Annual Financial Report

RNS Number : 4091N

Fragrant Prosperity Holdings Ltd

30 September 2021

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FRAGRANT PROSPERITY HOLDINGS LIMITED

("FPP" or "the Company")

Fragrant Prosperity Holdings Limited (LSE: FPP) announces its audited annual financial results for the financial year ended 31 March 2021.

Chairman's statement for the financial year ended 31 March 2021

I have pleasure in presenting the financial statements of Fragrant Prosperity Holdings Limited (the "Company" or "FPP") for the financial year ended 31 March 2021.

During the financial year, the Company reported a net loss of £241,709 (2020: £191,778) which represents ongoing administrative expenses as well as any costs incurred in identifying potential transactions. As at 31 March 2021, the Company had cash in bank balance of £562,204 (2020: £127,710).

The Board continued to review a number of potential acquisition opportunities across the sector but none of which met the necessary criteria for selection as at the end of the year. However, after the year end the Company entered into a letter of Intent to acquire the entire issued share capital of CiiTech Ltd a leading cannabis wellness company based in the UK and Israel for consideration of £17.5m payable in newly issued shares in the Company (subject to adjustment should the number of CiiTech securities in issue change prior to completion of the acquisition).

The Board would provide further updates to shareholders in due course.

Craig Marshak

Chairman

Enquires:

Fragrant Prosperity Holdings Limited

Simon James Retter / Craig Marshak +44 (0) 20 3137 1902

Optiva Securities Ltd (Financial Adviser)

Jeremy King +44 (0) 20 3137 1902

FRAGRANT PROSPERITY HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

Directors' report

The Directors present their report together with the audited financial statements, for the financial year ended 31 March 2021.

The Company was incorporated on 28 January 2016 in the British Virgin Islands, as a company limited by shares under the BVI Business Companies Act, 2004. The registered office of the Company is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

Its issued share capital, consisting of Ordinary Shares, are currently admitted to a Standard Listing on the Official List in accordance with Chapter 14 of the Listing Rules and to trading on the London Stock Exchange's main market for listed securities.

On the 12 December 2017 the company changed its name from Vale International Group Ltd to Fragrant Prosperity Holdings Ltd.

The Company's nature of operations is to act as a special purpose acquisition company.

Results and dividends

The results for the year are set out in the Statement of Comprehensive Income on page 15. The Directors do not recommend the payment of a dividend on the ordinary shares.

Company objective and future developments

The Company was formed to undertake an acquisition of a target company or business. The Company has entered into a non-binding letter of intent to acquire the entire issued share capital of CiiTECH Ltd, a leading cannabis wellbeing company based in the UK and Israel for consideration of £17,500,000 (the "Acquisition"). Under the terms of the non-binding letter of intent entered into with CiiTECH the Company expects that consideration for the Acquisition will be satisfied by issue of new Shares although it expected that a concurrent fund raise will be undertaken alongside readmission to the Standard Segment of the main market of the London Stock Exchange. Any funds not used in connection with the Acquisition will be used for future acquisitions, internal or external growth and expansion, and working capital in relation to the acquired company or business.

Following completion of the Acquisition, the objective of the Company will be to operate the acquired business and implement an operating strategy with a view to generating value for its Shareholders through operational improvements as well as potentially through additional complementary acquisitions following the Acquisition. Following the Acquisition, the Company intends to seek re-admission of the enlarged group to listing on the Official List and trading on the London Stock Exchange or admission to another stock exchange.

The Company's efforts in identifying a prospective target company or business will not be limited to a

particular industry or geographic region. However, given the experience of the Directors, the Company expects to focus on acquiring a company or business in the technology sector (in particular focussing on technology and/or intellectual property that is used in the financial services industry) or the medicinal cannabis and CBD Wellness sector with either all or a substantial portion of its operations in Europe or Asia. The Directors' initial search will focus on businesses based in or with operations in Hong Kong, Malaysia, or the United Kingdom.

