

**VANDERMA HOLDING LTD**

REPORT AND FINANCIAL STATEMENTS  
31 March 2019

# VANDERMA HOLDING LTD

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## REPORT AND FINANCIAL STATEMENTS 31 March 2019

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# VANDERMA HOLDING LTD

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## BOARD OF DIRECTORS AND OTHER OFFICERS

|                              |  |
|------------------------------|--|
| <b>Board of Directors:</b>   | A.M.K. Trustee Services Ltd  |
| <b>Company Secretary:</b>    | M. Kyprianou Fiduciaries (Cyprus) Ltd  |
| <b>Independent Auditors:</b> | HLB Cyprus Ltd<br>Certified Public Accountants and Registered Auditors<br>Palaceview House<br>Corner of Prodrimos Street & Zinonos Kitieos<br>2064 Nicosia<br>Cyprus |
| <b>Registered office:</b>    | 116 Gladstonos street<br>M. Kyprianou House, Floor 3&4, 3032<br>Limassol<br><br>Cyprus   |
| <b>Registration number:</b>  | HE188538   |

# VANDERMA HOLDING LTD

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## MANAGEMENT REPORT

The Board of Directors of Vanderma Holding Ltd (the "Company") presents to the members its Management Report and audited financial statements of the Company for the year ended 31 March 2019.

### **Principal activities and nature of operations of the Company**

The principal activities of the Company, which are unchanged from last year, are the holding of investments and provision of financing to related companies.

### **Review of current position, future developments and performance of the Company's business**

The Company's development to date, financial results and position as presented in the financial statements are not considered satisfactory and the Board of Directors is making an effort to reduce the Company's losses.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are disclosed in notes 6 and 7 of the financial statements.

### **Voluntary liquidation**

The shareholders of the Company have provisionally decided to proceed with the dissolution of the Company through the procedure of liquidation from the register of the Registrar of Companies. The Management anticipates that the liquidation will be completed as soon as the relevant arrangements can be made.

### **Share capital**

There were no changes in the share capital of the Company during the year under review.

### **Board of Directors**

The sole member of the Company's Board of Directors as at 31 March 2019 and at the date of this report is presented on page 1. The sole Director was a member of the Board of Directors throughout the year ended 31 March 2019.

In accordance with the Company's Articles of Association the sole Director presently member of the Board continues in office.

There were no significant changes in the remuneration of the Board of Directors.

### **Events after the reporting period**

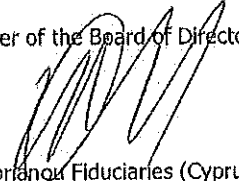
Any significant events that occurred after the end of the reporting period are described in note 24 to the financial statements.

### **Independent Auditors**

During the year the Independent Auditors of the Company, FRS Audit Services Ltd, were replaced and HLB Cyprus Ltd was appointed in its place.

The Independent Auditors, HLB Cyprus Ltd, were appointed by the Board of Directors in replacement of the previous auditors FRS Audit Services Ltd and have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

  
M. Kyriakou Fiduciaries (Cyprus) Ltd  
Secretary

Limassol, 22 May 2019

# **Independent Auditor's Report**

## **To the Members of Vanderma Holding Ltd**

### **Report on the Audit of the Financial Statements**

#### **Qualified Opinion**

We have audited the financial statements of parent company Vanderma Holding Ltd (the "Company"), which are presented in pages 6 to 24 and comprise the statement of financial position as at 31 March 2019, and the statements of 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.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of parent company Vanderma Holding Ltd as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### **Basis for Qualified Opinion**

(i) We have not been able to obtain directly from the banks of the Company a bank report for audit purposes in accordance with International Standards on Auditing and there were no satisfactory alternative audit procedures we could adopt to ascertain the completeness and accuracy of the accounting records in relation to this matter.

(ii) We have not been able to verify the valuation of investments in subsidiaries held by the Company on 31 March 2019 which as mentioned in note 13 of the financial statements are stated at CAD5,564,932. Therefore we are unable to give an opinion as to the value of these investments in subsidiaries.

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 "International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants" (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Material Uncertainty Related to Going Concern**

We draw attention to note 4 of the financial statements which indicates that:

(i) The Company incurred a loss of CAD24,536 during the year ended 31 March 2019, and, as of that date the Company's current liabilities exceeded its current assets by CAD447,007. As stated in note 4, these events or conditions, along with other matters as set forth in note 4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of these matters.

