

THE MAURITIUS DEVELOPMENT INVESTMENT TRUST COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2020

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FOR THE YEAR ENDED 30 JUNE 2020

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| CONTENTS   | PAGES   |
|--|---------|
| CORPORATE INFORMATION                                      | 1       |
| CORPORATE GOVERNANCE REPORT                                | 2 - 16  |
| SECRETARY'S CERTIFICATE                                    | 17      |
| INDEPENDENT AUDITOR'S REPORT                               | 18 - 21 |
| STATEMENT OF FINANCIAL POSITION                            | 22      |
| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | 23      |
| STATEMENT OF CHANGES IN EQUITY                             | 24      |
| STATEMENT OF CASH FLOWS                                    | 25      |
| NOTES TO THE FINANCIAL STATEMENTS                          | 26 - 52 |

|  |  | Date of appointment | Date of resignation |
|--|--|---------------------|---------------------|
| DIRECTORS:                               | Catherine Ahnee-Gouerec  | 07 November 2011    | -                   |
|  | Bhagwansing Dabeesing  | 30 September 2016   | 05 May 2020         |
|  | Roger Leung Shin Cheung  | 22 December 2000    | -                   |
|  | Georges Leung Shing  | 03 April 1995       | -                   |
|  | Grace Sarah Leung Shing  | 23 April 2019       | -                   |
|  | Aruna Lata Vidia Radhakeesoon  | 30 March 2012       | -                   |
|  | Tahen Kumar Servansingh  | 25 November 2014    | -                   |
|  | Cheong Shaow Woo (Marc) Ah Ching   | 24 May 2018         | -                   |
|  | Stephen Scali  | 24 May 2018         | 23 January 2020     |
| CIS MANAGER:                             | Golden Fund Management Services Ltd  |                     |                     |
| NOTARY:                                  | Jean Pierre Montocchio   |                     |                     |
| ACCOUNTANT:                              | Yogeshwaree Bhaugeerutty Dokarry   |                     |                     |
| COMPANY SECRETARY:                       | JLP Company Secretarial Services Ltd - up to 9 July 2020<br>Karnaby Corporate Services Ltd - as from 9 July 2020 |                     |                     |
| INTERNAL AUDITOR:                        | KPMG   |                     |                     |
| EXTERNAL AUDITOR:                        | Ernst & Young  |                     |                     |
| BANKERS:                                 | The Mauritius Commercial Bank Ltd<br>SBM Bank (Mauritius) Ltd<br>Bank One Ltd<br>ABSA Bank (Mauritius) Limited   |                     |                     |
| REGISTERED OFFICE AND<br>POSTAL ADDRESS: | 7 <sup>th</sup> Floor, Newton Tower<br>Sir William Newton Street<br>Port Louis                                   |                     |                     |

The Mauritius Development Investment Trust Company Limited ('MDIT' or the 'Company'), incorporated in 1967, is the first approved Investment Trust in Mauritius and a Collective Investment Scheme (CIS), authorised as a Closed-end Fund by the Financial Services Commission under the Securities Act 2005. The Company is listed on the Official Market of the Stock Exchange of Mauritius Ltd (SEM).

MDIT's objective is to secure for investors the benefits of a good dividend yield as well as long-term capital growth.

MDIT, a Public Interest Entity as defined under the Financial Reporting Act 2004, is required to adopt the guiding principles embodied in The National Corporate Governance Code for Mauritius 2016 ('the Code'). Its board of directors is committed to best corporate governance practices, business integrity, transparency and professionalism in all its activities.

The Company is headed by an effective Board with a Charter that provides guidance to its directors.

### Compliance

For the year under review, MDIT complied with all the provisions of the Code, except for the following:

| Non-compliance   | Reasons for non-compliance  |
|--|---|
| <b>Principle 2</b> <ul style="list-style-type: none"> <li>• Board Composition - Executive directors</li> <li>• Board Evaluation</li> </ul> | <ul style="list-style-type: none"> <li>• MDIT has no employee and has a management agreement with GFMS, the CIS Manager. MDIT day-to-day affairs are managed by the personnel of GFMS headed by a CEO. The Board considers the CEO of GFMS, who is also a director of MDIT, to be an Executive Director. In view of the particular set up of MDIT, the Board is of the view that having a sole Executive Director is adequate and in line with the spirit of the Code.</li> <li>• Given the business disruption arising from COVID-19, the Board Evaluation was not performed. It will be done during the next financial year.</li> </ul> |
| <b>Principle 5</b> <ul style="list-style-type: none"> <li>• Whistle-blowing Policy</li> </ul>  | <ul style="list-style-type: none"> <li>• A Whistle-blowing Policy will be developed during the next financial year.</li> </ul>  |

### The Board of directors

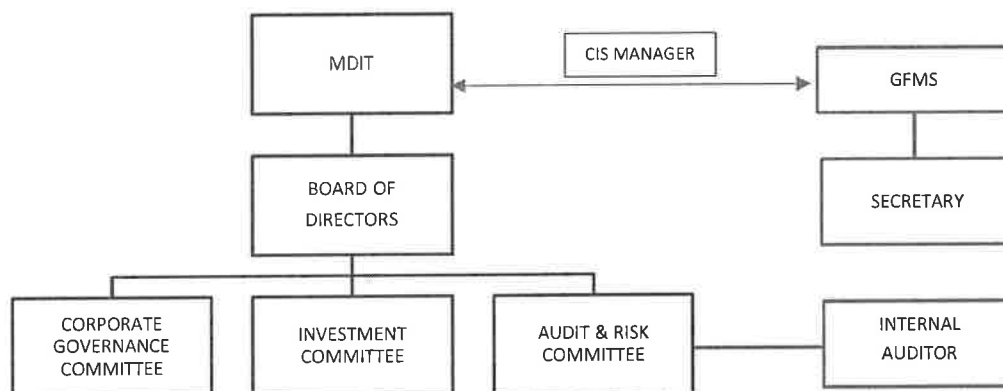
The Board of MDIT is responsible for the successful running of the Company and to ensure that the Company complies with all relevant legislation, the regulatory requirements of the Stock Exchange of Mauritius and the Financial Services Commission and adheres to principles of good governance embodied in the Code.

MDIT has a management contract with CIS Manager, Golden Fund Management Services Ltd ('GFMS' or 'CIS Manager') to provide management, financial and company secretarial services for a rollover period of five years. GFMS has outsourced the company secretarial function and the same service provider acts as Secretary of the Company. The CEO of GFMS has also been appointed Director of the Company and, in pursuance of the management contract, the Manager and/or Accountant of GFMS is in attendance at all the MDIT Board and Committee meetings.

The role of the Chairperson and the CIS Manager are distinct and separate. The Chairperson is primarily responsible for the management and effective performance of the Board and the implementation of good governance practices. The Chairperson ensures the implementation of the Company's strategic objectives and acts as the link between the CIS Manager and the Board. The CIS Manager is responsible for the implementation of the Board's strategy and the management of the Company on a day-to-day basis.

The Board meets as often as is necessary, but not less than, four (4) times a year. The meetings are usually scheduled in advance according to a circulated calendar. Prior to convening the meeting, the Secretary consults with the Chairperson and the CIS Manager on the contents of the Agenda. The Board also takes decisions by way of written resolutions as authorised by the Company's Constitution.

### Organisational Structure



The officers occupying key positions in the Company are namely the Chairperson, the CIS Manager and the Secretary. The main responsibilities of these key officers are set out on the Company's website at <http://mdit.mu/about/corporate-governance.html>.

### Key documents

MDIT has a Constitution, a Board Charter as well as terms of reference for its respective Committees. The Company has a Code of Ethics applicable to its directors and the employees of GFMS follow a similar Code of Ethics. These documents have been approved by the Board and are regularly reviewed, with the assistance of the respective Committees. A copy of these documents is posted on the Company's website.

The Constitution of the Company is in conformity with the provisions of the Companies Act 2001 and the Stock Exchange regulations. A copy is available for consultation at the Company's registered office. The salient features of the Company's Constitution are:

- The Company may purchase or otherwise acquire its shares.
- If the Company proposes to purchase or otherwise acquire more than twenty five percent (25%) of a Class of Shares, it must make a tender offer to all the holders of the relevant Class of Shares.
- Shares to be freely transferable.
- The Board may refuse or delay the registration of a transfer.
- The Board may, if it is satisfied on reasonable grounds that the Company will satisfy the Solvency Test immediately after the Distribution, authorise a Distribution by the Company to Shareholders of any amount and to any Shareholder as it thinks fit.
- The directors on making a Distribution and/or on declaring a Dividend may resolve that the payment of such Distribution or Dividend be made wholly or in part by the Distribution of specific assets, and in particular of paid up shares, debentures, debenture stock, bonds or other obligations of any other company or in any one or more or such ways.
- The Board may pursuant to a discount scheme resolve that the Company shall offer to Shareholders discounts in respect of some or all goods sold, or services provided by the Company.
- A quorum for a General Meeting shall be present where two (2) Shareholders, their representatives, or proxies are representing at least twenty-five per cent (25%) of the voting rights present, or have cast postal votes, on the business to be transacted at the Annual Meeting.
- The Board shall consist of not less than nine (9) or more than twelve (12) directors.
- The directors shall have power at any time, and from time to time to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors but so that the total number of directors shall not at any time exceed the number fixed in accordance with this Constitution. The director appointed to fill up the vacancy shall hold office only until the next following Annual Meeting and shall then be eligible for re-election.
- At the next Annual Meeting and at each subsequent Annual Meeting, a total of four (4) of the directors for the time being appointed by the Annual Meeting shall retire from office.
- Subject to any restrictions in the act or this Constitution, the business and affairs of the Company shall be managed by or under the direction or supervision of the Board.
- The directors shall elect one of their number as Chairman of the Board and determine the period for which he is to hold office.

## THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

### Board Structure and size

The Company has a unitary Board. The Board of MDIT comprises of independent\*, non-independent\*, executive and non-executive directors having a vast experience in their respective fields of expertise and who participate actively in Board meetings which are held on a quarterly basis. The Board periodically reviews its size, composition, skills of its members to ensure that there is an appropriate balance and range of knowledge, experience, competencies and gender diversity.

As per the Constitution, the Board shall consist of not less than nine (9) or more than twelve (12) directors and a quorum shall be composed of six (6) directors. The Board currently comprises seven (7) directors. There are presently two vacant positions.

*\*As defined by the Code*

### Board composition

The Board is headed by a Chairperson who is a Non-Executive Director but is not independent as per the Code in that he has been a Director for more than nine (9) years.

The Company has only one Executive Director, the CEO of GFMS. The Manager and/or Accountant is in attendance at all the MDIT Board and Committee meetings. The Board is of the view that given the context of MDIT, one executive presence satisfies the spirit of the code.

The Board currently comprises of seven (7) members of which four (4) are independent directors and three (3) female members. The Board and Committee members, all resident in Mauritius, are as follows:

| Names of Directors                       | Board                                  | Committee  |
|--|--|--|
| Georges Leung Shing                      | Chairperson and Non-Executive Director | Chairperson of the Investment Committee and member of the Corporate Governance Committee |
| Catherine Ahnee-Gouérec                  | Independent Non-Executive Director     | Member of the Audit and Risk Committee   |
| Marc Ah Ching                            | Independent Non-Executive Director     | Chairperson of the Audit and Risk Committee and member of the Investment Committee       |
| Roger Leung Shin Cheung                  | Non-Executive Director                 | Member of the Investment Committee and Audit and Risk Committee                          |
| Grace Sarah Leung Shing                  | Executive Director                     |  |
| Aruna Radhakeesoon                       | Independent Non-Executive Director     | Chairperson of the Corporate Governance Committee  |
| Benu Servansingh                         | Independent Non-Executive Director     |  |
| Girish Dabeesing (resigned 5 May 2020)   | Independent Non-Executive Director     | Member of the Corporate Governance Committee   |
| Stephen Scali (resigned 23 January 2020) | Independent Non-Executive Director     | Member of the Investment Committee   |

The profiles of the directors are set out on the Company's website (<http://mdit.mu/about/directors.html>).

## THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

### Board Committees

The Board of MDIT has established the following board committees to assist in its decision-making process and help it to carry out its duties and responsibilities:

- Audit and Risk Committee (ARC)
- Corporate Governance Committee (CGC)
- Investment Committee (IC)

Each Committee acts according to its respective terms of reference approved by the Board and reports to the Board on matters discussed at Committee meetings. The terms of reference are reviewed by the respective Committee every year. The Secretary acts as secretary to the Board Committees.

### Audit and Risk Committee (ARC)

The ARC was set up to provide a link between the Board, internal audit and external auditors and is also responsible for the Company's Risk Management function. The ARC comprises two (2) independent directors out of three (3) directors which is in line with the Code.

The ARC terms of reference were approved by the Board. The Chairperson of the Committee reports to the Board on any matter which, in his opinion, the Board should be made aware of.

The members of the ARC are:

- Marc Ah Ching (Chairperson)
- Catherine Ahnee-Gouérec
- Roger Leung Shin Cheung

The ARC roles and responsibilities include reviewing the appropriateness of the Company's accounting policies, assessing the effectiveness of the internal control processes, reviewing the financial statements and the reporting function, ensuring compliance with relevant laws and regulations, discussing the results of the external audit processes with the external auditors, and, with the support of the internal and external auditors, directing the Risk Management function.

