# Naira Holdings Limited

(Company No. 104449)
(Incorporated in British Virgin Islands)

# Financial statements for the year ended 31 March 2018

# Naira Holdings Limited
(Company No. 104449)
(Incorporated in British Virgin Islands)

## Statement by Directors

In the opinion of the Directors, the financial statements for the year ended 31 March 2018 as set out on pages 2 to 22, are prepared in accordance with the Company's accounting policies as disclosed in Note 1 to the financial statements.

Signed by:

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**Jayant Shripad Gadgil**
Director

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**Rajiv Batra**
Director

Date: 17 MAY 2018

# Naira Holdings Limited
(Company No. 104449)
(Incorporated in British Virgin Islands)

## Statement of financial position
## As at 31 March 2018

| | Note | 2018 USD | 2017 USD |
|---|---|---|---|
| **Assets** | | | |
| Plant and equipment | 2 | 1,008 | 169 |
| Other investments | 3 | 16,106,870 | 4,685,776 |
| **Total non-current assets** | | 16,107,878 | 4,685,945 |
| Due from related companies | 4 | 64,323,626 | 63,934,860 |
| Other receivables | | 32,138 | 3,787 |
| Cash and cash equivalents | 5 | 1,661,693 | 5,322,896 |
| **Total current assets** | | 66,017,457 | 69,261,543 |
| **Total assets** | | 82,125,335 | 73,947,488 |
| **Equity** | | | |
| Share capital | 6 | 1,000,000 | 1,000,000 |
| Reserves | 6 | 48,941,340 | 44,695,256 |
| **Total equity** | | 49,941,340 | 45,695,256 |
| **Liabilities** | | | |
| Due to holding company | 4 | 18,264,112 | 18,205,102 |
| Due to related companies | 4 | 13,433,883 | 7,953,305 |
| Other payables and accrued expenses | 7 | 486,000 | 2,093,825 |
| **Total current liabilities** | | 32,183,995 | 28,252,232 |
| **Total liabilities** | | 32,183,995 | 28,252,232 |
| **Total equity and liabilities** | | 82,125,335 | 73,947,488 |

## Naira Holdings Limited
(Company No. 104449)
(Incorporated in British Virgin Islands)

# Statement of profit or loss and other comprehensive income For the year ended 31 March 2018

| | Note | 2018 USD | 2017 USD |
|---|---|---|---|
| **Revenue** | | | |
| Interest income | | 162,153 | 321,760 |
| Dividend income | | 55,285 | 54,500 |
| **Gross profit** | | 217,438 | 376,260 |
| Other income | | 86,761 | -- |
| Administrative expenses | | (1,573,320) | (511,973) |
| Other expenses | | (494,901) | (1,802,541) |
| **Results from operating activities** | | (1,764,022) | (1,938,254) |
| Finance costs | | (384,887) | (291,252) |
| **Loss for the year** | 8 | (2,148,909) | (2,229,506) |
| **Other comprehensive income, net of tax** | | | |
| **Items that are or may be reclassified subsequently to profit or loss** | | | |
| Fair value of available-for-sale financial assets | | 6,394,993 | 3,886,529 |
| **Total comprehensive income for the year** | | 4,246,084 | 1,657,023 |

# Naira Holdings Limited

(Company No. 104449)
(Incorporated in British Virgin Islands)

## Statement of changes in equity
## For the year ended 31 March 2018

| | Non-distributable | | Distributable | |
|---|---|---|---|---|
| | **Share capital USD** | **Fair value reserve USD** | **Retained earnings USD** | **Total equity USD** |
| **At 1 April 2016** | 1,000,000 | (2,854,324) | 45,892,557 | 44,038,233 |
| Fair value of available-for-sale financial assets/ Total other comprehensive income for the year | -- | 3,886,529 | -- | 3,886,529 |
| Loss for the year | -- | -- | (2,229,506) | (2,229,506) |
| **Total comprehensive income/ (expense) for the year** | -- | 3,886,529 | (2,229,506) | 1,657,023 |
| **At 31 March 2017/1 April 2017** | 1,000,000 | 1,032,205 | 43,663,051 | 45,695,256 |
| Fair value of available-for-sale financial assets/ Total other comprehensive income for the year | -- | 6,394,993 | -- | 6,394,993 |
| Loss for the year | -- | -- | (2,148,909) | (2,148,909) |
| **Total comprehensive income/ (expense) for the year** | -- | 6,394,993 | (2,148,909) | 4,246,084 |
| **At 31 March 2018** | 1,000,000 | 7,427,198 | 41,514,142 | 49,941,340 |

