Mauritius Investment Corporation

Securing our Future

INAUGURAL REPORT

2021

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Mauritius Investment Corporation

Securing our Future

UNPRECEDENTED TIMES CALL FOR UNPRECEDENTED RESPONSE

We have been set up to support and accelerate the economic development of Mauritius. We aim to sustain the long-term prosperity of Mauritius by prudently growing its capital through a disciplined investment process.

> "Because we believe it is crucial to **build wealth** and **long-term economic resilience**"

Overview

The mission of the Mauritius Investment Corporation Ltd (MIC) is to support and accelerate the economic development of Mauritius. It aims to sustain the long-term prosperity of Mauritius by prudently growing its capital through a disciplined investment process.

The impact of the socio-economic turmoil that seeped throughout the globe in 2020 is unparalleled in modern history. The pandemic plunged the world into a public health crisis that saw many lose their lives, and the livelihoods of many more disrupted as entire countries were forced to a near standstill. The outbreak and ensuing swift spread of COVID-19 has significantly limited connectedness across borders. Governments mandated lockdowns and limited movements, which caused economic contractions in most countries. Multiple waves of infection led to intermittent lockdowns, which delayed and slowed economic recoveries. Mauritius was not spared as a small open economy. The impact of COVID-19 was felt unevenly across sectors. Although lockdowns weighed heavily on transport, retail, hospitality and services in general, they were eventually more benign for a number of other sectors.

The severity of the impact of the pandemic required not only massive and concerted action but also out-of-the-box measures from policymakers. Counter-cyclical fiscal and monetary policies were introduced on an unprecedented scale, while public health measures distorted markets impacting the consumption and investment expenditures of many households and corporates.

Entrusted with great responsibility, the MIC has taken tremendous steps towards fulfilling its mandate. Since inception, its mandate has enabled to roll out the most prudent and optimal way to invest our nation's wealth to secure the financial well-being of Mauritius and its people for years to come. The MIC targets an investment management platform as per global best practices in capital allocation, risk management and corporate governance.

A major responsibility of the MIC is to be the catalyst for accelerating economic development, as well as to build an asset base for the country. Guided by our Board, which includes devoted and committed members, we have built and attracted a dedicated team bearing a range of investment and operational skills that has adapted with the needs and requirements of the MIC's investment strategy. Therefore, the MIC will remain steadfast in delivering on its mandates with the highest standards of professionalism and integrity and apply sound judgement and duty of care to act in the best interest of the nation.

Looking ahead, domestic economic outlook is predicted to regain momentum, buoyed by progress in dealing with COVID-19, including vaccinations; recovery in the global economy; and strengthening policy stimuli and coordination. This optimism for economic recovery is further supported by the range of measures to promote structural transformation, including the acceleration of the digital economy. All these points towards concerted policy coordination and community collaboration. In this environment of heightened uncertainty, there is no room for complacency.

The MIC stands ready to accompany the country in a quest for higher economic prosperity and diversifying the economic base. To support economic improvement in the medium-term, it remains necessary to allow the potential for changes in the domestic economic structure, exposed by the COVID-19 period. One of the key steps in its future evolution will include a significant push to develop and deepen our investment reach across new sectors and asset classes. The MIC will expand its network of relationships on a continued drive toward excellence.

We sincerely hope that this inaugural report of the MIC will bring new insights and understanding of the important mandate we have been entrusted with, as well as the team and organization that we are building to deliver on it. We hope to make significant strides in the execution and delivery of our mandate. We are developing an investment organization that is built on the very highest standards of global best practices.

J. N. Bissessur
Chief Executive Officer

MIC at a glance

	For the period ended 30-Jun-21
	Rs million
Total Financial Commitments Outstanding for Bonds Subscription	10,397
Number of Committed Investee Entities for Bonds Issue	38
Total Financial Assets at Fair Value at Period End	6,725
Number of Entities to which MIC Subscribed Bonds	16
Total Assets	80,477
Stated Capital	1,000
Profit before Changes in Fair Value of Financial Assets	58
Changes in Fair Value of Financial Assets	(596)
Loss for the Period	(538)
Social and Economic Impacts of MIC's Portfolios	
Number of Persons Directly Employed in Investee Entities	23,870

Note: Changes in fair value of assets refer to the fair value of the redeemable convertible bonds which have been estimated using a scenario-based valuation model as at 30 June 2021. The scenario-based valuation model has resulted in a decrease of Rs596 million in the fair value of the carrying value of these bonds as at 30 June 2021. The bulk of this amount is attributable to large companies operating in the hospitality sector. The assumptions used in the model used are based on certain inputs and data prevailing as at 30 June 2021.

What we do?

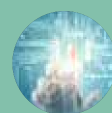
PROTECTING & BUILDING OUR FINANCIAL ECOSYSTEM

We **support key sectors impacted** as a result of the COVID-19 pandemic to protect their financial security and the livelihoods of their employees.

