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Island Horti-Tech Holdings Pte. Ltd.
Registration Number: 198303588Z

Annual Report
Year ended 31 March 2020

Directors' statement

We are pleased to submit this annual report to the member of the Company, together with the audited financial statements for the financial year ended 31 March 2020.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS22 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provision of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Jayant Shripad Gadgil
Ness Wadia
Nusli Neville Wadia
Pandit Jaideep Dattatraya
Nitin Hariyantlal Datanwala

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related companies are as follows:

Name of directors and company in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Ultimate holding company		
The Bombay Burmah Trading Corporation Ltd		
<u>Ordinary shares fully paid</u>		
Jayant Shripad Gadgil	750	750
Ness Wadia	18,600	21,600
Nusli Neville Wadia	6,846,505	6,980,356

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related companies, either at the beginning of the financial year or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Jayant Shripad Gadgil

Director



Ness Wadia

Director

19 June 2020



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Independent auditors' report

Member of the Company
Island Horti-Tech Holdings Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Island Horti-Tech Holdings Pte. Ltd. ('the Company'), which comprise the statement of financial position as at 31 March 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS22.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). 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 the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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



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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

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 SSAs 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 SSAs, 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, 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 controls.
- Obtain an understanding of internal controls 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 controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- 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 controls that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
19 June 2020

Statement of financial position
As at 31 March 2020

	Note	2020 \$	2019 \$
Assets			
Property, plant and equipment	4	42	5,626
Subsidiaries	5	2,340,575	4,314,808
Club memberships	6	–	–
Non-current assets		<u>2,340,617</u>	<u>4,320,434</u>
Trade and other receivables	7	15,814,302	13,170,106
Cash and cash equivalents		456,769	174,843
Current assets		<u>16,271,071</u>	<u>13,344,949</u>
Total assets		<u>18,611,688</u>	<u>17,665,383</u>
Equity attributable to owner of the Company			
Share capital	8	2,000,000	2,000,000
Retained earnings		13,818,653	12,267,266
Total equity		<u>15,818,653</u>	<u>14,267,266</u>
Liabilities			
Trade and other payables	9	2,717,240	3,341,509
Current tax liabilities		75,795	56,608
Current liabilities/Total liabilities		<u>2,793,035</u>	<u>3,398,117</u>
Total equity and liabilities		<u>18,611,688</u>	<u>17,665,383</u>

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

Statement of profit or loss and other comprehensive income
Year ended 31 March 2020

	Note	2020	2019
		\$	\$
Revenue			
Commission income from subsidiary		173,282	171,430
Other operating income			
Interest income from related companies		424,519	425,459
Other interest income		–	1,707
Gain on redemption of shares in subsidiary		482,256	–
Other income		2,514	1,939
Total other operating income		909,289	429,105
Expenses			
Staff costs		(11,017)	(48,491)
Contributions to defined contribution plans		(1,285)	(7,188)
Depreciation of property, plant and equipment		(5,584)	(7,388)
Foreign exchange gain		591,147	335,879
Other operating expenses		(34,037)	(59,341)
Total expenses		539,224	213,471
Profit before tax		1,621,795	814,006
Tax expense	10	(70,408)	(56,000)
Profit for the year/Total comprehensive income for the year		1,551,387	758,006

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

Statement of changes in equity
Year ended 31 March 2020

	Share capital \$	Retained earnings \$	Total \$
At 1 April 2018	2,000,000	11,509,260	13,509,260
Total comprehensive loss for the year			
Loss for the year	–	758,006	758,006
Total comprehensive loss for the year	–	758,006	758,006
At 31 March 2019	<u>2,000,000</u>	<u>12,267,266</u>	<u>14,267,266</u>
At 1 April 2019	2,000,000	12,267,266	14,267,266
Total comprehensive income for the year			
Profit for the year	–	1,551,387	1,551,387
Total comprehensive income for the year	–	1,551,387	1,551,387
At 31 March 2020	<u>2,000,000</u>	<u>13,818,653</u>	<u>15,818,653</u>

