

The background of the entire page is a dark red color. Overlaid on this is a complex network of thin, light-colored lines connecting various circular nodes of different sizes. The nodes are scattered across the page, with a higher concentration in the upper left and lower right areas. The lines form a web-like structure, suggesting connectivity and a global or interconnected theme.

ANNUAL  
REPORT

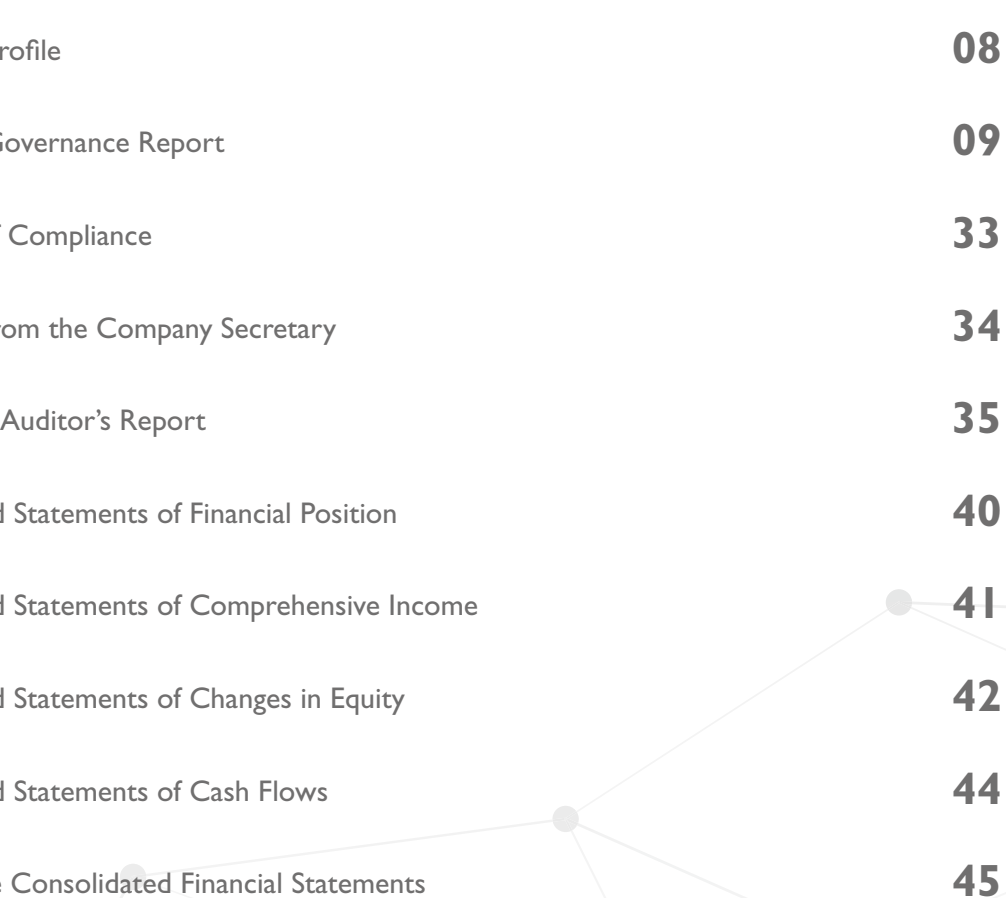
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**2020**

**UIL**  
United Investments Ltd

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# UIL AND ITS MAIN INVESTEE COMPANIES

UIL

AXYS

O)(IA

• LOCAL

AXYS Investment Partners

AXYS Stockbroking

AXYS Corporate Advisory

NWT (Mauritius)

Frontière Finance

SPICE Finance

Flexi Drive

• GLOBAL

NWT Conseil

NWT Management

APEX Africa Capital

Four Oaks Advisors

Trust Exec

Lombard Management  
Services

• TECH

Quantilab

Megabyte

Multiglobal System

Industrial Coding Solution

Les Gaz Industriels

Emineo

• HOSPITALITY

Attitude Hospitality

• AGRO

Intego

Intego Green

Mechanization Company

## CHAIRMAN'S & CEO'S REVIEW



**Didier Merven**



**Michel Guy Rivalland**

Dear Shareholders,

On behalf of my fellow directors, I am pleased to present United Investments Ltd's ("UIL") annual report for the financial year ended 30th June 2020.

### **Group Restructuring**

The process with respect to the Scheme of Arrangement (the 'Scheme') to approve the split of AXYS Ltd and OXIA Ltd from UIL, has not advanced and the Company is following procedures for the Scheme to be validated by the Supreme Court. Shareholders will be kept informed of the developments.

### **Investment Holding**

UIL reports as an investment holding company in terms of IFRS 10 and consequently its results are directly impacted by the fair valuation of its investments.

Loss after tax for the financial year under review stood at Rs 684.3M compared to a profit after tax of Rs 69.7M for the year ending 30th June 2019. This is mainly due to a 28% drop in the net asset value of investments after taking into consideration a net negative fair value adjustment of Rs (651.2M); (2019: FV gain of Rs 110.0M). The resulting loss per share amounted to Rs (3.35) for the year under review (2019 – Earning per share of Rs 0.34).

Total Group Equity as at 30th June 2020 stood at Rs 1,709.9M (2019 – Rs 2,394.2M) representing a decrease of 28.6 % over the previous year. The corresponding net asset value per share similarly decreased by 28% from Rs 11.73 per share to Rs 8.38 as at reporting date.

### **Operations Overview and Outlook**

Below is an overview of our investment portfolio's performance during the period under review, separated into our two distinct clusters.

### **Financial Services Investees (AXYS)**

Unlike most of our other businesses in the group, this cluster has been the least affected by the pandemic which fell upon us in March. But nevertheless, we decided to re-assess our whole business and realised we needed to restructure the AXYS Human Resources with heads of clusters; namely for Capital Markets, Global Business and Retail with each one of them preparing a clear vision and to present a three-year strategy and implementation plan. Henceforth, the focus will be on organic growth and efficiency gains.

## CHAIRMAN'S & CEO'S REVIEW

We also see numerous opportunities in Mauritius in consumer loans, albeit differently from what is being done today.

We have focused our attention on creating a group where we will service our customers fully, especially our High Net Worth (HNW) clients, as we believe this is the future of the financial services sector in Mauritius. In order to be an international financial center, we need to be able to offer a greater amount of valued added services. Mauritius has depended on Double Tax Agreements for far too long, instead of creating more valued added services.

The provision of wealth management, structuring, delivering valuable advice and execution services are key to our success. Being able to also sell the Swiss jurisdiction, with its illustrious past in this field, will help us and Mauritius be a diversified financial services jurisdiction.

We are also focusing on the Eastern African market, with our brokerage company in Nairobi being central to our reach, especially in Kenya and its neighbouring countries.

During the year, Apex merged with AIB to become the leading broker (rebranded to (AIB-AXYS AFRICA) in Kenya for HNW individuals. This should bring substantial value for the group going forward.

SPICE Finance had a record year in 2019 and would have had another one in the current year, but unfortunately COVID-19 arrived. The long-standing partnerships with our clients and dealerships, together with our can-do attitude and dedication to fast and efficient service, has contributed to our leading position in the leasing market.

We believe that digitalisation is key to delivering growth for SPICE Finance. We have and are continuing to invest in technology, for both our client experience and gains in efficiency. Our clients need a paperless experience which we are preparing ourselves to meet. We also need the regulation to change, which we anticipate in the near future. Our core systems have been entirely changed. A new mobile application has been launched and is being used by some dealerships to monitor and increase enhanced visibility on sales. This will soon be rolled out to our customers.

Technology is also key to the efficient growth of AXYS in general. We have invested heavily in the past and will continue to do so to gain first mover advantage. Whether it's live online portfolio valuations, client's access to their documentation, or uploading KYC documentation, many of our processes and customer experiences are changing rapidly and will continue to do so over the coming months. We recognise that technology, ease of doing business and customer satisfaction go hand in hand, to continue to grow our customer base.

### Non-Financial Services Investees (OXIA)

The non-financial services investees, regrouped under the OXIA brand, had mitigated results.



#### Hospitality

COVID-19 has impacted this sector negatively despite our hospitality experiencing a great start this year.

Our plans to list our stake in Attitude Hospitality Ltd ("AHL"), has been put on hold until we can see some normality in our operations and a returned appetite for this sector from the market.

Although the industry has come to a standstill since March, we believe we still have a positive future to look forward too as we are in the right market segment. The five-star sector was suffering before the COVID-19 debacle and will continue to do so well after. As mentioned in previous annual reports, Mauritius is over supplied with 5- star properties, with a staggering 43% of available rooms in that category. This is simply unsustainable for a destination with 1.4 M tourists per annum, in fact it is an inversed pyramid.

We have a team that has grown this company over the last decade and have outperformed the market consistently.

We also do not have an overstretched balance sheet, especially compared to our peers.

The middle market, where we operate, has been the most resilient in past market turmoils (2008-2009) as there is a large price gap in the 3 and 4-star segment compared to the 5-star prices, our operating costs are much less and people who can no longer afford 5-star prices have dropped to a lower category. It is similar to flights, if you were previously flying business class, you will now probably fly economy class.

The other major issue is debt. The major hotel groups have loaded up with debt to upgrade their properties and have, over the years, raised very little equity. This is a recipe for disaster when something like COVID-19 strikes. We are left with the majority of our hotel rooms linked to an awful lot of debt, with falling prices as well as demand. And, needless to say, they either can't or won't change their business models.

## CHAIRMAN'S & CEO'S REVIEW

The government has helped the industry through convertibles loans to the systemic players. The issue is that we are helping the companies that were already fragile before the crisis hit and loading them with more debt whilst there are no clients and normality seems some way off.

AHL has secured funding to see it through well into next year. We do not think that an acceptable volume of clients will start flowing back before November next year with numbers back to pre-COVID-19 levels sometime in 2022.

Opportunities will come and we will focus on obtaining management contracts where possible, because like it or not, the current owners of many sites in Mauritius will probably change, as groups are forced to sell to reduce debt.



### Tech

#### QuantiLAB

QuantiLAB was on track to have an outstanding year with substantial growth, but COVID-19 negatively impacted the operations.

All their overseas clients could not send samples due to air freight being non-existent. This was especially true for our market in Reunion and all our equine customers around the world. This market has slowly started picking up again but with social distancing, not all racecourses are operating. However, this should get back to normal sometime in 2021, once all the lock down and restriction measures to contain the virus have been removed.

We have launched a new medical laboratory, known as NovaLAB, for clinical testing and contributing to health enhancement programmes. This facility will be the most advanced in our country and the region and was launched on the 29th October. Given the COVID-19, NovaLAB also provides tests for such, which goes to prove that not everyone is a loser during a pandemic.

#### Megabyte

Megabyte has two main lines of business. Information Technology (Hardware and software) and traceability/asset tracing. The IT operations fared quite well during the lockdown and should show a good performance. Megabyte has made inroads into the banking sector by winning a major contract in the supply and service of ATMs.

The traceability and asset tracing operations fared less well as CAPEX was slashed and operations at their clients stopped. It was further aspirated by the

fact that half of their client market is in Reunion Island and all flights were grounded. Until normal flights resume, we have no visibility on this market.

#### Emineo

Emineo is in a re-engineering mode. A new Managing Director was appointed, and the team simplified. The business suffered setbacks on some contracts, which had been won, but suspended due to COVID-19. We expect these to go ahead once the virus has subsided. In the meantime, costs need to be reduced accordingly until better times ahead. We believe agriculture will be one of the themes of the new world and Emineo will be well placed to capture that.



### Agro

#### Mechanization Company (MECOM)

The year under review has been a tough one. COVID-19 has created major issues for our commercial side of the business. We are exposed to the construction industry which we believe is going to go through a tough period. We need to get stocks down. A stricter working capital management with lower stock levels and tighter debtor's follow-up is necessary to adjust to the business slowdown and will be our focus until markets normalise again.

Sales have been slow since the reopening of the economy on the commercial side, most specifically on the heavy-duty machines. Sales of other products have remained satisfactory. Our contracting side renewed with profitability and we expect this to continue, as our main clients are corporate growers in the sugar industry, which has not been affected as much by the COVID-19.

#### Intego

This liquid fertiliser business is being restructured under the leadership of a new Managing Director, in this post since last year, and has seen some positive transformation. The lockdown has negatively impacted on both fertilizers imports and application. The business has however remained interesting as a whole. A number of diversification strategies are currently being studied, which if implemented, shall bring Intego to a level up.

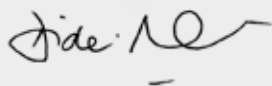
# CHAIRMAN'S & CEO'S REVIEW

## Looking Forward

Trying to predict with some measure of certainty for the coming 12 months will be almost impossible. The opening of our borders will not necessarily bring the results that many people expect, because it will entail the collaboration of numerous government departments here and overseas so that a workable protocol can function to the satisfaction of all concerned. Tourists and business travellers for instance, will not visit countries and be quarantined and be subjected to another confinement upon a return to their country. Without finding solutions to these problems, we don't see any possibility of forecasting a way forward for our tourism and travel industry, except to find a vaccine that can completely eradicate this virus.

As far as UIL's investment portfolio is concerned, all our activities have been affected by the pandemic in various ways, with the exception of Financial Services and our newly opened NovaLAB (a subsidiary of QuantiLAB) who have either not been affected greatly or have in fact benefitted due to the nature of the business they operate.

As mentioned last year, we had embarked on a strategy to list and sell our stake in Attitude Hospitality, but unfortunately the arrival of the Covid-19 pandemic arrived faster than we could dispose of our stake.




**Didier Merven**  
Chairman

Our intention remains unchanged, but the timing has had to be reviewed.

## Acknowledgements

The composition of the Board of Directors changed during the year under review. Mr Kumar L Guinness and Mr Jean Jupin de Fondaumiere resigned as Directors and Ms Hillary Chadwick and Mr Brett Childs were appointed as independent non-executive directors. We extend our thanks to the retiring directors for their long-serving and precious contribution to the affairs of the company and welcome the new directors.

To conclude, we would like to thank the members of the Board of Directors for their guidance and contribution. We also extend our thanks to the Management and Staff of UIL and to our investees for their dedication and loyalty, as well as to our Shareholders and Stakeholders for their continued trust and support.



**Michel-Guy Rivalland**  
Chief Executive Officer





# CORPORATE PROFILE

The Directors have the pleasure of submitting the Annual Report of United Investments Ltd ("UIL" or "the Company") and its subsidiaries (the "Group") together with the audited financial statements for the year ended June 30, 2020.

## Board of Directors

**Mr. Didier MERVEN** (Executive - Chairperson)

**Mr. Michel Guy RIVALLAND** (Executive)

**Mr. Kumar L. GUNNESS** (Independent Non-Executive) - Resigned on July 03, 2020

**Mr. Pierre Arnaud Marc De MARIGNY-LAGESSE** (Independent Non-Executive)

**Mr. Joseph Andre Philip Jean JUPPIN DE FONDAUMIERE** (Independent Non-Executive) - Resigned on December 31, 2019

**Mr. Nicolas Marie Edouard MAIGROT** (Non-Executive)

**Mr. Marie Donald Henri HAREL** (Non-Executive)

**Mrs. Hillary CHADWICK** (Independent Non-Executive - Appointed on September 30, 2019 and resigned on December 16, 2020)

**Mr. Brett Childs** (Independent Non-Executive - Appointed January 01, 2020)

## Board Committees

### Audit Committee

**Mr. Joseph Andre Philip Jean JUPPIN DE FONDAUMIERE** (resigned as Director and Chairperson of the Audit Committee on 31 December 2019)

**Mr. Brett Childs** (appointed Director and Chairperson of the Audit Committee on 01 January 2020)

**Mr. Kumar L. GUNNESS** (resigned on 03 July 2020)

**Mr. Marie Donald Henri HAREL**

**Mrs Hilary Chadwick** (09 November 2020 - 16 December 2020).

### Corporate Governance Committee

Mr. Pierre Arnaud Marc De MARIGNY-LAGESSE (Chairperson)

Mr. Didier MERVEN

Mr. Nicolas Marie Edouard MAIGROT

## Company Secretary

NWT Secretarial Services Limited

6/ 7<sup>th</sup> Floor Dias Pier Building, Le Caudan Waterfront, Caudan, Port Louis

## Registered Office

6/7<sup>th</sup> Floor Dias Pier Building, Le Caudan Waterfront, Caudan, Port Louis

## Registrar and Transfer Agent

MCB Registry and Securities Ltd

Sir William Newton Street, Port Louis

## Auditors

BDO & CO

10 Frère Felix De Valois St, Port Louis

## Bankers

The Mauritius Commercial Bank Limited,

Sir William Newton Street, Port Louis

AfrAsia Bank Limited

Bowen Square, 10 Dr Ferriere Street, Port Louis

# CORPORATE GOVERNANCE REPORT

## INTRODUCTION

United Investments Ltd ('UIL'/the 'Company') and its subsidiaries (together referred to as the 'Group') are committed to achieving high standards of corporate governance and recognise the importance of good governance to ensure continued growth and create sustainable value for all its stakeholders. UIL is an investment holding company listed on the Development and Enterprise Market of the Stock Exchange of Mauritius and as a Public Interest Entity ('PIE'), the Board of Directors (the 'Board') has made concerted effort to apply the principles as set out in the National Code of Corporate Governance for Mauritius (2016) (the 'Code') which is based on a 'apply and explain' basis.

## PRINCIPLE I: GOVERNANCE STRUCTURE

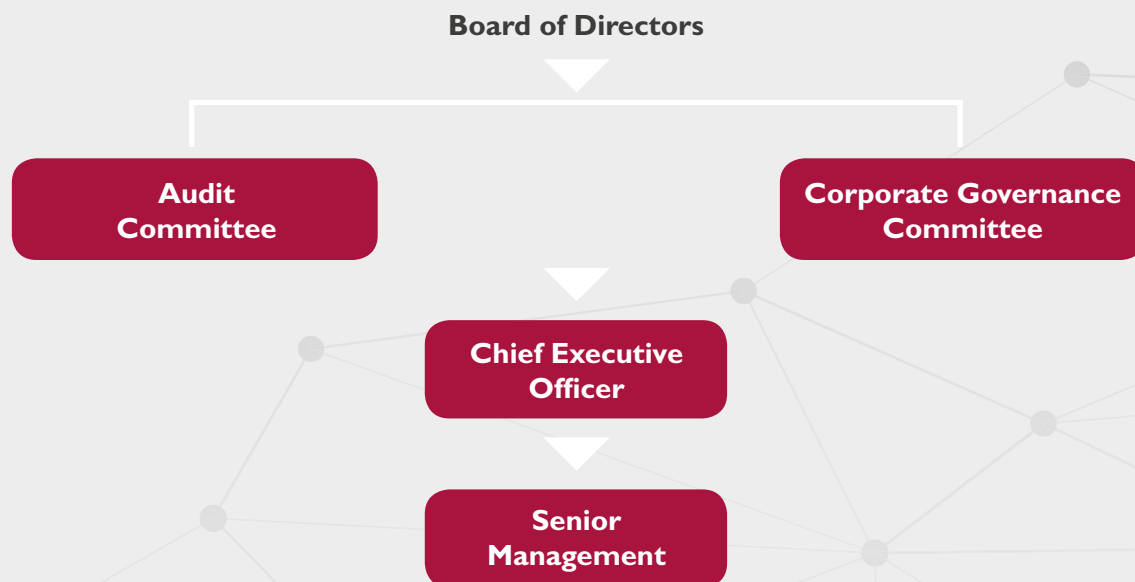
The Board is responsible in ensuring that the Group adheres to all relevant legal and regulatory requirements and remains committed to best governance practices for the benefit of all its stakeholders. The Board is also responsible for monitoring and assessing risks in order to ensure that the viability of the Group is sustained at all times. In addition, the Board ensures that its internal control systems and reporting arrangements are designed and set up so as to provide for the effective, prudent and efficient administration of its assets and liabilities. The Board is collectively responsible for the Group's leadership, strategy, values, standards, control, management and the long-term success of the Group.

The following key governance documents which have been approved by the Board are available on the Company's website <http://www.uil.mu/>:

- Code of Ethics
- Nomination and appointment process
- Organisation Chart and Statement of Accountabilities
- Key senior governance positions
- Board Charter
- Terms of Reference of Board Committees

The Constitution of the Company is also available on its website.