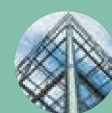
We are an **investor for the nation's wealth enhancement**. We aim to build financial wealth for future generations and become a strategic accelerator to unleash Mauritius' potential.

Where do we invest?

COVID-19 IMPACTED CORPORATIONS



INNOVATION DRIVEN SECTORS



INFRASTRUCTURE

through **stocks**, **bonds**, **hard assets**, **loans**, **active investment** and **acquisition of stakes**

How do we invest?

INVESTMENT OBJECTIVES

INVESTMENT CAPACITY:
USD 2 BILLION

- Support and accelerate the economic development of Mauritius and build a savings base for the citizens of Mauritius
- Assist systemically large, important and viable corporations or companies incorporated in Mauritius which are financially distressed as a result of the COVID-19 pandemic
- Invest the assets under its management to secure key basic necessities and support higer long-term growth of Mauritius

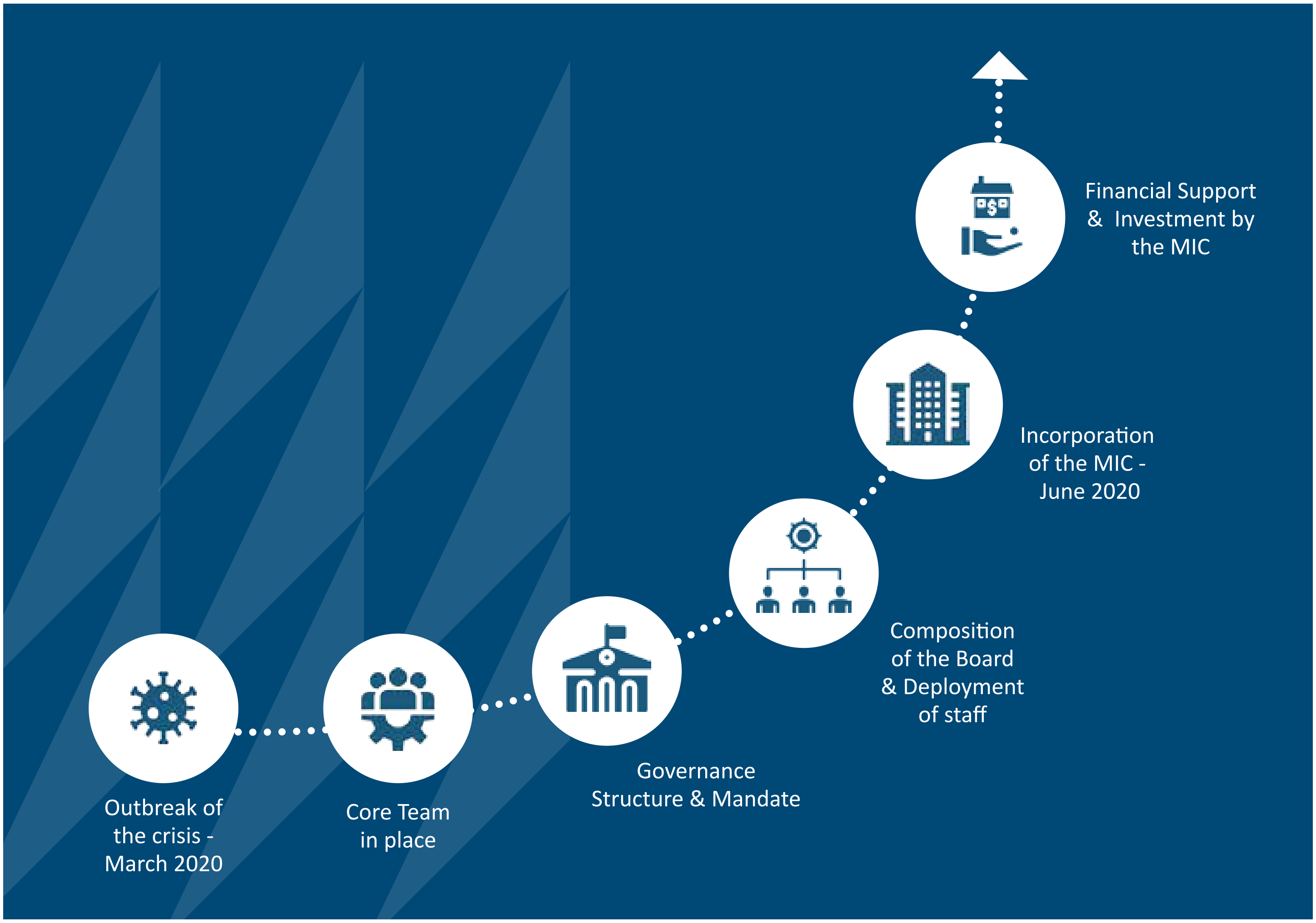
Our Impact

- BUILD A SAVINGS BASE FOR THE CITIZENS OF MAURITIUS
- SUSTAIN ECONOMIC ACTIVITIES
- DEVELOP EMERGING SECTORS
- GENERATE POSITIVE, REAL RATE OF RETURN

1. Our Portfolio

The MIC is a private limited company fully owned by the Bank of Mauritius. The establishment of the MIC has been in a context when the country was faced with an unpreceded economic situation in its history emanating from the outbreak of the COVID-19 pandemic. In a very short span of time, the MIC has contributed to alleviate some of the effects of the pandemic, preserve financial system stability and bring confidence among operators of the business community.