Principal risks and uncertainties

Currently the principal risks relate to the completion of the Acquisition, and whether, if unsuccessful, the Company could find sufficient suitable investments to ensure compliance with the requirements of its continued listing on the standard market.

An explanation of the Company's financial risk management objectives, policies and strategies is set out in note 8.

Effect of Covid 19

During the first half of the calendar year 2020, the widely reported Covid 19 pandemic effected business and economies throughout the globe. Given the nature of operations of the Company the effect has been minimal to date, although some added headwinds might be experienced resulting in a longer period of time to identify and execute a chosen acquisition of a business due to the overall slowdown in the global economy and travel restrictions.

Key events

At the year end the Company had cash of approximately £562,204 and continues to keep administrative costs to a minimum so that the majority of funds can be dedicated to the review of and potentially investment in, suitable projects. The company is likely to receive additional funds in order to continue its activities.

Directors

The Directors of the Company during the year were:

Mahesh s/o Pulandaran

Simon James Retter

Craig Marshak

Richard Samuel

Daniel Reshef (appointed 31 March 2021)

Director's interest

Mahesh s/o Pulandaran holds 1 share of the Company

Stonedale Management and Investments Ltd (a company which is under control of Simon James Retter), holds an option to subscribe for 2,500,000 shares for nil consideration.

Craig Marshak holds options to subscribe for 2,500,000 shares for nil consideration.

Substantial shareholders

The Company has been notified of the following interests of 3 per cent or more in its issued share capital as at 23 September 2021.

Shareholder	Number of Ordinary Shares	% of Share Capital
Hargreaves Lansdown Nominees	19,936,400	32.9%
Interactive Investor Service Nominee	10,020,706	16.5%
Vidacos Nominee Limited	8,654,292	14.3%
HSDL Nominees	5,386,239	8.9%
Barclays Direct Investing Nominees	2,996,103	4.9%
Jim Nominees Limited	3,245,976	5.4%
Lawshare Nominees Limited	3,031,729	5.0%
Winterflood Securities	1,903,507	3.1%

Capital and returns management

The Directors believe that, following an acquisition, further equity capital raisings may be required by the Company for working capital purposes as the Company pursues its objectives. The amount of any such additional equity to be raised, which could be substantial, will depend on the nature of the acquisition opportunities which arise and the form of consideration the Company uses to make the acquisition and cannot be determined at this time.

The Company expects that any returns for Shareholders would derive primarily from capital appreciation of the Ordinary Shares and any dividends paid pursuant to the Company's dividend policy.

Dividend policy

The Company is primarily seeking to achieve capital growth for its Shareholders.

It is the Board's intention during the current phase of the Company's development to retain future distributable profits from the business, to the extent any are generated. As a holding company, the Company will be dependent on dividends paid to it by its subsidiaries.

The Board does not anticipate declaring any dividends in the foreseeable future but may recommend dividends at some future date after the completion of the Acquisition and depending upon the generation of sustainable profits and the Company's financial position.

The Board can give no assurance that it will pay any dividends in the future, nor, if a dividend is paid, what the amount of such dividend will be.

The Company will only pay dividends to the extent that to do so is in accordance with all applicable laws.

Section 172 Statement

The Directors of the Company, as those of all UK compa-nies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Compa-nies Act 2006 which is summarized as follows:

"A director of a company must act in the way he consid-ers, in good faith, would be most likely to promote the success of the company for the benefit of its stakehold-ers as a whole, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term;

(b) the interests of the company's employees;

(c) the need to foster the company's business relation-ships with suppliers, customers and others;

(d) the impact of the company's operations on the com-munity and the environment;

(e) the desirability of the company maintaining a reputa-tion for high standards of business conduct; and

(f) the need to act fairly as between stakeholders of the Company"

As part of their induction, all Directors are briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. The Directors fulfill their duties partly through a governance framework that delegates day-to-day decision-making to employees of the Company and details of this can be found in our Governance section of the Directors Report.

The following paragraphs summarise how the Directors fulfill their duties:

Risk Management

The Company is currently undertaking due diligence and working towards executing an acquisition of a target. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

For details of our principal risks and uncertainties and how we manage our risk environment, please see page 4.

