

GREEN TREE INVESTMENT COMPANY LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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GREEN TREE INVESTMENT COMPANY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2019

The directors present herewith their report and audited financial statements of the company for the year ended 31 March 2019.

Activities

The company carries on the business of:

- (i) As an intermediary, with back to back agreements for constructing and providing finance for developing immovable properties
- (ii) The company is constructing in phases residential apartments for sale.

Results

As shown in the statement of income on page 5, activities for the current year give the company a loss of R 13,366,655 after taxation.

Application of profits and revenue reserves

The results for the current year and losses from prior year do not permit the company to distribute dividends.

Directors and their interest in the company

The directors of the company during the period and their interest in accordance with the register maintained under Section 111 of the Companies Act 1972, were as follows:-

	SHARES HELD	
	1 April	31 March
Mr. G.M. Savy	0	0
Mr. P. Lablache	0	0
Mrs. S. Francis	0	0
Mr. P. Berlouis	0	0
Ms. A. Antat	0	0
Ms. A. Lebon	0	0
Mr. A. Decomarmond	0	0
Mr. W. Confait	0	0
Mr. R. Renaud (Resigned 28 September 2018)	0	0

All directors of the company are citizens of Seychelles.

Mr. P. Berlouis and Ms. A. Antat retire from the board in accordance with Articles of Association and being eligible offer themselves for re-election.

No contract of significance subsisted with the company at any time during the year in which the directors had directly or indirectly, a material interest.

Statement of directors responsibilities

The directors are required to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for the period. In preparing those accounts, the directors are required to:-

prepare financial statements on the going concern basis unless it is inappropriate to assume continuance of business;

select suitable accounting policies and then apply them consistently;

GREEN TREE INVESTMENT COMPANY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2019

Statement of directors responsibilities (cont...)

make judgements and estimates that are reasonable and prudent; and

disclose and explain any material departures from applicable accounting standards.

The Companies Act 1972 also requires the directors to keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They also have the general responsibility for taking reasonable steps to safeguard the assets of the company and detect fraud and other irregularities.

The directors consider they have met their responsibilities as set out in the Companies Act 1972.

The financial statement are signed by the current directors of the company.

Auditors

The retiring auditors are Pool & Patel who are eligible for re-appointment.

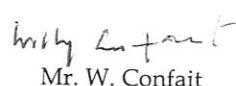
DIRECTORS



Mr. G.M. Savy



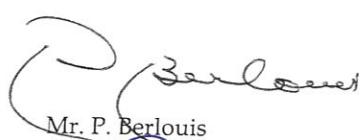
Mr. P. Lablache



Mr. W. Confait



Mrs. S. Francis



Mr. P. Berlouis



Ms. A. Antat



Ms. A. Lebon

31 May 2019



Mr. A. Decommarmond



INDEPENDENT AUDITOR'S REPORT

GREEN TREE INVESTMENT COMPANY LIMITED

We have audited the accompanying financial statements of Green Tree Investment Company Limited on pages 4 to 11, which comprise the statement of financial position as at March 31, 2019, the statement of income – by nature of expense and retained earnings and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management, under the historical cost convention and the financial reporting provisions of the Seychelles Companies Act 1972.

This report is made solely for the Company's members as a body in accordance with Section 158 of the Companies Act 1972. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's Members as a body for our audit work, for this report or for the opinion we have formed.

Management's Responsibility for the Financial Statements

Management is responsible for keeping proper accounting records and for the preparation of financial statements that give a true and fair view of the company's affairs in accordance with the financial reporting provisions of the Seychelles Companies Act 1972, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

We have no relationship with or material interest in the company other than in our capacity as auditors and tax and business advisors and arms length dealings with the company in the ordinary course of business.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and that these are in accordance with the accounting records maintained by the management. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Going concern considerations

The equity of the company is in deficit primarily from sale of graduate apartments at discounted prices, and its continuance is subject to: -

- (a) Its ability to realize sufficient surpluses from disposing its luxury apartments in the future and;
- (b) Continual support from its lenders

Opinion

Subject to above, in our opinion, the accompanying financial statements set out on pages 4 to 11 give a true and fair view of the financial position of Green Tree Investment Company Limited as at March 31, 2019, and of its financial performance and its cash flows for the period then ended in accordance with the financial reporting provisions of the Seychelles Companies Act 1972.