The MIC was established in June 2020 and entrusted with great responsibilities as economic operators were battling against the effects of the COVID-19 pandemic. The economic situation following the national lockdown in March 2020 and closing of borders was unprecedented while the outlook was clouded with a high level of uncertainty. The setting up of the MIC was in line with the Bank of Mauritius' mandate, which is to ensure orderly and balanced economic development and maintain financial stability.



The objectives of the MIC, as laid down in its Constitution are, inter alia, to:

- assist systemically large, important and viable companies in Mauritius, which are financially impacted as a result of the COVID-19 pandemic and representing a direct threat to financial stability;
- invest in companies in view of securing key basic necessities and support higher long-term growth as well as in companies geared towards a smart and innovation-driven for the future of Mauritius; and
- support the development of return-generating key strategic assets and projects in Mauritius and the region.

Mission, Vision and Values

Mission

- Our mission is to support and accelerate the economic development of Mauritius, to ensure that domestic systemic economic operators that are affected as a result of the COVID-19 pandemic are kept afloat.
- The MIC is committed to invest in strategic projects aiming at making Mauritius an innovation-driven and self-sufficient economy. The MIC also ascertains the reorientation of the economic landscape to sustainably serve the country.

Vision

- By investing in strategic and forward-looking projects, we aim to grow a long-lasting nation's wealth by generating positive real rate of returns.
- To build a resilient portfolio through our mandate to further enhance an orderly and balanced economic development of Mauritius.
- To create new opportunities for the future generations. We are driven to make Mauritus a better place where opportunities are thriving for the betterment of the people of Mauritius.

Values

- Ethos and work ethics are rooted in three core values:
- Good Governance
- Independence
- Accountability
- The MIC operates under a governance framework that adheres to international standards. In all of our operations, we advocate good corporate governance.
- The board of directors makes decisions based on the Investment Committee's (IC) recommendations. All investment decisions are made with complete transparency, accountability, and independence.

Investment Portfolios

The MIC was established in order to manage and develop a portfolio of strategic assets. The MIC has established three investment portfolios: Future generations, Infrastructure and Equity participation. Each class of assets has a different risk-return profile which is analysed and monitored to ensure the investment objective's return. The Portfolios are constructed to be resilient across a range of potential market and economic conditions, while ensuring positive long-term real returns.

Investment objectives

- Support and accelerate the economic development of Mauritius and build a savings base for the citizens of Mauritius
- Assist systemically large, important and viable corporations or companies incorporated in Mauritius which are financially distressed as a result of the COVID-19 pandemic
- Invest the assets under its management to secure key basic necessities and support higher long-term growth of Mauritius

Future Generations Portfolio

The objective of this portfolio is to invest in a diversified portfolio of appropriate growth assets in order to support and accelerate the economic development of Mauritius and build a savings base for the citizens of Mauritius. Investment in companies are geared towards building self-sufficiency in key necessities and in enhancing Mauritius as an innovation-driven economy.

