**Belle Terre Realty Limited**
**AND ITS SUBSIDIARY**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2020**

**Belle Terre Realty Limited AND ITS SUBSIDIARY**

**FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 MARCH 2020**

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**Belle Terre Realty Limited**

**CORPORATE DATA**

| | | | Date of appointment |
|---|---|---|---|
| **DIRECTORS** | : | Gaurav Goel | 25 July 2008 |
| | | Satyapal Jain | 25 July 2008 |
| | | Shah Ahmud Khalil Peerbocus | 4 May 2017 |
| | | Bhoomisha Tina Sohoraye Moholee | 24 July 2017 |
| **REGISTERED OFFICE** | : | IFS Court, Bank Street<br>TwentyEight<br>Cybercity<br>Ebene 72201<br>Mauritius | |
| **ADMINISTRATOR SECRETARY AND MAURITIAN TAX AGENT** | : | SANNE Mauritius<br>IFS Court, Bank Street<br>TwentyEight<br>Cybercity<br>Ebene 72201<br>Mauritius | |
| **AUDITORS** | : | Nexia Baker & Arenson<br>Chartered Accountants<br>5th Floor, C&R Court<br>49, Labourdonnais Street<br>Port Louis<br>Mauritius | |
| **BANKER** | : | SBI International (Mauritius) Limited<br>7th Floor, Wing 2<br>SBI Tower<br>Mindspace Building<br>Ebene<br>Mauritius | |

## COMMENTARY OF THE DIRECTORS
## FOR THE YEAR ENDED 31 MARCH 2020

The directors present the audited financial statements of **Belle Terre Realty Limited** (the "Company") and that of its subsidiary for the year ended 31 March 2020.

### PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding and that of its subsidiary, Oasis Holding (FZC), incorporated in United Arab Emirates ("UAE"), is to engage in investment of its own financial resources. The Company together with its subsidiary, (the "Subsidiary"), are referred to as the "Group".

### RESULTS AND DIVIDEND

The results of the Group and the Company for the year are shown in the statement of profit or loss and other comprehensive income and related notes.

No dividend has been paid or declared for the year under review (2019: USD Nil).

### DIRECTORS

The present membership of the Board is set out on page 2.

### DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Group and the Company will continue in business.

The directors have confirmed 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 Group and the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### AUDITORS

The auditors, **Nexia Baker & Arenson**, have indicated their willingness to continue in office until the next Annual Meeting.

**CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001**

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **Belle Terre Realty Limited** under the Mauritius Companies Act 2001 during the financial year ended 31 March 2020.

**For SANNE Mauritius**
**Secretary**

**Registered office:**

IFS Court, Bank Street
TwentyEight
Cybercity
Ebene 72201
Mauritius

**Date: 22 June 2020**

# INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDER OF BELLE TERRE REALTY LIMITED AND ITS SUBSIDIARY

### Report on the Financial Statements

*Opinion*

We have audited the financial statements of **Belle Terre Realty Limited (the "Company") and its subsidiary (together referred to as the "Group")**, set out on pages 8 to 44 which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statements of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 March 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the Mauritius Companies Act 2001.

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants (IESBA Code), Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information*

The directors are responsible for the other information. The other information comprises the Commentary of the Directors and the Certificate from the Secretary. The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibilities is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Directors' Responsibilities for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and in compliance with the requirements of the Mauritius Companies Act 2001, 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.

## INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDER OF BELLE TERRE REALTY LIMITED AND ITS SUBSIDIARY

### Report on the Financial Statements (continued)

*Directors' Responsibilities for the Financial Statements (continued)*

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also,

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

# INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDER OF BELLE TERRE REALTY LIMITED AND ITS SUBSIDIARY

### Report on the Financial Statements (continued)

***Auditors' Responsibilities for the Audit of the Financial Statements (continued)***

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***Other Matter***

This report is made solely to the Company's shareholder, as a body, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's shareholder, as a body, those matters that we are required to state to them in an auditors' 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 shareholder, as a body, for our audit work, for this report, or for the opinions we have formed.

### Report on Other Legal and Regulatory Requirements

***Mauritius Companies Act 2001***

We have no relationship with or interests in the Company and its subsidiary other than in our capacity as auditors.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**Nexia Baker & Arenson**
**Chartered Accountants**