(ii) The shareholders of the Company have provisionally decided to proceed with the dissolution of the Company through the procedure of voluntary liquidation. The Management anticipates that the liquidation will be completed as soon as relevant arrangements can be made. Our opinion is not qualified in respect of this matter.

#### **Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the additional information to the statement of comprehensive income in pages 25 to 28, but does not include the financial statements and our auditor's report thereon.

## **Independent Auditor's Report (continued)**

### **To the Members of Vanderma Holding Ltd**

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. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about completeness of income as at 31 March 2018 and the possible effect of this matter on the comparability of the current period's figures and the corresponding figures. Accordingly, we were unable to conclude whether or not the other information is materially misstated with respect to this matter.

### **Responsibilities of the Board of Directors for the Financial Statements**

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

## **Independent Auditor's Report (continued)**

### **To the Members of Vanderma Holding Ltd**

#### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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

We communicate with the Board of 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 Requirements**

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

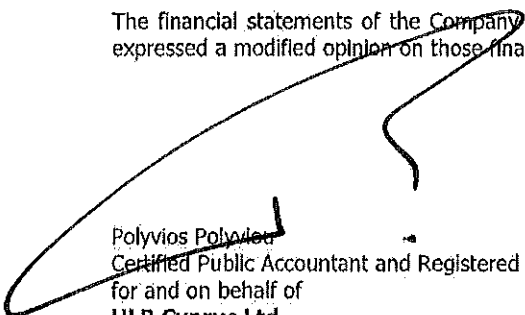
- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

#### **Other Matters**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

#### *Comparative figures*

The financial statements of the Company for the year ended 31 March 2018 were audited by another auditor who expressed a modified opinion on those financial statements on 17 May 2018.



Polyvios Polyvidou  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**HLB Cyprus Ltd**  
Certified Public Accountants and Registered Auditors  
Palaceview House  
Corner of Prodromos Street & Zinonos Kitieos  
2064 Nicosia  
Cyprus

Nicosia, 22 May 2019

## VANDERMA HOLDING LTD

### STATEMENT OF COMPREHENSIVE INCOME 31 March 2019

|  | Note | 01/04/2018-<br>31/03/2019<br>CAD | 01/04/2017-<br>31/03/2018<br>CAD |
|--|------|----------------------------------|----------------------------------|
| Interest Income                                |      | 547                              | 3,061                            |
| Interest expense                               |      | <u>(19,022)</u>                  | <u>(20,646)</u>                  |
| <b>Net interest expense</b>                    |      | <b>(18,475)</b>                  | <b>(17,585)</b>                  |
| Other operating income                         | 8    | 12,669                           | -                                |
| Administration expenses                        |      | <u>(13,380)</u>                  | <u>(10,544)</u>                  |
| Other expenses                                 | 9    | <u>(3,929)</u>                   | <u>-</u>                         |
| <b>Operating loss</b>                          | 10   | <b>(23,115)</b>                  | <b>(28,129)</b>                  |
| Finance costs                                  | 11   | <u>(1,421)</u>                   | <u>(3,618)</u>                   |
| <b>Loss before tax</b>                         |      | <b>(24,536)</b>                  | <b>(31,747)</b>                  |
| Tax  | 12   | <u>-</u>                         | <u>-</u>                         |
| <b>Net loss for the year</b>                   |      | <b>(24,536)</b>                  | <b>(31,747)</b>                  |
| <b>Other comprehensive income</b>              |      | <u>-</u>                         | <u>-</u>                         |
| <b>Total comprehensive income for the year</b> |      | <b><u>(24,536)</u></b>           | <b><u>(31,747)</u></b>           |

The notes on pages 10 to 24 form an integral part of these financial statements.



