

**Independent Auditors' Report**  
To the Shareholders  
of  
**Renaissance Jewellery Bangladesh Pvt. Limited**

We have audited the accompanying Statement of Financial Position of Renaissance Jewellery Bangladesh Pvt. Limited as at 31 March 2012 and the related Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Shareholders' Equity for the period then ended, and a summary of significant accounting policies, notes to the financial statements and other explanatory information.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs) and Bangladesh Accounting Standards (BASs), and for such internal control as management determines is necessary to enable the preparation of financial statements that is free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Auditors' responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements- Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Shareholders' Equity present fairly, in all material respects of the state of the entity's affairs and the financial position and results of operation of Renaissance Jewellery Bangladesh Pvt. Limited for the period ended 31 March 2012 in accordance with Bangladesh Financial Reporting Standards (BFRSs).

**Report on Other Legal and Regulatory Requirements**

The financial statements also comply with the applicable sections of the Companies Act 1994.



Nurul Faruk Hasan & Co.  
Chartered Accountants  
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**We also report that:**

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b. In our opinion, proper books of account as required by the law have been kept by the company so far as it appeared from our examination of those books;
- c. The financial statements dealt with by the report are in agreement with the books of account and returns.

  
(Nurul Faruk Hasan & Co.)  
Chartered Accountants

Dhaka, Bangladesh  
Dated: 19 May 2012

Renaissance Jewellery Bangladesh Pvt. Limited

Statement of Financial Position

As at 31 March 2012

		As at 31 March
		2012
	Notes	Taka
<b>ASSETS</b>		
<b>Non current assets</b>		<b>62,597,543</b>
Capital work in progress	3	62,597,543
<b>Current assets</b>		<b>46,151,281</b>
Advances, deposits and pre-payments	4	27,028,473
Inventories	5	916,080
Cash and cash equivalents	6	18,206,728
<b>Total assets</b>		<b>108,748,824</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital &amp; reserves</b>		<b>107,164,652</b>
Share capital	7	115,441,600
Retained earnings	8	(8,276,948)
<b>Non-current liabilities</b>		<b>-</b>
Long term borrowings		-
<b>Current liabilities</b>		<b>1,584,172</b>
Non-trade payables	9	65,233
Retention money	10	332,800
Liabilities for expenses	11	318,350
Withholding taxes and value added taxes	12	867,789
<b>Total equity and liabilities</b>		<b>108,748,824</b>

The accompanying notes 1-26 form an integral part of the financial statements.

  
Company Secretary

  
Managing Director

  
Chairman

As per our annexed report of same date

Dhaka, Bangladesh  
Dated: 19 May 2012

  
(Nurul Faruk Hasan & Co.)  
Chartered Accountants



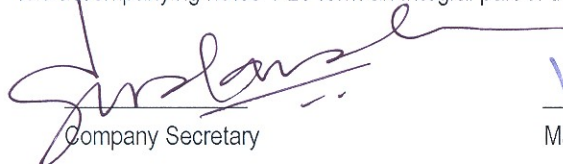
**Renaissance Jewellery Bangladesh Pvt. Limited**

**Statement of Comprehensive Income**

For the period ended 31 March 2012

		<u>Period to 31 March</u>
		<u>2012</u>
	<u>Notes</u>	<u>Taka</u>
<b>Operating income</b>		
Revenue		-
<b>Cost of sales</b>		
Cost of goods sold		-
<b>Gross income/(loss)</b>		-
<b>Operating expenses</b>		<b>6,761,273</b>
Salary and allowances	13	1,610,068
Factory rent	14	731,204
Vehicle and transportation expenses	15	664,097
Guest house expenses	16	293,994
Professional fees	17	334,050
Travelling and conveyance charge	18	99,705
Registration and legal expenses	19	672,339
Administrative expenses	20	2,355,817
<b>Income/(loss) from operations</b>		<b>(6,761,273)</b>
Miscellaneous income	21	49,000
<b>Total income/(loss)</b>		<b>(6,712,273)</b>
Non operating expenses	22	143,601
Foreign exchange gain/(loss)	23	1,421,073
<b>Income/(loss) before taxation</b>		<b>(8,276,948)</b>
Less: Income tax provision		-
<b>Net profit/(loss) after taxation</b>		<b>(8,276,948)</b>

The accompanying notes 1-26 form an integral part of the financial statements.