The following diagram depicts the relationship between the Board, Board Committees and Management:





# CORPORATE GOVERNANCE REPORT

## Key Governance Positions

### Chairman of the Board

The Chairman is responsible for the effective leadership, operation and governance of the Board and its Committees. He presides over meetings of the Board and Shareholders. He ensures that the directors contribute to the development and implementation of the Group Strategy. The Chairman is also responsible for the Board evaluation, director's appraisal, succession planning, induction of new directors and their continuing development. He ensures that relations with the shareholders of the Company are maintained and information is clearly communicated to them through appropriate disclosure.

Mr Jean Didier Merven is the Chairman of the Board and a brief overview of his profile can be found on page 1 (f).

### Chief Executive Officer

The function and role of the Chief Executive Officer ('CEO') is separate from that of the Chairman. The CEO is responsible for the day to day management of the Company and acts as the main point of contact between the Board and Management. He is also responsible to develop and implement the Group's long and short-term strategy with a view of creating shareholder value.

Mr Michel Guy Rivalland is the Chief Executive Officer and a brief overview of his profile can be found on page 1 (f).

### Chairman of Audit Committee ('AC')

The Chairman of the Audit Committee provides support and advice to the Chairman of the Board. He is responsible to schedule an appropriate number of AC meetings each calendar year so as to enable the AC to carry out its responsibilities diligently and effectively. He also ensures that the AC receives all material to be discussed at the meeting in a timely manner in order to allow AC members sufficient amount of time to review the information they are provided with.

Mr Brett Ivor Childs is the Chairman of the AC and a brief overview of his profile can be found on page 1 (g).

### Chairman of Corporate Governance Committee ('CGC')

The Chairman of the CGC provides expertise in the areas of corporate governance and ensures that Board members receive regular and ongoing training and development. He has the responsibility to review on an annual basis the remuneration policy of the Group and oversee the production of the Annual Report.

Mr Pierre Arnaud Marc De Marigny Lagesse is the Chairman of the CGC and a brief overview of his profile can be found on page 1 (f).

### Company Secretary

All Directors have access to the advice and services of the Company Secretary, NWT Secretarial Services Ltd, through its representative V. Oomadevi (Lavineea) Chetty, who is responsible for providing guidance to the Board as to their duties, responsibilities and powers. The Company Secretary is appointed by the Board in accordance with the Company's Constitution.

The Company Secretary ensures that the Board procedures are followed and that applicable rules and regulations as well as principles of good governance are adhered to.

Lavineea graduated in Economics and Finance from the University of Natal, South Africa. She is an Associate of the Institute of Chartered Secretaries and Administrators (UK). She previously worked as Underwriter in the Motor and General Insurance Department at Swan Insurance for ten years and as Company Secretary at Executive Services Ltd for 8 years. Lavineea joined NWT (Mauritius) Ltd as Company Secretary since 2015 and through NWT Secretarial Services Ltd provides company secretarial services to various companies within the AXYS Group.



# CORPORATE GOVERNANCE REPORT

## Senior Management

AXYS Treasury Ltd a wholly owned subsidiary of UIL, provides management, consultancy and accounting services to the Company. The senior management team of the Group is as follows:

### **Michel Guy Rivalland**

*Group Chief Executive Officer*

Please refer to page 1 (f) for his profile.

### **M.J.H.R. Roger Koenig (Roger Koenig)**

*Chief Finance Officer*

Roger Koenig is a Chartered Accountant (SA) and holds a certificate in Theory of Accountancy and Bachelor of Commerce from the University of Cape Town. He is also a member of the Society of Chartered Accountants Mauritius (ICAEW) and member of the Mauritius Institute of Directors (MIoD). After ten years of financial management, he has spent the last sixteen years in senior general management positions, of which twelve years in the capacity of Chief Executive Officer of a well-diversified local company and regional group. He has strong managerial background with local/regional experience and cross sector exposure and has acquired valuable experience serving as Board, Audit Committee and Investment Committee member of several companies during his career. He joined UIL as Chief Finance Officer in June 2016.

### **Christine Dove**

*Group Financial Accountant*

Christine is a qualified member of the Association of Chartered Certified Accountants (UK). She has previously worked for three years in the Audit department with DCDM and a further 3 years in the accounting team of Rogers Group. She joined AXYS Group in 2005 as a Financial Accountant where she headed the Accounts and Financial Department. In August 2010, Christine was appointed Group Financial Accountant for UIL Group.

### **Omabhinavsingh Juddoo**

*Strategy and Investment Manager*

Omabhinavsingh Juddoo holds a Masters in International Business from Curtin University of Australia and is a member of the ACCA (UK) and Member of the Chartered Institute of Bankers in Scotland. His fields of expertise are Project Management, Treasury and Transaction Advisory. He has been involved in the operations of the Company and its subsidiaries since he joined AXYS Group in 2013 and contributes to the expansion of the Group.

## PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

The aim of the Board of UIL is to create the right balance and composition in such a way as to best serve the Company. Given the size and the sector of activities of the Group, the Directors consider that the current Board is of reasonable size and possesses the appropriate mix of competencies, experience, skill and independence to efficiently manage the affairs of the Company.

At June 30, 2020 the Company was managed by a unitary Board of eight members, all residents of Mauritius, out of whom two (2) are Executive Directors, two (2) are Non-Executive and three (4) are Independent Non-Executive Directors.

Mrs Hilary Chadwick submitted her resignation as director of the Company on 16 December 2020.

# CORPORATE GOVERNANCE REPORT

## Directors' Profile

The profiles of the Board Members at 30 June 2020 are as follows:



**Jean Didier Merven  
(Didier Merven)**

*Executive Director - Chairman*

Didier Merven set up in 1992 Portfolio Investment Management Ltd (PIM), one of the very first professional portfolio management companies in Mauritius. Over the following 26 years, Didier Merven has significantly contributed to the diversification of the financial services activities of the Group and continues to oversee the investment management for the high net worth clients.

Directorship in other listed companies: Novus Properties Ltd, Novare Africa Fund PCC in respect of its cell Novare Africa Property Fund One.



**Michel Guy Rivalland  
(Michel Rivalland)**

*Executive Director*

Michel Rivalland is a graduate in Economics, Bsc (Hons), from UK. He joined AXYS Group in 1999 and became a shareholder and Director in 2002. Since 1st July 2010 he occupies the role of CEO of United Investments Ltd.

Michel Guy Rivalland has been instrumental in transforming what started off as an asset management company into a diversified financial services group whose services include securities brokerage, advisory services, fiduciary services, asset financing and deposit taking.

Directorship in other listed companies: Attitude Property Ltd and Les Gaz Industriels Ltd



**Pierre Arnaud Marc De Marigny  
Lagesse (Marc Lagesse)**

*Independent Director*

Marc Lagesse currently holds directorship in several companies operating in different sectors of the Mauritian economy. He was until end 2017, the Chief Executive Officer of the Hertshten Group, a Mauritian based holding company with operations in 7 countries across the globe involved in international derivatives markets and property. Marc Lagesse was previously the CEO of MCB Capital Markets, part of the MCB Group where he spent 15 years. Marc Lagesse has a BSc in Statistics and Economics from University College London and a MBA from the London Business School.

Directorship in other listed companies: Medine Ltd and Excelsior United Development Companies Limited.



**Brett Ivor Childs (Brett Childs)  
- Appointed on 01 January 2020**

*Independent Director*

Brett Childs is a Chartered Accountant and has been living in Mauritius for 19 years. He is well versed and experienced in private equity investing, corporate structuring, investing in, managing and exiting investments. Brett Childs has served in the capacity as a non executive and executive director of a number of listed companies and has listed companies on the London Stock Exchange and Johannesburg Stock Exchange.

Directorship in other listed companies in Mauritius: Novare Africa Fund PCC

# CORPORATE GOVERNANCE REPORT



**Nicolas Marie Edouard Maigrot  
(Nicolas Maigrot)**

*Non-Executive Director*

Nicolas Maigrot is the Managing Director of Terra Mauricia Ltd since 1st January 2016. He started his career as Management Controller at Floreal Knitwear in 1989. He headed the Mauritius and Madagascar operations between 1995 and 1998 and was appointed as Chief Executive Officer of Floreal Knitwear in 2003 and of Ciel Textile (knits and knitwear division) in 2009. He was then recruited as Chief Executive Officer of Ireland Blyth Limited in 2010, a post he held until 2015.

Directorship in other listed companies: Terra Mauricia Ltd, Swan General Ltd and United Docks Ltd.



**Marie Donald Henri Harel  
(Henri Harel)**

*Non-Executive Director*

Henri Harel first worked in South Africa as an auditor with De Ravel, Boulle, Saad & Wyman (Chartered Accountants). He then occupied the post of Internal Auditor with Toyota S.A. Manufacturing and that of Financial Accountant at Amalgamated Beverage Industries Ltd (Coca-Cola). Upon his return to Mauritius in 1991, he worked for Société de Gérance de Mon Loisir as Financial Controller until 1996, when he joined Harel Frères Limited in a similar position. He is at present Terra's Group Chief Finance Officer and a Management Committee member. He has also been the Chairman of the Sugar Industry Pension Fund and of its Finance and Investment Committee.

Directorship in other listed companies: Terra Mauricia Limited and Swan Insurance Co. Ltd.

**Hilary Chadwick – Appointed on 30 September 2019 and resigned on 16 December 2020**

*Independent Director*

Hilary Chadwick is a lawyer by profession having been admitted onto the Roll of Solicitors in England and Wales in 1992. Initially she worked as a solicitor in private practice in London before moving to work in her home city of Preston. In 2001 she moved into the world of academia securing a role as a Lecturer at the University of Central Lancashire training students to become lawyers. Hilary has held a number of positions within the University including quality assurance and compliance. She has worked with external stakeholders in the legal profession in the north of England providing training courses for Judges and Magistrates. She was appointed Academic Head of UCLan's partnership in Mauritius in 2018 and has continued to develop the University's business on the Island. She has provided training and given conference papers for the Institute of Judicial and Legal Studies of Mauritius. Hilary was appointed on the Board of UIL as a non-executive director on 30 September 2019.

Directorship in other listed companies: None

**Kumar L. Gunness – Resigned on 03 July 2020**

*Independent Director*

Kumar Gunness qualified as a pharmacist from John Moors University, Liverpool, UK. He has a wide ranging business experience locally and overseas. He is currently the Managing Director and the largest shareholder of the Unicorn Group of companies as well as being director of other local and overseas companies.

Directorship in other listed companies: None.

**Joseph Andre Philip Jean Juppin De Fondaumière (Jean De Fondaumière) – Resigned on 31 December 2019**

*Independent Director*

Jean De Fondaumière is a Chartered Accountant of Scotland. He worked in Australia for eleven years and he retired as the Chief Executive Officer of the Swan Group at the end of 2006 after fifteen years with the group. He is a past Chairman of The Stock Exchange of Mauritius and his former directorships include companies operating in the African, Indian Ocean and Asia Pacific regions. Jean De Fondaumière currently holds a portfolio of directorships in Mauritius for companies operating in commerce, finance, power generation, sugar and tourism industry.

Directorship in other listed companies: Constance Hotels Services Ltd, Constance La Gaité Company Ltd and Hotelest Ltd.



# CORPORATE GOVERNANCE REPORT

## DIRECTORSHIP OF THE GROUP AT 30 JUNE 2020:

### Apexafrica Capital Limited

- Azim Jamal VIRJEE
- Louis Augustin Marie LALLIA
- Melvyn Yao Tsen CHUNG KAITO
- Tejveer Singh RAI
- Charles Makori OMANGA

### AXYS Ltd

- V. Oomadevi CHETTY
- Omabhinavsingh JUDDOO
- M.J.H.R. Roger KOENIG
- Didier MERVEN
- Michel Guy RIVALLAND

### AXYS Group Ltd

- Didier MERVEN
- Michel Guy RIVALLAND

### Attitude Hospitality Ltd

- Maxime Jean Francois DESVAUX DE MARIGNY
- Georges Vincent DESVAUX DE MARIGNY
- Vincent GRIMOND
- Jean Didier MERVEN
- Jean Michel PITOT
- Marie Adrien Robert Michel PITOT
- Michel Guy RIVALLAND
- Deenesh SEEDOYAL
- Armelle BOURGAULT DU COUDRAY

### AX East Africa Holdings Ltd

- Louis Augustin Marie LALLIA
- Vikash TULSIDAS

### AXYS Corporate Advisory Ltd (Mauritius)

- Didier MERVEN
- Louis Augustin Marie LALLIA

### AXYS Corporate Advisory Limited (Seychelles)

- Didier MERVEN
- Louis Augustin Marie LALLIA

### AX Offshore Ltd

- Louis Augustin Marie LALLIA
- Didier MERVEN

### AX International

- Didier MERVEN
- Michel Guy RIVALLAND
- Colin WALKER
- Thierry VALLET

### AX Holding

- Michel Guy RIVALLAND
- Eendren VENCHARD

### AXYS Holding Ltd

- Michel Guy RIVALLAND
- Sébastien PITOT

### AXYS Investment Partners Ltd

- Constantin Robert Marie DE GRIVEL
- Marie Christine DOVE
- Louis Augustin Marie LALLIA
- Didier MERVEN
- Michel Guy RIVALLAND

### AXYS Patrimoine Ltd

- Michel Guy RIVALLAND
- Sébastien PITOT

### AXYS Stockbroking Ltd

- Michel Guy RIVALLAND
- Vikash TULSIDAS
- Melvyn Yao Tsen CHUNG KAITO

### Emineo Ltd

- Jacques Arnaud DOGER DE SPEVILLE
- Michel Guy RIVALLAND
- Charles Paul Luc HAREL
- Bernard COUTEAUX
- Joël HAREL
- Emineo Holding Ltd
- Jacques Arnaud DOGER DE SPEVILLE
- Michel Guy RIVALLAND
- Charles Paul Luc HAREL
- Joël HAREL

### Four Oaks Advisors Ltd

- Louis Augustin Marie LALLIA
- Richard Nicholas CHARRINGTON
- Reenu Jadaw LILKUNT
- Jesse Joe KOTI

### Frontiere Corporate Administrators Ltd

- Thierry ADOLPHE
- Jenny WONG WONG
- CHEUNG

### Frontiere Finance International Limited

- Margot PIENAAR
- Michel Guy RIVALLAND
- Jean Didier MERVEN

### Frontiere Finance Holding Ltd

- Rory Kenneth Denoon KIRK
- Jenny WONG WONG
- CHEUNG

### Frontiere Corporate Services Ltd

- Rory Kenneth Denoon KIRK
- Thierry ADOLPHE
- Jenny WONG WONG
- CHEUNG

### Frontiere Finance Ltd

- Rory Kenneth Denoon KIRK
- Thierry ADOLPHE
- Jenny WONG WONG
- CHEUNG

### Intego Ltd

- Noel Gerard DE RAVEL
- Didier MERVEN
- Michel Guy RIVALLAND
- Dani Desire Emmanuel JOSEPH
- Omabhinavsingh JUDDOO

# CORPORATE GOVERNANCE REPORT

## **Intego Green Ltd**

- Dani Desire Emmanuel JOSEPH
- Michel Guy RIVALLAND
- Didier MERVEN
- Noel Gerard DE RAVEL
- Omabhinavsingh JUDDOO

## **Island Catch Ltd**

- Didier MERVEN
- Michel Guy RIVALLAND

## **Island Fertilizers Logistics Ltd**

- Didier MERVEN
- Michel Guy RIVALLAND

## **La Moisson Ltee**

- Isabelle ADAM
- Luc BAX DE KEATING
- Denis Robert Wiehe LAGESSE

## **Les Gaz Industriels Ltee**

- Sivavalan MOODELEY
- Catherine MCILIRAITH
- Antoine Louis HAREL
- Marius Johannes KRUGER
- Edouard Philippe Christopher HART DE KEATING
- Laurent BOURGAULT DE COUDRAY

## **Lombard Management Services Ltd**

- Didier MERVEN
- Michel Guy RIVALLAND
- Vikash TULSIDAS
- Eendren VENCHARD

## **Mechanization Company Ltd**

- Isabelle ADAM
- Luc BAX DE KEATING
- Laurent BOURGAULT DU COUDRAY
- Harold James MAYER
- Michel Guy RIVALLAND
- Joseph Claude Alain NOEL
- Denis Robert Wiehe LAGESSE
- M.J.H.R. Roger KOENIG

## **Megabyte Investment Ltd**

- Thierry GIRAUD
- Michel Guy RIVALLAND
- Omabhinavsingh JUDDOO

## **Megabyte Ltd**

- Thierry GIRAUD
- Michel Guy RIVALLAND
- Omabhinavsingh JUDDOO

## **NWT (Mauritius) Limited**

- Didier MERVEN
- Michel Guy RIVALLAND
- Vikash TULSIDAS
- Zoubeir KHATIB

## **NWT Caversham SA**

- Colin WALKER
- Michel Guy RIVALLAND
- Christian DAYER
- Anna NYDEGGER

## **NWT Management SA**

- Colin WALKER
- Christian DAYER
- Anna NYDEGGER

## **NWT Suisse Conseil SA**

- Colin WALKER
- Christian DAYER
- Anna NYDEGGER
- Benjamin VERNE

## **OXIA Ltd**

- V. Oomadevi CHETTY
- Omabhinavsingh JUDDOO
- Didier MERVEN
- Michel Guy RIVALLAND
- M.J.H.R. Roger KOENIG

## **OXIA Agro Ltd**

- Didier MERVEN
- Michel Guy RIVALLAND
- Omabhinavsingh JUDDOO

## **OXIA Hospitality Ltd**

- Didier MERVEN
- Michel Guy RIVALLAND
- Omabhinavsingh JUDDOO

## **OXIA Tech Ltd**

- Didier MERVEN
- Michel Guy RIVALLAND
- Omabhinavsingh JUDDOO

## **Parts Supply Services Limited**

- Bertrand QUEVAUVILLIERS

## **Quantilab Holding Ltd**

- Didier MERVEN
- Michel Guy RIVALLAND
- Hubert G. G. J. LECLEZIO
- Geraldine Paule Freddy JAUFFRET

## **Quantilab Ltd**

- Didier MERVEN
- Michel Guy RIVALLAND
- Hubert G. G. J. LECLEZIO
- Guy Joseph Bertrand BAUDOT
- Geraldine Paule Freddy JAUFFRET

## **S.C.E.T.I.A Holding Ltd**

- Luc BAX DE KEATING
- Michel Guy RIVALLAND
- Bertrand QUEVAUVILLIERS

## **SPICE Finance Ltd**

- Laurent BOURGAULT DU COUDRAY
- Sébastien PITOT
- Albert Pierre Gilbert POISSON
- Vikash TULSIDAS
- P. J. P. Edouard ESPITALIER NOEL
- Marie D F Sylvain PASCAL
- Ouma Shankar OCHIT
- Vijeyalutchmee MOOTOOSAMY MONIEN

# CORPORATE GOVERNANCE REPORT

## Directors' and officers' interests in UIL's shares

The Directors follow the principles of the model code on securities transactions as detailed in the Mauritius Stock Exchange listing rules and in accordance with the Companies Act 2001, written records of the interests of the Directors and their closely related parties in the shares of the Company are kept in a Register of Directors' Interests ('The Register') by the Company Secretary. The Register is available to shareholders upon request to the Company Secretary.

As soon as a Director becomes aware that he is interested in a transaction or that his holdings or his associates' holdings have changed, the interest should be reported to the Group. The Register of Interests is updated with every transaction entered into by the Directors and persons closely associated with them. When it appears to be a conflict of interest, any Director who could have such a conflict of interest will abstain from discussions at Board meetings when the relevant matter is tabled.

Moreover, pursuant to the Securities Act 2005, UIL registered itself as a reporting issuer with the Financial Services Commission ('FSC') and makes every effort to follow the relevant disclosure requirements. The Group keeps a Register of its Insiders and the said register is updated with the notification of interest in securities submitted by the Directors, the officers and the other insiders of UIL.