Our People

Our Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. We must also ensure we share common values that inform and guide our behaviour so we achieve our goals in the right way. The only employees are currently the Directors of the company, who strive to adhere to the highest ethical standards.

Shareholders

The Board is committed to openly engaging with our shareholders, as we recognize the importance of contin-uing effective dialogue. It is important to us that share-holders understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered. Our board members, especially Simon Retter and Craig Marshak, hold a series of shareholders meetings several times a year on the back of financial and operational reporting.

Community and Environment

The Company's approach is to use our strengths to cre-ate positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us.

Corporate governance

As a company with a Standard Listing, the Company is not required to comply with the provisions of the UK Corporate Governance Code. Although the Company does not comply with the UK Corporate Governance Code, the Company intends to adopt corporate governance procedures as are appropriate for the size and nature of the Company and the size and composition of the Board. These corporate governance procedures have been selected with due regard to the provision of the UK Corporate Governance Code insofar as is appropriate. A description of these procedure is set out below:

· until an Acquisition is made, the Company will not have nominations, remuneration, audit or risk committees. The Board as a whole will instead review its size, structure and composition, the scale and structure of the Directors' fees (taking into account the interests of Shareholders and the performance of the Company), take responsibility for the appointment of auditors and payment of their audit fee, monitor and review the integrity of the Company's financial statements and take responsibility for any formal announcements on the Company's financial performance. Following the Acquisition, the Board intends to put in place nomination, remuneration, audit and risk committees;

· the Board has adopted a share dealing code that complies with the requirements of the Market Abuse Regulations. All persons discharging management responsibilities shall comply with the share dealing code since the date of Admission; and

· Following the Acquisition and subject to eligibility, the Directors may, in future, seek to transfer the Company from a Standard Listing to either a Premium Listing or other appropriate listing venue, based on the track record of the company or business it acquires, subject to fulfilling the relevant eligibility criteria at the time. However, in addition to or in lieu of a Premium Listing, the Company may determine to seek a listing on another stock exchange. Following such a Premium Listing, the Company would comply with the continuing obligations contained within the Listing Rules and the Disclosure and Transparency Rules in the same manner as any other company with a Premium Listing.

The Company has not chosen to apply a particular corporate governance code, as the directors consider that the most widely recognised codes are not appropriate for companies with limited board resources.

The Directors are responsible for internal control in the Company and for reviewing its effectiveness. Due to the size of the Company, all key decisions are made by the Board in full. The Directors have reviewed the effectiveness of the Company's systems during the period under review and consider that there have been no material losses, contingencies or uncertainties due to the weakness in the controls. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors.

Emissions, Environmental & Social matters

The Company currently is not responsible for any emissions other than indirectly through travel for undertaking due diligence on target businesses. It is therefore not practical to quantify the total emissions of the Company. Likewise as the nature of the Company is an acquisition company, it is the opinion of the Directors that it has no direct social, community and human rights issues are environmental matters on which it should disclose information. Presently all of the Directors of the Company are male, the Directors are actively seeking to balance the board with some female representation although this would likely occur upon a change in the board composition upon the completion of an acquisition.

Responsibility Statement

The directors are responsible for preparing the annual report and the non-statutory financial statements. The directors are required to prepare financial statements for the Company in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of transactions, other events and conditions in accordance with the definitions and recognition criteria for the assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". In virtually all circumstances, a fair representation will be achieved by compliance with all IFRS as adopted by the European Union. Directors are also required to:

- select suitable accounting policies and then apply them consistently;

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and

- provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Fragrant Prosperity Holdings Ltd website (http://www.fragrantprosperityholdings.com/) is the responsibility of the Directors; work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the British Virgin Islands governing the preparation and dissemination of the financial statements and the other information included in annual reports may differ from legislation in other jurisdictions.

The Directors are responsible for preparing the Financial Statements in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority ('DTR') and with International Financial Reporting Standards as adopted by the European Union.

