DODLA HOLDINGS PTE. LIMITED

(Incorporated in the Republic of Singapore)
(Registration Number: 201418023E)

FINANCIAL STATEMENTS
YEAR ENDED
31 MARCH 2021

ROHAN • MAH & PARTNERS LLP
Chartered Accountants, Singapore

DODLA HOLDINGS PTE. LIMITED
(Incorporated in the Republic of Singapore)

Directors

Nicholas James Kay
Sunil Reddy Dodla

Secretary

Leong Yoke Yeng

Registered Office

1 Robinson Road
#17-00 AIA Tower
Singapore 048542

Auditor

Rohan • Mah & Partners LLP

Banker

Standard Chartered Bank

Contents	Page

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of Dodla Holdings Pte. Limited (the "Company") for the financial year ended 31 March 2021.

1 OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debt as and when they fall due.

2 DIRECTORS

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

Nicholas James Kay
Sunil Reddy Dodla

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

4 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

	Direct interest	
Name of Director	At the beginning of financial year	At the end of financial year
Ultimate holding company		
- Dodla Dairy Limited		
Sunil Reddy Dodla	4,011,519	8,269,038

5 SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

6 AUDITOR

The auditor, Messrs. Rohan • Mah & Partners LLP, has expressed its willingness to accept re-appointment.

THE BOARD OF DIRECTORS

Dodla Sunil Reddy
Digitally signed by Dodla Sunil Reddy
Date: 2021.05.28 11:56:38 +05'30'

....
Sunil Reddy Dodla
Director

....
Nicholas James Kay
Director

Singapore,
28 May 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

DODLA HOLDINGS PTE. LIMITED

(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Dodla Holdings Pte. Limited (the Company), which comprise the statement of financial position as at 31 March 2021, 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.

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 2021 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 Auditor's 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 (ACRA) 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. The other information comprises the Directors' Statement set out on pages 1 to 2.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

DODLA HOLDINGS PTE. LIMITED
(Incorporated in the Republic of Singapore)

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.

Auditor's 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 auditor's 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 control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

DODLA HOLDINGS PTE. LIMITED
(Incorporated in the Republic of Singapore)

Auditor's Responsibilities for the Audit of the Financial Statements - cont'd

- 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 auditor's 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 auditor's 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 control 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.

Rohan. Mah & Partners LLP

ROHAN • MAH & PARTNERS LLP
Public Accountants and
Chartered Accountants

Singapore
28 May 2021
(RK/MA./SR/KN/IJ/ccy)

DODLA HOLDINGS PTE. LIMITED
(Incorporated in the Republic of Singapore)

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 US$	2020 US$
ASSETS LESS LIABILITIES			
Non-Current Asset			
Interest in subsidiaries	3	1,401,336	1,401,336
Investment securities	4	-	45,370
		1,401,336	1,446,706
Current Assets			
Cash and cash equivalents	5	5,171,415	5,101,555
Other receivables	6	4,075	49,554
		5,175,490	5,151,109
Current Liabilities			
Other payables	7	13,251	9,630
Current tax liabilities		-	13,851
		13,251	23,481
Net Current Assets		5,162,239	5,127,628
Net Assets		6,563,575	6,574,334
Capital and reserves attributable to equity holders of the Company			
Share capital	8	6,500,000	6,500,000
Retained profits		63,575	74,334
Total Equity		6,563,575	6,574,334

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

Continuing operations	Note	2021 US$	2020 US$
Revenue		-	-
Other income	9	19,563	175,377
Other operating expenses	10	(29,291)	(74,977)
(Loss)/Profit before taxation		(9,728)	100,400
Taxation	11	(1,031)	(26,467)
(Loss)/Profit from continuing operations		(10,759)	73,933
(Loss)/Profit for the year		(10,759)	73,933
Total comprehensive (loss)/income		(10,759)	73,933
(Loss)/Profit attributable to:			
Equity holders of the Company		(10,759)	73,933
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(10,759)	73,933

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital US$	Retained Profits US$	Total US$
As at 1 April 2019	6,500,000	762,401	7,262,401
Total comprehensive income for the year	-	73,933	73,933
Dividend (Note 12)	-	(762,000)	(762,000)
As at 31 March 2020	6,500,000	74,334	6,574,334
Total comprehensive loss for the year	-	(10,759)	(10,759)
As at 31 March 2021	6,500,000	63,575	6,563,575