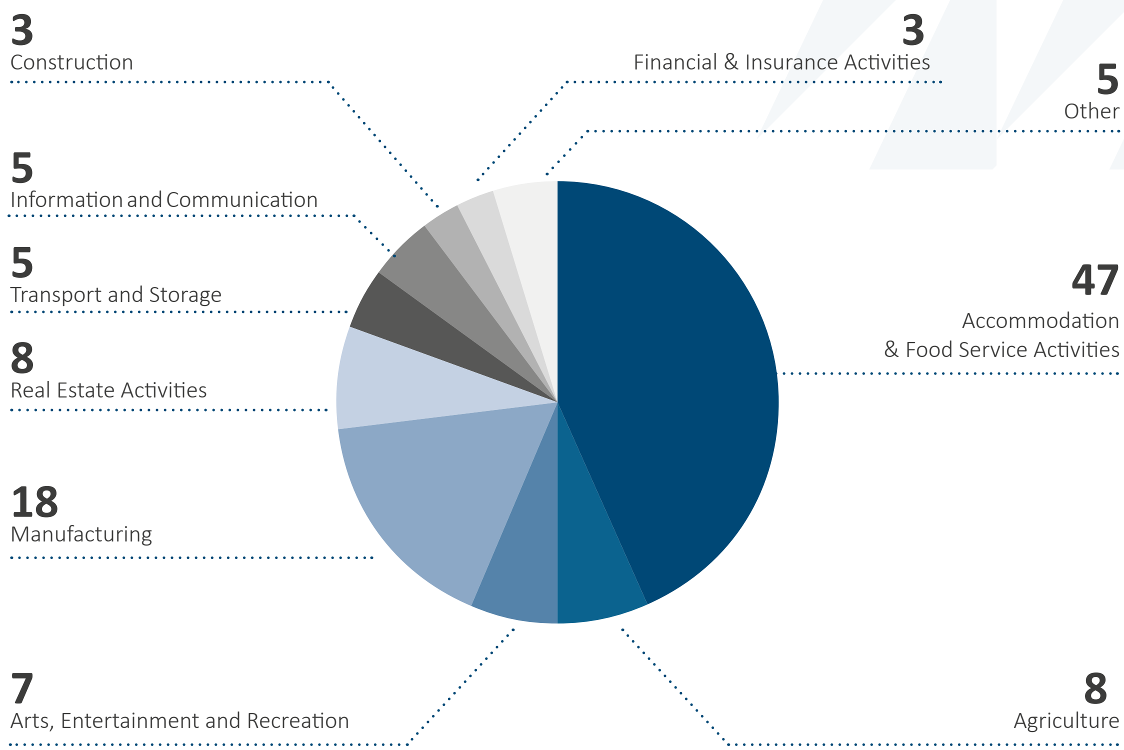
Infrastructure Portfolio

The infrastructure portfolio consists of investments in the development of critical infrastructure of the country such as port development, power generation, road network, food security, water and sewage treatment and delivery, airport facilities and similar assets in order to stimulate the growth and diversification of the economy and create jobs for the people.

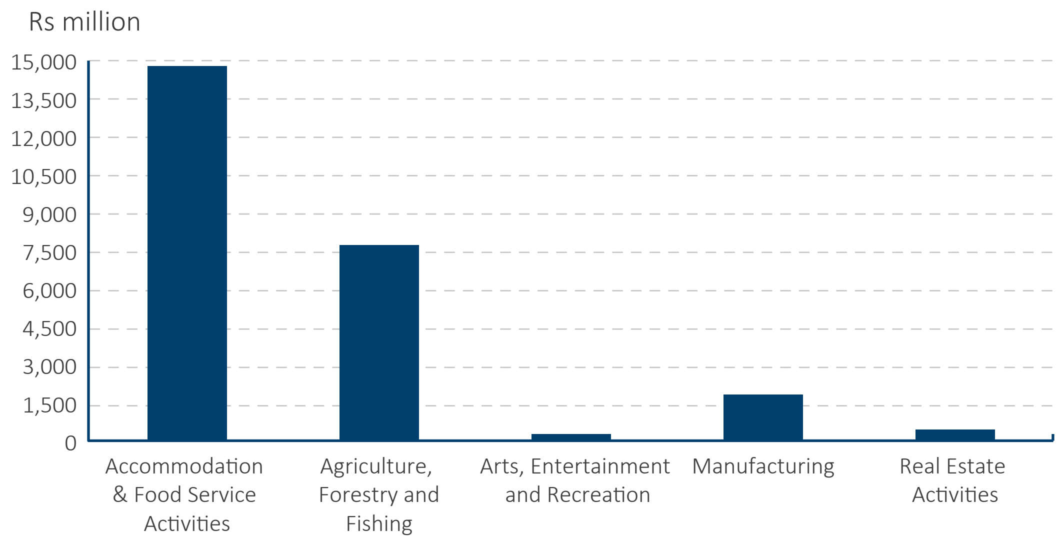
Equity Participation Portfolio

The goal for the Equity Participation Portfolio is to invest in systemically important corporations or companies, through debt-to-equity swap arrangements, in order to financially redress these corporations or companies.

