

GILLANDERS HOLDINGS (MAURITIUS) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

The contents of this document are classified as DC 2 – confidential information

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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GILLANDERS HOLDINGS (MAURITIUS) LIMITED**COMPANY INFORMATION**

		Appointed on	Resigned on
DIRECTORS	:		
		30 May 2014	-
		21 February 2018	-
		30 March 2018	-
ADMINISTRATOR AND SECRETARY	:	Ocorian Corporate Services (Mauritius) Limited (<i>formerly known as Abax Corporate Services Ltd</i>) 6 th Floor, Tower A, 1 CyberCity Ebène Republic of Mauritius	
REGISTERED OFFICE	:	C/o Ocorian Corporate Services (Mauritius) Limited (<i>formerly known as Abax Corporate Services Ltd</i>) 6 th Floor, Tower A, 1 CyberCity Ebène Republic of Mauritius	
AUDITOR	:	SRA Partners Morc Bheenick, Telfair Moka Republic of Mauritius	
BANKER	:	SBI (Mauritius) Ltd, Head Office SBI Tower Mindspace Bhumi Park, 45 Ebène Republic of Mauritius.	

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

COMMENTARY OF DIRECTORS

The directors present their commentary and the audited financial statements of Gillanders Holdings (Mauritius) Limited ("the Company") for the year ended on 31 March 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments.

QUALIFIED RE-ORGANISATION - SCHEME OF ARRANGEMENT OF WHOLLY OWNED SUBSIDIARIES AT MALAWI

Naming'omba Tea Estates Limited, Mafisi Tea Estates Limited and Group Holdings Limited, wholly owned subsidiaries of erstwhile Group Developments Limited ("GDL"), a wholly owned subsidiary of the Company, undertook a qualified re-organisation by way of amalgamating their respective whole businesses and undertaking with that of GDL through a mutually agreed upon scheme of arrangement. The said Scheme was approved by the Honorable High Court at Malawi vide Order dated 18th December, 2018. On the said Scheme becoming effective, the name of GDL was changed to Naming'omba Tea Estates Limited.

RESULTS AND DIVIDENDS

The Company's loss for the year ended on 31 March 2019 is **USD 73,657** (2018 – USD 11,461).

The directors do not recommend the payment of dividend for the year under review (2018 – USD nil).

STATEMENT OF 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 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 International Financial Reporting Standards as modified by the exemption provided by the Mauritian Companies Act 2001 have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

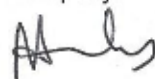
The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and take reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

SRA Partners has indicated its willingness to continue in office and will be automatically re-appointed at the next Annual General Meeting of the Company.

By Order of the Board



20 MAY 2019

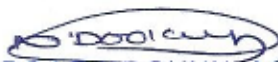
SECRETARY'S CERTIFICATE

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

AS PER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We confirm that, based on records and information made available to us by the directors and shareholder of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 March 2019, all such returns as are required of the Company under the Mauritius Companies Act 2001.

Dated 20 May 2019



NISHA PROAG-DOOKUN, ACIS

FOR

OCORIAN CORPORATE

SERVICES (MAURITIUS) LIMITED

Ocorian Corporate Services (Mauritius) Limited

SECRETARY



**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
GILLANDERS HOLDINGS (MAURITIUS) LIMITED**

Report on the Financial Statements

Opinion

We have audited the financial statements of Gillanders Holdings (Mauritius) Limited (the "Company"), which comprise the statement of financial position as at 31 March 2019 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 26. In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 March 2019 and of its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian 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 Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We have considered the adequacy of the disclosure made in note 13 to the financial statements concerning the financial support of the parent company. In view of the significance of the fact that the preparation of the financial statements on the going concern basis depends on the continuing financial support of the parent company, we consider that this disclosure should be brought to your attention. Our opinion is not qualified in this respect.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report and Secretary's Report. The other information does not include the financial statements and our auditors' report there on. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility 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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

Report on the Financial Statements (Continued)

Responsibilities of Management for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian 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.

In preparing the financial statements, the directors are responsible for assessing 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 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 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 directors' 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 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 Company to cease to continue as a going concern.



INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

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 members in accordance with Section 205 of the Mauritian Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member, those matters that we are required to state to him 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 member, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- (a) We have no relationship with or interests in the Company other than in our capacity as auditors;
- (b) We have obtained all the information and explanations we have required; and
- (c) In our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

SRA Partners

SRA Partners

Date: 20 MAY 2019

Shareef Ramjan

Shareef Ramjan (FCCA)

Licensed by FRC

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	2019 USD	2018 USD
Income	-	-
Expenses		
Transaction costs	122,907	142,761
Secretarial fees	12,600	9,310
Accountancy fees	3,000	3,000
Directors' fees	3,437	3,188
Commission	2,510	2,997
Annual licence fees	1,750	1,750
Audit fees	1,569	1,380
Bank charges	1,978	2,205
Domiciliation and compliance fees	1,650	1,515
Taxation fees	1,000	1,000
Disbursements	465	200
Annual registration fees	325	325
	153,191	169,631
Operating loss	(153,191)	(169,631)
Finance cost	(494,710)	(489,107)
Finance income	675,573	761,495
Profit before income tax	27,672	102,757
Income tax expense (Note 5)	(101,329)	(114,218)
Loss for the year	(73,657)	(11,461)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(73,657)	(11,461)

The notes on pages 12 to 26 form an integral part of these financial statements.

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

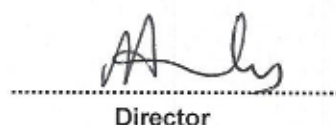
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	2019 USD	2018 USD
ASSETS		
Non-current assets		
Investment in subsidiary (Note 6)	3,701,969	3,701,969
Loan receivable (Note 7)	5,884,900	7,145,950
	-----	-----
	9,586,869	10,847,919
	-----	-----
Current assets		
Other receivables (Note 8)	89,655	106,880
Cash and cash equivalents	12,083	21,206
	-----	-----
	101,738	128,086
	-----	-----
Total assets	9,688,607	10,976,005
	=====	=====
EQUITY AND LIABILITIES		
Equity		
Stated capital (Note 9)	940,000	410,000
Retained deficit	(138,944)	(65,287)
	-----	-----
Shareholder's equity/(deficit)	801,056	344,713
	-----	-----
LIABILITIES		
Non-current liabilities		
Borrowings (Note 10)	6,932,500	8,675,000
	-----	-----
Current liabilities		
Borrowings (Note 10)	1,912,500	1,912,500
Other payables (Note 11)	42,551	43,792
	-----	-----
Total current liabilities	1,955,051	1,956,292
	-----	-----
Total liabilities	8,887,551	10,631,292
	-----	-----
Total equity and liabilities	9,688,607	10,976,005
	=====	=====

Authorised for issue by the Board of directors on
and signed on its behalf by:

20 MAY 2019


.....
Director


.....
Director

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Stated capital USD	Retained deficit USD	Total USD
At 31 March 2017	10,000	(53,826)	(43,826)
Total comprehensive income for the year	-	(11,461)	(11,461)
<i>Transaction with owner</i> Issued during the year	400,000	-	400,000
	-----	-----	-----
At 31 March 2018	410,000	(65,287)	344,713
Total comprehensive income for the year	-	(73,657)	(73,657)
<i>Transaction with owner</i> Issued during the year	530,000	-	530,000
	-----	-----	-----
At 31 March 2019	940,000	(138,944)	801,056
	=====	=====	=====

The notes on pages 12 to 26 form an integral part of these financial statements.

