.412033/-
Investments	Nil
Net Current Assets	Rs.762342/-
Misc. Expenditure	Nil

4 Performance of Company

Turnover	Rs.8938442/-
Total Expenditure	Rs.9713068/-
Profit Before Tax	Rs.(773004)/-
Profit After Tax	Rs.(717470)/-
Earning Per Share (Rs.)	Rs. (14.35)
Dividend Rate (%)	Nil

5 General Names of Three Principal Products/services of the Company (As per monetary terms)

Item Code No. (ITC Code)	711319.03
Product Description	Studded Jewellery

As per our report of even date

For PRAKASH S. DOSHI & COMPANY
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.108097W

Sd/-
Prakash S. Doshi
PROPRIETOR
MEMBERSHIP NO.:011532

MUMBAI : 27th May, 2011.

Sd/-
Shri Kirtilal K. Doshi **Chairman**

Shri Shreyas K. Doshi
Shri Umesh N. Shah
Directors

MUMBAI : 27th May, 2011.

SHRENUJ (MAURITIUS) PVT LTD

DIRECTORS' COMMENTARY

The directors have pleasure in submitting the Annual Report of Shrenuj (Mauritius) Pvt Ltd ('the Company') together with the audited financial statements for the year ended 31st March 2011.

PRINCIPAL ACTIVITY

The main activity of the Company is to hold investments.

REVIEW OF BUSINESS

The results for the year are as shown in the statement of comprehensive income. The directors did not recommend the payment of a dividend for the year under review (2010 - Nil).

FINANCIAL STATEMENTS AND AUDITORS' REPORT

The financial statements of the Company are set out on pages 8 to 21. The auditors' report on these financial statements is on pages 6 and 7.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards (IFRS) 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable there to ensure that the financial statements comply with the Mauritius Companies Act 2001. 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.

DIRECTORS

The following directors held office as at 31st March 2011:

Mr Fung Kong Yune Kim

Mr Shreyas Kirtilal Doshi

Mr Vishal Shreyas Doshi

DIRECTORS' INTERESTS IN SHARES

No director has any interest, direct or indirect, in the promotion of, or in any equity and debt securities of the Company.

CONTRACTS OF SIGNIFICANCE

During the year under review, there was no contract of significance to which the Company was a party and in which a director of the Company was materially interested, either directly or indirectly.

SHAREHOLDER

Substantial shareholder

Shrenuj & Company Limited holds directly 100% of the ordinary share capital of the Company.

DONATIONS

No donations were made during the year under review (2010: Nil).

AUDITORS

The fees payable to the auditors, First Island & Associates for audit and other services were:

	2011 MUR	2010 MUR	2011 INR	2010 INR
Audit services	88,703	95,580	144,400	155,595
Other services	-	-	-	-
	88,703	95,580	144,400	155,595

First Island & Associates have indicated their willingness to continue in office and will be automatically re-appointed at the Annual Meeting.

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

Sd/-
DIRECTOR

(Exchange rate used for translation 1MRS = 1.6279 INR)

SECRETARY'S CERTIFICATE

FOR THE YEAR ENDED 31st MARCH 2011

We certify that, based on records and information made available to us by the directors and shareholders of Shrenuj (Mauritius) Pvt Ltd, the Company has filed with the Registrar of Companies, for the year ended 31st March, 2011, all such returns as are required of the Company under Section 166(d) of the Mauritius Companies Act 2001.

CORPORATE SECRETARY
First Island Secretarial Ltd

Registered office:
Suite 308, St Tames Court
St. Denis Street, Port Louis
Republic of Mauritius

Date :

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 MUR	2010 MUR	2011 INR	2010 INR
Income					
Exchange gain		26118	-	42517	-
Expenses					
Administration fees		130017	126932	211655	206633
Registration fees		11279	10328	18361	16813
Accounting fees		29568	31860	48134	51865
Audit fees		88703	95580	144400	155595
Bank charges		35642	19506	58022	31754
Professional fees		8879	58831	14454	95771
Exchange loss		-	2427530	-	3951776
		304087	2770567	495026	4510206
Operating (loss)/ profit		(277969)	(2770567)	(452506)	(4510206)
Share of profit, (loss) in joint ventures	8	-	6775329	-	11029558
Share of profit in associate	9	-	485045	-	789605
Profit/ (loss) before tax		(277969)	4490707	(452506)	7310422
Income tax expense	5	-	-	-	-
Profit/ (loss) for the year		(277969)	4490707	(452506)	7310422

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2011

	Notes	2011 MUR	2010 MUR	2011 INR	2010 INR
ASSETS					
Non-current assets					
Available-for-sale financial asset	6	-	-	-	-
Investment in subsidiaries	7	250144658	187406658	407210489	305079299
Interest in joint ventures	8	72158865	72158865	117467416	117467416
Investment in associate	9	4545945	4545945	7400344	7400344
		326849468	264111468	532078249	429947059
Current assets					
Trade and other receivables	10	278457955	140541704	453301705	228787840
Cash and cash equivalents		332162	945786	540727	1539645
		278790117	141487490	453842431	230327485
Total assets		605639583	405598957	985920677	660274542
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	11	383770855	383770855	624740575	624740575
Other reserves		(8207062)	(2726342)	(13360276)	(4438212)
Accumulated losses		(7028751)	(6750782)	(11442104)	(10989598)
Equity attributable to equity holders		368535042	374293731	599938195	609312765
Current liability					
Trade and other payables	12	237104541	31305225	385982482	50961776
Total equity and liabilities		605639583	405598957	985920677	660274542

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

DIRECTOR

The notes on pages 12 to 21 form an integral part of these financial statements.

Auditors' report is on pages 6 and 7.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2011

	Stated capital MUR	Other reserves MUR	Accumulated losses MUR	Total equity MUR
At 31 March 2009	377051435	10610098	(11241489)	376420044
Issue of shares	6719420	-	-	6719420
Other comprehensive loss	-	(13336440)	-	(13336440)
Profit for the year	-	-	4490707	4490707
At 31 March 2010	383770855	(2726342)	(6750782)	374293731
Other comprehensive loss	-	(5480720)	-	(5480720)
Loss for the year	-	-	(277969)	(277969)
At 31 March 2011	**383770855**	**(8207062)**	**(7028751)**	**368535041**

	Stated capital INR	Other reserves INR	Accumulated losses INR	Total equity INR
At 31 March 2009	613802031	17272179	(18300020)	612774190
Issue of shares	10938544	-	-	10938544
Other comprehensive loss	-	(21710391)	-	(21710391)
Profit for the year	-	-	7310422	7310422
At 31 March 2010	624740575	(4438212)	(10989598)	609312765
Other comprehensive loss	-	(8922064)	-	(8922064)
Loss for the year	-	-	(452506)	(452506)
At 31 March 2011	**624740575**	**(13360276)**	**(11442104)**	**599938195**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2011

	2011 MUR	2010 MUR	2011 INR	2010 INR
Operating activities				
(Loss)/ profit before tax	(277969)	4490707	(452506)	7310422
Adjustments to reconcile (loss)/ profit before tax to net cash flows				
Adjustments:				
Share of (profit) / loss in joint ventures	(5480720)	(6775328)	(8922064)	(11029556)
Share of profit in associate	-	(485945)	-	(791070)
Unrealised loss on revaluation	-	2427530	-	3951776
Realised (gain)/loss on exchange	-	(481623)	-	(784034)
Working capital adjustments:				
Increase in trade and other receivables	(137916251)	(13453)	(224513865)	(21900)
Increase in trade and other payables	205799316	137398	335020707	223670
Net cash flows generated from/ (used in) operating activities	62124375	(700715)	101132270	(1140694)
Investing activities				
Payments for purchase of investments in subsidiaries	(62738000)	(42439987)	(102131190)	(69088055)
Net cash flows used in investing activities	(62738000)	(42439987)	(102131190)	(69088055)
Financing activities				
Issue of shares	-	6719420	-	10938544
Loan received	-	30100915	-	49001280
Net cash flows generated from financing activities	-	36820335	-	59939823
Net movement in cash and cash equivalents	(613624)	(6320367)	(998919)	(10288925)
Cash and cash equivalents at the beginning of the year	945786	7266153	1539645	11828570
Cash and cash equivalents at the end of the year	332162	945786	540727	1539645

(Exchange rate used for translation 1MRS = 1.6279 INR)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

1. LEGAL FORM AND PRINCIPAL ACTIVITY

The Company was incorporated under the Mauritius Companies Act 2010 on the 4 April 2005 as a private company with liability limited by shares. The Company's registered office is Suite 308, St. James Court, St. Denis Street, Port Louis, and Republic of Mauritius.

The principal activity of the Company is to hold investments.

The financial statements for the year 31 March 2011 were authorised for issue in accordance with a resolution of the directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention and are denominated in Mauritian Rupee (MUR). The preparation of the financial statements in conformity with the International Financial Reporting Standards (IFRS) requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign currencies

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 it operates (the "functional currency"). The financial statements of the Company are expressed in Mauritian Rupee (MUR).

Management determines the functional currency of the Company to be MUR, In making this judgment, management evaluates, among other factors, the regulatory and competitive environments and the fee and performance reporting structures of the Company and in particular, the economic environment of its investors.

Transactions and balances

Foreign currency transactions are translated into MUR using the exchange rates prevailing at the dates of 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.

Available-for-sale financial assets

Available for sale investments are non-derivatives that are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Regular purchases and sales of investments are recognised on the trade-date, the date on which the Company commits to purchase or sell the assets.

(i) Initial recognition

Investments are initially measured at cost. Cost of purchase includes transaction cost.

(ii) Subsequent recognition

Available-for-sale investments for which fair values cannot be measured reliably are recognised at cost less impairment. There is no active market for these investments and an absence of track records of similar investments. There is no alternative reliable method to calculate the fair value of such investments.

Available-for-sale investments are measured at subsequent reporting dates at fair value. Unrealised gains and losses on such securities are recognised directly in equity, until the security is disposed of or found to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the statement of comprehensive income for the period. On disposal, the profit or loss recognised in the statement of comprehensive income is the difference between the proceeds and the carrying amount of the asset.

Investments in subsidiaries

Subsidiaries undertakings are those entities in which the Company has an interest of more than one half of the voting rights or otherwise has power to exercise: control over their operations. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date such control ceases.

Investments in subsidiaries are shown at cost. Where an indication of impairment exists, the recoverable amount of investment is assessed. Where the carrying amount is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

Interest in joint ventures

The Company has an interest in joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The Company recognises its interest in joint venture using the equity method.

Investment in associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results avid assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess or the Company's interest in that associate (which includes any long term interests that, in substance, form part of the Company's net investment in the associate) are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that it will result in an outflow of economic benefits that can be reasonably measured.

Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and its value in use. Impairment losses (if any) are recognised as an expense in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include Cash at banks.

Trade and other receivables

Trade and other receivables are recognised at fair value. Trade and other payables are recognised initially at fair value.

Equity

Stated capital is determined using the nominal values of shares that have been issued.

Other reserves include fair valuation of the trade and other receivables and trade and other payables

Accumulated losses include all current and prior results as disclosed in the statement of comprehensive income.

Financial assets

The Company has classified its financial assets as loans and receivables

Financial assets are assigned to different categories in initial recognition, depending on the characteristics of the asset and its purpose. A financial asset category is relevant for the way it is measured and whether any resulting income and expenses is recognised in the statement of comprehensive income or directly in equity.

The Company recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

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 reporting date. These are classified as non-current assets. The Company's loans and receivables comprise current loans given to related party and dividend receivable. Loans and receivables are initially recognised at cost, which is the fair value of the cash given to originate the loan, including any transaction costs.

An allowance for credit losses is established if there is objective evidence that the Company will be unable to collect all amounts due on a claim according to the original contractual terms.

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

Interest income

Interest income is recognised as interest accrues.

Taxes

Income tax expense represents the sure of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit 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 reporting date.

Deferred income tax

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. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. 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 referred income tax asset 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.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current year, the Company has adopted all of the new and revised standard and interpretations issued by the International Accounting Standards Board (the "IASB") and the international Financial Reporting Interpretations Committee ('IFRIC") of the IASB that are relevant to its operations and effective for this accounting year end. The adoption of these new and revised standards and interpretations has not resulted in any changes to the Company's accounting policies that would affect the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of Financial Statements - Amendments resulting from May 1- Annual Improvements to IFRSs (effective 1 January 2011)
IAS 12	Income Taxes - Limited scope amendment (recovery of underlying assets) (effective 1 January 2012)
IAS 24	Related Party Disclosures - Revised definition of related parties (effective 1 January 2011)
IAS 34	Interim Financial Reporting - Amendments resulting from May 2010 Annual Improvements to IFRSs (effective 1 January 2011)
IFRS 1	First time Adoption of International Financial Reporting Standards - Amendments resulting from May 2010 Annual Improvements to IFRSs (effective 1 January 2011)
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from May 2010 Annual Improvements to IFRSs (effective 1 January 2011)
IFRS 9	Financial Instruments Classification and Measurement (effective 1 January 2013)
IFRIC 14	Employee Benefits - The limit on a defined benefit asset, minimum funding requirements and their interaction (effective 1 January 2011)

The directors anticipate that the adoption of these standards on the above effective dates in the periods will have no material impact on the financial statements of the Company.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgments in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 2, the directors have made the following judgments that have the most effect on the amounts recognised in the financial statements.

Determination of functional currency

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

5. INCOME TAX EXPENSE

The Company is subject to taxation at the rate of 15% on its chargeable income.

A reconciliation between the accounting (loss) / profit and the tax charge is as follows:

	2011 MUR	2010 MUR	2011 INR	2010 INR
Profit/ (loss) before taxation	(277969)	4190707	(452506)	6822052
Income tax at 15%	(41695)	673606	(67875)	1096563
Effect of:				
- income that is exempt from taxation	-	-	-	-
- expenses that are not deductible in determining taxable profit	33356	364130	54300	592767
Tax losses for which no deferred income tax asset was recognised	8339	51455	13575	83764
Income tax expense recognised during the year	-	-	-	-

6. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2011 MUR	2010 MUR	2011 INR	2010 INR
Transfer from investment in subsidiary	-	-	-	-

The available for sale investments was disposed during the year under review.

7. INVESTMENT IN SUBSIDIARIES

	2011 MUR	2010 MIJR	2011 INR	2010 INR
Unquoted				
At start	187406658	144966671	305079299	235991244
Additions	62738000	42439907	102131190	69087925
At end	250144658	187406658	407210489	305079299

Name of subsidiaries	Country of incorporation	Class of shares held	% Holding 2011	% Holding 2010	Principal activity
Shrenuj (Jewellery Outsourcing) Limited	Hong Kong	Ordinary	100%	100%	]ewellery
Inter-gerns H.K. Ltd	Hong Kong	Ordinary	85%	85%	Diamonds
Burnet Holdings (Proprietary) Limited	Botswana	Ordinary	99%	99%	Diamonds
Shrenuj South africa (Pty) Ltd.	South Africa	Ordinary	100%	100%	Diamonds
Shrenuj Gmbh	Germany	Ordinary	100%	100%	Jewellery
Lume Germany Gmbh	Germany	Ordinary	100%	100%	Jewellery
Lume Group AG	Switzerland	Ordinary	100%	100%	Jewellery
Shrenuj Australia (Pty) Ltd.	Australia	Ordinary	100%	100%	Jewellery
Alija International	Australia	Ordinary	100%	100%	Diamonds
Shrenuj N.V	Antwerp	Ordinary	100%	100%	Diamonds

During the year, it was noted that investments in Shrenuj Gmbh & Lume Germany were fully impaired but no impairment were provided since management feels that the Companies will be profitable in the coming years.

8. INTEREST IN JOINT VENTURES

	2011 MUR	2010 MUR	2011 INR	2010 INR
Unquoted				
At start	72158865	65383536	117467416	106437858
Share of profit / (loss)	-	6775329	-	11029558
At end	72158865	72158865	117467416	117467416

The Company has 50% interest in Copem & Shrenuj and Jomanrd SAS. The financial information of the Companies are stated below:

	Revenue MUR	Assets MUR	Liabilities MUR	Profit & (loss) MUR
At 31 December 2010				
At 31 December 2009	372515249	231251232	167907587	13550657

	Revenue INR	Assets INR	Liabilities INR	Profit & (loss) INR
At 31 December 2010				
At 31 December 2009	606417574	376453881	273336761	22059115

9. INVESTMENT IN ASSOCIATE

	2011 MUR	2010 MUR	2011 INR	2010 INR
Unquoted				
At start	4545945	4060000	7400344	6609274
Share of profit	-	485945	-	791070
At end	4545945	4545945	7400344	7400344

The Company has 33.34% interest in SWA Trading. The financial information of the Companies are stated below:

	Revenue MUR	Assets MUR	Liabilities MUR	Profit MUR
At 31 March 2011				
At 31 March 2010	344781771	169174917	155296606	1451544

	Revenue INR	Assets INR	Liabilities INR	Profit INR
At 31 March 2011				
At 31 March 2010	561270245	275399847	252807345	2362968

10. TRADE AND OTHER RECEIVABLES

	2011 MUR	2010 MUR	2011 INR	2010 INR
Loans to subsidiaries (Note 14)	193436062	48918502	314894565	79634429
Advances to subsidiaries (Note 14)	4287288	4620222	6979276	7521259
Other loans (Note 14)	80721138	86989527	131405941	141610251
Prepayments	13468	13453	21925	21900
	278457955	140541704	453301705	228787840

The loans are unsecured, interest free and repayable on demand.