  
Company Secretary

  
Managing Director

  
Chairman

As per our annexed report of same date

  
(Nurul Faruk Hasan & Co.)  
Chartered Accountants

Dhaka, Bangladesh  
Dated: 19 May 2012

## Renaissance Jewellery Bangladesh Pvt. Limited

### Statement of Cash Flows For the period ended 31 March 2012

	<u>Notes</u>	<u>Period to 31 March</u> <u>2012</u> <u>Taka</u>
<b><u>Cash flows from operating activities:</u></b>		
Profit/(Loss) before tax for the period		(8,276,948)
<b><u>(Increase)/ decrease in current assets:</u></b>		<b>(27,944,553)</b>
Advances, deposits and pre-payments		(27,028,473)
Inventories		(916,080)
		-
<b><u>Increase/ (decrease) in current liabilities:</u></b>		<b>1,584,172</b>
Non-trade payables		65,233
Retention money		332,800
Liabilities for expenses		318,350
Withholding taxes and value added taxes		867,789
<b>A. Net cash generated from operating activities</b>		<b>(34,637,328)</b>
<b><u>Cash flows from investing activities:</u></b>		
Capital work in progress		(62,597,543)
<b>B. Net cash generated from investing activities</b>		<b>(62,597,543)</b>
<b><u>Cash flows from financing activities:</u></b>		
Share capital		115,441,600
<b>C. Net cash generated from financing activities:</b>		<b>115,441,600</b>
<b>D. Net increase/ (decrease) in cash and equivalents (A+B+C)</b>		<b>18,206,728</b>
<b>E. Opening cash &amp; cash equivalents</b>		-
<b>F. Closing cash and cash equivalents (D+E)</b>	6	<b>18,206,728</b>

The accompanying notes 1-26 form an integral part of the financial statements.

# Renaissance Jewellery Bangladesh Pvt. Limited

## Statement of Changes in Shareholders' Equity

For the period ended 31 March 2012

<u>Notes</u>	<u>Share Capital Taka</u>	<u>Share Premium Taka</u>	<u>Retained Earnings Taka</u>	<u>Total Taka</u>
Balance as on 13 April 2011	-	-	-	-
Allotment during the period	115,441,600	-	-	115,441,600
Profit / (Loss) for the period	-	-	(8,276,948)	(8,276,948)
<b>Balance as at 31 March 2012</b>	<b>115,441,600</b>	<b>-</b>	<b>(8,276,948)</b>	<b>107,164,652</b>

The accompanying notes 1-26 form an integral part of the financial statements.


  
Company Secretary


  
Managing Director


  
Chairman

As per our annexed report of same date

Dhaka, Bangladesh  
Dated: 19 May 2012


  
(Nurul Faruk Hasan & Co.)  
Chartered Accountants



## **Renaissance Jewellery Bangladesh Pvt. Limited**

### **Notes to the Financial Statements**

For the period ended 31 March 2012

#### **1.0 Introduction**

##### **1.1 Background of the organization**

Renaissance Jewellery Bangladesh Pvt. Limited is a private company limited by shares and it was incorporated with the Registrar of Joint Stock Companies in Bangladesh under The Companies Act 1994 vide registration # C - 92021/11, dated 13 April 2011. Renaissance Jewellery Bangladesh Pvt. Limited is a subsidiary company (99.99%) of Renaissance Jewellery Ltd. which is represented by Mr. Hitesh Shah. The rest 0.01% is owned by Mr. Sumit Shah.