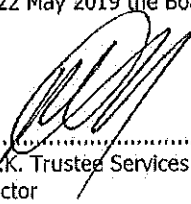
# VANDERMA HOLDING LTD

## STATEMENT OF FINANCIAL POSITION

31 March 2019

|                                     | Note | 2019<br>CAD             | 2018<br>CAD             |
|-------------------------------------|------|-------------------------|-------------------------|
| <b>ASSETS</b>                       |      |                         |                         |
| <b>Non-current assets</b>           |      |                         |                         |
| Investments in subsidiaries         | 13   | <u>5,564,932</u>        | 5,564,932               |
|                                     |      | <u>5,564,932</u>        | <u>5,564,932</u>        |
| <b>Current assets</b>               |      |                         |                         |
| Trade and other receivables         | 14   | <u>1,126</u>            | 49,744                  |
| Cash and cash equivalents           | 15   | <u>1,243</u>            | <u>41</u>               |
|                                     |      | <u>2,369</u>            | <u>49,785</u>           |
| <b>Total assets</b>                 |      | <u><b>5,567,301</b></u> | <u><b>5,614,717</b></u> |
| <b>EQUITY AND LIABILITIES</b>       |      |                         |                         |
| <b>Equity</b>                       |      |                         |                         |
| Share capital                       | 16   | <u>5,199</u>            | 5,199                   |
| Share premium                       |      | <u>5,367,689</u>        | 5,367,689               |
| Accumulated losses                  |      | <u>(254,963)</u>        | <u>(230,427)</u>        |
| <b>Total equity</b>                 |      | <u><b>5,117,925</b></u> | <u><b>5,142,461</b></u> |
| <b>Current liabilities</b>          |      |                         |                         |
| Trade and other payables            | 18   | <u>20,237</u>           | 19,184                  |
| Borrowings                          | 17   | <u>428,922</u>          | 452,855                 |
| Current tax liabilities             | 19   | <u>217</u>              | <u>217</u>              |
|                                     |      | <u>449,376</u>          | <u>472,256</u>          |
| <b>Total equity and liabilities</b> |      | <u><b>5,567,301</b></u> | <u><b>5,614,717</b></u> |

On 22 May 2019 the Board of Directors of Vanderma Holding Ltd authorised these financial statements for issue.

  
.....  
A.M.K. Trustee Services Ltd  
Director

The notes on pages 10 to 24 form an integral part of these financial statements.

## VANDERMA HOLDING LTD

### STATEMENT OF CHANGES IN EQUITY

31 March 2019

|   | Share<br>capital<br>CAD | Share<br>premium<br>CAD | Accumulated<br>losses<br>CAD | Total<br>CAD     |
|---|-------------------------|-------------------------|------------------------------|------------------|
| <b>Balance at 1 April 2017</b>                | <b>5.199</b>            | <b>5.367.689</b>        | <b>(198.680)</b>             | <b>5.174.208</b> |
| <b>Comprehensive income</b>                   |                         |                         |                              |                  |
| Net loss for the year                         | -                       | -                       | (31.747)                     | (31.747)         |
| <b>Other movements</b>                        |                         |                         |                              |                  |
| Total other movements                         | -                       | -                       | -                            | -                |
| <b>Balance at 31 March 2018/ 1 April 2018</b> | <b>5.199</b>            | <b>5.367.689</b>        | <b>(230.427)</b>             | <b>5.142.461</b> |
| <b>Comprehensive income</b>                   |                         |                         |                              |                  |
| Net loss for the year                         | -                       | -                       | (24.536)                     | (24.536)         |
| <b>Balance at 31 March 2019</b>               | <b>5.199</b>            | <b>5.367.689</b>        | <b>(254.963)</b>             | <b>5.117.925</b> |

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 10 to 24 form an integral part of these financial statements.

# VANDERMA HOLDING LTD

## STATEMENT OF CASH FLOWS 31 March 2019

|   | 01/04/2018-<br>31/03/2019 | 01/04/2017-<br>31/03/2018 |
|---|---------------------------|---------------------------|
|   | CAD                       | CAD                       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |                           |                           |
| Loss before tax   | (24,536)                  | (31,747)                  |
| Adjustments for:  |                           |                           |
| Interest income   | (547)                     | (3,061)                   |
| Interest expense  | 19,022                    | 20,646                    |
|   | (6,061)                   | (14,162)                  |
| <b>Changes in working capital:</b>                          |                           |                           |
| Decrease in trade and other receivables                     | 48,618                    | 54,113                    |
| Increase in trade and other payables                        | 1,053                     | 2,749                     |
| <b>Cash generated from operations</b>                       | 43,610                    | 42,700                    |
| Interest received   | 547                       | 4,255                     |
| <b>Net cash generated from operating activities</b>         | 44,157                    | 46,955                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 | -                         | -                         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |                           |                           |
| Repayments of borrowings                                    | (23,933)                  | (25,921)                  |
| Interest paid   | (19,022)                  | (21,429)                  |
| <b>Net cash used in financing activities</b>                | (42,955)                  | (47,350)                  |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | 1,202                     | (395)                     |
| Cash and cash equivalents at beginning of the year          | 41                        | 436                       |
| <b>Cash and cash equivalents at end of the year</b>         | 1,243                     | 41                        |

The notes on pages 10 to 24 form an integral part of these financial statements.