11. STATED CAPITAL

	2011 MUR	2010 MUR	2011 INR	2010 INR
3,837,708.55 / 3,837,708.55 ordinary shares of Rs 100 each	383770855	383770855	624740575	624740575

12. TRADE AND OTHER PAYABLES

	2011 MUR	2010 MUR	2011 INR	2010 INR
Accrued expenses	127149	407808	206986	663871
Other payables	236977392	30897417	385775496	50297905
	237104541	31305225	385982482	50961776

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital risk management

The Company is acting as an investment holding Company forming part of a larger group. The capital management process is determined and managed at group level.

Financial risk factors

The Company's activities expose it to a variety of financial risks, including the effects of changes and foreign exchange rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company hold assets and liabilities denominated in currencies other than the MUR, the functional currency. It is therefore exposed to foreign exchange risk as the value of financial instruments denominated in other currencies will fluctuate due to changes in exchange rates.

Foreign exchange sensitivity analysis

The following table details the Company's sensitivity to a 5%, increase and decrease in the USD and EUR against the MUR, 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) and the Company's equity (Due to changes in the fair value of forward exchange contracts and net investment hedges).

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign Currency denominated monetary items and adjusts their translation at the period-end for a 5% change in foreign currency rates. The sensitivity analysis includes loan receivables and payables from and to related parties where the denomination of the loan receivables and payables is in a currency other than the currency of the lender or the borrower. For the loan receivable, a positive number below indicates an increase in profit and other equity where the USD & EUR strengthens 5% against the MUR and as for a 5% weakening of the USD & EUR against the MUR, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

For the loan payable, a negative number below indicates a decrease in profit and other equity where the USD & MUR strengthens 5% against the MUR and as for a 5% weakening of the USD & EUR against the MUR, there would be an equal and opposite impact on the profit and other equity and the balance below would be positive.

	Increase/ Decrease in foreign exchange rate	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
		MUR	MUR	INR	INR
2011					
USD	+5%	-	-	-	-
USD	-5%	-	-	-	-
EUR	+5%	-	-	-	-
EUR	-5%	-	-	-	-
2010					
USD	+5%	-	8,643,113	-	14,070,124
USD	-5%	-	(8,643,113)	-	(14,070,124)
EUR	+5%	-	16,078	-	26,173
EUR	-5%	-	(16,078)	-	(26,173)

(b) *Credit risk*

Financial assets that potentially expose the Company to credit risk consist principally of other financial assets. The extent of the Company's exposure to credit risk in respect of these financial assets approximate their carrying values as recorded on the Company's statement of financial position.

The Company take on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company's main credit risk concentration is the amount due from related parties.

The bank balance is considered negligible, since the counter parties are reputable banks with high quality external credit ratings.

(c) *Liquidity risk*

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching to maturity profiles of the financial assets and liabilities. The table below illustrates the aged analysis of the Company's financial liabilities.

	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
	MUR	MUR	INR	INR
At 31 March 2011:				
Trade & other parties	237,104,451	-	385,982,336	-

(d) *Fair value estimation*

The carrying amounts of the trade and other receivables (excluding prepayments), cash and cash equivalents and trade and other payables approximate their fair values.

(e) *Currency profile*

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets		Financial liabilities	
	2011 MUR	2010 MUR	2011 MUR	2010 MUR
Denominated in:				
British Pound Sterling ("GBP")	-	-	-	-
United States Dollar ("USD")	278765442	104668600	237104541	31305225
Euro ("EUR")	11207	36805436	-	-
	278776649	141474036	237104541	31305225

	Financial assets		Financial liabilities	
	2011 INR	2010 INR	2011 INR	2010 INR
Denominated in:				
British Pound Sterling ("GBP")	-	-	-	-
United States Dollar ("USD")	453802263	170390014	385982482	50961776
Euro ("EUR")	18244	59915569	-	-
	453820507	230305583	385982482	50961776

The financial assets exclude investments in subsidiaries of MUR 250,144,658/INR 407,210,489 (2010: MUR 187,406,658/INR 305,079,299), investment in associate: of MUR 4,545,945/INR 7,400,344 (2010: MUR 4,545,945/INR 7,400,344), investment in joint venture of MUR 72,158,865/INR 117,467,416 (2010: MUR 72,158,865/INR 117,467,416) and prepayment of MUR 13,468/INR 21,925 (2010: MUR 13,453/INR 21,900) for the year 2011.

14. RELATED PARTY DISCLOSURES

During the year ended 31 March 2011, the Company transacted with related entities. The nature, volume of transactions, relationship and the balance with the related entities are as follows:

	2011 MUR	2010 MUR	2011 INR	2010 INR
(i) Loan to subsidiaries				
Lame Group AG				
At beginning of year	31863600	34370000	51870754	55950923
Unrealised loss on revaluation	(2296100)	(2506400)	(3737821)	(4080169)
At end of year	29567500	31863600	48132933	51870754
SWA Trading Ltd				
At beginning of year	16733350	18051640	27240220	29386265
Unrealised (loss)/ gain on revaluation	(1204055)	(1318290)	(1960081)	(2146044)
At end of year	15529295	16733350	25280139	27240220
Copem & Shrenuj				
At beginning of year	321552	340437	523455	554197
Unrealised (loss)/ gain on revaluation	2958	(18885)	4815	(30743)
Additions during the year	1655632	-	2695203	-
At end of year	1980142	321557	3223473	523463
Inter-gems H.K. Ltd.				
At beginning of year	-	-	-	-
Additions during the year	73825025	-	120179758	-
Unrealised (loss)/ gain on revaluation	(4341400)	-	(7067365)	-
At end of year	69483625	-	113112393	-
Shrenuj NV				
At beginning of year				
Additions during the year	81921365	-	133359790	-
Unrealised (loss)/ gain on revaluation	(5045865)	-	(8214164)	-
At end of year	76875500	-	125145626	-
Total (Note 10)	193436062	48018502	314894565	78169319

(ii)	**Advances to subsidiary**				
	Burnet Holdings (Properietory) Limited				
	At beginning of year	4620222	4983330	7521259	8112363
	Realised (loss)/ gain on revaluation	(332935)	(363108)	(541985)	(591104)
	At end of year (Note 10)	4287288	4620222	6979276	7521259
(iii)	**Other loans**				
	Daily Jewellery Limited				
	At beginning of year	86,031,720	92,793,060	140,051,037	151,057,822
	Unrealised loss on revaluation	(6,199,470)	(6,761,340)	(10,092,117)	(11,006,785)
	At end of year	79,832,250	86,031,720	129,958,920	140,051,037
	Shrenuj DMCC				
	At beginning of year	957,807	2,036,406	1,559,214	3,315,065
	Unrealised loss on revaluation	(68,919)	(1,978,689)	(112,193)	(3,221,108)
	At end of year	888,888	957,807	1,447,021	1,559,214
	Total (Note 10)	80,721,138	86,989,527	131,405,941	141,610,251

15. EVENTS AFTER THE REPORTING DATE

There has been no post material reporting events which would require disclosure or adjustment to the 31 March 2011 financial statements.

SHRENUJ N.V.

Auditor's internal group report:

Approval

The preparation of the financial statements is the responsibility of the board of directors. The auditor's internal group report on the financial statements of the company has been prepared in order to enable the group to prepare consolidated group financial statements.

The board of directors is responsible for the company's administrative and accounting organisation, as well as for its internal control procedures. Internal controls are designed to provide reasonable assurance with respect to the reliability of the financial statements, to adequately safeguard and maintain assets and to prevent and detect misstatement and loss.

The financial statements are prepared under the assumption of going concern, the assessment of which is the responsibility of the board of directors.

We note that this auditors' internal group report on the financial statements of the company is only intended for group reporting purposes and should not be considered as the formal statutory audit report on the financial statements of the company.

WF&Co, BEDRIJFSREVISOREN BVBA
Statutory auditor
represented by

Ann Van Vlaenderen
Partner

Auditor's internal group report on the financial statements of the Company SHRENUJ NV for the twelve month period ended March 31, 2011

We have audited the financial statements of the Company SHRENUJ NV for the twelve month period ended March 31, 2011. These financial statements, drawn up under the responsibility of the company's board of directors, have been prepared to enable the group to prepare consolidated financial statements for DTC reporting purposes. Due to the early release of this internal group report, some audit procedures have not yet been finalised. The following items remain outstanding:

- Subsequent events review

The financial statements have been prepared in accordance with accounting principles generally accepted in Belgium with a balance sheet total of 68,264,720.40 EUR (INR 4,309,947,734) and a profit for the period of 289,770.64 EUR (INR 18,294,901).

We conducted our audit in accordance with the audit standards of the Belgian Institute of Registered Auditors. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In accordance with those standards, we considered the company's administrative and accounting organisation, as well as its internal control procedures, which are adapted to the size of the Company and the nature of the business. Company officials have responded clearly to our requests for explanations and information. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and significant accounting estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Valuation of inventories necessarily requires technical appraisal. Consequently, we as financial auditors cannot, to that extent, express an opinion on this matter. Inventories included in the Financial statements amount to 16,129,116.41 EUR (INR 1,018,324,668). The valuation of inventories is judged by the board of directors and is carried out under their responsibility. The board of directors has informed us that the valuation of inventories is in accordance with valuation rules generally applied and accepted in the diamond trade, in accordance with generally accepted accounting principles and consistent with prior years.

In our opinion, subject to the potential effect on the financial statements of the matters referred to in the preceding paragraphs, the financial statements have been properly prepared in all material aspects and in accordance with Belgian accounting principles and disclosure requirements.

This internal group report is intended solely for internal use relating to the preparation of the consolidated financial statements for DTC reporting purposes. Because of the special nature of this report, it is not to be referred to or presented to anyone outside the management of the Company. Accordingly, this report should not be considered as the formal statutory audit report on the financial statements of SHRENUJ NV, as a separate entity, for the financial year ended March 31, 2011.

Signed at Ghent,

WF & CO, BEDRIJFSREVISOREN BVBA
Statutory auditor represented by

Ann Van Vlaenderen
Audit Partner

Additional statements and information

The preparation of the Director's report and its content, as well as the Company's compliance with the Company Code and its bylaws are the responsibility of management.

Our responsibility is to supplement our report with the following additional statements and information, which do not modify our audit opinion on the financial statements:

- The Director's report includes the information required by law and is consistent with the financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the Company is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.
- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- There are no other transactions undertaken or decisions taken in violation of the company's statutes or the Company Code that we have to report to you. The appropriation of results proposed to the general meeting complies with the legal and statutory provisions.
- We draw the attention of the partners to the fact that diamond trade companies are characterized by a relatively limited size, structure and organisation compared to their sales. Consequently, taking into account the limited internal control system, being a characteristic of diamond trade companies, we had to adapt our audit methodology.
- We were not informed by the board of directors about the existence of any transaction, upon execution implying a financial benefit for one or more directors.
- The decision to approve the financial statements has been delayed until the general meeting of June 30, 2011.

Sint-Denijs-Westrem,

WF&Co, BEDRIJFSREVISOREN BVBA
Statutory auditor
represented by

Ann Van Vlaenderen
Partner

Annexe I:

Balance sheet in EUR for the financial year ended March 31, 2011

	EUR March 31, 2011	EUR March 31, 2010	INR March 31, 2011	INR March 31, 2010
Intangible assets	-	-	-	-
Tangible assets	146,622	137,691	9,257,073	8,693,216
Financial assets	4,462	4,462	281,717	281,717
FIXED ASSETS	151,084	142,153	9,538,790	8,974,933
Stocks	16,129,116	7,027,303	1,018,324,668	443,674,400
Amounts receivable within the year	51,663,894	47,961,805	3,261,841,275	3,028,106,922
Cash at bank and in hand	294,199	482,546	18,574,465	30,465,910
Deferred charges and accrued income	26,428	61,692	1,668,536	3,894,978
CURRENT ASSETS	68,113,637	55,533,346	4,300,408,944	3,506,142,210
TOTAL ASSETS	68,264,720	55,675,499	4,309,947,734	3,515,117,143
Issued capital	4,594,657	3,110,867	290,087,319	196,407,075
Reserves	387,768	238,392	24,482,036	15,051,065
Result of the period	289,771	149,376	18,294,901	9,430,971
EQUITY	5,272,195	3,498,635	332,864,256	220,889,111
Amounts payable after more than one year	4,724,955	2,539,996	298,313,798	160,364,692
Amounts payable within the year	58,240,920	49,611,968	3,677,087,047	3,132,291,263
Accrued charges and deferred income	26,651	24,900	1,682,633	1,572,077
AMOUNTS PAYABLE	62,992,525	52,176,864	3,977,083,478	3,294,228,032
TOTAL LIABILITIES	68,264,720	55,675,499	4,309,947,734	3,515,117,143

Page 5 of the 7 pages of the auditor's limited review report of the company SHSENUJ NV for the twelve month period ended March 31, 2011.

Exchange Rate used for translation 1 EUR = 63.1358

Annexe II:

Income statement in EUR for the financial year ended March 31, 2011

	EUR March 31, 2011	EUR March 31, 2010	INR March 31, 2011	INR March 31, 2010
Turnover	151,041,888	89,196,210	9,536,150,439	5,631,474,067
Other operating income	22,661	376,934	1,430,736	23,798,042
Operating income	151,064,549	89,573,144	9,537,581,175	5,655,272,109
Raw materials, consumables	147,572,544	86,996,008	9,317,110,628	5,492,562,565
Services and other goods	1,506,810	1,530,775	95,133,662	96,646,721
Remuneration, social security costs and pensions	116,344	63,866	7,345,452	4,032,208
Depreciation of and amounts written off on fixed assets	27,930	21,499	1,763,374	1,357,387
Other operating charges	15,707	8,786	991,658	554,690
Operating charges	(149,239,334)	(88,620,934)	(9,422,344,774)	(5,595,153,571)
Operating profit/loss	**1,825,215**	**952,210**	**115,236,401**	**60,118,538**
Financial income	10,767	113	679,765	7,121
Financial charges	(1,461,126)	(784,689)	(92,249,386)	(49,541,971)
Current profit/loss before taxes	374,855	167,634	23,666,780	10,583,688
Extraordinary income	8,160	-	515,184	-
Extraordinary charges	(8,108)	-	(511,916)	-
Profit/loss for the period before taxes	374,907	167,634	23,670,048	10,583,688
Income taxes	(85,136)	(18,258)	(5,375,147)	(1,152,717)
Net profit for the period	289,771	149,376	18,294,901	9,430,971

Page 6 of the 7 pages of the auditor's limited review report of the company SHRENUJ NV for the twelve month period ended March 31, 2011.

Exchange Rate used for translation 1 EUR = 63.1358

Annexe III:

Cash flow statement in EUR for the financial year ended March 31, 2011

	EUR March 31, 2011	INR March 31, 2011
OPERATIONAL RESULT		
Net profit before taxation, financial costs and non-cash costs	1607403	101484674
+ non-cash costs	27930	1763383
- losses on realization of trade debtors	-	-
= Operating result before taxes	1635333	103248057
Operating taxes	(88395)	(5580889)
OPERATING RESULT AFTER TAXES	1546938	97667168
CHANGE IN OPERATING CAPITAL		
Operational current assets	(12768638)	(806158175)
Operational debts	2241002	141487454
TOTAL OF CHANGES IN OPERATING CAPITAL	(10527636)	(664670721)
CASH FLOW FROM OPERATING ACTIVITIES	(8980698)	(567003553)
INVESTMENT IN FIXED ASSETS		
Intangible assets	-	-
Tangible assets	(36861)	(2327249)
Financial assets	-	-
CASH FLOW FROM INVESTMENT ACTIVITIES	(36861)	(2327249)
FREE OPERATING CASH FLOW AFTER INVESTMENTS	(9017559)	(569330802)
FINANCING ACTIVITIES		
Interest paid (-)	(1229237)	(77608862)
Financial debts	8574659	541367956
External equity exclusive investment grants	1483790	93680269
CASH FLOW FROM FINANCING ACTIVITIES	8829212	557439363
OPERATING CASH FLOW AFTER INVESTMENTS AND FINANCING ACTIVITIES	(188347)	(11891439)

Exchange Rate used for translation 1 EUR = 63.1358

SHRENUJ OVERSEAS LIMITED

DIRECTORS' REPORT

To the Members,

SHRENUJ OVERSEAS LIMITED

Your Directors have pleasure in presenting the TWENTY EIGHTH ANNUAL REPORT and the audited accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

	Year ended 31/03/2011 (Rs.)	Year ended 31/03/2010 (Rs.)
Profit before Taxation	3,73,036	8,02,788
Less : Provision for Taxation	(3,72,682)	(4,03,244)
Profit for the year after taxation	354	3,99,544
Add: Balance of loss brought forward	7,13,758	3,14,214
Balance carried to Balance Sheet	7,14,112	7,13,758

OPERATIONS:

The Company has earned a profit of Rs.3,73,036/- for the financial year ended 31st March, 2011. The income includes fees received from processing activities carried out for the year.

