MDIT

ANNUAL REPORT 2019

MDIT SHARES RANKED AMONGST THE TOP 10 OFFICIAL LIST SECURITIES AND, IN TERMS OF THE SEM TOTAL RETURN INDEX (SEMTRI), THEY RANKED 10TH AT 31 OCTOBER 2019 WITH A VERY HIGH ANNUALISED RETURN OF 15.94% SINCE LISTING.

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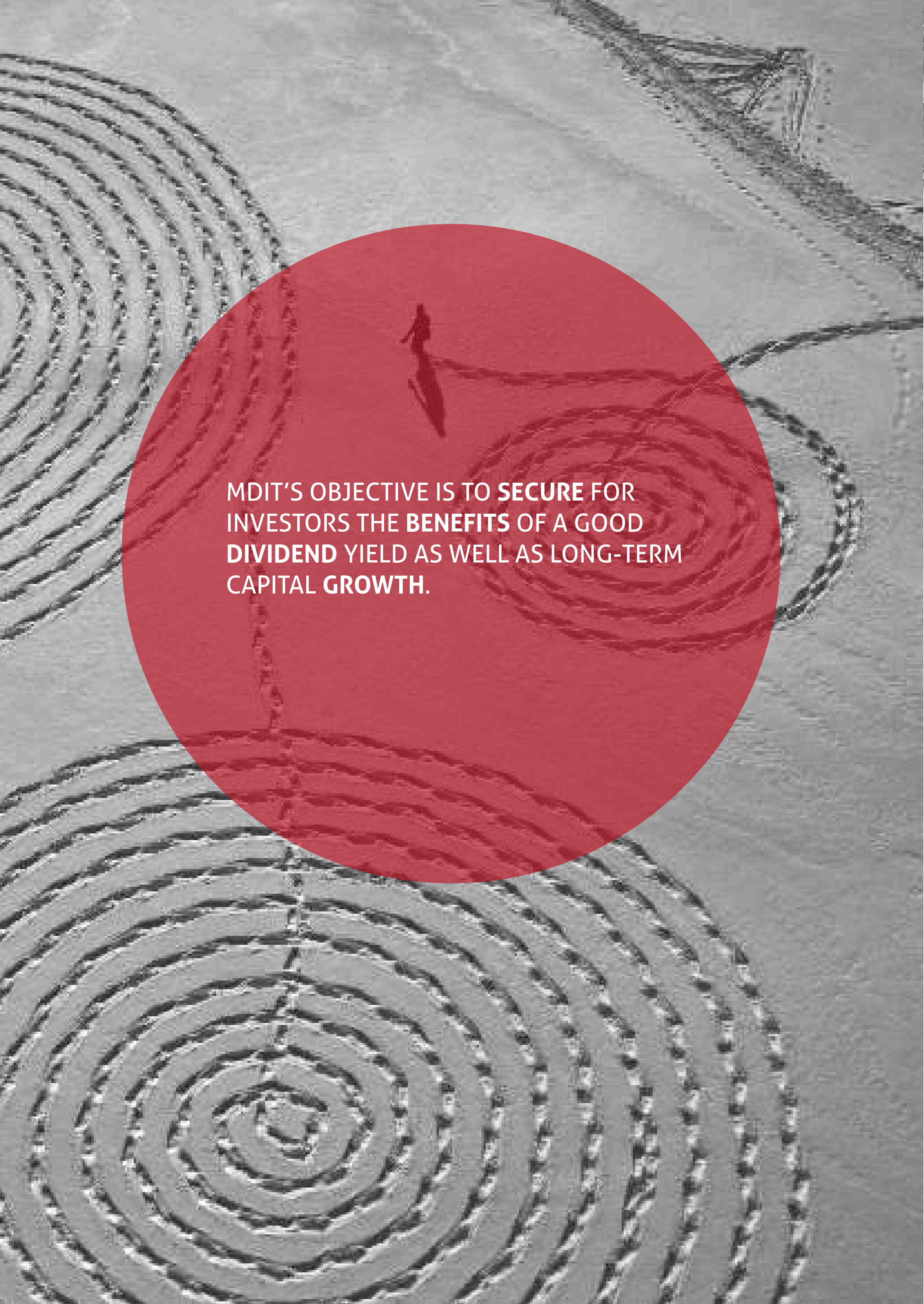


COMPANY PROFILE

The Mauritius Development Investment Trust Company Ltd (MDIT), incorporated in 1967, is the first approved Investment Trust in Mauritius and a Collective Investment Scheme (CIS), authorised as a Closed-end Fund by the Financial Services Commission under the Securities Act 2005.

MDIT is also one of the first five companies to be listed on the Official List of the Stock Exchange of Mauritius Ltd (SEM) on 29 June 1989, at the same time as MCB Group Holdings Ltd, formerly The Mauritius Commercial Bank Ltd, and Omnicane Ltd, formerly Mon Trésor and Mon Désert Ltd, which was MDIT's main shareholder until 31 March 2010, and United Basalt Products Ltd (UBP).

At 30 June 2019, MDIT had 4,789 shareholders, with Golden Foundation Ltd as a substantial shareholder. The board of MDIT is made up of executive and non-executive independent directors who have a vast experience in their respective fields of expertise and participate actively in the board and committee meetings. MDIT is managed by Golden Fund Management Services Ltd, formerly Omnicane Fund Management Services Ltd, a wholly owned subsidiary of Golden Foundation Ltd.

MDIT's objective is to secure for investors the benefits of a good dividend yield as well as long-term capital growth. Its portfolio of investments was, at 30 June 2019, well spread in 100 local companies covering all sectors of the Mauritian economy, with Official Market (OM), Development and Enterprise Market (DEM) and Unquoted shares accounting for 83% of the total portfolio value, and the balance 17% held in diversified overseas securities.

MDIT has been playing a major role over the last 50 years in the development of the financial sector as well as capital markets in Mauritius. Through its active involvement on the SEM, placing daily buy and sell orders through stockbroking companies, MDIT exerts a significant influence in the advancement of an industry which is one of the main contributors to the country's economic growth. During the year ended 30 June 2019, the fair value of MDIT total portfolio increased 10.3%, from Rs 1,448M to Rs 1,597M, 17% of which was in foreign investments, whilst Net Asset Value (NAV) per share, ex dividend of 24 cents, increased by 11 cents to Rs 3.58.

At 30 June 2019, MDIT's main local portfolio value was in the sectors of Investment holdings, funds and trust companies (47%), the share prices of which are at a substantial discount to the Net Asset Value (NAV), Finance (15%), Hotels (7%), Industry (6%), and Commerce (3%). At 31 October 2019, MDIT share price of Rs 3.98 was 16.7 % higher than its NAV per share of Rs 3.41.

MDIT's main income streams are derived from dividends and profits on sales of investments. As the investments of MDIT are in shares of companies that retain, on average, some 45% of their earnings, its policy is to distribute up to 90% of its profit after tax on a cost basis. This policy, together with the good past performance of its well diversified portfolio, have enabled dividend distributions, yielding a high average of 5.58% p.a. for investors during the past five years.

MDIT shares ranked amongst the top 10 Official List securities and, in terms of the SEM Total Return Index (SEMTRI), they ranked 10th at 31 October 2019 with a very high annualised return of 15.94% since listing.

NOTICE OF ANNUAL MEETING TO SHAREHOLDERS

Notice is hereby given that the fifty-second Annual Meeting of Shareholders of The Mauritius Development Investment Trust Company Ltd (the Company) will be held in the Private Room, 2nd Floor, La Bonne Marmite Restaurant Complex, Sir William Newton Street, Port Louis, on **Monday 30 December 2019 at 15.30 hrs** to transact the following business:

1. To consider and adopt the audited financial statements, to receive the auditors' report and to consider the Annual Report for the year ended 30 June 2019.

2. to 5. To elect the following directors as separate resolutions:

Messrs Roger Leung Shin Cheung and Georges Leung Shing retire under Section 138 (6) of the Companies Act 2001 and being eligible, offers themselves, separately, for re-election until the next Annual Meeting.

Mrs Catherine Ahnee-Gouérec and Ms Grace Sarah Leung Shing be elected as directors.

6. To ratify the payment of the interim and final dividends per share of 11 cents and 13 cents respectively declared by the Directors and paid.

7. To fix the Directors' fees for the year ending 30 June 2020.

8. To re-appoint Messrs Ernst & Young as auditors of the Company under Section 200 of the Companies Act 2001 and to authorise the Directors to fix their remuneration.

A member may appoint a proxy to attend, speak and vote in his/her stead. The proxy need not be a member of the Company, but the proxy forms should be forwarded to reach the Company's registered office, 7th Floor, Newton Tower, Sir William Newton Street, Port-Louis, not less than twenty-four hours before the time for holding the meeting.

Fabrice Parsooramen FCCA

For and on behalf of

JLP Company Secretarial Services Ltd

Company Secretary

18 November 2019

CORPORATE INFORMATION

CIS Manager
Golden Fund Management Services Ltd

CEO - Grace Sarah Leung Shing

Registrars and Transfer Office
MCB Registry & Securities Ltd
Sir William Newton Street
Port Louis

Custodian
MCB Capital Markets
Sir William Newton Street
Port Louis

Manager (Up to 31 July 2019)
Vicky Ducasse

Accountant
Ghaneswaree (Shalini) Hurhangee-Rajcoomar

External Auditor
Ernst & Young

Telefax
(230) 213 2636

Website
www.mdit.mu

Notary
Me Jean Pierre Montocchio

Bankers
Bank One Ltd
Barclays Bank Mauritius Ltd
State Bank of Mauritius Ltd
The Mauritius Commercial Bank Ltd

Registered Office and Postal Address
7th Floor, Newton Tower
Sir William Newton Street
Port Louis

Company Secretary
JLP Company Secretarial Services Ltd

Management Accountant & Financial Analyst
Yogeshwaree (Shalini) Bhaugeerutty-Dokarry

Internal Auditor
KPMG

Telephone
(230) 213 2298

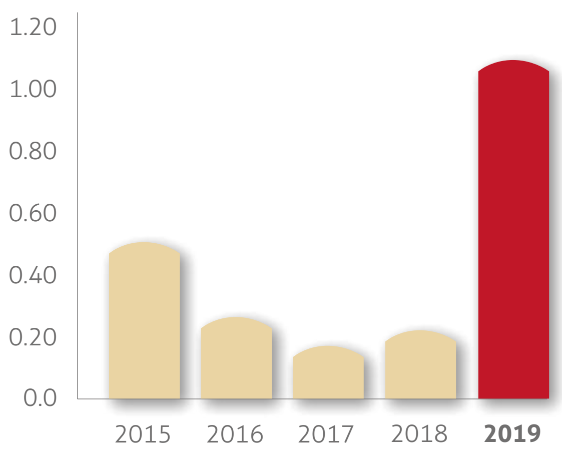
Email
mdit@gflc.mu

YEAR ENDED 30 JUNE					
COMPANY	**2019**	2018	2017	2016	2015
Earnings/(loss) per share	**0.34**	0.05	0.55	(0.36)	0.26
Earnings per share (cost basis)*	**1.09**	0.24	0.18	0.26	0.47
Dividend per share	**0.24**	0.24	0.24	0.24	0.32
Net asset value per share**	**3.48**	3.47	3.67	3.35	3.94
Dividend yield	**5.83**	5.17	5.22	5.93	5.97
Share price	**4.12**	4.42	4.60	4.05	5.36

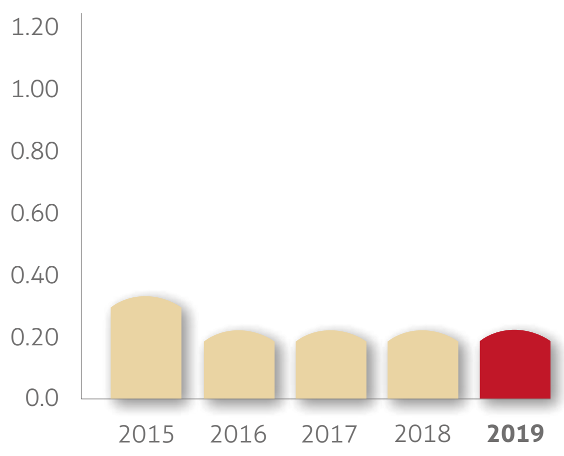
* Excludes revaluation surplus/ (deficit) ** Includes final dividend declared

For the year to 30 June 2019, EPS increased to 34 cents (2018: 5 cents) partly due to fair value gain at valuation of Rs 114.8M on amalgamation of ENL Group. The fair value gain at cost, excluding revaluation surplus, was considerably higher and boosted EPS at cost to reach Rs 1.09 (2018: 24 cents). Dividend per share totalled 24 cents, including the final dividend of 13 cents paid on 27 September 2019.

Earnings per share (cost basis)* - cents



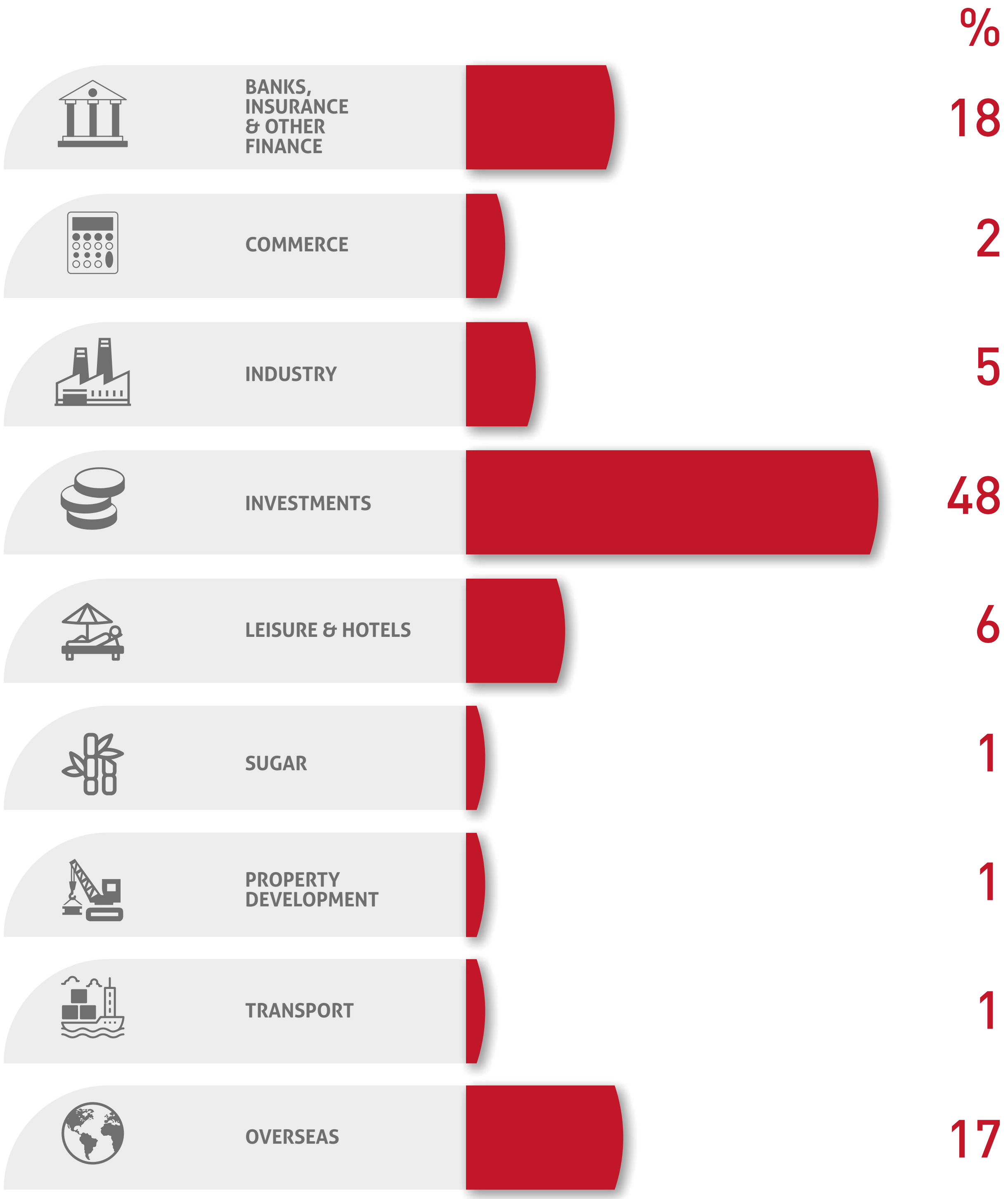
Dividend per share - cents



30 JUNE					
LOCAL MARKET	**2019**	2018	2017	2016	2015
SEMDEX	**2,128**	2,245	2,123	1,752	1,981
SEM-10 (Previously SEM-7)	**418**	430	412	337	378
SEMTRI	**7,932**	8,124	7,472	5,974	6,550
DEMEX	**228**	240	213	194	207
DEMTRI	**324**	329	282	250	259

PORTFOLIO BY SECTOR

AS AT 30 JUNE 2018



CLASSIFICATION OF INVESTMENTS

		June 2019		June 2018	
SECURITIES		**Valuation Rs M**	**Holding %**	Valuation Rs M	Holding %
Bank, Insurance & Other Finance	- OM	**289**	**18**	220	15
	- DEM	**2**	**-**	-	-
	- Unquoted	**5**	**-**	5	-
		296	**18**	225	15
Commerce	- OM	**6**	**-**	9	1
	- DEM	**1**	**-**	4	-
	- Unquoted	**25**	**2**	24	2
		32	**2**	37	3
Industry	- OM	**26**	**2**	37	3
	- DEM	**15**	**1**	10	1
	- Unquoted	**29**	**2**	28	2
		70	**5**	75	6
Investments	- OM	**737**	**46**	221	15
	- DEM	**24**	**2**	385	27
	- Unquoted	**1**	**-**	81	6
		762	**48**	687	47
Leisure and Hotels	- OM	**53**	**3**	60	4
	- DEM	**55**	**3**	50	3
	- Unquoted	**1**	**-**	-	-
		109	**6**	110	7
Sugar	- OM	**2**	**-**	3	-
	- DEM	**18**	**1**	19	1
		20	**1**	22	1
Property Development	- OM	**19**	**-**	1	-
	- DEM		**1**	16	1
		19	**1**	17	1
Transport	- OM	**16**	**1**	22	1
All Sectors	- OM	**1,129**	**71**	582	40
	- DEM	**134**	**8**	484	33
	- Unquoted	**61**	**4**	139	10
LOCAL INVESTMENTS		**1,324**	**83**	1,205	83
OVERSEAS INVESTMENTS		**273**	**17**	243	17
TOTAL INVESTMENTS		**1,597**	**100**	1,448	100

REPORT OF THE DIRECTORS

The directors have pleasure in submitting the Annual Report and the audited financial statements for the year ended 30 June 2019.

MARKET REVIEW

Stock Exchange of Mauritius (SEM)

Official Market (OM)

The SEMDEX of 2,245 at 30 June 2018 continued downwards to a low of 2,221 on 31 August 2018 and thereafter, increased slightly to 2,251 on 28 September 2018. It then fell almost continuously, down to 2,213 on 31 January 2019 and was 2,128 at June 2019, representing a fall over the year of 5.2% (2018: rise of 5.7%).

Share prices of blue-chip banks moved dissimilarly. MCBG rose by 4.7% to Rs 289, whereas SBMH fell by 23.6%, from Rs7.30 to Rs 5.58, mainly following IFRS 9 impairments. Ex dividend in specie of Lavastone of Rs 3.00, CIM price of Rs 6.78 was up by 3.2% to Rs 7.00. Also up were MEI by 22.1% to Rs117.25, not far from the voluntary offer price of Rs122.00 and MUA by 10.9% to Rs76.50, after improved capital utilization, but SWAN fell by 7.0% to Rs 344.00.

For the commercial sector, the share price increased by 12.7% to Rs 168.50 for Vivo, due to higher dividend policy, and by 8.2% to Rs 54.00 for IBL which acquired General Construction Co Ltd. Under a more challenging environment, the share price decreased for HML, by 12.2% to Rs 92.00 and for Innodis, by 7.7% to Rs 42.45.