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	2019 USD	2018 USD
Cash flow from operating activities		
Profit before income tax	27,672	102,757
<i>Adjustments for:</i>		
Interest income	(675,573)	(761,495)
Interest expense	494,710	489,107
	-----	-----
Operating loss before working capital changes	(153,191)	(169,631)
Change in other receivables	13,609	10,069
Change in other payables	(132)	(252)
	-----	-----
Cash used in operating activities	(139,714)	(159,814)
Interest paid	(495,820)	(465,193)
Interest received	577,861	619,101
	-----	-----
Net cash used in operating activities	(57,673)	(5,906)
	-----	-----
Cash flow from investing activities		
Refund of loan advanced (Note 7)	1,261,050	1,261,050
	-----	-----
Net cash generated from investing activities	1,261,050	1,261,050
	-----	-----
Cash flow from financing activities		
Proceeds from issue of shares	530,000	400,000
Refund of borrowings (Note 10)	(1,742,500)	(1,689,204)
	-----	-----
Net cash used in financing activities	(1,212,500)	(1,289,204)
	-----	-----
Net movement in cash and cash equivalents	(9,123)	(34,060)
Cash and cash equivalents at beginning of year	21,206	55,266
	-----	-----
Cash and cash equivalents at end of year	12,083	21,206
	=====	=====

The notes on pages 12 to 26 form an integral part of these financial statements.

GILLANDERS HOLDINGS (MAURITIUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2019****1 GENERAL INFORMATION**

Gillanders Holdings (Mauritius) Limited (the "Company") is a private limited company incorporated on 28 May 2014 and is domiciled in the Republic of Mauritius. The Company holds a Category 1 Global Business licence and is regulated by the Financial Services Commission. The Company's registered office address is C/o Ocorian Corporate Services (Mauritius) Limited, 6th Floor Tower A, 1 CyberCity, Ebène, Republic of Mauritius.

The principal activity of the Company is to hold investments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

The financial statements have been prepared in accordance with and in compliance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for company holding a Category 1 Global Business Licence. The financial statements have been prepared under the historical cost convention.

Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 3.

Changes in accounting policy and disclosures**(a) New and amended standards and interpretations effective during the current year**

New and revised IFRSs applicable for the first time

During the current year, the Company adopted all standards and amendments which are effective for the first time for the financial year beginning on or after 1 January 2018:

- IFRS 9 *Financial instruments*
- IFRS 15 *Revenue from Contracts with Customers*
- *Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2*
- *Annual Improvements 2014-2016 cycle*
- *Transfers to Investment Property – Amendments to IAS 40*
- *Interpretation 22 Foreign Currency Transactions and Advance Consideration*

None of these have had an impact on the Company's financial statements with the exception of IFRS 9, at least as regards its accounting policy for the classification and measurement of financial assets and liabilities.

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in accounting policy and disclosures (continued)*(a) New and amended standards and interpretations effective during the current year (continued)*IFRS 9, 'Financial instruments'

IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. It contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except that the Company has used an exemption allowed under IFRS 9 not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. So, the information presented for 2018 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. However, there have been no changes in classification and measurement resulting from the adoption of IFRS 9. Accordingly, retained earnings and reserves at 1 April 2018 have not changed.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see details under '**non-derivative financial assets**' and '**non-derivative financial liabilities**' below.

(b) Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, a number of Standards, Interpretations and amendments to published Standards and Interpretations were in issue but not yet effective. The Company has not early adopted any of these Standards and the directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company, except for the following:

IFRIC 23 — Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019)

The interpretation clarifies the accounting for uncertainties in income taxes. It addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers whether tax treatments should be considered collectively, assumptions for taxation authorities' examinations, the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and the effect of changes in facts and circumstances. Full retrospective application is permitted.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-derivative financial assets(i) Classification

From 1 April 2018, the Company classifies its financial assets in the following measurement categories, as set out in IFRS 9:

- those to be measured subsequently at fair value (either through OCI (FVOCI) or through profit or loss (FVPL)), and;
- those to be measured at amortised cost

The basic classification and measurement category is FVPL unless restrictive criteria are met for classifying the asset at FVOCI or amortised cost. Whether an entity can classify and subsequently measure financial assets at FVOCI or amortised cost depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Equity instruments

Equity investments are classified as held at FVPL. However, at initial recognition, the Company may irrevocably elect to classify an investment in an equity instrument at FVOCI if that investment is not held for trading.

The Company subsequently measures all equity investments at fair value. Where the Company has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in fair value of equity investments at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company may classify its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-derivative financial assets (continued)(ii) Measurement (continued)Debt instruments(continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(iii) Impairment

From 1 April 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company's loans and other receivables measured at amortised cost are subject to the expected credit loss model.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9. Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(iv) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: trade and other payables.