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

Statement of cash flows
Year ended 31 March 2020

	2020	2019
	\$	\$
Cash flows from operating activities		
Profit for the year	1,551,387	758,006
Adjustments for:		
Depreciation of property, plant and equipment	5,584	7,388
Gain on disposal of property, plant and equipment	(400)	—
Gain on redemption of shares in subsidiary	(482,256)	—
Interest income	(424,519)	(427,166)
Tax expense	70,408	56,000
	720,204	394,228
Changes in:		
– trade and other receivables	(2,221)	—
– trade and other payables	(100,622)	10,794
Cash generated from operating activities	617,361	405,022
Interest received	424,519	427,166
Tax paid	(51,221)	(18,392)
Net cash generated from operating activities	990,659	813,796
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	400	—
Amounts due from subsidiary	99,697	(16,702)
Amounts due from related companies	(50,622)	(38,854)
Amounts due from related parties	(32,541)	—
Increase in advances to related companies	(2,658,509)	(2,229,746)
Proceed from redemption of shares in subsidiary	2,456,489	—
Net cash used in investing activities	(185,086)	(2,285,302)
Cash flows from financing activities		
Amounts due to subsidiaries	(537,440)	1,476,091
Amounts due to ultimate holding company	12,693	(35,720)
Amounts due to related company	1,100	615
Net cash (used in) / generated from financing activities	(523,647)	1,440,986
Net increase / (decrease) in cash and cash equivalents	281,926	(30,520)
Cash and cash equivalents at 1 April	174,843	205,363
Cash and cash equivalents at 31 March	456,769	174,843

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 19 June 2020.

1 Domicile and activities

Island Horti-Tech Holdings Pte. Ltd. (the “Company”) is a company incorporated in Singapore. The address of the Company’s registered office and place of business is at Plot 13, PSA Nursery, 3 Joan Road, Singapore 298897.

The principal activity of the Company is that relating to investment holding.

The immediate holding company is Leila Lands Sdn Bhd, incorporated in Malaysia and its ultimate holding company is The Bombay Burmah Trading Corporation Limited, incorporated in India.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information are presented in Singapore dollars, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amount recognised in the financial statements are included in note 5 – impairment in subsidiaries.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from their activities. In assessing control, potential voting rights presently exercisable are taken into account.

Investment in subsidiaries in the Company's statement of financial position is stated at cost less accumulated impairment losses.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies 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. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

Subsequent costs

The cost of replacing a component of an item of property, 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. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

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

Computer software	3 to 5 years
Office equipment	3 to 10 years
Motor vehicles	5 years

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

3.4 Intangible assets

Other intangible assets

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is calculated based on the cost of the asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Club membership	15 years
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Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value to profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

The Company initially recognises financial liabilities on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

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.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.6 Impairment

(i) **Non-derivative financial assets and contract assets**

The Company recognises loss allowances for expected credit loss (“ECLs”) on financial assets measured at amortised costs.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

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

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii)

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually 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.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date 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. 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, if no impairment loss had been recognised.

3.7 Employee benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations 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.

3.8 Revenue

Revenue from services in the ordinary course of business is recognised when the Company satisfies a performance obligation (PO) by transferring control of a promised service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone prices of the promised services. The individual standalone price of a service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to services with observable stand-alone prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

Interest income

Interest income is recognised using the effective interest method.

3.9 Borrowing costs

Borrowing costs are recognised in the statement of comprehensive income as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

3.10 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under *FRS 37 Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.11 New standards and interpretations not adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 April 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

None of these new standards and interpretations and amendments to standards are expected to have a significant effect on the financial statements of the Company.

4 Property, plant and equipment

	Computer software	Office equipment	Motor vehicles	Total
	\$	\$	\$	\$
Cost				
At 1 April 2018 and 31 March 2019	1,677	35,482	174,421	211,580
Additions	–	–	–	–
Disposals	–	–	(174,421)	(174,421)
At 31 March 2020	<u>1,677</u>	<u>35,482</u>	<u>–</u>	<u>37,159</u>
Accumulated depreciation				
At 1 April 2018	1,677	35,097	161,792	198,566
Charge for the year	–	172	7,216	7,388
At 31 March 2019	1,677	35,269	169,008	205,954
Charge for the year	–	171	5,413	5,584
Disposals	–	–	(174,421)	(174,421)
At 31 March 2020	<u>1,677</u>	<u>35,440</u>	<u>–</u>	<u>37,117</u>
Carrying amounts				
At 1 April 2018	–	385	12,629	13,014
At 31 March 2019	–	213	5,413	5,626
At 31 March 2020	<u>–</u>	<u>42</u>	<u>–</u>	<u>42</u>