Following improved results, the share price rose for UBP by 4.6% to Rs 131.25 and PIM by 25.3% to Rs68.00. However, it fell for other industrial sector companies, GCL by 4.1%.to Rs 37.00, Moroil by 9.5% to Rs27.65, due to fierce competition from imports at low prices, and PBL by 3.3% to Rs 580.00, the all-time high being Rs 600.00

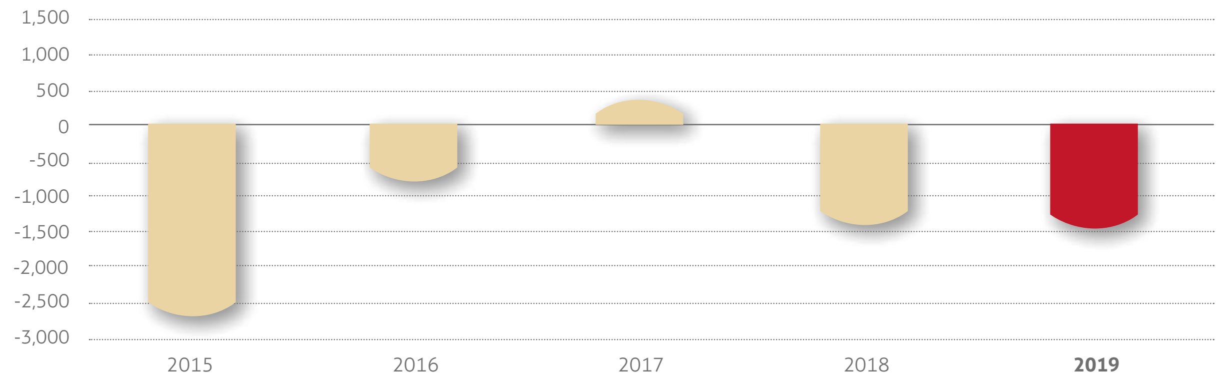
Investment sector share price was up for Rogers by 9.7% to Rs37.30, owing to 10% revenue growth, and BMHL by 7.9% to Rs 41.00, after a rights issue at Rs 40.00. It was down for Alteo by 26.6% to Rs18.80, Terra by 20.0% to Rs 21.00, mainly attributable to continued low sugar prices on the world markets, and UTDL by 13.9% to Rs 86.50.

In the hotel and leisure sectors, the share price dropped for NMHL O by 29.6% to Rs16.90, SUN by 18.9% to Rs 35.00, due to a more competitive global environment, and LOTO by 6.8% to Rs 9.06 but ASL rose by 19.9% to Rs 83.00

Share prices were lower for Omnicane by 29.7% to Rs 30.00 and Air Mauritius by 25.6% to Rs 9.00, as a result of losses mainly due to low sugar prices and high fuel costs respectively, but BLL share price was slightly up by 3.0% to Rs 2.38.

Below is the chart of the net foreign investments over the past five years on the OM, which shows except in 2017, net disinvestments mainly due to sales of shares of the two-leading banks. For the nine months to 30 September 2019, net disinvestment amounted to Rs 1,606M (2018: Rs 1,545M).

Net Foreign Investments (Rs M)



Development and Enterprise Market (DEM)

The DEMEX of 239.65 at 30 June 2018 decreased almost continuously to 235.26 on 27 December 2018. It then rose slightly to 236.77 on 28 January 2019 before trending downwards again and was at a low of 228.27 at 30 June 2019, a fall of 4.8% during the year (2018: rise of 12.6%).

Commerce was the top DEM performing sector for upward share price movements, with increase for LMLC P by 25.0% to Rs 400.00, attributable to a good 5% dividend yield, for MSIL by 20.5% to Rs25.90, for LFL P by 19.2% to Rs 31.00. The worst performers were MFDG and FORT with decreases of 27.8% to Rs 9.10 and 5.2% to Rs 110.00 respectively.

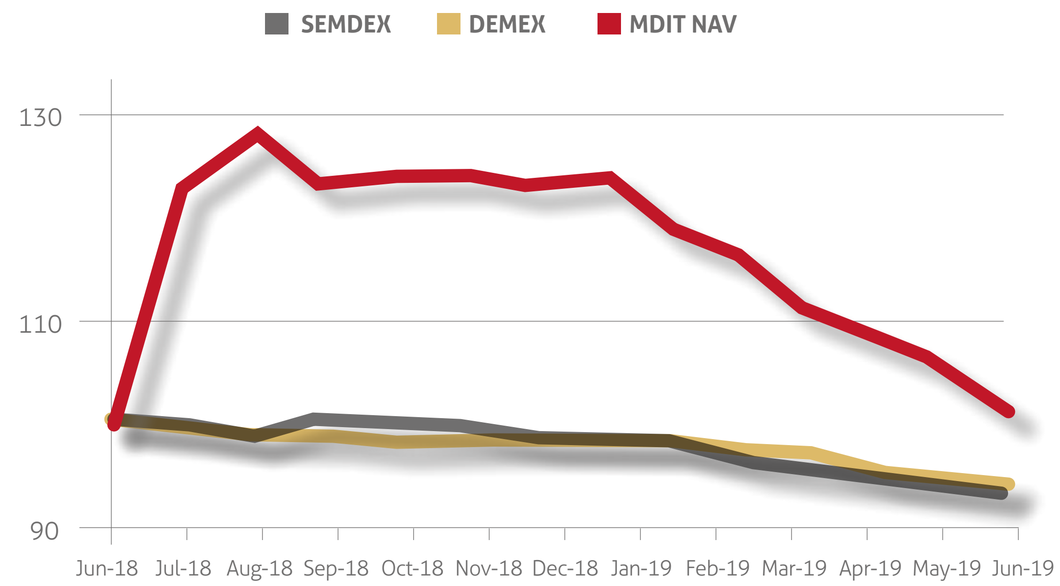
Both financial services share prices ended negatively, down 11.5%, for Swan Life Ltd to Rs 1,150.00, which is higher than for its parent company Swan General Ltd, and 8.9% for ABC Banking to Rs 25.50, after announcement of a rights issue at a price of Rs 22.00.

Due to continued losses, United Investments fell by 17.5% to Rs 8.50. Bee Equity share price was also down, by 16.6% to Rs 31.70 (2018: rise of 58.3%), due to lower profit of subsidiary Flacq Associated Stonemasters Ltd. For Ascencia, the property arm of Rogers, its A shares after last year's 50.4% rise, moved up further by 12.8% to Rs19.35, due to its retail space footprint being consolidated with a new Shopping Mall opening at Beau Vallon, after the ones well-established at Bagatelle, Helvétia, Phoenix and Riche Terre and So'flo, Floréal, launched in December 2018.

The performance of hotel shares was mitigated, with decreases for HTLS by 15.4% to Rs 25.50 and CHSL by 9.7% to Rs 27.15 and increases for TPL P by 20.1% to Rs 370.00 and COVI by 5.0% to Rs 24.50, attributable to high dividend yields of 4.3% and 5.0% respectively. Due to continued losses, aggravated by lower world market sugar prices, the prices of Sugar Estates shares dropped by 33.7% for Union to Rs 19.90 and 16.7% for Constance to Rs 100.00.

MDIT's portfolio of 40% and 33% OM and DEM listed shares at 30 June 2018 changed substantially to 71% and 8% respectively at 30 June 2019. This is due to the amalgamation of ENL Ltd, with DEM listed P shares, with OM listed ENL Land Ltd and ENL Commercial Ltd into unquoted La Sablonnière Ltd with all the existing shares exchanged for Ordinary A shares of La Sablonnière Ltd which changed its name to ENL Ltd and was listed on the OM in January 2019.

The graph below shows that MDIT share price trended below the SEMDEX and DEMEX during the year ended 30 June 2019.



Overseas market

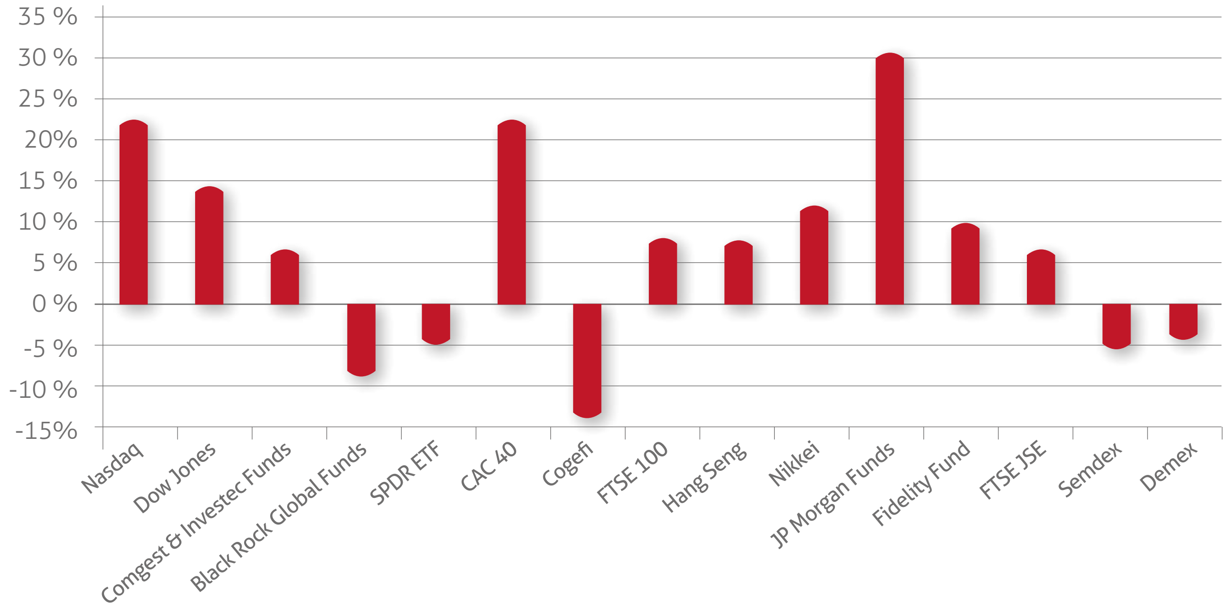
After two years of steady growth in asset prices, 2018 was challenging for investors, particularly in the last three months. The tax cuts by US president Donald Trump provided a boost to investments at the beginning of 2018, and US GDP growth, on an annualised quarterly basis, accelerated to 4.2% in Q2. However, elsewhere than in the USA, economic growth, notably in the Eurozone, decelerated and became less synchronised.

Stock markets in particular suffered in 2018. However, with low interest rate and loose monetary policy environment since the global financial crisis, companies have been able to borrow cheaply to strengthen their balance sheets while also benefiting from a pick-up in demand as the global economy recovered. Low interest rate has also driven down the yields on other asset classes, such as bonds, creating an even greater demand for stocks with higher yields e.g. UK government bonds yield is 1.3% which is much lower than the rise of 4.0% in the FTSE All Share Index. With interest rate rising and monetary policy beginning to tighten, volatility has picked up with investors speculating on their impact on company profits.

Global stocks fell by 7.1% in 2018, according to the MSCI World, with a gain of 6.1% in the first three quarters, inclusive of 12.0% in the third quarter, which was followed by a further fall in the last quarter.

The returns across the worlds were mitigated, with positive returns for NASDAQ (23.02%), Dow Jones (15.0%), NIKKEI 225 (12.66%), FTSE 100 (8.15%), FTSE JSE (6.71%), Hang Seng (7.84%), CAC 40 (3.80%) and negative returns for COGEFI (-13.82%), Black Rock Global Funds (-8.26%), SPDR ETF (-4.45%), SEMDEX (-5.18%) and DEMEX (-4.75%).

World Stock Markets Return v/s MDIT Investment Return (12 months to 30.06.19)



REPORT OF THE DIRECTORS (continued)

Investment Strategy

The strategy of MDIT remains the constant re-balancing of its local investment portfolio to reduce any over-concentration in any one company or sector of the economy and the selling of those investments which have increased significantly above the average so as to realise fair value gains, particularly where their margins on costs are high. Trading activities being also one of the main characteristics of the Fund, the strategy on the trading side is to ensure that local securities are bought and sold when their prices are respectively at relatively low and high levels.

The Company invests in stocks where their respective prices have fallen below their fundamentals and subscribes to rights issues of shares, bonds and depositary receipts with good growth potentials. Moreover, disinvestments would likely occur in shares of companies involved in medium term projects which would adversely impact their profitability and share prices and re-investments in such companies would likely be made after project completion.

The Investment Committee is consulted in respect of substantial transactions and meets regularly to monitor movements in the securities' portfolio and consider the factors that may affect not only the value of the investments but also their profitability in the short and long term.

CORPORATE ACTIONS AND ANNOUNCEMENTS

Official Market (OM)

BMH Ltd (BMHL)

BMHL informed, on 12 November 2018, that valid acceptances, representing Rs 400.4M, were received for 10,660,930 ordinary shares of Hotelest Ltd (HTLS) and 2,344,961 ordinary shares of Constance Hotel Services Ltd (CHSL) for its mandatory offers at Rs 30.85 and Rs 30.35 per share respectively. As a result, BMHL's shareholdings increased to 38,628,127 or 69.07% in HTLS and 2,520,349 or 2.30% in CHSL.

BMHL further informed, on 26 July 2019, having raised Rs 725M through a Rights Issue of 3:10 new ordinary shares at Rs 40.00 which increased the total number of ordinary shares in issue to 78,579,787 shares.

SBM Holdings Ltd (SBMH)

On 1 December 2018, SBMH announced that the Reserve Bank of India had issued a banking licence to SBM Bank (India) Ltd, a wholly owned subsidiary of SBM Bank (Mauritius) Ltd after operation of an Indian Branch for over 20 years.

SBMH announced, on 12 August 2019., the commencement of operations in the Seychelles by SBM Bank (Seychelles) Ltd, a wholly owned subsidiary through SBM (Bank) Holdings Ltd.

New Mauritius Hotels Ltd (NMHL)

On 17 December 2018, NMHL informed shareholders of their rights, until 5 March 2019, to convert their redeemable convertible non-voting preference shares into new ordinary shares in the ratio of 1:0.5572.

NMHL informed, on 10 September 2019, a Capital Reduction of Rs 3.595 billion to distribute to its ordinary shareholders, in the ratio of 1:1, the 548,982,130 ordinary shares in issue of its wholly owned subsidiary, Semaris Ltd (Semaris), with a carrying value of Rs 6.55 per share. Thereafter, the new NMHL Stated Capital will be Rs 3,168,086,921 comprising Rs 2,780,301,930 for 548,982,130 ordinary Shares of no-par value and Rs 387,784,991 for 35,458,987 redeemable non-voting preference shares of Rs 11 each. On the first day of listing on the DEM, 1,000 Semaris shares were made available by NMHL at an indicative price of Rs 4.25 per share.

The Mauritius Chemical and Fertilizer Industry Ltd (MCFI)

After an announcement on 24 December 2018, MCFI proceeded with the acquisition of 100% of the issued ordinary shares of Bychemex Ltd and Chemco Ltd at a price per share of Rs 7.04 and Rs 22.60 respectively. As a result, the ownership and the management of MCFI and its subsidiaries, would be aligned to benefit from potential synergies between the companies that currently share a core competence.

Alteo Ltd (Alteo)

Alteo informed, on 29 March 2019, the implementation of a Multi-Currency Notes Programme of Rs 5 billion and subsequently obtained regulatory and shareholders' approvals to issue a first tranche for a maximum of Rs 1.5 billion to refinance the existing short-term borrowings and a subsidiary's existing long-term notes and also to finance the restructuring of the industrial clusters. Further, on 29 May 2019, Alteo informed the subscription of Rs 1,500M of notes for a tenor of 5 years at an average interest rate of 4.96% p.a.

Air Mauritius Ltd (AIRM)

On 2 April 2019, AIRM announced that, after regulatory and shareholders' approvals, Rs 500M of preference shares will be issued and not be listed on the Official Market.

AIRM informed, on 22 August 2019, the setting up of a Special Purpose Vehicle (SPV), with 100% Japanese Ownership to acquire two new A350-900 aircrafts. One aircraft would be financed by HSBC and the other 78% by Crédit Agricole Corporate and Investment Bank / Crédit Industriel et Commercial (78%) and Japanese investors (22%).

CIM Financial Services Ltd (CIM)

On 19 April 2019, CIM informed that its wholly owned subsidiaries, CIM Finance Ltd (CIMF) and Mauritian Eagle Leasing Company Ltd (MEL) would surrender their deposit-taking licences to focus on the development of the core businesses of credit financing and leasing. Moreover, CIM will be looking at raising funds through capital markets in Mauritius to diversify its funding mix and support the future growth of CIMF and MEL.

On 30 August 2019, CIM announced Board approval to raise, by way of private placement, Rs 2 billion of notes from the debt capital markets to optimise and diversify its funding cost and, subsequently, shareholders' approval was obtained to issue Rs 1.2 billion with oversubscription of a maximum of Rs 800M being permitted.

MUA Ltd (MUA)

MUA informed, on 17 May 2019, that notes of up to Rs 500M will be issued in addition to the refinancing of existing notes of Rs 200M, subject to regulatory and shareholders' approvals

ENL Ltd (ENLG) & Omnicane Ltd (Omnicane)

On 20 June 2019, ENLG and Omnicane both announced the purchase and sale for Rs 250M, of Omnicane's 100% subsidiary, Floreal Ltd (FL) which owns 7,560,362 ENLL Ordinary A Shares or 2.02% of the Ordinary A Shares in issue. FL will no longer exercise the voting rights attached to its Ordinary A Shares to comply with the Companies Act 2001.

CIEL Ltd (CIEL)

CIEL informed, on 24 June 2019, the issue, by way of private placement, of Rs 1.4 billion of secured notes of between 7 and 15 years. Rs 1 billion was at fixed rate to partly re-finance its existing debts and Rs 400M to finance earmarked investments at fixed and floating rates, with a weighted average yield of 4.82% and a weighted average spread to Government of Mauritius Securities of 0.53% respectively.

On 4 July 2019, CIEL informed Supreme Court sanction of the compulsory purchase by CIEL of all the Ciel Textiles Ltd ordinary shares still held by minority shareholders, at Rs 44.00. Rs 22.00 was payable in cash and Rs 22.00 in ordinary shares of CIEL issued out of the treasury shares at Rs 6.60.

CIEL announced, on 8 July 2019, the acquisition of C-Care (Mauritius) Ltd ordinary shares at Rs 2.39 per share, 20.08% by CIEL and 8.81% by subsidiary, CIEL Healthcare Ltd, thereby increasing total holding to 67.41%.

IBL Ltd (IBL)

IBL informed, on 24 June 2019, giving consideration to acquire 100% of General Construction Co Ltd ("GCC") jointly with a financial partner. The acquisition is in line with IBL's strategy to consolidate its established business in Mauritius as GCC is a local player in the engineering, project management and construction industry in Mauritius, with a proven track record built over 60 years of operations.

Promotion & Development Ltd (PAD)

PAD informed, on 2 July 2019, the adoption of a new dividend policy to target a pay-out of 3% of its net assets value at financial year end to provide a more predictable larger dividend pay-out to enhance shareholder value on the SEM.

Medine Ltd (Medine)

On 17 July 2019, Medine informed the Company's admission on the Official List of the SEM and that, on the first day of listing on 1 August 2019, 1,000 ordinary shares will be offered at an indicative price of Rs 70.25 per share.

Eagle Insurance Ltd - formerly Mauritian Eagle Insurance Co. Ltd (EIL)

EIL shareholders were sent, on 24 October 2019, the Offer Document of HWIC Asia Fund (HWIF), which was granted a No Objection by the FSC on 10 October 2019. As per the EIL announcement on 29 April 2019, the Voluntary Take Over Offer is to acquire the total 85% of EIL shares not held by HWIC at a cash price per share of Rs 122 which is at a premium of 51% to the closing EIL price on 26 April 2019 and the Offeror has received acceptances for shares which, together with its 15% shareholding, represent at least 50% of the total shares issued. The offer is open for acceptance until 6 December 2019 and, under Takeover Rules 37 and 39, the Offeror may avail itself of the right to compulsorily acquire the shares of dissenting shareholders at the Offer Price if the Offeror has acquired 90% or more of the shares.

United Docks Ltd (UTDL)

UTDL announced, on 29 October 2019, that the Board has resolved, subject to the necessary approvals, to raise, by way of a rights issue, Rs 300M at price of Rs 50 per ordinary share to finance a real estate development in Caudan, and to offer exclusively to its Management 250,000 ordinary shares at the same price of Rs 50 each.

Rogers & Company Ltd (Rogers)

Rogers **i**nformed, on 5 November 2019, having obtained shareholders' approval of a note programme pursuant to which one or more tranches or series of Notes may be issued for a maximum aggregate nominal amount of two billion Rupees via private placements. The Notes will not be listed on the SEM.

DEVELOPMENT & ENTERPRISE MARKET (DEM)

Compagnie Des Villages De Vacances De L'isle De France Vacances Ltée (COVI)

On 27 November 2018, COVI informed that, following its rights issue of 1:5 at Rs 23.00 each, 11,322,000 new ordinary shares were issued, thus bringing the total number of shares in issue to 67,932,000.