As and when required, the ARC also meets with the internal and external auditors without the presence of the CIS Manager. The internal and external auditors have free access to the ARC to report on any matters or findings.

### Corporate Governance Committee (CGC)

The CGC was set up to also act as Nomination and Remuneration Committee and has terms of reference approved by the Board.

The members of the CGC are:

- Aruna Radhakeesoon (Chairperson)
- Girish Dabeesing (resigned 5 May 2020)
- Georges Leung Shing

The main objective of the CGC is to review and make recommendations to the Board in relation to corporate governance matters including fulfilling its oversight responsibilities for the Company's compliance with the Code.

THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

Investment Committee (IC)

The IC was set up to review that the investment policies adopted by the CIS Manager regarding its investment portfolio are in line with the Board's strategy. It also examines purchases and sales of local securities and reviews loans and substantial investments. It also ensures proper liaison with the Fund Managers responsible to look after the Company's interests, oversees and considers avenues which may give opportunities for growth.

This IC comprises the following members:

- Georges Leung Shing (Chairperson)
- Marc Ah Ching
- Roger Leung Shin Cheung
- Stephen Scali (resigned 23 January 2020)

The Chairperson of the IC is also the Chairperson of the Board. Taking into consideration the proven professional experience of the Chairperson of the Board in the investment sector, the Board considers it appropriate that he also chairs the Investment Committee.

Board and Committee meetings and attendance

The Board meets on a quarterly basis to review business operations and monthly reports are circulated to the directors by the CIS Manager. The Chairperson in collaboration with the CIS Manager and the Secretary, agree on meeting agendas and board packs are usually sent to directors in advance.

The minutes of proceedings of each Board and Committee meeting are recorded by the Secretary and are submitted at their next meeting for approval and signature by the Chairperson and the Secretary.

The directors' attendance at Board and Committee meetings held during the year ended 30 June 2020 is shown below:

| Names of Directors                       | Board      | ARC        | CGC        | IC         |
|--|------------|------------|------------|------------|
| Marc Ah Ching                            | 4 out of 4 | 2 out of 2 | N/A        | 3 out of 4 |
| Catherine Ahnee-Gouérec                  | 4 out of 4 | 2 out of 2 | N/A        | N/A        |
| Roger Leung Shin Cheung                  | 4 out of 4 | 2 out of 2 | N/A        | 4 out of 4 |
| Georges Leung Shing                      | 4 out of 4 | N/A        | 2 out of 2 | 4 out of 4 |
| Grace Sarah Leung Shing                  | 4 out of 4 | 2 out of 2 | 2 out of 2 | 4 out of 4 |
| Aruna Radhakeesoon                       | 2 out of 4 | N/A        | 1 out of 2 | N/A        |
| Benu Servansingh                         | 4 out of 4 | N/A        | N/A        | N/A        |
| Girish Dabeesing (resigned 05 May 2020)  | 3 out of 3 | N/A        | 2 out of 2 | N/A        |
| Stephen Scali (resigned 23 January 2020) | 1 out of 3 | N/A        | N/A        | 1 out of 3 |

Directorships held by Board Members in other listed companies

| Names of Directors      | Name of Listed Companies  | Director Category |
|-------------------------|---------------------------|-------------------|
| Marc Ah Ching           | Ascencia Ltd              | Non-Executive     |
| Roger Leung Shin Cheung | Vivo Energy Mauritius Ltd | Non-Executive     |
| Aruna Radhakeesoon      | Rogers & Company Ltd      | Executive         |



## THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

### Secretary

The Secretary was JLP Company Secretarial Services Ltd, represented by Mr Fabrice Parsooramen (FCCA), as at 30 June 2020. All directors have access to the advice and services of the Secretary and also have the authority to request independent professional advice at the reasonable expense of the Company. The Secretary administers, attends and prepares minutes of Board, Committee and Shareholders' meetings. The Secretary is responsible for the external communication of the Company and assists the Chairperson and the Board in implementing good governance practices and processes to maximise shareholders' wealth.

### DIRECTOR APPOINTMENT PROCEDURES

The Board is responsible for succession planning and for the recommending the appointment of new board members to shareholders.

#### Election and re-election

The process of directors' election and re-election is set out in the Constitution. The CGC usually makes recommendations to the Board which then finalises the Board nominations to be put before the Annual Meeting of shareholders.

Board members retire as per the provisions of the Constitution. At each Annual Meeting, a total of four (4) directors retire from office and are eligible for re-election. Before recommending a member of the Board for re-appointment, the Board carefully considers his or her past performance on the Board and the Chairperson ensures that the individual member has maintained effective performance and commitment in his/her role. Directors' election is approved at yearly annual meetings by separate resolutions.

#### Induction and orientation

An induction pack, which includes an overview of the Company's profile and operations as well as key Company documents, is provided by the Secretary to all new directors. The induction pack is regularly reviewed by the Chairperson to ensure continued quality and relevance.

#### Professional development

The Board will consider regular training and development needs of directors, as appropriate, to ensure constant professional update.

#### Succession Planning

The Board, with the assistance of the CGC, reviews the aspect of succession planning of directors to ensure continued balance of knowledge, skills and experience whilst also ensuring gradual renewal of the Board. The profiles of MDIT directors can be viewed on the Company's website at <http://mdit.mu/about/directors.html>.

The Chairperson of the Board is also the Chairperson of the substantial shareholder of the Company, namely Golden Foundation Ltd (GFL). The Board comprises a majority of directors who do not have any relationship with GFL.

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## DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)

### CIS Manager

**Grace Sarah Leung Shing**  
Chief Executive Officer (CEO)

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Grace Sarah Leung Shing, the CIS Manager, is an Executive Director of the Company and her Profile is set out on the Company's website.

**Yogeshwaree (Shalini) Bhaugeerutty**  
Accountant

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Shalini Bhaugeerutty holds an MBA, specialisation in Finance, from Arden University, United Kingdom, and is an ACCA Affiliate. She was employed at Accenture Mauritius Ltd and Inter Face International Ltd, an IBL subsidiary company and Noveljobs Ltd as Group Financial Controller. After then working as Group Financial Accountant of Evaco Ltd, she joined the CIS Manager of the Company in October 2019.

**Ghaneswaree (Shalini) Hurhangee-Rajcoomar**  
Accountant - Up to November 2019

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Shalini Rajcoomar is an ACCA Associate. She was employed at High Security Guards Ltd, Appavoo & Associates, Brinks (Mauritius) Ltd, and as Senior Fund Accountant at DTOS Ltd of the IBL Group for ten years from 2007. After then working as Accountant at La Prudence Leasing Finance Company Ltd, she joined the CIS Manager of the Company and resigned in November 2019.

## DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE

### Legal duties

The directors are aware of their legal duties as described in the Companies Act 2001 and the Company's Board Charter.

### Code of Ethics

The Company does not have any employee and has a Code of Ethics for its directors. The Board monitors and evaluates compliance with the Code of Ethics for its directors.

### Conflicts of Interest

The Board Charter sets out the guidelines for dealing with conflicts of interests that may be faced by the directors. This includes the duty of a director to immediately report to the Chairperson any conflict of interest or potential conflict of interest and not take part in any discussion or decision-making regarding any subject or transaction in which he/she has a conflict of interest with the Company. Decisions to enter into transactions where Board members may potentially be conflicted of interest are dealt with by the Board.

The Board confirms that all conflicts of interest and related party transactions have been conducted in accordance with the conflicts of interest and related party transactions sections of the Board Charter and the Code of ethics. The Secretary maintains an Interests register which is available for consultation to shareholders upon written request.

### Interest of Directors in the Equity Capital & Dealing in shares by Directors

Directors ensure that their dealings in the Company's shares are conducted in accordance with the principles of the Model Code for Securities Transactions by directors, as detailed in Appendix 6 of the Listing Rules issued by the SEM and the Companies Act 2001.

DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

Shares held by Directors at 30 June 2020

| Name of Directors                        | % holding | Directly | Indirectly |
|--|-----------|----------|------------|
| Marc Ah Ching                            | -         | -        | -          |
| Catherine Ahnee-Gouerec                  | 0.10      | 340,215  | 79,106     |
| Roger Leung Shin Cheung                  | -         | -        | -          |
| Georges Leung Shing                      | 2.32      | 5,304    | 9,830,151  |
| Grace Sarah Leung Shing                  | 1.00      | 289,600  | 3,947,743  |
| Aruna Radhakeesoon                       | -         | -        | -          |
| Benu Servansingh                         | -         | -        | -          |
| Girish Dabeesing (resigned 5 May 2020)   | -         | -        | -          |
| Stephen Scali (resigned 23 January 2020) | -         | -        | -          |

Information, Information Technology and Information Security Governance

The Board is responsible for the information governance function and has put in place an information technology and security policy. The Board is assisted by the ARC in the regular review of the effectiveness of the policy ensuring that any associated risks are addressed and mitigated as well as the monitoring of any significant expenditure on information technology.

Board Information

At Board meetings, a report is presented by the CIS Manager, which comprises a review of the local market and an analysis of the Company's performance. Corporate Announcements as well as the Purchases and Sales during the quarter are also commented on.

The Board and its members each have responsibility for obtaining all information needed from the CIS Manager as well as the Internal and External Auditors to carry out their duties. If the Board thinks it is necessary, it may obtain information from officers and external advisers of the Company.

In accordance with the Companies Act 2001, directors shall not disclose any information of a confidential nature regarding the business of the Company, unless required to do so by law. Board members are also required not to use any confidential information for his or her personal benefit and to return, at the term of their office, all confidential documents to the Company in a manner that ensures confidentiality is preserved.

The Company has a Directors' and Other Officers' Liability insurance in place.

Board Evaluation and Development

The collective evaluation of the performance of the Board and its Committees is carried out, through an internal Board Evaluation questionnaire, on an annual basis with the assistance of the Secretary. The questionnaire includes the following:

- Duties and responsibilities of the Board
- Board size, composition, frequency and materials
- The Board's relationship with its committees
- The Board's relationship with its shareholders
- Board improvement areas

The Board will then review and address the areas of concern highlighted following the exercise. Due to business disruptions caused by COVID-19, the evaluation exercise to assess the effectiveness of the Board was not performed for the year under review. This will be undertaken in the next financial year.

DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

Board Information (Continued)

Remuneration of Directors

The present directors' fee structure, as approved by the Board, following the recommendations of the CGC, consists of a fixed fee and an attendance fee per meeting for Board and Committee members. The below remuneration was received by directors:

| Names of Directors                          | 2019/2020    | 2018/2019    |
|---|--------------|--------------|
|   | Rs'000       | Rs'000       |
| Marc Ah Ching                               | 137          | 149          |
| Catherine Ahnee-Gouérec                     | 109          | 117          |
| Roger Leung Shin Cheung                     | 144          | 150          |
| Georges Leung Shing                         | 258          | 261          |
| Grace Sarah Leung Shing                     | 88           | 22           |
| Aruna Radhakeesoon                          | 94           | 92           |
| Benu Servansingh                            | 88           | 88           |
| Girish Dabeesing (resigned 05 May 2020)     | 78           | 104          |
| Stephen Scali (resigned 23 January 2020)    | 60           | 119          |
| Francois Montocchio (resigned 28 June 2019) | -            | 82           |
| <b>Total</b>                                | <b>1,056</b> | <b>1,184</b> |

Directors do not receive any salary or benefits in kind from the Company which does not have any share option plan.

RISK GOVERNANCE AND INTERNAL CONTROL

Risk Governance

The directors acknowledge the ultimate responsibility of the Board for the risk governance and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objective as well as the necessity of having the relevant processes in place within the Company. Risk issues are systematically addressed at both the ARC and IC meetings and reviewed at Board level.

The Company's approach to risk management is to make it an integral part of the conduct of every aspect of its business. Proactive management ensures that decisions are taken to achieve the most appropriate balance between risks and returns at all times, to transfer risks wherever possible, and to take the necessary measures to mitigate the key risks.

Some of the more prominent risks to which the Company is exposed are:

- **Compliance Risk:** Failure to comply with laws and regulations may lead to penalties.
- **Political, Economic and Financial Market Events:** Investment values and returns which may adversely affect the Company's operation and financial results.
- **Technologies and Systems:** To varying degrees, the Company is reliant upon certain technologies and systems for the smooth and efficient running of its business. Disruption to these technologies could adversely affect its operating costs and efficiency.
- **Reputation:** Any event capable of damaging the reputation of the Company and its appeal to its shareholders and putting at risks the market value and attractiveness of the Company.

## RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

### Risk Governance (continued)

The Board, assisted by the ARC and IC regularly monitors and reviews the following, with the risks identified on a yearly basis:

- risk identification, measurement and prioritisation methodologies, internal control systems and procedures for reporting unusual high-risk transactions;
- the management reports on the adequacy and overall effectiveness of the Company's Risk Management and Internal Control and ensure the implementation of any recommendations to remedy weaknesses; and
- approve any changes to the Company's Investment Policies, Procedures and Strategy, including Risk Tolerance, overall asset allocation ranges/concentration limits.

### Internal Control System

The Company has put in place policies and procedures to implement strong internal control and identify measure and control risk as well solutions to mitigate risks exposures, at strategic and operational level. The ARC provides assurance to the Board on the performance of the internal control system, after examination of internal and external audit reports. The internal controls are regularly reviewed by the Internal auditors.