Pool, Patel

POOL & PATEL
CHARTERED ACCOUNTANTS
31 May 2019

Statement of financial position

Financial statements are prepared in Seychelles Rupees

	Note	As at 31 March	
		2019	2018
Assets			
Work in progress	11	62,254,336	53,560,695
Lending	9	69,223,596	75,117,419
Non-current assets		131,477,932	128,678,114
Lending	9	13,132,291	15,256,133
Inventory	4	1,500,000	0
Trade & other receivables	6	403,858	4,604,483
Cash at bank		14,102,758	11,926,115
Current assets		29,138,907	31,786,731
Total assets		160,616,839	160,464,845
Liabilities			
Borrowings	8	107,327,900	91,306,821
Non-current liabilities		107,327,900	91,306,821
Borrowings	8	34,460,411	38,057,352
Trade and other payables	7	31,662,884	30,568,373
Current liabilities		66,123,295	68,625,725
Total liabilities		173,451,195	159,932,546
Share capital	5	100,000	100,000
Retained earnings		(12,934,356)	432,299
Equity		(12,834,356)	532,299
Total liabilities and equity		160,616,839	160,464,845

The notes on pages 7 to 11 are an integral part of these financial statements.



Mr. G.M. Savy



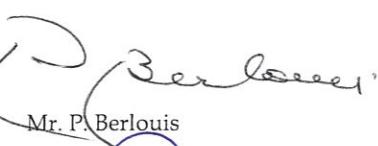
Mr. P. Lablache



Mr. W. Confait



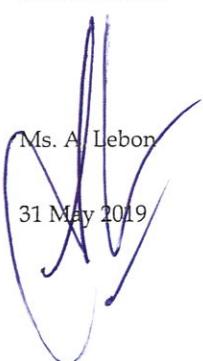
Mrs. S. Francis



Mr. P. Berlouis

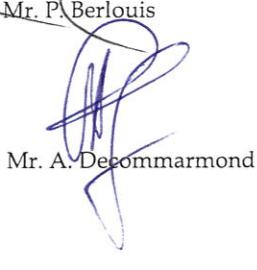


Ms. A. Antat



Ms. A. Lebony

31 May 2019



Mr. A. Decomarmond

GREEN TREE INVESTMENT COMPANY LIMITED

Statement of income - by nature of expense and retained earnings
 Financial statements are prepared in Seychelles Rupees

	Note	Year ended 31 March 2019	2018
Sale of condominiums			
Income		13,080,000	0
Cost of sales		(26,245,867)	0
Gross loss		(13,165,867)	0
Administration fees		690,000	720,000
Contribution for overheads		360,000	373,147
Cost of maintaining the company		(994,809)	(667,416)
Operating Profit / (loss)		(13,110,676)	425,731
Bank loan interest paid		(10,224,690)	(10,030,929)
Interest on fixed deposit		380,000	752,322
Interest reimbursed		9,659,361	9,370,759
Finance income/(expense) - net		(185,329)	92,152
Profit/(loss) before income tax		(13,296,005)	517,883
Corporate Social Responsibility Tax	4	(70,650)	482,317
Profit/ (loss) for the year		(13,366,655)	1,000,200
Dividends		0	0
		(13,366,655)	1,000,200
Retained earnings 1 April		432,299	(567,901)
Retained earnings 31 March		(12,934,356)	432,299

The notes on pages 7 to 11 are an integral part of these financial statements.