### List of Directors' Direct and Indirect Interests in UIL as at June 30, 2020

Directors	Direct Shareholding Percentage	Indirect Shareholding Percentage
Jean Didier Merven	-	6.52
Michel Guy Rivalland	8.695	-
Pierre Arnaud Marc De Marigny Lagesse	0.245	-
Joseph Andre Philip Jean Juppim De Fondaumière (resigned on 31 December 2019)	-	-
Kumar L. Gunness (resigned on 03 July 2020)	0.009	0.159
Brett Ivor Childs (appointed on 01 January 2020)	0.056	-
Hilary Chadwick (appointed on 30 September 2019 and resigned on 16 December 2020)	-	-
Nicolas Marie Edouard Maigrot	-	-
Marie Donald Henri Harel	0.004	-

## Board Meetings

The Board holds a minimum of four meetings annually and Special Board meetings are convened when necessary. During the year under review a total of five Board meetings were held.

## Board Committees

In line with best practice and good corporate governance principles, the Board of Directors of UIL has delegated clearly defined responsibilities to Board Committees. These Board Committees operate within clearly defined Terms of Reference and provide assistance to the Board and its Directors in discharging their duties through a more comprehensive evaluation of specific issues. The Board Committees report regularly to the Board to whom they submit their recommendations. The Company Secretary also acts as secretary to all Board Committees.

# CORPORATE GOVERNANCE REPORT

## Audit Committee

The Audit Committee ('AC') assists the Board of Directors in fulfilling part of its duties and responsibilities in relation to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements according to applicable legislations and accounting standards.

Composition of the Audit Committee:

- Jean De Fondaumière – Independent Director (resigned as Director and Chairperson of the Audit Committee on 31 December 2019)
- Brett Ivor Childs – Independent Director (appointed Director and Chairperson of the Audit Committee on 01 January 2020)
- Kumar L. Gunness – Independent Director (resigned on 03 July 2020)
- Marie Donald Henri Harel – Non-Executive Director
- Hilary Chadwick - Independent Director (09 November 2020 - 16 December 2020).

The profiles and qualification of the members of the AC are disclosed on page pages 14 and 15. The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities their role requires. Reasonable resources are made available to the AC to discharge its functions properly with the cooperation of Management. The internal & external Auditors have unrestricted access to the members of the Audit Committee

The core functions of the Audit Committee are to:

- Review the appropriateness of the accounting policies and assess the effectiveness of the systems of internal controls and auditing processes in the day-to-day management of the Group;
- Determine the balance between the scope of financial and operational priorities to ensure, procedurally, a value-added contribution to the interactive processes governing both the economic imperatives and effectiveness of internal controls of UIL;
- Facilitate communication between the Board, Management and internal and external auditors; and
- Serve as an independent arbitrator to the stakeholders of the Group.

During the year under review, the Audit Committee met on 3 occasions and the external and internal auditors are requested to attend the meetings as and when required.

## Corporate Governance Committee

The Corporate Governance Committee which also acts as the Remuneration Committee and Nomination Committee met on 1 occasion during the year.

Composition of the Corporate Governance Committee:

- Pierre Arnaud Marc De Marigny Lagesse – Independent Director (Chairperson)
- Jean Didier Merven – Executive Director
- Nicolas Marie Edouard Maigrot – Non-Executive Director

The Corporate Governance Committee is responsible for making recommendations to the Board of Directors on, inter alia, the following:

- All corporate governance provisions to be adopted so that the Board remains effective and complies with prevailing corporate governance principles;
- All the essential components of remuneration; and
- All new Board and senior executive nominations.



# CORPORATE GOVERNANCE REPORT

## Board and Committees Attendance

During the year under review, attendance at Board and Committees meetings were as follows:

	Board	Audit Committee	Corporate Governance Committee
<b>Number of meetings</b>	5	3	1
Jean Didier Merven	5		1
Michel Guy Rivalland	5		
Pierre Arnaud Marc De Marigny Lagesse	4		1
Joseph Andre Philip Jean Juppin De Fondaumière (resigned on 31 December 2019)	3	2	
Kumar L. Gunness (resigned on 03 July 2020)	3	2	
Brett Ivor Childs (appointed on 01 January 2020)	2	1	
Hilary Chadwick (appointed on 30 September 2019 and resigned on 16 December 2020)	3		
Nicolas Marie Edouard Maigrot	1		1
Marie Donald Henri Harel	3	2	

## PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURES

The Corporate Governance Committee reviews the proposal for the appointment of prospective Directors and makes recommendation to the Board. Major factors that are considered in the appointment procedures are:

- Skills, knowledge and expertise required on the Board;
- Skills, knowledge and expertise of the proposed Director;
- Previous experience as a Director;
- Balance on the Board such as gender and age;
- Fees requested by prospective Director;
- Independence where required; and
- Potential conflict of interest.

The appointment of new directors is subject to confirmation by shareholders at the next Annual Meeting of Shareholders.

The Constitution of the Company has been amended to cater for the retirement of directors on a rotational basis.

## Succession planning, induction and Continuous Development Programme

The Board is responsible for succession planning of senior executives which involves the identification and development of candidates for leadership role in the Company in order to ensure continuity of management and leadership. The nomination process has been delegated to the Corporate Governance Committee which identifies potential new directors and senior executives. After considering the skills, knowledge, experience, age and gender of the candidates, the Corporate Governance Committee then makes necessary recommendations to the Board.

The Board is responsible for the induction of new Directors. Newly appointed Directors receive an induction pack which includes his or her duties and responsibilities under the respective legislations.

Though the Board does not organize or enrol its members on specific training sessions, it encourages all its Directors to keep on enhancing their knowledge and competencies through development programmes offered by various institutions in Mauritius such as the Mauritius Institute of Directors.

# CORPORATE GOVERNANCE REPORT

## Board Evaluation

Good governance encourages the Board to undertake a formal, regular and rigorous evaluation of its own performance and that of its Committees and individual Directors and produce a development plan on an annual basis. An evaluation exercise was carried out during the financial year ended 30 June 2020.

## PRINCIPLE 4: DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

### Legal Duties

The Group is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. This commitment, which is actively endorsed by the Board, is based on the fundamental belief that business should be conducted honestly, fairly and legally.

All the Directors on the Board are fully apprised of their fiduciary duties as laid out in the Companies Act 2001.

### Code of Ethics

The Code of Ethics which includes a whistleblowing procedure was approved by the Board and a copy is available on the Company's website.

### Related party transactions

For the purpose of this financial statements, parties are considered to be related to the Group if they have the ability to directly or indirectly control the Group or exercise significant influence over the Group in making decisions. Related party transactions are disclosed under note 24 of the Financial Statements.

### Statement of Remuneration Policy

The remuneration policy is focused on optimizing performance within the Group while taking into account the efforts and merits of the personnel. The remuneration of Directors is dealt with by the Corporate Governance Committee which is thereafter ratified by the Board upon the recommendations of the said committee.

### Service Contracts

Two Directors, namely Messrs Jean Didier Merven and Michel Guy Rivalland have at present service contracts without expiry dates with group companies. Other than for the above-mentioned Executive Directors, none of the Directors have service contracts with the Company or the Group.

### Directors Remuneration and Benefits

The non-executive directors have not received remuneration in the form of share options or bonuses associated with organisational performance.

# CORPORATE GOVERNANCE REPORT

The total fees earned by the Directors for the financial year ended 30 June 2020 are shown in the table below:

Directors	Category	Remuneration and benefits from the Company	Remuneration from Investee companies	Total
		MUR	MUR	MUR
Jean Didier Merven	ED	1,000,000	3,246,666	4,246,666
Michel Guy Rivalland	ED	-	7,431,888	7,431,888
Pierre Arnaud Marc De Marigny Lagesse	INED	430,000	-	430,000
Joseph Andre Philip Jean Juppin De Fondamière (resigned on 31 December 2019)	INED	235,000	-	235,000
Kumar L. Gunness (resigned on 03 July 2020)	INED	400,000	-	400,000
Brett Ivor Childs (appointed on 01 January 2020)	INED	225,000	-	225,000
Hilary Chadwick (appointed on 30 September 2019 and resigned on 16 December 2020)	INED	262,500	-	262,500
Nicolas Marie Edouard Maigrot	NED	-	-	-
Marie Donald Henri Harel	NED	-	-	-

ED: Executive Director; NED: Non - Executive Director; INED: Independent Non-Executive Director.

## Information, Information Technology and IT security

There is no restriction on the rights of access to information to the Board of Directors. Reports and other documents are made available to enable the Board to carry out its duties.

The Board of Directors is aware that a strategic alignment of information security with business strategy is important to achieve organisational goals. As such, it ensures that appropriate resources are allocated for the implementation of an information and IT security framework within the organisation.

The Board is responsible to ensure that adequate controls and information systems are in place to implement the Group's policy on IT which also falls under the Operational Risks of the Group. The Board has approved the Group's IT Security Policy on 02 July 2020 and a copy is available on the Company's website.

The evaluation of expenditures on information technology is based on the requirements of the organisation in terms of ongoing and new risks, technology and strategy, coupled with the support and licenses renewal. The expenses for the Group are taken in charge by AXYS Services Ltd, which in turn does internal billing to the respective Group companies.

The major investments for the financial year 30 June 2020 were the implementation of 2 new firewalls in high availability to ensure optimal efficient protection against network and web attacks as well as the acquisition of Mimecast Cloud Security, which is among the best for email filtering/scanning/protection against malware, ransomware, viruses, impersonations and so on. The platform also offers an online security awareness platform for all year round training to all employees. With the emerging threats and the new working conditions, much emphasis has been put on the security aspect. A group CRM from Microsoft Dynamics was also implemented so as to align with the new sales strategy of the Group and allow efficient communication and statistics.



# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

The Directors are responsible for maintaining an effective system of risk management and internal control. The governance of risk, the nature and risk appetite of the Group remain the ultimate responsibility of the Board which is assisted by Management to monitor, implement and enforce internal controls to minimise risk as well as achieve strategic objectives.

While it is not possible to identify or anticipate every risk due to the changing business environment, the Group has an established risk management process to manage and mitigate those key risks which could impact on its activities. The process for identifying and managing risks are set by the Board and monitored by the AC.

The AC reports to the Board on a quarterly basis on the findings and recommendations of the independent internal auditors, amongst others, and recommends remedial actions on any material shortcomings that may have arisen. Significant issues, if any, are however raised at once with AC members.

The main risks that have been identified are described below:

### I. Operational Risks

The risk of loss or costs resulting from human errors, inadequate or failed internal processes and systems or external events and adverse market conditions. Operational risk includes, Human Resource, Business Continuity, Compliance and Reputational IT risks among others. These losses may be caused by one or more of the following:

(a) Human Resource risk

Personnel responsible for managing and controlling different business process do not possess the requisite knowledge, skills and experience needed to ensure business objectives are achieved and business risks are reduced to an acceptable level. A dedicated and relevant training programme has been implemented to ensure that human resource risk is reduced to an acceptable level within the Company and its investee companies.

(b) Business continuity risk

The capability of the Company and/or its investee companies to continue critical operations and processes is highly dependent on availability of information technologies, skilled personnel and other relevant resources. A dedicated and relevant business interruption plan has been set up, which involves amongst other things the duplication of records and information systems in order to continue operations in the event of an unforeseen event causing interruption of operations.

(c) Legal and Compliance risk

Laws, guidelines and regulations may change at any point in time. The risk of not complying with laws, regulations and policies, that results in lost revenue, higher costs, unnecessary delays and fines which may impact the operations and functioning of the business. Management of the investee companies and a compliance department monitor these risk issues regularly.

(d) Reputational risk

Losses and/or opportunity gain foregone resulting from damages to the reputation of the Group and/or its investee companies, by various factors such as compliance failures, underperformance, negative media coverage could result in revenue loss and destruction of shareholder value and breakdown of trust from clients and the public. Management of UIL and its investee companies proactively analyses trends that might lead to threats to the reputation of UIL and its investee companies and promptly act to mitigate the threats identified.

# CORPORATE GOVERNANCE REPORT

## 2. Financial Risks

UIL being an investment company, its performance is directly linked to the performance of its investee companies namely AXYS Group Ltd, Megabyte Ltd, Attitude Resorts Ltd, Quantilab Ltd, Les Gaz Industriels Ltee, AXYS Investment Partners Ltd, AX International Ltd, AX Holding Ltd as well as Mechanization Company Ltd.

Please refer to note 26 of the financial statements for details of the financial risks of the Group and how these are mitigated.

## 3. Strategic Risks

Strategic risks are risks that affect or are created by a company's business strategy and strategic objectives.

This risk might arise from making poor business decisions, from the substandard execution of decisions, from inadequate resource allocation, or from a failure to respond well to changes in the business environment.

## PRINCIPLE 6: REPORTING WITH INTEGRITY

The Board is responsible for the preparation of the financial statements in accordance to the International Financial Reporting Standards and the Companies Act 2001 which fairly present the state of affairs of the Company and the Group and the Companies Act 2001. The financial and operational performance of the Group are detailed in the Annual Report.

This report along with the Annual Report of the Group is published in its entirety on the UIL's website <http://www.uil.mu/>.

### Environment, Health, Safety and Social Issues & Sustainability Reporting

The Group is committed to social and environmental responsibility. It believes that a healthy and well cared for society is essential to a sustainable future, one in which it endeavors to invest, as much financially as socially. To that end, the Group Corporate Social Responsibility commitments focus on three main areas of intervention, namely education and training, sports and leisure and the environment. The Group is also committed to providing and maintaining a healthy and safe working environment for its employees and to ensure compliance to group efforts in relation to environmental and social betterment.

UIL and its investee companies' staff were asked to think of ways and means to reduce the amount of paper used through copying and printing in order to help fight against deforestation and in order to help reduce their carbon footprint. Various contracts were reviewed, fonts were reduced, and a substantial amount of paper was saved through some basic and simple measures.

### Charitable and Political Contributions

No charitable and political donations were made during the year under review.

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 7: AUDIT

### Internal audit

The Board ensures that its internal control systems and reporting arrangements are such so as to provide for the effective, prudent and efficient administration of the Company's and the investee companies' assets and liabilities.

To ensure that the system of internal control is operating to an acceptable standard and that the risk management policies in place are adequate in managing risks in a manner acceptable to the Board, the Company has outsourced its internal audit function to Messrs UHY & CO who reports to the Audit Committee. The Audit Committee assesses the independence of the internal Audit function and is satisfied of its independence.

Internal audits of the Company and of its investee companies are done on a rotational basis depending on factors like materiality, risks involved, adequacy of controls with the intention that every entity's processes are covered at least every three years. UHY & CO have unlimited access to the Group's and to its non-reporting investee companies' accounting database, administrative systems and documents and to the Company directors and officials. In addition, UIL derives comfort from internal audits carried out by a number of its reporting investee companies.

Internal Audit reports prepared by Messrs UHY & CO are circulated to Management and members of the AC following which necessary recommendations are made to the Board.

During the year under review no material internal control failures have been identified which are likely to impact negatively on the identified risk factors mentioned in Principle 5 above.

### External Audit

The current auditors, Messrs BDO & Co were appointed in 2019 following a tender exercise and their tenure of office will be reviewed in due course in line with good governance.

The AC is responsible for reviewing the external auditors' letter of engagement, terms and nature of the audit scope and approach and ensure that no restrictions or limitations have been placed on their scope. The external auditors report directly to the AC which is also responsible for monitoring the external auditors' independence, objectivity and compliance with ethical, professional and regulatory requirements. The AC meets with the external auditor without management presence when required and for the year under review no such meeting was held.

The financial statements and accounting policies applicable are discussed in the audit committee. Auditors are expected to observe the highest standards of business and professional ethics and, in particular, that their independence is not impaired in any manner. Audit fees are set in a manner that enables an effective external audit and are as per table below for the year under review.

### Non-audit services

The Audit Committee, has a process in place to ensure that there is no threat to the objectivity and independence of external auditors in the conduct of their audit, resulting from the provision of non-audit services by them. As such, non-audit services, which are limited to ad hoc advice and other assurance related services, are pre-approved by the Audit Committee.

The fees paid to the Auditors, for audit and non-audit services were:

Audit fees  
Other services

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs	Rs	Rs	Rs
780,000	780,000	780,000	780,000
-	-	-	-
780,000	780,000	780,000	780,000



# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 8 – RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

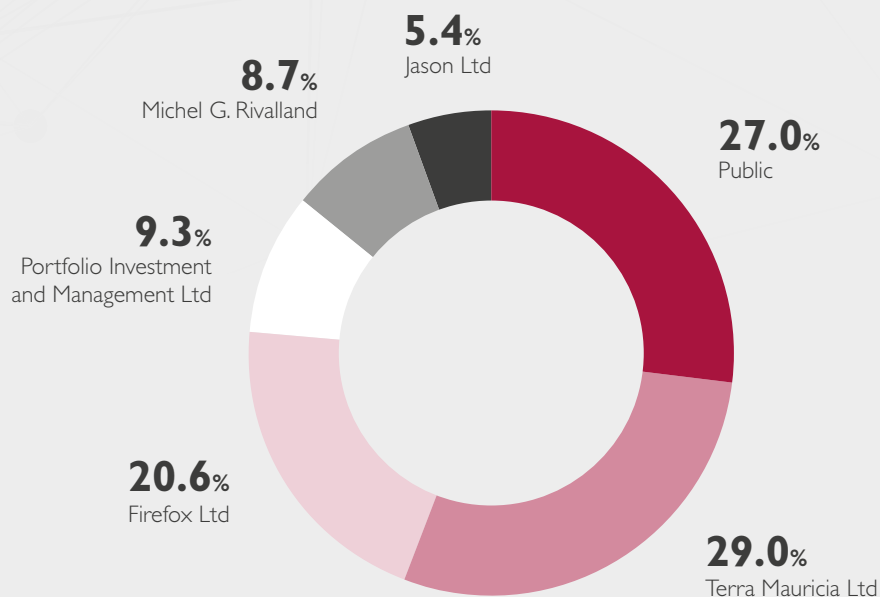
### Shareholders' relation and communication

The Board of Directors places great importance on an open and transparent communication with all the stakeholders of the Group. The Group communicates with its shareholders through its Annual Report, circulars issued in compliance with the DEM Rules of the Stock Exchange of Mauritius, press announcements, publication of unaudited quarterly and audited abridged financial statements of the Group and Annual or Special Meeting of Shareholders.

In compliance with the Companies Act 2001, shareholders are invited to the Annual Meeting and are encouraged to raise questions and discuss matters relating to the Group.

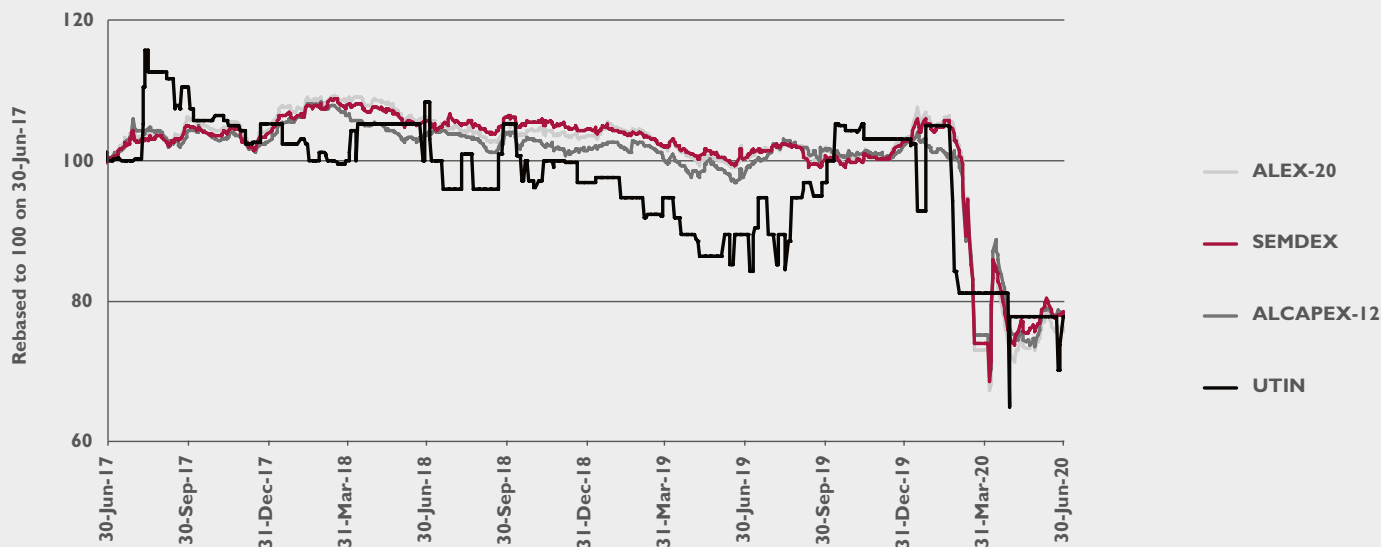
All shareholders are entitled to attend and vote at the general meetings, in person or in proxy. The shareholders receive the annual reports of the Company, notices of meetings and all relevant papers as appropriate.