COVI informed, on 25 July 2019, having raised EUR 15M, by way of private placement, a first issue of Notes which were assigned a rating of CARE MAU A+ (stable) by CARE Ratings (Africa) Private Ltd.

Lavastone Ltd (LAVA)

LAVA announced, on 14 December 2018, the admission to listing on the DEM of 680,523,310 ordinary shares to be distributed as dividend in specie by CIM to its shareholders registered on 7 January 2019 in the ratio of 1:1. On the first day of listing, 1,000 LAVA shares were made available by CIM at an indicative price of Rs 3.00 per share.

On 27 December 2018, LAVA informed having reached an agreement for the acquisition of Compagnie Valome Ltée, the owner of Mourouk Ebony Hotel of 30 rooms in the South East of Rodrigues, and for its management by Trimetys Ltd, a well-established hotel operator managing Le Tekoma Boutik Hotel with 15 Villas at Anse Ally in Rodrigues.

Abc Banking Corporation LTS (ABCB)

ABCB informed, on 15 February 2019, that the rights issue of new ordinary shares in the ratio of 2:11 at Rs 22.00 each to raise Rs 305M would be proceeded a later stage after publication of its audited financial statements for the year to 30 June 2019 and, on 29 April 2019, the successful issue of a first series of Notes for Rs 500M under its Rs 2 billion Multicurrency Medium Term Note Programme.

Paper Converting Company Ltd (PCCL)

PCCL announced, on 12 June 2019, that it has granted approval by the SEM to proceed with a Bonus Issue in the ratio of 1 new ordinary share for every 4 ordinary shares held, totalling Rs 10M and made up of 1M new ordinary shares of Rs 10 each

Mauritius Cosmetics Ltd (MCOS)

On 16 August 2019, MCOS informed a rights issue of 3M shares of Rs 10 each at Rs 37.50 per share in the ratio of 1:5 for ordinary shares held at 12 September 2019 which closed on 16 October 2019. The Rs 112.5M raised will be used to finance the purchase of two strategic properties to complement the existing real-estate portfolio. MCOS informed, on 12 November 2019, that the Board has resolved, subject to the regulatory and shareholders' approvals, to make a Bonus Issue of 1:1, totalling Rs 180M and made up of 18M new ordinary shares of Rs 10 each.

United Investments Ltd (UTIN)

On 23 August 2019, UTIN informed having formally challenged, on 30 July 2018, the Conclusions of the Report of the Executive Director of the Competition Commission of Mauritius (CCM) dated 29 June 2018 following investigations in respect of a merger between MCFI and UTIN's subsidiary Island Renewable Fertilizers Ltd (IRFL). These were published in a CCM Press Communiqué, on 22 August 2019, wherein heavy fines were recommended for alleged offences. UTIN also informed that the CCM Commissioners had fixed a hearing on 29 October 2019.

UTIN informed, on 11 November 2019, exploring the possibility of selling all 40% shareholding in Attitude Hospitality Ltd (AHL), which could entail AHL seeking a listing on the Official Market.

Quality Beverages Ltd (Qbl) And Margargine Industries Ltd (MIL)

QBL announced, on 1 October 2019, the completion of the merger of MIL into QBL, the surviving amalgamated company. Accordingly, MIL shareholders will be issued 48 new QBL Ordinary Shares for every MIL Ordinary share held, representing a total of 14,411,472 new QBL Ordinary Shares. The new stated capital of QBL amounts to Rs 367,688,120 made up of 36,768,812 of Ordinary Shares of MUR 10 each.

Southern Cross Tourist Company Ltd (SCT)

On 6 November 2019, SCT informed the issue of 125,000 non-convertible, redeemable, cumulative and non-voting preference shares at Rs 1,000 each. The Rs 125M raised will be used to part finance the renovation of the Preskil Island Resort Hotel. Each Preference Shares shall receive an annual dividend of Rs 70.00 for five years and, thereafter, Rs 75.00, if not redeemed or cancelled.

Forges Tardieu Ltd (FTL)

FTL announced, on 10 September 2019, that Sucre Deal Ltd (Sucre Deal) has made a Voluntary Offer to acquire all the ordinary shares at a price of Rs 124 per share and on 22 October 2019. the appointment of KPMG Advisory Services Ltd to advise whether the Voluntary Offer is fair and reasonable and to carry out the valuation of FTL.

PERFORMANCE REVIEW

Official Market (OM) Investments

Sale of OM investments dropped by 59.7% to Rs 70.2M (2018: Rs 174.2M), generating a total profit on cost of Rs 25.1M, including Rs 20.8M, or 82.8%, on shares in the following OM companies:

OM COMPANIES	Profit (Rs M)	% of Profit from OM Investments	% of total profit from local investments
Lux Island Resorts Ltd	10.7	51.4	13.2
United Basalt Products Ltd	6.4	30.1	7.9
Rogers & Company Ltd	1.4	6.7	1.7
MCB Group Ltd	1.3	6.2	1.6
Alteo Ltd	1.0	0.5	0.1
Total	**20.8**	**82.8**	**24.5**

At 30 June 2019, the value of the top 5 OM holdings of Rs 915.7M represented 81.1% of the OM portfolio value and 69.2% of the total portfolio value show in table below:

TOP FIVE OM INVESTMENTS	Value (Rs M)	% of OM Portfolio Value	% of Total Portfolio Value
ENL Group Ltd	579.0	51.3	43.7
MCB Group Ltd	159.5	14.1	12.0
Alteo Ltd	109.0	9.7	8.2
SBM Holdings Ltd	46.7	4.1	3.5
United Basalt Products Ltd	21.5	1.9	1.6
Total	**915.7**	**81.1**	**69.2**

REPORT OF THE DIRECTORS (continued)

ENL Ltd (ENLG)

ENL Ltd, controlled by the Espitalier-Noël family, is a Group which spans across 7 sectors, namely, land & investment, real estate, hospitality, logistics, commerce & industry, fintech and agro-industry. It amalgamated DEM listed ENL with OM Listed ENL Land and Commercial and unquoted La Sablonnière and was OM listed in January 2019 as ENLG code.

During the year ended 30 June 2019, the Group turnover, despite the continuing difficulties of the sugar sector, rose by 10% while its operating income increase was 38%, mainly attributable to the commerce, hospitality and real estate segments. Profit from continuing operations increased by 5% (Rs 65M) to reach Rs 1,362M following the good performance of the Group's subsidiaries and associated companies. Under the approved Rs 6 billion Note Programme to refinance existing debts and fund the Group's development, Rs 3.5 billion of notes, was raised at fixed and variable rates, with tenors of between 5 and 10 years

ENLG posted, for the quarter to 30 September 2019, a 6% turnover increase, driven mainly by the good performance of Axess. Operating performance was in line with last year after excluding some Rs 60M for the negative impact of the sugar sector and the application of IFRS 9. Share of profits from Associates was Rs 10.5M (2018: loss of Rs 20.8M). Group loss thus amounted to Rs 44M (2018: profit of Rs 62M inclusive of Rs 70M profit from disposal of a subsidiary). Amethis Finance has injected Rs 600M in VLH shareholding to be utilised to spur the development of hospitality offering mainly in the Bel Ombre region.

Approval has been obtained to enlarge the Moka Smart City by 534 arpents and equity participation of Rs 3.5 billion is being finalised with local institutions together with debt finance of Rs 2.4 billion to build state of the art infrastructure and amenities within the Moka Smart City precinct and to accelerate the Office Fund development. ENLG is thus well equipped to execute its plan for the development in the Moka district, one of the key levers of its strategy. The Group's main operational segments, except cane activities, are expected to perform well for the year, but negatively impacted by the coming into force of the Workers' Rights Act.

ENLG share price of Rs 27.50 at 15 November 2019 is at a very attractive substantial of 59.1% discount to Net Asset Value of Rs 67.29 at 30 June 2019.

MCB Group Ltd (MCBG)

MCBG owns The Mauritius Commercial Bank Ltd, the leading bank in Mauritius since 1838 and a major financial services provider in the region, with a presence in eight countries. It has the highest market capitalisation of Rs 69.04 billion, representing a share of 22.2% of total SEM market capitalisation and has as associates, Promotion and Development Ltd (PAD) and Banque Française Commerciale Ocean Indien Ltée (BFCOI).

The Group registered excellent results for the year ended June 2019, with further headway for both the banking and non-banking clusters. Operating income increased by 19.3% to reach Rs 20.3 billion, supported by 20.8% growth in net interest income, which benefitted from enhanced performances across overseas banking subsidiaries. Attributable profit to MCBG equity holders rose by 31.3% to reach Rs 9.48 billion and boosted shareholders' funds by 9.6% to Rs 56.3 billion, with the BIS ratio standing at 17.4% as at 30 June 2019, of which 15.8% by way of Tier 1.

During the quarter to 30 September 2019, MCBG recorded even better performance across all clusters. Attributable profit rose by 26.7% to reach Rs 2.16 billion, with higher net interest income by 25.1%, net fees and commission by 5.7%, and other income by 12.5%. Profit was slightly mitigated by increases in operating expenses of 10.4% and net impairment charges of Rs 267.0M but share of profit from associates went up by Rs 97.3M.

Despite being at a record, MCBG share price of Rs 309.25 at 15 November 2019 is still very attractive as It has a P/E of 7.79, one of the best on the SEM and a dividend yield of 4.20% p.a. which is much higher than the SEM average.

Alteo Ltd (Alteo)

Alteo, held 20.96% and 27.64% by Ciel Ltd and IBL Ltd respectively, is a regional group which has sugar and energy plants in Mauritius and in Kenya and Tanzania, owned by subsidiaries Tasmara Sugar Co. Ltd and TPC Ltd respectively. Its integrated resort development is at Beau Rivage on 250 hectares adjoining Anahita Four Seasons Hotel.

For the year ended 30 June 2019, Group revenue increased by 12.0%, mainly owing to higher turnover in the East African sugar operations and the Property cluster. Sugar cluster registered a loss of Rs 1.21 billion, mostly attributable to Rs 1.63M impairment of bearer biological assets, milling and refining equipment and spare parts of the Mauritian sugar operations. As a result, Group loss was Rs 1.08 billion or LPS of Rs 2.58 (2018: EPS of Rs 1.25).

Group revenue, for the quarter to 30 September 2019, fell by 19.0% due to lower sugar sales and prices in Mauritius and Kenya. Together with the adverse impact of no contribution from Consolidated Energy Co Ltd after the expiry of its Power purchase Agreement in December 2018, Group profit was reduced from Rs 249.4M to Rs 68.2M and a loss attributable to equity holders which amounted to Rs 54.7M (2018: profit of Rs 47.7M).

Alteo share price of Rs 16.05 at 15 November 2019 is attractive as it is at a substantial 67.6% discount to NAV at 30 June 2019 of Rs 49.54, with agricultural lands which has higher real estate values than their book values at Beau Rivage and close to villages in the districts of Quartier Militaire, Flacq and Quartier Militaire.

SBM Holdings Ltd (SBMH)

SBMH owns State Bank of Mauritius Ltd, the second largest local bank, and has subsidiaries or associates in Madagascar, India, Kenya and Myanmar. At 30 June 2019, its market capitalisation was Rs 16.95 billion, represented a share of 5.5% which is the third highest on the SEM after MCBG and IBL,

For the 6 months to 30 June 2019, Group operating income went up by Rs 367M to reach Rs 4,498M, after net interest increase of Rs 404M to Rs 3,173M, driven by major growth of investments in securities from Rs 50 billion to 88 billion. Lower impairment charges of Rs 151M (2018: Rs 1,669M) enhanced profit by Rs 1,062M, from Rs 156M to Rs 1,218M.

SBMH profit for the nine months to 30 September 2019 was up Rs 64M to Rs 1,478M. This 4.5% increase is mostly attributable to lower credit loss expense and is after a Rs 204M mandatory provision in respect of the 2018 Cyberattack in India. Cumulative Profit attributable to equity holders rose by Rs 169M to reach Rs 1,415M.

SBM share price of Rs 5.70 at 15 November 2019 has an attractive P/E of 11.81 and a dividend yield of 5.26% p.a., one of the highest on the SEM calculated on a dividend of 30 cents per share for the year 2018. Without last year's severe impairment charges, 2019 dividend is expected to rise to 40 cents per share, providing a dividend yield of 7.0% p.a.

United Basalt Products Ltd (UBP)

UBP is a leading group on construction in which IBL Ltd is the largest shareholder, owning 33.1% of its capital. It operates plants for core building materials in Mauritius, Madagascar, Rodrigues and Sri Lanka, five retail outlets of Espace Maison and cane cultivation activities at Gros Cailloux in the Black River district.

Group revenue for the year ended 30 June 2019, rose by 10.6% to Rs 3.2 billion, increasing operating profit by 27.5% to Rs 279.4M after Rs 24.9M provision for expected credit losses. Profit and ESs improved to Rs 207.3M or Rs 7.19. after a higher share of profits from associates of Rs 18.3M, attributable mainly to the ready-mixed concrete entity.

Compared to the same quarter last year, Group revenue for the quarter to 30 September 2019 went up by 6.35%, from Rs 810M to Rs 861M. Operating profit rose by 13.1%, mainly due to the better results of the retail segment, and, Profit increased by Rs 3.7M to Rs 83.3M, with EPS reaching Rs 3.00.

UBP share price at record of 137.50 at 15 November 2019, has a rather unattractive P/E of 19.05 and a lower dividend yield of 2.77% p.a. than the SEM OM average.

Development and Enterprise Market (DEM)

Sale of DEM investments during the year to 30 June 2019 amounted to Rs 368.7M and yielded a total profit on cost basis of Rs 55.8M, Rs 29.6M or 53.0% of which were on shares in the following DEM companies:

DEM COMPANIES	Profit (Rs M)	% of Profit from DEM Investments	% of total profit from local investments
Phoenix Investment Company Ltd	24.9	44.8	30.8
The Bee Equity Partners Ltd	4.0	7.2	4.9
Chemco Ltd	0.3	0.3	0.3
Cie des Villages de L'Isle de France Ltée	0.2	0.3	0.2
Mauritius Cosmetics Ltd	0.2	0.5	0.2
Total	**29.6**	**53.0**	**36.5**

At 30 June 2019, following the amalgamation of ENL companies, the value of the top five DEM holdings was Rs 88.1M and represented 65.8% of the DEM portfolio value and 6.7% of the total portfolio value as shown below:

TOP FIVE DEM INVESTMENTS	Value (Rs M)	% of DEM Portfolio Value	% of Total Portfolio Value
Cie des Villages de L'Isle de France Ltée	18.9	3.9	1.6
Medine Ltd	17.6	3.6	1.5
Attitude Property Ltd	324.2	66.9	26.9
Phoenix Investments Co. Ltd	47.3	9.8	3.9
Hotelest Ltd	16.7	3.4	1.4
Total	**424.7**	**87.6**	**35.3**

REPORT OF THE DIRECTORS (continued)

Cie Des Villages De L'isle De France Ltée (Covifra)

Covifra in which MCB Real Assets Ltd has a 93.03% interest, is the owner of the Club Med resort with 286 rooms located on 11.8 hectares of prime beachfront land at Pointe aux Cannoniers, Mauritius. It is operated by Holiday Villages Management Services, a wholly owned subsidiary of Club Med, since 1972.

During the year to 30 June 2019, Covifra recorded an increase in revenue to EUR 7.43M, mainly attributed to additional rental income earned on the capital expenditure undertaken as part of the renovation program at a capital cost of EUR 40M funded by EUR 15M bond. Excluding fair value gain of EUR 3.0M and calculated on the average number of shares in issue, profit amounted to EUR 3.9M (8 months to 30.06.2018: EUR 1.53M) or an EPS of EUR 0.06

For the quarter ended 30 September 2019, revenue rose by EUR 0.51M to EUR 2.05M and the EPS was EUR 0.016 (2018: EUR 0.010) after a lower cost for the refinanced debt in EUR.

Covifra share price of Rs 26.95 at 16 November 2019 has a very attractive P/E of 7.40 and an annual dividend yield of 4.97%, higher than most SEM companies, which would increase with additional rooms to let for the full current year.

Medine Ltd (Medine)

Medine, with 3 major clusters, property development, leisure and agriculture, has a masterplan to 2025 focus on the integrated development of 3,000 hectares in the west coast. The completed first phase comprised the Cascavelle Shopping Mall, the Business Park at Clarens Field, primary and secondary schools, and Student Life Residences. Its education hub started is incorporated in the Medine Smart City project and the second phase of its "Uniciti", launched in September 2017, covers 333 hectares between Bambous, Cascavelle and Flic en Flac.

For the year ended 30 June 2019, Group turnover increased by Rs 99M to Rs1,306M. The agricultural sector was adversely affected by the sugar price drop to Rs 8,700 per tonne while the property cluster revenue increased by Rs 25M due to higher real estate rental income. Group profit amounted to Rs 269M, compared to a loss of Rs 845M last year due to the write off of its milling assets mitigated by stronger realisations of property deals.

During the three months to 30 September 2019, Group turnover dropped by Rs 56M to Rs 407M, with a larger drop of Rs 87M for the Agricultural Cluster, largely because of a lower proportion of cane harvested and an effective 18% reduction in sugar price due to no accompanying measure this year. However, rental income increased by Rs 10M and there was Rs 27M gain on the acquisition of Concorde. Group profit was Rs 67M. with the positive impact from the exit from milling operations and Rs 44M increase in profit from sale of land.

Medine share price at Rs 62.00 at 15 November 2019, is at substantial discount of 55.6% to its NAV of Rs 139.50 at 30 June 2018 and has a dividend yield of 4.76% p.a. which is above the average for listed companies.

Attitude Property Ltd

APL receives mainly the rental income from its three properties leased to Attitude Hospitality Ltd until August 2035 namely The Ravenala Attitude, Recif Attitude and Tropical Attitude. APL's business model is to acquire hotel properties and to lease them out on a long-term basis to provide non-dilutive returns to its shareholders.

For the year ended 30 June 2019, profit arising from rental of investment properties increased by Rs 11.6M to Rs 202.3M and after administration expense decrease of Rs 0.5M, finance cost increase of Rs 0.2M and higher tax expense of Rs 2.0M, profit was up by Rs 9.3M to Rs 121.5M, excluding fair value gain of Rs 163.0M last year.

Profit for the three months to 30 September 2019, was up very slightly to Rs 30.4M, with the rental value and expenses remaining virtually the same.

APL share price of Rs 13.70 on 15 November 2019, has an attractive dividend yield of 5.43% p.a., which is one of the highest amongst all listed companies.

Phoenix Investment Company Ltd (PHIN)

PHIN, held 20.96% by IBL Ltd, has an investment of 31.0% in the share capital of Phoenix Beverages Ltd (PBL). The latter produces world known brand Coca-Cola products in Mauritius and also the famous local beer producer Phoenix and has a subsidiary in Reunion, Edena S.A., the owner of one of the main water bottling plants.

Revenue for the year ended 30 June 2019, despite production and sales constraint in Reunion island, rose by 7.3% to reach Rs 7,777M and PAT increased by 24.0% to reach Rs 629.6M.

Turnover for the quarter to 30 September 2019 went down by 8.7% to Rs 1,781M. Profit amounted to Rs 66.2M, an increase of Rs 23.7M due partly to temporary production constraint in Reunion Island during last year's quarter which then resulted in a profit decrease of Rs 8.3M.

PHIN share price of Rs 398.00 at 15 November 2019 provides an attractive P/E of 11.65 which is much better than OM Industry sector average of 25.90 and a higher dividend yield of 2.87% p.a. than 2.32% p.a. for PBL.

Hotelest Ltd (HTLS)

HTLS only holds an investment of 51% of Constance Hotels Services Ltd (CHSL) the owner of two hotels in Mauritius, namely Constance Le Prince Maurice and Belle Mare Plage Hotel, and Constance Halaveli in Maldives and has as Associate, Constance Lemuria and Ephélia in Seychelles.

HTLS revenue for the nine months ended 30 September 2019 fell by 4.8% to Rs 2,503M., attributable to a 2.6% occupancy decrease from 66.2% to 64.5%, compared to increases in tourist arrivals of 15.8% and 5.4% for Maldives and Seychelles respectively and a very minor decrease of 0.1% for Mauritius. With EBITDA down by Rs 118M, higher finance costs and share of profit from associates of Rs 7.6M and Rs 5.6M respectively, the loss for the 9 months rose from 102.3M to Rs 190.5M.