DIVIDEND:

In view of inadequate profit, your Directors have not recommended any dividend for the financial year 2010-11.

STATUTORY INFORMATION:

Information pursuant to sub-section 1(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is not given in this Report as the Company had no manufacturing activity and carry out the job work for its clients.

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Amendment Rules, 1999 and forming part of the Directors' Report is not given in this Report, as the Company had no employees covered under the aforesaid Section.

FIXED DEPOSITS:

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956.

DIRECTOR'S RESPONSIBILITY STATEMENT:

As required under Section 217(2AA) of the Companies Act, 1956 your Directors confirm:

(i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) that the Directors have adopted such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended 31st March, 2011 and of the profit of the Company for that year;

(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 annual accounts on a going concern basis .

DIRECTORS:

Shri Vishal S. Doshi retires by rotation at the ensuing Annual General Meeting and he is eligible for re-appointment.

AUDITORS AND AUDITORS REPORT:

M/s. Prakash S. Doshi & Co., Chartered Accountants, the auditors of your Company retires at the ensuing Annual General Meeting and are eligible for re-appointment.

You are requested to re-appoint M/s Prakash S. Doshi & Co., Chartered Accountants as the Auditors of the Company for the financial year 2011-12 and authorize the Board to fix their remuneration.

APPRECIATION:

The Directors wish to place on record its warm appreciation to all the employees for their contribution to the growth of the Company.

The Directors also wish to thank the Company's Bankers and its customers for their support.

By Order of the Board

SD/-

KIRTILAL K. DOSHI
CHAIRMAN

Mumbai, 12th May, 2011.

Registered Office:
B-4, Sona Udyog Industrial Estate,
Parsi Panchayat Road,
Andheri – East,
Mumbai – 400 069.

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of **SHRENUJ OVERSEAS LIMITED** as at 31st March, 2011 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. 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 audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. 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 audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditors Report) Order, 2003 and the Companies (Auditor‘s Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

3. Further to our comments in the Annexure referred to in Paragraph 2 above, 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 purposes of our audit;

   b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;

   c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;

   d. In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;

   e. On the basis of the written representations received from the directors, and taken on records by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;

   f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India :

      i. in the case of the Balance Sheet of the state of the Company's affairs as at 31st March, 2011; and

      ii. in the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date.

      iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For PRAKASH S. DOSHI & CO.
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.: 108097W

SD/-
P. S. DOSHI
PROPRIETOR
MEMBERSHIP NO. 011532

Mumbai, 12th May, 2011.

Annexure to the Auditor's Report

(Referred to in paragraph 2 of our report of even date on the accounts of **SHRENUJ OVERSEAS LIMITED** for the year ended 31st March, 2011)

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:-

1. (a) The Company has no fixed assets.

2. (a) The Company has no inventory. Hence the clauses 4(ii)(a), 4(ii)b and 4(ii)(c) are not applicable.

3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses (iii)(b) to (iii)(d) of the Para 4 of the order are not applicable to the Company.

   (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses (iii)(f) to (iii)(g) of the Para 4 of the order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for sale of services. The Company has neither purchased inventory or fixed assets nor sold goods during the year. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system.

5. (a) On the basis of an examination of the books of accounts, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted deposits from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

7. The clause (vii) of Para 4 of the order regarding internal audit is not applicable to the Company.

8. As represented to us by the management, the Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956.

9. According to the records of the Company, the Company is regular in depositing undisputed statutory dues with the appropriate authorities and there are no arrears as at March 31, 2011 which were due for more than six months from the date they became payable.

   There are no statutory dues pending to be deposited on account of disputes at various forums,

10. The Company has neither accumulated at the end of the financial year nor has it incurred cash losses, both in the financial year under report and immediately preceding financial year.

11. The Company has not taken any loan from financial institutions, banks or debenture holders.

12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of Para 4 of the Companies (Auditor's Report) Order, 2003 not applicable to the Company.

14. The Company is not dealing or trading in shares, securities, debentures and other investments.

15. According to the information and explanations given to us the Company has not given guarantees for loans taken by others from banks or financial institutions.

16. The Company has not availed any term loans during the year.

17. On the basis of review of utilization of funds on overall basis, related information as made available to us, and as represented to us by the management, funds raised on short term basis have not been used for long term investment.

18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. The Company has not issued any debentures during the year.

20. The Company has not raised any monies by public issue during the year.

21. During the course of an examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company nor have we been informed of such case by the management.

For PRAKASH S. DOSHI & CO.
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.: 108097W

SD/-
P. S. DOSHI
PROPRIETOR
MEMBERSHIP NO. 011532

Mumbai, 12th May, 2011.

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE		31ST MARCH 2011 (Rupees)		31ST MARCH 2010 (Rupees)
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	A		**500,000**		500,000
Reserves and Surplus	B		**733,112**		732,758
			1,233,112		1,232,758
APPLICATION OF FUNDS					
Current Assets, Loans and Advances :	C				
Sundry Debtors		-		**3,124,498**	
Cash & Bank Balances		**189,162**		**927,460**	
		189,162		**4,051,958**	
Loans & Advances		**624,861**		**1,996,300**	
		814,023		**6,048,258**	
Less: Current Liabilities and Provisions :	D				
Current Liabilities		**68,398**		**4,021,730**	
Provisions		**69,000**		**1,628,500**	
		137,398		**5,650,230**	
Net Current Assets			**676,625**		398,028
Deferred Tax Assets	E		**556,487**		834,730
			1,233,112		1,232,758
Notes forming part of the accounts	H				

As per our report of even date

For PRAKASH S. DOSHI & COMPANY
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.108097W

Sd/-
Prakash S. Doshi
PROPRIETOR
MEMBERSHIP NO.:011532

MUMBAI : 12th May, 2011.

Sd/-
Shri Kirtilal K. Doshi — **Chairman**

Shri Vishal S. Doshi
Shri Nihar N. Parikh — **Directors**

MUMBAI : 12th May, 2011.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE		YEAR ENDED 31ST MARCH, 2011 (Rupees)		YEAR ENDED 31ST MARCH, 2010 (Rupees)
INCOME:					
Service Charges (Gross) (Tax Deducted at Source Rs.266,731/- Previous Year Rs.461,891/-)			13,336,527		22,683,880
Other Income			38,303		72,333
			13,374,830		22,756,213
EXPENDITURE					
Processing Exp.	F	12,948,080		21,864,252	
Other Expenses	G	53,714		89,173	
			13,001,794		21,953,425
Profit Before Taxation			373,036		802,788
Less: Provision for Income Tax			(69,000)		(125,000)
Less: Provision for Deferred Tax Assets			(278,243)		(278,244)
Less: Short Prov. of I-T of Earlier Years			(25,439)		-
Profit After Taxation			354		399,544
Add: Balance Brought Forward			713,758		314,214
Balance Carried to Balance Sheet			714,112		713,758
Earning Per Share Rs.			0.07		79.91
Face Value of Shares Rs.100/- each (Refer note 2 (5) of Schedule - H)					
Notes forming part of the accounts	H				

As per our report of even date

For PRAKASH S. DOSHI & COMPANY
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.108097W

Sd/-
Prakash S. Doshi
PROPRIETOR
MEMBERSHIP NO.:011532

MUMBAI : 12th May, 2011.

Sd/-
Shri Kirtilal K. Doshi **Chairman**

Shri Vishal S. Doshi
Shri Nihar N. Parikh
Directors

MUMBAI : 12th May, 2011.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	(Rupees) 2010-2011	2009-2010
(A) **Cash flows from operating activities:**		
Net Profit before tax and after extraordinary items	**373,036**	802,788
Operating Profit before working capital changes	**373,036**	802,788
Adjustments for:		
Trade and Other receivables	**3,124,498**	(3,110,998)
Inventories	-	-
Trade Payables	**(3,953,332)**	3,259,972
Cash generated from operations	**(455,798)**	951,762
Direct Taxes paid	**(282,500)**	(151,654)
Net Cash used in Operating Activities	**(738,298)**	800,108
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash used in investing activities	**-**	-
C. CASH FLOW FROM FINANCE ACTIVITIES:		
Net Cash from financing activities	**-**	-
Net Increase In Cash and Cash equivalents (A+B+C)	**(738,298)**	800,108
Opening Balance of Cash and Cash equivalent	**927,460**	127,352
Closing Balance of Cash and Cash equivalent	**189,162**	927,460

As per our report of even date

For PRAKASH S. DOSHI & COMPANY
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.108097W

Sd/-
Prakash S. Doshi
PROPRIETOR
MEMBERSHIP NO.:011532

MUMBAI : 12th May, 2011.

Sd/-
Shri Kirtilal K. Doshi — **Chairman**

Shri Vishal S. Doshi
Shri Nihar N. Parikh — **Directors**

MUMBAI : 12th May, 2011.

SCHEDULE 'A' TO 'E' ANNEXED TO AND FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2011.

		31ST MARCH, 2011 (Rupees)		31ST MARCH, 2010 (Rupees)
SCHEDULE 'A' - Share Capital				
Authorised				
3,00,000 Equity Shares of Rs.100/- each		**30,000,000**		30,000,000
Issued,Subscribed :				
5,000 Equity Shares of Rs.100/- each		**500,000**		500,000
[The above shares are held by Shrenuj & Company Limted, the Holding Company]				
SCHEDULE 'B' - Reserves and Surplus				
General Reserve		**19,000**		19,000
Profit & Loss Account		**714,112**		713,758
		733,112		732,758
SCHEDULE 'C' - Current Assets,				
Loans and Advances				
A. Current Assets				
Sundry Debtors				
(Unsecured, Considered good)				
Exceeding six months	**-**		**-**	
Others				
	-		3,124,498	
		-		3,124,498
Cash and Bank Balances				
Cash on hand	**33,590**		34,803	
Balance with Schedule Banks				
In Current Accounts	**155,572**		892,657	
		189,162		927,460
		189,162		4,051,958
B. Loans & Advances				
(Unsecured,Considered good)				
Advance Taxes	**624,861**		1,996,300	
		624,861		1,996,300
		814,023		6,048,258

SCHEDULE 'A' TO 'E' ANNEXED TO AND FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2011.

		31ST MARCH, 2011 (Rupees)		31ST MARCH, 2010 (Rupees)
SCHEDULE 'D' - Current Liabilities and Provisions				
A. Current Liabilities				
TDS		-		57,219
Other Liabilities		68,398		3,964,511
		68,398		4,021,730
B. Provisions				
Provision for Taxation		69,000		1,575,000
Provision for Fringe Benefit Taxation		-		53,500
		69,000		1,628,500
SCHEDULE 'E' - Deferred Tax Liability				
Deferred Tax Assets & Liability are attributable to the follwing Items:				
Assets				
Voluntary Retirement Scheme		556,487		834,730
		556,487		834,730
SCHEDULE 'F' - Processing Exp.				
Processing Expenses		12,948,080		21,864,252
		12,948,080		21,864,252
SCHEDULE 'G' - Other Expenses				
Filing Fees		1,000		1,500
Bank Charges		20		130
Telephone Exp.		15,000		15,000
Professional Fees		10,000		36,900
Profession Tax		2,500		7,500
Miscellaneous Expenses		194		3,143
Remuneration to Auditors:				
Audit Fees	15,000		15,000	
Tax Audit Fees	10,000	25,000	10,000	25,000
		53,714		89,173

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

SCHEDULE – H

NOTES FORMING PART OF ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Preparation of financial statements:

i. The Company follows accrual system of accounting.

ii. The Financial Statements have been prepared under the historical cost convention in accordance with the normally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the company.

iii. Accounting policies not specifically referred to otherwise are consistent with and in accordance with generally accepted accounting principles.

B. Use of Estimates:

The Preparation of Financial Statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during reporting period. Differences between actual results and estimates are recognised in the period in which the results are known / materialised.

C. Provisions for Contingencies:

A provision is recognised when:

The Company has a present obligation as a result of a past event:

- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.
- A disclosure for a contingent liability is made when there is a possible obligation or a present obligation; that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

D. Taxation:

i) Provision for taxation is made after considering various reliefs admissible under the provision of Income Tax Act.

ii) Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

2. NOTES TO ACCOUNTS:

i. In the opinion of the Board, current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business. Provisions for all the known liabilities are adequate and not in excess of the amount reasonably necessary.

ii. As the Company is not engaged in Manufacturing, Trading or Processing activity during the year, the requirement of Quantitative information pursuant to Para 3 and other information under Para 4 of the Part II of Schedule VI of the Companies Act, 1956 is not applicable.

3. Segment Reporting:

Accounting Standard AS 17 Segment Reporting is not applicable to the company as the Company has only one business segment viz Supply of manpower services to Gem & Jewellery Industry.

4. Small Scale Industries:

a) There are no Small Scale Undertakings, to whom the company owes a sum which is outstanding for more than 30 days at the Balance Sheet date. This information has been determined on the basis of information available with the Company. This has been relied upon by the auditors.

b) Suppliers/Service providers covered under Micro, Small Medium Enterprises Development Act 2006, have not furnished the information regarding filing of necessary memorandum with the appropriate authority. In view of this, information requires to be disclosed u/s 22 of the said Act is not given.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

5. **Earning per share (EPS) is computed in accordance with the Accounting Standard 20 issued by the Institute of Chartered Accountants of India as under :**

   Earning per Share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings per equity share are as stated below:

Particular		31-03-2011	31-03-2010
Profit after taxation	Rs.	354	399544
Weighted average number of shares	Nos.	5000	5000
Earning per share (basic & diluted)	Rs.	0.07	79.91
Face value per share	Rs.	100	100

6. **Related Party transactions:**

   As per the Directors

   a. **Parties where control exists:**

Shrenuj & Co. Ltd.	Holding Company
Shrenuj Lifestyle Ltd.	Fellow Subsidiary
Daily Jewellery Ltd.	Fellow Subsidiary
Shrenuj DMCC Dubai (UAE)	Fellow Subsidiary
Astral USA, Inc	Fellow Subsidiary
Shrenuj (Mauritius) Pvt. Ltd.	Fellow Subsidiary
Astral Holdings Inc.	Fellow Subsidiary
Shrenuj Japan Corporation	Fellow Subsidiary
Shrenuj Jewellery (Far East) Ltd.	Fellow Subsidiary
Shrenuj N. V. (Antwerp)	Fellow Subsidiary
Intergems Hongkong	Fellow Subsidiary
Shrenuj GMBH	Fellow Subsidiary
Shrenuj USA, LLC	Fellow Subsidiary
Astral Jewels LLC	Fellow Subsidiary
Bernies International, LLC.	Fellow Subsidiary
Shrenuj Botswana (Proprietary) Ltd.	Fellow Subsidiary
Shrenuj Australia Pty Ltd.	Fellow Subsidiary
Lume Group AG	Fellow Subsidiary
Shrenuj (Shanghai) Diamonds Company Ltd. China	Fellow Subsidiary
Simon Golub & Sons, Inc.	Fellow Subsidiary
Shrenuj South Africa (Pty) Ltd.	Fellow Subsidiary
Alija International Pty Ltd.	Fellow Subsidiary
Global Marine Diamond Company	Fellow Subsidiary

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

b. Associates:

SHL Gems & Jewellery Ltd.

Jomard SAS

SWA Trading Ltd.

Kiara Jewellery Private Ltd.

Trapz, LLC

Arisia Jewellery Private Ltd.

Copem & Shrenuj Italy

Shrenuj Jewellery Limited

Shrenuj Properties Private Ltd.

Eurostate Manufacturing Pvt. Ltd.

Inala Properties Pvt. Ltd.

Inala Metals & Minerals Pvt. Ltd.

Auxiliaries Systems Manufacturing Pvt. Ltd.

Ecovision Recycling Pvt. Ltd.

Ithemba Diamonds (Pty.) Ltd.

Uxolo Diamond Cutting Works (Pty.) Ltd.

