

**NORTHWEST INVESTMENT GROUP LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

## CONTENTS

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	<b>Page</b>
Directors, secretary and advisers	2
Chairman's statement	3
Directors' report	4 - 6
Independent auditors' report	7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 18

## NORTHWEST INVESTMENT GROUP LIMITED

### DIRECTORS, SECRETARY AND ADVISERS

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<b>Directors</b>	Kaifeng Li Zheng Kang Enxia Liu Ka Ming Wong Yi Feng	Chairman Executive Director Executive Director Non-executive Director Non-executive Director
<b>Secretary</b>	Jianjun Shi	
<b>Registered office</b>	Sea Meadow House Blackburne Highway, (P.O. Box 116) Road Town Tortola British Virgin Islands	
<b>Business address</b>	20/F Tower B, Yicheng International Centre No. 10 Ronghua Zhonglu Yizhuang Economy & Technology Development Zone Beijing 100176 P. R. China	
<b>Independent auditors</b>	UHY Hacker Young LLP 4 Thomas Square London E1W 1YW	
<b>Nominated adviser and broker</b>	ZAI Corporate Finance Limited 1 Hobhouse Court Suffolk Street London SW1Y 4HH	
<b>Registrars</b>	Capita Registrars (Guernsey) Limited Longue Hougue House St Sampson Guernsey GY2 4JN	
<b>Depository</b>	Capita IRG Trustees Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
<b>Bankers</b>	HSBC Private Bank (Suisse) SA Levels 13 and 14 1 Queen's Road Central Hong Kong	

## **NORTHWEST INVESTMENT GROUP LIMITED**

### **CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012**

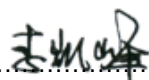
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On 9 June 2010, Northwest Investment Group Ltd. ("NWIG" or "the Company") raised 3 million pounds from the Investors and was successfully listed on AIM of London Stock Exchange. Since then we have sought out investment opportunities in line with our investment policy namely the acquisition or investment in the hydropower energy market in Western China.

Whilst it was our intention to make a sizeable acquisition and we have commenced discussions with the relevant people and organizations in order to acquire or invest in hydropower projects, we have not yet concluded a deal due to the current financial environment. We will keep shareholders updated of progress as and when anything is announceable. As the Company has not substantially implemented its investment policy within 18 months of Admission then, in accordance with the AIM Rules, the Company's investment policy is subject to the approval of the Shareholders at the annual general meeting.

During 2012, the global economy has slowed, financial volatility and risk aversion have sharply increased, and performance remains uneven across regions. Despite this, China's economic performance continues to hold up well, especially in the energy market, which makes us confident in our implementation of investment policy and we will try our best to acquire the high-quality hydropower assets in the western area of China.

As the business develops, we will recruit more talented personnel so that we can realise our strategic objectives. I would like to extend my sincere thanks to my staff and board for their zeal, vision and dedication.



.....  
**Kaifeng Li**

Chairman

# NORTHWEST INVESTMENT GROUP LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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The directors present their report and the audited financial statements for the year ended 31 December 2012.

### Principal activities, trading review and future developments

The company was incorporated in British Virgin Islands on 26 August 2008 under the BVI Business Companies Act 2004 with company number 1500784.

The company has been established for the purpose of identifying and acquiring, or investing in, energy projects with a focus on Western China.

On 9 June 2010, the company was admitted to trading on the AIM Market of London Stock Exchange and successfully raising £3 million. The admission was to provide the company a platform to carry out a detailed examination of potential acquisition targets.

The company did not have any trading activity during the year under review.

It is considered that the development of the company and its position at 31 December 2012 are fairly set out in the accompanying accounts.

### Results and dividends

The results for the period are set out on page 8. The directors do not recommend a dividend payment for the period.

### Directors

The directors who have held office during the period are:

Kaifeng Li  
Zheng Kang  
Enxia Liu  
Ka Ming Wong  
Tiam Huat Lim (resigned on 28 September 2012)  
Yi Feng

### Directors' interests

The directors' interest in the shares of the company was as stated below:

Name	Number of shares	%
Kaifeng Li	9,100,000	6.79%
Enxia Liu	3,900,000	2.91%

### Directors' remunerations

Directors' remunerations during the year are as follow:

<i>Executive</i>	£'000
Kaifeng Li	20
Zheng Kang	16
Enxia Liu	12
<i>Non executive</i>	
Ka Ming Wong	4
Tiam Huat Lim	6.75
Yi Feng	4

# NORTHWEST INVESTMENT GROUP LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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### Corporate Governance

In view of the company's size, stage of development and resources, it does not currently comply with all the provisions of the QCA Guidelines for AIM Companies and the Combined Code. However, the Board recognises the importance of sound corporate governance and so applies the principles of the Combined Code as it considers appropriate for the company's stage of development.