The outlook for the five-star segment of CHSL hotels remains challenging with the tourism markets becoming very competitive. Mauritius, which is experiencing the proliferation of non-hotel competitors and losing market share to competing destinations, will continue to be adversely affected. Despite growing demand in the Maldives, the increased competition due to parallel growth in supply will lead to pressure on pricing in the high-end market segment. On the other hand, Seychelles is expected to remain a positive market.

Nevertheless, the last quarter, which is the best quarter for tourism, looks positive for CHSL's properties but the full year group performance, was at mid-November 2019, expected to be lower than 2018.

HTLS share price of 23.00 at 15 November 2019 is at a substantial discount of 56.5% to NAV of Rs 55.54 at 30 September 2019. It is also 25.4% lower the November 2018 mandatory offer of Rs 30.85 per share which was a further 27.5% lower than Ernst & Young's independent valuation of Rs 42.55.

Overseas Investments

Investment Funds	Classification	Value of investments at 30 June 2019 Rs M	Value of investments at 30 June 2018 Rs M	% Return for year ended 30 June 2019 (excluding exchange rate conversion effect)
JF Funds	Equities	77.2	67.1	15.1
Cogefi Funds	Equities	56.2	54.2	3.7
Fidelity Funds	Equities	45.1	29.2	54.5
Comgest & other Funds	Equities	41.7	39.4	5.8

At 30 June 2019, the total value of overseas investments reached Rs 272.9M and represented 17.1% of the total investment portfolio (2018: 16.8%).

All the funds show positive annual returns, with Fidelity Funds and JF Funds of 54.5% and 15.1% being higher than the Dow Jones and Hang Seng returns of 15.9% and 7.8% respectively. However, the returns of Cogefi Funds (3.7%) and Comgest & other Funds (5.8%) were lower than the CAC 40 (23.0%).

Income and Dividend

For the year ended 30 June 2019, the top five dividends received from the local investments amounted to Rs 37.1M and represented 56.5% of the total dividend income as shown in the table below:

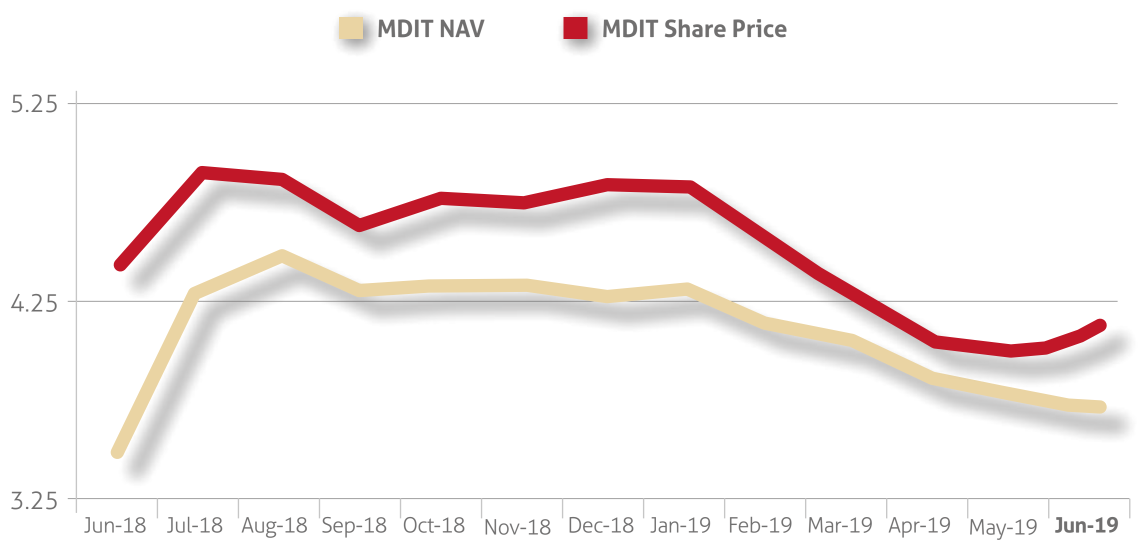
Local Companies	Dividend income (Rs M)	% of total dividend income
ENL Group Ltd	8.7	23.4
ENL (P) Ltd	4.4	11.9
MCB Ltd	3.6	9.7
SBM Holdings Ltd	2.4	6.5
Alteo Ltd	1.9	5.0
Total	**21.0**	**56.5**

During the year ended 30 June 2019, Earnings Per Share (EPS) increased to 34.2 cents (2018: 5.0 cents), mainly attributable to a fair value gain of Rs 114.8M (2018: Loss of Rs 18.5M). The decrease of Rs 2.9M in dividend income and Rs 5.7M in profit on sales of investments was partially offset by the increase in interest income Rs 3.8M. At cost excluding revaluation surplus/deficit, EPS increased to 199 cents (2018: 24 cents) and Dividend per share amounted to 24 cents, inclusive of final dividend of 13 cents paid on 29 September 2019. Based on share price of Rs 4.12 at 30 June 2019, the dividend yield of 5.83% p.a. remained one of the highest yields amongst the OM and DEM listed companies.

Share price and NAV

Between 30 June 2018 and 2019, MDIT NAV rose slightly from Rs 3.47 to Rs 3.48 whilst the SEMDEX and DEMEX decreased by 5.2% and 4.8% respectively. As for the MDIT share price, it fell from Rs 4.42 to Rs 4.12 at 30 June 2019 which is, however, 18.4% higher than the NAV (2018: 27.4%).

The MDIT graph below shows that, during the year ended 30 June 2019, its share price moved on a more or less similar trend as its NAV except during June 2019 when the share price rose and the NAV fell.



The Economy

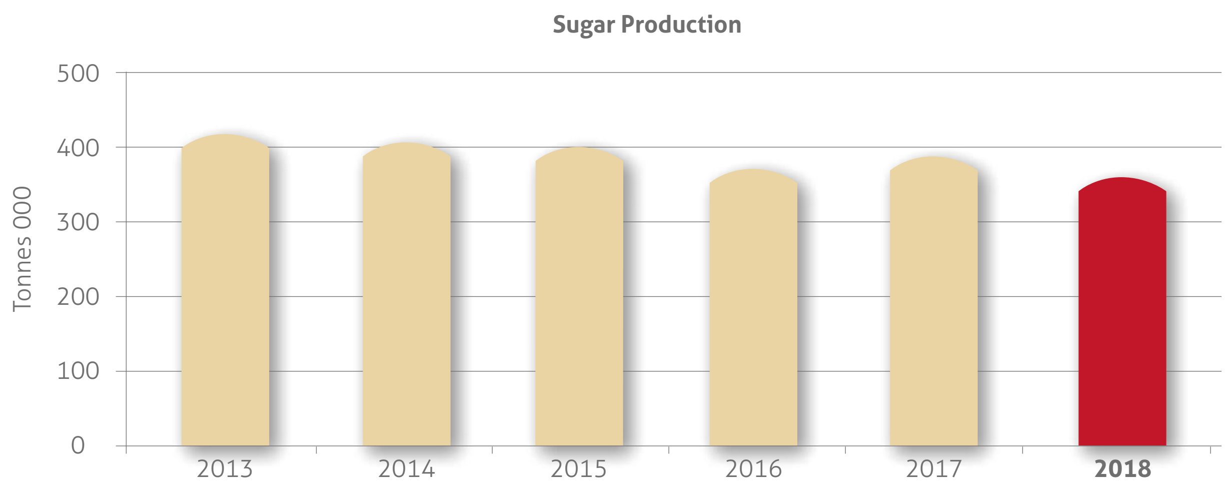
GDP growth in Mauritius remained at 3.8% in 2018 for the third consecutive year. GDP amounted to around Rs 482.6 billion (2017: Rs 457.2 billion) and per capita attained Rs 381,300 (2017: Rs 361,500), reinforced by the favourable performance of the construction sector and resilience of the services sector. On the demand side, the main drivers were consumption and investment growths of 3.4% and 10.1%. However, the trade balance deteriorated and weighed negatively on GDP growth. Macroeconomic stability was ensured with a sustained growth and a headline inflation of 0.6% for the year to 30 June 2019 (2018: 1.0%).

Other sectors which have achieved a growth of more than 5.0% during the year 2018 are Administrative and support service activities, Information and communication, Financial and insurance activities and Professional, Scientific and technical activities. Wholesale & retail trade; repair of motor vehicles and motorcycles remained resilient, with distributive trade growing by 3.5%. Accommodation and food service activities, a major component of the tourism sector, slowed down (+4.1% against +4.6% in 2017), following a moderate increase of tourist arrivals in 2018.

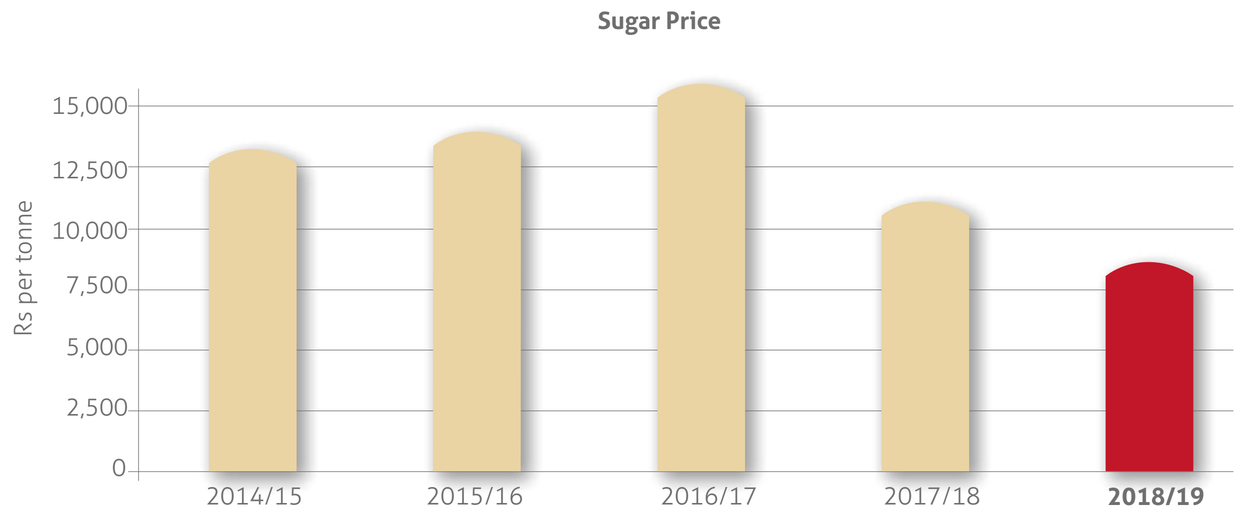
For 2019, Statistics Mauritius forecast a slightly higher growth rate of 3.9%, attributable principally to increased sector growths for Agriculture, Manufacturing, Public Administration and compulsory social security.

Sugar and other agricultural production

Sugar went down by 9.0% to 323,406 tonnes in 2018 (2017: 355,213 tonnes) despite a 7.2% increase in the average extraction rate to 10.26% (2017: 9.57%). Other agricultural products grew by 0.4% (2017: 2.3%). The latest Official Estimate by the Mauritius Chamber of Agriculture is 325,000 tonnes of raw sugar in 2019 and the chart below shows actual sugar production during the crop years 2013 to 2018.



The Mauritius Sugar Syndicate sugar price to producers at 98.5 pol. per tonne was Rs 17,573 in 2012-2013 and moved, per the Chart below to Rs 12,694 in 2014-15, Rs 13,166 in 2015-16, Rs 15,572 in 2016-17 before falling in 2017-18 to Rs 10,717 and 2018-19 to Rs 8,686. The estimated price for 2019-2020 is Rs 10,000.



REPORT OF THE DIRECTORS (continued)

Tourism

The number of tourist arrivals for the year 2018 increased by 4.3% to attain 1,399,408 compared to 1,341,860 for the year 2017. Among the main markets, Republic of South Africa and Germany recorded growths of 14.2% and 11.7% respectively. However, India, Reunion Island and People's Republic of China witnessed decreases of 0.6%, 5.2% and 9.9% respectively. Tourist arrivals by air increased by 3.6% from 1,312,295 in 2017 to 1,359,688 in 2018 while those arriving by sea increased by 34.3% from 29,565 to 39,720.

OTHER SECTORS

Manufacturing and Food Processing

Manufacturing and food processing sector is a key sector of the Mauritian economy. This sector has accounted for 13.4% and 12.9% of GVA in 2017 and 2018 respectively. In 2018, the sector grew by 0.7% compared to a growth of 1.5% in 2017.

Financial and Insurance activities

Growth for financial and insurance activities sector rose to 5.8% (2017: 5.5%) , boosted by the better performance achieved by the banks despite the adverse impact of impairment charges required by international reporting standards and insurance companies favourably benefitting from improved underwriting results.

Construction

The sector that has been the most buoyant in 2018 is the construction sector. After a recovery in 2017, the value added of this sector accelerated in 2018 (+9.5%). There had been the launch of the mega public infrastructural project: the construction of the Metro Express. More building permits have also been issued. The construction sector contributed significantly to GVA growth in 2018 0.4%

Information, communication and technology

The value added of ICT sector rose by 5.9% from Rs 22,894M in 2017 to Rs 24,248M in 2018. The share of ICT sector in GVA in 2018 was 5.7%, same as in 2017.

FUTURE PROSPECTS

The SEMDEX of 2,128 at 30 June 2019 rose to 2,162 at 31 August 2019 but then fell to 2,119 at 31 October 2019 respectively, before moving up to 2,142, a 0.7% increase for the four and a half months to 15 November 2019. The DEMEX of 228.27 at 30 June 2019 went up to 238.89 at 31 August 2019 and then down to 230.61, a higher increase of 1.0% for the four and a half months ended 15 November 2019.

For the quarter to 30 September 2019, MDIT income from Investments went up by Rs 3.7M to Rs 10.3M but Loss Per Share amounted to 13 cents (2018 Earnings Per Share: 61 cents) due to revaluation deficit of Rs 61.5M (2018 surplus: Rs 280.2M), mainly attributable to the ENL Ltd share price (2018: ENL Ltd Amalgamation). Ex final dividend of 13 cents, NAV per share fell by 3.6% compared to 0.1% SEMDEX decrease and 3.7% DEMEX increase.

ENL Ltd (ENLG) share price at Rs 27.50 on 15 November 2019, went down most surprisingly by 31.2% below than its introduction price about ten months earlier, on 23 January 2019 of Rs 40.00, itself at a substantial discount of 40.6% to Net Asset Value (NAV) at 30 June 2019. of Rs 67.29. This NAV includes agricultural lands with much lower book values than their values as real estates situated next to the Moka Smart city developments or to villages in the ex Bel Ombre and Savanah factory areas, in the South of the island .

Furthermore, since the beginning of 2019, ENLG has obtained approval to enlarge the Moka Smart City by 534 arpents to 1,000 arpents out of a Masterplan development of 1,500 arpents. Developments of Shopping Malls by subsidiary company Ascencia, through Rogers, have been completed at Bagatelle and the new Beau Vallon Shopping Mall is nearing completion for scheduled opening in December 2019.

The total MDIT portfolio of Rs 1,597M at 30 June 2019 comprised shares of Rs 579M (36.2) for ENLG but also Rs 295M (18.5%) for Alteo, Terra and Medine. The latter are at All Time Low (ATL) or near ATL prices of Rs 16.00, 21.00 and Rs 62.00 which are at very substantial discounts to their NAV of Rs 49.54, Rs 60.51 and Rs 138.59 respectively. In addition, these companies own agricultural lands which have much higher real estate values than their book values

In the light of the above and as market activity is expected to pick up after the Programme Speech of the new Government following the General Elections of 7 November 2019, the Company's performance is likely to improve over the remaining period of the current financial year to 30 June 2020.

CHANGE IN DIRECTORSHIP

The Board would like to thank Mr Francois Montocchio for his invaluable contributions as director, for 9 years until his resignation on 28 June 2019, and is pleased to welcome Ms Grace Sarah Leung Shing as new director.

By order of the Board

Georges Leung Shing

Chairperson

18 November 2019

Shares, Bonds and Depositary Receipts	At 30 June 2019		
	Shares, Bonds and Depositary Receipts	Market value per share	Valuation
	Number	Rs	Rs
ENL Ltd - Ordinary A Shares	19,140,449	30.25	578,998,582
MCB Group Ltd	551,825	289.00	159,477,425
Alteo Ltd	5,798,266	18.80	109,007,401
SBM Holdings Ltd	8,360,130	5.58	46,649,525
Afreximbank Bank - Depositary Receipts (USD)	224,005	151.32	33,895,765
Pharmacie Nouvelle Ltd	1,217,238	20.36	24,777,245
Allied Motors Co Ltd	112,750	218.35	24,619,252
Compagnie Des Villages De L'Isle De France Ltée	970,366	24.50	23,773,967
United Basalt Products Ltd	164,046	131.25	21,531,038
Sun Ltd	561,988	35.00	19,669,580
New Mauritius Hotels Ltd - Ordinary Shares	1,063,891	16.90	17,979,758
Medine Limited	273,124	62.75	17,138,531
Attitude Property Ltd	1,331,100	12.75	16,971,525
Air Mauritius Ltd	1,791,729	9.00	16,125,561
Phoenix Investment Company Ltd	41,372	385.00	15,928,220
Terra Mauricia Ltd	752,666	21.00	15,805,986
Hotelest Ltd	559,158	25.50	14,258,529
Swan General Ltd	31,118	344.00	10,704,592
P. O. L. I. C. Y Ltd	1,471,982	5.48	8,066,461
New Mauritius Hotels Ltd - Preference Shares	669,605	11.15	7,466,096
Tropical Paradise Co. Ltd - Ordinary Shares	1,118,234	6.14	6,865,957
Fincorp Investment Ltd	240,079	24.70	5,929,951
CIEL Ltd	875,222	6.30	5,513,899
United Docks Ltd	62,287	86.50	5,387,826
AfrAsia Bank Ltd	69,108	72.00	4,975,776
BMH Ltd	114,365	41.00	4,688,965
Mauritius Cosmetics Ltd	114,764	40.00	4,590,560
Constance Hotel Services Ltd	165,685	27.15	4,498,348
CIM Financial Services Ltd	619,521.00	7.00	4,336,647
Excelsior United Development Companies Ltd	293,391.00	13.50	3,960,779
Southern Cross Tourist Company Ltd	837,545.00	4.66	3,902,960
Convertible Bonds and Debentures			
SBMH 10-yr class A1 series Bond	430.00	10,001.91	4,300,821
SBMH Ltd - Class A2 Series Bond	1,100.00	9,996.57	10,996,227
SBMH Ltd - Class B2 Series Bond (USD)	300.00	35,175.92	10,552,777

Introduction

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

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

Governance Structure

MDIT, a Public Interest Entity as defined under the Financial Reporting Act 2004, is required to adopt The National Code of Corporate Governance ("Code"). Its board of Directors is committed to best practices, business integrity, transparency and professionalism in all its activities. The Company's views of Corporate governance go beyond the compliance function and aims at incorporating the principles of the Code in its strategy and activities.

The Company is headed by an effective Board. It has an approved Charter that clearly provides for the terms and reference for the Board and is also governed by the provisions of its Constitution.

Compliance

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

Principles	Areas of the Code and Reasons for non-compliance
Principle 2 • Board Composition – Independent Chairperson & Executive Directors • Board Committees – Chairperson of the Investment Committee	• The Board is of view that the long service of the Chairperson does not underpin his independence as he has always demonstrated independent high levels of professional judgement and objectivity at both Board and Committee levels which have always been in the best interests of the Company. • MDIT has a management contract with CIS Manager Golden Fund Management Services Ltd ('GFMS' or 'CIS Manager') to provide management and company secretarial services. GFMS Chief Executive Officer has been appointed Executive Director of the Company and, in pursuance of the management contract, the Manager or Accountant and Company Secretary of GFMS are in attendance at all the MDIT Board and Committee meetings. • The Board will consider a new Chairperson for the Investment Committee during the next financial year.
Principle 4 • Individual Directors evaluation	• An Individual Directors evaluation will be done during the next financial year.
Principle 5 • Whistle-blowing Policy	• A Whistle-blowing Policy will be implemented during the next financial year.