# VANDERMA HOLDING LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Vanderma Holding Ltd (the "Company") was incorporated in Cyprus on 13 December 2006 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 116 Gladstonos street, M. Kyprianou House, Floor 3&4, 3032, Limassol.

#### Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments and provision of financing to related companies.

### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

These financial statements are the separate financial statements. The Company has not prepared consolidated financial statements as the exemption from consolidation in paragraph 4(a) of IFRS10 'Consolidated Financial Statements', has been used. The Company's parent Company, Batibol Ltd, a Company incorporated in India will produce consolidated financial statements available for public use that comply with International Financial Reporting Standards as issued by the IASB. These consolidated financial statements will be available to be obtained at Bharat House, 5th floor, 104, Bombay, Samachar. Marg., Mumbai, 400 001, India.

### 3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 April 2013. This adoption did not have a material effect on the accounting policies of the Company.

### 4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

#### Going concern basis

The Company incurred a loss of CAD 24,536 for the year ended 31 March 2019, and, as of that date the Company's current liabilities exceeded its current assets by CAD 447,007. These conditions, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The shareholders of the Company have provisionally decided to proceed with the dissolution of the Company through the procedure of voluntary liquidation. The Management anticipates that the liquidation will be completed as soon as relevant arrangements can be made. Our opinion is not qualified in respect of this matter.

#### Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

# VANDERMA HOLDING LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

### 4. Significant accounting policies (continued)

#### Finance income

Interest income is recognised on a time-proportion basis using the effective method.

#### Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

#### Foreign currency translation

##### (1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (CAD), which is the Company's functional and presentation currency.

##### (2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

#### Financial assets - Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

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

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL. If doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

# VANDERMA HOLDING LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

### 4. Significant accounting policies (continued)

#### Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

#### Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### Debt Instruments

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

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

**FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of comprehensive income.

**FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

# VANDERMA HOLDING LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

### 4. Significant accounting policies (continued)

#### Financial assets - Measurement (continued)

##### Equity Instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### Financial assets - impairment - credit loss allowance for ECL

From 1 January 2018, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For all other financial asset that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis; that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

#### Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

# VANDERMA HOLDING LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

### 4. Significant accounting policies (continued)

#### Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

#### Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (eg profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

#### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

#### Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

#### Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.



# VANDERMA HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

### 4. Significant accounting policies (continued)

#### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

#### Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

### 5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

### 6. Financial risk management

#### Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

#### 6.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

|                               | 2019<br>CAD    | 2018<br>CAD    |
|-------------------------------|----------------|----------------|
| <b>Fixed rate instruments</b> |                |                |
| Financial assets              | -              | 46,801         |
| Financial liabilities         | <u>428,922</u> | <u>452,855</u> |
|                               | <u>428,922</u> | <u>499,656</u> |

#### 6.2 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

# VANDERMA HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

### 6. Financial risk management (continued)

#### 6.2 Credit risk (continued)

##### 6.2.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

|  | 2019<br>CAD         | 2018<br>CAD      |
|--|---------------------|------------------|
| <b>Cash at bank and short term bank deposits</b> |                     |                  |
| Caa1   | <u>1.243</u>        | <u>41</u>        |
|  | <u><b>1.243</b></u> | <u><b>41</b></u> |