The following shareholders held 5% or more of the shareholding of the Company as at 30 June 2020:



# CORPORATE GOVERNANCE REPORT

## Share Price Evolution



The financial year ended 30 June 2020 was a tale of two realities: pre-Pandemic and post-Pandemic. During the first half of Financial Year (FY) 2020, the Stock Exchange of Mauritius (SEM) appeared to be emerging out of a bearish spell amid improving prospects for the financial services and sugar sectors. However, the emergence of the SARS-CoV-2 virus which causes the disease called Covid-19 changed everything. Tourism ground to a dead halt, retail consumption shrank, Mauritius was placed on the European Union's list of 'High Risk 3<sup>rd</sup> Countries', and our pristine South Eastern lagoons was afflicted by an oil spill. According to Statistics Mauritius, GDP during Q2-2020 contracted at an annualised rate of approximately 33% meaning that Mauritius is experiencing its first recession in a generation, and the first since the SEM came into being. The Hospitality sector nose-dived by 43% year-on-year (YoY). Property companies, Investment Holdings and Conglomerates all fell by over 20%, and Financial Services by 17%. On a YoY basis, the SEMDEX plunged 22%, the ALEX 20 by 24% and ALCAPEX 12 by 20%. Comparatively, UIL 13% drop is rather tame, especially given the fact that one of its key investees, Attitude Hospitality Ltd, has been highly impacted by the pandemic. UIL remained rather lacking liquidity having been traded once in every four session for an average turnover of more than Rs330k when traded. In spite of which, value traded at Rs20M was just under twice that recorded during the preceding FY and made up 1.35% total value traded up from 0.86% during FY-2019. Despite its 13% decline, UIL maintained its rank of 35th largest company with a market capitalisation of Rs1.5bn on the SEM excluding Global Business Licensees thus holding on to its mid-cap status.

## Share Option Plans

The Company does not have any Share Option Plan.

## Shareholders' Agreement

There exists no Shareholders' Agreement to the knowledge of the Company.

## Management Agreement

No major agreements, other than those in the ordinary course of business, were contracted by the Group during the year under review.

# CORPORATE GOVERNANCE REPORT

## Dividend Policy

The Group does not have any formal predetermined dividend policy and the dividend payout is subject to the performance of the Group.

## Salient points of the Constitution of the Company

The Company's Constitution is in conformity with the provisions of the Companies Act 2001 and the DEM Rules.

The salient features of the Constitution are:

- the Company has wide objects and powers;
- there are no pre-emptive rights attached to the shares;
- fully paid shares are freely transferable;
- the Board of Directors shall consist of not less than 5 but not more than 15 Directors;
- the quorum for a meeting of the Board is fixed by the Board and if not so fixed shall be at least 3 Directors;
- the Board may issue, at any time, a number of ordinary shares, and rights or options to acquire such shares, not exceeding fifteen per cent of the total number of ordinary shares in issue at the time of such issue of such shares, rights or options, to any person, whether already a shareholder of the Company or not, without any requirement that the said shares be first offered to existing shareholders and without the necessity of being authorised by the shareholders by ordinary resolution;
- Retirement of directors on a rotational basis; and
- there shall be a quorum for meetings of shareholders where 2 shareholders holding at least 40% of the ordinary shares are present or represented.

# CORPORATE GOVERNANCE REPORT

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001 and Financial Reporting Act 2004.

The director's responsibility includes: the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; ensuring completeness and making accounting judgments and estimates that have been used consistently.

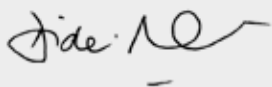
In line with Scheme of Arrangement (the "Scheme" as disclosed under note 29), the Company has submitted its application to the Supreme Court on 23 January 2019. One of its main shareholders, Terra Mauricia Ltd ("TML") has objected to the said Scheme on 8 March 2019. Since then, affidavits are still being exchanged between UIL and TML, and the ruling to consider the scheme petition and objections are yet to be delivered. In the meantime, UIL indicated in its communique dated 25 September 2019 that it intends to exit its investments in Attitude Hospitality Ltd, via listing of the investee company on the Stock Exchange of Mauritius Ltd. The exit, planned for end of March 2020, has been postponed at a later stage due to prevailing circumstances linked to the COVID-19 pandemic.

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

The directors confirm 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.) International Financial Reporting Standards have been complied with.

The directors confirm that the Code of Corporate Governance has been adhered to.



**Didier Merven**  
Chairman



**Michel-Guy Rivalland**  
Chief Executive Officer

Date: 30 December 2020

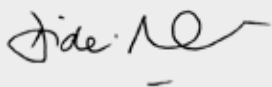





# STATEMENT OF COMPLIANCE

**Name of PIE: United Investments Ltd**  
**Reporting Period: 30 June 2020**

We, the Directors of United Investments Ltd confirm that to the best of our knowledge United Investments Ltd has complied with all its obligations and requirements under the National Code of Corporate Governance (2016) (the 'Code').



**Didier Merven**  
Chairman



**Michel-Guy Rivalland**  
Chief Executive Officer

Date: 30 December 2020

# CERTIFICATE FROM THE COMPANY SECRETARY

FOR THE YEAR ENDED JUNE 30, 2020

We hereby certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.



**NWT Secretarial Services Limited**

**Company Secretary**

6/7<sup>th</sup> Floor, Dias Pier Building,  
Le Caudan Waterfront  
Caudan, Port Louis, Mauritius

Date: 30 December 2020

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED INVESTMENTS LTD

## Report on the audit of the Financial Statements

### Opinion

We have audited the consolidated financial statements of United Investments Ltd and its subsidiaries (the Group), and the Company's separate financial statements on pages 4 to 64 which comprise the statements of financial position as at June 30, 2020, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 4 to 64 give a true and fair view of the financial position of the Group and of the Company as at June 30, 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.

### 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 Group and 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 these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty related to Going Concern

We draw attention to note 30 in the financial statements, which indicates that the Company will no longer be a going concern following the restructure of the Company whereby all the assets and liabilities of the Company have been transferred into two separate entities, namely AXYS Ltd and OXIA Ltd, which will then be distributed to shareholders. As stated in note 30, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of these matters.

### 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED INVESTMENTS LTD

## Report on the audit of the Financial Statements (Continued)

### I. Going Concern and asset held for distribution

#### Key Audit Matter

A Scheme of Arrangement (the 'Scheme') was approved by the shareholders whereby every one share held in the Company will be exchanged for one share in AXYS Ltd and one share in OXIA Ltd. This restructuring plan has been submitted for sanction to the Supreme Court on 23 January 2019. One of its main shareholders, Terra Mauricia Ltd (TML) has objected to the scheme on 8 March 2019. The ruling to consider the scheme petition and objections is yet to be delivered from the Supreme Court.

Given the above restructuring plan and the objection lodged in court, the financial statements have been prepared on a basis other than going concern, same as in previous year as explained in note 2.3(ii).

Given the pervasive nature of the adjustments made and its impact on presentation and disclosures, we consider that an incorrect assessment could have a significant impact on the overall presentation of the financial statements.

#### Related Disclosures

Refer to notes 29 and 30 of the accompanying financial statements.

#### Audit Response

We performed the following procedures:

- We have ensured that the financial statements have been prepared on a basis other than going concern in accordance with IAS 1 - Presentation of Financial Statements, IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.
- We have ensured through discussions with those charged with governance and the legal counsel that the Group and the Company meet the held for distribution classification criteria as defined under IFRS 5 - "Non-current Assets Held for Sale and Discontinued Operations" same as in previous year;
- We have assessed any possible impairment to assets irrespective of whether or not there has been an indication of impairment;
- We have ensured that any possible future costs upon winding up, even though the costs have not yet been incurred, have been accounted for;
- We have ensured the adequate fair value disclosure on assets and liabilities and ensured the estimation uncertainty has been fully disclosed;
- We held discussions with the legal counsel as to the validity of the transfer of assets and liabilities as part of the group restructure;
- We have assessed the impact of these conditions on our audit report.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED INVESTMENTS LTD

## Report on the audit of the Financial Statements (Continued)

### 2. Investments in financial assets - Valuation

#### Key Audit Matter

The investment portfolio as at June 30, 2020 was valued at Rs 1.681bn (2019: Rs 2.362bn).

The Group's investment portfolio is carried at fair value through profit and loss and mainly consists of unlisted investments. In assessing the fair value of unquoted financial assets, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Some of the inputs required can be obtained from readily available liquid market prices and rates. Where observable market data is not available, in particular for most of the investments classified as level 3 equity instruments, estimates are developed based on the most appropriate source data and are subject to significant judgement. Changes in assumptions about these factors could affect the fair value of the financial assets giving rise to significant risk of material misstatement. The valuation of the Company's financial assets held at fair value was a key area of audit focus due to its significance and complexity involved in the valuation process. The valuation of assets held in the investment portfolio is also the key driver of the Company's and the Group's net asset value and total return. Incorrect asset pricing could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.

#### Related Disclosures

Refer to note 7 of the accompanying financial statements.

#### Audit Response

We performed the following procedures:

- We understood, assessed and challenged management's process and methodology for valuing investments including gaining an understanding of the key controls around the investment valuation process;
- We challenged the appropriateness of the valuation method and assumptions used in deriving the discounted cash flow;
- We met with management to discuss the valuation methodologies, investment performance and transactions which took place during the year ended June 30, 2020. We obtained supporting documentation to corroborate these discussions;
- We verified the completeness, adequacy and relevance of the information presented to us;
- We considered the nature and basis for valuation adjustments and calculations;
- We considered the reasonableness of the discount rate applied;
- We obtained an understanding of the significant events in the material underlying investee companies by having discussions with the key finance team members;
- We agreed the inputs used in the valuation models of the underlying investments to the latest audited financial statements and/or budgets as received from management;
- We performed an overall corroboration of the valuation of the underlying investments in the investment portfolio against industry benchmarks;
- Where unaudited financial information was used we reviewed historical trends and obtained explanation for significant variances. We also compared unaudited financial information used in prior years' valuation to audited financial statements obtained subsequently.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED INVESTMENTS LTD

## **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's & CEO's Review but does not include the financial statements and our auditor's report thereon. The Chairman's & CEO's Review is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the Chairman's & CEO's Review, if we conclude there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## **Corporate Governance Report**

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance (the Code) 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 public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

## **Responsibilities of Directors and Those Charged with Governance 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 in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the 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 Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the other than going concern basis of accounting.

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional 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 Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED INVESTMENTS LTD

## Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of directors' use of the other than 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 Group and 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 Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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, related safeguards.

From the matters communicated with those charged with governance, 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.

## Report on Other Legal and Regulatory Requirements

### *Companies Act 2001*

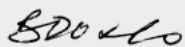
We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all 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.

### Other Matter

This report is made solely to the members of United Investments Ltd (the "Company"), 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.



**BDO & CO**  
Chartered Accountants  
Port Louis, Mauritius.



**Ameenah Ramdin, FCCA, ACA**  
Licensed by FRC

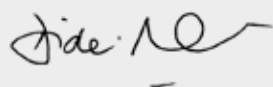


# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Notes	THE GROUP		THE COMPANY	
		2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
<b>ASSETS</b>					
Assets classified as held for distribution	3	<b>1,730,657</b>	2,411,941	<b>1,698,078</b>	2,395,494
<b>TOTAL ASSETS</b>		<b>1,730,657</b>	2,411,941	<b>1,698,078</b>	2,395,494
<b>EQUITY AND LIABILITIES</b>					
Share capital	13(a)	<b>651,462</b>	651,462	<b>651,462</b>	651,462
Share premium	13(b)	<b>920,386</b>	920,386	<b>920,386</b>	920,386
Retained earnings		<b>138,013</b>	822,309	<b>121,707</b>	817,048
<b>Equity attributable to equity holders of the parent</b>		<b>1,709,861</b>	2,394,157	<b>1,693,555</b>	2,388,896
<b>Current liabilities</b>					
Liabilities classified as held for distribution	3	<b>20,796</b>	17,784	<b>4,523</b>	6,598
<b>Total liabilities</b>		<b>20,796</b>	17,784	<b>4,523</b>	6,598
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,730,657</b>	2,411,941	<b>1,698,078</b>	2,395,494
NAV per share	23	<b>8.38</b>	11.73	<b>8.30</b>	11.70

These consolidated financial statements have been approved for issue by the Board of directors on 30 December 2020 and signed on its behalf by:



**Jean Didier Merven**



**Michel Guy Rivalland**

The notes on pages 45 to 102 form an integral part of these consolidated financial statements.  
Auditor's report on pages 35 to 39.

# CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	Notes	THE GROUP		THE COMPANY	
		2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
Revenue	17	21,495	20,126	1,168	166
Administrative expenses	18	(59,051)	(52,330)	(7,848)	(11,950)
<b>Operating loss</b>		<b>(37,556)</b>	(32,204)	<b>(6,680)</b>	(11,784)
Fair value movements on investments classified at fair value through profit or loss	7	(651,226)	121,899	(651,226)	121,899
Fair value gains/(losses) on receivables and investment-related expenses	19	1	(10,866)	(41,041)	(42,227)
Finance income	20	4,696	26	3,607	26
Finance costs	21	(211)	(9,157)	-	(8,675)
<b>(Loss)/Profit before tax</b>		<b>(684,296)</b>	69,698	<b>(695,341)</b>	59,239
Income tax expense	11(a)	-	(6)	-	(6)
<b>(Loss)/Profit for the year</b>		<b>(684,296)</b>	69,692	<b>(695,341)</b>	59,233
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income for the year, net of tax</b>		<b>(684,296)</b>	69,692	<b>(695,341)</b>	59,233
<b>(Loss)/Profit and total comprehensive income for the year attributable to:</b>					
Owners of the parent		<b>(684,296)</b>	69,692		
Basic (loss)/earnings per share for the year attributable to ordinary equity holders of the parent (Rs.)	22	<b>(3.35)</b>	0.34		

The notes on pages 45 to 102 form an integral part of these consolidated financial statements. Auditor's report on pages 35 to 39.

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

## THE GROUP

	Share capital	Share premium	Retained earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2018	651,462	920,386	752,617	2,324,465
Profit for the year	-	-	69,692	69,692
Other Comprehensive income for the year	-	-	-	-
Total comprehensive profit for the year	-	-	69,692	69,692
<b>At June 30, 2019</b>	<b>651,462</b>	<b>920,386</b>	<b>822,309</b>	<b>2,394,157</b>
At July 1, 2019	651,462	920,386	822,309	2,394,157
Loss for the year	-	-	(684,296)	(684,296)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(684,296)	(684,296)
<b>At June 30, 2020</b>	<b>651,462</b>	<b>920,386</b>	<b>138,013</b>	<b>1,709,861</b>

The notes on pages 45 to 102 form an integral part of these consolidated financial statements.  
Auditor's report on pages 35 to 39.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

## THE COMPANY

	Share capital Rs'000	Share premium Rs'000	Retained earnings Rs'000	Total Rs'000
At July 1, 2018	651,462	920,386	757,815	2,329,663
Profit for the year	-	-	59,233	59,233
Other comprehensive income for the year	-	-	-	-
Total comprehensive profit for the year	-	-	59,233	59,233
<b>At June 30, 2019</b>	<b>651,462</b>	<b>920,386</b>	<b>817,048</b>	<b>2,388,896</b>
At July 1, 2019	651,462	920,386	817,048	2,388,896
Loss for the year	-	-	(695,341)	(695,341)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(695,341)	(695,341)
<b>At June 30, 2020</b>	<b>651,462</b>	<b>920,386</b>	<b>121,707</b>	<b>1,693,555</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Notes	THE GROUP		THE COMPANY	
		2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
<b>Operating activities</b>					
(Loss)/Profit before tax		<b>(684,296)</b>	69,698	<b>(695,341)</b>	59,239
<i>Adjustments for:</i>					
Depreciation of motor vehicles and equipment	4	<b>128</b>	456	-	-
Amortisation on right-of- use assets	5	<b>1,085</b>	-	-	-
Fair value movements on investments classified at fair value through profit or loss	7	<b>651,226</b>	(121,899)	<b>651,226</b>	(121,899)
Fair value (gains)/losses on receivables and investments	19		10,866	<b>41,041</b>	42,227
Retirement benefit obligation	15	<b>4,054</b>	1,066	-	-
Net unrealised gain on foreign exchange	20&21	<b>(4,613)</b>	(387)	<b>(3,524)</b>	(793)
Dividend income	17	<b>(1,168)</b>	(166)	<b>(1,168)</b>	(166)
Interest income	20	<b>(83)</b>	(26)	<b>(83)</b>	(26)
Interest expense	21	<b>211</b>	9,544	<b>1</b>	9,468
		<b>(33,457)</b>	(30,848)	<b>(7,848)</b>	(11,950)
<i>Working capital adjustments:</i>					
Trade and other receivables and prepayments		<b>35,750</b>	55,093	<b>8,843</b>	28,913
Trade and other payables		<b>(2,295)</b>	(3,442)	<b>(2,070)</b>	3,174
		<b>(2)</b>	20,803	<b>(1,075)</b>	20,137
Interest received		<b>83</b>	26	<b>83</b>	26
Interest paid			(19,761)		(19,685)
Tax refund	11(b)	-	78	-	78
Income tax and CSR paid	11(b)	-	(7)	-	(7)
<b>Net cash flows generated from/(absorbed by) operating activities</b>		<b>80</b>	1,139	<b>(993)</b>	549
<b>Investing activities</b>					
Purchase of motor vehicles and equipment	4	<b>(120)</b>	(58)	-	-
Dividends received		<b>1,168</b>	166	<b>1,168</b>	166
<b>Net cash flows from investing activities</b>		<b>1,048</b>	108	<b>1,168</b>	166
<b>Financing activities</b>					
Principal paid on lease liabilities (2019: principal paid on finance leases)	5(b)	<b>(983)</b>	(255)	-	-
Interest paid on lease liabilities (2019 : interest paid on finance lease)	5(b)	<b>(210)</b>	-	-	-
<b>Net cash flows used in financing activities</b>		<b>(1,193)</b>	(255)	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(65)</b>	992	<b>175</b>	715
Cash and cash equivalents at July 1,		<b>2,247</b>	1,255	<b>1,106</b>	391
Cash and cash equivalents at June 30,	12(b)	<b>2,182</b>	2,247	<b>1,281</b>	1,106

The notes on pages 45 to 102 form an integral part of these consolidated financial statements.  
Auditor's report on pages 35 to 39.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## I. CORPORATE INFORMATION

United Investments Ltd (the "Company") is a public company incorporated and domiciled in the Republic of Mauritius and its shares are listed on the secondary market of Mauritius, the Development and Enterprise Market ("DEM") under the Stock Exchange of Mauritius. Its registered office and place of business are at 6<sup>th</sup> Floor, Dias Pier Building, Le Caudan Waterfront, Caudan, Port Louis, 11307, Mauritius.

The principal activity of the Group is investment holding.

The consolidated and separate financial statements for the year ended June 30, 2020 were authorised for issue by the Board of Directors on the date stamped on page 40.

### 2.1 BASIS OF PREPARATION

The financial statements include the consolidated financial statements of the parent company and its subsidiary company (the 'Group') and the separate financial statements of the parent company (the 'Company'). The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000), except when otherwise indicated.

Where necessary, comparative figures have been amended to conform with change in the presentation in the current year. The financial statements are prepared under the historical cost convention, except for financial assets at fair value through profit or loss.

#### Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) as issued by the International Accounting Standard Board.