The Board of Directors

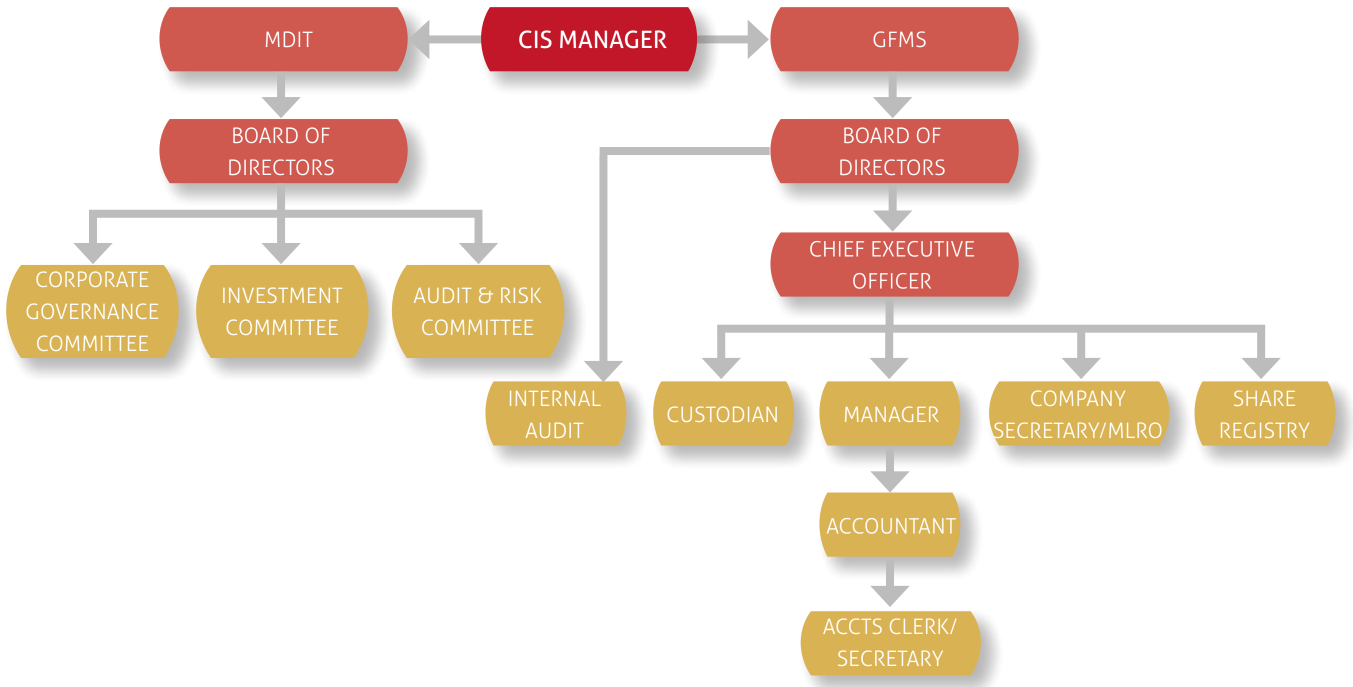
The Board of MDIT is responsible for the successful running of the Company and to ensure that the Company complies with all relevant legislation, the regulatory requirements of the Stock Exchange of Mauritius and the Financial Services Commission and the principles of good governance including the Code.

MDIT has a management contract with CIS Manager Golden Fund Management Services Ltd ('GFMS' or 'CIS Manager') to provide management and company secretarial services. GFMS Chief Executive Officer has been appointed Executive Director of the Company and, in pursuance of the management contract, the Manager or Accountant and Company Secretary of GFMS are in attendance at all the MDIT Board and Committee meetings.

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

The Board meets as often as necessary, but not less than, four (4) times a year. The meetings are usually scheduled semi-annually in advance according to a circulated calendar. Meetings of the Board are convened by the Company Secretary who consults with the Chairperson prior to convening the meeting on the contents of the Agenda. The Board may also take decisions by way of written resolutions under the Company's Constitution.

Organisational Structure



The main responsibilities of the following key positions are described on the next page.

Chairperson

The Chairperson of the Board is primarily responsible for the activities of the Board and its committees. S/he acts as the spokesperson for the Board and is the principal contact for the CEO of the CIS Manager. The Chairperson of the Board and the latter meet regularly. The Chairperson of the Board presides over the Annual Meeting of shareholders.

The Chairperson ensures that:

- the Board satisfies its duties;
- Board members, when appointed, participate in an induction programme and, as needed, additional education or training programmes;
- the Board members receive all information necessary for them to perform their duties;
- the Agenda of Board meetings are determined;
- the Board meetings are chaired in an effective manner;
- the Board has sufficient time for consultation and decision-making
- minutes are kept of Board and Committee meetings;
- the Committees function properly;
- there is consultation with external advisors appointed by the Board;
- the performance of the Board is evaluated every year;
- internal disputes and conflicts of interest concerning individual Board members are addressed, as well as the possible resignation of such members as a result; and the Board has proper contact with the Management.

CIS Manager - GFMS Management Team

The GFMS Management Team is responsible of the following for MDIT:

- Ensure that the policies spelt out by the Board, and as outlined in the Strategy are implemented within the acceptable and approved risk tolerance / appetite levels;
- Ensure that MDIT continues to play a major role in the development of the financial sector as well as capital markets in Mauritius;
- Review the buy and sell orders of securities before they are placed through local stock-broking companies;
- Communicate with investment analysts and company executives to discuss financial matters, researching companies, and performing appropriate due diligence on investments;
- Oversee all portfolio management responsibilities and develop appropriate investment management strategies in accordance with Company policies and guidelines;
- Oversee all the accounting, administration and reporting functions;
- Oversee all the company secretarial, MLRO, custodian and share registry functions.
- Review offer documents and present investment information for the Board and Committees to take investment decisions;
- Ensure that the banking facilities are adequate and are renewed with the commercial banks at competitive interest rates;
- Ensure that the Board and Committees are periodically, and adequately appraised about the operations of the Company through presentation of relevant Board / Committee papers;
- Ensure compliance with all regulatory requirements and legislation.

Company Secretary

The Company Secretary sees to it that the Board follows correct procedures and that the Board complies with its obligations under the Company's Constitution and law, including the Companies Act 2001 namely:

- providing the Board with guidance as to its duties, responsibilities and powers;
- informing the Board of all legislation relevant to or affecting meetings of shareholders and Directors and reporting at any meetings and the filing of any documents required of the company and any failure to comply with such legislation;
- ensuring that minutes of all meetings of shareholders or Directors are properly recorded in accordance with paragraph 8 of the Fifth Schedule and all statutory registers be properly maintained;
- certifying the return to be filed, together with the Company's annual financial statements with the Registrar of Companies and any other returns required;
- ensuring that a copy of the company's annual financial statements and, where applicable, the annual report is sent, in accordance with sections 219 and 220, to every person entitled to such statements or report.

The Company Secretary also assists the Chairperson of the Board in organising the Board's activities (including providing information, preparing an agenda, reporting of meetings, evaluations and training programs).

Key documents

MDIT has an approved Constitution, a Board Charter as well as a Charter for its respective Committees. The Company has a Code of Ethics for its Directors and the employees of its CIS Manager follow a similar Code of Ethics. These documents are approved by the Board and are regularly reviewed, with the assistance of the respective Committees, and any proposed amendments require the approval of the Board. A copy of these updated documents will be posted on the Company's website.

The Company's Constitution is in conformity with the provisions of the Mauritius Companies Act 2001 and the Stock Exchange regulations. A copy is available for consultation at the Company's Registered Office.

The salient features of the Company's Constitution are:

- The Company may purchase or otherwise acquire its Shares
- If the Company proposes to purchase or otherwise acquire more than twenty five percent (25%) of a Class of Shares, it must make a tender offer to all the holders of the relevant Class of Shares.
- Shares to be freely transferable.
- The Board may refuse or delay the registration of a transfer.
- The Board may, if it is satisfied on reasonable grounds that the Company will satisfy the Solvency Test immediately after the Distribution, authorise a Distribution by the Company to Shareholders of any amount and to any Shareholder as it thinks fit.
- The Directors on making a Distribution and/or on declaring a Dividend may resolve that the payment of such Distribution or Dividend be made wholly or in part by the Distribution of specific assets, and in particular of paid up shares, debentures, debenture stock, bonds or other obligations of any other company or in any one or more or such ways.
- The Board may pursuant to a discount scheme resolve that the Company shall offer to Shareholders discounts in respect of some or all goods sold, or services provided by, the Company.

CORPORATE GOVERNANCE REPORT (continued)

Key documents (Continued)

- A quorum for a General Meeting shall be present where two (2) Shareholders, their representatives, or proxies are representing at least twenty•five per cent (25%) of the voting rights present, or have cast postal votes, on the business to be transacted at the Annual Meeting.
- The Board shall consist of not less than nine (9) or more than twelve (12) Directors.
- The Directors shall have power at any time, and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the number fixed in accordance with this Constitution. The Director appointed to fill up the vacancy shall hold office only until the next following Annual Meeting and shall then be eligible for re•election.
- At the next Annual Meeting and at each subsequent Annual Meeting, a total of four (4) of the Directors for the time being appointed by the Annual Meeting shall retire from office.
- Subject to any restrictions in the act or this Constitution, the business and affairs of the Company shall be managed by or under the direction or supervision of the Board.
- The Directors shall elect one of their number as Chairman of the Board and determine the period for which he is to hold office.

The Structure of the Board and its Committes

Board Structure and size

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

As per the Company's Constitution and Board Charter, the Board shall consist of not less than nine (9) or more than twelve (12) Directors. A quorum of six (6) Directors is currently required for a Board Meeting of the Company. The Board currently comprises nine (9) Directors and is thus of view that it has the right size and set of skills to manage the affairs of the Company.

**As defined by the Code*

Board composition

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

The Board is of view that the long service of the Chairperson does not underpin his independence as he has always demonstrated independent high levels of professional judgement and objectivity in his participation at both Board and Committee levels which have always been in the best interests of the Company.

The Code also recommends that a Board should have at least two executive Directors and the Company has only one, the Chief Executive Officer of its CIS Manager, GFMS, appointed during the year. Moreover, in pursuance of GFMS management contract with MDIT, the Manager or Accountant and the Company Secretary of GFMS are in attendance at all the MDIT Board and Committee meetings.

The Code's recommendations that a Board should have at least two (2) independent Directors and at least one male and one female Director are fully complied in that the Company's Board of 9 members has six (6) independent Directors and 3 female members.

Board composition (Continued)

The list of the Board and Committee members, who are all resident in Mauritius, is as follows:

Names of Directors	Gender	Board	Committee
Georges Leung Shing	M	Chairperson and Non-Executive Director	Chairperson of the Investment Committee and member of the Corporate Governance Committee
Catherine Ahnee-Gouerec	F	Independent Non-Executive Director	Member of the Audit & Risk Committee
Marc Ah Ching	M	Independent Non-Executive Director	Chairperson of the Audit & Risk Committee and member of the Investment Committee
Girish Dabeesing	M	Independent Non-Executive Director	Member of the Corporate Governance Committee
Roger Leung Shin Cheung	M	Non-Executive Director	Member of the Investment Committee Audit & Risk Committee
Grace Sarah Leung Shing (appointed on 23 April 2019)	F	Executive Director	
Aruna Radhakeesoon	F	Independent Non-Executive Director	Chairperson of the Corporate Governance Committee
Stephen Scali	M	Independent Non-Executive Director	Member of the Investment Committee
Benu Servansingh	M	Independent Non-Executive Director	
Francois Montocchio (resigned on 28 June 2019)	M	Independent Non-Executive Director	

The profiles of the Directors are disclosed on Pages 39 to 42.

Board Committees

The Code provides for the establishment of an Audit Committee as a minimum. The Board of MDIT is ultimately responsible for the performance Company and has established the following committees to assist it in its decision-making process and help it to carry out all its duties and responsibilities:

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

Each Committee acts according to its respective Charter approved by the Board and reports to the Board on matters discussed at Committee meetings. The respective Committee Charters are reassessed by the Board every three (3) years and were last approved on 27 June 2018.The Company Secretary acts as secretary to the Board Committees.

Audit and Risk Committee (ARC)

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

Audit and Risk Committee (ARC) (Continued)

The ARC Charter, approved by the Board, sets out the terms of reference of the Committee. The Chairperson of the Committee informs the board of Directors of any matter which, in its opinion, the Board should be made aware of.

The members of the ARC are:

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

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

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

Corporate Governance Committee (CGC)

The CGC is committed to best practices of corporate governance and also acts as Nomination and Remuneration Committee. The CGC's terms of reference are defined in its Charter approved by the Board.

The members of the CGC are:

- Aruna Radhakeesoon (Chairperson)
- Girish Dabeesing
- Georges Leung Shing

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

Investment Committee (IC)

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

This IC comprises the following members:

- Georges Leung Shing (Chairperson)
- Marc Ah Ching
- Roger Leung Shin Cheung
- Stephen Scali

CORPORATE GOVERNANCE REPORT (continued)

Investment Committee (IC) (Continued)

The Code recommends that the Chairperson of each of the Board committees should not normally be the Chairperson of the Board. For MDIT, the Chairperson of the IC is also the Chairperson of the Board. Taking into consideration the proven professional experience of the Chairperson of the Board in the investment sector, the Board considers it appropriate that he also chairs the Investment Committee.

Board and Committee meetings and attendance

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

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

The Directors' attendance at Board and Committee meetings held during the year ended 30 June 2019 is shown below:

Names of Directors	Board	ARC	CGC	IC
Marc Ah Ching	4 out of 4	4 out of 4	N/A	4 out of 4
Catherine Ahnee-Gouerec	4 out of 4	4 out of 4	N/A	N/A
Girish Dabeesing	4 out of 4	N/A	3 out of 4	N/A
Roger Leung Shin Cheung	4 out of 4	4 out of 4	N/A	4 out of 4
Georges Leung Shing	4 out of 4	N/A	4 out of 4	4 out of 4
Grace Sarah Leung Shing (appointed on 23 April 2019)	1 out of 1	N/A	N/A	N/A
Aruna Radhakeesoon	1 out of 4	N/A	4 out of 4	N/A
Stephen Scali	4 out of 4	N/A	N/A	3 out of 4
Benu Servansingh	4 out of 4	N/A	N/A	N/A
Francois Montocchio (resigned on 28 June 2019)	3 out of 4	N/A	N/A	N/A

Directorships held by Board Members in other listed companies

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

Company Secretary

The Company Secretary is JLP Company Secretarial Services Ltd, represented by Mr Fabrice Parsooramen (FCCA) who was a former Manager of MDIT from 2010 to 2012. All Directors have access to the advice and services of the Company Secretary and also have the authority to request independent professional advice at the reasonable expense of the Company. The Company Secretary administers, attends and prepares minutes of Board, Committee and Shareholders' meetings. The Company Secretary is responsible for the external communication of the Company and assists the Chairperson and the Board in implementing good governance practices and processes to maximise shareholders' wealth.

Director Appointment Procedures

The Board is responsible for succession planning and for the appointment of new members including their respective induction.

Election and re-election

The process of Directors election and re-election is set out in the Company's Constitution and Board Charter. The CGC is responsible for recommending to the Board nominations to be put before the Annual Meeting of shareholders. The Board approves these nominations.

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

Induction and orientation

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

Professional development

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

Succession Planning

The Board, with the assistance of the CGC, regularly reviews the aspect of succession planning for both the Board and senior management positions of GFMS to ensure continued balance of knowledge, skills and experience whilst also ensuring gradual renewal of the Board.

The Directors of the Company, whose profiles are set out below, are not related. The Chairperson of the Board is also the Chairperson of substantial shareholder Golden Foundation Ltd (GFL) but is subject to re-election at the end of each year. The Board comprises a majority of Directors who do not have any relationship with GFL.

Georges Leung Shing

Appointed to the Board in 1995

Georges Leung Shing holds a BSc (Economics) and is a Chartered Tax Adviser and a Fellow of the Institute of Chartered Accountants of England and Wales. He was the Senior Economist of The Mauritius Chamber of Agriculture (MCA), Executive Chairman of Lonrho and Illovo Mauritius and Managing Director of Omnicane Ltd. He is a former Chairman of the MCA and the Mauritius Institute of Directors (MIoD) and its Audit Committee Forum (ACF) and has served as Chairman/Director of companies in the Banking, Commercial, Construction, Energy, Hotel, Industrial and Insurance sectors and of the Mauritius Sugar Syndicate, Stock Exchange of Mauritius and Sugar Insurance Fund Board. He is presently the Chairman of the Review Committee of the Financial Reporting Council, a Director of Pharmacie Nouvelle Ltd and a member of the MIOD ACF and Directors' Forum.

Succession Planning (Continued)

Catherine Ahnee-Gouérec
Appointed to the Board in 2011

Catherine Ahnee-Gouérec holds a DESS (Master) *d'Affaires Internationales* and a *Maîtrise d'Economie Appliquée of Université Paris IX-Dauphine*. She started her career in Mauritius in 1988 as Consultant at Price Waterhouse before joining the Eclosia Group (formerly Food and Allied Group) as Economist of Management and Development Company. Since 2008, she is Chargée d'Etudes at Les Moulins de la Concorde Ltée, contributing to projects and marketing strategy and is in charge of corporate communication and CSR activities. She is also a member of the Women Directors Forum.

Cheong Shaow Woo (Marc) Ah Ching
Appointed to the Board in 2018

Marc Ah Ching is a member of the Chartered Institute of Management and Accountants (CIMA) and a member of the Chartered Institute of Bankers UK (ACIB). He has a strong grasp on corporate finance, deal structuring and financing, with thorough knowledge in risk assessment and management, international banking and trade finance. Marc has been with the Rogers Group since 2005.

Bhagwansing (Girish) Dabeesing
Appointed to the Board in October 2016

Girish Dabeesing holds an MBA Finance and a BSC Agriculture (Hons) from the University of Mauritius as well as an MSC Land and Water Management from Cranfield Institute of Technology, Silsoe College, UK. He is a member of the Institution of Agricultural Engineers UK. He works as an individual consultant after his retirement in 2015 as Chief Executive Officer of the State Land Development Co. Ltd (SLDC) He was a member of the Board of the Mauritius Sugar Authority, the Employees Real Estate Investment Trust, Rose Belle Sugar Estate and the National Empowerment Foundation. He is a member of the MIOD Directors' Forum which he chaired in 2014 and 2015 and, since 1 March 2018, an Independent Member of the National Procurement Policy Office.

Kim Foong (Roger) Leung Shin Cheung
Appointed to the Board in 2000

Roger Leung Shin Cheung is an Associate of the Chartered Institute of Bankers in UK and a Fellow of the Mauritius Institute of Directors. He retired from Barclays Bank Plc as Regional Corporate Director (Africa) and was a Director of Barclays Leasing Company (Mauritius) Ltd and a trustee of the Barclays Employees' Pension Fund (Mauritius). He was an Independent Non-Executive Chairman of Bank One Ltd and a previous Independent Non-Executive Director of Banque BNI (Madagascar), Dolberg Asset Finance Ltd, Dolberg Financial Holding Ltd, Indian Financial Holding Ltd and IPRO Funds Ltd. He is presently a Consultant in business restructuring and performance optimisation and an Independent Non-Executive Director of Vivo Energy Mauritius Ltd.

Grace Sarah Leung Shing
Appointed to the Board in 2019

Grace Sarah Leung Shing holds a BA Econ (Hons) Accounting & Finance from the University of Manchester, an International MBA from Georgia University, USA and a Masters in Enterprise Management of Pantheon Paris Sorbonne and is an ACCA Affiliate. She was a Partner & Stock Trader at Ramet & Associés Ltée from October 2009 to January 2011 and was a Zera-Allen Scholar. She became, in 2014, an Associate of DFJ Dragon Fund China, a Draper Fisher Jurvetson (DFJ) affiliate venture fund focused on investments in China and the USA. In 2016, she co-founded and was the CEO, until December 2018, of Startwise Inc, licensed as Crowdfunding (Reg CF) by the USA Securities and Exchange Commission and Financial Industry Regulatory Authority, and is a pioneer company providing a platform that enabled non-accredited individuals to invest in revenue sharing deals. She was a MergeLane Accelerator Cohort in 2016 and a Milestone Maker at NASDAQ Entrepreneurial Center in 2017 and is a Beta Gamma Sigma Member. She is Executive Director of the Company since 23 April 2019.

Succession Planning (Continued)

Aruna Radhakeesoon
Appointed to the Board in 2012

Aruna Radhakeesoon holds a BA (Hons) degree in Jurisprudence from Balliol College, Oxford University. She is a Solicitor of England and Wales (NP) and an Attorney-at-Law. She served her two-year articles with Sinclair, Roche and Temperley, a Solicitors' firm in the City of London. She joined Rogers & Company Ltd in 2001 where she was Project Analyst, Group Company Secretary in July 2001 and then Chief Legal Executive in 2007 and Chief Legal and Compliance Executive in 2018. She was appointed Executive Director of Rogers in 2012. Aruna is currently the Chairman of the National Committee on Corporate Governance and the Vice Chairman of the Central Depository & Settlement Co. Ltd. She is also a Director of a number of other companies.