Although the Company does not have a whistle-blowing policy in place, stakeholders are encouraged to report any complaints or suspected wrong practice within the Company to the ARC.

## REPORTING WITH INTEGRITY

### Financial Statements

In respect of the preparation of Financial Statements, directors acknowledge their responsibilities for:

- adequate accounting records and maintenance of effective internal control systems;
- the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the financial performance and cash flows for that period and which comply with International Financial Reporting Standards (IFRS) and the Companies Act 2001; and
- the selection of appropriate accounting policies supported by reasonable and prudent judgements.

The full version of the Annual Report is published on the Company's website.

### Environmental, Social and Health & Safety

In its endeavour to achieve sustainable growth and return on capital, MDIT has laid emphasis on managing corporate reputation to maintain its financial credibility and credit worthiness by implementing measures to improve its operational efficiency through a:

- Reduction in waste from operation through paper saving and intensive usage of mails;
- Reduction of energy use in operations;
- Leveraging sustainability of existing products to reach new investors and retain existing ones;
- Mitigating operational risk related to climate change especially in Mauritius where major disturbances within the environment such as natural calamities can impact on performances on share in specific sectors hence investments;
- Promotion of health and safety compliance framework; and
- Non-discriminatory policy on Board appointments.

### Corporate Social Responsibility (CSR)

As per the CGC's recommendations, the Board approved that CSR contributions of Rs 32,500 be disbursed equally to Quartier de Lumière and Mahebourg Espoir.

REPORTING WITH INTEGRITY (CONTINUED)

Charitable and Political Contributions

The Company made no charitable or contributions donations during the year other than the CSR contributions.

Related party transactions

The related party transactions are set out in Note 21 of the Financial Statements.

AUDIT

Internal Audit Function

The Board is ultimately responsible for the Company's internal control system and assessing its effectiveness. The Board has outsourced the Internal Audit Function to KPMG Advisory Services since June 2011. They independently and objectively report to the ARC on the Company's financial and internal controls and review the extent to which its recommendations have been implemented. They are entitled to meet the ARC Chairperson or its members without management presence.

During 2019/2020, KPMG Advisory Services assessed the internal control system and procedures put in place by the Company and their compliance with laws and regulations. The audited areas were:

- Investments
- Loans
- Information Technology
- Accounts Receivable

KPMG Advisory Services had unrestricted access to all information required and the full co-operation of management in the course of their audits. The findings highlighted following the respective audits have been addressed by the Company.

External Audit Function

The ARC regularly reviews the independence of the external auditors including the nature and scope of any non-audit services which might have an impact on their independence. In line with the requirements of Financial Reporting Act regarding rotation of auditors, the Board appointed Ernst & Young as new external auditors of the Company as from the financial year ended 30 June 2017.

The external auditors independently report to the ARC on the financial statements including accounting principles, critical judgements and estimates used in reporting. They also review the effectiveness and adequacy of the Company's internal controls and advise the ARC on any material non-compliance and weaknesses noted during the course of their audit, and proposed recommendations. The ARC has reviewed the effectiveness of the external audit process and has recommended to the Board that Ernst & Young be nominated for re-appointment at the next Annual Meeting.

Independent Auditors' Remuneration

| Fees paid to Ernst & Young for: | 2019/2020 | 2018/2019 |
|---------------------------------|-----------|-----------|
|                                 | Rs'000    | Rs'000    |
| External Audit services         | 280       | 280       |
| Fees paid to KPMG for:          |           |           |
| Internal Audit services         | 232       | 232       |

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS

Shareholders' Analysis at 30 June 2020

| Size of shareholding<br>(Number of shares) | Shareholders |               | Ordinary Shares    |               |
|--|--------------|---------------|--------------------|---------------|
|  | Number       | %             | Number             | %             |
| 1 - 500                                    | 771          | 15.91         | 158,107            | 0.04          |
| 501 - 1,000                                | 378          | 7.80          | 298,121            | 0.07          |
| 1,001 - 5,000                              | 1,174        | 24.23         | 3,035,111          | 0.72          |
| 5,001 - 10,000                             | 542          | 11.18         | 4,010,256          | 0.95          |
| 10,001 - 50,000                            | 1,083        | 22.35         | 25,599,742         | 6.05          |
| 50,001 - 100,000                           | 331          | 6.83          | 24,341,467         | 5.75          |
| 100,001 - 250,000                          | 281          | 5.80          | 44,717,300         | 10.55         |
| 250,001 & Above                            | 286          | 5.90          | 321,227,414        | 75.87         |
| <b>Total</b>                               | <b>4,846</b> | <b>100.00</b> | <b>423,387,518</b> | <b>100.00</b> |

The above number of shareholders, as at 30 June 2020, is indicative, due to consolidation of multi-portfolios for reporting purposes. The number of active shareholders as at 30 June 2020 was 4,846 with only one substantial shareholder, Golden Foundation Ltd holding 12.43%.

Share Option Plan

The Company does not have any employee or share option plan.

Shareholders information

Dividend Policy

MDIT's policy is to distribute up to 90% of its profit after tax, as adjusted for profit on sales of investments on a cost basis and excluding year end revaluation surplus/deficit.

The Board ensures that the Company satisfies the solvency test prior to each declaration of dividend and a certificate of compliance with the solvency test is signed in accordance with the provisions of the Companies Act 2001.

Share Price Information

The evolution of the share price over the past six years was:

| 30 June | Share Price<br>Rs |
|---------|-------------------|
| 2015    | 5.36              |
| 2016    | 4.05              |
| 2017    | 4.60              |
| 2018    | 4.42              |
| 2019    | 4.12              |
| 2020    | 2.39              |

**RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS (CONTINUED)**

**Communication with shareholders for the year ended 30 June 2020**

The Company communicates with its shareholders through its Annual Report, Press Communiqués and Annual Meeting. The calendar of events during the year is set out below:

|  |                |
|--|----------------|
| Financial year end                     | June           |
| Annual meeting                         | December       |
| <b>Reports and profit statements</b>   |                |
| Half-yearly                            | March          |
| Preliminary report for the year        | September      |
| Annual report and financial statements | December       |
| <b>Dividends*</b>                      |                |
| <b>Interim</b>                         |                |
| - Declared                             | 9 January 2020 |
| - Paid                                 | 2 April 2020   |

\* No final dividend was declared in June 2020 due to the adverse financial impact of COVID-19.

**Annual Meeting**

At the Annual Meeting of shareholders, the CIS Manager reports on the financial performance of the Company during the year and the Chairperson comments on the various sectors of the economy and the impact of same on the Company's performance and prospects.

Directors are encouraged to attend the Annual Meeting while the shareholders are invited to share their views with the Board and request relevant clarifications. The next Annual Meeting will be held on 18 December 2020. The Board ensures that notice of the Annual Meeting and related papers are sent to shareholders at least (21) twenty-one days before the meeting in accordance with the Companies Act 2001.

The following items are placed on the Agenda of the Annual Meeting by way of separate resolutions:

- Consideration of the Annual report including the adoption of the audited financial statements and the receipt of the Independent Auditor's report to the Company's Members.
- The election and re-election of directors in accordance with the Company's Constitution and the Companies Act 2001.
- Approval of the payment of dividends declared by the directors and paid.
- Fixing of the directors' fees.
- Re-appointment of the external auditors under section 200 of the Companies Act 2001.

**Interest of Directors in Contracts**

All the Directors have confirmed that they are not, either directly or indirectly, materially interested in any contract of significance with the Company. The Company has no service contract with any of its directors.

**Agreements with third parties**

MDIT has a management contract with Golden Fund Management Services Ltd (GFMS) to provide management and company secretarial services to the Company.

The Registrar and Custody services are undertaken by MCB Registry & Securities Ltd and MCB Capital Markets Ltd respectively.

The Company does not have any agreement with its shareholders.



#### STATEMENT OF DIRECTORS RESPONSIBILITIES

In respect of the preparation of Financial Statements, directors acknowledge their responsibilities for:

- i) adequate accounting records and maintenance of effective internal control systems;
- ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the financial performance and cash flows for that period and which comply with International Financial Reporting Standards (IFRS);
- iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The directors report that:

- i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
- ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- iii) applicable accounting standards have been adhered to. Any departure has been disclosed, explained and quantified.
- iv) the Code of Corporate Governance has been adhered to in all material aspects and reasons provided in case of non-compliance.

STATEMENT OF COMPLIANCE

(Section 75 (3) of the Financial Reporting Act)

Name of Public Interest Entity ('PIE') : The Mauritius Development Investment Trust Company Limited (MDIT)

Reporting Period : 1<sup>st</sup> July 2019 to 30<sup>th</sup> June 2020

We, the directors of MDIT confirm to the best of our knowledge that the PIE has complied with all of its obligations and requirements under The National Code of Corporate Governance, except for those mentioned below.

| Non-compliance   | Reasons for non-compliance   |
|--|--|
| <p>Principle 2</p> <ul style="list-style-type: none"><li>Board Composition: Executive directors</li><li>Board Evaluation</li></ul> | <ul style="list-style-type: none"><li>MDIT has no employee and has a management agreement with GFMS, the CIS Manager. MDIT day-to-day affairs are managed by the personnel of GFMS headed by a CEO. The Board considers the CEO of GFMS, who is also a director of MDIT, to be an Executive Director. In view of the particular set up of MDIT, the Board is of the view that having a sole Executive Director is adequate and in line with the spirit of the Code.</li><li>Given the business disruption arising from COVID-19, the Board Evaluation was not performed. It will be done during the next financial year.</li></ul> |
| <p>Principle 5</p> <ul style="list-style-type: none"><li>Whistle-blowing Policy</li></ul>  | <ul style="list-style-type: none"><li>A Whistle-blowing Policy will be implemented during the next financial year.</li></ul>   |

SIGNED BY:



Georges Leung Shing  
Chairperson



Grace Sarah Leung Shing  
Director

Date: 30 SEPTEMBER 2020

**THE MAURITIUS DEVELOPMENT INVESTMENT TRUST COMPANY LIMITED**  
**SECRETARY'S CERTIFICATE**

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This is to certify that all returns as required by the Company under Section 166(d) of the Companies Act 2001 have been filed with the Registrar of Companies.



**Jenifer Chung Wong Tsang, BFP FCA**

For and on behalf of

**Karnaby Corporate Services Ltd**

Company Secretary

Date: 30 SEPTEMBER 2020

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE MAURITIUS DEVELOPMENT TRUST COMPANY LIMITED

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### *Opinion*

We have audited the financial statements of The Mauritius Development Trust Company Limited (the "Company") set out on pages 22 to 52 which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of the Company as at 30 June 2020, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and Financial Report Act 2004.

##### *Basis for Opinion*

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 Mauritius, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

| Key Audit Matter  | How the matter was addressed in the audit   |
|---|---|
| <p><b>Valuation of unquoted investments</b></p> <p>Included in the financial assets designated at fair value through profit or loss are unquoted investments of Rs 21.6m (2019: Rs 60.5m). Fair value measurement and associated valuation adjustments can be a subjective area and more so for unquoted investments based on valuation models or with weak liquidity and price discovery. Valuation technique used such as market approach, income approach or asset approach can be subjective in nature and involve various assumptions such as risk premium and marketability discounts. The use of different assumptions could produce significantly different estimates of fair value. Associated risk management disclosure is complex and dependent on high quality data.</p> | <p>We reviewed the methodologies used by management to fair value the significant unquoted investments ensuring that those methodologies are in line with the international private equity and venture capital valuation guidelines.</p> <p>For the sample selected, we reviewed those inputs, including discount rates, PE ratio, net asset value (NAV) and last traded prices, applied in the different models. For discounts applied by client to factor in lack of marketability, we understood management rationale for the percentage used and evaluated their reasonableness. Where market comparables have been used, we corroborated same with those of listed companies operating in similar industries and where NAV have been used we ensured that these are based on the most recent financial statements.</p> |

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE MAURITIUS DEVELOPMENT TRUST COMPANY LIMITED

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

##### *Key Audit Matters (Continued)*

| Key Audit Matter  | How the matter was addressed in the audit  |
|---|--|
| <p><b>Valuation of unquoted investments (Continued)</b></p> <p>The disclosure associated with valuation of unquoted investments is set out in the financial statements in Notes 7 and 24.</p> | <p>We independently recalculated the fair value of the sample of investments selected and developed a range of values ensuring that the client valuation falls within the range.</p> <p>For fair value disclosures, we recomputed the sensitivities and ensured that those instruments carried at fair value have been properly disclosed in the appropriate fair value level.</p> |

##### *Other Information*

The directors are responsible for the other information. The other information comprises the Corporate Information, Corporate Governance Report, Secretary's Certificate, Statement of Directors' Responsibilities as required by the Companies Act 2001, but does not include the financial statements and our auditor's report thereon.

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 identified above (other than the Corporate Governance Report) 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### *Corporate Governance report*

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Company has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

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

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and the Financial Reporting Act 2004, 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.

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE MAURITIUS DEVELOPMENT TRUST COMPANY LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### *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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE MAURITIUS DEVELOPMENT TRUST COMPANY LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### *Use of our report*

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. 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.

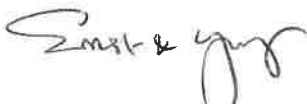
### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

#### *Companies Act 2001*

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.