### 2.2 BASIS OF CONSOLIDATION

As explained in note 2.6 (a) the Company meets the definition of an investment entity under IFRS 10, Consolidated Financial Statements, which require the Company to account for its investment in subsidiaries and associates at fair value through profit or loss instead of consolidating or equity accounting for them. Accordingly, the Company only consolidates those subsidiaries that provide services that relate to the Company's investment activities.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries that fall within the scope of consolidation as described above.

A subsidiary is an entity controlled by the Company. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

#### Intermediate holding Companies

The intermediate holding companies have avail itself from the investment entity exception whereby intermediate holding companies owned by investment entities are exempted from presenting consolidated financial statements, when the investment entity measures all of its subsidiaries at fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 2.2 BASIS OF CONSOLIDATION (CONT'D)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## 2.3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have significant effect on the amounts recognised in the financial statements.

- (i) *Assessing criteria for meeting the definition of an investment entity*

Significant judgement has been exercised in determining whether the Group meets the definition of investment entity. Having considered the various criteria, as detailed in note 2.6(a) pertaining to Group's operations, directors are of the opinion that the Group meets such definition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 2.3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### Judgements (cont'd)

#### (ii) *Going concern*

The Group's management has made an assessment of the Group's ability to continue as a going concern and determined that the Group will no longer be a going concern following the winding up of the Group after the scheme of arrangement has been approved. Refer to notes 29 and 30.

### Estimations and assumptions

The key assumption 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 year are discussed below:

#### (i) *Fair value of financial instruments*

Where the fair value of financial assets recorded on the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to those models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as discount rates, liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to note 8 for more details.

#### (ii) *Assets and liabilities classified as held for distribution*

An assessment was made at June 30, 2017 that the Group and the Company met the definition to be classified as held for distribution in the Statement of Financial Positions following the structure plan being put in place. At June 30, 2020 the restructure is still under way and is subject to approval from the Supreme Court, as further described in note 29.

The directors have also considered the following:

- Any possible impairment to assets irrespective of whether or not there has been an indicator of impairment.
- Account for any possible future costs upon winding up, even though the costs have not yet been incurred.
- Adequate fair value disclosure on assets and liabilities and estimation uncertainty fully disclosed.

The Directors conclude that based on their assessment above, the alternative basis for the preparation of the financial statements is not materially different from IFRS.

#### (iii) *Pension benefits*

The present value of the pension obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 2.3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### Estimations and assumptions (cont'd)

#### (iii) Pension benefits (cont'd)

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 15.

#### (iv) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger and smaller impacts should not be interpolated or extrapolated from these results.

#### (v) Asset lives and residual values

Motor Vehicles and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

#### (vi) Depreciation policies

Motor vehicles and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group would currently obtain from disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful lives.

The directors therefore make estimates based on historical experience and use best judgment to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected lives.

## 2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 16 Leases results in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Group has adopted IFRS 16 from July 1, 2019, but has not restated comparatives for 2019, as permitted under the specific transition provisions. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening statement of financial position on July 1, 2019. The new accounting policies are disclosed in note 2.6.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of July 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on July 1, 2019 was 7.63%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. As the resulting adjustment was immaterial for variable lease payment and was not applicable for residual value guarantees, there were no remeasurements to the lease liabilities recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

IFRIC 23 Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Group's financial statements.

Prepayment Features with negative compensation (Amendments to IFRS 9) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Group's financial statements.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Group's financial statements.

#### Annual Improvements to IFRSs 2015-2017 Cycle

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Group's financial statements.

#### Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

The amendments have no impact on the Group's financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 2.5 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2020 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 17 Insurance Contracts

Annual Improvements 2018-2020

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Definition of a Business (Amendments to IFRS 3)

Definition of Material (Amendments to IAS 1 and IAS 8)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

Onerous Contracts-Cost of Fulfilling a Contract (Amendments to IAS 37)

Reference to the Conceptual Framework (Amendments to IFRS 3)

Covid-19-Related Rent Concessions (Amendment to IFRS 16)

Amendments to IFRS 17

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

Where relevant, the Group is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.6.

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the more important accounting policies, which have been applied consistently, is set out below:

### (a) Investment entity

IFRS 10, Consolidated Financial Statements requires entities that meet the definition of an investment entity to account for its investments in subsidiaries at fair value through profit or loss instead of being consolidated.

The Group has multiple investors and indirectly holds multiple investments through the investee companies. The Group has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

- (a) The Group has obtained funds for the purpose of providing investors with investment management services.
- (b) The Group's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income, through the investee companies.
- (c) The performance of investments made through the investee companies are measured and evaluated on a fair value basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Investment in subsidiaries

Subsidiaries are those entities controlled by the Company. Control is determined when the Company is exposed to, or has right to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity.

#### *Separate financial statements*

Investments in subsidiaries in the separate financial statements of the Company are carried at cost, net of any impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

### (c) Investments in associates and joint arrangements

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over these policies.

A joint venture is a type of arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The entity has elected to apply the exemption from applying the equity method, under this exemption. Investments in Associates and Joint Ventures are measured at fair value through profit and loss under IFRS 9.

### (d) Foreign currency translation

The financial statements are presented in Mauritian Rupees, which is the Group's functional and presentation currency. The items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

#### **Transactions and balances**

Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Motor vehicles and equipment

Motor vehicles and equipment are stated at cost excluding the costs of the day to day servicing, net of accumulated depreciation and/or accumulated impairment losses, if any. Changes in the expected useful life and residual values, which are reviewed at least at the end of each financial year, are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated on the straight-line method to write down the cost of equipment to their residual values over their estimated useful life as follows:

Computer equipment	33%
Motor vehicles	20%

### (f) Financial instruments - recognition and measurement

#### (i) Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which asset was acquired. The Group's accounting policy for each category is as follows:

##### *Fair value through profit or loss*

The Group classifies its investments in financial assets at fair value through profit or loss (FVPL).

##### *Amortised cost*

These assets arise principally from the provision of goods or services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interests. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest method, less provision impairment.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial asset measured at amortised cost comprised trade and other receivables, other financial assets at amortised cost and cash and cash equivalent in the statement of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Financial instruments - recognition and measurement (cont'd)

#### (ii) Financial liabilities

The Group classifies its financial liabilities as follows:

Other than financial liabilities in a qualifying hedge relationship, the Group's accounting policy for each category is as follows:

#### *Other financial liabilities*

Other financial liabilities include the following terms:

- Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For those purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

#### (iii) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (iii) Fair value measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### (g) 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 assets and settle the liabilities simultaneously.

### (h) Retirement benefit obligations

#### Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

#### Gratuity on retirement

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of a gratuity on retirement payable under Workers' Rights Act 2019 (2019: Employment Rights Act 2008) is calculated by a (qualified) actuary and provided for. The obligations arising under this item are not funded.

#### Termination benefits

Termination benefits are payable when employment is terminated before the nominal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

### (j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment excluding taxes or duty.

The following specific recognition criteria must also be met before revenue is recognised:

#### *Rendering of services*

Management fees are accounted for on an accrual basis as the related services are rendered in accordance with the terms of relevant agreements.

#### *Interest income*

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss.

#### *Dividend income*

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

### (k) Taxation

#### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax are calculated using tax rates that have been enacted or substantively enacted at year end.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (k) Taxation (cont'd)

#### *Deferred tax*

Deferred tax is provided using the liability method on all 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.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 income tax asset relating to the deductible temporary difference 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.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures. Deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income 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 income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The principal temporary differences arise from revaluations of certain non-current assets and tax losses carried forward.

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

Income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not in profit or loss.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (k) Taxation (cont'd)

#### *Value Added Tax*

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of accounts receivables or payables in the statement of financial position.

#### *Corporate Social Responsibility*

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax expense shown within the statement of profit or loss and other comprehensive income and the current tax liabilities on the statement of financial position.

The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted at year end.

### (l) Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Group.

### (m) Segmental reporting

Following the restructure plan of the Company, Management now monitors the fair value of its business on a "cluster" basis for the purpose of making investment decisions and performance assessment. As such, Management has disclosed the fair value of each cluster (see note 32).

### (n) Leases

#### Group as the Lessee

In 2019, leases were classified as finance leases where the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases were capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss unless they were attributable to qualifying assets in which case, they were capitalised in accordance with the policy on borrowing costs (see note (o)).

Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (n) Leases (cont'd)

From July 1, 2019, all leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

#### *Identifying Leases*

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Group obtains substantially all the economic benefits from use of the asset; and
- (c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from the use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (n) Leases (cont'd)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

### (o) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are capitalised to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense when incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) Assets and liabilities classified as held for distribution

The Group and the Company have classified all their assets and liabilities as held for distribution following a restructure plan (see note 29) whereby the Group and the Company have been restructured and part of the assets and liabilities of the entity have now been transferred to two clusters segregating the entity's financial and non-financial activities through two wholly owned subsidiaries. The assets and liabilities are measured at the lower of their carrying amount, and fair value less costs to sell, except for investments classified at fair value through profit or loss.

The criteria for held for distribution classification are regarded as met only when the sale is expected to be completed within one year of the date of classification. Where the Group does not go through with its restructure plan within a year of classification and the circumstances to extend the one-year period have not occurred, the assets will be derecognised from held for distribution and consolidated line by line in the Consolidated Statement of Financial Position.

As the restructure plan has not been completed within one year of classification due to undelivered court ruling, the classification of these assets as held for distribution will be maintained. In addition, since the shareholders have already approved the scheme of arrangement and application has already been made to have the sanction of the Court, then the assets are considered to be available for immediate distribution and the distribution is highly probable. The restructure is still ongoing and is expected to be completed after the reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 3. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR DISTRIBUTION

	Notes	THE GROUP		THE COMPANY	
		2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
<b>Assets held for distribution</b>					
Motor vehicles and equipment	4	136	1,101	-	-
Right-of-use Assets	5	2,116	-	-	-
Investments classified at fair value through profit or loss	7	1,681,434	2,362,268	1,681,434	2,362,268
Other financial assets	9	14,103	31,113	14,103	31,113
Trade and other receivables	10	29,703	14,892	1,225	968
Prepayments		983	312	35	34
Cash and cash equivalents	12(a)	2,182	2,255	1,281	1,111
Total assets held for distribution		<b>1,730,657</b>	<b>2,411,941</b>	<b>1,698,078</b>	<b>2,395,494</b>
<b>Liabilities classified as held for distribution</b>					
Trade and other payables	14	13,504	15,799	4,515	6,585
Retirement benefit obligations	15	5,120	1,066	-	-
Current tax liabilities	11(b)	8	8	8	8
Lease liabilities	5(b)	2,164	-	-	-
Interest-bearing loans and borrowings	16	-	911	-	5
Total liabilities held for distribution		<b>20,796</b>	<b>17,784</b>	<b>4,523</b>	<b>6,598</b>
		<b>1,709,861</b>	<b>2,394,157</b>	<b>1,693,555</b>	<b>2,388,896</b>

## 4. MOTOR VEHICLES AND EQUIPMENT

### (a) THE GROUP

#### Cost:

At July 1, 2018

Additions

At June 30, 2019

- as previously reported

- effect of adopting IFRS 16 (note 35(a))

- as restated

Additions

**At June 30, 2020**

	Computer Equipment Rs'000	Motor Vehicles Rs'000	Total Rs'000
At July 1, 2018	573	1,595	2,168
Additions	58	-	58
At June 30, 2019			
- as previously reported	631	1,595	2,226
- effect of adopting IFRS 16 (note 35(a))	-	(1,595)	(1,595)
- as restated	631	-	631
Additions	120	-	120
<b>At June 30, 2020</b>	<b>751</b>	<b>-</b>	<b>751</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 4. MOTOR VEHICLES AND EQUIPMENT (CONT'D)

### (a) THE GROUP

#### Depreciation:

At July 1, 2018

Charge for the year

At June 30, 2019

- as previously reported

- effect of adopting IFRS 16 (note 35(a))

- as restated

Charge for the year

**At June 30, 2020**

#### Net book values:

**At June 30, 2020**

At June 30, 2019

Computer Equipment	Motor Vehicles	Total
Rs'000	Rs'000	Rs'000
350	319	669
137	319	456
487	638	1,125
-	(638)	(638)
487	-	487
128	-	128
<b>615</b>	<b>-</b>	<b>615</b>
<b>136</b>	<b>-</b>	<b>136</b>
144	957	1,101

(b) Depreciation expense of Rs.128,000 (2019: Rs.456,000) has been charged in administrative expenses.

(c) Leased Assets included above comprise Motor Vehicles as follows:

Cost - Capitalised Finance Lease

Accumulated Depreciation

**Net Book Amount**

**2019**

**Rs'000**

**1,595**

**(638)**

**957**

(d) As from July 1, 2019, the above leased assets have been transferred to right-of-use asset which are now presented as a separate line item in the statement of financial position (note 35).

## 5. RIGHT-OF-USE ASSETS

### THE GROUP

(a) At July 1, 2019

- as previously reported

- effect of adopting IFRS 16 (notes 35(b))

- as restated

Amortisation

**At June 30, 2020**

**Motor Vehicles**

**Rs'000**

-

3,201

3,201

(1,085)

**2,116**

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 5. RIGHT-OF-USE ASSETS (CONT'D)

### (b) LEASE LIABILITIES

#### THE GROUP

At July 1, 2019

- as previously reported

- effect of adopting IFRS 16 (note 35(d))

- as restated

Interest expense

Lease payments - capital

Lease payments - interest

**At June 30, 2020**

**Motor Vehicles**  
**Rs'000**

-

3,147

3,147

210

(983)

(210)

**2,164**

Lease liabilities are analysed as follows:

Current

**2,164**

### (c) Nature of leasing activities (in the capacity as lessee)

The Group leases an asset under non-cancellable finance lease agreement. The lease term is of five years and the ownership of the assets lies within the Group.

The Group leases various assets under non-cancellable operating lease agreement. The lease terms are of five years.

### (d) Variable lease payments

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

	Lease Contracts	Fixed payments	Variable payments	Sensitivity
	Number			
Motor vehicles	4	100%	0%	-

(e) There are no extension and termination options included in the above leases.

(f) The company has recognised the residual value payable as part of the lease liability.

(g) Interest expense

**June 30,**  
**2020**  
**Rs'000**

Interest expense (included in finance cost)

210

(h) The total cash outflow for leases in 2020 was Rs.1,788,000.

(i) The interest rates on lease liabilities varies from 7.25% to 8%.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 6. INVESTMENT IN SUBSIDIARIES

Details of the subsidiaries are as follows:

Name	Main business activity	Year end	Indirect & effective holding & voting power		Carrying Value	
			2020 %	2019 %	2020 Rs'000	2019 Rs'000
AXYS Treasury Ltd (note (a))	Management company	June 30,	100	100	-	-

- (a) The investment in AXYS Treasury Ltd was fully impaired during the year ended June 30, 2015. There are no changes for the years ended June 30, 2019 and June 30, 2020.
- (b) Other subsidiaries accounted for at fair value through profit or loss are disclosed as investee companies in note 7.

## 7. INVESTMENTS CLASSIFIED AT FAIR VALUE THROUGH PROFIT OR LOSS

### THE GROUP

	2020 Rs'000	Quoted Rs'000	Unquoted Rs'000	2019 Rs'000
At July 1,	2,362,268	38,964	2,323,304	2,652,462
Fair value movement	(651,226)	(10,664)	(640,562)	121,899
Transfer from committed capital (note 9)	20,534	-	20,534	-
Transfer (to)/from receivables	(50,142)	-	(50,142)	12,907
Transfer from borrowings	-	-	-	(425,000)
<b>At June 30,</b>	<b>1,681,434</b>	<b>28,300</b>	<b>1,653,134</b>	<b>2,362,268</b>

### THE COMPANY

	2020 Rs'000	Quoted Rs'000	Unquoted Rs'000	2019 Rs'000
At July 1,	2,362,268	38,964	2,323,304	2,652,462
Fair value movement	(651,226)	(10,664)	(640,562)	121,899
Transfer from committed capital (note 9)	20,534	-	20,534	-
Transfer (to)/from receivables	(50,142)	-	(50,142)	12,907
Transfer from borrowings	-	-	-	(425,000)
<b>At June 30,</b>	<b>1,681,434</b>	<b>28,300</b>	<b>1,653,134</b>	<b>2,362,268</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 7. INVESTMENTS CLASSIFIED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Details of the material investee entities are given below:

- (i) Included in investments at fair value through profit or loss are the following material investee entities and associates. The Group meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries and associates but rather, it recognises them as investments at fair value through profit or loss.

Name	Main business	Year end	Direct Holding	Indirect Holding	Effective holding and voting power
			%	%	%
<b>Subsidiaries</b>					
Atlas Directors Limited	Trust and corporate service provider	June 30,	-	65	65
AX Holding	Investment holding	June 30,	-	100	100
AX International	Investment holding	June 30,	-	65	65
AX Offshore Ltd	Investment holding	June 30,	-	100	100
AXIOM (Mauritius) Equity Ltd	Fund Management	June 30,	-	100	100
AXIOM Africa Equity Fund Ltd	Dormant	June 30,	-	100	100
AXYS Corporate Advisory Ltd	Consultancy and corporate advisory	June 30,	-	100	100
AXYS Corporate Advisory Limited (Seychelles)	Consultancy and corporate advisory	June 30,	-	100	100
AXYS Group Ltd	Investment holding	June 30,	-	80	80
AXYS Holding Ltd	Investment holding	June 30,	-	100	100
AXYS Investment Partners Ltd	Asset management	June 30,	-	100	100
AXYS Ltd	Investment holding	June 30,	100	-	100
AXYS Patrimoine Ltd	Investment holding	June 30,	-	100	100
AXYS Private SARL	Trust and corporate service provider	June 30,	-	65	65
AXYS Services Ltd	Management Company	June 30,	-	100	100
AXYS Stockbroking Ltd	Brokerage services	June 30,	-	80	80
AXYS Treasury Ltd	Management Company	June 30,	-	100	100
AXYS Yield Fund Ltd	Fund Management	June 30,	-	100	100

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 7. INVESTMENTS CLASSIFIED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Name	Main business	Year end	Direct	Indirect	Effective
			Holding	Holding	holding and
			%	%	voting power
					%
<b>Subsidiaries</b>					
Azioni Nominees Limited	Trust and corporate service provider	June 30,	-	80	80
Belew Business Corp.	Trust and corporate service provider	June 30,	-	100	100
Broadway Company Limited	Trust and corporate service provider	June 30,	-	72	72
Caversham S.A.	Dormant entity	June 30,	-	65	65
CHTrustee SA	Trust and corporate service provider	June 30,	-	65	65
Compagnie de Transports Commerciaux Ltd	Dormant entity	June 30,	-	50	50
Dynamic Global Equity Ltd	Fund Management	June 30,	-	100	100
Emerald Company Limited	Trust and corporate service provider	June 30,	-	90	90
Flexicom & Co. Ltd	Hydraulics supply	June 30,	-	58	58
Four Oaks Advisors Ltd	Fund Management	June 30,	-	80	80
Four Oaks Credit Fund PCC	Fund Management	June 30,	-	80	80
Frontfin LP	Trust and corporate service provider	June 30,	-	80	80
Frontfin SS Ltd	Trust and corporate service provider	June 30,	-	80	80
Frontiere Asset Administrators Ltd PCC	Trust and corporate service provider	June 30,	-	80	80
Frontiere Corporate Administrators Limited	Trust and corporate service provider	June 30,	-	80	80
Frontiere Corporate Services Limited	Trust and corporate service provider	June 30,	-	80	80
Frontiere Finance Holdings Ltd	Trust and corporate service provider	June 30,	-	80	80
Frontiere Finance International Ltd	Trust and corporate service provider	June 30,	-	80	80
Frontiere Finance International Management Ltd	Trust and corporate service provider	June 30,	-	80	80
Frontiere Finance Ltd	Trust and corporate service provider	June 30,	-	80	80
Frontiere Group Services LP	Trust and corporate service provider	June 30,	-	80	80
Frontiere Reassurance Limited PCC	Trust and corporate service provider	June 30,	-	80	80
Frontfin Limited	Trust and corporate service provider	June 30,	-	80	80