**Nitin Kumar Sobnack FCCA**
**Licensed by FRC**

**Date:** 22 June 2020

**Belle Terre Realty Limited AND ITS SUBSIDIARY**

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020**

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | Notes | **2020** | 2019 | **2020** | 2019 |
| | | **USD** | USD | **USD** | USD |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Investment property | 6 | **12,056,573** | 12,502,211 | - | - |
| Investment in subsidiary company | 7 | - | - | **6,887,929** | 6,907,929 |
| Investment in associated company | 8 | **15,642,554** | 15,649,605 | **15,642,554** | 15,649,605 |
| | | **27,699,127** | 28,151,816 | **22,530,483** | 22,557,534 |
| **Current assets** | | | | | |
| Receivables and prepayments | 9 | **68,267** | 68,920 | **1,988** | 1,938 |
| Cash and cash equivalents | | **148,434** | 69,635 | **3,361** | 11,109 |
| | | **216,701** | 138,555 | **5,349** | 13,047 |
| **Total assets** | | **27,915,828** | 28,290,371 | **22,535,832** | 22,570,581 |
| **EQUITY AND LIABILITY** | | | | | |
| **Capital and reserves** | | | | | |
| Stated capital | 10 | **22,784,233** | 22,784,233 | **22,784,233** | 22,784,233 |
| Currency translation reserve | | **5** | (31) | - | - |
| Revenue deficit | | **(27,111)** | (102,623) | **(257,364)** | (218,022) |
| | | **22,757,127** | 22,681,579 | **22,526,869** | 22,566,211 |
| Non-controlling interest | | **4,844,809** | 5,512,782 | - | - |
| | | **27,601,936** | 28,194,361 | **22,526,869** | 22,566,211 |
| **Current liability** | | | | | |
| Trade and other payables | 11 | **313,892** | 96,010 | **8,963** | 4,370 |
| **Total equity and liability** | | **27,915,828** | 28,290,371 | **22,535,832** | 22,570,581 |

Approved by the Board for issue on **22 June 2020** and signed on its behalf by:

.............................................. ..............................................

**Director** **Director**

The notes on pages 13 to 44 form an integral part of these financial statements.

**Belle Terre Realty Limited AND ITS SUBSIDIARY**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | Notes | 2020 | 2019 | 2020 | 2019 |
| | | USD | USD | USD | USD |
| **Revenue** | | | | | |
| Income from rental properties (Net) | 12 | **159,896** | (217,020) | - | - |
| Other income | | **8,611** | 5,701 | 6 | 9 |
| | | **168,507** | (211,319) | 6 | 9 |
| **Expenses** | | | | | |
| Licence fees | | **11,280** | 12,047 | **2,250** | 2,100 |
| Professional fees | | **20,872** | 13,679 | **20,872** | 13,679 |
| Audit fee | | **7,935** | 3,990 | **7,935** | 3,990 |
| Bank charges | | **1,240** | 865 | **1,240** | 865 |
| Other expenses | | **6,332** | 3,715 | - | - |
| | | **47,659** | 34,296 | **32,297** | 20,634 |
| **Operating profit/(loss) for the year** | | **120,848** | (245,615) | **(32,291)** | (20,625) |
| Share of loss of associated company | 8 | **(7,051)** | (6,134) | **(7,051)** | (6,134) |
| **Profit/(loss) before taxation** | | **113,797** | (251,749) | **(39,342)** | (26,759) |
| Taxation | 5 | - | - | - | - |
| **Profit/(loss) for the year** | | **113,797** | (251,749) | **(39,342)** | (26,759) |
| **Other comprehensive income** | | | | | |
| Exchange difference on translating foreign operation | | - | (4) | - | - |
| **Total comprehensive (loss)/income for the year** | | **113,797** | (251,753) | **(39,342)** | (26,759) |
| **(Loss)/profit attributable to:** | | | | | |
| Owners of the Company | | **75,512** | (195,502) | **(39,342)** | (26,759) |
| Non-Controlling interests | | **38,285** | (56,247) | - | - |
| | | **113,797** | (251,749) | **(39,342)** | (26,759) |
| **Total comprehensive income/(loss) attributable to:** | | | | | |
| Owners of the Company | | **75,512** | (195,505) | **(39,342)** | (26,759) |
| Non-Controlling interests | | **38,285** | (56,248) | - | - |
| | | **113,797** | (251,753) | **(39,342)** | (26,759) |

The notes on pages 13 to 44 form an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 MARCH 2020

The Group

| | Stated capital | Foreign currency translation reserve | Revenue deficit | Attributable to owners of the Company | Non-controlling interests | Total |
|---|---|---|---|---|---|---|
| | USD | USD | USD | USD | USD | USD |
| At 1 April 2018 | 22,784,233 | (3,463) | 92,879 | 22,873,649 | 5,731,034 | 28,604,683 |
| Loss for the year | - | - | (195,502) | (195,502) | (56,247) | (251,749) |
| Other comprehensive loss for the year | - | (3) | - | (3) | (1) | (4) |
| Adjustment | - | 3,435 | - | 3,435 | 1,142 | 4,577 |
| Refund of capital contribution during the year | - | - | - | - | (163,146) | (163,146) |
| At 31 March 2019 | 22,784,233 | (31) | (102,623) | 22,681,579 | 5,512,782 | 28,194,361 |
| Loss for the year | - | - | 75,512 | 75,512 | 38,285 | 113,797 |
| Adjustment | | 36 | - | 36 | 12 | 48 |
| Refund of capital contribution during the year | - | - | - | - | (706,270) | (706,270) |
| **At 31 March 2020** | **22,784,233** | **5** | **(27,111)** | **22,757,127** | **4,844,809** | **27,601,936** |

The notes on pages 13 to 44 form an integral part of these financial statements.