5 Subsidiaries

	2020	2019
	\$	\$
Unquoted equity shares, at cost	2,340,575	4,314,808

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation/ business	Effective equity held by the Company	
			2020 %	2019 %
<i>Held by the Company:</i>				
Island Landscape & Nursery Pte Ltd	Provision of decorative plants and landscape services	Singapore	100	100
Myanmar Island Horti- Tech Ltd	Dormant	Myanmar	100	100
Innovative Organics Inc.*	Investment holding	United States of America	–	58.8

* The shares in Innovative Organics Inc were redeemed at a gain of \$482,256 (2019: Nil) during the year.

Consolidated financial statements of the Company and its subsidiaries have not been prepared as the Company is itself a wholly-owned subsidiary of The Bombay Burmah Trading Corporation Limited, a company incorporated in India. Consolidated financial statements are published by The Burmah Trading Corporation Limited, whose registered office is at 9, Wallace Street, Fort, Mumbai 400,001.

Impairment losses investment in subsidiaries

The Company evaluates, amongst other factors, the financial health of and near-term business outlook for the investment and operational and financing cash flows, to assess the recoverable amounts of its investments in subsidiaries.

Differences between the actual performance of the subsidiaries and management's annual impairment review will affect the results of the period in which such differences are determined. The recoverable amount of the Company's investment in subsidiaries could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount. An increase in impairment losses will increase other expense and decrease non-current assets/current assets.

6 Club memberships

	\$
Cost	
At 1 April 2018, 31 March 2019 and 31 March 2020	<u>66,600</u>
Accumulated amortisation and impairment loss	
At 1 April 2018, 31 March 2019 and 31 March 2020	<u>66,600</u>

7 Trade and other receivables

	2020	2019
	\$	\$
Deposits	10,650	10,650
Other receivables	2,221	–
Advances to related companies	15,493,967	12,835,458
Amounts due from related companies	274,923	224,301
Amounts due from subsidiary	–	99,697
Amounts due from related parties	32,541	–
	<u>15,814,302</u>	<u>13,170,106</u>

Amounts due from related companies, subsidiary and related parties are non-trade, interest-free, unsecured and repayable on demand.

The advances to related companies are non-trade related, unsecured, bear interest at LIBOR plus 1% (2019: LIBOR plus 1%) per annum and are repayable on demand.

All balances with subsidiary, related companies and related parties are not past due and accordingly, there are no allowance for ECL arising from these outstanding balances as the ECL are not material.

The Company's exposure to credit, foreign currency and interest rate risks related to trade and other receivables is disclosed in note 12.

8 Share capital

	No. of shares	
	2020	2019
Issued and fully paid ordinary shares, with no par value:		
At beginning and end of financial year	<u>2,000,000</u>	<u>2,000,000</u>

The holder of ordinary shares is entitled to receive dividends as declared from time to time, and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

9 Trade and other payables

	2020	2019
	\$	\$
Amounts due to subsidiary	2,582,471	3,119,911
Amounts due to related company	51,758	50,658
Amounts due to related party	17,008	17,008
Amounts due to ultimate holding company	15,394	2,701
Accrued expenses	50,609	151,231
	<u>2,717,240</u>	<u>3,341,509</u>

Amounts due to subsidiary, related company, related party and ultimate holding company are non-trade, interest-free, unsecured and repayable on demand.

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 12.