ERNST & YOUNG  
Ebène, Mauritius



DAVID NG MAN CHUEN, F.C.C.A.  
Licensed by FRC

Date: 30 September 2020

THE MAURITIUS DEVELOPMENT INVESTMENT TRUST COMPANY LIMITED  
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

22

|   | Notes | 2020<br>Rs'000   | 2019<br>Rs'000   |
|---|-------|------------------|------------------|
| <b>ASSETS</b>   |       |                  |                  |
| Financial assets at fair value through profit or loss | 7     | 1,204,520        | 1,596,703        |
| Loans receivable at call                              | 8     | 16,542           | 66,555           |
| Trade and other receivables                           | 9     | 1,177            | 24,940           |
| Cash and cash equivalents                             |       | 27,118           | 15,353           |
| <b>Total assets</b>                                   |       | <b>1,249,357</b> | <b>1,703,551</b> |
| <b>LIABILITIES AND EQUITY</b>                         |       |                  |                  |
| <b>Liabilities</b>                                    |       |                  |                  |
| Trade and other payables                              | 12    | 43,298           | 19,110           |
| Borrowings  | 11    | 50,072           | 114,326          |
| Current tax liabilities                               | 13    | 652              | 1,209            |
| Dividends payable                                     | 14    | -                | 55,040           |
| <b>Total liabilities</b>                              |       | <b>94,022</b>    | <b>189,685</b>   |
| <b>Equity</b>   |       |                  |                  |
| Stated capital  | 10    | 423,388          | 423,388          |
| Retained earnings                                     |       | 731,947          | 1,090,478        |
| <b>Total equity</b>                                   |       | <b>1,155,335</b> | <b>1,513,866</b> |
| <b>Total liabilities and equity</b>                   |       | <b>1,249,357</b> | <b>1,703,551</b> |
| <b>Net asset value per share (Rs)</b>                 | 15    | <b>2.73</b>      | <b>3.58</b>      |

Approved by the Board of Directors and authorised for issue on 30 SEPTEMBER 2020

  
Georges Leung Shing  
Director

  
Marc Ah Ching  
Director

The notes on pages 26 to 52 form part of these financial statements.  
Auditors' report on pages 18 to 21.



THE MAURITIUS DEVELOPMENT INVESTMENT TRUST COMPANY LIMITED  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2020

23

|   | Notes | 2020<br>Rs'000   | 2019<br>Rs'000 |
|---|-------|------------------|----------------|
| Dividend income   | 16    | 38,285           | 37,442         |
| Interest income   |       | 5,499            | 8,445          |
| Net foreign exchange gains  | 17    | 2,510            | 92             |
| <b>Total Income</b>   |       | <b>46,294</b>    | <b>45,979</b>  |
| <b>Realised and unrealised gain on financial assets at fair value through profit or loss:</b> |       |                  |                |
| Realised gains on investments   | 7     | 3,711            | 12,381         |
| Unrealised (loss)/gain on revaluation of investments  | 7     | (358,839)        | 114,792        |
| <b>Net (loss)/gain on financial assets at fair value through profit or loss</b>               |       | <b>(355,128)</b> | <b>127,173</b> |
|   |       | <b>(308,834)</b> | <b>173,152</b> |
| <b>Expenses</b>   |       |                  |                |
| Management fees   | 18    | 10,560           | 13,522         |
| Directors' fees & Secretarial fees  |       | 1,260            | 1,260          |
| Listing fees  |       | 487              | 476            |
| Closed-end fund expenses  | 19    | 2,072            | 1,855          |
| Professional fees   |       | 823              | 693            |
| Other expenses  |       | 2,042            | 3,624          |
| Net Impairment loss on loans receivables at call  | 8     | (1,074)          | 2,489          |
| Net Impairment loss on trade and other receivables  | 9     | (106)            | 290            |
| Finance costs   |       | 2,318            | 3,031          |
|   |       | <b>18,382</b>    | <b>27,240</b>  |
| <b>(Loss)/Profit before tax</b>   |       | <b>(327,216)</b> | <b>145,912</b> |
| Income tax expenses   | 13    | (319)            | (1,108)        |
| <b>(Loss)/Profit after tax</b>  |       | <b>(327,535)</b> | <b>144,804</b> |
| <b>OTHER COMPREHENSIVE INCOME</b>   |       | <b>-</b>         | <b>-</b>       |
| <b>TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR</b>  |       | <b>(327,535)</b> | <b>144,804</b> |
| <b>Basic and diluted earnings per share</b>   | 20    | <b>(77.36)</b>   | <b>34.20</b>   |

The notes on pages 26 to 52 form part of these financial statements.  
Auditors' report on pages 18 to 21.

THE MAURITIUS DEVELOPMENT INVESTMENT TRUST COMPANY LIMITED  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 30 JUNE 2020

24

|   | Notes | Stated capital<br>Rs'000 | Retained earnings<br>Rs'000 | Total<br>Rs'000  |
|---|-------|--------------------------|-----------------------------|------------------|
| Balance at 1 July 2018                  |       | 423,388                  | 1,047,575                   | 1,470,963        |
| Initial application of IFRS 9           |       | -                        | (288)                       | (288)            |
| Restated balance as at 1 July 2018      |       | 423,388                  | 1,047,287                   | 1,470,675        |
| Profit for the year                     |       | -                        | 144,804                     | 144,804          |
| Other comprehensive income              |       | -                        | -                           | -                |
| Total comprehensive profit for the year |       | -                        | 144,804                     | 144,804          |
| Dividends for the year                  | 14    | -                        | (101,613)                   | (101,613)        |
| <b>Balance at 30 June 2019</b>          |       | <b>423,388</b>           | <b>1,090,478</b>            | <b>1,513,866</b> |
| Loss for the year                       |       | -                        | (327,535)                   | (327,535)        |
| Other comprehensive income              |       | -                        | -                           | -                |
| Total comprehensive profit for the year |       | -                        | (327,535)                   | (327,535)        |
| Dividends for the year                  | 14    | -                        | (38,105)                    | (38,105)         |
| Dividend write back                     | 12    | -                        | 7,109                       | 7,109            |
| <b>Balance at 30 June 2020</b>          |       | <b>423,388</b>           | <b>731,947</b>              | <b>1,155,335</b> |

The notes on pages 26 to 52 form part of these financial statements.  
 Auditors' report on pages 18 to 21.

THE MAURITIUS DEVELOPMENT INVESTMENT TRUST COMPANY LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2020

25

|  | 2020<br>Rs'000 | 2019 Restated<br>Rs'000 |
|--|----------------|-------------------------|
| <b>Operating activities</b>  |                |                         |
| (Loss)/Profit before tax   | (327,216)      | 145,912                 |
| Adjustments to reconcile profit before tax to net cash flows:              |                |                         |
| Realised gain on sale of investments                                       | (3,711)        | (12,381)                |
| Unrealised gain/(loss) on revaluation of investments                       | 358,839        | (114,792)               |
| Net foreign exchange differences   | (2,510)        | (92)                    |
| Finance costs  | 2,318          | 3,031                   |
| Interest income  | (5,499)        | (8,445)                 |
| Dividend income*   | (38,285)       | (37,442)                |
| Expected credit loss movements in profit and loss impairments and reversal | 1,180          | (1,084)                 |
| Bad debt written off   | -              | (1,695)                 |
| Operating profit before working capital adjustments                        | (14,884)       | (26,988)                |
| <b>Working capital adjustments:</b>  |                |                         |
| Decrease in trade and other receivables*                                   | 13,220         | 13,953                  |
| Decrease in loans receivables  | 48,939         | 45,539                  |
| Increase in trade and other payables                                       | 30,938         | 3,403                   |
|  | 93,097         | 62,895                  |
| Proceeds from sales of investments   | 76,523         | 118,195                 |
| Purchases of investments   | (33,310)       | (140,900)               |
| Interest received  | 6,316          | 5,362                   |
| Interest paid  | (2,097)        | (2,811)                 |
| Income tax paid  | (875)          | (766)                   |
| Dividend received*   | 40,980         | 41,077                  |
| <b>Net cash flows from operating activities</b>                            | 165,750        | 56,064                  |
| <b>Financing activities</b>  |                |                         |
| Proceeds from borrowings   | 714,225        | 525,364                 |
| Repayment of borrowings  | (777,575)      | (478,800)               |
| Dividends paid   | (93,145)       | (101,613)               |
| <b>Net cash flows used in financing activities</b>                         | (156,495)      | (55,049)                |
| Net increase in cash and cash equivalents                                  | 9,255          | 1,015                   |
| Cash and cash equivalents at the beginning of the year                     | 15,353         | 14,246                  |
| Net foreign exchange difference  | 2,510          | 92                      |
| <b>Cash and cash equivalents at 30 June</b>                                | <b>27,118</b>  | <b>15,353</b>           |
| <b>Represented by:</b>   |                |                         |
| Cash and cash equivalents  | 27,118         | 15,432                  |
| Bank overdraft ( Refer to note 11 for further details)                     | -              | (79)                    |
|  | <b>27,118</b>  | <b>15,353</b>           |

\* The dividend income has been disclosed separately this year. For consistency, 2019 figures have been restated to also include the amounts as follows:

|   | 2019 Restated<br>Rs'000 | 2019 As<br>previously<br>stated<br>Rs'000 |
|---|-------------------------|---|
| Dividend income                         | (37,442)                | -   |
| Decrease in trade and other receivables | 13,953                  | 17,588                                    |
| Dividend received                       | 41,077                  | -   |

The notes on pages 26 to 52 form part of these financial statements.  
Auditors' report on pages 18 to 21.

## 1. PRINCIPAL ACTIVITIES

The Mauritius Development Investment Trust Company Limited (the "Company" or "MDIT") is a public company incorporated in Mauritius and listed on the Stock Exchange of Mauritius. Its registered office and principal place of business is situated at 7<sup>th</sup> floor, Newton Tower, Sir William Newton Street, Port Louis.

The Company is a Collective Investment Scheme (CIS) with the objective of holding and managing securities and is a Closed-end Fund authorised by the Financial Services Commission under the Securities Act 2005.

## 2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements are prepared under the historical cost convention, except for financial assets held at fair value through profit or loss which are stated at fair value.

The financial statements are prepared in Mauritian Rupees (Rs) which is the functional currency of the Company and all values are rounded to the nearest thousand rupees (Rs'000), except where otherwise stated.

The entity has concluded that it does not meet the requirements in IFRS 10 to be classified as an investment entity, as such IFRS requirements for investment entities are not applicable.

## 3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

### 3.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements

In the current year, the Company has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 July 2019.

The accounting policies applied in the preparation of the audited financial results are consistent with the most recent financial statements for the year ended 30 June 2020.

#### IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The above standard does not have an impact on the Company's financial statement.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

3.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements

*IAS 12 - Income Taxes*

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

*IAS 23 - Borrowing Costs*

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. They had no impact on the Company's financial statements.

4. STANDARDS AND INTERPRETATIONS IN ISSUE, NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2020, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective on 1 January 2020.

*Amendments to IAS 1 and IAS 8: Definition of Material*

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies of the Company are: -

(a) Financial instruments

*Initial recognition and measurement*

The Company initially recognises financial assets or financial liabilities on the date on which they are originated. All other financial assets or financial liabilities are recognised on the trade date which is the date on which the Company becomes a party to the contractual provisions of the instrument. A financial asset or liability is initially measured under the historical cost convention except for financial asset which is measured at fair value plus (for an item not classified at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue.

In order for a financial asset to be classified and measured at amortised cost or fair value through Other Comprehensive Income (OCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss irrespective of the business model.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

*Initial recognition and measurement (continued)*

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI (FVOCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

**Financial assets at amortised cost (debt instruments)**

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables, and loan to an associate under other non-current financial assets.

**Financial assets at fair value through Other Comprehensive Income (OCI) (debt instruments)**

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Company does not have any financial instruments at FVOCI.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

*Derecognition*

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Company also derecognises certain assets when they are deemed to be uncollectible. Refer to Note 5(c) for more information.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase its sell the assets.

(b) Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or dealer price quotations (bid price for long position and ask price for short positions), without any deduction for transaction costs. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation technique, comparison to similar instruments for which market observable prices exist, options pricing model and other relevant valuation models and following International Private Equity and Venture Capital guidelines.

Fair value investments are measured at subsequent reporting dates at fair value. Realised and unrealised gains and losses on such investments are included in profit or loss in the period in which they arise. On disposal, the profit or loss recognised in profit or loss is the difference between the proceeds and the carrying amount of the asset.

The Company classifies its investments as Fair Value Through Profit or Loss ("FVTPL"). Management determines the appropriate classification of the investments and re-evaluates such classification on a regular basis. Investments at FVTPL at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's investment strategy on a fair value basis, together with other relevant information.

(c) Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Net gain or loss on financial assets

Net gains or losses on financial assets at FVTPL are changes in the fair value of financial assets and exclude interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealized gains and losses for financial instruments which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the difference between an instrument's average cost of acquisition and disposal amount.

(e) Offsetting of 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 generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

(f) Investment income

Investment Income is made up of dividend income. Dividend income is recognised in profit or loss when the Company's right to receive payment is established.

Dividend income is presented gross of any non-recoverable withholding taxes which are disclosed separately in the statement of profit or loss.