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 7. INVESTMENTS CLASSIFIED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Name	Main business	Year end	Direct	Indirect	Effective
			Holding	Holding	holding and
			%	%	voting power
					%
<b>Subsidiaries</b>					
Frontfin LLC	Trust and corporate service provider	June 30,	-	80	80
Furman Management S.A	Trust and corporate service provider	June 30,	-	100	100
FWM International Ltd	Trust and corporate service provider	June 30,	-	72	72
FWM Trustees Ltd	Trust and corporate service provider	June 30,	-	72	72
Gladius Limitee	Fishing	June 30,	-	51	51
Hold Attitude Ltd	Investment holding	June 30,	-	100	100
Horizon Company Limited	Trust and corporate service provider	June 30,	-	72	72
Industrial Coding Solution Ltd	IT Solutions	June 30,	-	70	70
Intego Green Ltd	Selling of agro - chemicals and greenhouses	June 30,	-	100	100
Intego Ltd	Manufacture and sale of liquid fertilizers	June 30,	-	100	100
Island Catch Ltd	Sale of industrial and agricultural products	June 30,	-	100	100
Island Fertilisers Logistics Ltd	Dormant entity	June 30,	-	100	100
Island Fertilizers Ltd	Dormant entity	June 30,	-	100	100
Island Liquid Fertilizers Ltd	Investment holding	June 30,	-	100	100
Kacper Limited	Trust and corporate service provider	June 30,	-	80	80
La Moisson Ltee	Rental of agricultural equipment	June 30,	-	58	58
Level Seven Nominees Limited	Trust and corporate service provider	June 30,	-	80	80
Littlegate Nominees Ltd	Trust and corporate service provider	June 30,	-	72	72
Lombard Directors Limited	Trust and corporate service provider	June 30,	-	65	65
Lombard Directors S.A.	Trust and corporate service provider	June 30,	-	65	65
Lombard Management Services Limited	Trust and corporate service provider	June 30,	-	90	90
Lombard Nominees Limited	Trust and corporate service provider	June 30,	-	65	65
Lombard Services Ltd	Trust and corporate service provider	June 30,	-	65	65
Lombard Trust International SA	Trust and corporate service provider	June 30,	-	65	65

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 7. INVESTMENTS CLASSIFIED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Name	Main business	Year end	Direct Holding	Indirect Holding	Effective holding and voting power
			%	%	%
<b>Subsidiaries</b>					
Lombard Trust S.A.	Trust and corporate service provider	June 30,	-	65	65
Mayo Nominees Limited	Trust and corporate service provider	June 30,	-	65	65
Mayo Secretaries Limited	Trust and corporate service provider	June 30,	-	65	65
Mechanization Company Limited	Sale of industrial and agricultural machinery	June 30,	-	58	58
Megabyte Finance Ltd	Dormant entity	June 30,	-	70	70
Megabyte Investment Ltd	Investment holding	June 30,	-	70	70
Megabyte Limited	IT services	June 30,	-	70	70
Miminic Limited	Trust and corporate service provider	June 30,	-	65	65
Multiglobal System Ltd	IT Solutions	June 30,	-	70	70
New World Trust Corporation	Trust and corporate service provider	June 30,	-	65	65
Novalco SA	Trust and corporate service provider	June 30,	-	100	100
NW Trust (Switzerland) SA	Trust and corporate service provider	June 30,	-	100	100
NWCS (HK) Limited	Investment holding	June 30,	-	65	65
NWT (Holding) Mauritius Limited	Dormant entity	June 30,	-	72	72
NWT (Mauritius) Limited	Trust and corporate service provider	June 30,	-	72	72
NWT Caversham SA	Investment holding	June 30,	-	65	65
NWT Conseil SA	Trust and corporate service provider	June 30,	-	100	100
NWT Directors Limited	Trust and corporate service provider	June 30,	-	65	65
NWT Fund Administrators Limited	Trust and corporate service provider	June 30,	-	65	65
NWT Holding (HK) Limited	Investment holding	June 30,	-	100	100
NWT Holding Sàrl	Investment holding	June 30,	-	100	100
NWT Management S.A.	Trust and corporate service provider	June 30,	-	65	65
NWT Secretarial Services Ltd	Trust and corporate service provider	June 30,	-	80	80
NWT Services Limited	Trust and corporate service provider	June 30,	-	65	65
Orkney Universal Corp.	Trust and corporate service provider	June 30,	-	100	100

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 7. INVESTMENTS CLASSIFIED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Name	Main business	Year end	Direct Holding	Indirect Holding	Effective holding and voting power
			%	%	%
<b>Subsidiaries</b>					
OXIA Agro Ltd	Investment holding	June 30,	-	100	100
OXIA Hospitality Ltd	Investment holding	June 30,	-	100	100
OXIA Ltd	Investment holding	June 30,	100	-	100
OXIA Tech Ltd	Investment holding	June 30,	-	100	100
Palangriers Ile Maurice Ltee	Fishing	June 30,	-	26	26
Palmer Directors Inc.	Trust and corporate service provider	June 30,	-	100	100
Pelagic Process Ltd	Fishing	June 30,	-	51	51
Pex Hydraulics (Mauritius) Ltd	Hydraulics supply	June 30,	-	58	58
Powertech Limited	Water Filters and Coolers	June 30,	-	58	58
Providence Universal S.A	Trust and corporate service provider	June 30,	-	100	100
Quant Data Fund Ltd	Dormant	June 30,	-	100	100
S.C.E.T.I.A Holding Ltd	Investment holding	June 30,	-	58	58
S.C.E.T.I.A Limitee	Golf maintenance & supply	June 30,	-	58	58
Sage Corporate Services Inc.	Trust and corporate service provider	June 30,	-	100	100
Saturn Corporate Services Inc.	Trust and corporate service provider	June 30,	-	100	100
SPICE Agency Ltd	Dormant entity	June 30,	-	100	100
SPICE Credit Ltd	Dormant entity	June 30,	-	100	100
SPICE Finance Ltd	Leasing business	June 30,	-	80	80
Turborenov Ltd	Turbos	June 30,	-	58	58
UIL Suisse SARL	Investment holding	June 30,	-	65	65
Unity Company Limited	Trust and corporate service provider	June 30,	-	72	72
Vinocity Limited	Trust and corporate service provider	June 30,	-	65	65
Vulcan Corporate Services Inc.	Trust and corporate service provider	June 30,	-	100	100
Waterford Nominees Ltd	Trust and corporate service provider	June 30,	-	90	90
Zalkind Services Corp.	Trust and corporate service provider	June 30,	-	100	100
Zephyr Trustees Limited	Trust and corporate service provider	June 30,	-	65	65

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 7. INVESTMENTS CLASSIFIED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Name	Main business	Year end	Direct Holding	Indirect Holding	Effective holding and voting power
			%	%	%
<b>Associates</b>					
APEX Africa Asset Management Ltd	Dormant entity	June 30,	-	50	50
APEXAfrica Capital Ltd	Brokerage services	December 31,	-	50	50
Attitude Hospitality Ltd	Hospitality	June 30,	-	39	39
AX East Africa Holdings Ltd	Investment holding	June 30,	-	50	50
Bajama Limitee	Equipment Supplies	June 30,	-	28	28
Emineo Holding Ltd	Investment holding	June 30,	-	25	25
Emineo Limited	Engineering	June 30,	-	20	39
Flexi Drive Ltd	Fleet management	June 30,	-	50	50
Friction Evolution Ltd	Vehicles Supplies	June 30,	-	29	29
Helilagon (Mauritius) Ltd	Dormant entity	June 30,	-	35	35
Hibridge Corporate Services Ltd	Trust and corporate service provider	June 30,	-	40	40
Inside Equity Fund	Private equity	December 31,	3	-	3
Island International Trade Ltd	Dormant entity	June 30,	-	33	33
Island Renewable Energy Ltd	Dormant entity	June 30,	-	50	50
Les Gaz Industriels Limited	Energy	June 30,	19	-	19
Mauritius Kenyan Investment Holding Limited	Investment holding	June 30,	-	50	50
NovaLAB Medical Ltd	Laboratory	June 30,	-	45	45
Novus Properties Ltd	Investment property	June 30,	7	-	7
NWT East Africa Ltd	Dormant entity	June 30,	-	50	50
Part Supply Services Ltd	Dormant entity	June 30,	-	46	46
Quantilab Holding Ltd	Investment holding	June 30,	-	50	50
Quantilab Ltd	Laboratory	June 30,	-	45	45
Terra Marketing Ltd	Sales of Tyres	June 30,	-	44	44
Topterra Ltd	Manufacture and sale of liquid fertilizers	June 30,	-	50	50
Trustexec Ltd	Trust and corporate service provider	June 30,	-	30	30

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 8. FAIR VALUE OF FINANCIAL INSTRUMENTS

### Fair value hierarchy

Valuation process and techniques applied by the Group:

The Board of Directors of the Company is responsible for the valuation of investments including the policies and procedures. The valuation of unlisted investments is carried out on a regular basis or when required in connection with investment or divestment activities of the Group.

For intermediate holding entities, being AXYS Ltd and OXIA Ltd, the fair value are derived mainly from the underlying assets, these are valued at fair value using appropriate valuation measures in accordance with IFRS 13.

The net assets value of the intermediate holding companies is representative of its fair value as other than the underlying equity investment held, the intermediate holding companies only hold debt which have been measured at fair value.

The Group invests in equity securities which are not quoted in an active market. Transactions in such investments do not occur on a regular basis. Unlisted investments, which may not have readily ascertainable market values, are valued at fair value, which is the estimated amount that would be received on the investment in an orderly transaction between willing market participants on the measurement date. Generally, the fair value of unlisted investments are adjusted when a significant third-party investment or financing event has occurred or there is a significant change in the financial condition or operating performance of the portfolio company that would indicate either an increase or decrease in fair value. Various valuation techniques and inputs are considered in valuing unlisted investments, including purchase multiples paid in other comparable third-party transactions; comparable public company trading multiples; discounted cash flow analysis; market conditions; liquidity; current operating results; and other pertinent information. When utilising a multiples-based approach, multiples are applied to the most recent and relevant operating performance metric of the investment as appropriate, including historical and/or forecasted revenue, EBITDA, net income or other relevant operating performance metric. However, because of the inherent uncertainty of valuation, the recommended values may differ significantly from values that would have been used had a ready market for the unlisted investments existed, and may differ materially from the amounts realised upon disposal.

The table below analyses recurring assets and liabilities carried at fair value. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Input other than quoted prices included in Level 1 that are observable for the asset or liability, over the active period directly or indirectly;
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

### THE GROUP AND THE COMPANY

Financial services ("AXYS")  
Agriculture ("OXIA Agro")  
Hospitality ("OXIA Hospitality")  
Technology ("OXIA Tech")  
Energy  
Investment property

Analysed as follows:  
Quoted investments  
Unquoted investments

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Financial services ("AXYS")	-	-	1,369,954	1,369,954
Agriculture ("OXIA Agro")	-	-	46,282	46,282
Hospitality ("OXIA Hospitality")	-	-	170,829	170,829
Technology ("OXIA Tech")	-	-	66,069	66,069
Energy	19,517	-	-	19,517
Investment property	8,783	-	-	8,783
	<b>28,300</b>	-	<b>1,653,134</b>	<b>1,681,434</b>
Analysed as follows:				
Quoted investments	28,300	-	-	28,300
Unquoted investments	-	-	1,653,134	1,653,134
	<b>28,300</b>	-	<b>1,653,134</b>	<b>1,681,434</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 8. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (Cont'd)

### THE GROUP AND THE COMPANY

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Financial services ("AXYS")	-	-	1,041,134	1,041,134
Agriculture ("OXIA Agro")	-	-	35,570	35,570
Hospitality ("OXIA Hospitality")	-	-	1,244,273	1,244,273
Technology ("OXIA Tech")	-	-	2,327	2,327
Energy	30,181	-	-	30,181
Investment property	8,783	-	-	8,783
	<u>38,964</u>	<u>-</u>	<u>2,323,304</u>	<u>2,362,268</u>
Analysed as follows:				
Quoted investments	38,964	-	-	38,964
Unquoted investments	-	-	2,323,304	2,323,304
	<u>38,964</u>	<u>-</u>	<u>2,323,304</u>	<u>2,362,268</u>

### Fair value measurement using significant unobservable inputs (Level 3):

<u>THE GROUP</u>	Balance at July	Fair value	Transfer from	Transfer to	Balance at June
	1, 2019	movement	committed capital	receivables	30, 2020
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial services ("AXYS")	1,041,133	352,931	20,534	(44,644)	1,369,954
Agriculture ("OXIA Agro")	35,570	10,712	-	-	46,282
Hospitality ("OXIA Hospitality")	1,244,274	(1,067,947)	-	(5,498)	170,829
Technology ("OXIA Tech")	2,327	63,742	-	-	66,069
	<u>2,323,304</u>	<u>(640,562)</u>	<u>20,534</u>	<u>(50,142)</u>	<u>1,653,134</u>

<u>THE COMPANY</u>	Balance at July	Fair value	Transfer from	Transfer to	Balance at June
	1, 2019	movement	committed capital	receivables	30, 2020
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial services ("AXYS")	1,041,133	352,931	20,534	(44,644)	1,369,954
Agriculture ("OXIA Agro")	35,570	10,712	-	-	46,282
Hospitality ("OXIA Hospitality")	1,244,274	(1,067,947)	-	(5,498)	170,829
Technology ("OXIA Tech")	2,327	63,742	-	-	66,069
	<u>2,323,304</u>	<u>(640,562)</u>	<u>20,534</u>	<u>(50,142)</u>	<u>1,653,134</u>

The entity's policies is to recognise transfers out of Level 3 as of the date of the event or change in circumstances that cause the transfer:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 8. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

### Fair value hierarchy (Cont'd)

### Fair value measurement using significant unobservable inputs (Level 3):

#### THE GROUP

	Balance at July 1, 2018	Fair value movement	Transfer from receivables	Transfer from borrowings	Balance at June 30, 2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial services ("AXYS")	1,592,018	(134,233)	8,348	(425,000)	1,041,133
Agriculture ("OXIA Agro")	155,436	(120,826)	960	-	35,570
Hospitality ("OXIA Hospitality")	779,880	463,197	1,197	-	1,244,274
Technology ("OXIA Tech")	89,781	(89,856)	2,402	-	2,327
	<u>2,617,115</u>	<u>118,282</u>	<u>12,907</u>	<u>(425,000)</u>	<u>2,323,304</u>

#### THE COMPANY

	Balance at July 1, 2018	Fair value movement	Transfer from receivables	Transfer from borrowings	Balance at June 30, 2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial services ("AXYS")	1,592,018	(134,233)	8,348	(425,000)	1,041,133
Agriculture ("OXIA Agro")	155,436	(120,826)	960	-	35,570
Hospitality ("OXIA Hospitality")	779,880	463,197	1,197	-	1,244,274
Technology ("OXIA Tech")	89,781	(89,856)	2,402	-	2,327
	<u>2,617,115</u>	<u>118,282</u>	<u>12,907</u>	<u>(425,000)</u>	<u>2,323,304</u>

The entity's policies is to recognise transfers out of Level 3 as of the date of the event or change in circumstances that cause the transfer:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 8. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

### Fair value hierarchy (Cont'd)

The following table shows the valuation techniques used in the determination of fair values within Level 3 of the hierarchy as well as the key unobservable inputs used in the valuation model.

Type	Fair value at June 30, 2020	Valuation approach	Key unobservable inputs	Range of unobservable inputs (probability – weighted average)	Sensitivity of the input to fair value	
	Rs'000					Rs'000
<b>THE GROUP AND THE COMPANY</b>						
Financial services ("AXYS")	1,369,954	PE multiple	Average of peers	9.40-10.16	± 0.5	25,952
		Turnover multiple	Average of peers	1.42	± 0.5	33,937
		EBIT Multiple	Average of peers	11.07	± 0.5	148
		EBITDA multiple	Average of peers	8.58-13.51	± 0.5	51,611
		Net Asset Value	Adjusted Net Asset	-	-	-
Agriculture ("OXIA Agro")	46,282	Net Asset Value	Adjusted Net Asset	-	-	-
		EBITDA multiple	Average of peers	4.46-5.33	± 0.5	23,698
		PE multiple	Average of peers	11.48	± 0.5	2,652
Hospitality ("OXIA Hospitality")	170,829	Discounted cash flows	Discount rate	11.53%	+1%	(85,854)
Technology ("OXIA Tech")	66,069	EBITDA multiple	Average of peers	7.68-13.25	± 0.5	7,144
	<u>1,653,134</u>					<u>59,288</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 8. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

### Fair value hierarchy (Cont'd)

Type	Fair value at June 30, 2019	Valuation approach	Key unobservable inputs	Range of unobservable inputs (probability – weighted average)	Sensitivity of the input to fair value	
	Rs'000					Rs'000
<b>THE GROUP AND THE COMPANY</b>						
Financial services ("AXYS")	1,041,133	PE mutiple	Average of peers	8.47-9.88	± 0.5	28,260
		Turnover multiple	Average of peers	1.51	± 0.5	26,053
		EBITDA mutiple	Average of peers	9.61	± 0.5	335
		Net Asset Value	Adjusted Net Asset	7-9.80	-	59,989
Agriculture ("OXIA Agro")	35,570	Net Asset Value	Adjusted Net Asset	-	-	-
		EBITDA multiple	Average of peers	3.29- 5.50	± 0.5	22,415
		PE multiple	Average of peers	10.11-10.32	± 0.5	2,684
Hospitality ("OXIA Hospitality")	1,244,274	Discounted cash flows	Discount rate	10.63%-11.84%	+1%	(149,418)
Technology ("OXIA Tech")	2,327	EBITDA multiple	Average of peers	7.19 - 10.98	± 0.5	6,741
	<u>2,323,304</u>					<u>(2,941)</u>

The other significant unobservable inputs used in the fair value measurement of the group's investment fair valued using the discounted cash flow valuation method are the occupancy rates and average room revenue. Significant increases/(decreases) in any of these inputs in isolation would result in a significantly higher/(lower) fair value measurement.

Range for occupancy rate : 37%-80% (2019:62%-86%)

Range for average room revenue : Rs.2,843-Rs.8,584 (2019:Rs.3,160 - Rs.7,963)

The Group invests in unquoted equities. Given that there is no active market on which to trade the unquoted local equities, the Directors have assessed the NAV represent the best estimate of fair value at the measurement date. These investments have been classified as level 3 of the fair value hierarchy as they are neither quoted nor traded. Given that Management has used the net asset value of investees, no observable input has developed and as such no sensitivity analysis was performed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 9. OTHER FINANCIAL ASSETS

At July 1,  
Transfer to investments classified at fair value through profit or loss (note 7)  
Foreign exchange gain

**At June 30,**

THE GROUP AND THE COMPANY	
2020	2019
Rs'000	Rs'000
<b>31,113</b>	30,534
<b>(20,534)</b>	-
<b>3,524</b>	579
<b>14,103</b>	31,113

As at June 30, 2020, the deposit on shares represents share application money in Island Management Ltd (Rs. 2.5M) and Inside Equity Fund Ltd (Rs. 11.6M). The shares in Island Management Ltd are yet to be allotted due to a pending legal case. The share application monies in Inside Equity Fund are yet to be converted.

## 10. TRADE AND OTHER RECEIVABLES

Receivable from other related parties  
Other receivables

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
<b>29,509</b>	14,306	<b>1,031</b>	968
<b>194</b>	586	<b>194</b>	-
<b>29,703</b>	14,892	<b>1,225</b>	968

- (a) For terms and conditions relating to related party receivables, refer to note 24.
- (b) Receivable from other related parties of nil (2019: Rs. 49,000) for the Group and Rs. 41,042,000 (2019: Rs. 31,410,000) for the Company have been written-off and charged to profit or loss during the year.