Shrenuj Investment & Finance Pvt. Ltd.

Prest Impex Private Ltd.

K.K. Doshi & Co.

c. Key Management Personnel and their relatives:

Shri. Kirtilal K. Doshi	Chairman
Shri. Nihar N. Parikh	Director
Shri. Shreyas K. Doshi	Relative
Shri. Vishal S. Doshi	Relative

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

The Following transactions were carried out with the related parties in the ordinary course of business:

I. Details relating to parties referred to in items (a) and (b) above :

S. No.	Particulars	Holding Company (Rs.)	Associates (Rs.)
i.	Other Services Received	146980 -	(15000) (-)
ii.	Other Services Provided	13336527 -	(22429880) (254000)
iii.	Outstanding Receivable	- -	(3124497) (-)
iv.	Outstanding Payable	- -	(15000) (-)

Intercorporate Deposits	Opening Balance	Received During The Year	Repaid During The Year	Closing Balance
Shrenuj & Company Ltd.	- -	(-) (700000)	- -	(700000) (-)

7. Previous year's figures are regrouped / rearranged, wherever necessary.

ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1	**Registration Details**	
	Registration No.	30671
	State Code	11
	Balance Sheet Date	31/03/2011
2	**Capital raised during the year**	
	Public Issue	NIL
	Right Issue	NIL
	Bonus Issue	NIL
	Private Placement	NIL
3	**Position of Mobilisation and deployment of Funds**	
	Total Liabilities	1233112
	Total Assets	1233112
4	**Sources of Funds:**	
	Paid up Capital	500000
	Reserves & Surplus	733112
	Secured Loans	NIL
	Unsecured Loans	NIL
	Deferred Tax Liability	NIL
5	**Application of Funds:**	
	Net Fixed Assets	NIL
	Investments	NIL
	Net Current Assets	676625
	Misc. Expenditure	NIL
6	**Performance of Company**	
	Turnover	13374830
	Total Expenditure	13001794
	Profit Before Tax	373036
	Profit After Tax	354
	Earning Per Share (Rs.)	0.07
	Dividend Rate (%)	NIL

7 **General Names of Three Principal Products/services Of the Company (As per monetary terms)**

Item Code No. (ITC Code)	N. A.
Product Description	N. A.

As per our report of even date

For PRAKASH S. DOSHI & COMPANY
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.108097W

Sd/-
Prakash S. Doshi
PROPRIETOR
MEMBERSHIP NO.:011532

MUMBAI : 12th May, 2011.

Sd/-
Shri Kirtilal K. Doshi **Chairman**

Shri Vishal S. Doshi
Shri Nihar N. Parikh } **Directors**

MUMBAI : 12th May, 2011.

SHRENUJ (SHANGHAI) DIAMOND CO. LTD.

Report of the Auditors

Shanghai Victor Voyage (2011) Audit No. 0870

To the shareholders of Shrenuj (Shanghai) Diamond Co., Ltd.:

We have audited the accompanying financial statements comprising Balance Sheet of Shrenuj (Shanghai) Diamond Co., Ltd. ("the Company") as of 31 March 2011, Income Statement, Statement of Profit Appropriation, Cash Flow Statement as well as Notes to the Financial Statements for the year then ended.

1. Management's responsibility for the financial statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the *Accounting Standards for Business Enterprises* and *China Accounting System for Business Enterprises.* This responsibility includes: (1) 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; (2) selecting and applying appropriate accounting policies; and (3) making accounting estimates that are reasonable in the circumstances.

2. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the *Standards on Auditing for Certified Public Accountants.* 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 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 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.

3. Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 March 2011, and of its financial performance and its cash flows for the year then ended in accordance with the *Accounting Standards for Business Enterprises* and *China Accounting System for Business Enterprises.*

Shanghai Victor Voyage Certified Public Accountants Co., Ltd.

China Certified Public Accountant:
(signature &stamp)

China Certified Public Accountant:
(signature & stamp)

Shanghai · China 30th April 2011

Notes to the Financial Statements of Shrenuj (Shanghai) Diamond Co., Ltd.

(All amounts in RMB unless otherwise stated)

1. Company overview

Shrenuj (Shanghai) Diamond Co., Ltd. (the "Company") was duly founded in June 2007 by INTER-GEMS(H.K) LIMITED. The registration no. of the Company's business license is 323014 (Pudong). The total investment comes up to USD280,000 and the registered capital USD200,000. Currently the Company is in the operation period and the business line is in diamond. The main scope of businesses covers diamond (exclusive of gold and silver) transactions made at Shanghai Diamond Exchange, which involve entrepot trade, processing trade and import-export trade. (If the business is subject to administrative license, operate by license.)

2. Principal accounting policies and accounting estimates

(1) Accounting rule carried out: *China Accounting System for Business Enterprises*

(2) Accounting period: the accounting year from **April 1 to March 31** of the Gregorian calendar

(3) Standard money for accounting and foreign currency translations: RMB is used as the standard money for accounting. Foreign currency transactions are converted at the market exchange rate of the time when the transactions happen (at beginning of the period when the transactions happen) and booked in RMB. Balances of foreign currency accounts at the end of the report period are adjusted in RMB according to the market exchange rate then.

(4) Accounting basis and valuation principle: accrual basis and the principle of historical cost.

(5) Accounts receivable and provision for bad debts:

a) Accounts receivable refer to receivables due from units who have purchased commodities, products or accepted labor services, etc. These receivables are generally valued and accounted on the basis of the actual amount incurred.

b) Confirmation criteria of bad debts: For receivables that surely cannot be recovered according to the legal liquidation procedures due to the cancellation or bankruptcy of the debtor; receivables that could not be recovered due to the death of the debtor who has neither any legacy for liquidation nor any obligor to assume the debts; receivables that could not be recovered for the reason that the debtor has failed to fulfill the repayment duty after the expiration date and there is strong evidence that recovery is really impossible, bad debts would be cancelled after verification according to the supervisory privilege of the Company.

c). Accounting method for bad debt losses: Allowance method.

(6) Accounting rule and valuation method for inventories:

a) Valuation methods for acquired and shipped inventories:

When doing daily accounting, acquired inventories are valued at the actual cost while shipped inventories are valued at specific identification method.

b) Amortization method for low-value consumables: one-off amortization method.

c) Inventory system: perpetual inventory system.

At the end of period, after inventories have been checked thoroughly, provision for inventory depreciation would be accrued according to the lower of the cost of inventory or the net realizable value of it. Provision for inventory depreciation is accrued based on single-item inventory/inventory classification.

(7) Accounting methods for long-term investment

a) The cost for acquiring the investment is determined on the actual cost incurred, including taxes and commission fees, etc.

b) Method for accruing long-term equity investment:

Long-term equity investment that has no control/mutual control over and material influences on the invested unit shall be accounted for by cost method. If the said investment will have control/mutual control over or material influences on the invested unit, accounted for by equity method.

c) Amortization method for long-term equity investment balance:

For equity investment debit balance checked through accounting of the long-term equity investment equity method, if the contract stipulates the investment period, the balance is amortized averagely within investment period. Otherwise, it is amortized averagely within 10 years.

d) Method to accrue provision for impairment of long-term investment:

To accrue item by item at the end of period provision for impairment of long-term investment based on the difference by which the collectible amount is lower than book value of the long-term investment.

(8) Valuation and depreciation methods for fixed assets, the expected service life and the depreciation ratio: as per relevant regulations on financial management in foreign investment enterprises.

Fixed assets refer to buildings and constructions, transportation equipment and other equipment that have a service life of over one year, also refer to articles whose unit price is over RMB2,000, service life more than 2 years and do not come under the classification of main equipment for production and operation purpose. These fixed assets are accounted for at the actual cost of acquisition, and the depreciation is accounted for by straight-line-method.

Category	Estimated service life	Estimated net and residual value rate	Annual depreciation ratio
Other equipment	5	10%	18%

Method for accruing provision for impairment of fixed assets: At the end of period, if the recoverable amount of the fixed assets is lower than the difference of the book value due to continuous market price declining, increasingly antiqued technology, damage and long-term idle status, etc., the provision for impairment of fixed assets shall be accrued item by item based on the difference by which the estimated recoverable amount is lower than the book value of the relevant fixed asset.

(9) Accounting method for construction in progress:

To be accounted for at the actual cost of construction classified by projects. After the construction project is ready for the intended use, it can be transferred to fixed assets. If completion settlement is not yet conducted, it shall be transferred at the estimated value and adjusted after the completion settlement procedure has been completed.

Method for accruing provision for impairment of construction in progress: At the end of period, if the construction has been stopped for a long period and such a condition will remain in the coming three years, as estimated, or construction in progress has far lagged behind in terms of performance and technology and has a big uncertainty in possible economic benefits to the enterprise, the provision for impairment of construction in progress shall be accrued.

(10) Accounting methods for intangible assets, long-term deferred and prepaid expenses and other assets:

a) Valuation method for acquisition of intangible assets: to be accounted for at the actual cost of acquisition and amortized averagely over the period since estimated benefit period from the month of acquisition.

b) Amortization method for organization expenses: to be accounted into the profits/losses of the current month when the Company begins the operations.

c) Method to amortize other long-term deferred and prepaid expenses: to be amortized averagely within the benefit period.

d) Method for accruing provision for impairment of intangible assets:

At the end of period, for intangible assets whose profit-making capability has been heavily impacted on due to replacement by other new technologies and the market price slump, or intangible assets whose market price declining will remain as estimated or intangible assets with partial use value in spite that the protection period to the said assets according to the law expired, the difference by which the collectible amount is lower than the book value shall be accrued for provision for impairment of intangible assets.

(11) Accounting methods for loans:

The ancillary expense incurred to a specific borrowed loan shall be capitalized before the assets acquired are ready for the intended use. If this expanse incurred is a small expense, it can be accounted into the current profit/loss statement.

The expenses arising from a general borrowing and from a specific borrowing that is not in accordance with the regulation on capitalization shall be accounted into the profits/losses of the current period.

(12) Rules for revenue recognition

a) Revenues from the sales of commodities: The Company has transferred the major risks and remunerations concerning the ownership of commodities to the buyer; The Company doesn ë•$%ë• t reserve the continuous management right and actual control right on the said commodities, thus transaction relevant economic interests can flow into the enterprise; When revenues and costs concerned can be reliably measured, revenues from sales can be considered realized.

b) Revenues from the provision of services: If the services starts and are completed in the same accounting year, revenues from the provision of services shall be recognized at the time of completion of the services, receipt of payment or acquisition of evidence for received payment, revenues from sales can be considered realized . If the start and completion of services are in different accounting years, as long as the service transaction result can be reliably estimated, revenues from the provision of services concerned can be recognized by completion percentage at the balance sheet date.

(13) Cost accounting method: Category costing method.

3. **Tax items:** (In case of tax deduction or exemption, state approval authority, approval number, deduction or exempton rate and validity).

The tax rate applicable to the Company: VAT tax rate 17%

Enterprise income tax tax rate 22%

4. **Principle and methods for profit distribution:**

Reserve fund, production development fund, staff bonus and welfare fund shall be withdrawn from the enterprise profit after tax in accordance with the resolution made at the meeting of the board of directors. The balance after withdrawing the above-said funds shall be distributed in proportion to one's respective contribution to the investment.

5. **Notes to major accounting items:** (Unit: RMB yuan)

(1) Monetary assets:

Item	Amount by the end of period		amout at being of of period	
	RBM	INR	RMB	INR
Cash on hand	119,544.20	0	815,805.48	0
Cash in bank	331,973.44	2,910,180.34	2,265,486.35	19,859,943.69
Total	451,517.64	2,910,180.34	3,081,291.83	2,910,180.34

Of which: Foreign currency amount [USD]71.29

Exchange rate 6.8269

(2) Accounts receivable:

	Amount by the end of period		amout at being of of period	
Aging	Amount	Provision for debts	Amount	Provision for bad debts
Within 1 year	10,077,711.90		6,875,847.15	
INR	68,773,329.32		46,922,843.71	
1 to 2 years				
2 to 3 years				
Above 3 years				
Total	10,077,711.90		6,875,847.15	

Of which: Receivables of big amount are from:

Company	Summary	Amount	INR
Shanghai Jiuzuan E-Commercial Co., Ltd.	Payment for goods	326,201.86	2,226,099.35
Tianjing ANCIENT Investment Co., Ltd.	Payment for goods	4,790,564.79	32,692,251.30

(3) Other receivables:

	Amount by the end of period		amout at being of of period	
Aging	Amount	Provision for debts	Amount	Provision for bad debts
Within 1 year	50,857.22		334,257.22	
INR 1 to 2 years	347,064.93		2,281,071.55	
2 to 3 years				
Above 3 years				
Total	50,857.22		334,257.22	

(4) Inventory:

Item	Amount by the end of period		Amout at being of of period	
	RBM	INR	RMB	INR
	Book balance	Provision for impairment	Book balance	Provision for impairment
Stocks	14,981,706.28		15,552,505.03	
INR	102,239,658.17		106,134,960.08	
Total	14,981,706.28		15,552,505.03	

(5) Fixed assets - cost and accumulated depreciation:

a) Fixed assets - cost

Category	Amount by the end of period		Amout at being of of period	
	Increase	Decrease	Increase	Decrease
Office equipment	45,171.00			45,171.00
Total	45,171.00			45,171.00
INR	308,260.46			308,260.46

b) Accumulated depreciation

Category	Amount by the being of period	Withdrawal	Decrease	Amount by the end of period
Office equipment	21,996.70	8130.84		30127.54
Total	21,996.70	8130.84		30127.54
INR	150,112.08	55,487.29		205,599.37

(6) Accounts payable:

Amount by the end of period	Amount at the being of period	INR	INR
25,502,174.56	25,340,045.30	174,034,489.85	172,928,071.14

(7) Taxes payable:

Tax type	Tax rate	Amount by the end of period	Amount at beginning of period
VAT	17%	-2,469,437.23	-900,136.78
INR		-16,852,180.49	-6,142,803.43
Enterprise income tax	22%	0	1788.46
INR			12,204.99
Individual income tax	5%-45%	716.46	95 .00
INR		4,889.34	648.31
Total		-2,468,720.77	-898,253.32
INR -		16,847,291.15	-6,129,950.13

(8) Other payables:

Amount by the end of period		Amout at being of of period	
RBM	INR	RMB	INR
284,823.28	268,353.36	1,943,719.51	1,831,323.83

Of which: payables of big amount are as follows:

Enterprise	Amount	Reason for non-payment
DIPAN JAGDISH PATEL	279,248.69	Advances from legal representative
INR	1,905,676.84	

(9) Paid-in capital:

Investor	Amount at beging of	Increse	Decrease	anount the end of period	(Non-RMB capita) amount period
INTER-GMSH.KLIMITED	1,533,611.68			1,533,611.68	USD200,000.00
Total	1,533,611.68			1,533,611.68	USD200,000.00
INR	10,465,826.19			10,465,826.19	

Note: The above-said capital has been verified by Shanghai Zhong Hui Certified Public Accountants Co., Ltd. by issuance of the Capital Verification Report (Shanghai Zhong Hui. (2007) Audit No. 0870.)

(10) Undistributed profits:

		INR
Amount at beginning of period Adjustment of bad debt Profit tax paid for 09	-33,389.72	-227,861.47
Earn	881,497.39	6,015,602.64
Amount by the end of period	848,107.67	5,787,741.17

(11) Sales revenue: Amount incurred in the current period is **RMB** 44,182,578.08 **INR** 301,515,167.59

(12) Cost of sales: Amount incurred in the current period is **RMB** 48,045,820.14 **INR** 327,879,000

(13) Operating expenses: Amount incurred in the current period is **RMB** 296,265.19 **INR** 2,021,802.54

(14) General and administrative expenses: Amount incurred in the current period is **RMB** 881,938.75 **INR** 6,018,614.61

(15) Financial expenses: Amount incurred in the current period is **RMB** -231,807.82 **INR** -1,521,921.11

6. Notes to other accounting items:

(1) Contingent items: Contingent items that need no explanation.

(2) Promised items: Promised items that need no explanation.

(3) Related party, transactions between related parties and the Company and the balance

a) Related party that has a control relationship with the Company

Related party who controls the Company:

Enterprise	Relationship with the Company	Economic nature or type	Legal representative
INTER-GMS (H.K) LIMITED	Investor		

b) Related party who has no control relationship with the Company:

Enterprise	Relationship with the Company
DIPAN JAGDISH PATEL	Legal representative

(4) Items after the balance sheet date: Contingent items that need no explanation.

(5) Other important items: Contingent items that need no explanation.