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

# Naira Holdings Limited

(Company No. 104449)
(Incorporated in British Virgin Islands)

## Statement of cash flows
## For the year ended 31 March 2018

| | Note | 2018 USD | 2017 USD |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the year | | (2,148,909) | (2,229,506) |
| Adjustments for:- | | | |
| Depreciation | | 384 | 811 |
| Finance costs | | 384,887 | 291,252 |
| Dividend income | | (55,285) | (54,500) |
| Finance income | | (162,153) | (321,760) |
| Unrealised loss/(gain) on foreign exchange | | 62,020 | (50,606) |
| **Operating loss before changes in working capital** | | (1,919,056) | (2,364,309) |
| Changes in other receivables | | (28,351) | 146,471 |
| Changes in other investments | | (5,003,057) | 12,240,714 |
| Changes in other payables and accrued expenses | | (1,607,825) | (292,653) |
| **Cash (used in)/generated from operations** | | (8,558,289) | 9,730,223 |
| Interest paid | | (384,887) | (291,252) |
| **Net cash (used in)/from operating activities** | | (8,943,176) | 9,438,971 |
| **Cash flows from investing activities** | | | |
| Interest received | | 162,153 | 321,760 |
| Dividend received | | 55,285 | 54,500 |
| Due from related companies | | (478,892) | -- |
| Acquisition of plant and equipment | | (1,223) | -- |
| **Net cash (used in)/from investing activities** | | (262,677) | 376,260 |
| **Cash flows from financing activities** | | | |
| Due to holding company | | 59,010 | 5,664,692 |
| Due to related companies | | 5,480,578 | (12,276,589) |
| **Net cash from/(used in) financing activities** | | 5,539,588 | (6,611,897) |
| **Net (decrease)/increase in cash and cash equivalents** | | (3,666,265) | 3,203,334 |
| Effect of foreign exchange rate changes | | 5,062 | (41,213) |
| **Cash and cash equivalents at 1 April** | | 5,322,896 | 2,160,775 |
| **Cash and cash equivalents at 31 March** | 5 | 1,661,693 | 5,322,896 |

# Naira Holdings Limited
(Company No. 104449)
(Incorporated in British Virgin Islands)

# Notes to the financial statements

Naira Holdings Limited is a limited liability company, incorporated and domiciled in British Virgin Islands. The address of the registered office of the Company is as follows:

**Registered office**
Tropic Isle Building
P.O. Box 438
Road Town
Tortola
British Virgin Islands

The principal activity of the Company is investment holding.

The holding and the ultimate holding companies are Leila Lands Sdn. Berhad, a company incorporated in Malaysia and The Bombay Burmah Trading Corporation Limited, a company incorporated in the Republic of India respectively.

These financial statements were authorised for issue by the Board of Directors on 17 MAY 2018.

## 1. Summary of significant accounting policies

The following are the accounting policies adopted by the Company.

### (a) Basis of measurement

The financial statements have been prepared on the historical cost basis.

### (b) Functional and presentation currency

These financial statements are presented in US Dollar ("USD"), which is the Company's functional currency. All financial information is presented in USD, unless otherwise stated.

### (c) Foreign currency

**Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a cash flow hedge of currency risk, which are recognised in other comprehensive income.

## (d) Financial instruments

### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

### (ii) Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

***Financial assets***

***(a) Financial assets at fair value through profit or loss***

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

***(b) Loans and receivables***

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

***(c) Available-for-sale financial assets***

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

## (d) Financial instruments (continued)

### (ii) Financial instrument categories and subsequent measurement (continued)

***Financial assets (continued)***

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 1(g)(i)).

***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost.

### (iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

### (iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## (e) Plant and equipment

### (i) Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

## (e) Plant and equipment (continued)

### (i) Recognition and measurement (continued)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

### (ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| Computer software | 3 years |
| Furniture and fittings | 1.5 - 3 years |

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

## (f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of its short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

## (g) Impairment

### (i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

### (ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting year to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

## (g) Impairment (continued)

### (ii) Other assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

## (h) Revenue and other income

### (i) Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

### (ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

### (iii) Sale of available-for-sale investments

Gain on sale of available-for-sale investments is recognised when the significant risks and rewards of ownership of the asset have passed to the buyer.