#### 6.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities.

| <b>31 March 2019</b>        | Carrying<br>amounts<br>CAD | Contractual<br>cash flows<br>CAD | 3 months or<br>less<br>CAD | 3-12 months<br>CAD    | 1-2 years<br>CAD | 2-5 years<br>CAD | More than<br>5 years<br>CAD |
|-----------------------------|----------------------------|----------------------------------|----------------------------|-----------------------|------------------|------------------|-----------------------------|
| Trade and other payables    | 13,792                     | 13,792                           | 13,792                     | -                     | -                | -                | -                           |
| Loans from subsidiaries     | <u>428,922</u>             | <u>428,922</u>                   | -                          | <u>428,922</u>        | -                | -                | -                           |
|                             | <u><b>442,714</b></u>      | <u><b>442,714</b></u>            | <u><b>13,792</b></u>       | <u><b>428,922</b></u> | <u><b>-</b></u>  | <u><b>-</b></u>  | <u><b>-</b></u>             |
| <b>31 March 2018</b>        | Carrying<br>amounts<br>CAD | Contractual<br>cash flows<br>CAD | 3 months or<br>less<br>CAD | 3-12 months<br>CAD    | 1-2 years<br>CAD | 2-5 years<br>CAD | More than<br>5 years<br>CAD |
| Trade and other payables    | 6,997                      | 6,997                            | 6,997                      | -                     | -                | -                | -                           |
| Payables to related parties | 7,421                      | 7,421                            | 7,421                      | -                     | -                | -                | -                           |
| Loans from subsidiaries     | <u>452,855</u>             | <u>452,855</u>                   | -                          | <u>452,855</u>        | -                | -                | -                           |
|                             | <u><b>467,273</b></u>      | <u><b>467,273</b></u>            | <u><b>14,418</b></u>       | <u><b>452,855</b></u> | <u><b>-</b></u>  | <u><b>-</b></u>  | <u><b>-</b></u>             |

#### 6.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

# VANDERMA HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

### 6. Financial risk management (continued)

|      | Liabilities   |               | Assets       |                           |
|------|---------------|---------------|--------------|---------------------------|
|      | 2019          | 2018          | 2019         | 01/04/2017-<br>31/03/2018 |
|      | CAD           | CAD           | CAD          | CAD                       |
| Euro | <u>13,792</u> | <u>26,614</u> | <u>2,369</u> | <u>2,984</u>              |
|      | <u>13,792</u> | <u>26,614</u> | <u>2,369</u> | <u>2,984</u>              |

#### Sensitivity analysis

A 10% strengthening of the Euro against the following currencies at 31 March 2019 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

|      | Equity       |              | Profit or loss |                           |
|------|--------------|--------------|----------------|---------------------------|
|      | 2019         | 2018         | 2019           | 01/04/2017-<br>31/03/2018 |
|      | CAD          | CAD          | CAD            | CAD                       |
| Euro | <u>1,142</u> | <u>2,363</u> | <u>1,142</u>   | <u>2,363</u>              |

### 7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of 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 reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Going concern basis**

The Directors judge that it is appropriate to prepare the financial statements on the going concern basis.

- **Income taxes**

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

# VANDERMA HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

### 7. Critical accounting estimates and judgments (continued)

*Critical judgements in applying the Company's accounting policies*

- **Impairment of investments in subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

### 8. Other operating income

|                           | 01/04/2018-<br>31/03/2019 | 01/04/2017-<br>31/03/2018 |
|---------------------------|---------------------------|---------------------------|
|                           | CAD                       | CAD                       |
| Exchange profit           | 1,338                     | -                         |
| Waiver of credit balances | 11,331                    | -                         |
|                           | <u>12,669</u>             | <u>-</u>                  |

### 9. Other expenses

|                      | 01/04/2018-<br>31/03/2019 | 01/04/2017-<br>31/03/2018 |
|----------------------|---------------------------|---------------------------|
|                      | CAD                       | CAD                       |
| Liquidation expenses | 3,929                     | -                         |
|                      | <u>3,929</u>              | <u>-</u>                  |

### 10. Operating loss

|  | 01/04/2018-<br>31/03/2019 | 01/04/2017-<br>31/03/2018 |
|--|---------------------------|---------------------------|
|  | CAD                       | CAD                       |
| Operating loss is stated after charging the following items: |                           |                           |
| Auditors' remuneration                                       | 3,743                     | 3,970                     |
|  | <u>3,743</u>              | <u>3,970</u>              |

# VANDERMA HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

### 11. Finance costs

|                             | 01/04/2018-<br>31/03/2019<br>CAD | 01/04/2017-<br>31/03/2018<br>CAD |
|-----------------------------|----------------------------------|----------------------------------|
| Net foreign exchange losses | 284                              | 1.816                            |
| Sundry finance expenses     | <u>1.137</u>                     | <u>1.802</u>                     |
| <b>Finance costs</b>        | <b><u>1.421</u></b>              | <b><u>3.618</u></b>              |