(g) Interest income

Interest income is accounted for on a time basis using the effective interest method which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(h) Functional and Presentation Currency

The functional currency is the currency of the primary economic environment in which the Company operates. The Company's majority of returns are Mauritian rupee based, the capital is raised in rupees and the performance is evaluated and its liquidity is managed in rupees. Therefore, the Company concludes that the Mauritian Rupee is its functional currency.

The Company's presentation currency is also Mauritian Rupee.

(i) Foreign currency transactions

Monetary assets and liabilities outstanding at year-end in foreign currencies are translated into Mauritian rupees at the closing rates of exchange. Revenue items denominated in foreign currencies are converted into rupee at the rates of exchange ruling at the date of the transaction. Exchange differences arising on the settlement and retranslation of monetary assets and liabilities are recognised in profit or loss in the period in which they arise. Non-monetary items carried out at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(j) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and in hand, net of bank overdraft.



5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

*Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

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

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in profit or loss or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(l) Stated capital

Stated capital classified as equity consists of issued ordinary shares.

6. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgements in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that has a significant effect on the amounts recognised in the financial statements, or estimations 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.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*Fair value of financial instruments*

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e an exit price) regardless of whether that price is observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value please see Note 24.

*Impairment assessment of loans receivables*

In addition to the IFRS9, impairment provision raised as per the accounting policies, refer to note 5(c) Impairment of financial assets, the Company reviews its individually significant loans at each reporting date to assess the reasonability of the impairment loss recognised.

The Company's impairment methodology for assets at amortised cost results in the recording of provisions for: Specific impairment losses on individually significant or specifically identified exposures in addition to the forward looking expected credit losses recognised in terms of IFRS 9 on the entire trade receivable or loan receivable balance.

This exercise includes an element of management's judgement, in particular for the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, the changing of which can result in different levels of allowances.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

30 June 2020

-----Listed in Mauritius-----

|                      | Official Market | Development & Enterprise Market | Unquoted      | Overseas Quoted Investment | Total            |
|----------------------|-----------------|---------------------------------|---------------|----------------------------|------------------|
|                      | Rs'000          | Rs'000                          | Rs'000        | Rs'000                     | Rs'000           |
| At beginning of year | 1,129,504       | 133,824                         | 60,474        | 272,901                    | 1,596,703        |
| Additions            | 37,944          | 10,035                          | -             | 8,176                      | 56,155           |
| Disposals            | (20,243)        | (30,589)                        | (29,847)      | (12,532)                   | (93,211)         |
| Fair value changes   | (364,171)       | (20,273)                        | (13,147)      | 38,752                     | (358,839)        |
| Realised gains       | 56              | 765                             | 4,164         | (1,274)                    | 3,711            |
| At end of year       | <u>783,090</u>  | <u>93,762</u>                   | <u>21,644</u> | <u>306,024</u>             | <u>1,204,520</u> |

30 June 2019

-----Listed in Mauritius-----

|                      | Official Market  | Development & Enterprise Market | Unquoted      | Overseas Quoted Investment | Total            |
|----------------------|------------------|---------------------------------|---------------|----------------------------|------------------|
|                      | Rs'000           | Rs'000                          | Rs'000        | Rs'000                     | Rs'000           |
| At beginning of year | 582,063          | 484,588                         | 138,207       | 243,386                    | 1,448,244        |
| Additions            | 515,735          | 23,401                          | 18            | 39,684                     | 578,838          |
| Disposals            | (70,135)         | (383,142)                       | (81,971)      | (22,305)                   | (557,553)        |
| Realised gains       | (45)             | 14,456                          | 41            | (2,071)                    | 12,381           |
| Fair value changes   | 101,886          | (5,479)                         | 4,179         | 14,207                     | 114,793          |
| At end of year       | <u>1,129,504</u> | <u>133,824</u>                  | <u>60,474</u> | <u>272,901</u>             | <u>1,596,703</u> |

(a) The revaluation of the local and overseas investments, on the basis set out in note 5, resulted in a net deficit of Rs 358.8M (2019: surplus of Rs 114.8 M).

(b) Purchases of local and overseas investments amounted to Rs 56.2M (2019: Rs 578.8 M).

|                         | Official Market | Development & Enterprise Market | Overseas Quoted Investment | Total         |
|-------------------------|-----------------|---------------------------------|----------------------------|---------------|
|                         | Rs'000          | Rs'000                          | Rs'000                     | Rs'000        |
| Additions               | 21,320          | 4,230                           | 7,760                      | 33,310        |
| Dividend in Specie:     |                 |                                 |                            |               |
| - Foreign Investment    | -               | -                               | 416                        | 416           |
| - Local Investment      | -               | 5,805                           | -                          | 5,805         |
| Transfer from DEM to OM | 16,624          | -                               | -                          | 16,624        |
|                         | <u>37,944</u>   | <u>10,035</u>                   | <u>8,176</u>               | <u>56,155</u> |

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (CONTINUED)

(c) The net proceeds on sales of local and overseas investments amounted to Rs 76.5M (2019: Rs 556.0 M). There is a transfer of shares of Rs1.6M from Development Enterprise Market to Official Market.

(d) Holdings in excess of 5% in nominal value of the issued class of shares:

| Name                   | Main business  | Class of shares | 2020   | 2019   |
|------------------------|----------------|-----------------|--------|--------|
|                        |                |                 | % Held | % Held |
| Ace Engineering Co Ltd | Automotive     | Ordinary        | 7.90%  | 7.90%  |
| Ace Motors Co Ltd      | Automotive     | Ordinary        | 7.80%  | 7.80%  |
| Allied Motors Co Ltd   | Automotive     | Ordinary        | 6.50%  | 6.50%  |
| Pharmacie Nouvelle Ltd | Consumer goods | Ordinary        | N/A    | 9.00%  |

(e) Geographical breakdown of financial assets is as follows:

Geographic breakdown

|                | 2020             | 2019             |
|----------------|------------------|------------------|
|                | Rs'000           | Rs'000           |
| Mauritius      | 898,496          | 1,323,802        |
| Europe         | 147,973          | 130,312          |
| United Kingdom | 11,398           | 17,446           |
| United States  | 59,570           | 47,889           |
| Asia           | 85,751           | 77,151           |
| South Africa   | 1,332            | 103              |
|                | <u>1,204,520</u> | <u>1,596,703</u> |

8. LOANS RECEIVABLE AT CALL

|                                 | 2020          | 2019          |
|---------------------------------|---------------|---------------|
|                                 | Rs'000        | Rs'000        |
| At beginning of year            | 66,555        | 106,139       |
| Additions                       | -             | 6,677         |
| Repaid                          | (51,087)      | (43,446)      |
|                                 | <u>15,468</u> | <u>69,370</u> |
| Reversal/(Impairment Allowance) | 1,074         | (2,815)       |
| At end of year                  | <u>16,542</u> | <u>66,555</u> |

(i) The loans receivable at call earn average interest of 10% (2019: 7.33%) per annum.

(ii) The collateral received is not included in the assets of the Company and the amount and type of collateral required depends on an assessment of the credit risk of the counterparty, and included in the loan receivable are an amount of Rs19,143,985 (2019: Rs19,143,985 ) secured on the corporate assets of the borrower and/or the personal assets of the directors of the borrower.

(iii) The loans are advanced to companies in Mauritius and with the object to sustain their working capital needs. The loans are provided with a 30 days notice of call and backed by corporate or directors personal guarantees.

8. LOANS RECEIVABLE AT CALL (CONTINUED)

30 June 2020

|  | Assets<br>Rs'000      | Current<br>Rs'000     | Days past due         |                        |                        |                     | Total<br>Rs'000 |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|---------------------|-----------------|
|  |                       |                       | < 30 days<br>Rs'000   | 30 - 60 days<br>Rs'000 | 61 - 90 days<br>Rs'000 | > 91 days<br>Rs'000 |                 |
|  | Stage 1 (12<br>month) | Stage 1 (12<br>month) | Stage 1 (12<br>month) | Stage 2<br>(Lifetime)  | Stage 2<br>(Lifetime)  | Stage 3             |                 |
| Expected credit loss rate                        | 6.94%                 | 6.94%                 | 6.94%                 | -                      | -                      | -                   | 6.94%           |
| Estimated total gross carrying amount at default | 15,468                | 15,468                | 15,468                | -                      | -                      | -                   | 15,468          |
| Expected credit loss                             | 1,074                 | 1,074                 | 1,074                 | -                      | -                      | -                   | 1,074           |

30 June 2019

|  | Assets<br>Rs'000 | Current<br>Rs'000 | Days past due       |                        |                        |                     | Total<br>Rs'000 |
|--|------------------|-------------------|---------------------|------------------------|------------------------|---------------------|-----------------|
|  |                  |                   | < 30 days<br>Rs'000 | 30 - 60 days<br>Rs'000 | 61 - 90 days<br>Rs'000 | > 91 days<br>Rs'000 |                 |
| Expected credit loss rate                        | 4.06%            | 4.06%             | 4.06%               | -                      | -                      | -                   | 4.06%           |
| Estimated total gross carrying amount at default | 69,371           | 69,371            | 69,371              | -                      | -                      | -                   | 69,371          |
| Expected credit loss                             | 2,815            | 2,815             | 2,815               | -                      | -                      | -                   | 2,815           |

8. LOANS RECEIVABLE AT CALL (CONTINUED)

| 30 June 2020   | Stage 1<br>Rs'000 | Stage 2<br>Rs'000 | Stage 3<br>Rs'000 | Total<br>Rs'000 |
|--|-------------------|-------------------|-------------------|-----------------|
| Gross carrying amount as at 1 July 2019  | 69,370            | -                 | -                 | 69,370          |
| New assets originated or purchased   | -                 | -                 | -                 | -               |
| Assets derecognised or repaid (excluding write offs)                           | (51,087)          | -                 | -                 | (51,087)        |
| Transfers to Stage 1   | -                 | -                 | -                 | -               |
| Transfers to Stage 2   | -                 | -                 | -                 | -               |
| Transfers to Stage 3   | -                 | -                 | -                 | -               |
| Amounts written off  | -                 | -                 | -                 | -               |
| At 30 June 2020  | 18,283            | -                 | -                 | 18,283          |
|  | Stage 1<br>Rs'000 | Stage 2<br>Rs'000 | Stage 3<br>Rs'000 | Total<br>Rs'000 |
| ECL allowance as at 1 July 2019  | 2,815             | -                 | -                 | 2,815           |
| New assets originated or purchased   | (1,074)           | -                 | -                 | (1,074)         |
| Assets derecognised or repaid (excluding write offs)                           | -                 | -                 | -                 | -               |
| Transfers to Stage 1   | -                 | -                 | -                 | -               |
| Transfers to Stage 2   | -                 | -                 | -                 | -               |
| Transfers to Stage 3   | -                 | -                 | -                 | -               |
| Impact on year end ECL of exposures transferred between stages during the year | -                 | -                 | -                 | -               |
| Amount written off   | -                 | -                 | -                 | -               |
| At 30 June 2020  | 1,741             | -                 | -                 | 1,741           |
| 30 June 2019   | Stage 1<br>Rs'000 | Stage 2<br>Rs'000 | Stage 3<br>Rs'000 | Total<br>Rs'000 |
| Gross carrying amount as at 1 July 2018  | 100,000           | -                 | 7,687             | 107,687         |
| New assets originated or purchased   | 6,629             | -                 | -                 | 6,629           |
| Assets derecognised or repaid (excluding write offs)                           | (40,000)          | -                 | (3,466)           | (43,466)        |
| Transfers to Stage 1   | -                 | -                 | -                 | -               |
| Transfers to Stage 2   | -                 | -                 | -                 | -               |
| Transfers to Stage 3   | 2,741             | -                 | (2,741)           | -               |
| Amounts written off  | -                 | -                 | (1,500)           | (1,500)         |
| At 30 June 2019  | 69,370            | -                 | -                 | 69,370          |
|  | Stage 1<br>Rs'000 | Stage 2<br>Rs'000 | Stage 3<br>Rs'000 | Total<br>Rs'000 |
| Gross carrying amount as at 1 July 2018  | -                 | -                 | 1,549             | 1,549           |
| Impact on adoption of IFRS 9   | 277               | -                 | -                 | 277             |
| ECL allowance as at 1 July 2018(As restated)                                   | 277               | -                 | 1,549             | 1,826           |
| New assets originated or purchased   | 2,538             | -                 | 1,500             | 4,038           |
| Assets derecognised or repaid (excluding write offs)                           | -                 | -                 | -                 | -               |
| Transfers to Stage 1   | -                 | -                 | -                 | -               |
| Transfers to Stage 2   | -                 | -                 | -                 | -               |
| Transfers to Stage 3   | -                 | -                 | -                 | -               |
| Impact on year end ECL of exposures transferred between stages during the year | -                 | -                 | -                 | -               |
| Amounts written off  | -                 | -                 | (1,500)           | (1,500)         |
| Reversal during the year   | -                 | -                 | (1,549)           | (1,549)         |
| At 30 June 2019  | 2,815             | -                 | -                 | 2,815           |

Amount recognised in the statement of profit or loss is the sum of the new assets originated or purchased and the reversal during the year.