Number of applications received by sector as at 30 June 2021

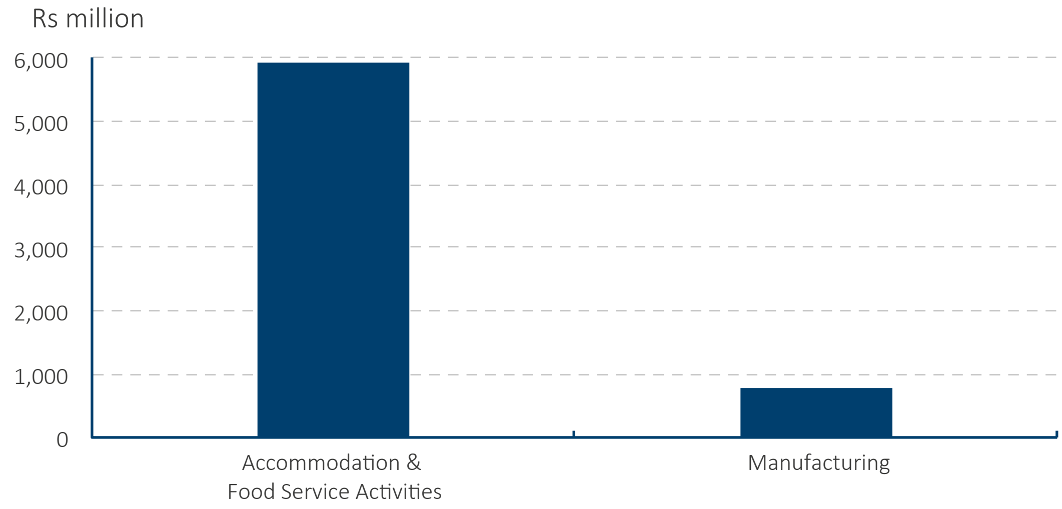


Investment in bonds approved by sector as at 30 June 2021



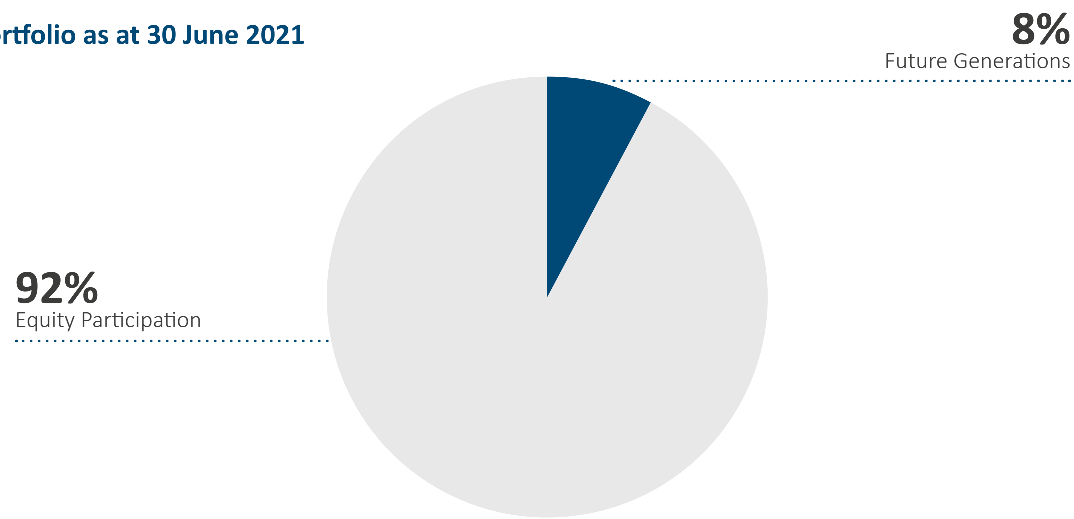
Investment by the MIC is recorded at fair value within the scope of International Financial Reporting Standards 9.

Amount disbursed by sector as at 30 June 2021

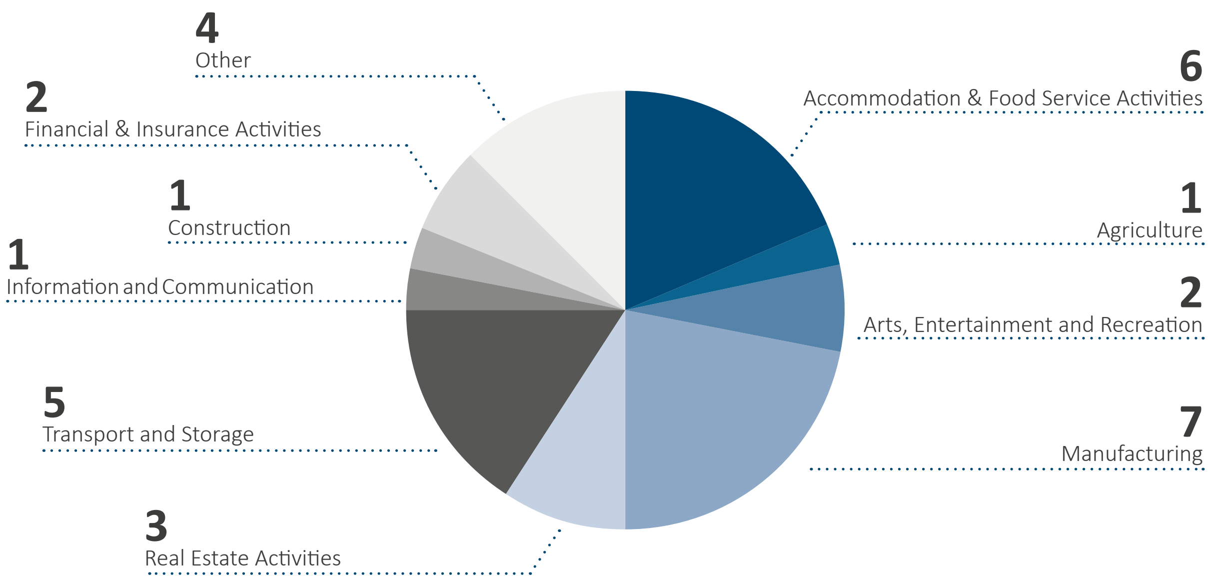


The MIC has, as at 30 June 2021, disbursed a total amount of Rs6,725 million to 16 entities.