Final Accounting Statements for Foreign-invested Enterprises in Shanghai in March 31, 2011

Balance Sheet Non-financial Enterprise

Assets	Line	AT BEG.OF YEAR	INR	AT END OF PERIOD	INR	Liabilities and owner's equity	Line	AT BEG.OF YEAR	INR	AT END OF PERIOD	INR
Current Assets:	1					Current liabilities	53				
Monetary fund	2	2,910,180.34	**19,859,943.69**	451,517.64	**3,081,291.83**	Short-term loans	54				
Short-term investments	3					Notes payable	55				
Notes receivable	4	514,403.26	**3,510,442.17**			Accounts payable	56	25,340,045.30	**172,928,071.14**	25,502,174.56	**174,034,489.85**
Dividends receivable	5					Advances from customers	57				
Interest receivable	6					Accrued payroll	58				
Accounts receivable	7	6,875,847.15	**46,922,843.71**	10,077,711.90	**68,773,329.32**	Welfare fund payable	59				
Other receivables	8	334,257.22	**2,281,071.55**	50,857.22	**347,064.93**	Including: Staff and					
						workers' bonus and					
						welfare fund	60				
Advance payments	9					Dividends payable	61				
Futures margin	10					Interest Payable	62				
Subsidies receivable	11					Taxes payable	63	-898,253.32	**-6,129,950.13**	-2,468,720.77	**-16,847,291.15**
Export tax reimbursement											
receivable	12					Other accounts to be paid	64				
Inventories	13	15,552,505.03	**106,134,960.08**	14,981,706.28	**102,239,658.17**	Other payables	65	268,353.36	**1,831,323.83**	284,823.28	**1,943,719.51**
Including: Original material	14					Accrued expenses	66				
Commodities in stock	15					Estimable liabilities	67				
Prepaid expense	16					Deferred income	68				
Long-germ bonds											
investments due within one year	17					Long-term liabilities					
						due within one year	69				
Other current assets	18					Other current liabilities	70				
	19					Total current liabilities	71	24,710,145.34	**168,629,444.84**	23,318,277.07	**159,130,918.21**
Total Current Assets	20	26,187,193.00	**178,709,261.19**	25,561,793.04	**174,441,344.24**	Long-term liabilities	72				
Long-term investment	21					Long-term loans	73				
Long-term equity investment	22					Bonds payable	74				
Long-term debt investment	23					Long-term payables	75				
*Cost-book value differentials	24					Special payables	76				
	25					Other Long-term liabilities	77				
	26					Including: Unamortized					
						exchange gain	78				
Total long-term investments	27					Total Long-term liabilities	79				
Fixed assets:	28					Deferred taxes	80				
Original value of fixed assets	29	45,171.00	**308,260.46**	45,171.00	**308,260.46**	Lender of deferred taxes	81				
Less: Accumulated depreciation	30	21,996.70	**150,112.08**	30,127.54	**205,599.37**	Total liabilities	82	24,710,145.34	**168,629,444.84**	23,318,277.07	**159,130,918.21**
Net value of fixed assets	31	23,174.30	**158,148.38**	15,043.46	**102,661.08**	* Minor shareholders'					
						equities	83				
Less: Fixed asset depreciation preparation	32					Owner's equityor shareholders' equities	84				
Net amount of fixed assets	33	23,174.30	**158,148.38**	15,043.46	**102,661.08**	Paid-up capital					
						(or stock capital)	85	1,533,611.68	**10,465,826.19**	1,533,611.68	**10,465,826.19**
Engineering materials	34					Including: Chinese-party investment (balance at period end of non-RMB capital)	86				
Construction in progress	35					Foreign-party investment (balance at period end of non-RMB capital)	87	1,533,611.68	**10,465,826.19**	1,533,611.68	**10,465,826.19**

(Exchange rate used for translation 1 YUAM = INR 6.82)

Final Accounting Statements for Foreign-invested Enterprises in Shanghai in Mar.31,2011Blance SheetNon-fiancial Enterprise

Assets	Line	AT BEG.OF YEAR	**INR**	AT END OF PERIOD	**INR**	Liabilities and owner's equity	Line	AT BEG.OF YEAR	**INR**	AT END OF PERIOD	**INR**
Disposal of fixed assets	36					Less: Returned investment	88				
	37					Net value Paid-up capital (or stock capital)	89				
	38					Capital surplus	90				
Total Fixed Assets	39	23,174.30	**158,148.38**	15,043.46	**102,661.08**	Surplus reserve	91				
Intangible assets and											
Other Assets	40					Including: Legal					
						surplus reserve	92				
Intangible assets	41					Legal public					
						reserve fund	93				
long-term prepaid expense	42			123,159.92	**840,480.24**	Random surplus reserve	94				
Other long-term assets	43					Reserve fund	95				
Including: Unamortized											
exchange losses	44					Enterprise expansion fund	96				
	45					Profits capitalized on					
	46					return of investments *Unconfirmed investment	97				
						losses/loss expressed with "*"	98				
Total Intangible assets and											
Other Assets	47	123,159.92	**840,480.24**			Undistributed profits	99	-33,389.72	**-227,861.47**	848,107.67	**5,787,741.17**
Deferred taxes	48					Conversion difference					
						of foreign-current					
						statements	100				
Debits of deferred taxes	49					Total owner's equity or shareholders' equities	101				
	50					Less: Loss on assets	102				
	51					Total owner's equity (or shareholders' equities) Net value after the asset					
						loss is deducted	103	1,500,221.96	**10,237,964.72**	2,381,719.35	**16,253,567.36**
Total Assets	52	26,210,367.30	**178,867,409.57**	25,699,996.42	**175,384,485.57**	Total liabilities and owner's equity (or shareholders' equities)	104	26,210,367.30	**178,867,409.57**	25,699,996.42	**175,384,485.57**

Note Items with "*" are for statement combination only Seal for Accounting Statements, Shanghai Financial Bureau

(Exchange rate used for translation 1 YUAM = INR 6.82)

SHRENUJ SOUTH AFRICA PTY LTD.

GROUPINGS OF BALANCE SHEET FOR THE YEAR ENDED 31/03/2011

		SCHEDULE	2010-11 Rupees	2010-11 ZAR	2009-10 Rupees	2009-10 ZAR
A	SHARE CAPITAL		41,373,505	6,263,683	41,373,505	6,263,683
B	RESERVES & SURPLUS		(7,025,184)	(1,063,567)	(1,735,418)	(262,731)
C	MINORITY INTEREST		-	-	-	-
D	SECURED LOANS		-	-	-	-
E	UNSECURED LOANS		13,526,032	2,047,754	12,622,333	1,910,940
F	DEFERRED TAX		-	-	-	-
			47,874,353	**7,247,870**	**52,260,420**	**7,911,892**
G	**FIXED ASSETS**					
	Gross Block		44,494,873	6,736,238	42,287,897	6,402,116
	Less:Depreciation		2,082,790	315,321	838,873	127,000
	Net Block		42,412,083	6,420,917	41,449,024	6,275,116
	Capital Work in Progress		-	-	-	-
			42,412,083	6,420,917	41,449,024	6,275,116
H	**INVESTMENTS**		2,410,935	365,000	10,028,827	1,518,300
I	**CURRENT ASSETS, LOANS & ADVANCES**					
	Inventories		4,776,979	723,204	-	-
	Sundry Debtors		48,834,185	7,393,182	-	-
	Cash & Bank Balances		2,987,571	452,299	716,717	108,506
			56,598,735	8,568,685	716,717	108,506
	Loans & Advances		374,692	56,726	66,053	10,000
			56,973,427	**8,625,411**	**782,770**	**118,506**
J	**CURRENT LIABILITIES & PROVISIONS**					
	Current Liabilities		53,922,090	8,163,458	198	30
	Provisions		-	-	-	-
			53,922,090	8,163,458	198	30
	NET CURRENT ASSETS		3,051,337	461,953	782,572	118,476
Y	**BRANCH ACCOUNTS**		-	-	-	-
			463,128,223	70,114,639	191,379,290	28,973,596
			47,874,355	**7,247,870**	**52,260,423**	**7,911,892**

(Exchange rate used for translation 1 ZAR = 6.6053 INR)

GROUPINGS OF PROFIT & LOSS A/C. FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	2010-11 Rupees	2010-11 ZAR	2009-10 Rupees	2009-10 ZAR
INCOME					
Sales and Services	**K**	65,360,825	9,895,209	-	-
Other Income	**L**	20,796	3,148	-	-
		65,381,621	9,898,358	-	-
EXPENDITURE					
Material Cost	**M**	60,848,095	9,212,011	-	-
Manufacturing & Other Expenses	**N**	9,014,164	1,364,686	1,269,850	192,247
Interest	**O**	(29,745)	(4,503)	(202,347)	(30,634)
Depreciation		838,873	127,000	838,873	127,000
Exchange difference -reinstatement		-	-	-	-
		70,671,387	10,699,194	1,906,376	288,613
PROFIT BEFORE TAXATION		(5,289,766)	(800,836)	(1,906,376)	(288,613)
Less: Provision for Taxation - Current		-	-	-	-
Provision for Deferred Taxation		-	-	-	-
PROFIT AFTER TAXATION		(5,289,766)	(800,836)	(1,906,376)	(288,613)
Add: Balance Brought Forward		(1,735,418)	(262,731)	170,958	25,882
Excess provision for taxation in respect of previous years written back		-	-	-	-
		(7,025,184)	(1,063,567)	(1,735,418)	(262,731)
APPROPRIATION					
Transfer to General Reserve		-	-	-	-
Proposed Dividend		-	-	-	-
Tax on Proposed Dividend		-	-	-	-
Balance carried to Balance Sheet		(7,025,184)	(1,063,567)	(1,735,418)	(262,731)
		(7,025,184)	(1,063,567)	(1,735,418)	(262,731)

Exchange rate used for translation 1 ZAR = 6.6053 INR)

GROUPINGS OF BALANCE SHEET AS AT 31/03/2011

	2010-11 Rupees	2010-11 ZAR	2009-10 Rupees	2009-10 ZAR
SCHEDULE 'A' - Share Capital				
Issued Subscribed And Paid-up				
Equity Shares of Rs.10/- each				
Fully paid up	41,373,505	6,263,683	41,373,505	6,263,683
	41,373,505	6,263,683	41,373,505	6,263,683
SCHEDULE 'B' - Reserve and Surplus				
Capital Reserve	-	-	-	-
General Reserve	-	-	-	-
Adjustment for Intangible Asset	-	-	-	-
Share Premium Account	-	-	-	-
Exchange Fluctuation Reserve	-	-	-	-
Surplus in P&L A/c.	(7,025,184)	(1,063,567)	(1,735,418)	(262,731)
	(7,025,184)	(1,063,567)	(1,735,418)	(262,731)
SCHEDULE 'C' - Minority Interest				
Equity	-	-	-	-
Share of Profit	-	-	-	-
Share of Exchange Flctuation Reserve	-	-	-	-
	-	-	-	-
SCHEDULE 'D' - Secured Loans				
Term Loan from Bank	-	-	-	-
From Banks	-	-	-	-
From Others	-	-	-	-
	-	-	-	-
SCHEDULE 'E' - Unsecured Loans				
Short term Loans & Advance from:				
Financial Insitutions	-	-	-	-
Inter-Corporate Deposit	-	-	-	-
From Holding Company	7,877,415	1,192,590	-	-
Directors	-	-	-	-
Others	5,648,617	855,164	12,622,333	1,910,940
Overdrawn Bank Balances	-	-	-	-
	13,526,032	2,047,754	12,622,333	1,910,940
SCHEDULE 'F' - Deferred Tax				
Assets (+)	-	-	-	-
Liability (-)	-	-	-	-
	-	-	-	-
SCHEDULE 'G' - Fixed Assets				
Cost	44,494,873	6,736,238	42,287,897	6,402,116
Less: Depreciation	2,082,790	315,321	838,873	127,000
	42,412,083	6,420,917	41,449,024	6,275,116
Capital Work in Progress	-	-	-	-
	42,412,083	6,420,917	41,449,024	6,275,116
SCHEDULE 'H' - Investments	2,410,935	365,000	10,028,827	1,518,300

(Exchange rate used for translation 1 ZAR = 6.6053 INR)

	2010-11 Rupees	2010-11 ZAR	2009-10 Rupees	2009-10 ZAR
SCHEDULE 'I' - Current Assets, Loans & Advances				
A. Current Assets Inventories				
Raw Material	-	-	-	-
Finished Goods	4,776,979	723,204	-	-
Stores, Spares etc.	-	-	-	-
	4,776,979	723,204	-	-
Sundry Debtors				
Outstanding over six months	-	-	-	-
Others	48,834,185	7,393,182	-	-
	48,834,185	7,393,182	-	-
Cash and Bank Balances				
Cash on hand	-	-	-	-
Balances with Scheduled Banks				
Current Accounts	2,987,571	452,299	716,717	108,506
Fixed Deposits	-	-	-	-
Margin Deposit Accounts	-	-	-	-
	2,987,571	452,299	716,717	108,506
TOTAL (A)	56,598,735	8,568,685	716,717	108,506
B. Loans & Advances				
Due from Subsidiary Company	-	-	-	-
Advances recoverable in cash or in kind or for value to be received	374,692	56,726	66,053	10,000
Advance for Raw Material	-	-	-	-
Advance Taxes	-	-	-	-
TOTAL (B)	374,692	56,726	66,053	10,000
TOTAL (A) + (B)	**56,973,427**	**8,625,411**	**782,770**	**118,506**
SCHEDULE 'J' - Current Liabilities and Provisions				
A. CURRENT LIABILITIES				
Sundry Creditors/ Related parties	53,922,090	8,163,458	198	30
Unpaid Dividend	-	-	-	-
Interest accrued & not due	-	-	-	-
TOTAL (A)	53,922,090	8,163,458	198	30
B. PROVISIONS				
Provision for leave encashment	-	-	-	-
Provision for taxation	-	-	-	-
Proposed Dividend	-	-	-	-
Provision for Tax on Proposed Dividend	-	-	-	-
TOTAL (B)	-	-	-	-
TOTAL (A) + (B)	**53,922,090**	**8,163,458**	**198**	**30**
SCHEDULE 'Y' - Branch Accounts (+DR/-CR)				
H.O.	-	-	-	-
Seepz	-	-	-	-
Trading Division	-	-	-	-
Transfer of Profit/ Loss for the year	-	-	-	-
	-	-	-	-

(Exchange rate used for translation 1 ZAR = 6.6053 INR)

GROUPINGS OF PROFIT & LOSS A/C.
FOR THE YEAR ENDED 31ST Mar, 2011

		2010-11		2009-10	
		Rupees	ZAR	Rupees	ZAR
SCHEDULE 'K' - Sales					
Sales (including Inter Div.Rs.)		65,360,825	9,895,209	-	-
Total (a)		65,360,825	9,895,209	-	-
Service Charges		-	-	-	-
Total (b)		-	-	-	-
SCHEDULE 'L' - Other Income					
Commission Income		-	-	-	-
Sundry Receipts		20,796	3,148	-	-
Profit on Sale of Investment		-	-	-	-
Total (c)		20,796	3,148	-	-
Grant Total (a)+(b)+(c)	**(A)**	65,381,621	9,898,358	-	-
SCHEDULE 'M ' - Materials Cost					
Materials Consumed					
Stock at commencement		-	-	-	-
Add: Purchases		65,625,074	9,935,215	-	-
Exch. Diff. on Re-Statement		-	-	-	-
Sale of Rough Diamonds/Raw Materials		-	-	-	-
Less: Stock at close		-	-	-	-
		65,625,074	9,935,215	-	-
Purchase of Finished Goods		-	-	-	-
Total (d)		65,625,074	9,935,215	-	-
Variation in Stock					
Stock at close		4,776,979	723,204	-	-
Less: Stock at commencement		-	-	-	-
Total (e)		4,776,979	723,204	-	-
Materials Cost (d)-(e)	**(C)**	60,848,095	9,212,011	-	-
SCHEDULE 'N' - Manufacturing & Other Expenses					
Stores & Spares consumed		-	-	-	-
Power & fuel		-	-	-	-
Subcontracting charges		-	-	-	-
Rent		1,049,872	158,944	-	-
Rates & Taxes		-	-	-	-
Machinery repairs		-	-	-	-
Other Manufacturing Expenses		-	-	-	-
Total		1,049,872	158,944	-	-
Employees's Emoluments:					
Salaries, Wages, Gratuity, Bonus etc.		6,327,395	957,927	495,398	75,000
Contribution to PF etc.		-	-	-	-
Welfare expenses		-	-	-	-
Total		6,327,395	957,927	495,398	75,000

(Exchange rate used for translation 1 ZAR = 6.6053 INR)