GREEN TREE INVESTMENT COMPANY LIMITED

Cash flow statement

Financial statements are prepared in Seychelles Rupees.

As at 31 March

	Note	2019	2018
Cash flows from operating activities			
Profit/(loss) for the year		(13,366,655)	517,883
Adjustments for:-			
Adjustment for WIP to P&L		27,745,867	
Interest capitalised			
Taxation	4	0	0
Finance costs - net		185,329	(92,152)
		14,564,541	425,731
(Increase)/decrease in inventory		(1,500,000)	0
(Increase)/decrease in debtors	6	4,200,625	(4,134,850)
Increase/(decrease) in creditors	7	1,094,511	13,623,988
Cash (used in)/generated from operations		18,359,677	9,914,869
Interest reimbursed/received		380,000	10,123,081
Interest paid		0	(12,417,799)
Net cash (used in)/generated operating activities		18,739,677	7,620,151
Cash flows from investing activities			
Lending made		(7,811,153)	0
Investment in work in progress	11	(34,380,826)	(22,184,404)
Lending repaid	9	25,488,179	12,968,717
Net cash generated/(used) in investing activities		(16,703,800)	(9,215,687)
Cash flow from financing activities			
Loan received	8	42,151,923	6,608,268
Loan repaid	8	(42,011,157)	(11,260,837)
Net cash from/(used in) financing activities		140,766	(4,652,569)
Increase in cash and cash equivalents		2,176,643	(6,248,105)
Cash & cash equivalent at 1 April		(14,102,758)	(7,854,653)
Cash and cash equivalents 31 March		(11,926,115)	(14,102,758)

GREEN TREE INVESTMENT COMPANY LIMITED

FIVE YEAR FINANCIAL SUMMARY - 31 MARCH 2019
 Financial statements are prepared in Seychelles Rupees '000

	2019	2018	2017	2016	2015
Statement of financial position					
Share capital					
Authorised	100	100	100	100	100
Issued and fully paid	100	100	100	100	100
Retained earnings	(12,934)	432	(568)	(459)	(29)
Borrowings	141,788	129,364	136,173	104,969	58,628
Net assets employed	128,954	129,896	135,705	104,610	58,699
Statement of income					
Turnover	14,510	1,845	1,389	300	0
Profit/(loss) before taxation	(13,366)	518	(111)	85	(29)
Taxation	0	482	2	(515)	0
	(13,366)	1,000	(109)	(430)	(29)
Dividends	0	0	0	0	0
	(13,366)	1,000	(109)	(430)	(29)
Retained earnings - 1 April	432	(568)	(459)	(29)	0
Retained earnings - 31 March	(12,934)	432	(568)	(459)	(29)

GREEN TREE INVESTMENT COMPANY LIMITED

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

Financial statements are prepared in Seychelles Rupees

1 *Reporting entity*

Green Tree Investment Company Limited is a limited liability company incorporated and domiciled in the Seychelles. The address of the company's registered office is Maison La Rosiere, Mahe, Seychelles.

The company carries on the business of:

- (i) Acting as an intermediary, with back to back agreement for constructing and providing finance for developing immovable properties.
- (ii) Constructing and disposing, in phases, residential apartments for sale.

2 *Summary of significant accounting policies*

The principal accounting policies applied in preparation of these financial statements are set out below.

2.1 *Basis of presentation*

The statements of Green Tree Investment Company Ltd are prepared in accordance with the requirements of the Seychelles Companies Act, 1972 and the International Financial reporting Standard for Small and Medium-sized Entities (IFRS for SME's). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS for SME's requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. Areas involving a high degree of judgement and where assumptions and estimations are significant to the financial statements are disclosed in the notes.

2.2 *Functional and reporting currency*

The financial statements are presented in the Seychelles Rupee, which is the reporting currency under the Companies Act, 1972.