### The Board and its committees

The Board is responsible for formulating, reviewing and approving the company's strategy, budgets and corporate actions. Following admission to AIM, the company held board meetings at least four times in each financial year and at other times as and when required. The roles of the chairman and chief executive officer are, and following admission to AIM have continue to be, performed by separate individuals.

The company has established an audit committee and remuneration committee, with formally delegated duties and responsibilities.

The Audit Committee receives and reviews reports from management and the company's auditors relating to the annual financial statements and the accounting and internal control systems in use throughout the company. The Audit Committee has unrestricted access to the company's auditors.

The Remuneration Committee reviews the scale and structure of the executive directors' remuneration and the terms of their service contracts. The remuneration and terms and conditions of appointment of the non-executive directors are set by the Board.

### Share Dealing Code

The company has adopted and will operate a share dealing code for directors and employees in accordance with the AIM Rules for Companies. The directors will comply with Rule 21 of the AIM Rules for Companies relating to directors' dealing and will take all reasonable steps to ensure compliance by the company's applicable employees.

### Substantial shareholdings

As of 2 April 2013 the company has been notified of the following interests in its ordinary shares which represent 3% or more of the issued share capital of the company other than directors which is disclosed on page 4.

Name	Number of shares	%
Xinyan Li	96,000,000	71.64%
Capita IRG Trustees (nominees)	24,997,370	18.65%

### Annual general meeting

The Annual General Meeting of the company will be held on 30 June 2013 at 20/F Tower B, Yicheng International Centre, No. 10 Ronghua Zhonglu, Yizhuang Economy & Technology Development Zone, Beijing, P. R. China.

### Going concern

The financial statements have been prepared on a going concern basis, since the directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future.

### Financial instruments

Details of the company's financial instruments are set out in note 13.

## NORTHWEST INVESTMENT GROUP LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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#### Statement of directors' responsibilities

International Financial Reporting Standards (IFRSs) require the directors to prepare financial statements that present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial statements". In preparing those financial statements, the directors are required to:

- present information, including the group's accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make an assessment of the group's ability to continue as a going concern and to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that they have complied with the above requirements in preparing these financial statements.

#### Statement of disclosure to auditors

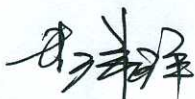
The directors have confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the necessary steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### Auditors

A resolution proposing that UHY Hacker Young be re-appointed for the forthcoming year will be put to the Annual General Meeting.

By order of the Board



Zheng Kang  
Director

4 June 2013

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF NORTHWEST INVESTMENT GROUP LIMITED**

We have audited the financial statements of Northwest Investment Group Limited for the year ended 31 December 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 company's loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union.



**UHY Hacker Young**  
Chartered Accountants

Quadrant House  
4 Thomas More Square  
London E1W 1YW

4 June 2013



**NORTHWEST INVESTMENT GROUP LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	Year ended 31 December 2012	Year ended 31 December 2011
		£'000	£'000
<b>Revenue</b>		-	-
Cost of sales		-	-
		<hr/>	<hr/>
		-	-
Administrative expenses	3	<b>(336)</b>	(439)
		<hr/>	<hr/>
<b>Operating loss</b>		<b>(336)</b>	(439)
Bank interest received		-	-
Finance costs		-	-
		<hr/>	<hr/>
<b>Loss before income tax</b>		<b>(336)</b>	(439)
Income tax expense	5	-	-
		<hr/>	<hr/>
<b>Loss for the year</b>		<b>(336)</b>	(439)
		<hr/>	<hr/>
<b>Earnings per share</b>	6	Pence	Pence
Basic and diluted earnings per share		<b>(0.25)</b>	(0.33)

The notes on pages 12 to 18 form part of these financial statements.

All amounts are derived from continuing operations.

**NORTHWEST INVESTMENT GROUP LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012**

	Note	As at 31 December 2012	As at 31 December 2011
		£'000	£'000
<b>Current assets</b>			
Trade and other receivables	7	-	1
Cash and cash equivalents	8	2,177	2,381
		<u>2,177</u>	<u>2,382</u>
<b>Total assets</b>		<u>2,177</u>	<u>2,382</u>
<b>Current liabilities</b>			
Trade and other payables	9	178	47
		<u>178</u>	<u>47</u>
<b>Total liabilities</b>		<u>178</u>	<u>47</u>
<b>Equity attributable to owners of the parent</b>			
Share capital	10	670	670
Share premium	10	2,422	2,422
Retained earnings		(1,093)	(757)
		<u>1,999</u>	<u>2,335</u>
<b>Total equity</b>		<u>1,999</u>	<u>2,335</u>
<b>Total liabilities and equity</b>		<u>2,177</u>	<u>2,382</u>

The notes on pages 12 to 18 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 4 June 2013.