Investment Portfolio as at 30 June 2021



Number of applications rejected/redirected



List of applications approved as at 30 June 2021

	Applicant	Amount approved (Rs million)	Amount disbursed (Rs million)
1	Lux Island Resorts Ltd	920	750
2	Long Beach Resort Ltd	2,000	2,000
3	Anahita Hotel Limited	1,100	275
4	Compagnie Mauricienne De Textile Ltée	900	300
5	Blue Ocean Park Ltd	200	100
6	Sagar Hotels and Resorts Ltd	300	150
7	ABKID (Mauritius) Ltd	300	150
8	Luxury Retirement Village Ltd	350	175
9	FM Denim Co Ltd	300	200
10	AVA Technopark Ltd	350	100
11	La Trobe Co. Ltd	175	120
12	Lateral Holdings Limited	200	50
13	R.E.A.L Garments Ltd	275	55
14	Attitude Hospitality Ltd	500	200
15	Vacances Plus Limited	150	-
16	Casela Limited	140	-
17	New Mauritius Hotels Limited	2,500	1,500
18	Mauriplage Beach Resort Limited	650	-
19	Water Sports Village Limited	50	-
20	Zilwa Resort Ltd	100	-
21	Constance Industries Limited	650	-
22	Beauport Industries Limited	280	-
23	White Sand Paradise Ltd	180	-
24	Southern Cross Tourist Company Limited	350	-
25	VLH LTD	1,300	600
26	Ferme Marine de Mahebourg Ltd	150	-
27	Merville Limited	700	-
28	IKO (Mauritius) Hotel Limited	312	-
29	Anahita Residences and Villas Limited	155	-
30	Morning Light Co Ltd	300	-
31	The Lux Collective Ltd	250	-
32	Sharma Ltd	400	-
33	Island Resort Limited	150	-
34	PSH Investment Ltd	200	-
35	Spa on the Shores Limited	160	-
36	Veranda Tamarin Ltd	100	-
37	Gleneagles Co Ltd	175	-
38	Akai Fisheries Co Ltd	250	-
	Total	**17,522**	**6,725**

Note: The Lux Collective Ltd and Island Resorts Ltd did not accept the offer.

List of investments in financial assets approved as at 30 June 2021

	Applicant	Amount approved (Rs million)	Amount disbursed (Rs million)
1	Omnicane Ltd	4,500	2,416
2	Medine Ltd	2,850	-
	Total	**7,350**	**2,416**

The MIC is an active investor and targets to bring sustainable value over the long term. To that effect, the MIC has put in place an investment policy statement (Box 1). The Investment Policy Statement (IPS) attempts to foster a clear understanding of MIC's objectives, policies and guidelines. MIC will invest in eligible companies through a number of investment tools including equity and quasi-equity instruments.

BOX 1: INVESTMENT POLICY STATEMENT

A. Introduction

The Board of Directors ("the Board") of the Mauritius Investment Corporation Ltd ("MIC", the Company") issues this investment policy statement (the "IPS", "Policy"). The purpose of this IPS is to foster a clear understanding of the MIC's investment objectives, policies and guidelines. The assets governed by this Statement comprise of the entire funds made available to the MIC to fulfill its investment objectives.

B. Overview of the Mauritius Investment Corporation Ltd

1. Overview

The Bank of Mauritius (the "Bank") has established a subsidiary known as Mauritius Investment Corporation Ltd. The primary objectives of the MIC are to support and accelerate the development of Mauritius and build a savings base for the citizens of Mauritius as well as assist systematically large, important and viable corporations or companies incorporated in Mauritius which are financially distressed as a result of the COVID-19 pandemic.

In pursuing its objects, the MIC seeks to mitigate contagion of the ongoing economic downturn to the banking sector, thus limiting macro-economic and financial risks. Operating independently within the parameters of a strict governance structure, the MIC will provide support through a range of investment instruments in view of ensuring that domestic systemic economic operators are kept afloat during these challenging times and that jobs are preserved. The MIC also aims at securing and enhancing financial wealth for current and future Mauritian generations.

The MIC has been established by the Bank under Section 6(1)(y) of the Bank of Mauritius Act and is funded in terms of Section 46(5) thereof.

The MIC has been established with a solid governance structure with transparency, good governance and independence being the pillars thereof. The governance structure will ensure appropriate and effective oversight, decision making and operational responsibilities.

2. Governance Framework

The Board of Directors of the MIC (the "Board") is responsible for creation of, approval of, and updates to the Policy. The Chief Executive Officer/Office-in-Charge and his or her designated staff, in collaboration with the investment committee ("IC"), shall advise the Board on issues related to the Policy, including identifying the need for updates and monitoring the portfolios for compliance with the Policy.