## (i) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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 capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

## (i) Borrowing costs (continued)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

## (j) Employee benefits

### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### (ii) State plans

The Company's contribution to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

## (k) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## 2. Plant and equipment

| | Computer software USD | Furniture and fittings USD | Total USD |
|---|---|---|---|
| **At cost** | | | |
| At 1 April 2016/31 March 2017 | 13,822 | 11,812 | 25,634 |
| At 1 April 2017 | 13,822 | 11,812 | 25,634 |
| Addition | -- | 1,223 | 1,223 |
| At 31 March 2018 | 13,822 | 13,035 | 26,857 |
| **Accumulated depreciation** | | | |
| At 1 April 2016 | 13,123 | 11,531 | 24,654 |
| Depreciation charge | 699 | 112 | 811 |
| At 31 March 2017/1 April 2017 | 13,822 | 11,643 | 25,465 |
| Depreciation charge | -- | 384 | 384 |
| At 31 March 2018 | 13,822 | 12,027 | 25,849 |
| **Carrying amounts** | | | |
| At 1 April 2016 | 699 | 281 | 980 |
| At 31 March 2017/1 April 2017 | -- | 169 | 169 |
| At 31 March 2018 | -- | 1,008 | 1,008 |

## 3. Other investments

| | Quoted investments USD | Quoted bonds USD | Total USD |
|---|---|---|---|
| **2018** | | | |
| Available-for-sale financial assets | 13,173,435 | 2,933,435 | 16,106,870 |
| **2017** | | | |
| Available-for-sale financial assets | 4,685,776 | -- | 4,685,776 |

## 4. Due from/(to) related companies/holding company

The amounts due from related companies are non-trade in nature, unsecured, interest free and repayable on demand.

The amounts due to related companies include loan amounts of USD6,774,022 (2017: USD7,274,022) which bear interest at 6 months LIBOR plus 1% (2017: 1%) per annum, are unsecured and repayable on demand. The other amounts due to related companies are non-trade related, interest free and repayable on demand.

The amount due to holding company include loan amounts of USD8,772,593 (2017: USD8,772,593) which bear interest at 3 months LIBOR plus 0.25% (2017: 0.25%) per annum, are unsecured and repayable on demand. The other amount due to holding company is non-trade in nature, interest free and repayable on demand.

## 4. Due from/(to) related companies/holding company (continued)

**Reconciliation of movement of liabilities to cash flows arising from financing activities:**

| | At 1 April 2017 USD | Net changes from financing cash flows USD | At 31 March 2018 USD |
|---|---|---|---|
| Due to holding company | 18,205,102 | 59,010 | 18,264,112 |
| Due to related companies | 7,953,305 | 5,480,578 | 13,433,883 |
| **Total liabilities from financing activities** | 26,158,407 | 5,539,588 | 31,697,995 |

## 5. Cash and cash equivalents

| | 2018 USD | 2017 USD |
|---|---|---|
| Cash at bank | 68,458 | 40,424 |
| Fixed deposits with licensed banks | 100,000 | 100,000 |
| Cash in brokerage accounts | 1,493,235 | 5,182,472 |
| | 1,661,693 | 5,322,896 |

## 6. Capital and reserves

**Share capital**

| | 2018 USD | 2017 USD | Number of ordinary shares 2018 | 2017 |
|---|---|---|---|---|
| Ordinary shares of USD1.00 each: Issued and fully paid | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |

**Reserves**

| | 2018 USD | 2017 USD |
|---|---|---|
| **Distributable** | | |
| Retained earnings | 41,514,142 | 43,663,051 |
| **Non-distributable** | | |
| Fair value reserve | 7,427,198 | 1,032,205 |
| | 48,941,340 | 44,695,256 |

**Fair value reserve**

The fair value reserve comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

## 7. Other payables and accrued expenses

| | 2018 USD | 2017 USD |
|---|---|---|
| Due to a third party | -- | 1,928,653 |
| Accrued expenses | 486,000 | 165,172 |
| | 486,000 | 2,093,825 |

The amount due to a third party comprised of a loan from the third party of USD2,195,153 net of amount due from the third party of USD266,500. The loan was subject to interest at 3 months LIBOR plus 0.25% per annum, unsecured and was repaid in February 2018.