### 12. Tax

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

|  | 01/04/2018-<br>31/03/2019<br>CAD | 01/04/2017-<br>31/03/2018<br>CAD |
|--|----------------------------------|----------------------------------|
| Loss before tax  | <u>(24,536)</u>                  | <u>(31,747)</u>                  |
| Tax calculated at the applicable tax rates             | (3,067)                          | (3,968)                          |
| Tax effect of expenses not deductible for tax purposes | 3,813                            | 4,113                            |
| Tax effect of allowances and income not subject to tax | (709)                            | (1)                              |
| Tax effect of tax losses brought forward               | <u>(37)</u>                      | <u>(144)</u>                     |
| <b>Tax charge</b>                                      | <b><u>-</u></b>                  | <b><u>-</u></b>                  |

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

The Company's chargeable income for the year, has been set off against tax losses brought forward.

### 13. Investments in subsidiaries

|                            | 2019<br>CAD             | 2018<br>CAD             |
|----------------------------|-------------------------|-------------------------|
| Balance at 1 April         | <u>5,564,932</u>        | <u>5,564,932</u>        |
| <b>Balance at 31 March</b> | <b><u>5,564,932</u></b> | <b><u>5,564,932</u></b> |

The details of the subsidiaries are as follows:

| Name                            | Country of<br>incorporation | Principal activities  | 2019         | 2018         | 2019                    | 2018                    |
|---------------------------------|-----------------------------|---|--------------|--------------|-------------------------|-------------------------|
|                                 |                             |   | Holding<br>% | Holding<br>% | CAD                     | CAD                     |
| AESA Air<br>Engineering<br>S.A. | France                      | Seller of devices,<br>machines,<br>facilities, industrial<br>air conditioning | 69,99        | 69,99        | 2.124.556               | 2.124.556               |
| Pilatus View<br>Holding AG      | Switzerland                 | Holding of<br>Investments   | 99,99        | 99,99        | <u>3.440.376</u>        | <u>3.440.376</u>        |
|                                 |                             |   |              |              | <b><u>5,564,932</u></b> | <b><u>5,564,932</u></b> |

# VANDERMA HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS 31 March 2019

### 14. Trade and other receivables

|                                     | 2019<br>CAD  | 2018<br>CAD   |
|-------------------------------------|--------------|---------------|
| Receivables from parent (Note 20.1) | -            | 46.801        |
| Deposits and prepayments            | <u>1.126</u> | <u>2.943</u>  |
|                                     | <u>1.126</u> | <u>49.744</u> |

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

### 15. Cash and cash equivalents

Cash balances are analysed as follows:

|              | 2019<br>CAD  | 2018<br>CAD |
|--------------|--------------|-------------|
| Cash at bank | <u>1.243</u> | <u>41</u>   |
|              | <u>1.243</u> | <u>41</u>   |

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

### 16. Share capital

|                               | 2019<br>Number of<br>shares | 2019<br>EUR  | 2018<br>Number of<br>shares | 2018<br>EUR  |
|-------------------------------|-----------------------------|--------------|-----------------------------|--------------|
| <b>Authorised</b>             |                             |              |                             |              |
| Ordinary shares of €1,71 each | <u>5.000</u>                | <u>8.550</u> | <u>5.000</u>                | <u>8.550</u> |
|                               |                             | CAD          |                             | CAD          |
| <b>Issued and fully paid</b>  |                             |              |                             |              |
| Balance at 1 April            | <u>2.000</u>                | <u>5.199</u> | <u>2.000</u>                | <u>5.199</u> |
| Balance at 31 March           | <u>2.000</u>                | <u>5.199</u> | <u>2.000</u>                | <u>5.199</u> |

### 17. Borrowings

|                                     | 2019<br>CAD    | 2018<br>CAD    |
|-------------------------------------|----------------|----------------|
| <b>Current borrowings</b>           |                |                |
| Loans from subsidiaries (Note 20.3) | <u>428.922</u> | <u>452.855</u> |

The weighted average effective interest rates at the reporting date were as follows:

|                         | 2019      | 2018      |
|-------------------------|-----------|-----------|
| Loans from subsidiaries | 3% - 4,5% | 3% - 4,5% |