Zheng Kang  
Director

**NORTHWEST INVESTMENT GROUP LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
<b>Balance at 31 December 2010</b>	670	2,422	(318)	2,774
<b>Comprehensive income</b>				
Profit or loss	-	-	(439)	(439)
<b>Total comprehensive income</b>	-	-	(439)	(439)
<b>Balance at 31 December 2011</b>	670	2,422	(757)	2,335
<b>Comprehensive income</b>				
Profit or loss	-	-	(336)	(336)
<b>Total comprehensive income</b>	-	-	(336)	(336)
<b>Balance at 31 December 2012</b>	670	2,422	(1,093)	1,999

**NORTHWEST INVESTMENT GROUP LIMITED****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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	Note	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
<b>Net cash used in operating activities</b>	<b>11</b>	<b>(204)</b>	<b>(402)</b>
<b>Investing activities</b>			
Sincerity fund for potential acquisition			(900)
Sincerity fund refunded			900
<b>Net cash used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Net cash from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(204)</b>	<b>(402)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>2,381</b>	<b>2,783</b>
<b>Cash and cash equivalents at end of year</b>	<b>8</b>	<b>2,177</b>	<b>2,381</b>

# NORTHWEST INVESTMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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### 1 GENERAL INFORMATION

Northwest Investment Group Limited is a company incorporated on 26 August 2008 in British Virgin Islands under The BVI Business Companies Act 2004. The company has been established for the purpose of identifying and acquiring, or investing in, energy projects with an initial focus on Western China. The address of the registered office is Sea Meadow House, Blackburn Highway, P.O. Box 116, Road Town, Tortola, British Virgin Islands. The company's business review is set out in the Chairman's Statement and Directors' Report.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company*

The following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2012 or later periods, but the company has not early adopted them:

##### *IFRS 13 Fair Value Measurement - effective 1 January 2013*

Establishes a single framework for measuring fair value and is applicable for both financial and non-financial items. The Standard does not include requirements on when fair value measurement is required; it prescribes how fair value is to be measured if required by another standard.

##### *Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) – effective 1 July 2012*

The amendment revises the way other comprehensive income ("OCI") is presented.

- It preserves the amendments made to IAS 1 in 2007 to require profit and loss and OCI to be presented together;
- require entities to group items presented in OCI based on whether they are potentially reclassifiable to profit or loss subsequently; and
- require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax).

#### **Standards, interpretations and amendments (not yet endorsed by EU at 5 April 2013)**

##### *IFRS 9 Financial Instrument – Classification and Measurement of Financial Assets - effective 1 January 2015*

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

- debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances);
- investments in equity instruments can be designed as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss; and
- all other instruments (including all derivatives) are measured at fair value with changes recognised in the profit and loss.

The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

##### *IFRS 9 – Incorporation of requirements on the accounting for financial liabilities- effective 1 January 2015*

The guidance in IFRS 9 retains the classification criteria for financial liabilities currently contained in IAS 39. However, there are two key differences, relating to presentation and measurement:

- the presentation of the effects of changes in fair value attributable to a liability's credit risk; and
- the elimination of the cost exemption for derivative liabilities to be settled by delivery of unquoted equity instruments.

##### *Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – effective date 1 January 2014*

- to provide "investment entities" an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 or IAS 39;

## NORTHWEST INVESTMENT GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 – continued

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- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries; and
- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

There are no other standards and interpretations in issue but not yet adopted that the directors anticipate will have a material effect on the reported income or net assets of the company.

#### 2.2 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS").

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

#### 2.3 Basis of preparation

The financial statements are prepared on the historical cost basis and presented in round thousand ('000).

#### 2.4 Foreign currencies

##### *Functional and presentational currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in pound sterling ("£"), which is the company's presentation currency.

##### *Transactions and balances*

Foreign currency transactions are translated into the functional currency 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 period end exchange rates of the monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### 2.5 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous periods.

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 method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

## NORTHWEST INVESTMENT GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 – continued

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The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case it is recognised in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### **2.6 Financial instruments**

Financial instruments are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

##### *Receivables*

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand on deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and have an original maturity of three months or less.

##### *Financial liabilities and equity*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

##### *Trade payables*

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

##### *Equity instruments*

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

## NORTHWEST INVESTMENT GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012– continued

#### 3 EXPENSES BY NATURE

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Employee benefit expense (note 4)	123	226
Legal and professional	65	71
Audit fee	8	8
Operating lease payments	120	120
Other expenses	20	14
	<u>336</u>	<u>439</u>

#### 4 EMPLOYEE BENEFIT EXPENSE

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Staff costs	59	58
Directors' remuneration	64	168
	<u>123</u>	<u>226</u>
	Number	Number
Average number of employees	<u>16</u>	<u>16</u>

#### 5 INCOME TAX EXPENSE

The company was registered in BVI. It is not regarded as resident for tax purposes in BVI. Therefore it will not be liable to BVI income tax in respect of this other than BVI source income.