9. TRADE AND OTHER RECEIVABLES

|                                  | 2020         | 2019          |
|----------------------------------|--------------|---------------|
|                                  | Rs'000       | Rs'000        |
| Trade receivables                | 1,012        | 12,951        |
| Interest receivable              | 5            | 90            |
| Prepayments                      | 160          | 264           |
| Receivables from related parties | -            | 11,741        |
|                                  | <u>1,177</u> | <u>25,046</u> |
| Less: Impairment Allowance       | -            | (106)         |
| At end of year                   | <u>1,177</u> | <u>24,940</u> |

- (i) Trade receivables are non interest bearing and consist of dividends receivable from and proceeds receivable from sales of local investments.
- (ii) Receivables from related parties earn average interest of 3.88% (2019: 4.35%) per annum.
- (ii) As at 30 June, the ageing of receivables neither past due nor impaired was as follows:

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

30 June 2020

|  | Assets<br>Rs. | Current<br>Rs. | Days past due    |                     |                     |                  | Total<br>Rs. |
|--|---------------|----------------|------------------|---------------------|---------------------|------------------|--------------|
|  |               |                | < 30 days<br>Rs. | 30 - 60 days<br>Rs. | 61 - 90 days<br>Rs. | > 91 days<br>Rs. |              |
| Expected credit loss rate                        | 0.00%         | 0.00%          | 0.00%            | -                   | -                   | -                | 0.00%        |
| Estimated total gross carrying amount at default |               |                |                  |                     |                     |                  | -            |
| Reversal of expected credit loss                 | (106)         | (106)          | (106)            | -                   | -                   | -                | (106)        |

30 June 2019

|  | Assets<br>Rs. | Current<br>Rs. | Days past due    |                     |                     |                  | Total<br>Rs. |
|--|---------------|----------------|------------------|---------------------|---------------------|------------------|--------------|
|  |               |                | < 30 days<br>Rs. | 30 - 60 days<br>Rs. | 61 - 90 days<br>Rs. | > 91 days<br>Rs. |              |
| Expected credit loss rate                        | 1.04%         | 1.04%          | 1.04%            | -                   | -                   | -                | 1.04%        |
| Estimated total gross carrying amount at default | 10,191        | 10,191         | 10,191           | -                   | -                   | -                | 10,191       |
| Expected credit loss                             | 106           | 106            | 106              | -                   | -                   | -                | 106          |



9. TRADE AND OTHER RECEIVABLES (CONTINUED)

30 June 2020

|                           | 2020         | 2020     | 2020            | 2020         |
|---------------------------|--------------|----------|-----------------|--------------|
|                           | Stage 1      | Stage 2  | Stage 3         | Total        |
|                           | (12 month)   | Lifetime | Credit Impaired |              |
|                           | Rs'000       | Rs'000   | Rs'000          | Rs'000       |
| Past due but not impaired | 1,177        | -        | -               | 1,177        |
| Individually impaired     | -            | -        | -               | -            |
|                           | <b>1,177</b> | <b>-</b> | <b>-</b>        | <b>1,177</b> |

|                           | 2019          | 2019     | 2019     | 2019          |
|---------------------------|---------------|----------|----------|---------------|
|                           | Rs'000        | Rs'000   | Rs'000   | Total         |
|                           | Rs'000        | Rs'000   | Rs'000   | Rs'000        |
| Past due but not impaired | 14,749        | -        | -        | 14,749        |
| Individually impaired     | 10,191        | -        | -        | 10,191        |
|                           | <b>24,940</b> | <b>-</b> | <b>-</b> | <b>24,940</b> |

|  | Stage 1      | Stage 2  | Stage 3  | Total        |
|--|--------------|----------|----------|--------------|
|  | Rs'000       | Rs'000   | Rs'000   | Rs'000       |
| Gross carrying amount as at 1 July 2019              | 25,046       | -        | -        | 25,046       |
| New assets originated or purchased                   | -            | -        | -        | -            |
| Assets derecognised or repaid (excluding write offs) | (23,869)     | -        | -        | (23,869)     |
| Transfers to Stage 1                                 | -            | -        | -        | -            |
| Transfers to Stage 2                                 | -            | -        | -        | -            |
| Transfers to Stage 3                                 | -            | -        | -        | -            |
| Amounts written off                                  | -            | -        | -        | -            |
| At 30 June 2020                                      | <b>1,177</b> | <b>-</b> | <b>-</b> | <b>1,177</b> |

|  | Stage 1  | Stage 2  | Stage 3  | Total    |
|--|----------|----------|----------|----------|
|  | Rs'000   | Rs'000   | Rs'000   | Rs'000   |
| ECL allowance as at 1 July 2019  | 106      | -        | -        | 106      |
| New assets originated or purchased   | -        | -        | -        | -        |
| Assets derecognised or repaid (excluding write offs)                           | (106)    | -        | -        | (106)    |
| Transfers to Stage 1   | -        | -        | -        | -        |
| Transfers to Stage 2   | -        | -        | -        | -        |
| Transfers to Stage 3   | -        | -        | -        | -        |
| Impact on year end ECL of exposures transferred between stages during the year | -        | -        | -        | -        |
| At 30 June 2020  | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> |

Assets derecognised or repaid includes reversal of ECL Rs 0.1M on the related parties. The amount receivable from related parties are Rs Nil (2019: Rs 11.7M). Hence, the ECL amount recognised last year has been reversed.

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

30 June 2019

|  | Stage 1<br>Rs'000 | Stage 2<br>Rs'000 | Stage 3<br>Rs'000 | Total<br>Rs'000 |
|--|-------------------|-------------------|-------------------|-----------------|
| Gross carrying amount as at 1 July 2018  | 41,615            | -                 | 195               | 41,810          |
| New assets originated or purchased   | (16,569)          | -                 | -                 | (16,569)        |
| Assets derecognised or repaid (excluding write offs)                           | -                 | -                 | -                 | -               |
| Transfers to Stage 1   | -                 | -                 | -                 | -               |
| Transfers to Stage 2   | -                 | -                 | -                 | -               |
| Transfers to Stage 3   | -                 | -                 | -                 | -               |
| Amounts written off  | -                 | -                 | (195)             | (195)           |
| At 30 June 2019  | 25,046            | -                 | -                 | 25,046          |
|  | Stage 1<br>Rs'000 | Stage 2<br>Rs'000 | Stage 3<br>Rs'000 | Total<br>Rs'000 |
| ECL allowance as at 1 July 2018  | -                 | -                 | -                 | -               |
| Impact on adoption of IFRS 9   | 11                | -                 | -                 | 11              |
|  | 11                | -                 | -                 | 11              |
| New assets originated or purchased   | 95                | -                 | 195               | 290             |
| Assets derecognised or repaid (excluding write offs)                           | -                 | -                 | -                 | -               |
| Transfers to Stage 1   | -                 | -                 | -                 | -               |
| Transfers to Stage 2   | -                 | -                 | -                 | -               |
| Transfers to Stage 3   | -                 | -                 | -                 | -               |
| Impact on year end ECL of exposures transferred between stages during the year | -                 | -                 | (195)             | (195)           |
| At 30 June 2019  | 106               | -                 | -                 | 106             |

10. STATED CAPITAL

|                                    | 2020<br>Rs'000 | 2019<br>Rs'000 |
|------------------------------------|----------------|----------------|
| Issued share capital               |                |                |
| 423,387,518 Shares of no par value | 423,388        | 423,388        |

Ordinary shares are not redeemable, carry voting rights, and carry entitlement to dividends or distributions and on winding up to any surplus assets of the Company.

11. BORROWINGS

|                                | 2020<br>Rs'000 | 2019<br>Rs'000 |
|--------------------------------|----------------|----------------|
| Loans from third party         |                |                |
| Loans                          | -              | 20,000         |
| Bank loans & overdraft         |                |                |
| Bank loans                     | 50,000         | 93,350         |
| Accrued interest on bank loans | 72             | 976            |
|                                | <u>50,072</u>  | <u>114,326</u> |

(i) Loans from third party

The loan has been repaid during the year.

(ii) Bank loans

The bank loans are payable within one to three months, carry average interest rates of 3.15% (2019: 3.50%) per annum and are secured on the Company's assets, which are mainly made up of the investments.

(iii) Bank Overdraft

The bank overdraft are secured by floating charges on the Company's assets and carry interest of 5.75% per annum (2019: 5.75% per annum). The Bank overdraft has been classified in cash and cash equivalents.

12. TRADE AND OTHER PAYABLES

|   | 2020<br>Rs'000 | 2019<br>Rs'000 |
|---|----------------|----------------|
| Trade payables                          | 15             | 528            |
| Accrued expenses                        | 7,679          | 13,610         |
| Amount due to related parties (Note 21) | 35,604         | 4,972          |
|   | <u>43,298</u>  | <u>19,110</u>  |

(i) The average credit period on trade payables is 60 days and no interest is charged on trade payables. The Company has policies in place to ensure that all payables are paid within the credit timeframe.

(ii) Accrued expenses include dividend payable Rs12m, of which Rs7.1m have been written back as at 30 June 2020. The dividend write back was with respect to dividend declared and paid prior to 2015.

13. TAXATION

(i) Income tax

Income tax is calculated at the rate of 17% (2019: 15%) on the profit for the year as adjusted for income tax purposes.

|   | 2020<br>Rs'000 | 2019<br>Rs'000 |
|---|----------------|----------------|
| Income Tax Expense:   |                |                |
| Provision for the year                                      | 149            | 974            |
| Corporate Social Responsibility Contribution                | 20             | 114            |
| Underprovision Corporate Social Responsibility Contribution | 97             | -              |
| Foreign tax on investment income                            | 53             | 19             |
| Income tax expense  | <u>319</u>     | <u>1,108</u>   |

(ii) Current tax liabilities

|   | 2020<br>Rs'000 | 2019<br>Rs'000 |
|---|----------------|----------------|
| Balance at beginning of year                                | 1,209          | 886            |
| Provision for the year                                      | 149            | 974            |
| Less: Income tax paid/refund                                | (875)          | (493)          |
| Less: Tax paid under APS                                    | -              | (272)          |
| Underprovision Corporate Social Responsibility Contribution | 97             | -              |
| Corporate Social Responsibility due                         | 20             | 114            |
| Underprovision of income tax for the previous year          | 52             | -              |
| Balance at end of year                                      | <u>652</u>     | <u>1,209</u>   |

13. TAXATION (CONTINUED)

(iii) Reconciliation of the total tax charge

A reconciliation between the tax expense and the accounting profit multiplied by the domestic tax rate for the years ended 30 June 2019 and 30 June 2020 is, as follows:

|                                     | 2020<br>Rs'000   | 2019<br>Rs'000 |
|-------------------------------------|------------------|----------------|
| Accounting (loss)/profit before tax | <u>(327,216)</u> | <u>145,912</u> |
| Tax at 17%                          | (55,627)         | 24,805         |
| Tax effect of:                      |                  |                |
| - Exempt income*                    | (8,213)          | (73,867)       |
| - Non-allowable expenses*           | 63,988           | 50,167         |
| - CSR fund                          | 20               | 114            |
| - Adjustment for CSR fund           | <u>97</u>        | <u>(130)</u>   |
|                                     | 266              | 1,089          |
| Foreign tax on investment income    | <u>53</u>        | <u>19</u>      |
|                                     | <u>319</u>       | <u>1,108</u>   |

\*Main items of exempt income relate to Dividend income received from companies resident in Mauritius and surplus on revaluation of investments.

\*Main items of non-allowable expenses include expenses attributable to exempt income and loss on sale of assets.

14. DIVIDENDS PAYABLE

(a) DIVIDEND

|                                   | 2020<br>Rs'000  | 2019<br>Rs'000  |
|-----------------------------------|-----------------|-----------------|
| Dividend at the beginning of year | 55,040          | -               |
| Declared during the year          | 38,105          | 101,613         |
| Paid during the year              | <u>(93,145)</u> | <u>(46,573)</u> |
|                                   | <u>-</u>        | <u>55,040</u>   |

The final dividend declared for the year 2019 were paid in September 2019.

The Company declared Interim dividend of 9 cents per share for the year ended 30 June 2020 and paid the dividend in April 2020.

15. NET ASSET VALUE PER SHARE

Net Asset Value (NAV) per share is based on the net assets of Rs 1,155M (2019: 1,513M) and on 423,387,518 ordinary shares in issue throughout the two years ended 30 June 2020 and 30 June 2019.

16. DIVIDEND INCOME

|  | 2020<br>Rs'000 | 2019<br>Rs'000 |
|--|----------------|----------------|
| Dividend income from investments:        |                |                |
| <i>Local:</i>                            |                |                |
| Listed - Official Market                 | 28,211         | 24,510         |
| Listed - Development & Enterprise Market | 8,426          | 8,729          |
| Unquoted                                 | 1,056          | 2,741          |
|  | <u>37,693</u>  | <u>35,980</u>  |
| Overseas: Quoted                         | 592            | 1,462          |
|  | <u>38,285</u>  | <u>37,442</u>  |

Geographic Breakdown

|           | 2020<br>Rs'000 | 2019<br>Rs'000 |
|-----------|----------------|----------------|
| Mauritius | 37,692         | 35,980         |
| Asia      | 415            | -              |
| Europe    | 170            | -              |
| USA       | 8              | 1,462          |
|           | <u>38,285</u>  | <u>37,442</u>  |

17. NET FOREIGN EXCHANGE GAINS

|   | 2020<br>Rs'000 | 2019<br>Rs'000 |
|---|----------------|----------------|
| Net exchange gains arising on cash and cash equivalents | <u>2,510</u>   | <u>92</u>      |

The foreign exchange gain on foreign investments is included in the unrealized gain on revaluation of investments.