**Belle Terre Realty Limited AND ITS SUBSIDIARY**

**STATEMENTS OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)**

**The Company**

| | Stated capital | Revenue deficit | Total |
|---|---|---|---|
| | USD | USD | USD |
| At 1 April 2018 | 22,784,233 | (191,263) | 22,592,970 |
| Total comprehensive loss for the year | - | (26,759) | (26,759) |
| At 31 March 2019 | 22,784,233 | (218,022) | 22,566,211 |
| Total comprehensive loss for the year | - | (39,342) | (39,342) |
| **At 31 March 2020** | **22,784,233** | **(257,364)** | **22,526,869** |

**Belle Terre Realty Limited AND ITS SUBSIDIARY**

**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 31 MARCH 2020**

| | Notes | The Group | | The Company | |
|---|---|---|---|---|---|
| | | **2020** | 2019 | **2020** | 2019 |
| | | **USD** | USD | **USD** | USD |
| **Cash flows from operating activities** | | | | | |
| Profit/(loss) before taxation | | **113,797** | (251,749) | **(39,342)** | (26,759) |
| *Adjustments for:* | | | | | |
| Interest income | | **(6)** | (9) | **(6)** | (9) |
| Share of loss of associated company | 8 | **7,051** | 6,134 | **7,051** | 6,134 |
| Amortisation and depreciation | 12 | **447,813** | 447,618 | - | - |
| Consolidation adjustment | | **(2,127)** | 4,577 | - | - |
| Exchange difference | | - | 3,194 | - | - |
| **Operating profit/(loss) before working capital changes** | | **566,528** | 209,765 | **(32,297)** | (20,634) |
| Decrease/(increase) in receivables and prepayments | | **653** | (29,981) | **(50)** | - |
| Increase/(decrease) in trade and other payables | | **217,882** | 19,959 | **4,593** | (1,306) |
| **Net cash from/(used in) operating activities** | | **785,063** | 199,743 | **(27,754)** | (21,940) |
| | | | | | |
| **Cash flows from investing activities** | | | | | |
| Interest received | | **6** | 9 | **6** | 9 |
| Refund by investee company | 14 | - | - | **20,000** | 20,000 |
| **Net cash from investing activities** | | **6** | 9 | **20,006** | 20,009 |
| | | | | | |
| **Cash flows from financing activity** | | | | | |
| Amount refunded to shareholder | 14 | **(706,270)** | (163,146) | - | - |
| **Net cash used in financing activity** | | **(706,270)** | (163,146) | - | - |
| | | | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | **78,799** | 36,606 | **(7,748)** | (1,931) |
| | | | | | |
| Cash and cash equivalents at beginning of the year | | **69,635** | 33,029 | **11,109** | 13,040 |
| | | | | | |
| **Cash and cash equivalents at end of the year** | | **148,434** | 69,635 | **3,361** | 11,109 |

## 1. General information

The Company was incorporated in Mauritius on 4 June 2008 as a private company limited by shares. The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has its registered office at IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Mauritius.

The financial statements comprise of the financial statements of the Company and its subsidiary. The financial statements of the Group are presented in United States Dollar ("USD"),. which is the Group functional and presentation currency.

The principal activity of the Company is to act as an investment holding company. The principal activity of the subsidiary company is described on page 3.

## 2. Basis of preparation

*(a)* *Statement of compliance*

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards ("IFRS").

*(b)* *Basis of measurement*

The financial statements have been prepared on a historical cost basis except for financial assets and liabilities which are measured at fair value.

*(i)* *Functional and presentation currency*

The Group's and the Company's functional and presentation currency is USD and all values are rounded to the nearest Dollar. USD is the currency of the primary economic environment in which the Group and the Company operates and their performance are evaluated and their liquidity are managed in USD.

*(ii)* *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at year-end exchange rates and differences in exchange are accounted for in the statement of profit or loss and other comprehensive income.

## 2. Basis of preparation (continued)

(c) *Use of estimates and judgment*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) *Basis of consolidation*

The financial statements incorporate the result of Belle Terre Realty Limited (the parent company) and that of its subsidiary, Oasis Holding (FZC) together referred to as the "Group". The reporting period of the parent company and the Subsidiary is 31 March 2020. Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

## 3. Accounting policies

(a) Standards and amendments that are effective for annual periods beginning on or after 1 January 2019

• ***IFRS 16 'Leases'***

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The standard is not expected to impact the Group and the Company as it is not relevant to the Group's and the Company's activities.

**3. Accounting policies (continued)**

(a) Standards and amendments that are effective for annual periods beginning on or after 1 January 2019 (continued)

***• IFRIC 23 Uncertainty over Income Tax Treatments***

The Group and the Company has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group and the Company to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  – If yes, the Group and the Company should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  – If no, the Group and the Company should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

  The adoption of IFRIC 23 has no impact on the Group and the Company's financial statements.

***• IFRS 9 Prepayment Features with Negative Compensation (Amendments to IFRS 9)***

The Group and the Company has adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

The adoption of IFRS 9 did not have any impact on the Group and the Company's financial statements.

***• IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)***

The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The standard is not expected to impact the Group and the Company as it is not relevant to the Group's and the Company's activities.

**3. Accounting policies (continued)**

(a) Standards and amendments that are effective for annual periods beginning on or after 1 January 2019 (continued)

• ***Annual Improvements to IFRS 2015-2017 Cycle***

The Annual Improvements include amendments to four Standards:

➢ **IAS 12 Income Taxes**

The amendments clarify that the Group and the Company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group and the Company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. The standard has no impact on the Group's and the Company's financial statements.