Registered office of Renaissance Jewellery Bangladesh Pvt. Limited is situated at plot nos. 107 & 108, Adamjee Export Processing Zone (AEPZ), Adamjee Nagar, Narayanganj, Bangladesh.

Renaissance Jewellery Bangladesh Pvt. Limited obtained permission from Bangladesh Export Processing Zones Authority (BEPZA) vide reference # 03.314.014.07.00.106.2011 dated 22 May 2011 for setting up a 'Diamonds and Jewellery manufacturing industry' in Adamjee Export Processing Zone (AEPZ) as 100% export oriented "A" type (India) and its commercial production is yet to be started.

##### **1.2 Objective of the Company**

The objects for which the company is established and major objectives are as follows:

- To carry on business as 100% export oriented industry for diamonds, plain and stone-studded precious and semi-precious metal jewellery including chains and findings;
- To carry on business of trade or manufacture of diamond, jewellery and ornaments and components for such diamond, jewellery and ornaments by setting up a factory;
- To carry on business of raw materials necessary to manufacture precious, non-precious and semi-precious jewellery.

##### **1.3 Nature of the business**

The company is a 100% export oriented company. It engages in business of trade or manufacture of jewellery or components for jewellery by setting up a factory. The company has established a jewellery factory in Adamjee EPZ to manufacture Jewellery specially diamond jewellery, plain and stone-studded precious and semi-precious metal jewellery with a target to marketing to USA, UK, Hong Kong, India and UAE.

##### **1.4 Statement of legal & reporting compliance**

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and Bangladesh Accounting Standards (BASs). The financial statements also comply with the applicable sections of the Companies Act 1994, terms and conditions of the Bangladesh Export Processing Zones Authority (BEPZA) and other applicable laws, regulations, orders and instructions issued by the local authorities from time to time.

## **2.0 Summary of significant accounting policies**

### **2.1 Basis of Accounting**

The financial statements have been prepared under historical cost convention following accrual basis of accounting.

### **2.2 Method of book-keeping**

The company maintains books of account in Accounting Software "Tally" for recording and accounting of its financial transactions.

### **2.3 Capital work in progress**

Capital expenditures incurred during the period have been accounted for under capital work in progress. Since, these were not in utilization.

### **2.4 Advances, deposits & pre-payments**

Advances, deposits & pre-payments include advances for logistics and procurement services and security deposits for office space, utilities, others office running expenses etc.

### **2.5 Inventories**

Inventories consisting of white gold grains, diamond etc. are valued at carrying amount of the items.

### **2.6 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand and cash at bank that are readily convertible to a known amount of cash and are subject to insignificant risk of change in value.

### **2.7 Share capital**

The authorized share capital of the company is Taka 350,000,000 divided into 3,500,000 ordinary shares of Taka 100 each and issued, subscribed & paid up share capital of the company is Taka 115,441,600 divided into 1,154,416 shares of Taka 100.

### **2.8 Retained earnings**

Retained earnings comprise of accumulated income (loss).

### **2.9 Trade & other payables**

The company recognises liability when its obligation arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.



## **2.10 Withholding taxes & value added taxes**

Income tax and VAT deducted at source are recorded as withholding tax & VAT at the time of deduction and paid to government exchequer according to the requirements.

## **2.11 Foreign exchange gain/(loss)**

Transactions in foreign currencies are recorded in the books of account at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies at the date of statement of financial position are translated into Bangladesh Taka at the rate of exchange prevailing at that date. All exchange differences were recognised in the statement of comprehensive income.

## **2.12 Events after the reporting period**

Events after the reporting period provide additional information about company's financial position or those that indicate going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting that are not adjusting events are disclosed in the notes when material.

## **2.13 Reporting Period**

The reporting period of the company covers period from 13 April 2011 to 31 March 2012.

## **2.14 General**

- Figures appearing in the financial statements have been rounded off to the nearest Taka.
- This is first financial reporting period of the company, hence, no comparative information is reported.