		2010-11		2009-10	
		Rupees	ZAR	Rupees	ZAR
Selling & Distribution Expenses					
Marketing / Advisory Expenses		-	-	-	-
Freight & forwarding charges		-	-	-	-
Sales Promotion Expenses		-	-	-	-
Advertisement Expenses		-	-	-	-
Export Commission		-	-	-	-
Other Selling & Distribution Expenses		-	-	-	-
Total		-	-	-	-
Other Expenses:					
Insurance		93,225	14,114	-	-
Other Repairs		16,119	2,440	689,877	104,443
Legal & Professional Charges		338,852	51,300	-	-
Travelling, Conveyance and Vehicle expenses		-	-	-	-
Miscellaneous Expenses		1,079,999	163,505	45,577	6,900
Remuneration to Auditors		108,702	16,457	38,998	5,904
Donations		-	-	-	-
Loss on sale / discarded of Assets		-	-	-	-
Total		1,636,897	247,816	774,452	117,247
Manufacturing & Other Expenses	**(D)**	9,014,164	1,364,686	1,269,850	192,247
SCHEDULE 'O ' - Interest					
On Term Loan		-	-	-	-
To Banks		-	-	-	-
To Others		-	-	-	-
Less interest received		29,745	4,503	202,347	30,634
Total	**(E)**	(29,745)	(4,503)	(202,347)	(30,634)
Depreciation	**(F)**	838,873	127,000	838,873	127,000
Exchange difference on restatement		-	-	-	-
Provision for Income Tax	**(G)**	-	-	-	-
Deffered Tax Liability	**(G)**	-	-	-	-
Provision for Wealth-Tax/ Ex diff on Re-statement	**(G)**	-	-	-	-
TOTAL (C) TO (G)	**(B)**	70,671,387	10,699,194	1,906,376	288,613
Net profit after tax (A) - (B)		(5,289,766)	(800,836)	(1,906,376)	(288,613)
Minority Interest		-	-	-	-
Previous year adjustments		-	-	-	-
Surplus in Profit & Loss A/c. B/f.		(1,735,418)	(262,731)	170,958	25,882
Transfer of Profit from Divisions		-	-	-	-
TOTAL	**(X)**	(7,025,184)	(1,063,567)	(1,735,418)	(262,731)
Transfer to General Reserve		-	-	-	-
Proposed Dividend		-	-	-	-
Tax on Dividend		-	-	-	-
TOTAL	**(Y)**	-	-	-	-
Balance Available for appropriation	**(X) - (Y)**	(7,025,184)	(1,063,567)	(1,735,418)	(262,731)

(Exchange rate used for translation 1 ZAR = 6.6053 INR)

SHRENUJ USA LLC

GROUPINGS OF BALANCE SHEET AS AT 31/03/2011

	2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
SCHEDULE 'A' - Share Capital				
Issued Subscribed And Paid-up				
Fully paid up	1,035,000	46,161,000	1,035,000	46,161,000
	1,035,000	**46,161,000**	**1,035,000**	**46,161,000**
SCHEDULE 'B' - Reserve and Surplus				
Capital Reserve	-	-	-	-
General Reserve	-	-	-	-
Adjustment for Intangible Asset	-	-	-	-
Share Premium Account	-	-	-	-
Exchange Fluctuation Reserve	-	-	-	-
Surplus in P&L A/c.	1,386,875	61,854,625	1,268,696	56,583,842
	1,386,875	61,854,625	1,268,696	56,583,842
SCHEDULE 'C' - Minority Interest				
Equity	-	-	-	-
Share of Opening Reserves	-	-	-	-
Share of Profit	-	-	-	-
Share of Exchange Flctuation Reserve	-	-	-	-
	-	-	-	-
SCHEDULE 'D' - Secured Loans				
Term Loan from Bank	-	-	-	-
From Banks	2,625,000	117,075,000	-	-
From Others	-	-	-	-
	2,625,000	117,075,000	-	-
SCHEDULE 'E' - Unsecured Loans				
Short term Loans & Advance from:				
Financial Insitutions	-	-	-	-
Inter-Corporate Deposit	-	-	-	-
Loan from Group Company	-	-	-	-
Directors	-	-	-	-
Others	-	-	-	-
	-	-	-	-
SCHEDULE 'F' - Deferred Tax				
Assets (+)	-	-	-	-
Liability (-)	-	-	-	-
	-	-	-	-
SCHEDULE 'G' - Fixed Assets				
Cost	12,307	548,892	12,307	548,892
Less: Depreciation	12,297	548,446	8,251	367,995
	10	446	4,056	180,898
Capital Work in Progress	-	-	-	-
	10	446	4,056	180,898
SCHEDULE 'H' - Investments	-	-	-	-
SCHEDULE 'I' - Current Assets, Loans				
& Advances	-	-	-	-
A. Current Assets Inventories				
Raw Material	-	-	-	-
Finished Goods	5,358,687	238,997,440	5,107,526	227,795,660
Goods in transit	-	-	-	-
	5,358,687	238,997,440	5,107,526	227,795,660

(Exchange rate used for translation USD = 44.60 INR)

	2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
Sundry Debtors				
Outstanding over six months	-	-	-	-
Others	3,218,855	143,560,933	2,373,229	105,846,013
	3,218,855	143,560,933	2,373,229	105,846,013
Cash and Bank Balances				
Cash on hand	500	22,300	-	-
Balances with Scheduled Banks	-	-	-	-
Current Accounts	447,684	19,966,706	1,036,785	46,240,611
Fixed Deposits	-	-	-	-
Margin Deposit Accounts	-	-	-	-
	448,184	19,989,006	1,036,785	46,240,611
B. Loans & Advances				
Due from Subsidiary Company	46,631	2,079,743	(1,432,500)	(63,889,500)
Advances recoverable in cash or in kind or for value to be received	17,012	758,735	8,372	373,391
Advance for Raw Material	-	-	-	-
Advance Taxes	-	-	-	-
	63,643	2,838,478	(1,424,128)	(63,516,109)
TOTAL (A) + (B)	9,089,369	405,385,857	7,093,412	316,366,175
SCHEDULE 'J' - Current Liabilities and Provisions				
A. CURRENT LIABILITIES				
Sundry Creditors/Related parties	4,042,504	180,295,678	4,793,772	213,802,231
Unpaid Dividend	-	-	-	-
Interest accrued & not due	-	-	-	-
	4,042,504	180,295,678	4,793,772	213,802,231
B. PROVISIONS				
Provision for Doubtful Debts	-	-	-	-
Provision for taxation	-	-	-	-
Proposed Dividend	-	-	-	-
Provision for Tax on Proposed Dividend	-	-	-	-
TOTAL (A) + (B)	4,042,504	180,295,678	4,793,772	213,802,231
SCHEDULE 'Y' - Preliminery Expenses				
to the extent not w/off	-	-	-	-
H.O.	-	-	-	-
Seepz	-	-	-	-
Trading Division	-	-	-	-
Transfer of Profit/Loss for the year	-	-	-	-
	-	-	-	-

GROUPINGS OF BALANCE SHEET FOR THE YEAR ENDED 31/03/2011

SCHEDULE		2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
A	SHARE CAPITAL	1,035,000	46,161,000	1,035,000	46,161,000
B	RESERVES & SURPLUS	1,386,875	61,854,625	1,268,696	56,583,842
C	MINORITY INTEREST	-	-	-	-
D	SECURED LOANS	2,625,000	117,075,000	-	-
E	UNSECURED LOANS	-	-	-	-
F	DEFERRED TAX	-	-	-	-
		5,046,875	225,090,625	2,303,696	102,744,842

(Exchange rate used for translation USD = 44.60 INR)

		2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
G	**FIXED ASSETS**				
	Gross Block	12,307	548,892	12,307	548,892
	Less:Depreciation	12,297	548,446	8,251	367,995
	Net Block	10	446	4,056	180,898
	Capital Work in Progress	-	-	-	-
		10	446	4,056	180,898
H	**INVESTMENTS**	-	-	-	-
I	**CURRENT ASSETS, LOANS & ADVANCES**				
	Inventories	5,358,687	238,997,440	5,107,526	227,795,660
	Sundry Debtors	3,218,855	143,560,933	2,373,229	105,846,013
	Cash & Bank Balances	448,184	19,989,006	1,036,785	46,240,611
		9,025,726	402,547,380	8,517,540	379,882,284
	Loans & Advances	63,643	2,838,478	(1,424,128)	(63,516,109)
		9,089,369	**405,385,857**	**7,093,412**	**316,366,175**
J	**CURRENT LIABILITIES & PROVISIONS**				
	Current Liabilities	4,042,504	180,295,678	4,793,772	213,802,231
	Provisions	-	-	-	-
		4,042,504	180,295,678	4,793,772	213,802,231
	NET CURRENT ASSETS	5,046,865	225,090,179	2,299,640	102,563,944
Y	**PRELIMINARY EXPS NOT W/OFF**	-	-	-	-
Z	**DEBTORS/CREDITORS (CONTRA)**	-	-	-	-
		5,046,875	**225,090,625**	**2,303,696**	**102,744,842**

	2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
SCHEDULE 'K' - Sales				
Sales (including Inter Div.Rs.)	18,338,366	817,891,124	18,210,970	812,209,262
Total (a)	**18,338,366**	**817,891,124**	**18,210,970**	**812,209,262**
Service Charges	-	-	515,438	22,988,535
Total (b)	-	-	515,438	22,988,535
SCHEDULE 'L' - Other Income				
Commission Income	58,471	2,607,807	253,012	11,284,335
Sundry Receipts	(108,000)	(4,816,800)	-	-
Share in Associates	-	-	-	-
Profit on Sale of Asset	-	-	-	-
Profit on Sale of Investment	-	-	-	-
Total (c)	(49,529)	(2,208,993)	253,012	11,284,335
Grant Total (a)+(b)+(c) (A)	18,288,837	815,682,130	18,979,420	846,482,132
SCHEDULE 'M ' - Materials Cost				
Materials Consumed				
Stock at commencement	-	-	-	-
Add: Purchases	-	-	-	-
Sale of Rough Diamonds/Raw Materials	-	-	-	-
Less: Stock at close	-	-	-	-
	-	-	-	-
Purchase of Finished Goods	**15,931,165**	**710,529,959**	**16,879,662**	**752,832,925**
Total (d)	15,931,165	710,529,959	16,879,662	752,832,925

(Exchange rate used for translation USD = 44.60 INR)

	2010-11 USD	2010-11 Rupees	2009-10 USD	2009-10 Rupees
Variation in Stock				
Stock at close	5,358,687	238,997,440	5,107,526	227,795,660
Less: Stock at commencement	5,107,526	227,795,660	4,971,224	221,716,590
Total (e)	251,161	11,201,781	136,302	6,079,069
Materials Cost (d)-(e) (C)	15,680,004	699,328,178	16,743,360	746,753,856
SCHEDULE 'N' - Manufacturing & Other Expenses				
Stores & Spares consumed	-	-	-	-
Power & fuel	-	-	-	-
Subcontracting charges	-	-	-	-
Rent	-	-	15,770	703,342
Rates & Taxes	-	-	1,390	61,994
Machinery repairs	-	-	-	-
Other Manufacturing Expenses	-	-	-	-
Total	-	-	17,160	765,336
Employees's Emoluments:				
Salaries, Wages, Gratuity, Bonus etc.	252,838	11,276,575	387,110	17,265,106
Contribution to PF etc.	26,723	1,191,846	-	-
Welfare expenses	31,820	1,419,172	77,237	3,444,770
Total	311,381	13,887,593	464,347	20,709,876
Selling & Distribution Expenses				
Marketing / Advisory Expenses	42,732	1,905,847	-	-
Freight & forwarding charges	42,330	1,887,918	91,756	4,092,318
Sales Promotion Expenses	-	-	-	-
Advertisement Expenses	565,001	25,199,045	171,105	7,631,283
Commission	607,225	27,082,235	275,067	12,267,988
Other Selling & Distribution Expenses	1,158	51,647	6,616	295,074
Total	1,258,446	56,126,692	544,544	24,286,662
Other Expenses:				
Insurance	19,936	889,146	20,062	894,765
Other Repairs	1,133	50,532	103	4,594
Legal & Professional Charges	115,545	5,153,307	78,125	3,484,375
Bad Debts	(871)	(38,847)	1,179	52,583
Travelling, Conveyance and Vehicle expenses	31,134	1,388,576	18,336	817,786
Miscellaneous Expenses	35,218	1,570,723	130,440	5,817,624
Remuneration to Auditors	-	-	-	-
Preliminery expenses w/off	-	-	-	-
Donations	-	-	250	11,150
Loss on sale / discarded of Assets	-	-	-	-
Total	202,095	9,013,437	248,495	11,082,877
Manufacturing & Other Expenses(D)	1,771,922	79,027,721	1,274,546	56,844,752

(Exchange rate used for translation USD = 44.60 INR)

SIMONS GOLUB & SONS INC

Independent Accountants' Review Report

To the Board of Directors
and Stockholders
Simon Golub & Sons, Inc.
Seattle, Washington

We have reviewed the accompanying balance sheets of Simon Golub & Sons, Inc. as of March 31, 2011 and 2010, and the related statements of operations, changes in stockholders' equity, and cash flows for the fiscal years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and in accordance with International Standard on Review Engagement 2400. All information included in these financial statements is the representation of management of Simon Golub & Sons, Inc.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America or in accordance with International Standards on Auditing, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Clark Nuber & Consultants
Certified Public Accountants
May 23, 2011

Balance Sheets

Assets

	March 31, 2011 US$	March 31, 2010 US$	March 31, 2011 INR	March 31, 2010 INR
Current Assets:				
Cash and cash equivalents	926,983	1,525,342	41,343,442	68,030,253
Restricted cash	2,130,928	553,528	95,039,389	24,687,349
Trade accounts receivable, net	18,382,425	19,104,281	819,856,155	852,050,933
Federal and State taxes receivable	-	434,951	-	19,398,815
Inventory (Notes 3 and 4)	19,662,341	19,252,791	876,940,409	858,674,479
Current portion of notes receivable (Note 5)	1,004,200	1,004,200	44,787,320	44,787,320
Current portion of related party notes receivable (Note 14)	1,963,326	1,013,330	87,564,340	45,194,518
Prepaid expenses and other current assets	1,535,269	844,996	68,472,997	37,686,822
Total Current Assets	45,605,472	43,733,419	2,034,004,052	1,950,510,489
Equipment and improvements, net (Note 6)	413,835	441,751	18,457,041	19,702,095
Long-term notes receivable (Note 5)	365,819	365,819	16,315,527	16,315,527
Long-term related party notes receivable (Note 14)	52,851	67,713	2,357,155	3,020,000
Deferred tax asset (Note 7)	870,840	923,798	38,839,464	41,201,391
Goodwill	1,100,000	1,100,000	49,060,000	49,060,000
Other assets	53,659	783,047	2,393,191	34,923,896
Total Assets	48,462,476	47,415,547	2,161,426,430	2,114,733,398

(Exchange rate used for translation 1 US$ = INR 44.600)

See accompanying notes and independent accountants' review report.

Balance Sheets

Liabilities and Stockholders' Equity

	March 31, 2011 US$	March 31, 2010 US$	March 31, 2011 INR	March 31, 2010 INR
Current Liabilities:				
Line of credit (Note 8)	10,398,000	12,780,000	463,750,800	569,988,000
Accounts payable (Note 14)	7,724,686	5,337,996	344,520,996	238,074,622
Accrued and other current liabilities	1,389,225	1,533,845	61,959,435	68,409,487
Gold lease obligation (Note 4)	6,475,500	5,019,750	288,807,300	223,880,850
Total Current Liabilities	25,987,411	24,671,591	1,159,038,531	1,100,352,959
Deferred gain (Note 9)	524,484	643,234	23,391,986	28,688,236
Long-term accrued and other liabilities	655,791	488,355	29,248,279	21,780,633
Total Liabilities	27,167,686	25,803,180	1,211,678,796	1,150,821,828
Stockholders' Equity:				
Preferred 4% noncumulative voting stock ($50 par value, 100 shares authorized)	5,000	5,000	223,000	223,000
Common non-voting stock ($25 par value, 20,000 shares authorized)	264,653	269,121	11,803,524	12,002,798
Additional paid-in capital	2,556,424	3,051,956	114,016,510	136,117,238
Retained earnings	18,468,713	18,286,290	823,704,600	815,568,534
Total Stockholders' Equity	21,294,790	21,612,367	949,747,634	963,911,570
Total Liabilities and Stockholders' Equity	48,462,476	47,415,547	2,161,426,430	2,114,733,398

(Exchange rate used for translation 1 US$ = INR 44.600)

See accompanying notes and independent accountants' review report.