➢ **IAS 23 Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The statndard has no impact on the Group's and the Company's financial statements.

➢ **IFRS 3 Business Combinations**

The amendments clarify that when the Group and the Company obtains control of a business that is a joint operation, the Group and the Company applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation. The standard has no impact on the Group's and the Company's financial statements.

➢ **IFRS 11 Joint Arrangements**

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group and the Company does not remeasure its PHI in the joint operation. The standard has no impact on the Group and the Company's financial statements.

3. **Accounting policies (continued)**

(a) Standards and amendments that are effective for annual periods beginning on or after 1 January 2019 (continued)

• ***Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)***

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income. The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The Group and the Company will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19:99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

The standard is not expected to impact the Group and the Company as it is not relevant to the Group and the Company's activities.

(b) Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group and the Company

• ***IFRS 17 Insurance Contracts***

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2022.

**3. Accounting policies (continued)**

(b) Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group and the Company (continued)

***• IFRS 17 Insurance Contracts (continued)***

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

***• IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

***• Definition of a Business (Amendments to IFRS 3)***

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

## 3. Accounting policies (continued)

(b) Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group and the Company (continued)

• *Definition of Material (Amendments to IAS 1 and IAS 8)*

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

• *Conceptual Framework for Financial Reporting*

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

## 3. Accounting policies (continued)

### (c) Revenue from contracts with customers

The Group is engaged in the activity of investment of own financial resources.

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group and the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the Group satisfies a performance obligation at a point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

**3. Accounting policies (continued)**

(c) Revenue from contracts with customers (continued)

*Interest income*

Interest income is recognised on the accrual basis.

*Dividend income*

Dividend income is recognised when the shareholders' rights to receive payment have been established.

(d) Rental income

Rental income from operating leases is recognised, net of discounts, in accordance with the terms of lease contracts over the lease term on a straight-line basis, except when an alternative basis is more representative of the pattern of benefits to be derived from the leases assets.

(e) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(f) Value added tax

As per the Federal Decree-Law No. (08) of 2017, Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person. The Company is required to file its VAT returns and compute the payable tax (which is output tax less input tax) for the allotted tax periods and deposit the same within the prescribed due dates of filing VAT return and tax payment.

## 3. Accounting policies (continued)

### (g) Financial instruments

***Classification***

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") — debt investment; FVTOCI — equity investment; or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends the financial assets' contractual cash flow characteristics and the Group and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrumental level.

The Groups and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cashflows, selling the financial assets, or both.

Financial liabilities are classified as financial liabilities at FVTPL or at amortised cost. The Group and the Company determines the classification of its financial liabilities at initial recognition.

***Recognition***

Financial assets and financial liabilities are recognised when, and only when, the Group and the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commits to purchase or sell the asset.

***Derecognition***

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The Group and the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  a) the Group and the Company has transferred substantially all the risks and rewards of the asset, or

  b) the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**3. Accounting policies (continued)**

(g) Financial instruments (continued)

***Derecognition (continued)***
Financial liabilities are de-recognised when, and only when, they are extinguished i.e. when obligation specified in the contract is discharged, cancelled or expired.

***Measurement***
A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Transactions costs of financial assets carried at FVTPL are expensed in profit or loss.

The following accounting policies apply to the subsequent measurement of financial assets and liabilities.

*Financial assets at amortised cost*
Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition) using the effective interest method. All other financial assets are subsequently measured at fair value.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The financial assets at amortised cost comprise of other receivables and cash and cash equivalents.

*Financial liabilities*
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost comprise of trade and other payables for projects.

**3. Accounting policies (continued)**

(g) Financial instruments (continued)

***Impairment of financial assets***

The Group and the Company recognised an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances are measured on either of the following basis:

- 12-month ECLs: ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: ECLs that result from all possible default events over the expected life of a financial instrument.

The Group and the Company measure the loss allowance at an amount equal to lifetime ECLs, except for the following which are measured as 12-month ECLs:

Bank balances and other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or

The financial asset is more than 360 days past due.

**3. Accounting policies (continued)**

(g) Financial instruments (continued)

***Impairment of financial assets (continued)***

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company is exposed to credit risk.

At end of each reporting period, the Group and the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

***Offsetting***

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(h) Fair value measurement

The Group and the Company discloses the fair value of financial instruments measured at amortised cost.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

**3. Accounting policies (continued)**

(i) Impairment of non-financial assets

At end of each reporting period, the Group and 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 any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash generating unit) is estimated to be less that its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

(j) Leases

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to profit or loss on a straight-line basis over the period of the lease.

(k) Investments in subsidiary companies

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights or the majority of votes at meetings of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. In the Group's and the Company's own separate financial statements, the investments in subsidiaries are stated at cost less any provision in impairment in value. Impairment loss recognised in profit and loss for a subsidiary is reversed only if there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The net book values of the subsidiaries are not necessarily indicative of the amounts that would be realised in a current market exchange.