# VANDERMA HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

### 18. Trade and other payables

|                                    | 2019          | 2018          |
|------------------------------------|---------------|---------------|
|                                    | CAD           | CAD           |
| Accruals                           | 6,445         | 4,766         |
| Other creditors                    | 13,792        | 6,997         |
| Payables to associates (Note 20.2) | -             | 7,421         |
|                                    | <u>20,237</u> | <u>19,184</u> |

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

### 19. Current tax liabilities

|                                  | 2019       | 2018       |
|----------------------------------|------------|------------|
|                                  | CAD        | CAD        |
| Special contribution for defence | 217        | 217        |
|                                  | <u>217</u> | <u>217</u> |

### 20. Related party transactions

The Company is controlled by Mr. Nirmal Bhogilal, who owns 65.2241% of the Company's shares.

The following transactions were carried out with related parties:

#### 20.1 Receivables from related parties

| <u>Name</u>                   | <u>Nature of transactions</u> | 2019     | 2018          |
|-------------------------------|-------------------------------|----------|---------------|
|                               |                               | CAD      | CAD           |
| Queen Project (Mauritius) Ltd | Finance                       | -        | 46,801        |
|                               |                               | <u>-</u> | <u>46,801</u> |

The loan to the related company, Queen Project (Mauritius) Ltd, was unsecured and repayable on demand and bore interest at the rate of 4.5% per annum. The interest income for the year ended 31 March 2019 was CAD\$547. During the year ended 31 March 2019, the loan was fully settled and an overpayment received for this loan amounting to CAD 4,166,21, was waived.

#### 20.2 Payables to related parties (Note 18)

| <u>Name</u>  | <u>Nature of transactions</u> | 2019     | 2018         |
|--------------|-------------------------------|----------|--------------|
|              |                               | CAD      | CAD          |
| Batliboi Ltd | Finance                       | -        | 7,421        |
|              |                               | <u>-</u> | <u>7,421</u> |

As at 31 March 2019, the amount payable to Batliboi Ltd of EUR4,675.(CAD\$ 6,999) was waived.

# VANDERMA HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

### 20. Related party transactions (continued)

#### 20.3 Loans from related parties (Note 17)

|                           | 2019           | 2018           |
|---------------------------|----------------|----------------|
|                           | CAD            | CAD            |
| Pilatus View Holding AG   | 428.922        | 440.658        |
| AESA Air Engineering S.A. | -              | 12.197         |
|                           | <u>428.922</u> | <u>452.855</u> |

The loan from Pilatus View Holding AG bears interest of 4.5% per annum and is repayable on demand. As at 31 March 2019, the loan payable to Pilatus View Holding AG was CAD 428.922, including accrued interest. Interest payable by the Company for this loan for the period from 1 April 2018 to 31 March 2019 was CAD 18.684.

The loan from the subsidiary company, AESA Air Engineering S.A., was unsecured and repayable on demand and bore interest at the rate of 3% per annum. The interest expense for the year ended 31 March 2019 was EUR 213,09 (CAD\$338,26). Additionally, during the year an amount of EUR111,68 (CAD\$ 155,67) due to AESA Air Engineering S.A, was waived.

### 21. Contingent liabilities

The Company had no contingent liabilities as at 31 March 2019.

### 22. Commitments

The Company had no capital or other commitments as at 31 March 2019.

### 23. Accounting policies up to 31 March 2018

Accounting policies applicable to the comparative period ended 31 March 2018 that were amended by IFRS 9 and IFRS 15, are as follows.

#### Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

#### Financial assets

##### (1) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

##### (2) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.



# VANDERMA HOLDING LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

### 23. Accounting policies up to 31 March 2018 (continued)

#### Financial instruments (continued)

##### Financial assets (continued)

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale securities the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

# VANDERMA HOLDING LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

### 23. Accounting policies up to 31 March 2018 (continued)

#### Derecognition of financial assets and liabilities

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### 24. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