GILLANDERS HOLDINGS (MAURITIUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Non-derivative financial liabilities (continued)******Other payables***

Other payables are initially recognised at fair value, net of transaction costs incurred and subsequently at amortised cost using the effective interest method. Other payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Foreign currency translation***(a) Functional and presentation 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 United States dollars (USD), which is the functional and presentation currency. The USD is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when fair value was determined.

Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial position date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets on accumulated tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

GILLANDERS HOLDINGS (MAURITIUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Investment in subsidiary***

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Investment in subsidiary is carried at cost. Where the recoverable amount of an investment is less than its carrying amount, the investment is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in profit or loss. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss. Details of the Company's subsidiary undertakings are shown in Note 6.

Consolidated financial statements

The Company has taken exemption provided by the Mauritian Companies Act 2001 allowing a wholly owned or virtually owned parent company holding a Category 1 Global Business Licence not to present consolidated financial statements. The financial statements are of the Company only and do not consolidate the results of its subsidiary. The parent company, Gillanders Arbuthnot and Company Limited, a company listed on the Bombay Stock Exchange and National Stock Exchange of India, prepares consolidated financial statements in accordance with IND-AS. These consolidated financial statements are obtainable in Gillanders Arbuthnot and Company Limited website which is www.gillandersarbuthnot.com.

Stated capital

Ordinary shares are classified as equity.

Impairment of non-financial assets

The carrying amount of assets is assessed at each financial position date to determine whether there are any indications of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset being the higher of the asset's net selling price and its value in use, in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for any excess of the asset's carrying amount over its recoverable amount and is taken directly to profit or loss.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Revenue recognition

Interest income is recognised using the effective interest method.

Dividend income is recognised when the right to receive the dividend is established.

Expense recognition

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

GILLANDERS HOLDINGS (MAURITIUS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2019****3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. 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.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the company is the USD.

Going concern

The Company's directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the support of its parent to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES*Financial risk factors*

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the said risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risks management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company's exposure to the various types of risks associated to its activity and financial instruments is detailed below.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk comprises three types of risk: currency risk, interest rate risk and equity price risk.

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2019

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) *Market risk (continued)*(i) *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. None of the Company's financial assets and liabilities is denominated in foreign currency at the reporting date and therefore is not exposed to foreign currency risk.

(ii) *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Company exposure to cash flow interest rate risk arises from interest received and interest paid on loans. Based on the simulation performed, the impact on pre-tax loss for the year ended 31 March 2019 of a 0.5% change in interest rates would be a maximum decrease/increase of **USD 904** (2018 – USD 1,362) mainly as a result of higher/lower interest.

(iii) *Equity price risk*

Equity price risk is the risk of unfavourable changes in fair values of equities as the result of changes in the value of individual shares. The Company has no exposure to equity price risk at year end.

(b) *Credit risk*

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from loan receivables from subsidiary and cash and cash equivalents. The Company has limited its credit risk by carrying out transactions with related parties. The Company places its cash and cash equivalents with reputable financial institutions. The maximum exposure to credit risk is depicted in the table below:

	2019 USD	2018 USD
Loan receivable	5,884,900	7,145,950
Interest receivable	37,689	41,305
Cash and cash equivalents	12,083	21,206
	-----	-----
	5,934,672	7,208,461
	=====	=====

As from 1 April 2018, the Company has adopted the credit risk management approach of IFRS 9 as described in note 3. Accordingly, the identified impairment loss on the loans and other receivables and cash and cash equivalents were immaterial.

(c) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter financial difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through funding from its parent.

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2019 based on contractual undiscounted payments:

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2019

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) *Liquidity risk (continued)*

	Within one year USD	More than one year USD	Total USD
2019			
Borrowings	1,912,500	6,932,500	8,845,000
Interest payable	33,873	-	33,873
Other payables	8,678	-	8,678
	<u>1,955,051</u>	<u>6,932,500</u>	<u>8,887,551</u>
	Within one year USD	More than one year USD	Total USD
2018			
Borrowings	1,912,500	8,675,000	10,587,500
Interest payable	34,982	-	34,982
Other payables	8,810	-	8,810
	<u>1,956,292</u>	<u>8,675,000</u>	<u>10,631,292</u>

(d) *Fair value*

The carrying amounts of loan receivable, cash and cash equivalents, borrowings and other payables approximate their fair values.