18. MANAGEMENT FEES

Expenses do not include any staff costs as the Company had no employees during the two years ended 30 June 2019 and 30 June 2020. Management fees are paid to the CIS Manager, Golden Fund Management Services Ltd, to provide management and company secretarial services to the Company.

19. CLOSED-END FUND EXPENSES

|                        | 2020<br>Rs'000 | 2019<br>Rs'000 |
|------------------------|----------------|----------------|
| Share registry fees    | 1,244          | 908            |
| Custodian & other fees | 828            | 947            |
|                        | <u>2,072</u>   | <u>1,855</u>   |

20. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the year is based on the loss for the year of Rs 327M (2019: Profit 145M) and on 423,387,518 ordinary shares in issue throughout the two years ended 30 June 2020 and 30 June 2019. The basic and diluted earnings per share are equal.

21. RELATED PARTY TRANSACTIONS

During the year, the Company had the following transactions/balances receivable from and payable to related parties.

| Name of company                            | Relationship            | Nature of transaction            | Value of Transactions |                | Receivable/(Payable) |                |
|--|-------------------------|----------------------------------|-----------------------|----------------|----------------------|----------------|
|  |                         |                                  | 2020<br>Rs'000        | 2019<br>Rs'000 | 2020<br>Rs'000       | 2019<br>Rs'000 |
| <b>At 30 June</b>                          |                         |                                  |                       |                |                      |                |
|  |                         | Repayment of loan                | (4,365)               |                | -                    | 4,365          |
|  |                         | Interest                         | (86)                  |                | -                    | 86             |
|  |                         | Current A/C                      | 5,045                 |                | 73                   | (4,972)        |
| Golden Fund Management Services Ltd (GFMS) | CIS Manager             | Management Fees                  | 10,560                | 13,522         |                      |                |
|  |                         | Share of Office                  |                       |                |                      |                |
|  |                         | Expenses under common Management | 1,290                 | 1,296          | (1,290)              | -              |
|  |                         | Inter-Company A/C balance        |                       |                | (1,217)              | (521)          |
| Golden Foundation Ltd (GFL)                | Holding company of GFMS | Loan receivable                  | (5,733)               |                | -                    | 5,733          |
|  |                         | Loan payable                     | (34,066)              |                | (34,066)             | -              |
|  |                         | Interest                         | (1,771)               |                | (321)                | 1,450          |
|  |                         | Inter-Company A/C balance        |                       |                | (34,387)             | 7,183          |

Compensation paid to key management personnel of CIS Manager GFMS for the year amounted to Rs 1,820,687 (2019: Rs 1,260,000).

Amount due to related parties carry an average interest rate of 3.88% (2019: 4.65%).

22. CHANGES FROM LIABILITIES ARISING FROM FINANCING ACTIVITY

|                                       | At 01 July 2019<br>Rs'000 | Additions<br>Rs'000 | Repaid<br>Rs'000 | At 30 June 2020<br>Rs'000 |
|---------------------------------------|---------------------------|---------------------|------------------|---------------------------|
| Interest bearing loans and borrowings | 114,326                   | 713,321             | (777,575)        | 50,072                    |
| Dividend payable                      | 55,040                    | 38,105              | (93,145)         | -                         |
| <b>Total</b>                          | <b>169,366</b>            | <b>751,426</b>      | <b>(870,720)</b> | <b>50,072</b>             |

|                                       | At 01 July 2018<br>Rs'000 | Additions<br>Rs'000 | Repaid<br>Rs'000 | At 30 June 2019<br>Rs'000 |
|---------------------------------------|---------------------------|---------------------|------------------|---------------------------|
| Interest bearing loans and borrowings | 67,841                    | 525,285             | (478,800)        | 114,326                   |
| Dividend payable                      | 55,040                    | 101,613             | (101,613)        | 55,040                    |
| <b>Total</b>                          | <b>122,881</b>            | <b>626,898</b>      | <b>(580,413)</b> | <b>169,366</b>            |

23. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders;
- To secure a good dividend yield as well as long term capital appreciation.

The capital structure of the Company consists of debt, net of cash and cash equivalents and equity. The Company manages its capital structure and make such adjustments that are required in light of changes in economic conditions. The Board meets on a quarterly basis to monitor the operations of the Company so as to ensure that it is able to continue as a going concern, while maximising returns to shareholders.

The Company monitors capital using gearing ratio, which is net debt divided by total equity. The strategy is to maintain the debt-to-adjusted capital ratio at a low level, in order to secure finance at the most competitive rates. The net debt consists of borrowings less cash at bank and in hand. Equity relates to share capital and retained earnings as disclosed in the Statement of Financial Position.

23. CAPITAL RISK MANAGEMENT (CONTINUED)

|                                | 2020<br>Rs'000 | 2019<br>Rs'000 |
|--------------------------------|----------------|----------------|
| Borrowings                     | 50,072         | 114,326        |
| Less cash and cash equivalents | (27,118)       | (15,353)       |
| Net debt                       | 22,954         | 98,973         |
| Total equity                   | 1,155,335      | 1,513,866      |
| Gearing ratio                  | 1.99%          | 6.54%          |

The Company has no capital commitments at 30 June 2020.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Fair value

Except as stated elsewhere, the carrying amounts of financial assets and liabilities approximate their fair values due to the short term nature of the balances involved.

Fair value measurements

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets are determined as follows:

The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The unquoted financial assets have been valued at on the basis of accounting policy note 5.

Fair value hierarchy

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

|                                  | 30-Jun-20         |                   |                   |                 |
|----------------------------------|-------------------|-------------------|-------------------|-----------------|
|                                  | Level 1<br>Rs'000 | Level 2<br>Rs'000 | Level 3<br>Rs'000 | Total<br>Rs'000 |
| <i>Financial assets at FVTPL</i> |                   |                   |                   |                 |
| Quoted equities                  |                   |                   |                   |                 |
| Local Official Market            | 783,090           | -                 | -                 | 783,090         |
| Development & Enterprise Market  | 93,762            | -                 | -                 | 93,762          |
| Overseas Markets                 | 306,024           | -                 | -                 | 306,024         |
| Unquoted equities                | -                 | 66                | 21,578            | 21,644          |
| Total                            | 1,182,876         | 66                | 21,578            | 1,204,520       |

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value measurements (Continued)

|                                  | 30 June 2019      |                   |                   | Total<br>Rs'000  |
|----------------------------------|-------------------|-------------------|-------------------|------------------|
|                                  | Level 1<br>Rs'000 | Level 2<br>Rs'000 | Level 3<br>Rs'000 |                  |
| <i>Financial assets at FVTPL</i> |                   |                   |                   |                  |
| Quoted equities                  |                   |                   |                   |                  |
| Local Official Market            | 1,129,504         | -                 | -                 | 1,129,504        |
| Development & Enterprise Market  | 133,824           | -                 | -                 | 133,824          |
| Overseas Markets                 | 272,901           | -                 | -                 | 272,901          |
| Unquoted equities                | -                 | 70                | 60,404            | 60,474           |
| <b>Total</b>                     | <b>1,536,229</b>  | <b>70</b>         | <b>60,404</b>     | <b>1,596,703</b> |

Reconciliation of Level 3 fair value measurements

| Sector              | 2020                |           |                 |                  |  | At end of year<br>Rs'000 |
|---------------------|---------------------|-----------|-----------------|------------------|--|--------------------------|
|                     | At start of<br>year | Additions | Disposals       | Reclassification | Fair value<br>gain/(loss) to<br>profit or loss |                          |
|                     | Rs'000              | Rs'000    | Rs'000          | Rs'000           | Rs'000   |                          |
| Consumer goods      | 24,778              | -         | (24,778)        | -                | -  | -                        |
| Financial Services  | 5,198               | -         | -               | -                | (1,045)  | 4,153                    |
| Hospitality         | 906                 | -         | -               | -                | (906)  | -                        |
| Investment          | 518                 | -         | -               | -                | (1)  | 517                      |
| Investment property | 1,484               | -         | -               | -                | 39   | 1,523                    |
| Manufacturing       | 1,723               | -         | -               | -                | (919)  | 804                      |
| Retail              | 25,796              | -         | -               | -                | (11,216)                                       | 14,580                   |
| <b>Total</b>        | <b>60,403</b>       | <b>-</b>  | <b>(24,778)</b> | <b>-</b>         | <b>(14,048)</b>                                | <b>21,577</b>            |

| Sector              | 2019                |            |              |                  |  | At end of year<br>Rs'000 |
|---------------------|---------------------|------------|--------------|------------------|--|--------------------------|
|                     | At start of<br>year | Additions  | Disposals    | Reclassification | Fair value<br>gain/(loss) to<br>profit or loss |                          |
|                     | Rs'000              | Rs'000     | Rs'000       | Rs'000           | Rs'000   |                          |
| Consumer goods      | 23,576              | -          | -            | -                | 1,202  | 24,778                   |
| Financial Services  | 5,251               | -          | -            | -                | (53)   | 5,198                    |
| Hospitality         | 135                 | 909        | 135          | -                | (3)  | 906                      |
| Investment          | 4,557               | -          | 4,039        | -                | -  | 518                      |
| Investment property | 1,484               | -          | -            | -                | -  | 1,484                    |
| Manufacturing       | 1,861               | -          | -            | -                | (138)  | 1,723                    |
| Retail              | 24,610              | -          | 1,081        | -                | 2,267  | 25,796                   |
| <b>Total</b>        | <b>61,474</b>       | <b>909</b> | <b>5,255</b> | <b>-</b>         | <b>3,275</b>                                   | <b>60,403</b>            |

There was no transfer to/(from) Level 3 for the two years ended 30 June 2020 and 30 June 2019.



24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value measurements (Continued)

For financial assets under Level 2, the entity uses a directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets in active markets, quoted prices for identical instruments in inactive markets and observable input other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads.

The following table gives information about how the fair value of significant financial assets under Level 3 are determined and inputs used.

The sensitivity analysis below has been determined based on an increase/decrease of 5% change to the variable inputs with all other variables held constant.

30 June 2020

| Sector of activity        | Valuation technique  | Significant unobservable input to fair value           | Effect on fair value (+/- 5%)<br>Rs'000 |
|---------------------------|--|--|---|
| Consumer goods & Commerce | The investment has been sold during the year.  |  |   |
| Financial Services        | Average of adjusted NAV, P/E & P/NAV multiple of peers discounted by 83% to account for market condition and liquidity | Discount to account for market condition and liquidity | 208                                     |
| Hospitality               | The investment has been sold during the year.  |  |   |
| Investment                | Average of adjusted NAV, P/E & P/NAV multiple of peers discounted by 10% to account for market condition and liquidity | Discount to account for market condition and liquidity | 26                                      |
| Investment property       | Average of adjusted NAV, P/E & P/NAV multiple of peers discounted by 20% to account for market condition and liquidity | Discount to account for market condition and liquidity | 76                                      |
| Manufacturing             | Average of adjusted NAV, P/E & P/NAV multiple of peers discounted by 20% to account for market condition and liquidity | Discount to account for market condition and liquidity | 40                                      |
| Retail                    | Average of adjusted NAV, P/E & P/NAV multiple of peers discounted by 30% to account for market condition and liquidity | Discount to account for market condition and liquidity | 729                                     |

30 June 2019

| Sector of activity        | Valuation technique  | Significant unobservable input to fair value           | Effect on fair value (+/- 5%)<br>Rs'000 |
|---------------------------|--|--|---|
| Consumer goods & Commerce | Average of adjusted NAV, P/E & P/NAV multiple of peers discounted by 20% to account for market condition and liquidity | Discount to account for market condition and liquidity | 1239                                    |
| Financial Services        | Average of adjusted NAV, P/E & P/NAV multiple of peers discounted by 60% to account for market condition and liquidity | Discount to account for market condition and liquidity | 260                                     |
| Hospitality               | Average of adjusted NAV, P/E & P/NAV multiple of peers discounted by 60% to account for market condition and liquidity | Discount to account for market condition and liquidity | 45                                      |
| Investment                | Average of adjusted NAV, P/E & P/NAV multiple of peers discounted by 60% to account for market condition and liquidity | Discount to account for market condition and liquidity | 26                                      |
| Investment property       | Average of adjusted NAV, P/E & P/NAV multiple of peers discounted by 60% to account for market condition and liquidity | Discount to account for market condition and liquidity | 74                                      |
| Manufacturing             | Average of adjusted NAV, P/E & P/NAV multiple of peers discounted by 60% to account for market condition and liquidity | Discount to account for market condition and liquidity | 86                                      |
| Retail                    | Average of adjusted NAV, P/E & P/NAV multiple of peers discounted by 60% to account for market condition and liquidity | Discount to account for market condition and liquidity | 1290                                    |

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Categories of financial instruments

|  | 2020             | 2019             |
|--|------------------|------------------|
|  | Rs'000           | Rs'000           |
| Financial assets                             |                  |                  |
| Assets at fair value through profit or loss: |                  |                  |
| Financial Assets at FVTPL                    | 1,204,520        | 1,596,703        |
| Amortised cost:                              |                  |                  |
| Loans receivable at call                     | 16,542           | 66,555           |
| Trade and other receivables                  | 1,017            | 24,676           |
| Cash and cash equivalents                    | 27,118           | 15,353           |
|  | <u>1,249,197</u> | <u>1,703,287</u> |

Prepayments have been excluded from Trade and other receivables

|   | 2020          | 2019           |
|---|---------------|----------------|
|   | Rs'000        | Rs'000         |
| Financial Liabilities                           |               |                |
| <i>Financial Liabilities at amortised cost:</i> |               |                |
| Borrowings                                      | 50,072        | 114,326        |
| Trade and other payables                        | 43,298        | 19,110         |
| Dividends payable                               | -             | 55,040         |
|   | <u>93,370</u> | <u>189,476</u> |

**Financial risk management objectives**

The Company holds both domestic and overseas investments and manages the financial risks relating to its operations by monitoring the risks and implementing policies to mitigate these risk exposures. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

**Market risk**

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility.