The directors confirm, to the best of their knowledge that:

· the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

· the Chairman's Statement and Directors' Report include a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

Auditors and disclosure of information

The directors confirm that:

· there is no relevant audit information of which the Company's non-statutory auditor is unaware; and

· each Director has taken all the necessary steps he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's non-statutory auditor is aware of that information.

Events after the reporting date

Subsequent to the year end the company has entered into a non-binding letter of intent to acquire the entire issued share capital of CiiTECH Ltd, a leading cannabis wellbeing company based in the UK and Israel.

Events after the reporting date have been disclosed in note 13 to the financial statements.

This responsibility statement was approved by the Board of Directors on 29 September 2021 and is signed on its behalf by;

Craig Marshak

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRAGRANT PROSPERITY HOLDINGS LTD

Opinion

We have audited the financial statements of Fragrant Prosperity Holdings Limited (the 'Company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

· give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its loss for the year then ended;

· have been properly prepared in accordance with international accounting standards in conformity with International Financial Reporting Standards ("IFRSs") adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("EU");

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Material uncertainty relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included carrying out a risk assessment which covered the nature of the Company, its business model and related risks including where relevant the impact of Coronavirus, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's or group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance on our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Our response and observation
Revenue recognition		
There is a risk that revenue is materially understated due to fraud.	We reviewed the Company's revenue recognition policies and how they are applied.	No revenue was recognised in the year and this was in accordance with the Company's accounting policy and we concluded that no evidence of fraud or other understatement was identified.
Management override of controls		
Journals can be posted that significantly alter the financial statements of the entity.	We examined journals posted around the year end, specifically focusing on areas which are more easily manipulated.	We identified no evidence of

management override in respect of inappropriate manual journals recorded in any section of the financial statements.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be charged or influenced. We use materiality both in planning and in the scope of our audit work and in evaluating the results of our work.

We determine materiality for the Company to be £10,622 and this financial benchmark, which has been used throughout the audit, was determined by way of a standard formula being applied to key financial results and balances presented in the financial statements. Where considered relevant the materiality is adjusted to suit the specific risk profile of the Company.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Performance materiality was set at 75% of the above materiality levels. We agreed with the board that we would report to the committee all individual audit differences identified during the course of our audit in excess of £531 (5% materiality). We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the system of internal control, and assessing the risks of material misstatement in the financial statements. The audit work is conducted centrally by one audit team, led by the Senior Statutory Auditor.

Other Information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

· Fair, balanced and understandable - the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

We have nothing to report in respect of these matters.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of Company and its environment obtained in the course of the audit, we have not identified material misstatements in the chairman's statement or the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Our approach was as follows:

· We obtained an understanding of the legal and regulatory frameworks that are applicable to the Coup and determined the most significant are those that relate to the reporting framework (IFRS) and the relevant tax compliance regulations in the jurisdictions in which the Company operates.

· We understood how the Company is complying with those frameworks by making enquiries of management, the Company Secretary, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, papers provided to the board, discussion with the board and any correspondence received from regulatory bodies.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by enquiring with management and the board during the planning and execution phase of our audit. We considered the programs and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk including revenue recognition as discussed above. These procedures included testing manual

journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

· Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of the Company Secretary and management; and focused testing, as referred to in the key audit matters section above.

Other matters which we are required to address

We were appointed by the board on 25 June 2021 to audit the financial statements for the period ending 31 March 2021. Our total uninterrupted period of engagement is 2 years, covering the period ending 31 March 2021.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the board.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with our engagement letter dated 25 June 2021. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BENJAMIN BIDNELL (Senior Statutory Auditor)

For and on behalf of SHIPLEYS LLP, Chartered Accountants and Statutory Auditor

10 Orange Street, Haymarket, London, WC2H 7DQ

29 September 2021

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL ENDED 31 MARCH 2021

	Notes	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Other operating expenses		(227,146)	(191,778)
Interest charge		(14,563)	-
OPERATING LOSS BEFORE TAXATION		(241,709)	(191,778)
Income tax expense	3	-	-
LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		(241,709)	(191,778)

OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-

TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(241,709)	(191,778)
Basic and diluted loss per share (pence)	5	(0.46)	(0.39)

The notes to the financial statements form an integral part of these financial statement

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

		As at	As at
		31 March 2021	31 March 2020
	Notes	£	£
CURRENT ASSETS			
Cash and cash equivalents		562,204	127,710
Prepayments		23,638	17,375
TOTAL ASSETS		585,842	145,085

CURRENT LIABILITIES

Trade Creditors		(42,919)	(27,250)
Accruals		(7,500)	(7,500)
Convertible loan note		(274,166)	(210,000)
TOTAL LIABILITIES		(324,585)	(244,750)
NET ASSETS		261,257	(99,665)

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Share capital	6	1,492,146	989,913
Retained earnings		(1,281,286)	(1,089,578)
Convertible loan note Reserve		50,397	-
TOTAL EQUITY		261,257	(99,665)

The notes to the financial statements form an integral part of these financial statements

This report was approved by the board and authorised for issue on and signed on its behalf by;

…

Craig Marshak

Director

29 September 2021

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Year ended 31 March 2021	Year ended 31 March 2020
	£	£
Loss before tax	(241,709)	(191,778)
Interest charge	14,563	-
Share based payment	50,000	50,000

Cash flow from operating activities	(177,147)	(141,778)
Changes in working capital		
Movement in other payables	15,670	(6,000)
Movement in prepayments and other debtor	(6,263)	125
Net cash outflow from operating activities	(167,740)	(147,653)
Issue of equity	543,930	64,790
Issue costs	(41,696)	(5,000)
Issue of convertible loan note	100,000	210,000
Net cash flow from investing activities	602,233	269,790
Net decrease in cash and cash equivalents	434,494	122,136
Cash and cash equivalents at beginning of period	127,710	5,574
Cash and cash equivalents at end of period	562,204	127,710

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Share capital	Convertible Loan Note Reserve	Retained earnings	Total
	£	£	£	£
As at 31 March 2019	930,124	-	(947,800)	(17,676)
Issue of equity	64,790	-	-	64,790
Issues of equity costs	(5,000)	-	-	(5,000)
Loss for the year	-	-	(191,778)	(191,778)
Share based payment charge	-	-	50,000	50,000
Total comprehensive loss for the year	-	-	(141,778)	(141,778)
As at 31 March 2020	989,913	-	(1,089,578)	(99,665)

Issue of equity	543,930	-	-	543,930
Issues of equity costs	(41,696)	-	-	(41,696)
Recognition of Convertible Loan	-	50,397	-	50,397
Loss for the year	-	-	(241,709)	(241,709)
Share based payment charge	-	-	50,000	50,000
Total comprehensive loss for the year	-	-	(191,709)	(191,709)
As at 31 March 2021	1,492,146	50,397	(1,281,286)	261,257

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

1. GENERAL INFORMATION

The Company was incorporated in the British Virgin Islands on 28 January 2016 as an exempted company with limited liability.

The Company's Ordinary shares are currently admitted to a standard listing on the Official List and to trading on the London Stock Exchange.

On the 12 December 2017 the company changed its name from Vale International Group Ltd to Fragrant Prosperity Holdings Ltd.

The Company's nature of operations is to act as a special purpose acquisition company.

2. ACCOUNTING POLICIES

The Board has reviewed the accounting policies set out below and considers them to be the most appropriate to the Company's business activities.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRIC interpretations applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified for financial assets carried at fair value.

The financial information of the Company is presented in British Pound Sterling ("£").

Standards and interpretations issued but not yet applied

At the date of authorisation of this financial information, the Directors have reviewed the Standards in issue by the International Accounting Standards Board ("IASB") and IFRIC, which are effective for accounting periods beginning on or after the stated effective date. In their view, none of these standards would have a material impact on the financial reporting of the Company.

Going concern

Until such time as the Company makes a significant investment it will meet its day to day working capital requirements from its existing cash reserves and by raising new equity finance.