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

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2021

	2021 US$	2020 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(9,728)	100,400
Adjustments for:		
Interest income	(19,556)	(175,377)
Change in investment securities	16,879	54,630
Operating loss before working capital changes	(12,405)	(20,347)
Other payables	3,621	(5,094)
Cash used in operations	(8,784)	(25,441)
Taxation paid	(14,882)	(32,315)
Net cash used in operating activities	(23,666)	(57,756)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(762,000)
Net cash used in financing activities	-	(762,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment of loan	-	4,215,053
Disposal/(Additions) of investment securities	28,491	(100,000)
Changes in fixed deposits	(1,417,199)	(400,029)
Interest income received	65,035	575,047
Net cash (used in)/generated from investing activities	(1,323,6673)	4,290,071
Net (decrease)/increase in cash and cash equivalents	(1,347,339)	3,470,315
Cash and cash equivalents at beginning of year	4,701,526	1,231,211
Cash and cash equivalents at end of year (Note 5)	3,354,187	4,701,526

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 CORPORATE INFORMATION

Dodla Holdings Pte. Limited is a private company limited by shares incorporated in Singapore with its registered address and principal place of business at 1 Robinson Road, #17-00, AIA Tower Singapore 048542.

The Company is a wholly-owned subsidiary of Dodla Dairy Limited, a company incorporated in India.

The principal activity of the Company is investment holding company. The principal activities of its subsidiary company are set out in Note 3 to the financial statements. There have been no significant changes in the nature of these activities during the year.

The financial statements of the Company for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Directors on 28 May 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements expressed in United States Dollar (USD or US$) which is also the functional currency of the Company, are prepared on the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. There are no critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity to be disclosed except as disclosed in Note 16.

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2020. The adoption of these standards did not have any material effect on the financial statements.

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning on or after 1 April 2021, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.1 Basis of Preparation – cont'd

Description	Effective for annual periods beginning on or after
Amendments to FRS 116 Leases: Covid-19 Related Rent Concessions	1 June 2020
Amendments to FRS 109 Financial Instruments, FRS 39 Financial Instruments: Recognition and Measurement, FRS 107 Financial Instruments: Disclosures, FRS 104 Insurance Contracts, FRS 116 Leases: Interest Rate Benchmark Reform - Phase 2	1 Apr 2021
Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 Apr 2022
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 Apr 2022
Annual Improvements to FRS 2018 - 2020	1 Apr 2022
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non - Current	1 Apr 2023
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to determined
Amendments to FRS 103 Business Combinations: Reference to the Conceptual Framework	1 Apr 2022
FRS 117 Insurance Contracts	1 Apr 2023

The directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

2.2 Basis of Consolidation

These financial statements are the separate financial statements of Dodla Holdings Pte. Limited. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of Dodla Dairy Limited, a company incorporated in India, which produces consolidated financial statements available for public use. The registered address of Dodla Dairy Limited is as follows: 8-2-696, Road No.12, Banjara Hills, Hyderabad, Telangana – 500034, India.

2.3 Interest in Subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of subsidiaries, the difference between net disposal proceeds and the carrying amounts of the investments are taken to profit or loss.

2 SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES – cont'd

2.4 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.5 Financial Instrument

2.5.1 Financial Assets

Initial Recognition and Measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.5 Financial Instrument – cont'd

2.5.1 Financial Assets – cont'd

Subsequent Measurement

Investments in Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Investments in Equity Instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2.5.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.5 Financial Instrument – cont'd

2.5.2 Financial Liabilities – cont'd

Subsequent Measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.6 Impairment of Financial Assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.7 Related Parties

A related party is defined as follows:

(a) ***A person or a close member of that person's family is related to the Company if that person:***

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) ***An entity is related to the Company if any of the following conditions applies:***

(i) The entity and the Company are members of the same company (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) One entity is an associate or joint venture of the other entity (or and associate or joint venture of a member of a company of which the other entity is a member);
(iii) Both entities are joint ventures of the same third party;
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
(viii) The entity, or any member of a company of which it is a part, provides key management personnel services to the reporting Company or to the parent of the reporting Company.