**As at 31 March**

**2012**

**Taka**

**3 Capital work in progress**

Air conditioner	3,134,200
Computer	90,250
Electrical installaions	7,387,152
Furniture and fittings	3,015,561
Building	28,436,581
Office equipments	93,043
Plant and machinery	20,440,756
	<b>62,597,543</b>

**4 Advances, deposits and pre-payments**

Loans & advances	4.1	25,365,824
Security deposits	4.2	1,662,648
		<b>27,028,473</b>

**4.1 Loans & advances**

Mr. Hasan	514,786
Advance VAT	19,638
Arora Business International	706,380
Ashraf and Associates	10,816,925
Bodoruddin and Sons	3,000,204
Design Studio Associates	4,721,588
Golden Power and Engineering	797,940
Guraba Engineering Limited	1,616,500
Hasina Steel Works	200,000
Khans Hvac System	1,406,864
Nabin Steel Works	50,000
Sarsina (BD) Limited	300,000
Siemens Bangladesh Limited	1,215,000
	<b>25,365,824</b>

As at 31 March
2012
Taka
**4.2 Security deposits**

Guest House	30,000
Telephone-BEPZA	14,878
Car rent	50,000
Electricity-BEPZA	639,462
Elite security service	46,000
Lease rent-BEPZA	804,232
Moon transport	40,000
Water Connection-BEPZA	38,077
	<u>1,662,648</u>

**5 Inventories**

Diamond	35,225
White gold grains	880,855
	<u>916,080</u>

**6 Cash & cash equivalents**

Cash in hand	936,544
Cash at bank	6.1 17,270,184
	<u>18,206,728</u>

**6.1 Cash at bank**

HSBC - 001-344977-011-TK	2,885,540
HSBC - 001-344977-016-USD	1,456
HSBC - 050-001858-005-USD-Offshore	785,426
SCB - 01-1146114-01-TK	45,914
SCB - 01-6701361-01-USD	13,551,848
	<u>17,270,184</u>



**As at 31 March**

**2012**

**Taka**

**7 Share capital**

**7.1 Authorised capital**

35,00,000 ordinary shares of Taka 100 each

**350,000,000**

**7.2 Issued, subscribed & paid up capital**

1,154,416 ordinary shares of Taka 100 each

115,441,600

**115,441,600**

**7.3 Position of shareholders:**

**% of holdings**

**Issue per share**

**No of shares**

Renaissance Jewellery Ltd., India

99.99%

Taka 100

1,154,316

Mr. Sumit Shah

0.01%

Taka 100

100

**100.00%**

**1,154,416**

**Details of Share Capital**

Date of allotment	No of Shares	Party	Share capital
1-Mar-12	652,000	Renaissance Jewellery Ltd. India	65,200,000
26-Dec-11	497,416		49,741,600
As per Memorandum of Association	4,900		490,000
	100	Mr. Sumit Shah	10,000
<b>Total</b>	<b>1,154,416</b>		<b>115,441,600</b>

**8 Retained earnings**

Opening balance

-

Add: Profit/(loss) during the period

(8,276,948)

Closing balance

**(8,276,948)**

**9 Non-trade payables**

BEPZA

27,940

Renaissance Jewellery Ltd, India

37,293

**65,233**

**10 Retention money**

Ashraf and Associates

332,800

**332,800**

		<u>As at 31 March</u>	
		<u>2012</u>	
		<u>Taka</u>	
<b>11</b>	<b>Liabilities for expenses</b>		
	Salary and allowance		162,850
	Water bill		17,000
	Electricity bill		88,000
	Telephone bill		26,700
	Guest house expenses		14,800
	Guest house rent		9,000
			<u><u>318,350</u></u>
<b>12</b>	<b>Withholding taxes &amp; value added taxes</b>		
	Salary tax payable	12.1	54,561
	Tax deducted at sources	12.2	813,228
			<u><u>867,789</u></u>
<b>12.1</b>	<b>Salary tax payable</b>		
	Opening balance		-
	Add: Withholding during the period		54,561
	Less: Payments during the period		-
	<b>Closing balance</b>		<u><u>54,561</u></u>
<b>12.2</b>	<b>Tax deducted at sources</b>		
	Opening balance		-
	Add: Withholding during the period		813,228
	Less: deposited during the period		-
	<b>Closing balance</b>		<u><u>813,228</u></u>
	<b><u>Party wise tax payables</u></b>		
	Security services bill - Elite Security Service Limited		5,665
	Ashraf and Associates		600,213
	Golden Power and Engineering		11,512
	Bodoruddin and Sons		120,010
	Khans Hvac System		49,240
	BBS Cables Limited		26,588
			<u><u>813,228</u></u>