*(i) Currency Risk*

The Company is exposed to the risk that the carrying amounts of financial assets and liabilities denominated in foreign currencies, namely USD, EUR and ZAR, may change due to fluctuations in foreign exchange rates. Foreign currency trends are monitored by Management on a regular basis.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

*Market risk*

(i) *Currency Risk*

The currency profile of the Company's financial assets and financial liabilities at 30 June is summarised as follows:

|          | 2020                       |                                 | 2019                       |                                 |
|----------|----------------------------|---------------------------------|----------------------------|---------------------------------|
|          | Financial Assets<br>Rs'000 | Financial Liabilities<br>Rs'000 | Financial Assets<br>Rs'000 | Financial Liabilities<br>Rs'000 |
| Currency |                            |                                 |                            |                                 |
| MUR      | 870,220                    | 93,370                          | 1,350,274                  | 188,476                         |
| USD      | 304,518                    | -                               | 288,913                    | -                               |
| EUR      | 74,421                     | -                               | 63,997                     | -                               |
| ZAR      | 38                         | -                               | 103                        | -                               |
|          | <u>1,249,197</u>           | <u>93,370</u>                   | <u>1,703,287</u>           | <u>188,476</u>                  |

The following table details the Company's sensitivity to a 10% movement in MUR against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. A negative number below indicates a decrease in profit after tax where the MUR strengthens 10% against the relevant foreign currencies. For a 10% weakening of the MUR against the relevant foreign currencies, there would be an equal and opposite impact on the profit and the balance below would be negative.

|                           | USD Impact     |                |
|---------------------------|----------------|----------------|
|                           | 2020<br>Rs'000 | 2019<br>Rs'000 |
| Impact on profit & Equity | <u>30,452</u>  | <u>28,891</u>  |
|                           | EUR Impact     |                |
|                           | 2020<br>Rs'000 | 2019<br>Rs'000 |
| Impact on profit & Equity | <u>7,442</u>   | <u>6,400</u>   |
|                           | ZAR Impact     |                |
|                           | 2020<br>Rs'000 | 2019<br>Rs'000 |
| Impact on profit & Equity | <u>4</u>       | <u>10</u>      |

**USD and EUR Impact**

This is mainly attributable to the foreign currency exposure on both bank and investment balances.

**ZAR Impact**

This is mainly attributable to the foreign currency exposure on investments held at year-end.

(ii) *Interest rate risk management*

The Company is exposed to interest rate risk as the Company has short term loan facility at floating interest rates. The risk is managed by the Company by providing floating rate loans against market average PLR.

The interest rate profile of the Company's financial assets and financial liabilities as at 30 June was:

|  | 2020 | 2019 |
|--|------|------|
|  | %    | %    |
| Average interest rate per annum                |      |      |
| <i>Financial assets</i>                        |      |      |
| Financial assets at FVTPL : Equity instruments | 7.85 | 7.85 |
| Loans receivable at call                       | 10   | 7.33 |
| <i>Financial liabilities</i>                   |      |      |
| Borrowings                                     | 3.15 | 3.50 |

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk (Continued)

(ii) Interest rate risk management (continued)

Interest rate

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date. The analysis is prepared assuming the amount of these instruments at the end of the reporting date was outstanding for the whole year. A 200 basis points increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 200 basis points higher and all other variables were held constant, the Company's results would be increased as follows:

|                           | 2020<br>Rs'000 | 2019<br>Rs'000 |
|---------------------------|----------------|----------------|
| Impact on profit & Equity | 460            | 936            |

Had the interest rates been 200 basis points lower and all other variables were held constant, there would be an equal and opposite impact on profit.

(iii) Equity price risks

The Company is exposed to equity price risks arising from equity investments.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. If equity prices had been 5% higher/lower:

Profit and equity would increase/decrease by Rs 60.2M (2019: Rs 77.6M) as a result of the changes in fair value of the equity investments.

Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows.

Liquidity and interest risk tables

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

| 2020  | Interest | Interest rate | At call       | Less than 1<br>month | Less than 3<br>month | 3 months to 1<br>year | More than 1<br>year | Total            |
|---|----------|---------------|---------------|----------------------|----------------------|-----------------------|---------------------|------------------|
|   |          | % p.a         | Rs'000        | Rs'000               | Rs'000               | Rs'000                | Rs'000              | Rs'000           |
| <b>Financial assets</b>   |          |               |               |                      |                      |                       |                     |                  |
| Non interest bearing:   |          |               |               |                      |                      |                       |                     |                  |
| Accounts receivable   |          |               | -             | 1,017                | -                    | -                     | -                   | 1,017            |
| <b>Financial assets at FVTPL : Equity instruments</b>                         |          |               |               |                      |                      |                       |                     |                  |
|   |          |               | -             | -                    | -                    | -                     | 1,166,218           | 1,166,218        |
| <b>Interest rate instruments: Financial assets at FVTPL: Debt instruments</b> |          |               |               |                      |                      |                       |                     |                  |
| Loans receivable at call  | Fixed    | 10%           | 16,542        | -                    | -                    | -                     | 38,302              | 38,302           |
| Cash and cash equivalents   |          |               | 27,118        | -                    | -                    | -                     | -                   | 27,118           |
|   |          |               | <b>43,660</b> | <b>1,017</b>         | <b>-</b>             | <b>-</b>              | <b>1,204,520</b>    | <b>1,249,197</b> |

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk management (Continued)

Liquidity and interest risk tables (Continued)

| 2020  | Interest | Interest rate | At call | Less than 1 | Less than 3 | 3 months to 1 | More than 1 | Total     |
|---|----------|---------------|---------|-------------|-------------|---------------|-------------|-----------|
|   |          | % p.a         | Rs'000  | month       | month       | year          | year        | Rs'000    |
|   |          |               |         | Rs'000      | Rs'000      | Rs'000        | Rs'000      | Rs'000    |
| <i>Financial Liabilities</i>                          |          |               |         |             |             |               |             |           |
| Non interest bearing:                                 |          |               |         |             |             |               |             |           |
| Accounts Payable & other provisions                   |          |               |         |             |             |               |             |           |
|   |          |               |         | 15          |             | 7,679         |             | 7,694     |
| <i>Interest rate instruments:</i>                     |          |               |         |             |             |               |             |           |
| Borrowings  | Fixed    | 3.88%         | 35,604  |             |             |               |             | 35,604    |
|   | Floating | 2.70%         |         |             | 50,072      |               |             | 50,072    |
|   |          |               | 35,604  | 15          | 50,072      | 7,679         |             | 93,370    |
| <i>2019</i>   |          |               |         |             |             |               |             |           |
|   |          | Interest rate | At call | Less than 1 | Less than 3 | 3 months to 1 | More than 1 | Total     |
|   |          | % p.a         | Rs'000  | month       | month       | year          | year        | Rs'000    |
|   |          |               |         | Rs'000      | Rs'000      | Rs'000        | Rs'000      | Rs'000    |
| <i>Financial assets</i>                               |          |               |         |             |             |               |             |           |
| Non interest bearing:                                 |          |               |         |             |             |               |             |           |
| <i>Financial assets at FVTPL : Equity instruments</i> |          |               |         |             |             |               |             |           |
|   |          |               |         | 3,199       | 15,754      |               | 1,545,951   | 1,564,904 |
| <i>Interest rate instruments:</i>                     |          |               |         |             |             |               |             |           |
| <i>Financial assets at FVTPL : Debt instruments</i>   |          |               |         |             |             |               |             |           |
|   | Fixed    | 7.33          |         |             |             |               | 44,734      | 44,734    |
|   |          |               | 11,741  |             |             |               |             | 11,741    |
|   |          |               | 66,555  |             |             |               |             | 66,555    |
| Cash and cash equivalents                             |          |               |         |             |             |               |             |           |
|   |          |               | 15,353  |             |             |               |             | 15,353    |
|   |          |               | 93,649  | 3,199       | 15,754      |               | 1,590,685   | 1,703,287 |
| <i>Financial Liabilities</i>                          |          |               |         |             |             |               |             |           |
| Non interest bearing:                                 |          |               |         |             |             |               |             |           |
| Accounts Payable & other provisions                   |          |               |         |             |             |               |             |           |
|   |          |               |         | 528         | 55,040      | 18,582        |             | 74,150    |
| <i>Interest rate instruments:</i>                     |          |               |         |             |             |               |             |           |
| Borrowings  | Floating | 3.50          | 20,000  |             | 94,326      |               |             | 114,326   |
|   |          |               | 20,000  | 528         | 149,366     | 18,582        |             | 188,476   |

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Wherever possible, credit risks are secured by guarantees.

The Company does not have significant concentration of credit risk which is attributable to its trade receivables.

Trade receivables consist mainly of dividend receivable from a large number of investee companies spread across diverse industries.

Bank balances are held with reputable financial institutions.

The table below shows the credit quality by class of assets for all financial assets exposed to credit risk.

The amounts presented are gross of impairment allowances:

2020

|                           | Assets<br>Rs'000 | Current<br>Rs'000 | < 30 days<br>Rs'000 | Days past due          |                        |                     | Total<br>Rs'000 |
|---------------------------|------------------|-------------------|---------------------|------------------------|------------------------|---------------------|-----------------|
|                           |                  |                   |                     | 30 - 60 days<br>Rs'000 | 61 - 90 days<br>Rs'000 | > 91 days<br>Rs'000 |                 |
| Accounts receivable       | 1,017            | 1,017             | 1,017               | -                      | -                      | -                   | 1,017           |
| Loan receivables at call  | 16,542           | 16,542            | 16,542              | -                      | -                      | -                   | 16,542          |
| Cash and cash equivalents | 27,118           | 27,118            | 27,118              | -                      | -                      | -                   | 27,118          |

2019

|                             | Assets<br>Rs'000 | Current<br>Rs'000 | < 30 days<br>Rs'000 | Days past due          |                        |                     | Total<br>Rs'000 |
|-----------------------------|------------------|-------------------|---------------------|------------------------|------------------------|---------------------|-----------------|
|                             |                  |                   |                     | 30 - 60 days<br>Rs'000 | 61 - 90 days<br>Rs'000 | > 91 days<br>Rs'000 |                 |
| Trade and other receivables | 24,676           | 24,676            | 24,676              | -                      | -                      | -                   | 24,676          |
| Loan receivables at call    | 66,555           | 66,555            | 66,555              | -                      | -                      | -                   | 66,555          |
| Cash and cash equivalents   | 15,353           | 15,353            | 15,353              | -                      | -                      | -                   | 15,353          |

25. SEGMENT INFORMATION

For management purposes, the Company is organised into one main operating segment, which invests in quoted and unquoted securities both on the local and overseas market. All significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

Refer to Note 7 for further details of the split of the financial assets at fair value through profit or loss between the local and overseas markets and to Note 16 for the detailed split of the income derived the financial assets held locally and overseas.

26. SUBSEQUENT EVENT DISCLOSURES

There is no significant event after the reporting period which needs to be disclosed or requires amendments to the 30 June 2020 financial statements, except for the Rs 7.1M written back with respect to unclaimed dividends declared and paid prior to 2015.

27. COVID -19 IMPACT

Covid-19 is the Black Swan event of the century characterized by its extreme rarity and severity of impact. As at 30 June 2020, the SEMDEX and DEMEX was respectively 21.9% lower and 9.4% lower as compared to 30 June 2019, this has negatively impacted MDIT's portfolio as the latter is focused on locally listed investments. The local government has successfully controlled the spread of the coronavirus however the economy is expected to be sluggish in the near future as two pillars of the economy namely tourism and financial services are still recovering. For the year 2019/20, investments in Air Mauritius Ltd and Mauritours Ltd were written off respectively Rs 10.5M and Rs 0.95M. Additionally, investment in Allied Motors Ltd was reviewed downwards to Rs 14.9M (2019: Rs 25.8M). Despite the write off and the fair value deficit on Allied Motors Ltd, MDIT has a strong balance sheet and is well positioned to deal with the pandemic and its economic consequences. As at 30 June 2020, MDIT's gearing ratio was 8.1% (2019: 12.6%) given its total assets of Rs 1,249.4M (Rs 1,703.6M) and total liabilities were Rs 0.09M (2019: Rs 0.19M). The company had a portfolio of Rs 1,205M (2019: Rs 1,597M), cash position of Rs 27.1M (2019: Rs 15.4M) and loans at call of Rs 16.5M (2019: Rs 66.6M). In the event that the market was to crash by 80%, with the portfolio decreasing to Rs 241M, MDIT would still be able to meet all of its liabilities of Rs 0.09M and continue its operations.