2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank which are subject to an insignificant risk of changes in value.

2.9 Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.9 Revenue Recognition – cont'd

2.9.1 Interest Income

Interest income is recognized using the effective interest method.

2.10 Income Taxes

2.10.1 Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognized in profit or loss except to the extent that the tax relates to items recognized outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2.10.2 Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.11 Share Capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.12 Foreign Currency Transactions and Balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3 INTEREST IN SUBSIDIARIES

	2021 US$	2020 US$
Unquoted equity investment, at cost:		
At beginning and end of the year	1,401,336	1,401,336

3 INTEREST IN SUBSIDIARIES – cont'd

Details of the subsidiary are as follows:

Name of company	Principal activity	Place of incorporation and business	Effective equity held by the Company		Cost of investment held by the Company	
			2021	2020	2021	2020
			%	%	US$	US$
Lakeside Dairy Limited	Manufacturing of dairy products	Uganda	99	99	1,376,657	1,376,657
Dodla Dairy Kenya Limited	Manufacturing of dairy products	Kenya	99	99	24,679	24,679

4 INVESTMENT SECURITIES

	2021 US$	2020 US$
At beginning of year	45,370	-
(Disposal)/Additions	(28,491)	100,000
Change in fair value during the year	(16,879)	(54,630)
At end of year	-	45,370

Financial assets at fair value through profit or loss comprise the following:

	2021 US$	2020 US$
Unquoted:		
Investment in fund	-	45,370

5 CASH AND CASH EQUIVALENTS

	2021 US$	2020 US$
Cash at bank	2,684,187	321,526
Fixed deposits	2,487,228	4,780,029
	5,171,415	5,101,555

5 CASH AND CASH EQUIVALENTS – cont'd

For statement of cash flows, term deposits are excluded as part of cash and cash equivalents:

	2021 US$	2020 US$
Cash and cash equivalents (as above)	5,171,415	5,101,555
Less: Fixed deposits	(1,817,228)	(400,029)
Cash and cash equivalents in statement of cash flows	3,354,187	4,701,526

Fixed deposit at the reporting date has an average maturity of 1 to 12 months (2020: 1 to 4 months) from the end of the financial year with weighted average effective interest rate of 0.32% (2020: 1.51%) per annum.

6 OTHER RECEIVABLES

	2021 US$	2020 US$
Accrued interest	4,075	49,554

7 OTHER PAYABLES

	2021 US$	2020 US$
Accrued expenses	11,716	9,630
Other payables	1,535	-
	13,251	9,630

8 SHARE CAPITAL

	2021 No. of shares	2021 US$	2020 No. of shares	2020 US$
Ordinary shares issued and fully paid:				
At beginning and end of year of year	6,606,628	6,500,000	6,606,628	6,500,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and have no par value.

9 OTHER INCOME

	2021 US$	2020 US$
Interest income	19,556	175,377
Other income	7	-
	19,563	175,377

10 OTHER OPERATING EXPENSES

Other operating expenses include:

	2021 US$	2020 US$
Change in fair value of financial assets at fair value through profit or loss	16,879	54,630
Professional and consulting fee	5,315	8,516

11 TAXATION

Major components of income tax expense are as follows:

	2021 US$	2020 US$
Current year taxation	-	13,851
Under/(Over) provision of prior year tax	1,031	(4,689)
Withholding tax	-	17,305
	1,031	26,467

A reconciliation between the tax expense and the product of accounting profit and loss multiplied by the applicable tax rate are as follows:

	2021 US$	2020 US$
(Loss)/Profit before taxation	(9,728)	100,400
Tax expense on (loss)/profit before tax at 17%	(1,654)	17,068
Adjustments:		
Tax exemption	(925)	(12,275)
Non-deductible tax expenses	2,579	9,058
Withholding tax	-	17,305
Under/(Over) provision of prior year tax	1,031	(4,689)
	1,031	26,467

12 DIVIDEND

	2021 US$	2020 US$
Interim one-tier tax exempt dividend for the financial year ended 31 March 2020 at US$0.1172 per share	-	762,000

13 SIGNIFICANT RELATED PARTIES TRANSACTIONS

Significant related parties transactions on terms agreed between the Company and its related parties are as follows:

	2021 US$	2020 US$
Ultimate holding		
Management fee	790	-
Subsidiary		
Loan and interest repayment from	-	4,664,277
Interest income on loan to subsidiary	-	(115,363)

14 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, liquidity risk and market risk (including interest rate risk and foreign currency risk).