**3. Accounting policies (continued)**

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank, demand deposits and other short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

(m) Related parties

Parties are considered to be related if one party has the ability to control (directly or indirectly) the other party or exercise significant influence over the other party in making financial and operating decisions.

(n) Provisions

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(o) Investment in associated company

Associates are undertakings over which the Group and the Company generally has between 20% and 50% of the voting rights or over which the Company has significant influence but which it does not control. The Group and the Company holds investment in an associate, which is initially recognised at cost and subsequently accounted for by using the equity method of accounting.

The Group's and the Company's share of its associate's profits or losses is recognised in the statement of profit or loss and other comprehensive income and its share of movements in reserves is recognised in equity. The cumulative movements are adjusted against the carrying amount of the investment. The accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Group and the Company. When the Group's and the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group and the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of profit or loss and other comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited in the statement of profit or loss and other comprehensive income.

## 3. Accounting policies (continued)

(p) Expense recognition

Expenses are accounted for in the statement of profit or loss and other comprehensive income on an accrual basis.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or scale. All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(r) Income tax

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

The currently payable is based on taxable profit for the year. Taxable profit differs from the profit reported in the statement of profit or loss and other comprehensive income because it excludes income or expense items that are taxable or deductible in other years and items that are not taxable or tax deductible. The Group's and the Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computing taxable profit, and are accounted for using the liability 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 taxable profits will be available against which those deduction temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit not the accounting profit.

(s) Deferred tax

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by end of each reporting period. Deferred tax is charged or credited to the statement of profit or loss and other comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**3. Accounting policies (continued)**

(s) Deferred tax (continued)

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 Group and the Company intend to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense statement of profit or loss and other comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

(t) Functional and foreign currency

*Functional currency*

Items included in the financial statements of the Group and the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to entity. The financial statements of the Group and the Company are presented in United States Dollars, which is the functional currency of the Group and the Company.

*Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currencies of the respective entities in the Group and the Company at the exchange rates on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at end of the reporting period are retranslated to the functional currency at the exchange rates on that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rates on the dates that the fair value was determined.

The monetary assets and liabilities of foreign operations are translated to United States Dollars at the exchange rates at end of the reporting period. Non-monetary assets are translated to United States Dollars at historical rate. The income and expenses of foreign operations are translated to United States Dollars at average exchange rates for the year.

Foreign exchange differences are recognised in the currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the currency translation reserve is transferred to the statement of profit or loss and other comprehensive income.

**3. Accounting policies (continued)**

(u) Stated capital

Ordinary shares are classified as equity.

(v) Payable and accruals

Payables and accruals are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

(w) Loan receivable

*Deposits and other receivables*

Deposits and other receivables are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material.

(x) Investment property and capital work-in-progress

**Cost model**

Leasehold rights and building acquired for the purposes of earning rental income and for capital appreciation are classified as investment properties and stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated using the straight-line method over the expected useful lives of the properties as follows:

| | |
|---|---|
| Leasehold rights | 41 years |
| Building | 20 years |

An assessment of depreciation method, useful lives and residual values is undertaken at end of each reporting period and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

## 4. Critical accounting estimates and judgements

Estimates and judgements 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 Group and the Company makes estimates and assumptions concerning the future. The future accounting estimates will by definition, seldom equal to the actual results.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Group and the Company applies expected credit loss (ECL) model to measure loss allowance in case of financial assets on the basis of 12-month ECLs or Lifetime ECLs depending on credit risk characteristics and how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

*Determination of functional currency*

The determination of the functional currency of the Group and the Company is critical since recording transaction and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered these factors and have determined that the functional currency of the Group and the Company is USD.

*Going concern*

The financial statements are prepared on a going concern basis.

When preparing the financial statements, management makes an assessment of the Group's and the Company's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The uncertainty due to recent COVID-19 outbreak with regard to the future impact on the Establishment's business performance has been considered as part of management's assessment of the Establishment's ability to continue as a going concern. The management has concluded that an estimate of the potential impact of COVID-19, if any on the business performance cannot be made as of the date of these financial statements, since the outcome is dependent on future events which are uncertain. However, the management currently believes that it has adequate liquidity and business plans to continue with the operations and mitigate the risks, if any associated with COVID-19.

## 4. Critical accounting estimates and judgements (continued)

*Critical accounting estimates and judgements*

Recognition of revenue and allocation of transaction price Identification of performance obligations

The Group and the Company determined that the sale of services is provided as a single component to customers and accordingly it becomes single performance obligation in respect of the services being sold.

*Recognition of revenue and allocation of transaction price*

*Identification of performance obligations*

The Group and the Company determined that the sale of services is provided as a single component to customers and accordingly it becomes single performance obligation in respect of the services being sold.

*Determine timing of satisfaction of performance obligation*

The Group and the Company concluded that revenue from services is to be recognised over time as the customer simultaneously receives the benefit as the company performs. The fact that another entity would not need to re-perform the services that the Group and the Company has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's and the Company's performance as it performs.

## 5. Taxation

**The Company**

(a) Income tax rate

The Company is under current laws and regulations, liable to pay income tax on its net income at a rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign source income tax thus reducing its maximum effective tax rate to 3%.

The Company has received a Tax Residence Certificate to avail of the benefits of double tax treaty between Mauritius and India.