## 8. Loss for the year

| | 2018 USD | 2017 USD |
|---|---|---|
| **Loss for the year is arrived at after charging/(crediting)** | | |
| Audit fee | 5,452 | 5,195 |
| Depreciation | 384 | 811 |
| Personnel expenses (including key management personnel): | | |
| - Contributions to state plans | 12,931 | 15,660 |
| - Wages, salaries and others | 1,560,389 | 496,313 |
| Rental of premises | 30,530 | 29,818 |
| Net (gain)/loss on sale of available-for-sale investments | (86,761) | 1,410,043 |
| Unrealised loss/(gain) on foreign exchange | 62,020 | (50,606) |

## 9. Taxation

There is no tax payable for the Company as the Company is incorporated in an offshore financial centre which does not levy income tax on offshore profits.

## 10. Financial instruments

### 10.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Available-for-sale financial assets ("AFS"); and
(c) Other financial liabilities measured at amortised cost ("FL").

| | Carrying amount USD | L&R USD | AFS USD |
|---|---|---|---|
| **2018** | | | |
| **Financial assets** | | | |
| Other investments | 16,106,870 | -- | 16,106,870 |
| Due from related companies | 64,323,626 | 64,323,626 | -- |
| Other receivables | 32,138 | 32,138 | -- |
| Cash and cash equivalents | 1,661,693 | 1,661,693 | -- |
| | 82,124,327 | 66,017,457 | 16,106,870 |

| | Carrying amount USD | FL USD |
|---|---|---|
| **Financial liabilities** | | |
| Due to holding company | (18,264,112) | (18,264,112) |
| Due to related companies | (13,433,883) | (13,433,883) |
| Other payables and accrued expenses | (486,000) | (486,000) |
| | (32,183,995) | (32,183,995) |

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# 10. Financial instruments (continued)

## 10.1 Categories of financial instruments (continued)

| | Carrying amount USD | L&R USD | AFS USD |
|---|---|---|---|
| **2017** | | | |
| **Financial assets** | | | |
| Other investments | 4,685,776 | -- | 4,685,776 |
| Due from related companies | 63,934,860 | 63,934,860 | -- |
| Other receivables | 3,787 | 3,787 | -- |
| Cash and cash equivalents | 5,322,896 | 5,322,896 | -- |
| | 73,947,319 | 69,261,543 | 4,685,776 |

| | Carrying amount USD | FL USD |
|---|---|---|
| **Financial liabilities** | | |
| Due to holding company | (18,205,102) | (18,205,102) |
| Due to related companies | (7,953,305) | (7,953,305) |
| Other payables and accrued expenses | (2,093,825) | (2,093,825) |
| | (28,252,232) | (28,252,232) |

## 10.2 Net gains and losses arising from financial instruments

| | 2018 USD | 2017 USD |
|---|---|---|
| Net gains/(losses) on: | | |
| Available-for-sale financial assets: | | |
| - recognised in other comprehensive income | 6,394,993 | 1,626,483 |
| - reclassified from equity to profit or loss | -- | 2,260,046 |
| | 6,394,993 | 3,886,529 |
| Loan and receivables | (62,020) | 50,606 |
| Financial liabilities measured at amortised cost | (384,887) | (291,252) |
| | 5,948,086 | 3,645,883 |

## 10.3 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

# 10. Financial instruments (continued)

## 10.4 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from advances to related companies.

**Inter-company balances**

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from related companies is represented by the carrying amounts in the statement of financial position.

*Impairment losses*

As at the end of the reporting period, there was no indication that the amount due from related companies are not recoverable. The Company does not specifically monitor the ageing of the due from related companies. Nevertheless, the balances are expected to be recoverable.

**Investments and other financial assets**

*Risk management objectives, policies and processes for managing the risk*

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Company. Transactions involving derivative financial instruments are with approved financial institutions.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the Company has invested in overseas securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. The Company does not have overdue investments that have not been impaired.

The investments and other financial assets are unsecured.