2.3 *Financial instruments*

Financial assets and liabilities are recognised on the statement of financial position when the company has become party to the contractual provision of the financial instruments. Except where stated separately, the carrying amounts of the company's financial instruments approximate their fair value.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

Receivables

Trade receivables are initially recognised at the transaction price. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to original terms of the receivables.

Payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier. Other liabilities are stated at original debt less principal repayments and amortizations.

Loans and borrowing

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

GREEN TREE INVESTMENT COMPANY LIMITED

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

Financial statements are prepared in Seychelles Rupees

2 *Summary of significant accounting policies (cont...)*

2.3 *Financial instruments (cont...)*

Impairment and uncollectibility of financial assets

The carrying amounts of the financial assets is reviewed by the directors periodically to determine whether it is in excess of its market or recoverable amount in the statement of financial position. If there is any evidence of other then a temporary impairment in the carrying amount of an asset, it is written down to its fair value or recoverable amount and the loss recognised in the income statement.

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised and;
- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Financial assets and liabilities are recognised on the statement of financial position when the company has become party to the contractual provision of the financial instruments. Except where stated separately, the carrying amounts of the company's financial instruments approximate their fair value.

2.4 *Taxation*

The tax expense for the period comprises of Corporate Social Responsibility Tax (or credit for provided in error in prior years).

2.4 *Inventories*

Inventory of completed apartments is stated at the lower of cost or net realisable value.

2.6 *Revenue recognition*

Lending for properties under finance leases is recognised at the commencement date of the rental agreement.

In relation to the rendering of services, revenue is recognised as it accrues on a monthly basis.

In relation to sale of apartments, revenue is recognised upon formal sign off and handover of completed apartments.

2.6 *Comparatives*

Where necessary comparatives figures have been adjusted to conform to changes in presentation in the current year.

3 *Profit/(Loss) for the year*

	2019	2018
Profit/(Loss) for the year has been arrived at after charging:		
Audit fees	42,500	42,500

4 *Inventory*

	2019	2018
Show apartment available for sale	1,500,000	0

5 *Authorised & issued capital*

	2019	2018
Authorised, issued and fully paid 1,000 shares of R 100 each	100,000	100,000

GREEN TREE INVESTMENT COMPANY LIMITED

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

Financial statements are prepared in Seychelles Rupees

6 Trade and other receivables

	2019	2018
Lending instalment outstanding	0	84,642
Receivable from related party (note 10)	0	3,810,028
Sundry receivables	403,858	709,813
Total	403,858	4,604,483

7 Trade and other payables

	2019	2018
Related party (note 10)	7,899,619	3,584,404
Refundable advances	15,460,185	14,644,282
Accruals	2,182,180	2,059,287
CSR Tax payable	70,650	0
Deposits received for purchase of condominiums	6,050,250	10,280,400
Total	31,662,884	30,568,373

8 Borrowings

	2019	2018
Non current		
Bank loans	107,327,900	80,856,239
Current		
Bank loans	11,976,224	22,245,060
Bank overdraft	22,484,187	26,262,874
	34,460,411	48,507,934

8.1 Repayments

	2019	2018
Repayable within 1 year	61,966,640	38,057,352
Repayable later than 1 year and no later than 5 years	79,821,671	58,244,304
Repayable over 5 years	0	33,062,517
Total	141,788,311	129,364,173

The banking facilities are secured by first line charges on the leasehold properties title V18455 for R 104,580,505 and title V1270 for R 4,696,332, corporate guarantee of IDC for R 109,300,000, assignment of proceeds from Ministry of Finance, Trade & Investment (MOF) by the company with confirmation of MOF to be included in the national budget.