Statements of Operations

	For the Fiscal Year Ended March 31, 2011 US$	2010 US$	2011 INR	2010 INR
Net sales	37,379,220	35,965,850	1,667,113,212	1,604,076,910
Cost of sales	28,623,527	29,105,105	1,276,609,304	1,298,087,683
Gross Profit	**8,755,693**	**6,860,745**	**390,503,908**	**305,989,227**
Commission revenue	5,596,332	4,073,680	249,596,407	181,686,128
Selling, general and administrative expenses	(13,547,014)	(12,814,737)	(604,196,824)	(571,537,270)
Operating Income (Loss)	**805,011**	**(1,880,312)**	**35,903,491**	**(83,861,915)**
Other Income (Expense):				
Interest and dividend income	291,703	309,460	13,009,954	13,801,916
Interest expense	(898,678)	(809,626)	(40,081,039)	(36,109,320)
Other, net	(110,599)	(167,807)	(4,932,715)	(7,484,192)
Income (Loss) before income taxes	**87,437**	**(2,548,285)**	**3,899,691**	**(113,653,511)**
Income tax benefit (Note 7)	94,986	823,235	4,236,376	36,716,281
Net Income (Loss)	**182,423**	**(1,725,050)**	**8,136,067**	**(76,937,230)**

(Exchange rate used for translation 1 US$ = INR 44.600)

See accompanying notes and independent accountants' review report.

UXOLO DIAMOND CUTTING WORKS (PTY) LIMITED

(Rs. in Lacs)

Capital	18.52
Reserves	5.39
Total Assets	24.11
Total Liabilities	24.11
Income	-
Profit before Taxation	-
Provision for Taxation	-
Profit after Tax	-

Statements of Changes in Stockholders' Equity

For the Fiscal Years Ended March 31, 2011 and 2010

US$	Preferred Voting Stock Shares Outstanding	Preferred Voting Stock Amount	Common Non-Voting Stock Shares Outstanding	Common Non-Voting Stock Amount	Additional Paid-In Capital	Retained Earnings	Total
Balance, April 1, 2009	100	5,000	10,963	274,077	2,325,379	20,011,340	22,615,796
Contribution	-	-	-	-	1,251,621	-	1,251,621
Stock redemption	-	-	(198)	(4,956)	(525,044)	-	(530,000)
Net loss	-	-	-	-	-	(1,725,050)	(1,725,050)
Balance, March 31, 2010	100	5,000	10,765	269,121	3,051,956	18,286,290	21,612,367
Contribution							
Stock redemption	-	-	(179)	(4,468)	(495,532)	-	(500,000)
Net income	-	-	-	-	-	182,423	182,423
Balance, March 31, 2011	100	5,000	10,586	264,653	2,556,424	18,468,713	21,294,790

INR	Shares Outstanding	Amount	Shares Outstanding	Amount	Additional Paid-In Capital	Retained Earnings	Total
Balance, April 1, 2009	100	223,000	10,963	12,223,834	103,711,903	892,505,764	1,008,664,501
Contribution	-	-	-	-	55,822,297	-	55,822,297
Stock redemption	-	-	(198)	(221,038)	(23,416,962)	-	(23,638,000)
Net loss	-	-	-	-	-	(76,937,230)	(76,937,230)
Balance, March 31, 2010	100	223,000	10,765	12,002,796	136,117,238	815,568,534	963,911,568
Contribution	-	-	-	-	-	-	-
Stock redemption	-	-	(179)	(199,273)	(22,100,727)	-	(22,300,000)
Net income	-	-	-	-	-	8,136,066	8,136,066
Balance, March 31, 2011	100	223,000	10,586	11,803,523	114,016,511	823,704,600	949,747,634

(Exchange rate used for translation 1 US$ = INR 44.600)

See accompanying notes and independent accountants' review report.

Statements of Cash Flows

For the Fiscal Year Ended March 31,

	2011 US$	2010 US$	2011 INR	2010 INR
Cash Flows from Operating Activities:				
Net income (loss) from continuing operations	182,423	(1,725,050)	8,136,066	(76,937,230)
Adjustments to reconcile change in net income (loss) to net cash provided by operating activities-				
Depreciation and amortization	152,685	213,708	6,809,751	9,531,377
Gain on sale of equipment	6,735	(3,617)	300,381	(161,318)
Deferred gain	(118,750)	(118,750)	(5,296,250)	(5,296,250)
Deferred tax assets	52,958	(548,495)	2,361,927	(24,462,877)
Gold lease obligation	1,455,750	930,600	64,926,450	41,504,760
Changes in operating assets and liabilities:				
Restricted cash	(1,577,400)	(553,528)	(70,352,040)	(24,687,349)
Accounts receivable	721,856	(5,558,416)	32,194,778	(247,905,354)
Taxes receivable/payable	434,951	104,744	19,398,815	4,671,582
Inventory	(409,550)	1,652,774	(18,265,930)	73,713,720
Prepaid expenses and other current assets	(690,273)	3,359	(30,786,176)	149,811
Accounts payable	2,386,690	2,909,798	106,446,374	129,776,991
Accrued and other liabilities	22,816	(1,089,534)	1,017,594	(48,593,216)
Other assets	729,388	229,243	32,530,705	10,224,238
Net Cash Provided by (Used in) Operating Activities	**3,350,279**	**(3,553,164)**	**149,422,445**	**(158,471,115)**
Cash Flows from Investing Activities:				
Purchase of equipment and improvements	(138,004)	(88,713)	(6,154,978)	(3,956,600)
Proceeds from sale of assets	6,500	19,273	289,900	859,576
Issuance of notes receivable	17,769	134,128	792,497	5,982,109
Proceeds from notes receivable	(952,903)	(1,104,024)	(42,499,474)	(49,239,470)
Net Cash Used in Investing Activities	**(1,066,638)**	**(1,039,336)**	**(47,572,055)**	**(46,354,385)**
Cash Flows from Financing Activities:				
Capital contribution	-	1,251,621	-	55,822,297
Stock redemption	(500,000)	-	(22,300,000)	-
(Payments) borrowings on line of credit	(2,382,000)	2,485,000	(106,237,200)	110,831,000
Net Cash (Used in) Provided by Financing Activities	**(2,882,000)**	**3,736,621**	**(128,537,200)**	**166,653,297**
Net Change in Cash	(598,359)	(855,879)	(26,686,810)	(38,172,203)
Cash balance, beginning of year	1,525,342	2,381,221	68,030,253	106,202,457
Cash Balance, End of Year	**926,983**	**1,525,342**	**41,343,443**	**68,030,254**
Non Cash Investing and Financing Activites:				
Stock redemption in exchange for note receivable	-	530,000	-	23,638,000
Cash paid for interest	**898,678**	**809,626**	**40,081,039**	**36,109,320**

(Exchange rate used for translation 1 US$ = INR 44.600)

See accompanying notes and independent accountants' review report.

SIMON COLUB & SONS, INC.

Notes to Financial Statements

Note 1 - Description of the Company and Significant Accounting Policies

Description of the Company - Simon Golub & Sons, Inc. (the Company) is a sales and service organization that imports and distributes jewelry. The Company's primary customers are retailers in the United States of America. The Company is incorporated under the laws of the State of Washington in the United States of America and operates in Seattle, Washington.

Management has approved the financial statements for issue on May 23, 2011.

Basis of Preparation - The financial statements of Simon Golub & Sons, Inc. have been prepared in accordance with International Financial Reporting Standards (IFRS) and with the following significant accounting policies. The financial statements have been prepared under the historical cost convention.

Presentation Currency - The financial statements and footnote disclosures are presented in U.S. dollars.

Retained Earnings Reconciliation - The Company issued U.S. GAAP based financial statements as of March 31, 2011 and 2010, for Internal Revenue Service (IRS) and U.S. bank covenant compliance. The U.S. GAAP financial statements use Last-In-First-Out method (LIFO) for purposes of valuing inventory. The following reconciles the financial position and financial performance from U.S. GAAP to IFRS. The conversion from U.S. GAAP to IFRS did not impact cash flows.

	U.S. GAAP	LIFO Adjustment Including Tax Impact	IFRS
Retained Earnings April 1, 2010	US$ 14,013,930	US$ 4,272,360	US$ 18,286,290
	INR 625,021,278	INR 190,547,256	INR 815,568,534
Retained Earnings March 31, 2011	US$ 13,712,174	US$ 4,756,539	US$ 18,468,713
	INR 611,562,960	INR 212,141,639	INR 823,704,599
Net Loss Year Ended March 31, 2011	US$ (301,756)	US$ 484,179	US$ 182,423
	INR (13,458,318)	INR 21,594,383	INR 8,136,065

	U.S. GAAP	LIFO Adjustment Including Tax Impact	IFRS
Retained Earnings April 1, 2009	US$ 16,232,290	US$ 3,779,050	US$ 20,011,340
	INR 723,960,134	INR 168,545,630	INR 892,505,764
Retained Earnings March 31, 2010	US$ 14,013,930	US$ 4,272,360	US$ 18,286,290
	INR 625,021,278	INR 190,547,256	INR 815,568,534
Net Loss Year Ended March 31, 2010	US$ (2,218,360)	US$ 493,310	US$ (1,725,050)
	INR (98,938,856)	INR 22,001,626	INR (76,937,230)

(Exchange rate used for translation 1 US$ = INR 44.600)

Use of Estimates - The preparation of financial statements in conformity with international accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent 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 estimates.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Company considers all shortterm investments with original maturities of three months or less to be cash equivalents.

Trade Accounts Receivable - Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Equipment and Improvements - Equipment and improvements are recorded at cost. Equipment and automobiles are depreciated on the declining-balance method over the estimated useful lives of the assets. Leasehold improvements and equipment are amortized over the term of the lease or the estimated life of the asset, whichever is shorter. Estimated useful lives used in determining depreciation and amortization are as follows:

Leasehold improvements	3 to 10 years
Equipment	5 to 15 years
Automobiles	3 to 6 years

Additions, replacements, and betterments are capitalized; maintenance and repairs are charged to operations as incurred. When assets are sold, retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the balance sheet accounts and the resulting gain or loss is included in income.

Goodwill - Goodwill represents the excess cost of acquiring the assets of C&A Diamonds International, LLC, over the fair value of net assets acquired at the date of acquisition. The Company evaluates goodwill annually to determine potential impairment by examining the carrying amount of the assets to determine if the carrying amount is recoverable and by comparing the carrying amount to the fair market value. Management determined that no impairment charge was required for the years ended March 31, 2011 or 2010.

Revenue Recognition for Allowance Returns - Revenue is primarily derived from the sale of finished goods to retailers and from commissions earned from jewelry manufacturers for sales brokered by the Company.

Revenue from the sale of finished goods to retailers is recognized upon shipment, less an allowance for returns. The Company extends credit terms to its customers which call for payments for periods extending up to six months. At March 31, 2011 and 2010, the Company has recognized a liability for estimated merchandise returns of $800,000 (INR 35,680,000) and $780,000 (INR 34,788,000), respectively.

Commission revenues for broker services are recognized when the purchaser and the manufacturer have completed the buy-sell transaction. Commissions were generally earned at an average rate of 5.62% and 5.46% of the transaction value during the fiscal years ended March 31, 2011 and 2010, respectively. The Company recognizes an allowance at the time of the buy-sell transaction for estimated returns on commissions receivable. At March 31, 2011 and 2010, the Company had a liability for estimated returns related to commission revenue of $200,000 (INR 8,920,000).

Federal Income Taxes - Deferred income taxes are provided for all significant temporary differences for financial reporting purposes versus income tax reporting purposes. Temporary differences primarily relate to different inventory costing methods for financial reporting and tax purposes, depreciation timing differences, expenses accrued for financial reporting that are not deductible for tax, and deferred gain on a sale-leaseback transaction. The Company files income tax returns with the U.S. and various state, local, and foreign governments. The Company is subject to income tax examinations by the tax authorities of these governments for the current year and certain prior years based on the applicable laws and regulations of each jurisdiction.

Advertising Costs - The Company expenses all advertising costs as incurred, except when the cost incurred results in tangible assets, such as printed material like brochures and catalogs which are capitalized and expensed as they are used. For the fiscal years ended March 31, 2011 and 2010, the Company expensed $ 619,535 (INR 27,631,261) and $ 887,676 (INR 395,590,350), respectively, as advertising costs. No advertising costs were reported as prepaid assets as of March 31, 2011 and 2010.

Concentrations of Credit - Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and cash equivalents and accounts receivable. The Company holds deposits with financial institutions at times in excess of federally insured limits. The Company's trade receivables primarily consist of accounts with retailers, both foreign and domestic. Under the terms of the Company's sales and credit policy, accounts receivable terms are routinely extended for periods of up to 180 days. The Company performs periodic evaluations of these receivables and provides for losses accordingly.

The Company's holdings in gold and the gold lease obligation are subject to market risk from fluctuations in the gold commodities market. Market risk is directly impacted by the volatility and liquidity in the markets in which commodities are traded. The Company minimizes its market risk through gold lease arrangements and through pricing arrangements with customers.

During the year ended March 31, 2011, the Company purchased 12% of their inventory from two suppliers (12% from one supplier in 2010). Accounts payable to these suppliers totaled $2,097,758 (INR 93,560,007) and $37,961 (INR 1,693,061) at March 31, 2011 and 2010, respectively.

Reclassifications - Certain reclassifications have been made to the March 31, 2010, financial statements to conform to the March 31, 2011, presentation. The reclassifications do not have an impact on previously reported retained earnings or net loss.

Subsequent Events - The Company has evaluated subsequent events through May 23, 2011, the date which the financial statements were available to be issued.

Note 2 - Trade Accounts Receivable

Receivables consisted of the following at March 31:

	2011 US$	2010 US$	2011 INR	2010 INR
Trade accounts receivable	17,875,929	18,365,668	797,266,433	819,108,793
Commissions receivable, net	808,031	1,018,038	36,038,183	45,404,495
Other	163,995	274,368	7,314,177	12,236,813
	18,847,955	19,658,074	840,618,793	876,750,101
Less: allowance for doubtful accounts	(465,530)	(553,793)	(20,762,638)	(24,699,168)
	18,382,425	**19,104,281**	**819,856,155**	**852,050,933**

The Company has recorded an allowance provision of $200,000 (INR 8,920,000) against the commission receivable as of March 31, 2011 and 2010, for commissions due on estimated returns to manufacturers (see Note 1).

The Company recognizes interest income on outstanding trade receivables on a cash basis. The interest income that is charged to customers is based on the terms of the customer contract.

Note 3 - Inventory

Inventory consists primarily of finished jewelry which includes owned and leased gold as a component. Inventories are stated at the lower of cost or market (first-in, first out), except for leased gold which is reported at fair value (Note 4).

Inventory consisted of the following at March 31:

	2011 US$	2010 US$	2011 INR	2010 INR
Raw materials	79,470	234,155	3,544,362	10,443,313
Work in process	523,325	1,358,556	23,340,295	60,591,598
Finished goods	19,059,546	17,660,080	850,055,752	787,639,568
	19,662,341	19,252,791	876,940,409	858,674,479

Note 4 - Fair Value Measurements

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. IFRS defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, IFRS uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Valuation Techniques - Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Gold Lease Obligation - To finance gold purchases, the Company entered into a lease agreement with a financial institution under which the Company takes possession and commits to purchase a specified quantity of gold. Currently, the agreement provides for a monthly term and contains the option to renew for an additional term at the discretion of the Company and the financial institution. The price paid under the terms of the agreement is equal to the fair market value of gold at the expiration date of the agreement. At March 31, 2011, the Company was subject to an agreement which obligated the Company to purchase 4,500 Troy ounces ("ounces") of gold, at a price equal to the fair market value on March 31, 2011. In the event this agreement is terminated, the Company will be required to return the gold or purchase the outstanding gold at the prevailing gold rate in effect on that date.

At March 31, 2011 and 2010, the Company had on hand 4,500 ounces of gold in inventory to be acquired under the lease agreement, at a fair market value of $6,475,500 (INR 288,807,300) and $5,019,750 (INR 223,880,850), or $1,439.00 (INR 64,179) and $1,115.50 (INR 49751) per ounce, respectively. The fair market value at March 31, 2011 and 2010, is based on quoted prices in an active market for identical assets (Level 1). The Company's obligation under the agreement is for 4,500 ounces at March 31, 2011 and 2010, or $6,475,500 (INR 288,807,300) and $5,019,750 (INR 223,880,850), respectively, represented by the gold inventory on hand and the amount sold during the contractual period ended March 31, 2011 and 2010.

The agreement is secured by $2,130,928 (INR 95,039,389) in restricted cash and an outstanding standby letter of credit issued by the Company's bank, with a maximum level of $5,000,000 (INR 223,000,000). In addition, the Company pays a fee to the lessor for the agreement equal to an annual rate of 1.50% of the fair market value of gold outstanding under the agreement for the year ended March 31, 2011 (2010-1.4%).

Note 5 - Notes Receivable

On August 3, 2005, the Company entered into a note receivable agreement in the amount of $400,000 (INR 17,840,000) relating to the sale of its operating facility (Note 9). The note was amended in December 2009. The amended note bears interest at 6% per annum and requires monthly interest only payments. The note receivable is due on May 31, 2014. The balance of the note receivable was $365,819 (INR 16,315,527) at March 31, 2011 and 2010.