## 10.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables.

The Company maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

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# 10. Financial instruments (continued)

## 10.5 Liquidity risk (continued)

*Maturity analysis*

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

| | Carrying amount USD | Contractual interest rate % | Contractual cash flows USD | Under 1 year USD |
|---|---|---|---|---|
| **2018** | | | | |
| *Non-derivative financial liabilities* | | | | |
| Other payables and accrued expenses | 486,000 | -- | 486,000 | 486,000 |
| Due to holding company | 8,772,593 | 3 months LIBOR plus 0.25% | 8,772,593 | 8,772,593 |
| Due to holding company | 9,491,519 | -- | 9,491,519 | 9,491,519 |
| Due to related companies | 6,774,022 | 6 months LIBOR plus 1% | 6,774,022 | 6,774,022 |
| Due to related companies | 6,659,861 | -- | 6,659,861 | 6,659,861 |
| | 32,183,995 | | 32,183,995 | 32,183,995 |
| **2017** | | | | |
| *Non-derivative financial liabilities* | | | | |
| Due to a third party | 1,928,653 | 3 months LIBOR plus 0.25% | 1,928,653 | 1,928,653 |
| Accrued expenses | 165,172 | -- | 165,172 | 165,172 |
| Due to holding company | 8,772,593 | 3 months LIBOR plus 0.25% | 8,772,593 | 8,772,593 |
| Due to holding company | 9,432,509 | -- | 9,432,509 | 9,432,509 |
| Due to related companies | 7,274,022 | 6 months LIBOR plus 1% | 7,274,022 | 7,274,022 |
| Due to related companies | 679,283 | -- | 679,283 | 679,283 |
| | 28,252,232 | | 28,252,232 | 28,252,232 |

## 10.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Company's financial position or cash flows.

### Currency risk

The Company is exposed to foreign currency risk on financial assets and financial liabilities that are denominated in a currency other than the functional currency of the Company. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), Euro Dollar ("EUR"), Great Britain Pound ("GBP") and Ringgit Malaysia ("RM").

# 10. Financial instruments (continued)

## 10.6 Market risk (continued)

### Currency risk (continued)

*Exposure to foreign currency risk*

The Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

| | Denominated in | | | |
|---|---|---|---|---|
| | SGD USD | EUR USD | GBP USD | RM USD |
| **2018** | | | | |
| Due from a related company | 861,871 | -- | 1,702,337 | -- |
| Due to holding company | -- | -- | (1,260,990) | (1,694,638) |
| Due to related companies | (82,358) | -- | (77,503) | -- |
| Cash and cash equivalents | 18,404 | 17,675 | 309 | -- |
| | 797,917 | 17,675 | 364,153 | (1,694,638) |
| **2017** | | | | |
| Due from a related company | 810,617 | -- | 1,524,825 | -- |
| Due to holding company | -- | -- | (1,129,500) | (1,473,029) |
| Due to related companies | (86,641) | -- | (69,421) | (23,221) |
| Cash and cash equivalents | 677,035 | 15,355 | 275 | -- |
| | 1,401,011 | 15,355 | 326,179 | (1,496,250) |

*Currency risk sensitivity analysis*

A 10% (2017: 10%) strengthening of the US Dollar against the following currencies at the end of the reporting period would have increased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

| | Profit or loss | |
|---|---|---|
| | 2018 USD | 2017 USD |
| SGD | (79,792) | (140,101) |
| EUR | (1,768) | (1,536) |
| GBP | (36,415) | (32,618) |
| RM | 169,464 | 149,625 |

A 10% (2017: 10%) weakening of the US Dollar against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

### Interest rate risk

The Company's exposure to changes in interest rates primarily to the deposit with a licensed bank, amount due to related companies and other payables.

There is no formal hedging policy with respect of interest rate exposure. Exposure to interest rate risk is monitored on an ongoing basis and the Company endeavours to keep the exposure at an acceptable level.

# 10. Financial instruments (continued)

## 10.6 Market risk (continued)

**Interest rate risk (continued)**

*Exposure to interest rate risk*

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

| | 2018 USD | 2017 USD |
|---|---|---|
| **Fixed rate instruments** | | |
| Financial assets | 100,000 | 100,000 |
| **Floating rate instruments** | | |
| Financial liabilities | 15,546,615 | 18,241,768 |

*Interest rate risk sensitivity analysis*

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased (decreased) profit or loss by approximately USD155,466 (2017: USD182,418). This analysis assumes that all other variables, in particular foreign currency rates remained constant.

**Other price risk**

Price risk arises from the Company's investments in mutual funds, quoted equity securities and bonds.

*Risk management objectives, policies and processes for managing the risk*

Management of the Company monitors the investments on portfolio basis.

The Company invests in mutual funds which seek to invest in money market instruments and deposits with licensed financial institution for reasonable rate of return on income while maintaining capital stability.