Write-offs during the year (note 19)

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
<b>-</b>	49	<b>41,042</b>	31,410

- (c) The receivables are neither past due nor impaired and due for 30-60 days.
- (d) The carrying amounts of trade and other receivables are denominated in the following currencies:

Mauritian Rupees  
Swiss Francs

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
<b>10,839</b>	11,259	<b>1,225</b>	968
<b>18,864</b>	3,633	<b>-</b>	-
<b>29,703</b>	14,892	<b>1,225</b>	968

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 10. TRADE AND OTHER RECEIVABLES (CONT'D)

- (e) The Group applies the IFRS 9 simplified approach to measuring expected credit losses which used a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables should have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of revenue over a period since incorporation before June 30, 2020 and June 30, 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (GDP) and the unemployment rate of Mauritius, the country in which it renders its services, to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The expected credit losses have been calculated but not accounted for as they are not significant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## II. INCOME TAX

### (a) Statement of profit or loss and other comprehensive income

CSR charge	
Over-provision in prior year income tax and CSR liability	
Income tax expense	

### (b) Statement of financial position

At July 1,	
CSR charge	
Over-provision in prior year income tax and CSR liability	
Tax refund	
Tax and CSR paid	
<b>At June 30,</b>	

### (c) Tax reconciliation

A reconciliation between the tax expense and the product of the accounting profit multiplied by the Group's and Company's applicable tax rates for the years ended June 30, 2020 and 2019 is as follows:

(Loss)/Profit before tax	
Tax at the rate of 15% (2019: 15%)	
Income not subject to tax (note (i))	
Expenses not deductible for tax purposes (note (ii))	
Excess of depreciation over capital allowances/(capital allowance over depreciation)	
CSR charge	
Over-provision in prior year income tax and CSR liability	
Tax losses for which no deferred income tax asset was recognised	

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
-	15	-	15
-	(9)	-	(9)
-	6	-	6

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
8	(69)	8	(69)
-	15	-	15
-	(9)	-	(9)
-	78	-	78
-	(7)	-	(7)
8	8	8	8

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
<b>(684,296)</b>	69,698	<b>(695,341)</b>	59,239
<b>(102,644)</b>	10,455	<b>(104,301)</b>	8,886
<b>(1,189)</b>	(18,429)	<b>(909)</b>	(18,429)
<b>99,883</b>	4,905	<b>105,198</b>	9,362
<b>133</b>	(58)	-	-
-	15	-	15
-		-	
-	(9)	-	(9)
<b>3,817</b>	3,127	<b>12</b>	181
<b>(0)</b>	6	<b>(0)</b>	6

- (i) Income not subject to tax relate mainly to dividend income and fair value gain on investments classified at fair value through profit or Loss.
- (ii) Expenses not deductible for tax purposes include entertainment, gifts, donations, overseas travel expenses and legal and professional expenses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 11. INCOME TAX (CONT'D)

### (c) Tax reconciliation (cont'd)

The Group does not recognised deferred tax asset on tax losses since there is no convincing evidence that there will be taxable profit in the forthcoming years. The tax losses can be deferred for five years. The tax losses available as at June 30, 2020 & 2019 are as follows:

At July 1,  
Tax losses for the year  
Tax losses expired during the year  
At June 30,

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
68,935	71,746	1,211	4
26,647	19,636	80	1,207
(23,885)	(22,447)	-	-
<b>71,697</b>	<b>68,935</b>	<b>1,291</b>	<b>1,211</b>

## 12. CASH AND CASH EQUIVALENTS

- (a) Cash and short-term deposits  
Cash and cash equivalents

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
2,182	2,255	1,281	1,111

- (b) For the purpose of the statements of cash flows, cash and cash equivalents comprise of:

Cash and short-term deposits  
Bank overdrafts (note 16)

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
2,182	2,255	1,281	1,111
-	(8)	-	(5)
<b>2,182</b>	<b>2,247</b>	<b>1,281</b>	<b>1,106</b>

## 13. SHARE CAPITAL AND RESERVES

- (a) **Share capital**  
**THE COMPANY AND THE GROUP**

Issued and fully paid:

At July 1, 2018, June 30, 2019 and **June 30, 2020**

The shares confer upon the holder the rights as follows:

- (a) The right to vote at meetings of shareholders and on a poll to cast one vote for each share held;  
(b) Subject to the rights of any other class of shares, the right to an equal share in dividends and other distribution made by the Company; and  
(c) Subject to the rights of any other class of shares, the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

- (b) **Share premium**

**THE GROUP AND THE COMPANY**

At July 1, 2018, June 30, 2019 and **June 30, 2020**

The reserve represents the premium arising upon the issue of ordinary shares.

2020 & 2019	
Number of shares	Rs'000
204,093,742	651,462

Share premium
Rs'000
<b>920,386</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 14. TRADE AND OTHER PAYABLES

Trade payables  
Amount due to related parties  
Accruals and other payables

### Currency Profile

Mauritian Rupees  
Swiss Francs

Terms and conditions:

- Trade payables are non-interest bearing and are normally settled on 30 - 60 day terms.
- For terms and conditions relating to related parties, refer to note 24.
- Other payables are non-interest bearing and have an average term of twelve months.

## 15. RETIREMENT BENEFIT OBLIGATIONS

### Other post retirement benefits

- (a) Other post retirement benefits comprise mainly of gratuity on retirement payable under the Workers' Rights Act 2019 (2019: Employment Rights Act 2008) and other benefits.
- (b) Movement in gratuity on retirement:

At July 1,  
Total expense charged in profit or loss  
**At June 30,**

THE GROUP	
2020	2019
Rs'000	Rs'000
1,066	-
4,054	1,066
<b>5,120</b>	<b>1,066</b>

Rs.

It has been assumed that the rate of future salary increases will be equal to the discount rate.

## 16. INTEREST-BEARING LOANS AND BORROWINGS

### Current:

Bank overdrafts (note (a))  
Obligations under finance lease (note (b))

### TOTAL

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
2,427	4,179	1,150	1,680
6,012	6,737	-	22
5,065	4,883	3,365	4,883
<b>13,504</b>	<b>15,799</b>	<b>4,515</b>	<b>6,585</b>

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
13,504	10,347	4,515	6,585
-	5,452	-	-
<b>13,504</b>	<b>15,799</b>	<b>4,515</b>	<b>6,585</b>

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
-	8	-	5
-	903	-	-
<b>-</b>	<b>911</b>	<b>-</b>	<b>5</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 16. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

(a) The Group and the Company have no overdraft as at June 30, 2020. The Group and the Company had an overdraft of Rs.8,000 and Rs.5,000 respectively at June 30, 2019.

(b) Obligations under finance lease - minimum lease payments

Within one year  
Future finance charges  
Disclosed as current

THE GROUP	
2020	2019
Rs'000	Rs'000
-	1,158
-	(255)
-	903

(c) Borrowings can be analysed as follows:-

Within one year

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
-	911	-	5
-	911	-	5

All the above interest bearing loans and borrowings have been classified as current in line with the restructuring plan of the Group. Refer to note 29.

(d) The effective interest rates and initial maturity dates at the end of the reporting date were as follows:

Bonds  
Bank overdrafts

Obligations under finance lease

Initial maturity	THE GROUP	
	2020	2019
Jan-20	-	Repo rate + 2.35%
On demand	-	PLR+1.9%
Jun 22	7.25%	7.25%

Bonds  
Bank overdrafts

Initial maturity	THE COMPANY	
	2020	2019
Jan-20	-	Repo rate + 2.35%
On demand	-	PLR+1.9%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 16. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

(e) The carrying amounts of the Group and the Company's borrowings are denominated in the following currencies:

Euro  
Mauritian rupee

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
-	8	-	-
-	903	-	5
-	911	-	5

## 17. REVENUE

Dividend income  
Management fees  
Other revenue

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
1,168	166	1,168	166
20,084	19,960	-	-
243	-	-	-
21,495	20,126	1,168	166

Revenue from rendering of services  
Dividend Income

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
20,327	19,960	-	-
1,168	166	1,168	166
21,495	20,126	1,168	166

Timing of revenue recognition

At a point in time  
Over time

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
1,168	166	1,168	166
20,327	19,960	-	-
21,495	20,126	1,168	166

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 18. ADMINISTRATIVE EXPENSES

Staff costs (note (a))
Insurance
Motor vehicle expenses
Rent of motor vehicles
Office rental
Audit fees
Legal and professional fees
Annual report fees
Directors and chairmanship fees
Depreciation (note 4)
Amortisation (note 5)
Licence
Business trips
Other expenses

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
<b>39,033</b>	30,839	-	-
<b>146</b>	181	<b>17</b>	23
<b>420</b>	451	-	-
<b>595</b>	1,146	-	-
<b>6,780</b>	5,902	-	-
<b>747</b>	780	<b>747</b>	780
<b>2,191</b>	6,703	<b>2,026</b>	6,714
<b>939</b>	520	<b>939</b>	520
<b>3,535</b>	2,320	<b>3,535</b>	2,320
<b>128</b>	456	-	-
<b>1,085</b>	-	-	-
<b>305</b>	303	<b>196</b>	275
<b>1,764</b>	1,236	<b>2</b>	2
<b>1,383</b>	1,493	<b>386</b>	1,316
<b>59,051</b>	52,330	<b>7,848</b>	11,950

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 18. ADMINISTRATIVE EXPENSES (CONT'D)

(a) Staff costs

Wages and salaries

Social security costs

Pension costs - defined contribution plans

Other post-retirement benefits (note 15(b))

Others

THE GROUP	
2020	2019
Rs'000	Rs'000
<b>26,314</b>	26,269
<b>721</b>	610
<b>2,068</b>	1,553
<b>4,054</b>	1,066
<b>5,876</b>	1,341
<b>39,033</b>	30,839

## 19. FAIR VALUE GAINS/(LOSSES) ON RECEIVABLES AND INVESTMENT-RELATED EXPENSES

Fair value losses on receivables from related parties

Investment-related expenses

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
-	(49)	<b>(41,042)</b>	(31,410)
<b>I</b>	(10,817)	<b>I</b>	(10,817)
<b>I</b>	(10,866)	<b>(41,041)</b>	(42,227)

## 20. FINANCE INCOME

Foreign exchange gain

Interest income on:

- Loan to related parties

- Preference shares of related parties

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
<b>4,613</b>	-	<b>3,524</b>	-
<b>83</b>	35	<b>83</b>	35
-	(9)	-	(9)
<b>4,696</b>	26	<b>3,607</b>	26

## 21. FINANCE COSTS

Foreign exchange gain

Interest expense on:

- bank overdrafts

- bonds

- finance leases

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
-	(387)	-	(793)
<b>I</b>	-	<b>I</b>	-
-	9,468	-	9,468
<b>210</b>	76	-	-
<b>211</b>	9,157	<b>I</b>	8,675

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 22. (LOSS)/EARNINGS AND DIVIDENDS PER SHARE

### (a) (Loss)/Earnings per share

Net loss/profit attributable to ordinary equity holders of the parent

#### Number of shares ('000)

Ordinary shares issued at June 30,

#### (Loss)/Earnings per share

Basic

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
<b>(684,296)</b>	69,692	<b>(695,341)</b>	59,233
<b>204,094</b>	204,094	<b>204,094</b>	204,094
<b>(3.35)</b>	0.34	<b>(3.41)</b>	0.29

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

### (b) Dividends per share

Amount recognised as distributions to equityholders in the year

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
<b>Nil</b>	Nil	<b>Nil</b>	Nil

## 23. NAV PER SHARE

Net asset value

#### Number of shares ('000)

Ordinary shares issued at June 30,

#### NAV per share

Basic

THE GROUP		THE COMPANY	
2020	2019	2020	2019
Rs'000	Rs'000	Rs'000	Rs'000
<b>1,709,861</b>	2,394,157	<b>1,693,555</b>	2,388,896
<b>204,094</b>	204,094	<b>204,094</b>	204,094
<b>8.38</b>	11.73	<b>8.30</b>	11.70

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 24. RELATED PARTY TRANSACTIONS

### (a) THE GROUP

#### Investee companies:

APEX Africa Capital Ltd

AX International

AXYS Corporate Advisory Ltd

AXYS Consulting DMCC

AXYS Finance Ltd

AXYS Investment Partners Ltd

AXYS Ltd

AXYS Services Ltd

Flexi Drive Ltd

FWM International Ltd

FWM Trustees Ltd

IFL Investment Holding Ltd

Lombard Management Services Ltd

Mauritius Kenya Invst Holdings Ltd

Mechanization Company Ltd

Megabyte Investments Ltd

NWT (Mauritius) Ltd

NWT Conseil SA

NWT Management SA

NWT Secretarial Ltd

Quantilab Holding Ltd

Quantilab Ltd

SPICE Finance Ltd

#### Enterprises with common management:

Attitude Hospitality Ltd - Preference shares

#### Others:

Director of subsidiary

	Interest income		Balance receivables		Balance payables	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
APEX Africa Capital Ltd	-	-	-	-	-	-
AX International	-	-	-	-	-	-
AXYS Corporate Advisory Ltd	-	-	-	-	-	-
AXYS Consulting DMCC	-	-	-	-	-	-
AXYS Finance Ltd	-	-	-	-	-	-
AXYS Investment Partners Ltd	-	-	-	1,350	-	-
AXYS Ltd	-	-	-	-	<b>5,956</b>	-
AXYS Services Ltd	-	-	<b>1,302</b>	-	<b>56</b>	1,287
Flexi Drive Ltd	-	-	-	75	-	-
FWM International Ltd	-	-	-	-	-	-
FWM Trustees Ltd	-	-	-	-	-	-
IFL Investment Holding Ltd	-	-	-	-	-	-
Lombard Management Services Ltd	-	-	-	21	-	-
Mauritius Kenya Invst Holdings Ltd	-	-	-	-	-	-
Mechanization Company Ltd	-	-	-	-	-	-
Megabyte Investments Ltd	-	-	-	-	-	-
NWT (Mauritius) Ltd	-	-	-	-	-	-
NWT Conseil SA	-	-	<b>2,096</b>	-	-	5,450
NWT Management SA	-	-	<b>16,770</b>	3,641	-	-
NWT Secretarial Ltd	-	-	<b>10</b>	10	-	-
Quantilab Holding Ltd	<b>83</b>	35	<b>1,021</b>	937	-	-
Quantilab Ltd	-	-	-	-	-	-
SPICE Finance Ltd	-	-	-	-	-	-
Attitude Hospitality Ltd - Preference shares	-	(9)	-	-	-	-
Director of subsidiary	-	-	<b>8,310</b>	8,272	-	-
	<b>83</b>	26	<b>29,509</b>	14,306	<b>6,012</b>	6,737

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 24. RELATED PARTY TRANSACTIONS (CONT'D)

### (b) THE COMPANY

	Interest income		Balance receivables		Balance payables	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
<b>Investee companies:</b>						
APEX Africa Capital Ltd	-	-	-	-	-	-
AX International	-	-	-	-	-	-
AXYS Consulting DMCC	-	-	-	-	-	-
AXYS Finance Ltd	-	-	-	-	-	-
AXYS Investment Partners Ltd	-	-	-	-	-	-
AXYS Services Ltd	-	-	-	-	-	22
Flexi Drive Ltd	-	-	-	-	-	-
FWM Trustees Ltd	-	-	-	-	-	-
IFL Investment Holding Ltd	-	-	-	-	-	-
Lombard Management Services Ltd	-	-	-	21	-	-
Mauritius Kenya Invt Holdings Ltd	-	-	-	-	-	-
Mechanization Company Ltd	-	-	-	-	-	-
Megabyte Investments Ltd	-	-	-	-	-	-
NWT (Mauritius) Ltd	-	-	-	-	-	-
NWT Conseil SA	-	-	-	-	-	-
NWT Management SA	-	-	-	-	-	-
NWT Secretarial Ltd	-	-	10	10	-	-
Quantilab Holding Ltd	83	35	1,021	937	-	-
Quantilab Ltd	-	-	-	-	-	-
<b>Enterprises with common management:</b>						
Attitude Hospitality Ltd - Preference shares	-	(9)	-	-	-	-
<b>Others:</b>						
Director of subsidiary	-	-	-	-	-	-
	<b>83</b>	<b>26</b>	<b>1,031</b>	<b>968</b>	<b>-</b>	<b>22</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 24. RELATED PARTY TRANSACTIONS (CONT'D)

(c) THE GROUP	Nature of transactions	Transactions Rs '000	As at June 30, 2019 Rs '000	Net balance receivables / (payables)				
				Advances to / (payments by) Rs '000	Transfer to intermediary holding entities Rs '000	Transfer from / (to) investments Rs '000	Fair value losses Rs '000	As at June 30, 2020 Rs '000
<b>Investee companies:</b>								
APEX Africa Capital Ltd	Advances	-	-	-	-	-	-	-
AX International	Advances	-	-	-	-	-	-	-
AXYS Corporate Advisory Ltd	Management fees	-	-	-	-	-	-	-
AXYS Finance Ltd	Advances	-	-	-	-	-	-	-
AXYS Investment Partners Ltd	Advances	1,350	1,350	(1,350)	-	-	-	-
AXYS Ltd	Advances	5,956	-	(5,956)	-	-	-	(5,956)
AXYS Services Ltd	Advances	2,533	(1,287)	2,533	-	-	-	1,246
Flexi Drive Ltd	Advances	75	75	(75)	-	-	-	-
FWM International Ltd	Advances	-	-	-	-	-	-	-
FWM Trustees Ltd	Advances	-	-	-	-	-	-	-
Lombard Management Services Ltd	Advances	21	21	(21)	-	-	-	-
Mauritius Kenya Invt Holdings Ltd	Advances	-	-	-	-	-	-	-
NWT (Mauritius) Ltd	Advances	-	-	-	-	-	-	-
NWT Conseil SA	Management fees	-	(5,450)	7,546	-	-	-	2,096
NWT Management SA	Management fees	-	3,641	13,129	-	-	-	16,770
NWT Secretarial Ltd	Advances	-	10	-	-	-	-	10
Quantilab Holding Ltd	Advances	-	937	84	-	-	-	1,021
Quantilab Ltd	Advances	-	-	-	-	-	-	-
SPICE Finance Ltd	Advances	-	-	-	-	-	-	-
<b>Enterprises with common management:</b>								
Attitude Hospitality Ltd - Preference shares	Interest income	-	-	-	-	-	-	-
<b>Others:</b>								
Director of subsidiary	Advances	-	8,272	38	-	-	-	8,310
		<b>9,935</b>	<b>7,569</b>	<b>15,928</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,497</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 24. RELATED PARTY TRANSACTIONS (CONT'D)

(d) THE COMPANY	Nature of transactions	Transactions	Net balance receivables / (payables)					As at June 30, 2020
			As at June 30, 2019	Advances to / (payments by)	Transfer to intermediary holding entities	Transfer from / (to) investments	Fair value losses	
			Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	
<b>Investee companies:</b>								
APEX Africa Capital Ltd	Advances	-	-	-	-	-	-	-
AX International	Advances	-	-	-	-	-	-	-
AXYS Ltd	Advances	-	-	-	-	-	-	-
AXYS Finance Ltd	Advances	-	-	-	-	-	-	-
AXYS Treasury Ltd	Advances	-	-	-	-	-	-	-
AXYS Investment Partners Ltd	Advances	-	-	-	-	-	-	-
AXYS Services Ltd	Advances	22	(22)	22	-	-	-	-
FWM International Ltd	Advances	-	-	-	-	-	-	-
FWM Trustees Ltd	Advances	-	-	-	-	-	-	-
Lombard Management Services Ltd	Advances	21	21	(21)	-	-	-	-
Mauritius Kenya Invt Holdings Ltd	Advances	-	-	-	-	-	-	-
NWT (Mauritius) Ltd	Advances	-	-	-	-	-	-	-
NWT Secretarial Ltd	Management fees	-	10	-	-	-	-	10
OXIA Ltd	Advances	-	-	-	-	-	-	-
Quantilab Holding Ltd	Advances	84	937	84	-	-	-	1,021
Quantilab Ltd	Advances	-	-	-	-	-	-	-
<b>Enterprises with common management:</b>								
Attitude Hospitality Ltd - Preference shares	Interest income	-	-	-	-	-	-	-
		<b>127</b>	<b>946</b>	<b>85</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,031</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 24. RELATED PARTY TRANSACTIONS (CONT'D)

### (e) Key management personnel compensation

Salaries and short-term employee benefits

THE GROUP	
2020	2019
Rs'000	Rs'000
<b>13,231</b>	12,538

- (i) Key management personnel includes executive directors, non-executive directors and top level management personnel. The compensation includes short-term employee benefits only.
- (ii) All the above transactions have been carried out at least under market terms and conditions. There have been no guarantees provided or received for any related party receivables or payables.
- (iii) Outstanding balances at year end are unsecured and carry interest rates of 7.75%. Settlement occurs in cash. The Group has made an impairment assessment by considering the previous repayment behaviours and the future cash flow forecasts covering the contractual period of receivables from related parties. The Group does not expect any default from them and is certain of their ability to pay their debts as they become due in the normal course of business and/or in any adverse economic and business conditions. Consequently, the probability of default is therefore negligible and the Group has not accounted for any impairment loss.