No Mauritian capital gain tax is payable on profits arising from sale of securities, and any dividends and redemption proceeds paid by the Company to its shareholders will be exempt in Mauritius from any withholding tax.

At 31 March 2020, the Company had accumulated tax losses of **USD109,639** (2019: USD92,267) which will be carried forward and available for set off against future taxable profits up to the year ending 31 March 2020.

A deferred tax asset of **USD969** (2019: USD2,768) has not been recognised in respect of the tax losses carried forward as the directors consider that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised.

(b) Tax reconciliation

The reconciliation between the actual tax expense and the tax calculated at the applicable rate of 15% for the year under review is as follows:

| | **2020** | 2019 |
|---|---|---|
| | **USD** | USD |
| Loss before taxation | **(32,291)** | (20,625) |
| Tax at the rate of 15% | **(4,844)** | (3,094) |
| Tax effect of: | | |
| Non allowable expense | - | (10,746) |
| | **(4,844)** | (13,840) |
| Tax credit of 80% | **3,875** | 11,072 |
| Deferred tax not recognised | **969** | 2,768 |
| Tax charge | - | - |

## 5. Taxation (continued)

### The Subsidiary

The subsidiary company, Oasis Holding (FZC), is exempt from taxation in United Arab Emirates.

## 6. Investment property

| | The Group | | |
|---|---|---|---|
| | Leasehold rights (a) | Building (b),(c) | Total |
| | USD | USD | USD |
| Cost | | | |
| At beginning of the year | 8,595,066 | 4,783,063 | **13,378,129** |
| Transfer to deposits during the year | - | (3,157) | **(3,157)** |
| Exchange difference | 1,521 | 4,004 | **5,525** |
| At end of the year | 8,596,587 | 4,783,910 | **13,380,497** |
| Amortisation/Depreciation | | | |
| At beginning of the year | 408,093 | 467,825 | **875,918** |
| Charged during the year (see note 12) | 208,638 | 239,175 | **447,813** |
| Exchange difference | 90 | 103 | **193** |
| At end of the year | 616,821 | 707,103 | **1,323,924** |
| **Net Book Values** | | | |
| **As at 31 March 2020** | **7,979,766** | **4,076,807** | **12,056,573** |
| As at 31 March 2019 | 8,186,973 | 4,315,238 | 12,502,211 |

(a) This represents amount paid for rights to leasehold land in the year 2008. The leasehold land is situated in Dubai, UAE. The lease is for a period of 50 years and valid up to 18 June 2058.

(b) This represents building used for labour accommodation situated in Dubai, UAE which is constructed on the leasehold land.

(c) The management is of the opinion that, in the absence of comparable market prices, the fair value of building cannot be reasonably reliably determined but is considered to be at least equal to its carrying amount.

## 7. Investment in subsidiary company

| | The Company | |
|---|---|---|
| | **2020** | 2019 |
| | **USD** | USD |
| At beginning of the year | **6,907,929** | 6,927,929 |
| Movement during the year | **(20,000)** | (20,000) |
| At end of the year | **6,887,929** | 6,907,929 |

| Name of subsidiary company | Country of incorporation | Number and type of shares | % holding | At cost 2020 USD | At cost 2019 USD |
|---|---|---|---|---|---|
| Oasis Holding (FZC) | United Arab Emirates | 75 equity shares of AED 1,500 each | 75% | **30,654** | 30,654 |
| | | Amount advanced | | **6,857,275** | 6,877,275 |
| | | | | **6,887,929** | 6,907,929 |

Oasis Holding (FZC) is engaged in investment of own financial resources and has incurred expenses for plot of land and development thereof for construction of labour accommodation.

The directors are of the opinion that there is no impairment on the value of the investment as at 31 March 2020 and that the fair value approximates at least its cost.

The amount advanced to the subsidiary company of USD6,857,275 is unsecured, interest free and is expected to be settled in cash after more than one year.

## 8. Investment in associated company

| | The Group and The Company | |
|---|---|---|
| | 2020 | 2019 |
| | USD | USD |
| At beginning of the year | **15,649,605** | 15,655,739 |
| Share of losses during the year | **(7,051)** | (6,134) |
| At end of the year | **15,642,554** | 15,649,605 |

| Name of associated company | Country of incorporation | Number and type of shares | % holding | Carrying amount 2020 USD | Carrying amount 2019 USD |
|---|---|---|---|---|---|
| Searock Developers FZC | United Arab Emirates | 50 equity shares of AED 1,500 each | 50% | - | - |
| | | Amount advanced | | **15,642,554** | 15,649,605 |
| | | | | **15,642,554** | 15,649,605 |

The initial cost of investment in Searock Developers FZC amounted to USD20,436.

Searock Developers FZC is engaged in Real Estate Development and related activities.

The amount advanced to associated company of USD15,642,554 is unsecured, interest free and is expected to be settled in cash after more than one year.

The Company, as required by International Accounting Standards 28, is preparing financial statements under the equity method of accounting for its investment in associated undertakings.