Stephen Scali
Appointed to the Board in 2018

Stephen Scali obtained his J.D. from Harvard Law School in 2001, an M.A. from Warwick Business School, United Kingdom, and B.A. from the University of British Columbia, Canada. He is a Barrister in Mauritius, Attorney-at-Law in New York State, USA, Solicitor of England & Wales (currently non-practising) and admitted to the Bar of England & Wales (unregistered). He began his career with the major global law firm Freshfields Bruckhaus Deringer and worked at Vodafone Group and Bank of America Merrill Lynch. He is a consultant and has acted as a Director of leading Mauritian companies

Tahen Kumar (Benu) Servansingh
Appointed to the Board in 2014

Benu Servansingh holds a Bachelor's degree in Physics and started his career as Physics Teacher. After serving as Adviser in 1992 to the Minister of Finance, he was appointed Senior Adviser from 2005 to 2010 where he contributed in the formulation and implementation of national economic policies, capacity building, national economic empowerment programme and corporate social responsibility framework. He is a former Chairman of SICOM Group and has been a Director of the State Investment Corporation Ltd, the Mauritius Duty Free Paradise Ltd, the National Equity Fund, the Real Estate Investment Trust, and a board member of the Gambling Regulatory Authority. He is a past Chairman of the Mauritius Institute of Directors and a former member of the Financial Reporting Council. He is presently the Strategic Adviser to GFin Corporate Services and is a Director of Building and Civil Engineering Ltd.

CIS Manager - Senior Management

Grace Sarah Leung Shing
Chief Executive Officer

Grace Sarah Leung Shing was nominated Chief Executive Officer of the CIS Manager of the Company in March 2019. He is an Executive Director of the Company and his Profile is included in the above Profiles of the Directors of the Company.

Vicky Ducasse
Manager (Up to July 2019)

Vicky Ducasse is a Fellow of the Chartered Association of Certified Accountants. She started her career in the Audit Department of Margeot and Associates in 2000 and worked as Accounts Supervisor at La Sentinelle Ltd from 2004 to 2006. She joined the Company in December 2012, after having been an Executive in the Advisory Department of Ernst and Young and Supervisor at DTOS Ltd, a subsidiary of IBL Ltd.

Succession Planning (Continued)

CIS Manager - Senior Management (Continued)

Ghaneswaree (Shalini) Hurhangee-Rajcoomar
Accountant

Shalini Rajcoomar is an Associate of the Chartered Association of Certified Accountants. After completion of a Programming and System Software course at the University of Mauritius, she was employed at High Security Guards Ltd, Appavoo & Associates, Brinks (Mauritius) Ltd, and as Senior Fund Accountant at DTOS Ltd of the IBL Group for ten years from 2007. After then working as Accountant at La Prudence Leasing Finance Company Ltd, she joined the CIS Manager of Company in March 2019.

Directors Duties, Remuneration and Performance

Legal duties

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

Code of Ethics

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

Conflicts of Interest

The Company's Board Charter sets out the guidelines relating to situation of conflicts of interests that may be faced by the Directors. This includes the duty of a Director to immediately report to the Chairperson any conflict of interest or potential conflict of interest and not take part in any discussion or decision-making regarding any subject or transaction in which s/he has a conflict of interest with the Company. Decisions to enter into transactions in which there are conflicts of interest with Board members require the approval of the Board.

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

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

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

Shares held by Directors at 30 June 2019

Name of Directors	% holding	Directly	Indirectly
Marc Ah Ching	-	-	-
Catherine Ahnee-Gouerec	0.10	340,215	78,979
Girish Dabeesing	-	-	-
Roger Leung Shin Cheung	-	-	-
Georges Leung Shing	2.32	5,304	9,814,334
Grace Sarah Leung Shing	1.00	289,600	3,941,391
Aruna Radhakeesoon	-	-	-
Benu Servansingh	-	-	-
Stephen Scali	-	-	-

Information, Information Technology and Information Security Governance

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

Board Information

The Company Secretary assists the Chairperson of the Board in organising the Board's activities including providing relevant information, preparing an agenda, reporting of meetings, evaluations and training programs.

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

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

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

The Company has a Directors and Officers Liability insurance in place for all Board members and senior officers.

Board Evaluation and Development

A formal evaluation of the collective performance of the Board of Directors and its committees, through an internal Board evaluation questionnaire, was carried out during the year under review with the assistance of the Company Secretary. The questionnaire included the following areas:

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

The Board reviewed and addressed the areas of concern highlighted following this exercise. For the year under review, the evaluation exercise confirmed that the Board is viewed as effective. An evaluation of Directors on an individual basis was however not undertaken.

CORPORATE GOVERNANCE REPORT (continued)

Board Remuneration

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

Names of Directors	2018/2019 Rs'000	2017/2018 Rs'000
Marc Ah Ching	149	35
Catherine Ahnee-Gouérec	117	101
Girish Dabeesing	104	92
Roger Leung Shin Cheung	150	130
Georges Leung Shing	261	225
Grace Sarah Leung Shing (appointed on 23 April 2019)	22	-
Aruna Radhakeesoon	92	93
Stephen Scali	119	26
Benu Servansingh	88	71
Francois Montocchio (resigned on 28 June 2019)	82	86
Lloyd Coombes (resigned on 23 May 2018)	-	79
Christian Foo Kune (resigned on 23 May 2018)	-	79
Total	**1,184**	**1,017**

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

Risk Governance and Internal Control

Risk Governance

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

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

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

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

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

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

Internal Control System

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

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

Reporting with Integrity

Financial Statements

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

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

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

Environmental, Social and Health & Safety

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

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

Corporate Social Responsibility (CSR)

As per the CGC's recommendations, the Board approved that CSR contributions of Rs 34,000 be disbursed to Quartier de Lumiere and Mahebourg Espoir.

Charitable and Political Contributions

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

Related party transactions

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

Audit

Internal Audit Function

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

During 2018/19, KPMG Advisory Services assessed the internal control system and procedures put in place by the Company and their compliance with laws and regulations. The following areas were audited during the year:

- Investments
- Loans
- Information Technology
- Accounts Receivable

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

External Audit Function

The ARC regularly reviews the independence of the external auditors including the nature and scope of any non-audit services which might have an impact on their independence. In line with the requirements of Finance Act regarding rotation of auditors whereby an audit firm, appointed by a listed company, shall not audit the accounts of that company for a continuous period of more than (7) seven years, the Board appointed Ernst & Young as external auditors of the Company as from the financial year ended 30 June 2017.

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

CORPORATE GOVERNANCE REPORT (continued)

Independent Auditors' Remuneration

	2018/2019 Rs'000	2017/2018 Rs'000
Fees paid to Ernst & Young for: External Audit services	280	302
Fees paid to KPMG for: Internal Audit services	232	225

Relations with Shareholders and Key Stakeholders

Shareholders' Analysis at 30 June 2019

Size of shareholding (Number of shares)	Shareholders		Ordinary Shares	
	Number	%	Number	%
1 – 500	741	15.47	151,343	0.04
501 – 1,000	381	7.96	301,444	0.07
1,001 – 5,000	1,170	24.43	3,017,025	0.71
5,001 – 10,000	539	11.25	4,004,292	0.95
10,001 – 50,000	1,081	22.57	25,677,975	6.06
50,001 – 100,000	328	6.85	23,997,876	5.67
100,001 – 250,000	268	5.60	42,616,376	10.07
250,001 & Above	281	5.87	323,621,187	76.43
Total	**4,789**	**100.00**	**423,387,518**	**100.00**

The above number of shareholders is indicative, due to consolidation of multi-portfolios for reporting purposes. The total number of active shareholders as at 30 June 2019 was 4,824. The only substantial shareholder is Golden Foundation Ltd with a holding of 12.41%.

Summary by Shareholder Category

Category	Number	%	Number	%
Individuals	4,459	93.11	261,762,375	61.83
Insurance Companies	7	0.15	21,154,671	5.00
Pension Funds	65	1.36	37,528,707	8.86
Investment Companies and Unit Trusts	17	0.35	7,088,786	1.67
Other Corporate Bodies	241	5.03	95,852,979	22.64
Total	**4,789**	**100.00**	**423,387,518**	**100.00**

Share Option Plan

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

Shareholders information

Dividend Policy

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

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

Share Price Information

The evolution of the share price over the past six years has been as follows:

30 June	Share Price Rs
2014	6.00
2015	5.36
2016	4.05
2017	4.60
2018	4.42
2019	4.12

Communication with shareholders for the year ended 30 June 2019

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

Financial year end	June
Annual meeting	December
Reports and profit statements Half-yearly Preliminary report for the year Annual report and financial statements	 March September December
Dividends **Interim** - Declared - Paid **Final** -Declared -Paid	 28 December 2018 2 April 2019 28 June 2019 27 September 2019

CORPORATE GOVERNANCE REPORT (continued)

Annual Meeting

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

Directors are encouraged to attend the Annual Meeting while the shareholders are invited to share their views with the Board and Management and request relevant clarifications. The next Annual Meeting will be held on 30 December 2019. The Board ensures that notice of the Annual Meeting and related papers are sent to shareholders at least (14) fourteen days before the meeting in accordance with the Companies Act.

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

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

Interest of Directors in Contracts

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

Agreements with third parties

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

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

The Company does not have any agreement with its shareholders.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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

i) adequate accounting records and maintenance of effective internal control systems;

ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the financial performance and cash flows for that period and which comply with International Financial Reporting Standards (IFRS);

iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

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

The Directors report that:

i) adequate accounting records and an effective system of internal controls and risk management have been maintained;

ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

iii) applicable accounting standards have been adhered to. Any departure has been disclosed, explained and quantified.

iv) the Code of Corporate Governance has been adhered to in all material aspects and reasons provided in case of non-compliance.

Georges Leung Shing
Chairperson

Bhagwansing Dabeesing
Director

Date: 30 September 2019

STATEMENT OF COMPLIANCE

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

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

Reporting Period: **1st July 2018 to 30th June 2019**

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

Principles	Areas of the Code and Reasons for non-compliance
Principle 2 • Board Composition – Independent Chairperson & Executive Directors • Board Committees – Chairperson of the Investment Committee	• The Board is of view that the long service of the Chairperson does not underpin his independence as he has always demonstrated independent high levels of professional judgement and objectivity at both Board and Committee levels which have always been in the best interests of the Company. • MDIT has a management contract with CIS Manager Golden Fund Management Services Ltd ('GFMS' or 'CIS Manager') to provide management and company secretarial services. GFMS Chief Executive Officer has been appointed Executive Director of the Company and, in pursuance of the management contract, the Manager or Accountant and Company Secretary of GFMS are in attendance at all the MDIT Board and Committee meetings. • The Board will consider a new Chairperson for the Investment Committee during the next financial year.
Principle 4 • Individual Directors evaluation	• An Individual Directors evaluation will be done during the next financial year.
Principle 5 • Whistle-blowing Policy	• A Whistle-blowing Policy will be implemented during the next financial year.

SIGNED BY:

Georges Leung Shing
Chairperson

Bhagwansing Dabeesing
Director

Date: 30 September 2019

SECRETARY'S CERTIFICATE

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

Fabrice Parsooramen, FCCA

For and on behalf of

JLP Company Secretarial Services Ltd
Company Secretary

Date: 30 September 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE MAURITIUS DEVELOPMENT TRUST COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Mauritius Development Trust Company Limited (the "Company") set out on pages 59 to 98 which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of the Company as at 30 June 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and Financial Report Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matter	How the matter was addressed in the audit
Expected credit losses (ECL) - impaired facilities	
The Company has loans at call of MUR 66.5 million at 30 June 2019. As explained in the accounting policies, these loans at call are carried at amortised cost, less allowance for credit impairment of MUR 1.5 million for impaired facilities and MUR 2.8 million for non-impaired facilities respectively. A financial asset is considered to be credit impaired in accordance with IFRS 9 when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.	We reviewed and assessed the design of the controls over the identification of facilities that are credit impaired and the related calculations of expected credit losses, including the quality of underlying data and systems. Where exposures were determined to be credit impaired our procedures focused on assessing the reasonability of the estimate of the expected future cash flows used in measuring the ECL. We independently assessed the provisioning methodologies and policies and formed an independent view on the levels of provisions booked based on the detailed loan and counterparty information contained in the credit files.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
Identification of credit impaired facilities and determination of the expected credit losses thereon involves significant judgement, estimates and assumptions regarding (i) the determination of whether a facility is credit impaired and (ii) in estimating the forecasted cash flows that the bank expects to receive from the obligors. This includes an estimate of what the Company can realise from the collaterals it holds as security on the impaired facilities.	We also ensured that all credit impaired loans have been properly identified by management by: 1. Reviewing the minutes of the Board meetings; 2. Identifying loan facilities meeting certain criteria such as financial difficulties of the borrower, restructured loans, insufficient collaterals and exposures to sectors in decline and ensuring these are included in the list of credit impaired facilities.
Expected credit losses (ECL) - facilities which are not credit impaired The determination of ECL on loans and advances which are not credit impaired involves the highest level of management judgement, thus requiring greater audit attention. Specific areas of judgement and estimation uncertainty include: 1. Identification of significant increase in credit risk (SICR), and in particular the selection of criteria to identify a SICR. These criteria are highly judgemental and can materially impact the ECL recognised for certain portfolios where the life of the facilities is greater than 12 months; 2. Complexity of the ECL model involving a number of critical assumptions in the determination of probabilities of default (PD), loss given default (LGD) and Exposure at default (EAD). 3. Accuracy and adequacy of the financial statement disclosures	IFRS 9 was implemented by the Company on 01 July 2018. This new standard requires the Company to recognise expected credit losses (ECL) on financial instruments which involves significant judgement and estimates to be made by the Company. The carrying value of financial instruments within the scope of IFRS 9 may be materially misstated if judgements or estimates made by the bank are inappropriate. For stage 1 and stage 2 loans, we assessed the appropriateness of the model used including the inputs and assumptions by performing the following procedures: 1. Reviewing the methodology adopted by the Company for calculation of ECL. 2. Checking the adequacy and quality of the data used for the calculation of PD, LGD and EAD; 3. Assessing the key assumptions used in PD, LGD and EAD models and ensure such assumptions reflect the actual behaviours of the credit facilities; 4. Reviewing the criteria for staging of credit exposures and ensure these are in line with the requirements of IFRS 9; 5. Ensured that loans have been properly classified in the relevant stage considering the above criteria; 6. Review of the PD and LGD calculations by our data modelling specialists; We assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards including disclosure of transition from IAS 39.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
Valuation of unquoted investments Included in the financial assets designated at fair value through profit or loss are unquoted investments of Rs 60.4 million (2018: Rs 138.2 million). Fair value measurement and associated valuation adjustments can be a subjective area and more so for unquoted investments based on valuation models or with weak liquidity and price discovery. Valuation technique used such as market approach, income approach or asset approach can be subjective in nature and involve various assumptions such as risk premium and marketability discounts. The use of different assumptions could produce significantly different estimates of fair value. Associated risk management disclosure is complex and dependent on high quality data.	We reviewed the methodologies used by management to fair value the significant unquoted investments ensuring that those methodologies are in line with the international private equity and venture capital valuation guidelines. For the sample selected, we reviewed those inputs, including discount rates, PE ratio, net asset value (NAV) and last traded prices, applied in the different models. For discounts applied by client to factor in lack of marketability, we understood management rationale for the percentage used and evaluated their reasonableness. Where market comparables have been used, we corroborated same with those of listed companies operating in similar industries and where NAV have been used we ensured that these are based on the most recent financial statements. We independently recalculated the fair value of the sample of investments selected and developed a range of values ensuring that the client valuation fall within the range. For fair value disclosures, we recomputed the sensitivities and ensured that those instruments carried at fair value have been properly disclosed in the appropriate fair value level.

Other Information

The directors are responsible for the other information. The other information comprises the Corporate Governance Report, Statement of Compliance and Secretary's Certificate, which we obtained prior to the date of this auditor's report. Other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above (other than the Corporate Governance Report) and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Corporate Governance report

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and the Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Report on the Audit of the Financial Statements (continued)

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE MEMBERS OF THE MAURITIUS DEVELOPMENT TRUST COMPANY LIMITED

Report on the Audit of the Financial Statements (continued)

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

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

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

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

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

ERNST & YOUNG	**André Lai Wan Loong, F.C.A**
Ebène, Mauritius	Licensed by FRC

Date: 30 September 2019

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

	Notes	2019 Rs'000	2018 Rs'000
ASSETS			
Financial assets at fair value through profit or loss	7	**1,596,703**	1,448,244
Loans receivable at call	8	**66,555**	106,139
Trade and other receivables	9	**24,940**	41,809
Cash and cash equivalents		**15,353**	14,246
Total assets		**1,703,551**	1,610,438
LIABILITIES AND EQUITY			
Liabilities			
Borrowings	11	**114,326**	67,841
Trade and other payables	12	**19,110**	15,708
Current tax liabilities	13	**1,209**	886
Dividends payable		**55,040**	55,040
		189,685	139,475
Total liabilties			
Equity			
Stated capital	10	**423,388**	423,388
Retained earnings		**1,090,478**	1,047,575
Total equity		**1,513,866**	1,470,963
Total liabilities and equity		**1,703,551**	1,610,438
Net asset value per share	15	**Rs 3.58**	Rs 3.47

Approved by the Board of Directors and authorised for issue on 30 September 2019.

Georges Leung Shing
Director

Marc Ah Ching
Director

The notes on pages 63 to 98 form part of these financial statements.
Auditors' report on pages 53 to 57.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 Rs'000	2018 Rs'000
Dividend income	16	**37,442**	40,354
Interest income		**8,445**	4,688
Net foreign exchange gains	17	**92**	80
		45,979	45,122
Realised and unrealised gain on financial assets at fair value through profit or loss:			
Realised gains on investments		**12,381**	18,046
Unrealised gain/(loss) on revaluation of investments	7	**114,792**	(18,460)
Net gain/(loss) on financial assets at fair value through profit or loss		**127,173**	(414)
		173,152	44,708
Expenses			
Management fees	18	**13,522**	12,606
Directors' fees & Secretarial fees		**1,260**	1,256
Listing fees		**476**	450
Closed-end fund expenses	19	**1,855**	1,536
Professional fees		**693**	929
Other expenses		**3,624**	2,179
Net Impairment loss on loans receivable at call	8	**2,489**	3,467
Net Impairment loss on trade and other receivables	9	**290**	-
Finance costs		**3,031**	940
		27,240	23,364
Profit before tax		**145,912**	21,344
Income tax expenses	13	**(1,108)**	(955)
Profit for the year		**144,804**	20,389
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**144,804**	20,389
Basic and diluted earnings per share	20	**34.2 cents**	4.8 cents

The notes on pages 63 to 98 form part of these financial statements.
Auditors' report on pages 53 to 57.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Stated capital Rs'000	Retained earnings Rs'000	Total Rs'000
Balance at 1 July 2017		**423,388**	**1,128,799**	**1,552,187**
Profit for the year		**-**	**20,389**	**20,389**
Other comprehensive income		**-**	**-**	**-**
Total comprehensive profit for the year		**-**	**20,389**	**20,389**
Dividends for the year	14	**-**	**(101,613)**	**(101,613)**
Balance at 30 June 2018		**423,388**	**1,047,575**	**1,470,963**
Balance at 1 July 2018		**423,388**	**1,047,575**	**1,470,963**
Initial application of IFRS 9		**-**	**(288)**	**(288)**
Restated balance as at 1 July 2018		**423,388**	**1,047,287**	**1,470,675**
Profit for the year		**-**	**144,804**	**144,804**
Other comprehensive income		**-**	**-**	**-**
Total comprehensive profit for the year		**-**	**144,804**	**144,804**
Dividends for the year	14	**-**	**(101,613)**	**(101,613)**
Balance at 30 June 2019		**423,388**	**1,090,478**	**1,513,866**

The notes on pages 63 to 98 form part of these financial statements.
Auditors' report on pages 53 to 57.