The management reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

14.1 Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from loan to subsidiary. For other financial assets (cash and cash equivalents), they are placed with reputable local financial institutions.

14 FINANCIAL RISK MANAGEMENT – cont'd

14.1 Credit Risk – cont'd

The Company has adopted procedures in monitoring collections and default of payments from its debtors. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Hence, the Company does not expect to incur material credit losses. Cash and fixed deposits are place with reputable and regulated financial institutions. For other financial assets, the Company minimises credit risk by dealing mainly with high credit rating counterparties.

The Company has applied the simplified approach to providing for impairment for ECLs prescribed by FRS 109, which permits the use of the lifetime expected loss provision for impairment of trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs also incorporate forward looking information.

Given (i) there was no significant default in prior years, the management considered the default rate of financial assets is minimal; and (ii) no adverse change in the business environment is anticipated, management considered that the expected credit loss rate of their members is minimal for all ageing bands. As a result, no additional provision for impairment of trade receivables is necessary for the year ended 31 March 2021.

Exposure to Credit Risk

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

Financial Assets that are neither past due nor impaired

Other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

14.2 Liquidity Risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities. The Company finances its working capital requirements through a combination of funds generated from operations. The directors are satisfied that funds are available to finance the operations of the Company.

Analysis of Financial Instruments by Remaining Contractual Maturities

No maturity analysis is presented as all financial assets and liabilities are due within 12 months.

14 FINANCIAL RISK MANAGEMENT – cont'd

14.3 Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

14.3.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their cash and cash equivalents.

The Company is not exposed to interest rate risk as it does not have any financial instruments bearing variable interest rate as at the reporting date.

14.3.2 Foreign Currency Risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Company's exposure to foreign currency risk is minimal as most transactions are dealt with in functional currency.

15 FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	2021 US$	2020 US$
Financial assets		
Loans and receivables:		
Cash and cash equivalents	5,171,415	5,101,555
Other receivables	4,075	49,554
	5,175,490	5,151,109
Financial liabilities		
Financial liabilities measured at amortised cost:		
Other payables	13,251	9,630

16 SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

16.1 Key Sources of Estimation Uncertainty

Impairment of Investment and Financial Assets

The Company follows the guidance of FRS 109 in determining when an investment or financial assets is other-than-temporary impaired. This assessment requires significant judgement. The Company evaluate, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Provision for Income Tax

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

17 FAIR VALUES

Cash and Cash Equivalents, Other Receivables and Other Payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

18 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 its shareholder and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including trade and other payables as show in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity, as show in the statement of financial position, plus net debts.

18 CAPITAL MANAGEMENT – cont'd

No specific gearing ratio has been determined by the management with the overall objective to keep the ratio as low as possible and such policy has not been changed since the previous financial year.

The gearing ratios at year-end were as follows:

	2021 US$	2020 US$
Total other payables	13,251	9,630
Less: Cash and cash equivalent	(5,171,415)	(5,101,555)
Net debts	-	-
Total equity	6,563,575	6,574,334
Total capital	6,563,575	6,574,334
Gearing ratio	-	-

19 OTHER MATTER

An outbreak of the Coronavirus Disease (Covid-19) had been reported to the World Health Organisation in China on 31 December 2019. On 31 January 2020, the World Health Organisation announced the Coronavirus Disease (Covid-19) outbreak as a global health emergency. On 11 March 2020, the World Health Organisation declared the Coronavirus Disease (Covid-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. The Coronavirus Disease (Covid-19) outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects.

Management has reviewed the possible impact of the Covid-19 outbreak on the following matters:

1. Changes in economic and market conditions that affect the fair values of the Company's financial and non-financial assets and liabilities.

2. Additional expected credit losses due to a decline in the repayment ability of debtors.

Management assessment requires the exercise of judgement and careful consideration of Company's specific facts and circumstances.

In assessing the recoverability of these assets, the Company have used internal and external sources of information up to the date of approval of these financial statements, and based on current estimates, expects the net carrying amount of these assets will be recovered. The impact on account of Covid-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material impact due to changes in future economic conditions.