In the year ended 31 March 2021 the Company recorded a loss after tax of £241,709 (2020: £191,778) and a net cash outflow from operating activities of £167,740 (2020: £147,653).

The directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements which assume that no significant investment activity is undertaken unless sufficient funding is in place.

The Company had cash of £562,204 at 31 March 2021 which the directors believe is sufficient to undertake the required steps to make an investment and fulfil its investment mandate.

Based on their assessment, the Directors have a reasonable expectation that the Company has adequate resources, supplemented by the additional funds to be raised, to continue as a going concern for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Cash and cash equivalents

The Company considers any cash on short-term deposits and other short term investments to be cash equivalents.

Taxation

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax is provided for using the liability method on temporary timing differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised in full for all temporary differences. Deferred income tax assets are recognised for all deductible temporary differences carried forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused losses can be utilised.

The carrying amount of deferred income tax assets is assessed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that is probable that future taxable profits will allow the deferred income tax asset to be recovered.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual]cash flow characteristics and the Group's business model for managing them.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at every reporting date.

As at the reporting date, the Group did not have any financial assets subsequently measured at fair value.

Operating segments

The directors are of the opinion that the business of the Company comprises a single activity, that of an investment company. Consequently, all activities relate to this segment.

Critical accounting estimates and judgements

The preparation of financial statements in compliance with IFRS as adopted for use by the European Union requires the use of certain critical accounting estimates or judgements. The directors do not consider there to be any key estimation uncertainty. In respect of critical judgements, the only key judgement is the adoption of going concern on the basis for preparing the financial statements, details of which are set out in note 2.

Share based payments

The Company operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of employee services received in exchange for the grant of share options are recognised as an expense. The total expense to be apportioned over the vesting period is determined by reference to the fair value of the options granted:

· including any market performance conditions;

· excluding the impact of any service and non-market performance vesting conditions; and

· including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period the Company revises its estimate of the number of options that are expected to vest.

It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The fair value of goods or services received in exchange for shares is recognised as an expense.

3. INCOME TAX EXPENSE

The Company is regarded as resident for the tax purposes in British Virgin Islands.

No tax is applicable to the Company for the year ended 31 March 2021 and 2020. Consequently no deferred tax is recognised as all timing differences are permanent.

4. LOSS BEFORE TAXATION

The loss before income tax is stated after charging:

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Staff costs (note 7)	15,200	26,000
Auditors' remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	7,500	7,500

LOSS PER SHARE

Basic loss per ordinary share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There are currently no dilutive potential ordinary shares.

Loss per share attributed to ordinary shareholders

	Year ended 31 March 2021	Year ended 31 March 2020
Loss for the period (£)	(241,709)	(191,778)
Weighted average number of shares (Unit)	52,506,310	49,344,097
Loss per share (pence)	(0.46)	(0.39)

5. SHARE CAPITAL

	Number	£

	of shares	
Balance at 31 March 2019	43,214,287	930,124
Issued during the year	8,638,535	59,789
Balance at 31 March 2020	51,852,822	989,913
Issued during the year	10,360,564	543,930
Issue costs	-	(41,696)
Balance at 31 March 2021	62,223,386	1,492,146

On the 16th July 2019 the Company issued 8,638,535 new ordinary shares in the company at a price of 0.75 pence per share.

On 3 March 2021 the Company issued 10,360,564 new ordinary shares in the company at a price of 5.25 pence per share.

6. STAFF COSTS

	Year ended 31 March 2021	Year ended 31 March 2020
	£	£
Staff costs	-	-
Director fees	15,200	26,000
	15,200	26,000

The average numbers of person employed by the Company (including directors) during the reporting period was 4 (2020: 4).

7. CAPITAL MANAGEMENT POLICY

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued share capital and reserves.

8. FINANCIAL RISK MANAGEMENT

The Company uses a limited number of financial instruments, comprising cash and other payables, which arise directly from operations. The Company does not trade in financial instruments.