The summarised information of Searock Developers FZC used in applying the equity method of accounting are as follows:

| Year ended | Assets | Liabilities | Revenues | Losses |
|---|---|---|---|---|
| | USD | USD | USD | USD |
| **31 March 2020** | **31,172,109** | **2,574** | **-** | **(14,102)** |
| 31 March 2019 | 31,167,060 | 2,573 | - | (12,268) |

The directors are of the opinion that there is no need for impairment on the value of the investment in Searock Developers FZC at 31 March 2020 given that Searock Developers FZC is still in its developmental stage and continues to pursue its main objective of developing residential and commercial projects on the island acquired for "The World" project in the United Arab Emirates.

## 9. Receivables and prepayments

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **USD** | USD | **USD** | USD |
| Deposit | **63,327** | 63,316 | - | - |
| Prepayments | **4,065** | 4,014 | **1,988** | 1,938 |
| VAT receivable | **875** | 1,590 | - | - |
| | **68,267** | 68,920 | **1,988** | 1,938 |

## 10. Stated capital

| | The Company | |
|---|---|---|
| | **2020** | 2019 |
| | **USD** | USD |
| ***Issued and fully paid*** | | |
| Ordinary shares of USD1 each | | |
| At beginning and end of the year | **9,933** | 9,933 |
| Optionally convertible preference shares of USD1 each | | |
| At beginning and end of the year | **22,774,300** | 22,774,300 |
| **Total** | **22,784,233** | 22,784,233 |

Ordinary shares are non-redeemable shares and have right to distribution. Holders of the ordinary shares have the right to vote on all matters submitted to shareholders except those requiring approval of the optionally convertible preference shareholders.

Optionally convertible preference shares ("OCPS") are redeemable at par by the Company to its holders and are not to be redeemed below its issue price. The OCPS can be converted into ordinary shares at the option of its holder as well as at the option of the Company at any time after issue of OCPS. The OCPS can be converted within 10 years in the ratio of one OCPS for one ordinary share. The OCPS do not have any voting rights at shareholders' meetings of the Company except on matters affecting their rights. The OCPS have priority for distribution over ordinary shares on winding up.

## 11. Trade and other payables

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **USD** | USD | **USD** | USD |
| Payable to shareholder | **199,720** | - | - | - |
| Other payable | **67,462** | 61,758 | - | - |
| Accruals | **46,710** | 10,011 | **8,963** | 4,370 |
| Contract liabilities | - | 24,241 | - | - |
| | **313,892** | 96,010 | **8,963** | 4,370 |

## 12. Income from rental properties (Net)

| | The Group | |
|---|---|---|
| | **2020** | 2019 |
| | **USD** | USD |
| Operating lease income | **1,072,457** | 295,682 |
| Less: | | |
| Amortisation/depreciation of investment property | **(447,813)** | (447,618) |
| Repairs and maintenance | **(138,424)** | (46,883) |
| Utilities | **(277,040)** | (18,201) |
| Other direct costs | **(49,284)** | - |
| | **159,896** | (217,020) |

## 13. Financial instruments and associated risks

The Group and the Company are exposed to various types of risks that are associated with the financial instruments. The most important types of financial risk to which the Group and the Company are exposed are market risk, credit risk and liquidity risk.

The nature and extent of the financial instruments outstanding at end of the reporting period and the risk management policies employed by the Group and the Company are discussed below.

### (a) Market risk

Market risk embodies the potential for both loss and gains and includes currency risk, interest rate risk and price risk. The Group's and the Company's market risk are managed by the Company in accordance with policies and procedures in place.

**13. Financial instruments and associated risks (continued)**

**(a) Market risk (continued)**

*(i) Currency risk*

The Group and the Company may enter into transactions denominated in currencies other than its functional currency. Consequently, the Group and the Company are exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Group's and the Company's assets or liabilities denominated in currencies other than the USD.

Currency profile

The Group's and the Company's total net exposure to fluctuations in foreign currency exchange rates at the end of the reporting period were as follows:

| | The Group | | | |
|---|---|---|---|---|
| | **2020** | | 2019 | |
| | **Financial assets** | **Financial liabilities** | Financial assets | Financial liabilities |
| | **USD** | **USD** | USD | USD |
| Dirhams | **209,275** | **304,930** | 123,432 | 96,010 |
| United States Dollars | **3,361** | **8,963** | 11,109 | 4,370 |
| | **212,636** | **313,893** | 134,541 | 100,380 |

| | The Company | | | |
|---|---|---|---|---|
| | **2020** | | 2019 | |
| | **Financial assets** | **Financial liabilities** | Financial assets | Financial liabilities |
| | **USD** | **USD** | USD | USD |
| United States Dollars | **3,361** | **8,963** | 11,109 | 4,370 |

## 13. Financial instruments and associated risks (continued)

### (a) Market risk (continued)

*(i) Currency risk (continued)*

*Sensitivity analysis*

The following table details the Company's sensitivity to a 5% increase and decrease in Dirhams against the USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the Dirhams strengthens 5% against the USD. For a 5% weakening of Dirhams against the USD, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

| | Increase /(decrease) in foreign exchange rate | The Group Effect on equity | |
|---|---|---|---|
| | | **2020** | 2019 |
| | | **USD** | USD |
| Depreciation of USD in relation to Dirhams | +5% | **4,555** | 1,443 |
| Appreciation of USD in relation to Dirhams | -5% | **(5,034)** | (1,306) |

*(ii) 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 Group's and the Company's financial assets (except bank deposits) and liabilities are non-interest-bearing. As such, the Group and the Company are not subject to significant risk due to fluctuations in the prevailing levels of the market interest rates. Interest income from bank deposits may fluctuate in amount, in particular due to changes in the interest rates. However, the interest rate risk of the Group and the Company was insignificant on its cash at bank as at 31 March 2020.