	2019 Rs'000	2018 Rs'000
Cash flows from operating activities		
Profit before tax	**145,912**	21,344
Adjustments for:		
Realised gain on sale of investments	**(12,381)**	(18,046)
Unrealised (gain)/ loss on revaluation of investments	**(114,792)**	18,460
Interest income	**(8,445)**	(4,688)
Finance costs	**3,031**	940
Interest received	**5,362**	3,794
Interest paid	**(2,811)**	(253)
Expected credit loss movements in profit and loss impairments and reversal	**1,084**	1,967
Bad debts written off	**1,695**	1,500
Net foreign exchange gains	**(92)**	(80)
Income Tax (paid)/ refunded	**(766)**	23
Operating profit before working capital adjustments	**17,797**	24,961
Decrease/ (increase) in trade and other receivables	**17,588**	(4,467)
Net decrease/(increase) in loans receivable	**45,539**	(74,500)
Proceeds from sales of investments	**112,637**	201,779
Purchases of investments	**(140,900)**	(100,886)
Increase in trade and other payables	**3,403**	1,016
Net cash flows from operating activities	**56,064**	47,903
Cash flows from financing activities		
Dividends paid	**(101,613)**	(101,613)
Proceeds from borrowings	**525,364**	123,850
Repayment of borrowings	**(478,800)**	(72,300)
Net cash flows used in financing activities	**(55,049)**	(50,063)
Net increase/ (decrease) in cash and cash equivalents	**1,015**	(2,160)
Cash and cash equivalents at beginning of year	**14,246**	16,326
Effect of exchange rate changes on cash and cash equivalents	**92**	80
Cash and cash equivalents at end of year	**15,353**	14,246
Represented by:		
Cash at bank	**15,432**	14,246
Bank overdraft (refer to Note 11 for further details)	**(79)**	-
	15,353	14,246

* Interest paid, interest received and income tax (paid)/refunded line items have been reclassified in the 2018 financial period to be shown as "adjustment to profit before tax" instead of as "working capital".

The notes on pages 63 to 98 form part of these financial statements.
Auditors' report on pages 53 to 57.

1. PRINCIPAL ACTIVITIES

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

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

2. BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

In the current year, the Company has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 July 2018.

The accounting policies applied in the preparation of the audited financial results are consistent with the most recent financial statements for the year ended 30 June 2018 except for the current adoption of International Financial Reporting Standard 9 (IFRS 9 – Financial Instruments) and International Financial Reporting Standard 15 (IFRS 15 – Revenue from Contracts with Customers) detailed below.

The Company has adopted 2 key reporting standards that are relevant to operations across all the countries. These being IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers. IFRS 15 had no significant effect whereas IFRS 9 has resulted in significant effect on financial instruments classification and measurement.

3.1.1 IFRS 15 – Revenue from Contracts with Customers adoption

IFRS 15 establishes a framework for determining when and how much revenue is recognised. Under IFRS 15, revenue is recognised when the customer obtains control of goods or services. It replaces International Accounting Standard 18 (IAS 18 – Revenue) and IFRIC 12 – Customer Loyalty Programs.

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

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

3.1.1 IFRS 15 – Revenue from Contracts with Customers adoption (continued)

IFRS 15, contains a single model that establishes a five step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise Revenue when (or as) the entity satisfies a performance obligation.

There has been no significant change to the timing and value of revenue recognised from the existing policies. Therefore the Company has adopted IFRS 15 from the date of initial application with no restatement of 2018 financial statements.

3.1.2 IFRS 9 – Financial Instruments adoption

The Company has adopted IFRS 9 as issued by the International Accounting Standards Board (IASB) in July 2014 with effect from 1 July 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The adoption of IFRS 9 has resulted in changes in accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 – Financial Instruments: Disclosures.

The Company did not early adopt IFRS 9 in previous periods. As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings of the current period.

Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in prior year.

3.1.3 Effect of adopting IFRS 9 on the classification and measurement of Financial assets and liabilities

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 1 July 2018. In addition it shows the reconciliation between the carrying amount at 30 June 2018 under IAS 39 and the opening balance at 1 July 2018 under IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2019

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

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

3.1.3 Effect of adopting IFRS 9 on the classification and measurement of Financial assets and liabilities (continued)

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 July 2018 relates solely to the new impairment requirements, as described further below. There were no movement of balances between asset classes.

Classification	IAS 39 classification and measurement	IFRS 9 new classification and measurement	IAS 39 carrying amount at 30 June 2018	Remeasurement (Impairment impact)	IFRS 9 opening amount at 1 July 2018
			Rs'000	Rs'000	Rs'000
Financial assets at fair value through profit or loss	Held for trading (FVTPL)	Financial assets at FVTPL	1,448,244	-	1,448,244
Loans receivable at call	Loans and receivables (amortised cost)	Financial assets at amortised cost	106,139	277	105,862
Trade and other receivables	Loans and receivables (amortised cost)	Financial assets at amortised cost	41,809	11	41,798
Bank and cash balances	Loans and receivables (amortised cost)	Financial assets at amortised cost	14,246	-	14,246
Borrowings	Financial liabilities	Financial liabilties at amortised cost	67,841	-	67,841
Trade and other payables	Financial liabilities	Financial liabilities at amortised cost	15,708	-	15,708
Total			**1,693,987**	**288**	**1,694,275**

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to the above financial liabilities at amortised cost; therefore IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, the measurement of financial assets eliminates the previous IAS 39 categories for financial assets held to maturity, loans and receivables and available for sale financial instruments. The net impact of Rs 288,000 was adjusted through retained earnings in the statement of changes in equity in the current year.

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

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

3.1.3 Effect of adopting IFRS 9 on the classification and measurement of Financial assets and liabilities (continued)

Classification of Financial instruments

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

1. Amortised cost
2. Fair value through Profit and Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The business models are explained as follows:

i) Hold to collect contractual cash-flow – Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and
- interest on the principal amount outstanding.

ii) Hold to sell – (FVTPL)

- All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets and debt instruments held for trading.
- A financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition for financial assets and liabilities not at fair value through profit and loss. Transaction costs for financial assets and liabilities carried at fair value through profit and loss are expensed in profit and loss.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial instrument	Business model	IFRS 9 subsequent measurement
Financial assets at fair value through profit or loss	Hold to sell	These assets are subsequently measured at fair value. Net gains are recognised in profit or loss.
Loans receivable at call	Hold to collect – contractual cashflows	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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

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

3.1.3 Effect of adopting IFRS 9 on the classification and measurement of Financial assets and liabilities (continued)

Refer to table on Page 26 for all other IAS 39 categories that were reclassified as a result of IFRS 9.

Financial assets at fair value through OCI (debt instruments)

An entity measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The company does not currently hold any equity or debt instruments measured at FVOCI.

Net trading income

Financial assets are held at fair value and the resulting gains and losses are included in the statement of profit or loss and other comprehensive income, together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

Gains or losses on assets or liabilities reported in the trading portfolio are included in the profit or loss component of the statement of comprehensive income under gains and losses on sale of investments together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

Interest income

Interest income on loans at amortised cost is calculated using the effective interest method which allocates interest, direct and incremental fees and costs, over the expected lives of the assets and liabilities.

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

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

3.1.3 Effect of adopting IFRS 9 on the classification and measurement of Financial assets and liabilities (continued)

Interest income (continued)

The effective interest method requires the Company to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'Expected Credit Loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The financial assets at amortised cost consist of loans and advances, cash and cash equivalents and debt securities.

The company uses the general approach under IFRS 9 to measure the expected credit losses for its loan receivables which do not originate from transactions under IFRS 15. The company thus measures the ECL in the 3 stages and tracks changes in credit risk. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (stage 1), which apply to all items as long as there is no significant deterioration in credit risk
- Lifetime ECLs (stages 2 and 3), which apply when a significant increase in credit risk has occurred on an individual or collective basis

When assessing significant increases in credit risk, there are a number of operational simplifications available, such as the low credit risk simplification. The Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due and any other qualitative or quantitative information available on the market.

Thus all loans receivable past this "30 days" needs to have an ECL measured in terms of stage 2 as the credit risk has now increased significantly.

The standard contains an important simplification that, if a financial instrument has a low credit risk, then an entity is allowed to assume at the reporting date that no significant increases in credit risk have occurred

For low risk instruments for which the simplification is used, the entity would recognise an allowance based on 12-month ECLs. However, if a financial instrument is not, or no longer, considered to have low credit risk at the reporting date, it does not follow that the entity is required to recognise lifetime ECLs. In such instances, the entity has to assess whether there has been a significant increase in credit risk since initial recognition which requires the recognition of lifetime ECLs.

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

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

3.1.3 Effect of adopting IFRS 9 on the classification and measurement of Financial assets and liabilities (continued)

Impairment of financial assets (continued)

The standard states that a financial instrument is considered to have low credit risk if:

- The financial instrument has a low risk of default
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term

And

- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations

A financial instrument is not considered to have low credit risk simply because it has a low risk of loss (e.g., for a collateralised loan, if the value of the collateral is more than the amount lent) or it has lower risk of default compared to the entity's other financial instruments or relative to the credit risk of the jurisdiction within which the entity operates. The description of low credit risk is equivalent to investment grade quality assets, equivalent to Standard and Poor's rating of BBB– or better, Moody's rating of Baa3 or better and Fitch's rating of BBB– or better.

Stages 2 and 3 differ in how interest revenue is recognised. Under stage 2 (as under stage 1), there is a full decoupling between interest recognition and impairment, and interest revenue is calculated on the gross carrying amount. Under stage 3 (when a credit event has occurred, defined similarly to an incurred credit loss under IAS 39), interest revenue is calculated on the amortised cost (i.e., the gross carrying amount adjusted for the impairment allowance).

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

The Company assesses at each reporting date the relevant forward looking and macro-economic factors to calculate the expected credit loss of a financial asset or group of financial assets.

Additional indicators of a significant increase in credit risk before a debtor is 30 days past due may include indications that the debtor or a group of debtors is experiencing significant financial difficulty default or delinquency in interest or principal payments the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows such as changes in arrears or economic conditions that correlate with defaults. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future ECLs that have not yet been incurred) discounted using the asset's original Effective Interest Rate (EIR). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as an expected credit loss expense.

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

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

3.1.3 Effect of adopting IFRS 9 on the classification and measurement of Financial assets and liabilities (continued)

Impairment of financial assets (continued)

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If a previous write-off is later recovered, the recovery is credited to the credit loss expense.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Derecognition of financial liabilities

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

4. STANDARDS AND INTERPRETATIONS IN ISSUE, NOT YET EFFECTIVE (continued)

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated

IFRS 16 – Leases (Annual periods beginning on or after 1 January 2019)

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guide including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right of-use asset and corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are unpaid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion that will be presented as financing and operating cash flows respectively.

In contracts to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. The Company has no leases and expects that this standard will have no impact on the financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle (Annual periods beginning on or after 1 January 2019)

Makes amendments to the following standards:

IAS 12 – Income Taxes

The amendments clarify that an entity should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

IFRS 3 – Business Combinations

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognized assets, liabilities and goodwill relating to the joint operation.

4. STANDARDS AND INTERPRETATIONS IN ISSUE, NOT YET EFFECTIVE (continued)

Annual Improvements to IFRS Standards 2015–2017 Cycle (Annual periods beginning on or after 1 January 2019) (continued)

IFRS 11 – Joint Arrangements

The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

IFRC 23 - Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The company is still assessing the possible impact of IFRIC 23 and does not expect it to be material.

Amendments to IFRS 9 – Prepayment Features with Negative Compensation (Annual periods beginning on or after 1 January 2019)

IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures (Annual periods beginning on or after 1 January 2019)

The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies of the Company are:-

(a) Financial instruments – Accounting policy for the period 30 June 2018 under IAS 39

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss or loans and receivables. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2019

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Financial instruments – Accounting policy for the period 30 June 2018 under IAS 39 (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

The Company's financial assets include cash and cash equivalents, trade and other receivables and investments held at fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

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

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied. The Company has designated its investments at fair value through profit or loss as these are managed and performance which is evaluated on a fair value basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss.

Derecognition

A financial asset is derecognised when:

The rights to receive cash flows from the asset have expired;

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Financial instruments – Accounting policy for the period 30 June 2018 under IAS 39 (continued)

Financial liabilities (continued)

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

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

(a) Financial instruments – Accounting policy for the period 30 June 2019 under IFRS 9

Recognition and measurement

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

The adoption of IFRS 9 has resulted in changes in the Company's accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 – Financial Instruments: Disclosures. The effect of adopting IFRS 9 is detailed in note 3.1.3.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Financial instruments – Accounting policy for the period 30 June 2019 under IFRS 9

Recognition and measurement

The following mapping table explain the previous measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the bank's financial assets:

Financial instrument	IAS 39 classification and measurement	IFRS 9 new classification and measurement
Financial assets at fair value through profit or loss	Held for trading (FVTPL)	Financial assets at FVTPL
Loans receivable at call	Loans and receivables (amortised cost)	Financial assets at amortised cost

Refer to the table on Page 26 for all other IAS 39 categories that were reclassified as a result of IFRS 9.

IFRS 9 largely retains the existing requirements in IAS 39 for classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity (HTM), loans and receivables and available for sale. The adoption of IFRS 9 has had no significant effect of the Company's accounting policies related to financial liabilities and derivatives.

Under IFRS 9, on initial recognition, financial asset is measured at:

i. Amortised cost;

ii. Fair value through other comprehensive income (FVOCI) – debt investments;

iii. Fair value through other comprehensive income (FVOCI) – equity investments; or

iv. Fair value through profit and loss (FVTPL).

Derecognition

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

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Company also derecognises certain assets when they are deemed to be uncollectible.

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

(b) Determination of fair value

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Determination of fair value (continued)

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

The Company classifies its investments as Fair Value Through Profit or Loss ("FVTPL").

Management determines the appropriate classification of the investments and re-evaluates such classification on a regular basis. Investments at FVTPL at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's investment strategy on a fair value basis, together with other relevant information.

(c) Impairment of financial assets – Accounting policy for the period 30 June 2018 under IAS 39

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future Expected Credit Loss (ECL) that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced by the amount of bad debt written off and the amount is recognised in profit or loss.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If a previous write-off is later recovered, the recovery is credited to the credit loss expense.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

To see the relevant IFRS 9 impairment policies, please refer to note 3.1.3 "Impairment of Financial Assets"

(d) Net gain or loss on financial assets

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Offsetting of financial instruments

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

(f) Investment income

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

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

(g) Interest income

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

(h) Functional and Presentation Currency

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

The Company's presentation currency is also Mauritian Rupee.

(i) Foreign currency transactions

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

(j) Cash and cash equivalents

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

(k) Taxation

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

Current income tax

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2019

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Taxation (continued)

Current income tax (continued)

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

Deferred tax

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in profit or loss or directly in equity.

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

(l) Stated capital

Stated capital classified as equity consists of issued ordinary shares.

6. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that has a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates and assumptions

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

Fair value of financial instruments

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

Impairment assessment of loans receivables

In addition to the IFRS9 (2019) and IAS 39 (2018), impairment provision raised as per the accounting policies on pages 28 – 29 and pages 34-35, the Company reviews its individually significant loans at each reporting date to assess the reasonability of the impairment loss recognised.

The Company's impairment methodology for assets at amortised cost results in the recording of provisions for:

Specific impairment losses on individually significant or specifically identified exposures in addition to the forward looking expected credit losses recognised in terms of IFRS 9 on the entire trade receivable or loan receivable balance.

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

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

30 June 2019

	Listed in Mauritius				
	Official Market Rs'000	Development & Enterprise Market Rs'000	Unquoted Rs'000	Overseas Quoted Investment Rs'000	Total Rs'000
At beginning of year	**582,063**	**484,588**	**138,207**	**243,386**	**1,448,244**
Additions	**515,735**	**23,401**	**18**	**39,684**	**578,838**
Disposals	**(70,180)**	**(368,686)**	**(81,930)**	**(24,375)**	**(545,171)**
Fair value changes	**101,886**	**(5,479)**	**4,179**	**14,207**	**114,792**
At end of year	**1,129,504**	**133,824**	**60,474**	**272,901**	**1,596,703**

30 June 2018

	Listed in Mauritius				
	Official Market Rs'000	Development & Enterprise Market Rs'000	Unquoted Rs'000	Overseas Quoted Investment Rs'000	Total Rs'000
At beginning of year	708,247	500,530	131,187	209,998	1,549,962
Additions	81,705	19,128	396	333	101,562
Disposals	(162,501)	(21,900)	-	-	(184,401)
Write Off	-	-	(418)	-	(418)
Fair value changes	(45,388)	(13,170)	7,042	33,055	(18,460)
At end of year	582,063	484,588	138,207	243,386	1,448,244

(a) The Additions during the year of Rs. 578.8M made up of Rs. 140.9M paid and Rs. 413.8M received as dividend in specie, non-cash, from ENL, Lavastone, Eudcos mainly. Similarly, the disposal of Rs. 546 M made up of Rs. 112.6M received and Rs. 410.9M as redemption of ENL Shares, following the ENL Group Amalgamation. The foreign additions and disposals include Rs24.4M and Rs22.5M respectively following the transfer between JF Eastern Fund and JP Morgan Asia Growth.

(b) The revaluation of the local and overseas investments, on the basis set out in note 5, resulted in a net deficit of Rs 113.1 M (2018: deficit of Rs 18.5 M).

(c) The net proceeds on sales of local and overseas investments amounted to Rs 556.0 M (2018: Rs 184.4 M).

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

Name	Main business	Class of shares	2019 % Held	2018 % Held
Ace Engineering Co Ltd	Automotive	Ordinary	**7.9%**	7.9%
Ace Motors Co Ltd	Automotive	Ordinary	**7.8%**	7.8%
Allied Motors Co Ltd	Automotive	Ordinary	**6.5%**	6.5%
ENL Ltd	Investment Holding	Preference	**N/A**	3.0%
La Sablonière Ltd	Investment Holding	Participating Preference	**N/A**	11.8%
PNL Ltd.	Consumer goods	Ordinary	**9.0%**	9.0%

8. LOANS RECEIVABLE AT CALL

	2019 Rs'000	2018 Rs'000
At beginning of year	**106,139**	34,687
Additions	**6,677**	162,001
Repaid	**(43,446)**	(89,000)
	69,371	107,688
Less: Impairment Allowance	**(2,815)**	(1,549)
At end of year	**66,555**	106,139

(i) The loans receivable at call earn average interest of 7.33% (2018: 7.64%) per annum.

(ii) The collateral received is not included in the assets of the Company and the amount and type of collateral required depends on an assessment of the credit risk of the counterparty, and included in the loan receivable are an amount of Rs19,143,985 (2018: Rs19,187,500) secured on the corporate assets of the borrower and/or the personal assets of the directors of the borrower.

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

30 June 2019

	Days past due						
	Assets Rs'000 Stage 1 (12 month)	Current Rs'000 Stage 1 (12 month)	< 30 days Rs'000 Stage 1 (12 month)	30 - 60 days Rs'000 Stage 2 (Lifetime)	61 - 90 days Rs'000 Stage 2 (Lifetime)	> 91 days Rs'000 Stage 3	Total Rs'000
Expected credit loss rate	**4.06%**	**4.06%**	**4.06%**	**-**	**-**	**100.00%**	**6.09%**
Estimated total gross carrying amount at default	**69,371**	**69,371**	**69,371**	**-**	**-**	**-**	**69,371**
Expected credit loss	**2,815**	**2,815**	**2,815**	**-**	**-**	**-**	**2,815**

30 June 2018

	Days past due						
	Assets Rs'000	Current Rs'000	< 30 days Rs'000	30 - 60 days Rs'000	61 - 90 days Rs'000	> 91 days Rs'000	Total Rs'000
Expected credit loss rate	0.28%	0.28%	0.28%	-	-	-	0.26%
Estimated total gross carrying amount at default	100,000	100,000	100,000	-	-	7,688	107,688
Expected credit loss	277	277	277	-	-	-	277

	Stage 1 Rs'000	Stage 2 Rs'000	Stage 3 Rs'000	Total Rs'000
Gross carrying amount as at 1 July 2018	100,000	-	7,687	107,688
New assets originated or purchased	6,629	-	-	6,629
Assets derecognised or repaid (excluding write offs)	(40,000)	-	(3,466)	(43,446)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	2,741	-	(2,741)	-
Amounts written off	-	-	(1,500)	(1,500)
At 30 June 2019	**69,371**	**-**	**-**	**69,371**

8. LOANS RECEIVABLE AT CALL (continued)

	Stage 1 Rs'000	Stage 2 Rs'000	Stage 3 Rs'000	Total Rs'000
ECL allowance as at 1 July 2018	-	-	1,549	1,549
Impact on adoption of IFRS 9	277	-	-	277
ECL allowance as at 1 July 2018 (As restated)	277	-	1,549	1,826
New assets originated or purchased	2,538	-	1,500	4,038
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Amount written off	-	-	(1,500)	(1,500)
Reversal during the year	-	-	(1,549)	(1,549)
At 30 June 2019	**2,815**	**-**	**-**	**2,815**

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

9. TRADE AND OTHER RECEIVABLES

	2019 Rs'000	2018 Rs'000
Trade receivables	**12,951**	15,164
Interest receivable	**90**	814
Prepayments	**264**	20,679
Receivables from related parties	**11,741**	5,152
	25,046	41,809
Less: Impairment Allowance	**(106)**	-
At end of year	**24,940**	41,809

(i) Trade receivables are non interest bearing and consist of dividends receivable from and proceeds receivable from sales of local investments.