*Price risk sensitivity analysis*

**Mutual funds and other investments**

The mutual funds and other investments invest in money market instruments and deposited with licensed financial institution. The net asset value ("NAV") of the mutual funds and other investments mainly depends on the performance of the financial instruments which is affected by changes in the market interest rate.

# 10. Financial instruments (continued)

### Other price risk (continued)

### Mutual funds and other investments (continued)

At the end of the reporting period, with all the variables held constant, a change of 100 basis points ("bp") in the interest rate would have increased/(decreased) equity for investments classified as available-for-sale financial assets by the amounts shown below:

| | Equity | |
|---|---|---|
| | **2018** | **2017** |
| | **USD** | **USD** |
| 100 bp increase | 20,429 | 2,534 |
| 100 bp decrease | (20,429) | 2,534 |

### Quoted equity securities and bonds

This analysis assumes that all other variables remain constant and the Company's investments moved in correlation with the stock exchange of respective countries.

A 1% strengthening/(weakening) in stock exchange of respective countries at the end of the reporting period would have increased/(decreased) equity for investment classified as available-for-sale financial assets by the amounts as shown below:

| | Equity | |
|---|---|---|
| | **2018** | **2017** |
| | **USD** | **USD** |
| 1% strengthening | 140,639 | 44,324 |
| 1% weakening | (140,639) | (44,324) |

## 10.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of investment in quoted equity securities and bonds are carried at fair value according to the quoted market prices in an active market and is categorised as Level 1 under the fair value hierarchy.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

| | Fair value of financial instruments carried at fair value Level 2 USD | Carrying amount USD |
|---|---|---|
| **2018** | | |
| Mutual funds and other investments | 2,042,944 | 2,042,944 |
| **2017** | | |
| Mutual funds and other investments | 253,388 | 253,388 |

# 10. Financial instruments (continued)

## 10.7 Fair value information (continued)

### Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

# 11. Capital management

The Company's capital is represented by its total equity in the statement of financial position. The Directors monitor the adequacy of capital on an ongoing basis.

There is no external capital requirement imposed on the Company.

# 12. Related parties

### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and entity that provides key management personnel services to the Company. The key management personnel include all the Directors of the Company, and certain members of senior management of the Company.

The Company has related party relationship with its holding companies, related companies and key management personnel.

### Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Company are shown below. The balances related to the below transactions are shown in the statement of financial position.

| | | 2018 USD | 2017 USD |
|---|---|---|---|
| **A.** | **Holding company** | | |
| | Interest expenses | 154,929 | 98,301 |
| | Loan | -- | 6,000,000 |
| | Management fees | 28,965 | 28,448 |
| **B.** | **Related companies** | | |
| | Loan | 6,000,000 | -- |
| | Interest expenses | 191,477 | 159,558 |
| | Rental expenses | 30,530 | 29,818 |
| **C.** | **Key management personnel** ***Directors*** | | |
| | Remuneration | 91,618 | 123,407 |

KPMG

**KPMG PLT**
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 3, CIMB Leadership Academy
No. 3, Jalan Medini Utara 1
Medini Iskandar
79200 Iskandar Puteri
Johor Darul Takzim, Malaysia

Telephone +60 (7) 266 2213
Fax +60 (7) 266 2214
Website www.kpmg.com.my

# Independent Auditors' Report to the Board of Directors of Naira Holdings Limited

(Company No. 104449)
(Incorporated in British Virgin Islands)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Naira Holdings Limited, which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement 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 and other explanatory information.

In our opinion, the accompanying financial statements are prepared in all material respects, in accordance with the Company's accounting policies as disclosed in Note 1 to the financial statements.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the 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 By-Laws and 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 - Basis of Accounting and Restriction on Use and Distribution

We draw attention to Note 1 to the financial statements, which describes the Company's accounting policies. The financial statements are prepared for the purpose of providing information to the ultimate holding company, The Bombay Burmah Trading Corporation Limited, to enable it to prepare the consolidated financial statements. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Directors of the Company and should not be used by or distributed to parties other than the Board of Directors of the Company. Our opinion is not modified in respect of this matter.

## Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements in accordance with the Company's accounting policies and for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company 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 of the Company 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 approved standards on auditing in Malaysia and International Standards on Auditing 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 approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, 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 internal control of the Company.

- 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 ability of the Company 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 of the Company 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.

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.

**KPMG PLT**
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Johor Bahru

Date: 17 MAY 2018