**Independent auditor's report on pages 3 to 5**

## VANDERMA HOLDING LTD

### DETAILED INCOME STATEMENT

31 March 2019

|   |      | 01/04/2018-<br>31/03/2019 | 01/04/2017-<br>31/03/2018 |
|---|------|---------------------------|---------------------------|
|   | Page | CAD                       | CAD                       |
| <b>Revenue</b>                          |      |                           |                           |
| Interest Income                         |      | 547                       | 3,061                     |
| Interest expense                        |      | (19,022)                  | (20,646)                  |
| <b>Other operating income</b>           |      |                           |                           |
| Realised foreign exchange profit        |      | 730                       | -                         |
| Unrealised foreign exchange profit      |      | 608                       | -                         |
| Waiver of credit balances               |      | 11,331                    | -                         |
|   |      | <u>(5,806)</u>            | <u>(17,585)</u>           |
| <b>Operating expenses</b>               |      |                           |                           |
| Administration expenses                 | 26   | <u>(13,380)</u>           | <u>(10,544)</u>           |
|   |      | <u>(19,186)</u>           | <u>(28,129)</u>           |
| <b>Other operating expenses</b>         |      |                           |                           |
| Liquidation expenses                    |      | <u>(3,929)</u>            | -                         |
| <b>Operating loss</b>                   |      | <u>(23,115)</u>           | <u>(28,129)</u>           |
| Finance costs                           | 27   | <u>(1,421)</u>            | <u>(3,618)</u>            |
| <b>Net loss for the year before tax</b> |      | <u>(24,536)</u>           | <u>(31,747)</u>           |

## VANDERMA HOLDING LTD

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### ADMINISTRATIVE EXPENSES

31 March 2019

|                                | 01/04/2018-<br>31/03/2019<br>CAD | 01/04/2017-<br>31/03/2018<br>CAD |
|--------------------------------|----------------------------------|----------------------------------|
| <b>Administration expenses</b> |                                  |                                  |
| Licenses and taxes             | 526                              | 533                              |
| Courier expenses               | -                                | 30                               |
| Auditors' remuneration         | 3.743                            | 3.970                            |
| Accounting fees                | 749                              | 794                              |
| Other professional fees        | 6.458                            | 3.211                            |
| Irrecoverable VAT              | 1.904                            | 2.006                            |
|                                | <u>13.380</u>                    | <u>10.544</u>                    |

## VANDERMA HOLDING LTD

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### FINANCE EXPENSES

31 March 2019

|                                    | 01/04/2018-<br>31/03/2019<br>CAD | 01/04/2017-<br>31/03/2018<br>CAD |
|------------------------------------|----------------------------------|----------------------------------|
| <b>Finance costs</b>               |                                  |                                  |
| <b>Sundry finance expenses</b>     |                                  |                                  |
| Bank charges                       | 1.137                            | 1.802                            |
| <b>Net foreign exchange losses</b> |                                  |                                  |
| Realised foreign exchange loss     | -                                | 992                              |
| Unrealised foreign exchange loss   | 284                              | 824                              |
|                                    | <u>1.421</u>                     | <u>3.618</u>                     |

# VANDERMA HOLDING LTD

## COMPUTATION OF CORPORATION TAX 31 March 2019

|   | Page | CAD          | CAD            |
|---|------|--------------|----------------|
| Net loss per income statement                                 | 25   |              | (24,536)       |
| <u>Add:</u>   |      |              |                |
| Realised exchange loss  |      | 284          |                |
| Annual levy   |      | 526          |                |
| Liquidation expenses  |      | 3,929        |                |
| Disallowed finance costs                                      |      | 20,159       |                |
| Other non-allowable expenses                                  |      | <u>5,600</u> |                |
|   |      |              | <u>30,498</u>  |
|   |      |              | 5,962          |
| <u>Less:</u>  |      |              |                |
| Waiver of credit balances                                     |      | 4,332        |                |
| Realised foreign exchange profit                              |      | 730          |                |
| Unrealised foreign exchange profit                            |      | <u>608</u>   |                |
|   |      |              | <u>(5,670)</u> |
| <b>Chargeable income for the period 01/04/2018-31/03/2019</b> |      |              | 292            |
|   |      |              | €              |
| Converted into € at CAD 1,500000 = €1                         |      |              | 195            |
| <b>Apportionment to the relevant years of assessment</b>      |      | 2019         | 2018           |
|   |      | €            | €              |
| Period 01/04/2018 - 31/12/2018                                |      | -            | 146            |
| Period 01/01/2019 - 31/03/2019                                |      | <u>49</u>    | -              |
|   |      | 49           | 146            |
| Period 01/01/2018 - 31/03/2018                                |      | <u>-</u>     | <u>181</u>     |
|   |      | <u>49</u>    | 327            |