Financial risk factors

The Company's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and cash ?ow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a) Currency risk

The Company does not operate internationally and its exposure to foreign exchange risk is limited to the transactions and balances that are denominated in currencies other than Pounds Sterling.

b) Credit risk

The Company does not have any major concentrations of credit risk related to any individual customer or counterparty. Credit risk arises from cash and cash equivalents and deposits with banks

and financial institutions. The Group has taken necessary steps and precautions in minimising the credit risk by lodging cash and cash equivalents only with reputable licensed banks.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the Company ensures it has adequate resource to discharge all its liabilities. The directors have considered the liquidity risk as part of their going concern assessment. (See note 2). At the date of approval of the financial statements there was a material uncertainty in relation to liquidity risk.

d) Cash flow interest rate risk

The Company has no significant interest-bearing liabilities and assets. The Company monitors the interest rate on its interest bearing assets closely to ensure favourable rates are secured.

Fair values

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

9. **FINANCIAL INSTRUMENTS**

The Company's principal financial instruments comprise cash and cash equivalents and other payable. The Company's accounting policies and method adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial assets, financial liability and equity instrument are set out in Note 2. The Company do not use financial instruments for speculative purposes.

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

	As at 31 March 2021 £	As at 31 March 2020 £
Financial assets		
Loans and receivables		
Cash and cash equivalents	562,204	127,710
Total financial assets	562,204	127,720
Financial liabilities measured at amortised cost		
Other payables	42,919	34,750
Convertible loan note	274,166	210,000
Total financial liabilities	317,085	244,750

The convertible loan notes comprise 2 instruments, one dated 13 December 2019, for £210,000 which carries interest at 5% per annum and are convertible at the election of the holder into shares at a price of 2 pence per share. The second is dated 5 June 2020 and also carries interest at 5% per annum and are convertible at the election of the holder into shares at a price of 2 pence per share.

There are no financial assets that are either past due or impaired.

10. RELATED PARTY TRANSACTIONS

Key management are considered to be the directors and the key management personnel compensation as follow:

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Simon James Retter*	-	-
Craig Marshak	-	-
Richard Samuel	-	7,500
Robin Andrew Carrington Rice	-	8,500
Mahesh Pulandaran	-	-
	-	16,000

*In 2020 £10,000 fees were due to Stonedale Management & Investments Ltd a company controlled by Simon Retter regarding work undertaken on the financial investment undertaken during the year.

*In 2021 £15,200 of fees were paid to Stonedale Management & Investments Ltd a company controlled by Simon Retter regarding work undertaken on the financial investment undertaken during the year.

In addition Stonedale management holds an option over 2,500,000 shares with an exercise price of 0p resulting in a share based payment charge of £50,000 during the current year.

During the year options over 2,500,000 shares with an exercise price of 0p resulting in a share based payment charge of £50,000 were awarded to Craig Marshak during the current year.

No pension contributions were made on behalf of the Directors by the Company. No share options were granted to or exercised by a Director in the reporting period.

During the reporting period, other than those noted above the Company did not enter into any material transactions with related parties. As at reporting date, the there was no amount due to the directors.

11. CONTROL

The Directors consider there is no ultimate controlling party.

12. DESCRIPTION OF RESERVES

Retained Earnings comprises accumulated gains and losses incurred to date.

Convertible Loan Note reserve comprises the fair value of the equity component of the convertible loan notes held by the Company.

13. SUBSEQUENT EVENTS

On 24th May 2021 the Company entered into a non-binding letter of intent to acquire the entire issued share capital of CiiTECH Ltd a leading cannabis wellness company based in the UK and Israel. FPP has conditionally agreed to acquire CiiTECH for £17,500,000 to be satisfied by the issue of shares in the Company at a price of 5.25 pence per share. The Company suspended its listing on the Standard Segment of the main market of the London Stock Exchange at this time.

On 29th July 2021 the Company repaid the existing convertible loan notes with a value of £310,000 plus interest and issued a new convertible loan note for £400,000 which carries interest at 5% per annum with an average exercise price of 3 pence per share.

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