**13. Financial instruments and associated risks (continued)**

**(a) Market risk (continued)**

*(iii) Price risk*

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the investment or all factors affecting all instruments traded in the market.

The Company is not exposed to price risk as the shares of the investee companies are not quoted.

**(b) Credit risk**

Credit risk represents the potential loss that the Group and the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Group and the Company. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The maximum exposure of financial assets to credit risk for the year is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **USD** | USD | **USD** | USD |
| Advances to investee companies | **15,642,554** | 15,649,605 | **22,499,829** | 22,526,880 |
| Cash and cash equivalents | **148,434** | 69,635 | **3,361** | 11,109 |
| | **15,790,988** | 15,719,240 | **22,503,190** | 22,537,989 |

**(c) Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and the Company's reputation.

## 13. Financial instruments and associated risks (continued)

### (c) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities:

| | The Group | | The Company | |
|---|---|---|---|---|
| | Less than one year | Between 1 and 5 years | Less than one year | Between 1 and 5 years |
| | USD | USD | USD | USD |
| *At 31 March 2020* | | | | |
| Trade and other payables | 313,892 | - | 8,963 | - |
| *At 31 March 2019* | | | | |
| Trade and other payables | 96,010 | - | 4,370 | - |

### (d) Capital risk management

The Group's and the Company's primary objectives when managing capital are to safeguard their ability to continue as a going concern.

The Group and the Company define "capital" as including all components of equity.

The Group's and the Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Group and the Company. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group and the Company, to the extent that these do not conflict with the directors' fiduciary duties towards the Group and the Company or the requirements of local regulation.

The Group and the Company were not subject to externally imposed capital requirements during the year under review.

## 13. Financial instruments and associated risks (continued)

### (e) Fair values

The carrying amounts of the financial assets and liabilities approximate their fair values.

The following tables set out the fair value of the financial instruments:

| **2020** | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **At amortised costs** | **Total carrying amounts** | **At amortised costs** | **Total carrying amounts** |
| | **USD** | **USD** | **USD** | **USD** |
| Financial assets | | | | |
| Receivables | **64,202** | **64,202** | **-** | **-** |
| Cash and cash equivalents | **148,434** | **148,434** | **3,361** | **3,361** |
| | **212,636** | **212,636** | **3,361** | **3,361** |
| Financial liability | | | | |
| Trade and other payables | **313,892** | **313,892** | **8,963** | **8,963** |

| 2019 | The Group | | The Company | |
|---|---|---|---|---|
| | At amortised costs | Total carrying amounts | At amortised costs | Total carrying amounts |
| | USD | USD | USD | USD |
| Financial assets | | | | |
| Receivables | 64,906 | 64,906 | - | - |
| Cash and cash equivalents | 69,635 | 69,635 | 11,109 | 11,109 |
| | 134,541 | 134,541 | 11,109 | 11,109 |
| Financial liability | | | | |
| Trade and other payables | 96,010 | 96,010 | 4,370 | 4,370 |

## 14. Related party transactions

| Name of related parties | Relationship | Nature of transactions | Volume 2019 USD | Balance 2020 USD | Balance 2019 USD |
|---|---|---|---|---|---|
| **The Company** | | | | | |
| Advances to investee companies | | | | | |
| Oasis Holding (FZC) | Subsidiary company | Amount advanced | **(20,000)** | **6,857,275** | 6,877,275 |
| Searock Developers FZC | Associated company | Amount advanced | - | **15,642,554** | 15,649,605 |
| | | | **(20,000)** | **22,499,829** | 22,526,880 |
| **The Group** | | | | | |
| Advances to investee companies | | | | | |
| Searock Developers FZC | Associated company | Amount advanced | - | **15,642,554** | 15,649,605 |
| Capital contribution | | | | | |
| GRP Holdings Limited | Shareholder of the Subsidiary | Amount received | **(706,270)** | **4,757,841** | 5,464,111 |

## 15. Holding and ultimate holding companies

Following a scheme of merger approved by the Board of Directors of the respective companies on 21 August 2019, Jai Realty Ventures Limited has merged with Jai Corp Limited, effective as from 1 April 2019, with the latter being the surviving entity. As a result, the directors regard Jai Corp Limited, a company listed on the National Stock Exchange of India Limited and BSE Limited in India, as being the Company's holding and ultimate holding company.

## 16. Significant events

Following the spread of Coronavirus, on March 11, 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. The new coronavirus, and its subsequent spread, is considered as a non-adjusting subsequent event. There are meaningful direct and indirect effects developing with companies across multiple industries and the world. As at the date of this report, it is not possible to reliably estimate the financial effect (if any) of the virus on the Group's and the Company's operations.