(e) *Capital risk management*

The Company's objective when managing capital is to safeguard the Company's ability to pay its debts when they fall due and to continue as a going concern. Capital comprises of equity. In order to maintain or adjust the capital structure, the Company may issue shares or have recourse from funds of its parent.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (current and non-current borrowings) less cash and cash equivalents (including bank overdraft). Capital is calculated as equity shown in the statement of financial position plus net debt.

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2019

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Capital risk management

	2019 USD	2018 USD
Total borrowings	8,845,000	10,587,500
Less: Cash and cash equivalents	(12,083)	(21,206)
Net debt	8,832,917	10,566,294
Total equity	801,056	344,713
Total capital	9,633,973	10,911,007
Gearing Ratio	91.69%	96.84%

(f) Financial instruments by category

	2019 USD	2018 USD
Financial assets		
<i>Financial assets at amortised cost</i>		
Loan receivable	5,884,900	7,145,950
Interest receivable	37,689	41,305
Cash and cash equivalents	12,083	21,206
	5,934,672	7,208,461
	2019 USD	2018 USD
Financial liabilities		
<i>Other financial liabilities at amortised cost</i>		
Borrowings	8,845,000	10,587,500
Interest payable	33,873	34,982
Other payables	8,678	8,810
	8,887,551	10,631,292

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2019

5 INCOME TAX

The Company, being resident in Mauritius, is liable to income tax in Mauritius on its chargeable income at the rate of 15%. The Company has received its Category 1 Global Business Licence ("GBL1") on or before 16th October 2017 and is grandfathered under the provisions of the Finance (Miscellaneous Provisions) Act 2018 ("FA 2018"). As from 1st July 2021, the Company's GBL1 licence will be automatically converted to a Global Business Licence ("GBL"). The Company will therefore operate under the current tax regime up to 30th June 2021.

Until 30th June 2021, the Company's foreign sourced income is eligible for a foreign tax credit which is computed as the higher of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the actual foreign tax charged by the foreign jurisdiction or a deemed foreign tax. The deemed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total actual foreign tax credit, the Company is allowed to pool all of its foreign sourced income.

The Company's GBL1 licence will convert to a GBL licence on 1st July 2021 and will operate under the new tax regime. Under the new regime, the Company will be able to claim an 80% partial exemption on specific types of income (including foreign dividends and interest), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the partial exemption will be taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritius tax liability based on the foreign tax charged on the income in the foreign jurisdiction.

Capital gains are exempt from tax in Mauritius.

Mauritius

The foregoing is based on current interpretation and practice and is subject to any future changes in the Mauritian tax laws. At 31 March 2019, the Company had a tax expense of **USD 101,329** (2018 – USD 114,218).

	2019 USD	2018 USD
The tax expense for the year consists of:		
Withholding tax charge	101,329	114,218
	=====	=====

Malawi

The Company is subject to withholding tax on dividend and interest at the rate of 10% and 15% respectively. A reconciliation between the accounting profit and the tax charge is as follows:

	2019 USD	2018 USD
Profit before taxation	27,672	102,757
	=====	=====
Applicable income tax rate @15%	4,151	15,414
Impact of:		
Foreign tax credit	(4,151)	(15,414)
Withholding tax charge	101,329	114,218
	-----	-----
Income tax charge	101,329	114,218
	=====	=====

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2019

6 INVESTMENT IN SUBSIDIARY

	2019 USD	2018 USD
<i>Unquoted investment at cost:</i>		
At beginning and at end of year	3,701,969	3,701,969

Details pertaining to the investment in subsidiary at 31 March 2019 are as follows:

Name of company	Country of incorporation	Number of shares held	% holding	Cost USD
Namingomba Tea Estates Limited	Malawi	1,283,574	100%	3,701,969

At 31 March 2019, the directors are of the opinion that the investment has not suffered any impairment.