On March 5, 2009, the Company entered into a note receivable agreement in the amount of $1,000,000 (INR 44,600,000) with an unrelated party. The note bears interest at 6% per annum and requires monthly interest only payments paid in arrears. The note receivable is due on demand but no later than March 31, 2016. The balance of the note receivable was $1,004,200 (INR 44,787,320) at March 31, 2011 and 2010.

Note 6 - Equipment and Improvements

Equipment and improvements consisted of the following at March 31:

	2011 US$	2010 US$	2011 INR	2010 INR
Leasehold improvements	775,343	775,343	34,580,298	34,580,298
Equipment	1,888,880	1,923,538	84,244,048	85,789,795
Automobiles	166,466	223,748	7,424,384	9,979,161
	2,830,689	2,922,629	126,248,730	130,349,254
Less: accumulated depreciation and amortization	(2,416,854)	(2,480,878)	(107,791,688)	(110,647,159)
	413,835	441,751	18,457,042	19,702,095

Note 7 - Income Taxes

The provision for income taxes includes the following at March 31:

	2011 US$	2010 US$	2011 INR	2010 INR
Current Tax Benefit (Expense):				
Federal	-	430,395	-	19,195,617
State and local	(10,063)	(5,760)	(448,810)	(256,896)
	(10,063)	424,635	(448,810)	18,938,721
Deferred tax benefit	105,049	398,600	4,685,185	17,777,560
Net Benefit	94,986	823,235	4,236,375	36,716,281

The main elements contributing to the difference between the Company's overall expected tax expense / rate and the effective tax expense / rate for continuing operations are as follows:

	2011			2010		
Income (loss) before tax	US$	87,437		US$	(2,548,285)	
	INR	3,899,690		INR	(113,653,511)	
Expected tax (expense) benefit / rate	US$	(29,729)	-34.00%	US$	866,417	34.00%
	INR	(1,325,913)		INR	38,642,198	
Effect of taxes on items not tax-deductible	US$	(24,641)	-28.18%	US$	(17,472)	-0.69%
	INR	(1,098,989)		INR	(779,251)	
Effect of State and local taxes	US$	(10,063)	-11.61%	US$	(5,760)	-0.23%
	INR	(448,810)		INR	(256,896)	
Other	US$	159,419	182.32%	US$	(19,950)	-0.78%
	INR	7,110,087		INR	(889,770)	
Effective tax benefit / rate	US$	94,986	108.53%	US$	823,235	32.30%
	INR	4,236,375		INR	36,716,281	

The following summarizes the deferred tax assets and liabilities at March 31:

	2011 US$	2010 US$	2011 INR	2010 INR
Accounts receivable	226,280	256,290	10,092,088	11,430,534
Inventory	(2,585,612)	(2,323,765)	(115,318,295)	(103,639,919)
Prepaid expenses	(26,596)	(13,284)	(1,186,182)	(592,466)
Accrued liabilities	611,405	540,771	27,268,663	24,118,387
Charitable contributions	8,528	-	380,349	-
Deferred gain on sale-leaseback transaction	82,297	122,672	3,670,446	5,471,171
Equipment and improvements	146,155	154,102	6,518,513	6,872,949
Goodwill	(66,816)	(41,883)	(2,979,994)	(1,867,982)
AMT credits	175,730	175,730	7,837,558	7,837,558
NOL carryforwards	2,299,469	2,053,165	102,556,317	91,571,159
	870,840	923,798	38,839,463	41,201,391

(Exchange rate used for translation 1 US$ = INR 44.600)

Deferred tax assets and liabilities result primarily from the use of different inventory costing methods for book and tax purposes, net operating loss carryforwards, differences in depreciation methods, changes in various allowance and accrued expense accounts which are not deductible for tax purposes and from the gain on a saleleaseback transaction recognized for tax purposes and deferred for book purposes.

Management reviews the deferred tax assets resulting from temporary tax differences on an annual basis to determine the need for a valuation allowance. During the years ended March 31, 2011 and 2010, the Company evaluated the source of deferred tax assets, the Company's historical ability to generate taxable income and the likelihood of ongoing taxable income from operations along with tax planning strategies and determined that no reserve against the deferred tax assets was necessary. As of March 31, 2011, the Company has net operating loss carryforwards of $6,763,142 (INR 301,636,133) for federal income tax purposes, which will expire beginning in 2024. As a result of ownership changes, the Company may be subject to annual limitations on the amount of net operating loss which can be utilized in any tax year.

Note 8 - Line of Credit

The Company has a loan agreement with ICICI Bank which provides for a secured line of credit of up to $20,000,000 (INR 892,000,000). A portion of this loan is allocated to the issuance of a standby letter of credit of up to $5,000,000 (INR 223,000,000). The remaining balance is available either as a revolving line of credit or as a working capital demand loan bearing interest at the six month LIBOR rate plus 5.00%, as of March 31, 2011. As of March 31, 2010, the revolving line of credit bore interest at the six month LIBOR rate plus 6.25%. The line of credit is secured by accounts receivable and inventory and the agreement expires on June 27, 2011.

The six month LIBOR rate was 0.46% and 0.39% at March 31, 2011 and 2010, respectively. The outstanding balance of the line of credit was $10,398,000 (INR 463,750,800) and $12,780,000 (INR 569,988,000) at March 31, 2011 and 2010, respectively. There were no borrowings outstanding on the working capital demand loan at March 31, 2011 and 2010. The credit agreements contain certain limitations on additional borrowings and financial covenants that the Company must adhere to, including a minimum tangible net worth calculation and a maximum debt to equity ratio.

(Exchange rate used for translation 1 US$ = INR 44.600)

Note 9 - Sale-Leaseback Transaction

During 2005, the Company entered into a sale-leaseback arrangement relating to its operating facility. The Company was a 25% general partner in the partnership which sold the facility in 2005. Following the sale, the Company leased back the property under a ten year operating lease. The Company accounted for the arrangement under the full accrual method. Accordingly, the deferred gain of $1,147,921(INR 51,197,277) is being amortized and recognized over the term of the lease. A gain in the amount of $118,750 (INR 5,296,250) is reported under other income in the Statements of Operations for the fiscal years ended March 31, 2011 and 2010.

Note 10 - Stock Transactions

Sale of Stock - On May 7, 2007, the Company's shareholders agreed to sell 100% of the Company's issued and outstanding voting preferred stock and approximately 84.4% of the Company's issued and outstanding non-voting common stock to Astral Holdings, Inc. (a wholly-owned subsidiary of Shrenuj & Company, Ltd.) for cash. The fair market value of the stock purchase transaction was reported on the books of Astral Holdings, Inc.

Retention Bonus - Upon closing of the sale of Company stock, the Company established an employee retention bonus plan requiring payment of a bonus in the amount of $2,904,000 (INR 129,518,400) to employees specified by the plan. The bonus was paid in three annual installments with the final payment in May 2009.

Contributions - As part of the stock purchase agreement, Astral Holdings, Inc. contributed $1,573,271 (INR 70,167,887) in cash to pay the 2007 employee retention bonus and related payroll taxes and to fund a loan to a related party in the amount of $500,000 (INR 22,300,000) (Note 14). Astral Holdings, Inc. contributed an additional $752,108 (INR 33,544,017) in May 2008 to fund the second installment of the retention bonus and an additional $1,251,621 (INR 55,822,297) in May 2009 to fund the last installment of the retention bonus.

Note 11 - Letter of Credit

At March 31, 2010, pursuant to a stockholder agreement, the Company held one irrevocable stand-by letter of credit at a bank totaling $725,000 (INR 32,335,000). During the fiscal year 2011, the Company repurchased the common shares held by the employee which resulted in cancellation of the letter of credit.

Note 12 - Commitments and Contingencies

The Company has non-cancelable operating leases for facilities and equipment. Future minimum payments as of March 31, 2011, under non-cancelable operating leases are as follows:

Year	US$	INR
2012	472,035	21052761
2013	456,345	20352987
2014	423,600	18892560
2015	68,000	3032800
	1,419,980	63,331,108

Total rental expense incurred was $468,671 (INR 20,902,727) and $547,619 (INR 24,423,807) for the years ended March 31, 2011 and 2010, respectively.

(Exchange rate used for translation 1 US$ = INR 44.600)

Employment Agreements - On May 7, 2007, the Company signed employment contracts with four key employees with terms of five to six years. The agreements specify the employee's annual compensation, benefits, and severance payments. Payments to the employee under the terms of the contract are contingent upon the continuing employment of the employees by the Company. During 2009, one of the employees under contract terminated employment.

On August 1, 2008, the Company signed an employment contract with a key employee with a term of 6 years. The agreement specifies the employee's annual compensation, benefits and severance payments. Payments to the employee under the terms of the contract are contingent upon the continuing employment by the Company.

Note 13 - Employee Benefit Plan

The Company has a pension plan which covers substantially all employees. The plan allows for employee 401(k) deferral contributions, employer matching contributions, and a discretionary profit sharing contribution. The employer matching contribution is calculated and funded on the final day of the calendar year. Employees must be employed on the last day of the plan year in order to be eligible for the match. The Company recognized $6,750 (INR 301,050) and $8,500 (INR 379,100) in expense for the employer 401(k) match for the fiscal year ended March 31, 2011 and 2010, respectively. For the fiscal year ended March, 31, 2011 and 2010, the Company did not elect to make a discretionary profit sharing contribution. The Company paid administrative expenses of $0 (INR 0) and $375 (INR 16,725) for the plan during the fiscal year ended March 31, 2011 and 2010, respectively.

(Exchange rate used for translation 1 US$ = INR 44.600)

Note 14 - Related Party Transactions

The Company had transactions with the following related parties during the years ended March 31, 2011 and 2010:

Entity	Relationship	Type of Transactions
Astral Holdings, Inc.	Majority owner of the Company	Commission revenue and inventory purchases
Shrenuj & Company Ltd. (Shrenuj)	Majority owner of Astral Holdings, Inc.	Management service revenue, commission revenue and expenses and start-up funding
Shrenuj USA LLC	A wholly owned subsidiary of Shrenuj	Inventory purchases and sales
Shrenuj Diajewels, Ltd. (Shrenuj Diajewels)	A wholly owned subsidiary of Shrenuj	Inventory purchases and sales
Shrenuj Gems & Jewelry Pvt. Ltd.	A wholly owned subsidiary of Shrenuj	Inventory sales
Allija International	A wholly owned subsidiary of Shrenuj	Inventory sales
Bernies International	A majority owner of Shrenuj	Inventory sales
Shrenuj (Europe) Gmbh	A wholly owned subsidiary of Shrenuj	Inventory sales
Shenuj Australia Pty Ltd	A wholly owned subsidiary of Shrenuj	Inventory sales
Shrenuj Botswana Pty Ltd	A wholly owned subsidiary of Shrenuj	Inventory sales
Shrenuj Jly (Far East) Ltd	A wholly owned subsidiary of Shrenuj	Inventory sales
SWA Trading, Ltd.	A step down subsidiary of Shrenuj	Inventory purchases
Astral Jewels, LLC	A wholly owned subsidiary of Shrenuj	Inventory purchases

Note No. 14 Continued

Amounts receivable from and payable to related parties at March 31, 2011 and 2010, are as follows:

	2011 US$		2010 US$		2011 INR		2010 INR	
	Receivable	Payable	Receivable	Payable	Receivable	Payable	Receivable	Payable
Shrenuj & Company Ltd.	1,233,910	1,209,550	253,959	335,485	55,032,386	53,945,930	11,326,571	14,962,631
Shrenuj USA, LLC	29,829	124,274	1,123,561	-	1,330,373	5,542,620	50,110,821	-
Shrenuj Diajewels Ltd.	27,594	881,463	23,210	-	1,230,692	39,313,250	1,035,166	-
Shrenuj Gems & Jewelry Pvt. Ltd.	82,517	1,118,222	7,002	1,463,798	3,680,258	49,872,701	312,289	65,285,391
Shrenuj Jly (Far East) Ltd.	-	794,697	-	-	-	35,443,486	-	-
Shrenuj Botswana	8,448	239,290	-	-	376,781	10,672,334	-	-
Shrenuj (Europe) Gmbh	5,026	-	-	-	224,160	-	-	-
Shrenuj Australia Pty Ltd	4,162	-	-	-	185,625	-	-	-
Allija International	24,823	-	6,793	-	1,107,106	-	302,968	-
Bernies International	-	-	44,624	-	-	-	1,990,230	-
SWA Trading Ltd.	-	-	-	293,476	-	-	-	13,089,030
Astral Jewels, LLC	-	275,848	23,713	23,865	-	12,302,821	1,057,600	1,064,379
	1,416,309	4,643,344	1,482,862	2,116,624	63,167,381	207,093,142	66,135,645	94,401,431

Total revenue earned from and expenses incurred with related parties for the years ended March 31, 2011 and 2010, as follows:

	2011 US$		2010 US$		2011 INR		2010 INR	
	Receivable	Payable	Receivable	Payable	Receivable	Payable	Receivable	Payable
Shrenuj & Company Ltd.	1,516,572	6,208,273	262,355	5,787,055	67,639,111	276,888,976	11,701,033	258,102,653
Shrenuj USA, LLC	322,933	259,402	1,343,782	1,165,046	14,402,812	11,569,329	59,932,677	51,961,052
Shrenuj USA Inc	-	1,258,039	-	-	-	56,108,539	-	-
Shrenuj Diajewels, Ltd.	50,867	890,267		25	2,268,668	39,705,908	-	1,115
Shrenuj Gems & Jewelry Pvt. Ltd.	103,802	3,092,585	6,889	2,607,489	4,629,569	137,929,291	307,249	116,294,009
Shrenuj Jly (Far East) Ltd.	-	1,240,465	-	-	-	55,324,739	-	-
Shrenuj Botswana	8,383	239,290	-	-	373,882	10,672,334	-	-
Shrenuj (Europe) Gmbh	8,821	-	-	-	393,417	-	-	-
Shrenuj Australia Pty Ltd	4,162	-	-	-	185,625	-	-	-
Allija International	22,704	-	6,793	-	1,012,598	-	302,968	-
Bernies International	217,949	-	206,221	-	9,720,525	-	9,197,457	-
SWA Trading Ltd.	-	135,752	-	730,226	-	6,054,539	-	32,568,080
Astral Jewels, LLC	-	384,888	23,479	737,728	-	17,166,005	1,047,163	32,902,669
	2,256,193	13,708,961	1,849,519	11,027,569	100,626,207	611,419,660	82,488,547	491,829,578

(Exchange rate used for translation 1 US$ = INR 44.600)

On October 1, 2005, the Company made a loan to an employee in the amount of \$100,000 (INR 4,460,000). The loan bears interest at 5% per annum and accrued interest is payable on a monthly basis. The principal balance is due in full on October 1, 2015, unless the employee terminates prior to that time. If the employee terminates prior to the expiration date of the loan, the full balance of the note along with any accrued interest at the date of termination is due immediately. The balance on the note was \$50,000 (INR 2,230,000) and \$60,000 (INR 2,676,000) at March 31, 2011 and 2010, respectively.

On May 9, 2007, the Company made a loan to an employee in the amount of \$500,000 (INR 22,300,000). The loan bears interest at 4.62% per annum and accrued interest is payable annually on March 31. The principal balance is due in full on April 30, 2014, unless the employee sells any of their shares of Company stock. If the employee sells any of their shares, the full balance of the note along with any accrued interest is due immediately. On December 31, 2009, the employee redeemed their shares of stock in exchange for the note receivable. The balance on the note was \$13,565 (INR 604,999) and \$17,918 (INR 799,143) at March 31, 2011 and 2010, respectively.

At March 31, 2011, the Company had three outstanding notes receivable to the same related party. On March 1, 2010, the Company entered into a note receivable agreement in the amount of \$1,000,000 (INR 44,600,000). The note receivable is due on demand but no later than March 31, 2012. The balance of the note receivable was \$1,040,625 (INR 46,411,875) and \$1,003,125 (INR 44,739,375) at March 31, 2011 and 2010, respectively. On October 18, 2010, the Company entered into a note receivable agreement in the amount of \$450,000 (INR 20,070,000). The note receivable is due on demand but no later than October 31, 2015. The balance of the note receivable was \$458,062 (INR 20,429,565) at March 31, 2011. On January 24, 2011, the Company entered into a note receivable agreement in the amount of \$450,000 (INR 20,070,000). The note receivable is due on demand but no later than January 31, 2016. The balance of the note receivable was \$453,094 (INR 20,207,992) at March 31, 2011. Each note bears interest at 3.75% per annum and requires monthly interest only payments paid in arrears.

(Exchange rate used for translation 1 US$ = INR 44.600)

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