The Board shall have oversight responsibility for investment decision making in relation to the assets of MIC. The Board will also establish sub-committees for the pursuance of its objectives, including an investment committee. The investment committee of the MIC, shall fulfill its duties in line with the Investment Committee Charter. The Board may set up additional sub-committees and/or retain outside consultants to assist in analysis of matters relevant to the Policy and to investment decisions and monitoring.

Responsibilities of the Chief Executive Officer/Officer-in-Charge and his or her team shall include the monitoring and reporting on the investments made by the MIC and provide relevant reports with such reports to be reviewed by an external auditor, at least annually.

The MIC shall produce annual financial statements to be independently audited by a certified auditor.

The MIC shall provide a copy of this Policy to each firm retained to provide investment and/or advisory services to it (if any), and each such firm shall acknowledge in writing receipt of the document and acceptance of its content.

C. Investment Objectives

The investment objectives and parameters of the MIC are, amongst others, to –

1. Assist systemically large, important and viable corporations or companies incorporated in Mauritius (having a minimum annual turnover of Rs100 million) which are financially distressed as result of the COVID-19 pandemic;

2. Support and accelerate the economic development of Mauritius and build a savings base for the citizens of Mauritius, by inter alia-

   i. Investing in companies geared towards building self-sufficiency in key basic necessities;
   ii. Investing in companies enhancing Mauritius as an innovation-driven economy;

3. Invest the assets under its management to secure key basic necessities and support higher long-term growth.

In the pursuit of its investment objective, the MIC will initially establish three portfolios, namely:

(a) A Portfolio to invest in systemically important corporations or companies in order to financially redress them;
(b) A Future Generations Portfolio to invest in foreign assets; and
(c) An Infrastructure Portfolio to invest in the development of critical infrastructure of the country.

D. Investment Criteria and Investment Performance Assessment

In accordance with its investment objectives, the selection criteria and performance assessment of the investments undertaken by the MIC shall include:

- In relation to the Special Assistance Portfolio, the ability of the investment:

  (a) to ensure that domestic systemic economic operators are kept afloat and avoid systemic defaults;
  (b) to preserve maximum of employment;
  (c) to preserve the capital deployed; and
  (d) lastly, to generate a positive, real rate of return on its investments.

- In relation to the Future Generations Portfolio, the ability of the investment:

  (a) to build a savings base for the citizens of Mauritius;
  (b) to enhance Mauritius as an innovation-driven economy;
  (c) to grow the capital deployed; and
  (d) lastly, to generate a positive, real rate of return on its investments.

- In relation to the Infrastructure Portfolio, the ability of the investment:

  (a) to support and accelerate the economic development of Mauritius;
  (b) to be geared towards building self-sufficiency in key necessities;
  (c) to grow the capital deployed; and
  (d) lastly, to generate a positive, real rate of return on its investments.

For each investment opportunity that MIC engages, the developmental impact must be clear and evidenced. MIC's input must be beyond what is available, or that is otherwise absent from the market. MIC's development impact may be achieved through one or more of the following:

(a) financing that is not provided by the market;
(b) risk mitigation and/or risk sharing;
(c) better development outcomes; and
(d) environmental, social and governance standards.

The development impact of its investments is an important aspect of determining MIC's value-added in a private sector operation and MIC should always seek to provide financial and/or non-financial development impact.

E. Eligible Investment Instruments

In the pursuit of its investment objectives, MIC should have a range of financial instruments at its disposal. The instruments in which MIC may directly or indirectly participate will include the following:

(a) equity and quasi-equity instruments (including partnership interests, ordinary shares, preference shares, debentures, income notes, redeemable preference shares, listed or unlisted securities, underwriting of share issues by public or privately owned enterprises, subordinated loan notes and financing the transfer of shares in existing enterprises);
(b) debt instruments (including senior, subordinated, mezzanine, secured, unsecured, convertible, bonds and debentures); and
(c) such other instruments as to enable MIC to achieve its objectives as set out in this Investment Policy.

The terms and conditions of any investment will be subject to MIC's assessment of the risks, the prospective returns associated with, and the financial and ownership structure of, the relevant investment and will be discussed and agreed with the relevant counterparty.

It is further acknowledged that when MIC commits its capital to investments, the terms and conditions of investments in investee businesses will be subject to assessment, discussion and agreement by the Board, upon consultation with the IC, the Chief Executive Officer/Office-in-Charge and his or her team and the external advisors, if any.

F. Investment Constraints

In line with its investment objectives, MIC has a long-term investment horizon. Accordingly, short-term investment performance shortfalls are not necessarily of critical interest unless they suggest failures in strategy execution not in line with the MIC investment policy.

Without prejudice to such liquidity policy as shall be in force from time to time, MIC will not be restricted as to the proportion of its assets which may be retained in cash, cash equivalents or in other short-term financial instruments in circumstances where MIC considers this to be in its best interests.