(ii) Receivables from related parties earn average interest of 4.35% (2018: 4.46%) per annum.

(ii) As at 30 June, the ageing of receivables neither past due nor impaired was as follows:

30 June 2019

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

9. TRADE AND OTHER RECEIVABLES (continued)

30 June 2018

			Days past due				
	Assets Rs.	Current Rs.	< 30 days Rs.	30 - 60 days Rs.	61 - 90 days Rs.	> 91 days Rs.	Total Rs.
	0.28%	0.28%	0.28%	-	-	-	0.28%
Estimated total gross carrying amount at default	3,840	3,840	3,840	-	-	-	3,840
Expected credit loss from IFRS 9 at 1 July 2018	11	11	11	-	-	-	11

	2019 Stage 1 (12 month) Rs'000	2019 Stage 2 Lifetime Rs'000	2019 Stage 3 Credit Impaired Rs'000	2019 Total Rs'000
Past due but not impaired	**14,749**	**-**	**-**	**14,749**
Individually impaired	**10,191**	**-**	**-**	**10,191**
	24,940	**-**	**-**	**24,940**

	2018 Rs'000	2018 Rs'000	2018 Rs'000	2018 Total Rs'000
Neither past due nor impaired	37,969	-	-	37,969
Past due but not impaired	-	-	-	-
Individually impaired	3,840	-	-	3,840
	41,809	-	-	41,809

	Stage 1 Rs'000	Stage 2 Rs'000	Stage 3 Rs'000	Total Rs'000
Gross carrying amount as at 1 July 2018	41,614	-	195	41,809
New assets originated or purchased	(16,569)	-	-	(16,569)
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	(195)	(195)
At 30 June 2019	**25,046**	**-**	**-**	**25,046**

9. TRADE AND OTHER RECEIVABLES (continued)

	Stage 1 Rs'000	Stage 2 Rs'000	Stage 3 Rs'000	Total Rs'000
ECL allowance as at 1 July 2018	-	-	-	-
Impact on adoption of IFRS 9	11	-	-	11
	11	-	-	11
New assets originated or purchased	95	-	195	290
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Amount written off	-	-	(195)	(195)
At 30 June 2019	**106**	**-**	**-**	**106**

Total amount recognised in the profit or loss is Rs 290,000

10. STATED CAPITAL

	2019 Rs'000	2018 Rs'000
Issued share capital		
423,387,518 Shares of no par value	**423,388**	423,388

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

11. BORROWINGS

		2019 Rs'000	2018 Rs'000
Loans from third party			
Loans	(i)	**20,000**	20,000
Bank loans & overdraft			
Bank loans	(ii)	**93,350**	47,050
Accrued interest on loans		**976**	791
		114,326	67,841

(i) Loans from third party

The loans carry an average interest of 3.50% (2018: 3.50%) per annum, are unsecured and repayable at call.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2019

11. BORROWINGS (continued)

(ii) Bank loans

The bank loans are payable within one to three months, carry average interest rates of 3.50% (2018: 3.50%) per annum and are secured on the Company's assets.

(iii) Bank overdraft

The bank overdraft are secured by floating charges on the Company's assets and carry interest of: 5.75% (2018: 5.75%) per annum. The Bank overdraft has been classified in cash and cash equivalents.

12. TRADE AND OTHER PAYABLES

	2019 Rs'000	2018 Rs'000
Trade payables	**528**	1,258
Accrued expenses	**13,610**	12,142
Interest accrued	**-**	-
Amount due to related parties	**4,972**	2,308
	19,110	15,708

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

13. CURRENT TAX LIABILITIES

(i) Income tax

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

	2019 Rs'000	2018 Rs'000
Income Tax Expense:		
Provision for the year	**974**	858
Underprovision in previous year	**-**	14
	974	872
Corporate Social Responsibility Contribution	**114**	68
Foreign tax on investment income	**19**	14
Income tax expense		
	1,108	955

13. CURRENT TAX LIABILITIES (continued)

(ii) Current tax liabilities

	2019 Rs'000	2018 Rs'000
Balance at beginning of year	**886**	(29)
Provision for the year	**974**	872
Less: Income tax paid/refund	**(493)**	43
Less: Tax paid under APS	**(272)**	-
Corporate Social Responsibility due	**114**	-
Balance at end of year	**1,209**	886

(iii) Reconciliation of the total tax charge

A reconciliation between the tax expense and the accounting profit multiplied by the domestic tax rate for the years ended 30 June 2019 and 30 June 2018 is, as follows:

	2019 Rs'000	2018 Rs'000
Accounting profit before tax	**145,912**	21,344
Tax at 17%	**24,805**	3,628
Tax effect of:		
- Exempt income*	**(73,867)**	(14,183)
- Non-allowable expenses*	**50,167**	11,840
CSR fund	**114**	68
- Adjustment for CSR fund	**(130)**	(426)
	1,089	927
Foreign tax on investment income	**19**	14
Under provision in previous year	**-**	14
	1,108	955

	2019 %	2018 %
Applicable tax rate	**17.00**	17.00
Tax effect of:		
- Exempt income*	**(50.62)**	(66.45)
- Non allowable expenses*	**34.38**	55.47
CSR fund	**0.08**	0.32
- Adjustment for SCR fund	**(0.09)**	2.07
	0.75	4.41
- Overprovision of tax in prior year	**-**	0.07
Effective income tax rate	**0.75**	4.47

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2019

14. DIVIDENDS PAYABLE

	2019 Rs'000	2018 Rs'000
(a) Dividend declared		
Interim dividend for 2019 declared on 28 December 2018: 11 cents per share (2018: 11 cents per share)	**46,573**	46,573
Final dividend for 2019 declared on 28 June 2019: 13 cents per share (2018: 13 cents)	**55,040**	55,040
	101,613	101,613
(b) Dividend paid relating to:		
Final dividend of 13 cents per share for the year ended 30 June 2019 paid in September 2019 (Final for June 2018; payment in September 2018: 13 cents)	**55,040**	55,040
Interim dividend of 11 cents per share for the year ended 30 June 2019 paid in March 2019 (Interim for June 2018; paid in March 2018: 11 cents)	**46,573**	46,573
	101,613	101,613

15. NET ASSET VALUE PER SHARE

Net Asset Value (NAV) per share is based on the net assets of Rs 1,513M (2018: 1,471M) and on 423,387,518 ordinary shares in issue throughout the two years ended 30 June 2019 and 30 June 2018.

16. DIVIDEND INCOME

	2019 Rs'000	2018 Rs'000
Dividend income from investments:		
Local:		
Listed - Official Market	**24,510**	18,468
Listed – Development & Enterprise Market	**8,729**	17,478
Unquoted	**2,741**	3,813
	35,980	39,759
Overseas:		
Quoted	**1,462**	595
	37,442	40,354

17. NET FOREIGN EXCHANGE GAIN

	2019 Rs'000	2018 Rs'000
Cash Net exchange gain arising on cash and cash equivalents	**92**	80

The foreign exchange gain/ (loss) on foreign investments is included in the unrealized gain/(loss) on revaluation of investments.

18. MANAGEMENT FEES

Expenses do not include any staff costs as the Company had no employees during the two years ended 30 June 2018 and 30 June 2019.

Management fees are paid to the CIS Manager, Golden Fund Management Services Ltd, to provide management and company secretarial services to the Company.

19. CLOSED-END FUND EXPENSES

	2019 Rs'000	2018 Rs'000
Share registry fees	**908**	750
Custodian & other fees	**947**	786
	1,855	1,536

20. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the year is based on the profit for the year of Rs 150M (2018: 21M) and on 423,387,518 ordinary shares in issue throughout the two years ended 30 June 2019 and 30 June 2018. The basic and diluted earnings per share are equal.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2019

21. RELATED PARTY TRANSACTIONS

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

Name of company	Relationship	Nature of transaction	Value of Transactions 2019 Rs'000	Value of Transactions 2018 Rs'000	Receivable/ (Payable) 2019 Rs'000	Receivable/ (Payable) 2018 Rs'000
At 30 June						
Golden Fund Management Services Ltd (GFMS)	CIS Manager	Inter-Company Transfers			**4,365**	
		Interest			**86**	
		Current A/C		-		(33)
		Management Fees	**13,522**	12,606	**(4,972)**	(1,993)
		Share of Office Expenses under common Management	**1,296**	1,245		(282)
		Inter-Company A/C balance		-	**(521)**	(2,308)
Golden Foundation Ltd (GFL)	Related Party	Short term Financing		13,067	**5,733**	3,840
		Interest		584	**1,450**	1,312
		Inter-Company A/C balance		-	**7,183**	5,152

Compensation paid to key management personnel of CIS Manager GFMS for the year amounted to Rs 1,260,000 (2018: Rs 1,097,868).

22. CHANGES FROM LIABILITIES ARISING FROM FINANCING ACTIVITY

	At 01 July 2018 Rs'000	Additions Rs'000	Repaid Rs'000	At 30 June 2019 Rs'000
Loans and borrowings	**67,841**	**525,285**	**(478,800)**	**114,326**
Accrued interest on loans & borrowings	**-**	**-**		
Bank Overdraft	**-**	**79**	**-**	**-**
	67,841	**525,285**	**(478,800)**	**114,327**
Dividend payable	**55,040**	**101,613**	**(101,613)**	**55,040**
Total	**122,881**	**626,898**	**(580,413)**	**169,367**

22. CHANGES FROM LIABILITIES ARISING FROM FINANCING ACTIVITY (continued)

	At 01 July 2017 Rs'000	Additions Rs'000	Repaid Rs'000	At 30 June 2018 Rs'000
Loans and borrowings	15,500	124,641	(72,300)	67,841
Bank Overdraft	1,842	-	(1,842)	-
	17,342	124,641	(74,142)	67,841
Dividend payable	55,040	101,613	(101,613)	55,040
Total	72,382	102,404	(51,905)	122,881

23. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are:

(a) To safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders;

(b) To secure a good dividend yield as well as long term capital appreciation.

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

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

	2019 Rs'000	2018 Rs'000
Borrowings	114,326	67,841
Less cash and cash equivalents	(15,353)	(14,246)
Net debt	98,973	53,595
Total equity	1,513,866	1,470,963
Gearing ratio	6.54%	3.64%

The Company has no capital commitments at 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2019

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Fair value

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

Fair value measurements

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

The fair values of financial assets are determined as follows:

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

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

Fair value hierarchy

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

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

	30 June 2019			
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Financial assets at FVTPL				
Quoted equities				
- Local Official Market	1,129,504	-	-	1,129,504
- Development & Enterprise Market	133,824	-	-	133,824
- Overseas Markets	272,902	-	-	272,902
Unquoted equities	-	70	60,403	60,473
Total	1,536,230	70	60,403	1,596,703

	30 June 2018			
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Financial assets at FVTPL				
Quoted equities				
- Local Official Market	582,062	-	-	582,062
- Development & Enterprise Market	484,588	-	-	484,588
- Overseas Markets	243,387	-	-	243,387
Unquoted equities	-	76,733	61,474	138,207
Total	1,310,037	76,733	61,474	1,448,244

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value measurements (continued)

Fair values hierarchy (continued)

Reconciliation of Level 3 fair value measurements.

2019

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

2018

Sector	At start of year Rs'000	Additions Rs'000	Disposals Rs'000	Reclassification Rs'000	Fair value gain/(loss) to profit or loss Rs'000	At end of year Rs'000
Consumer goods	23,931	-	-	-	(355)	23,576
Financial Services	229	-	-	-	5,022	5,251
Hospitality	501	-	-	-	(366)	135
Investment	2,952	-	-	-	1,605	4,557
Investment property	851	-	-	-	633	1,484
Manufacturing	2,170	-	-	-	(309)	1,861
Retail	10,235	-	-	-	14,375	24,610
Total	40,870	-	-	-	20,604	61,474

There was no transfer to/(from) Level 3 for the two years ended 30 June 2019 and 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2019

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value measurements (continued)

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

The following table gives information about how the fair value of signiciant financial assets under Level 3 are determined and inputs used. The sensitivity analysis below has been determined based on an increase/decrease of 5% change to the variable inputs with all other variables held constant.

30 June 2019

Sector of activity	Valuation technique	Significant unobservable input to fair value	Effect on fair value (+/- 5%) Rs'000
Consumer goods & Commerce	Average of adjusted NAV, P/E & P/NAV multiple of peers discounted by 20% to account for market condition and liquidity	Discount to account for market condition and liquidity	1,239
Retail	Average of adjusted NAV, P/E & P/NAV multiple of peers discounted by 60% to account for market condition and liquidity	Discount to account for market condition and liquidity	1,290

30 June 2018

Sector of activity	Valuation technique	Significant unobservable input to fair value	Effect on fair value (+/- 5%) Rs'000
Consumer goods & Commerce	Average of adjusted NAV, P/E & P/NAV multiple of peers discounted by 20% to account for market condition and liquidity	Discount to account for market condition and liquidity	1,178
Retail	Average of adjusted NAV, P/E & P/NAV multiple of peers discounted by 60% to account for market condition and liquidity	Discount to account for market condition and liquidity	1,230

Categories of financial instruments

	2019 Rs'000	2018 Rs'000
Financial assets		
Financial Assets at FVTPL	1,596,703	1,448,244
Loans and Receivables:		
Loans receivable at call	66,555	106,139
Trade and other receivables	24,676	21,130
Cash and cash equivalents	15,353	14,246
	1,703,287	1,589,759

Prepayment have been excluded from Accounts receivable.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value measurements (continued)

Categories of financial instruments (continued)

	2019 Rs'000	2018 Rs'000
Financial Liabilities		
Financial Liabilities at amorstised cost:		
Loans	**114,326**	67,841
Trade and other payable	**19,110**	15,708
Declared dividend payable	**55,040**	55,040
	188,476	138,589

Financial risk management objectives

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

Market risk

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

(i) *Currency Risk*

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

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

	2019		2018	
Currency	**Financial Assets Rs'000**	**Financial Liabilities Rs'000**	Financial Assets Rs'000	Financial Liabilities Rs'000
MUR	**1,350,274**	**188,476**	1,338,730	138,589
USD	**288,913**	-	189,078	-
EUR	**63,997**	-	61,871	-
ZAR	**103**	-	85	-
	1,703,287	**188,476**	1,589,764	138,589

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value measurements (continued)

Market risk (continued)

(i) *Currency Risk (continued)*

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

	USD Impact	
	2019 Rs'000	2018 Rs'000
Impact on profit	**28,891**	19,499

	EUR Impact	
	2019 Rs'000	2018 Rs'000
Impact on profit	**6,400**	6,187

	ZAR Impact	
	2019 Rs'000	2018 Rs'000
Impact on profit	**10**	8

<u>USD and EUR Impact</u>

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

<u>ZAR Impact</u>

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

(ii) *Interest rate risk management*

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

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value measurements (continued)

Market risk (continued)

(ii) *Interest rate risk management*

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

	2019 %	2018 %
Average interest rate per annum		
Financial assets		
Financial assets at FVTPL: Debt instruments	**7.85**	4.97
Loans receivable at call	**7.33**	7.64
Financial liabilities		
Borrowings	**3.50**	3.50

Interest rate sensitivity analysis

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

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

	2019 Rs'000	2018 Rs'000
Impact on profit	**936**	867

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

(iii) *Equity price risks*

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

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 5% higher/lower:

Profit and equity would increase/decrease by Rs 77.6M (2018: Rs 72.4M) as a result of the changes in fair value of the equity investments.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2019

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Liquidity risk management

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

Liquidity risk tables

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

2019	At call Rs'000	Less than 1 month Rs'000	1-3 months Rs'000	3 months to 1 year Rs'000	More than 1 year Rs'000	Total Rs'000
Financial assets						
Non interest bearing	-	3,199	15,754	-	**1,545,951**	**1,564,904**
Interest rate instruments:						
Financial assets at FVTPL:						
Debt instruments	**-**	-	-	-	**44,734**	**44,734**
Accounts receivable	**11,741**	-	-	-	-	**11,741**
Loans receivable at call	**66,555**	-	-	-	-	**66,555**
Cash and cash equivalents	**15,353**	-	-	-	-	**15,353**
	93,649	**3,199**	**15,754**	-	**1,596,703**	**1,703,287**
Financial Liabilities						
Non Interest bearing	-	**528**	**55,040**	**18,582**	-	**74,150**
Interest rate instruments:						
Borrowings	**20,000**	-	**94,326**	-	-	**114,326**
	20,000	**528**	**149,366**	**18,852**	-	**188,476**

2018	At call Rs'000	Less than 1 month Rs'000	1-3 months Rs'000	3 months to 1 year Rs'000	More than 1 year Rs'000	Total Rs'000
Financial assets						
Non interest bearing	-	1,777	14,206	-	1,101,920	1,117,903
Interest rate instruments:						
Financial assets at FVTPL:						
Debt instruments	346,324	-	-	-	346,324	346,324
Accounts receivable	5,152	-	-	-	-	5,152
Loans receivable at call	106,139	-	-	-	-	106,139
Cash and cash equivalents	14,246	-	-	-	-	14,246
	125,537	1,777	14,206	-	1,448,244	1,589,764
Financial Liabilities						
Non Interest bearing	-	1,256	59,166	10,326	-	70,748
Interest rate instruments:						
Borrowings	20,000	-	47,841	-	-	67,841
	20,000	1,256	107,007	10,326	-	138,589

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk management

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

Wherever possible, credit risks are secured by guarantees.

The Company does not have significant concentration of credit risk which is attributable to its trade receivables. Trade receivables consist mainly of dividend receivable from a large number of investee companies spread across diverse industries.

Bank balances are held with reputable financial institutions.

The table below shows the credit quality by class of assets for all financial assets exposed to credit risk. The amounts presented are gross of impairment allowances:

2019			Days past due				
	Assets Rs'000	Current Rs'000	<30 days Rs'000	30 - 60 days Rs'000	61 - 90 days Rs'000	>91 days Rs'000	Total Rs'000
Trade and other receivables	**24,676**	**24,676**	**24,676**	-	-	-	**24,676**
Loan receivables at call	**66,555**	**66,555**	**66,555**	-	-	-	**66,555**
Cash and cash equivalents	**15,353**	**15,353**	**15,353**	-	-	-	**15,353**

2018	Neither past due nor impaired Rs'000	Individually Impaired Rs'000	Total Rs'000
Trade and other receivables	21,130	-	21,130
Loan receivables at call	106,139	-	106,139
Cash at banks	14,246	-	14,246
	141,515	-	141,515

For 2018, all of the above are classified as current and is less than 30 days.

25. SEGMENT INFORMATION

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

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

26. SUBSEQUENT EVENT DISCLOSURES

There is no significant event after the reporting period which needs to be disclosed or requires amendments to the 30 June 2019 financial statements.

PROXY FORM

For the 52nd Annual Meeting
The Mauritius Development Investment Trust Company Limited (the "Company" or MDIT)

I/We

being a shareholder/s of The Mauritius Development Investment Trust Co Ltd, do hereby appoint Mr/Ms

of

or failing him/her Mr/Ms

of

or failing him/her the Chairman of the meeting as my/our proxy to vote for me/us at the meeting of the Company to be held in the Private Room, 2nd Floor, La Bonne Marmite Restaurant Complex, Sir William Newton Street, Port Louis, on 30 December 2019 at 15.30 hrs and at any adjournment thereof.
I/We desire my/our votes to be cast on the Resolutions as follows:

Mark with X where applicable		FOR	AGAINST	ABSTAIN
1	To consider and approve the Annual Report including the audited financial statements for the year ended 30 June 2019.			
2	To re-appoint as director Mr Roger Leung Shin Cheung.			
3	To re-appoint as director Mr Georges Leung Shing.			
4	To elect Mrs Catherine Ahnee-Gouérec as director.			
5	To elect Ms Grace Sarah Leung Shing as director,			
6	To ratify the payment of the interim and final dividends declared by the Directors for the year ended 30 June 2019 and paid.			
7	To fix the directors' fees for the year ending 30 June 2020.			
8	To re-appoint Ernst & Young as auditors under section 200 of the Companies Act 2001 and to authorise the directors to fix their remuneration.			

Signed this ______ day of ______ 2019

Signature ______

A member may appoint a proxy to attend, speak and vote in his/her stead. The proxy need not be a member of the Company but the proxy forms should be forwarded to reach the Company's registered office, 7th Floor, Newton Tower, Sir William Newton Street, Port-Louis not less than twenty four hours before the time for holding the meeting.