#### 6 EARNING PER SHARE

The calculation of the basic earnings per share is based on the profits attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends and /or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

Reconciliation of the earnings and weighted average number of shares used in the calculations is set out as below:



**NORTHWEST INVESTMENT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012 – continued**

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
<i>Earnings</i>		
Earnings for the purposes of basic and diluted earnings per share	<u>(336)</u>	<u>(439)</u>
<i>Number of shares</i>	<b>Number</b>	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>134,000,000</u>	<u>134,000,000</u>
<i>Earnings per share</i>	<b>Pence</b>	Pence
Basic and diluted	<u>(0.25)</u>	<u>(0.33)</u>
<b>7 TRADE AND OTHER RECEIVABLES</b>		
	<b>At 31 December 2012 £'000</b>	At 31 December 2011 £'000
Prepayments	<u>-</u>	<u>1</u>
	<u>-</u>	<u>1</u>
The directors consider that the carrying amount of trade and other receivables approximates their fair value		
<b>8 CASH AND CASH EQUIVALENTS</b>		
	<b>At 31 December 2012 £'000</b>	At 31 December 2011 £'000
Cash at bank	2,177	2,381
Cash in hand	<u>-</u>	<u>-</u>
	<u>2,177</u>	<u>2,381</u>
Bank balances and cash comprise cash held by the company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.		
<b>9 TRADE AND OTHER PAYABLES</b>		
	<b>At 31 December 2012 £'000</b>	At 31 December 2011 £'000
Other payables (note 12)	<u>178</u>	<u>47</u>
	<u>178</u>	<u>47</u>

The directors consider that the carrying amount of trade payables approximates to their fair value.

**NORTHWEST INVESTMENT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012 – continued**

**10 SHARE CAPITAL AND SHARE PREMIUM**

	Number of shares (thousands)	Ordinary shares £'000	Share premium £'000
Issued and paid up:			
At 31 December 2011 and 2012	<u>13,400</u>	<u>670</u>	<u>2,422</u>

**11 NOTES TO THE CASH FLOW STATEMENT**

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Loss from operations	<u>(336)</u>	<u>(439)</u>
Operating cash outflows before movements in working capital	<u>(336)</u>	<u>(439)</u>
Decrease in receivables	1	40
Increase/(decrease) in payables	<u>131</u>	<u>(3)</u>
Net cash used in operations	<u>(204)</u>	<u>(402)</u>
Interest paid	<u>-</u>	<u>-</u>
Net cash used in operating activities	<u>(204)</u>	<u>(402)</u>

**12 RELATED PARTY TRANSACTIONS**

Included in other payables amount of £2,000 (2011: £7,500), £2,000 (2011: £7,500) and £14,250 (2011: £7500) owed to Yi Feng, Ka Ming Wong and Tiam Huat Lim respectively. The amounts are being their unpaid services as non executive directors of the company.

The company is controlled by Xinyan Li by virtue of his shareholding disclosed on page 5.

*Key management remuneration*

Key management included directors of the company. The remuneration paid or payable to key management for employee services is shown on page 4.

**13 FINANCIAL INSTRUMENTS**

**Credit risk management**

The company's credit risk is primarily attributable to its receivables. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Currently, the company has no significant concentration of credit risk.

**Liquidity risk**

Prudent liquidity management implies maintaining sufficient cash locally and the availability of committed credit facilities. The company is mainly financed by equity and self-generated cash flows.

**Interest rate risk**

The company's policy is to fund its operations through the use of retained earnings and equity.

The company exposure to changes in interest rates relates primarily to cash at bank. Cash is held either on current or short term deposits at floating rate of interest determined by the relevant bank's prevailing base rate.

The group seeks to obtain a favourable interest rate on its cash balances through the use premium accounts.

**Financial risk management**

The company will be exposed to financial risks arising from changes in world commodity prices which in turn affect the energy supplies and raw material changes in world prices of biodiesel, inflation and international trends in trade, tariffs and protectionism once it starts trading. The company will reviews its position regularly in considering the need for active financial risk management.

**Fair values**

There is no significant difference between the carrying amounts shown in the balance sheet and the fair values of the group's financial instruments. For current trade and other receivables/payables with a remaining life of less than one year, the nominal amount is deemed to reflect fair value.

**Foreign currency risk management**

The company undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise. During the period under review the company was not trading, therefore, no foreign currency risk arose. The company's policy, as it relates to currency risk, is to limit payment terms.

**Capital risk management**

The company manages its capital to ensure that it will be able to continue as a going concern while attempting to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of cash and cash equivalents and equity attributable to equity holders of the company, comprising issued capital, reserves and retained earnings.

The Board reviews the capital structure on an annual basis. The company's overall strategy remains unchanged.