7 LOAN RECEIVABLE

	2019 USD	2018 USD
At beginning of year	7,145,950	8,407,000
Refund received during the year	(1,261,050)	(1,261,050)
At end of year	5,884,900	7,145,950

The loan is unsecured, bears interest at 3 months LIBOR + 7% and is repayable in 5 years.

8 OTHER RECEIVABLES

	2019 USD	2018 USD
Interest receivable	37,689	41,305
Prepayments	51,966	65,575
	89,655	106,880

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2019

9 STATED CAPITAL

	2019 Number of shares	2019 USD	2018 Number of shares	2018 USD
<i>Issued and fully paid:</i>				
Ordinary shares of USD 1 each	940,000	940,000	410,000	410,000

*Rights and restrictions attached to ordinary shares:**Voting rights*

Each ordinary share shall entitle its holder to receive notice of, to attend and vote at any meeting of the Company.

Rights relating to dividends

Each ordinary share shall entitle its holder the right of an equal share in dividends as authorised by the board.

Rights relating to repayment of capital

Upon winding-up, each ordinary share shall entitle its holder the right to an equal share in the distribution of the surplus assets of the Company.

10 BORROWINGS

	2019 USD	2018 USD
<i>Axis Bank Limited, Singapore Branch:</i>		
At beginning of year	10,587,500	12,276,704
Repayment during the year	(1,742,500)	(1,689,204)
At end of the year	8,845,000	10,587,500
Less: current portion	(1,912,500)	(1,912,500)
Non-current portion	6,932,500	8,675,000

The loan has been secured by Axis Bank Limited, India who has offered a standby letter of credit of **USD 9,100,000** (2018 – USD 11,050,000) to Axis Bank Limited, Singapore Branch.

The loan bears interest at the rate of 3 months LIBOR plus 290 basis points per annum and is repayable within 5 years.

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR YEAR ENDED 31 MARCH 2019

11 OTHER PAYABLES

	2019 USD	2018 USD
Interest payable	33,873	34,982
Amount due to parent (Note 12 (i))	1,178	1,430
Accruals	7,500	7,380
	-----	-----
	42,551	43,792
	=====	=====

12 RELATED PARTY TRANSACTIONS

During the year under review, the Company had the following transactions with related parties. Details of the nature, volume of transactions and the balance with related parties are as follows:

	2019 USD	2018 USD
(i) <i>Amount due to parent:</i>		
<i>Gillanders Arbuthnot and Company Limited</i>		
At beginning of the year	1,430	1,683
Amount repaid during the year	(2,762)	(3,250)
Commission payable for the year	2,510	2,997
	-----	-----
At end of the year (Note 11)	1,178	1,430
	=====	=====
(ii) <i>Remuneration to key management personnel</i>		
Directors' fees	3,437	3,188
Administrator's fees	16,600	13,310
	=====	=====

The amount due to parent is unsecured, interest free and repayable with one year.

The compensation to key management personnel is provided on commercial terms and conditions.

(iii) *Loan to subsidiary*

The loan to subsidiary is disclosed in note 7.

13 GOING CONCERN

The Company's directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the financial support of its parent to continue in business for the foreseeable future. The Company has a loss of **USD 73,657** (2018 – USD 11,461) for the year ended 31 March 2019 and it has a shareholder's equity of **USD 801,056** (2018 – USD 344,713) and a net current liability of **USD 1,853,313** (2018 – USD 1,828,206). Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Thus, on the validity of this assumption, the financial statements have been prepared on the going concern basis.

GILLANDERS HOLDINGS (MAURITIUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 MARCH 2019

14 PARENT AND ULTIMATE PARENT

The directors consider Gillanders Arbuthnot and Company Limited, a company incorporated in India and listed on the Bombay Stock Exchange and National Stock Exchange of India, as its parent and ultimate parent.

15 EVENTS AFTER REPORTING DATE

There are no significant events after the reporting period which needs disclosures in or amendments to 31 March 2019 financial statements.