**Period to 31 March**

**2012**

**Taka**

**13 Salary and allowances**

Salary and allowance	1,366,108
Festival bonus	243,960
	<b><u>1,610,068</u></b>

**14 Factory rent**

Lease rent-Factory	731,204
	<b><u>731,204</u></b>

**15 Vehicle and transportation expenses**

Car rent	444,140
Vehicle expenses	219,957
	<b><u>664,097</u></b>

**16 Guest house expenses**

Rent - Guest House	72,000
Guest House Expenses	221,994
	<b><u>293,994</u></b>

**17 Professional fees**

Supervision charge	240,000
Secretarial fees	94,050
	<b><u>334,050</u></b>

**18 Travelling and conveyance charge**

Conveyance Charges	82,705
Travelling Local	17,000
	<b><u>99,705</u></b>

**19 Registration and legal expenses**

Bond license expenses	630,000
Excise duty	1,339
Fire license expenses	29,000
Trade license	12,000
	<b><u>672,339</u></b>



**Period to 31 March**

**2012**

**Taka**

**20 Administrative expenses**

Hotel room charges	212,647
Insurance charges	61,154
Entertainment	86,875
Office expenses	31,848
Postage and courier	14,404
Printing and stationery	115,151
Repair, maintenance and transportation expenses	41,059
Security charges	378,257
Staff welfare	24,000
Telephone, mobile and internet charges	310,953
Water charges	121,574
Electricity expenses	504,662
Meeting, conference etc.	57,211
Factory expenses	298,079
Miscellaneous expenses	97,943
	<b><u>2,355,817</u></b>

**21 Miscellaneous income**

Sale of scrap	49,000
	<b><u>49,000</u></b>

**22 Non operating expenses**

Bank charges	143,601
	<b><u>143,601</u></b>

**23 Foreign exchange (gain)/loss**

Exchange gain-consumable items	(9,558)
Exchange gain-property, plant and equipment	(16,634)
Exchange loss-share capital	1,497,221
Exchange gain-raw materials	(49,957)
	<b><u>1,421,073</u></b>

**Period to 31 March**

**2012**

**Taka**

## 24 Related party disclosures

The company has entered into various intercompany transactions with its shareholders during the period. Balance of related parties as on 31 March 2012 is :

Sl. No.	Name of the parties	Relationship	Nature of Transactions	Closing balances as at 31 March 2012
1	Renaissance Jewellery Ltd , India	Share holder	Purchase of diamond	37,293

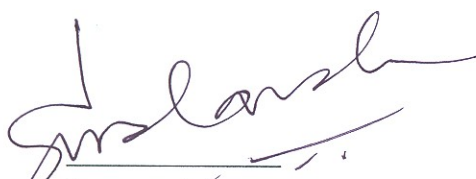
## 25 Number of Employees

Total 06 employees are working in Renaissance Jewellery Bangladesh Pvt. Limited based on the salary statement for the month of March 2012. The details of categorization of employees' salary are given below:

Number of Employees' yearly salary less than Taka 36,000	-
Number of Employees' yearly salary more than Taka 36,000	6
<b>Total</b>	<b>6</b>

## 26 Events after the Balance Sheet date

No significant event has been occurred after the balance sheet date to be disclosed in the financial statements.


  
 Company Secretary


  
 Managing Director


  
 Chairman