9 Lending

9.1 Projects constructed and financed

Projects constructed and converted to lending under a financial lease are as:

	MLUH	Mayor office
Anticipated duration of lease remaining	61 months	77 months
Commencement date	Dec, 2015	June, 2015
Monthly rental (subject to change in loan interest rates)	1,799,116	63,602
Implicit interest rate for 2018/2019	11.00%	11.00%
Gross investment in lease	155,499,108	7,014,317
Fair value of lease on commencement date	111,569,183	4,634,636
Unearned finance income at 31 March 2019	24,988,236	N/A

9.2 Early settlement of financial lease

During the year the Government decided to settle in full, the lending made in respect of the Mayor's office.

GREEN TREE INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Financial statements are prepared in Seychelles Rupees

9.2 *Repayments*

The future minimum rental payments at 31 March 2018, under a non cancellable financial lease, are as follows:

	2019	2018
Repayable within 1 year	13,132,291	15,256,133
Repayable later than 1 year and no later than 5 years	69,223,596	74,142,419
Repayable over 5 year	0	975,000
Total	82,355,887	90,373,552

The lending is subject to interest which mirrors the rate on borrowings. (11 % in current year - 8.5 % in prior year).

As security, the company hold leasehold rights over land where a project is situate, which is surrendered at no cost upon repayment of the lending.

10 *Related parties and transactions*

These relate to shareholders, directors and senior management of the company and the companies of which they are principal owners or directors. Pricing policies and terms of these transactions are considered by the Directors to have been conducted at an arms length unless stated otherwise below.

10.1 Year end balances

	2019	2018
Due (to)/from parent company (net)	7,899,619	3,589,404

10.2 Parent and other controlling interests

The company is a wholly owned subsidiary of Green Island Construction Company Limited with the ultimate parent being Island Development Company Limited, both incorporated in the Seychelles.

10.3 Services provided by parent company

	2019	2018
Construction work done	30,596,481	22,184,403

10.4 Directors emoluments, pensions or compensation

No payments were made in the period for directors emoluments, pensions or compensation.

11 *Commitments*

11.1 Work in progress

The company has engaged its fellow subsidiary to undertake construction of a condominium project which will comprise of 57 luxury and 100 graduate apartments (50 each of 3 and 2 bedrooms). The project is expected to cost R 370m on completion with a potential revenue of R 511m.

Works in progress at 31 March 2019 comprises of:

- (a) R 59.4m for practically completed 19 luxury apartments (phase 1 of development), expected to be available for sale in September 2019 at an additional cost of R 4m. The expected gross revenue from sale of these apartments is R 84m.
- (b) R 2.8m representing the commencement of 10 graduate apartments (phase 2 of development), expected to cost of R 28m, and will be financed by pre selling of the apartments and a further drawdown of R 17.5 from an agreed bank loan. The expected gross revenue from sale of these apartments is R 13m.

12 *Contingencies*

The company awaits confirmation on the applicable treatment of finance lease revenues and future rents in terms of Business, Value Added, Withholding and Corporate Social Responsibility Taxes. The company is of the opinion that the financial statements include provisions for all potential liabilities.

GREEN TREE INVESTMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

Financial statements are prepared in Seychelles Rupees

	2019	2018
Sale of condominiums		
Proceeds	13,080,000	
Cost of sales	<u>(26,245,867)</u>	
	(13,165,867)	
Finance income/(cost):		
Loan interest	(10,224,690)	(10,030,929)
Reimbursement	<u>9,659,361</u>	<u>9,370,759</u>
	(565,329)	(660,170)
Other income		
Int on FD	380,000	752,322
Administration fees	690,000	720,000
Contribution for insurance	360,000	360,000
Contribution for bank fees	<u>-</u>	<u>13,147</u>
	1,430,000	1,845,469
Total income	(12,301,196)	1,185,299
Less: Overheads		
Advertising		
Accounting fees		
Audit fees	56,000	46,663
Bank charges	592,331	150,577
Insurance	247,844	336,026
Legal & professional fees	5,500	134,150
Miscellaneous expenses	<u>93,133</u>	<u>-</u>
	(994,808)	(667,416)
Operating profit/(loss) for the year	(13,296,004)	517,883