10 Tax expense

	2020	2019
	\$	\$
Current tax expense		
Current year	75,796	56,606
Adjustment for prior year	(5,388)	(606)
Tax expense	<u>70,408</u>	<u>56,000</u>
 <i>Reconciliation of effective tax rate</i>		
Profit before tax	<u>1,621,795</u>	<u>814,006</u>
 Tax using the Singapore tax rate of 17% (2019: 17%)	275,705	138,381
Tax exempt income and tax incentives	(199,000)	(74,524)
Non-deductible expenses	–	1,282
Adjustment for prior year	(5,388)	(606)
Other	(909)	(8,533)
	<u>70,408</u>	<u>56,000</u>

11 Related parties

Key management personnel compensation

None of the directors earned any directors' fees or other remuneration in respect of their appointments as directors of the Company during the current year and prior year. The directors are not paid directly by the Company but receive remuneration from the Company's related companies, in respect of their services to the larger group which includes the Company. No apportionment has been made as the services provided by these directors to the Company are incidental to their responsibilities to the larger group.

Other related party transactions

Other than disclosed elsewhere in the financial statements, there are no significant transactions with related parties.

12 Financial risk management

Overview

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

- credit risk
- liquidity risk
- interest rate risk
- foreign currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Company, as and when they fall due.

The Company has established credit limits for customers and monitors their balances.

The Company places its cash and cash equivalents with financial institutions of high credit rating. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

The Company's primary exposure to credit risk arises through balances with related parties. Management believes that no allowance is required on these balances.

Advances to related companies and amounts due from related companies, related parties and subsidiary

In determining the ECL, the management has taken into account the historical default experience and the financial position of the related companies, related parties and subsidiary adjusted for factors that specific to the related companies, related parties and subsidiary, and general economic conditions of the industry in which related companies, related parties and subsidiary operate, in estimating the probability of default of the financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Amounts due from related companies, related parties and subsidiary are considered to have low credit risk and there has no significant increase in the risk of default since initial recognition. Impairment on amounts due from related companies, related parties and subsidiary have been measured on the 12-months expected loss basis. The amount of the allowance on these balances are insignificant.

Cash and cash equivalents

Cash at bank balances are placed with banks and financial institutions which are regulated. Impairment on cash and cash equivalent has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowances on cash and cash equivalents is negligible.

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 monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The expected contractual undiscounted cash outflows of trade and other payables are expected to be repaid within one year.

Interest rate risk

Interest rate risk is the potential changes in the value of assets and liabilities as a result of movements in interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's advances to related companies.

At the reporting date, the interest rate profile of the interest bearing financial instrument is:

	2020	2019
	\$	\$
Advances to related companies	<u>15,493,967</u>	<u>12,835,458</u>

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased profit or loss by \$154,940 (2019: \$128,355). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Foreign currency risk

The Company incurs foreign currency risk on balances with related companies that are denominated in currencies other than its functional currencies. The currency giving rise to this risk is primarily United States dollars (USD).

The Company's exposures to foreign currency are as follows:

	USD \$
2020	
Advances to related companies	15,493,967
Amounts due to related company	<u>(51,758)</u>
	<u>15,442,209</u>
2019	
Advances to related companies	12,835,458
Amounts due to related company	<u>(50,658)</u>
	<u>12,784,800</u>

Sensitivity analysis

A 10% strengthening of Singapore dollar as indicated below, against USD at 31 March would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant as indicated below:

	Profit or loss	
	2020	2019
	\$	\$
USD	<u>(1,544,221)</u>	<u>(1,278,480)</u>

A 10% weakening of the Singapore dollar against the above currencies at 31 March would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Company does not have specific capital management policy as this is managed by the holding company.

The Company defined capital as share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

Fair values

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Financial instruments by category

Set out below is a comparison by category of carrying amounts of all the Company's financial instruments that are carried in the financial statements.

	Financial assets at amortised cost	Other financial liabilities	Total
	\$	\$	\$
2020			
Assets			
Trade and other receivables	15,814,302	–	15,814,302
Cash and cash equivalents	456,769	–	456,769
	<u>16,271,071</u>	<u>–</u>	<u>16,271,071</u>
Liabilities			
Trade and other payables	–	2,717,240	<u>2,717,240</u>
2019			
Assets			
Trade and other receivables	13,170,106	–	13,170,106
Cash and cash equivalents	174,843	–	174,843
	<u>13,344,949</u>	<u>–</u>	<u>13,344,949</u>
Liabilities			
Trade and other payables	–	3,341,509	<u>3,341,509</u>