At company level, a receivable from the subsidiary company amounting to Rs.41,042,000 (2019: Rs. 31,410,000) has been impaired during the year.

## 25. FINANCIAL INSTRUMENTS

### *Fair value of financial instruments*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Except where stated elsewhere, the carrying amounts of the Group's and the Company's financial assets and liabilities approximate their fair values.

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### (a) Financial risk factors

The Group's principal financial liabilities comprise of obligations under finance leases, bank loans, bank overdrafts and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group and the Company's operations.

The Group has various financial assets, such as investments classified at fair value through profit or loss, trade and other receivables and cash and short term deposits which arise directly from its operations.

The main risks arising from the Group's financial instruments are:

- Interest rate risk;
- Credit risk;
- Liquidity risk;
- Equity price risk

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Financial risk factors (Cont'd)

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect of the Group's financial performance.

The Board of Directors reviews and agrees policies for managing each of these risks. A description of the significant risk factors is given below together with the risk management policies applicable.

### (i) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's and Company's finance lease and bank overdraft with fixed and floating interest rates respectively. Interest rate risks are not hedged.

The Group's income and operating cash flows are exposed to interest rate risk as it sometimes borrows at variable rates. The Group's policy is to manage its interest rate risk by using a mix of fixed and variable rate debts. Changes in market interest rate would also impact on the interest income of the loan to related parties, which would mitigate the Group's and Company's exposure to interest costs.

*Interest rate risk table*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and Company's profit before tax. The impact on equity will be of the same amount.

- Impact on floating rate borrowings:

	THE GROUP		THE COMPANY	
	Increase/ decrease in interest free %	Effect on loss before tax Rs'000	Increase/ decrease in interest free %	Effect on loss before tax Rs'000
<b>June 30, 2020</b>	+1	22	+1	-
	-1	(22)	-1	-
June 30, 2019	+1	-	+1	-
	-1	-	-1	-

### (ii) Credit risk

Credit risk arises from cash and cash equivalent, contractual cash flows of debt investment carried at amortised cost, and at fair value through profit or loss (FVPL) and as well as credit exposure to related party including outstanding receivables.

Credit risk is managed on a Company/Group basis. For banks and financial institutions, only independent related parties are accepted.

The Group being an investment holding deals mainly with related parties through advances and current accounts. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Financial risk factors (Cont'd)

#### (ii) Credit risk (cont'd)

Since the Group and the Company trade mainly with related companies, there is no requirement for collateral.

The Group and the Company have no significant concentration of credit risk, with exposure spread over a large number of related entities.

#### (iii) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping reliable credit lines available. Management is responsible for liquidity and funding. The Group has minimised its liquidity risk by ensuring that it has adequate banking facilities and reserve borrowing capacity.

The table below summarises the maturity profile of the Group's and Company's financial liabilities at year end based on contractual undiscounted payments.

#### Financial Liabilities

##### June 30, 2020

Financial guarantees  
Trade payables  
Amount due to related parties

#### Financial Liabilities

##### June 30, 2019

Interest bearing loans and borrowings  
Financial guarantees  
Trade payables  
Bank overdrafts

#### Financial Liabilities

##### June 30, 2020

Financial guarantees  
Trade payables

THE GROUP		
	Less	
On demand	than 1 year	Total
Rs'000	Rs'000	Rs'000
-	75,236	75,236
-	2,427	2,427
-	6,012	6,012
-	83,675	83,675

THE GROUP		
	Less	
On demand	than 1 year	Total
Rs'000	Rs'000	Rs'000
-	-	-
-	72,700	72,700
-	10,916	10,916
8	-	8
8	83,616	83,624

THE COMPANY		
	Less	
On demand	than 1 year	Total
Rs'000	Rs'000	Rs'000
-	75,236	75,236
-	1,150	1,150
-	76,386	76,386

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Financial risk factors (Cont'd)

### (iii) Liquidity risk management (Cont'd)

#### Financial Liabilities

June 30, 2019

Financial guarantees  
Trade payables  
Bank overdrafts

THE COMPANY		
On demand	Less than 1 year	Total
Rs'000	Rs'000	Rs'000
-	72,700	72,700
-	1,702	1,702
5	-	5
5	74,402	74,407

### (iv) Equity price risk management

The Group and Company are susceptible to equity market price risk arising from uncertainties about future prices of the equity securities because of investments classified at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

#### Sensitivity analysis

Refer to note 8 on IFRS 13 disclosure.

### (v) Foreign currency risk

The Group operates internationally and are exposed to foreign exchange risk arising from currency exposures with respect to Swiss Franc ("CHF") and United States Dollar ("USD"). The Group has bank accounts, current accounts in these foreign currencies.

The following table demonstrates the sensitivity of the Group's profit before tax following a reasonable possible change only in the foreign exchange rates of CHF & USD vis a vis Mauritian Rupees. This exercise is based on revalued foreign currency balances at year end.

	Movement in exchange	THE GROUP		THE COMPANY	
		2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
CHF in relation to Rs.	%				
	+5	(160)	(91)	-	-
	-5	160	91	-	-
USD in relation to Rs.	+5	-	1,960	-	1,960
	-5	-	(1,960)	-	(1,960)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Capital risk management

The Group and the Company manage their capital to ensure the Group and the Company is financially sustainable while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group and the Company manage their capital structure and make adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus debt. The Group's and the Company's strategy was to maintain the debt-to-adjusted capital ratio at the lower end, in order to secure access to finance at a reasonable cost. The Group and the Company include within net debt, interest-bearing loans and borrowings, less cash in hand and at bank. Total capital is calculated as "equity" as shown in the statement of financial position less net unrealised gains reserves.

The gearing ratios at June 30, 2020 and June 30, 2019 were as follows:

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
Interest-bearing loans and borrowings	-	911	-	5
Lease liabilities	2,164	-	-	-
	2,164	911	-	5
Less cash in hand and bank balances	(2,182)	(2,255)	(1,281)	(1,111)
Net debt	(18)	(1,344)	(1,281)	(1,106)
Total equity	1,709,861	2,394,157	1,693,555	2,388,896
Capital and net debt	1,709,843	2,392,813	1,692,274	2,387,790
Gearing ratio	N/A	N/A	N/A	N/A

The Company's strategy, which is unchanged from 2019, is to maintain the debt-to-adjusted capital ratio at the lower end, in order to secure finance at a reasonable cost. The Company has surplus cash in hand and bank balance over interest bearing loans and liabilities.

## 27. COMMITMENTS

### (a) Capital commitments

At June 30, 2020, the Group had no capital commitments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 27. COMMITMENTS (CONT'D)

### (b) Guarantees

The guarantees given at June 30, 2020 by the Company were as follows:

- Lease guarantee of Rs. 63M provided by the Company in favour of Gladius Limitee.
- Financial bank guarantee of Rs. 12M provided by UIL in favour of facilities taken by Pelagic Process Ltd.

### (c) Operating lease commitments

The Group entered into a lease agreement for office space occupied by the Company with AXYS Services Ltd for the rental of premises, furniture, fixtures and fittings, other equipment and related expenses. The lease duration period is for 10 years. Office rental expense and recharge of expenses are based on the number of employees each month and utilities consumption for specific expenses. As such, rental expenses are variable and are recognised when invoices are received. Management believes that the Group's adoption of the invoicing amount on a systematic basis, rather than straight lining, duly reflects the time pattern of the user's benefits of the operating lease. In this effect, no disclosure has been made for the forthcoming commitments presented by this operating lease agreement. Hence, Management is of opinion that the future aggregate minimum lease payments for the lease agreement is difficult to forecast.

## 28. SUBSTANTIAL SHAREHOLDERS

Terra Mauricia Ltd  
Firefox Ltd  
Portfolio and Investment Management Ltd  
Michel Guy Rivalland  
Jason Limited

Direct	Indirect	Effective
%	%	%
<b>29.0</b>	-	<b>29.0</b>
<b>20.6</b>	-	<b>20.6</b>
<b>9.3</b>	-	<b>9.3</b>
<b>8.7</b>	-	<b>8.7</b>
<b>5.4</b>	-	<b>5.4</b>

## 29. RESTRUCTURING PLAN

At a special meeting on 19 November 2018, shareholders of United Investments Ltd ("UIL") approved a Scheme of Arrangement ("Scheme"), which entails a share exchange between the Company, AXYS Ltd and OXIA Ltd, whereby every one share held by the shareholders of the Company will be exchanged for one share in AXYS Ltd and one share in OXIA Ltd, and the resulting impact is that UIL will become a subsidiary of AXYS Ltd and OXIA Ltd.

In terms of that Scheme, UIL has submitted its application to the Supreme Court on 23 January 2019. One of its main shareholders, Terra Mauricia Ltd ("TML") has objected to the said Scheme on 8 March 2019. Since then, affidavits are still being exchanged between UIL and TML and the ruling to consider the scheme petition and objections is yet to be delivered. In the meantime, UIL indicated in its communique dated 25 September 2019, that it intends to exit its investments in Attitude Hospitality Ltd, via listing of the investee company on the Stock Exchange of Mauritius Ltd. This was scheduled for end of March 2020, and due to prevailing circumstances linked to the COVID pandemic, the exit plan has been postponed at a later stage when the market stabilises with the Mauritian borders re-opening normally and the hotel sector picking up from a more favourable situation.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 30. GOING CONCERN

### Scheme of Arrangement

In line with Scheme of Arrangement ( the “Scheme” as disclosed under note 29), the Company has submitted its application to the Supreme Court on 23 January 2019 but the ruling to consider the scheme petition and objections has not yet been delivered. This indicates that the Company will no longer be a going concern. Since the Company is the holding company of the Group, the assets and liabilities of the Group, have been classified as held for distribution at the reporting date.

IAS 1- Presentation of financial statements and IAS 10- Events after reporting period require that the financial statements should not be prepared on a going concern basis if management determines that it intend to liquidate the entity or cease trading. The Directors have considered an alternative basis of preparation but believe that IFRS as a basis of preparation best reflects the financial position and performance of the entity. The carrying value of the assets, which were determined in accordance with the accounting policies, have been reviewed for possible impairment and changes which have occurred since the year end and consideration has been given to whether any additional provisions are necessary as a result of management intention to liquidate the Company in the foreseeable future. It is expected that all assets and liabilities will be transferred at least at the amounts at which they are included in the statement of financial position and there will be no material additional liabilities.

## 31. CONTINGENT LIABILITIES

On 22 August 2019, the Competition Commission of Mauritius (CCM) has issued a press communique to the effect that the Executive Director has completed two investigations in the supply of chemical fertilisers in Mauritius and that the respective reports have been submitted to the Commissioners of the CCM for the determination of the case. Based on the findings of the two investigations, the Executive Director has recommended the imposition of financial penalties amounting to:

- (i) Rs55.9 million calculated as per Section 59 of the Competition Act 2007 for breach of section 41 of the Competition Act 2007 for the first investigation; and
- (ii) Rs15.1 million calculated as per Section 59 of the Competition Act 2007 for breach of section 42 of the Competition Commission Act 2007 for the second investigation

The Company has issued a communique on 23 August 2019 to clarify on the said communique from the CCM. UIL has been communicated the Final Reports shortly after 29 June 2018. It is to be noted that Island Renewable Fertilizers Ltd (IRFL, now known as Intego Ltd) is the producer of fertilisers and UIL is, in fact, no more than an investor in IRFL. UIL has not been notified that the Final Findings of the Executive Director and his recommended penalties have been upheld by the Commissioners of the CCM.

UIL strongly disagrees with the Findings of the Executive Director:

The CCM has exercised its discretion to accede to UIL's request to convene a hearing to hear its views on the Final Reports of the Executive Director of the CCM dated 29 June 2018 following his investigations in the supply of chemical fertilisers in Mauritius. This discretionary hearing has given UIL a first opportunity to thrash out the reasons for which it considers that the findings reached by the Executive Director cannot be relied upon by the CCM. The CCM agreed to hold a “Procedural Hearing” on 29 October 2019 at the request of UIL; the purpose of the said Procedural Hearing was for the CCM to rule upon some preliminary procedural issues before the holding of the substantive hearing. The CCM delivered its ruling on 28 April 2020, whereby approval was granted to the company for a discretionary substantive hearing. Given the prevailing uncertainty on the opening of the borders, no date has yet been earmarked by the CCM for the holding of the substantive hearing. UIL is represented by Paul Ozin, QC of 23 Essex Street together with Hervé Duval, QC and Karvi Arian of Ahnee-Duval, Law Firm.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 32. SEGMENTAL REPORTING

- (a) Since the financial year 2018, the Group is organised into financial and non-financial clusters.
- (b) The Board of Directors is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business by clusters for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the fair value of investments portfolios.
- (c) The table below represents the fair value of investments per cluster:

Financial services ("AXYS")

### **Non-financial services**

Agriculture ("OXIA Agro")

Hospitality ("OXIA Hospitality")

Technology ("OXIA Tech")

Energy

Investment property

### THE GROUP AND THE COMPANY

2020 Rs'000	2019 Rs'000
<b>1,369,954</b>	1,041,134
<b>46,282</b>	35,570
<b>170,829</b>	1,244,273
<b>66,069</b>	2,327
<b>19,517</b>	30,181
<b>8,783</b>	8,783
<b>1,681,434</b>	2,362,268

- (d) **Geographical**  
**2020**

**Financial services ("AXYS")**

### **Non-financial services**

**Agriculture ("OXIA Agro")**

**Hospitality ("OXIA Hospitality")**

**Technology ("OXIA Tech")**

**Energy**

**Investment property**

### THE GROUP AND THE COMPANY

Mauritius Rs'000	Europe Rs'000	Others Rs'000	Total Rs'000
<b>481,922</b>	<b>863,532</b>	<b>24,500</b>	<b>1,369,954</b>
<b>46,282</b>	-	-	<b>46,282</b>
<b>170,829</b>	-	-	<b>170,829</b>
<b>66,069</b>	-	-	<b>66,069</b>
<b>19,517</b>	-	-	<b>19,517</b>
<b>8,783</b>	-	-	<b>8,783</b>
<b>793,402</b>	<b>863,532</b>	<b>24,500</b>	<b>1,681,434</b>
253,745	744,671	42,718	1,041,134
35,570	-	-	35,570
1,244,273	-	-	1,244,273
2,327	-	-	2,327
30,181	-	-	30,181
8,783	-	-	8,783
1,574,879	744,671	42,718	2,362,268

2019

Financial services ("AXYS")

### Non-financial services

Agriculture ("OXIA Agro")

Hospitality ("OXIA Hospitality")

Technology ("OXIA Tech")

Energy

Investment property

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 32. SEGMENTAL REPORTING (CONT'D)

(e)	Total Rs'000	Financial Rs'000	Non Financial Rs'000	Others Rs'000
<b>THE GROUP</b>				
Profit before tax	<b>(684,296)</b>	<b>352,931</b>	<b>(1,004,157)</b>	<b>(33,070)</b>
<b>THE COMPANY</b>				
Profit before tax	<b>(695,341)</b>	<b>352,931</b>	<b>(1,004,157)</b>	<b>(44,115)</b>

## 33. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(a) Bonds

At July 1,  
Transfer to investments classified at fair value through profit or loss  
At June 30,

THE GROUP AND THE COMPANY	
2020 Rs'000	2019 Rs'000
-	425,000
-	(425,000)
-	-

(b) Obligations under finance lease

At July 1, 2019  
- as previously reported  
- effect of adopting IFRS 16  
- as restated  
Repayment of leases  
At June 30,

THE GROUP	
2020 Rs'000	2019 Rs'000
<b>903</b>	1,158
<b>2,244</b>	-
<b>3,147</b>	1,158
<b>(983)</b>	(255)
<b>2,164</b>	903

## 34. EVENTS AFTER REPORTING DATE

The recent and continuing global outbreak of coronavirus disease (COVID-19) has disrupted operations in many countries across the world, affected supply chains and resulted in significant volatility in financial markets. On 11 March 2020, COVID-19 was labelled as pandemic by the World Health Organisation. At this time it is not possible to reliably estimate the length or severity of the outbreak and the negative effect on economic conditions regionally as well as globally. Governments worldwide are imposing travel bans, quarantines and other emergency public safety measures which, though temporary in nature, may continue and increase depending on developments with the pandemic.

The Company holds indirectly investments both in Mauritius and foreign countries and regrouped into 6 clusters namely Financial services, Agriculture, Hospitality, Technology, Energy and Investment property.

The Directors are of the opinion that it is difficult to predict the overall outcome and impact of COVID-19 at this stage on the financial position and results of the Company for future periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 35. CHANGES IN ACCOUNTING POLICIES

### Impact on the financial statements - IFRS 16

The Group adopted IFRS 16 with a transition date of July 1, 2019. The Group has chosen not to restate comparatives on adoption of the standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. July 1, 2019) and recognised in the opening equity balances.

Effective January 1, 2019, IFRS 16 has replaced IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

#### Transition Method and Practical Expedients Utilised

The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (July 1, 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after July 1, 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- (i) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (ii) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- (iii) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
- (iv) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 35. CHANGES IN ACCOUNTING POLICIES (CONT'D)

### Impact on the financial statements - IFRS 16 (cont'd)

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

As a lessee, the Group previously classified leases as finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, The Group recognises right-of-use assets and lease liabilities for its leases.

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	Right-of-use assets	Lease liabilities
THE GROUP AND THE HOLDING COMPANY		
Finance leases	Measured based on the carrying values for the lease assets and liabilities immediately before the date of initial application (i.e. carrying values brought forward, unadjusted).	
Operating leases	Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.	Measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at July 1, 2019. The Company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 8%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 35. CHANGES IN ACCOUNTING POLICIES (CONT'D)

### Impact on the financial statements (cont'd)

(v) The following table presents the impact of adopting IFRS 16 on the statement of financial position as at July 1, 2019:

	Adjustments	THE GROUP AND THE HOLDING COMPANY		
		June 30, 2019 As originally Presented	IFRS 16	July 1, 2019
<u>Assets</u>				
Motor vehicles and equipment	(a)	Rs.'000 1,101	Rs.'000 (957)	Rs.'000 144
Right-of-use assets	(b)	-	3,201	3,201
<u>Liabilities</u>				
Loans and borrowings	(c)	911	(903)	8
Lease liabilities	(d)	-	3,147	3,147

(a) Motor vehicles and equipment were adjusted to reclassify leases previously classified as finance type to right-of-use assets. The adjustment reduced the cost of motor vehicles and equipment by Rs.1,595,000 and accumulated depreciation by Rs.638,000 for a net adjustment of Rs.957,000.

(b) The adjustment to right-of-use assets is as follows:

Adjustment noted in (a) - finance type leases  
Operating lease  
Right-of-use assets

### THE GROUP AND THE HOLDING COMPANY

July 1, 2019

Rs.'000

957

2,244

3,201

(c) Loans and borrowings were adjusted to reclassify leases previously classified as finance type to lease liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

## 35. CHANGES IN ACCOUNTING POLICIES (CONT'D)

### Impact on the financial statements (cont'd)

- (d) The following table reconciles the minimum lease commitments disclosed in the Group's June 30, 2019 annual financial statements to the amount of lease liabilities recognised on July 1, 2019:

Minimum operating lease commitments at June 30, 2019  
Plus: Leases previously classified as finance type under IAS 17  
Less: short-term leases not recognised under IFRS 16  
Lease liabilities as at July 1, 2019

Of which are:

Current lease liabilities  
Non-current lease liabilities

<b>THE GROUP AND THE HOLDING COMPANY</b>	
<b>July 1, 2019</b>	
	<b>Rs.'000</b>
	2,544
	903
	(300)
	<u>3,147</u>
	<u>3,147</u>
	-
	<u>3,147</u>









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