G. Risk Management

In managing its portfolios, the MIC shall ensure that its portfolios remain appropriately diversified against risk and will drive the management of environmental and social risks, corporate governance and integrity in its investments.

Post investment, the appropriate monitoring and due diligence will be carried out by the Chief Executive Officer/ Office-in-Charge and his or her team and report back to the Board, on a regular basis.

H. Responsible Investing

MIC believes it should invest in a responsible manner, considering environmental and social ("E&S") and governance (including business integrity) ("ESG") matters. Effective management of these matters reduces risks to workers, the environment, local communities and other stakeholders, and implementation of good ESG practices is increasingly associated with a wide range of business benefits including access to markets, reduced staff turnover, cost efficiencies in production and enhanced stakeholder relations.

I. Review of and changes to the Investment Policy Statement

The Board shall undertake a review of the IPS in light of prevailing circumstances as and when such circumstances dictate, but no less than once a year. Opportunity should be given to propose changes or consider changes proposed by the Investment Committee and/or the Chief Executive Officer/Office-in-Charge and his or her team.

Except as otherwise provided herein, this Investment Policy will not be altered, modified or replaced without the prior approval of the Board. Save to the extent expressly provided to the contrary in this Investment Policy, this Investment Policy will supersede and replace all prior investment policies of MIC with effect from the date it is approved by the Board.

J. Board Approval

This Policy has been approved by the Board on 6 August 2020.

The Board of Directors of the MIC has established an Investment Committee (IC) to provide an independent opinion on the analysis of the investment proposals prepared by the MIC and comprise independent experts. The IC is required to, inter alia:

- review and evaluate the investment proposals and recommendations submitted by the MIC;
- evaluate the investment proposals in line with the MIC's Investment Policy Statement, as approved by the Board;
- provide independent feedback to the Board on the investment proposals and recommendations submitted by the MIC; and
- report to the Board regularly on the activities of the IC.

The Board has also approved a Charter for the IC (Box 2).

BOX 2: INVESTMENT COMMITTEE CHARTER

A. Purpose of the Investment Committee

The Investment Committee (the “IC”) is established by the Board of Directors (the “Board”) of the Mauritius Investment Corporation Ltd (“MIC”, the “Company”) to provide an independent opinion on the analysis of the investment proposals prepared by MIC, in line with its Investment Policy Statement (“IPS”), as determined by the Board and amended from time to time.

B. Committee Members

All IC members shall be appointed by the Board.

The membership, resources, responsibilities and authorities of the Committee to perform its role effectively is stipulated in this Investment Committee Charter (the “Charter”), which may be amended by the Board as and when required or deemed necessary.

The composition of the IC shall allow it to function efficiently and effectively in fulfilling its functions and responsibilities. The composition of the IC is intended to comprise individuals suitably competent in the affairs and issues falling within the Charter so as to be able to provide the Board with sound advice on matters set out in this Charter.

The IC shall comprise of not less than three persons. IC members should collectively have a balance of recent and relevant expertise, experience, skills and knowledge of the following and shall comprise but not limited to:

- Capital markets development and transactions;
- Portfolio management, asset allocation, and manager selection;
- Risk management, compliance and data quality governance; and
- Accounting and financial reporting.

The overall balance of skills on the Committee shall be periodically evaluated to respond to the needs of the MIC and its Board.

The representative of MIC may be called upon to attend the meeting of the IC to provide clarification or additional information.

C. Mode of operation

The IC shall meet as frequently as deemed necessary. Meetings shall be coordinated to occur prior to Board meetings. The quorum for the IC shall be a majority of IC members. At each meeting, the IC shall receive the investment proposals and recommendations prepared by the MIC. The IC should aim for consensus on all decisions. If consensus cannot be reached, majority and minority positions shall be reported to the Board as appropriate.

The IC shall keep minutes of its meetings and make these available to the Board.

D. Duties and Responsibilities

All IC Members are expected to perform their duties objectively in the interests of the Company and as part of their fiduciary duty to act in good faith at all times. IC members shall discharge their duties with due and reasonable care, skill and diligence and shall exercise independent judgement.

It is the duty and responsibility of the IC, to:

- Review and evaluate the investment proposals and recommendations submitted by MIC;
- Evaluate the investment proposals in line with the MIC's Investment Policy Statement, as approved by the Board;
- Provide independent feedback to the Board on the investment proposals and recommendations submitted by the MIC;
- Review, at least annually, the Investment Committee Charter and recommend any proposed changes to the Board for approval; and
- Report to the Board regularly on the activities of the IC and when appropriate and prudent to do so on any of the matters as set out in this Charter.

The final step in the investment approval process shall be approval by the Board. The IC is not responsible for the ongoing monitoring of the investments once approved by the Board and for any other matters not laid out in this Charter.

E. Conflict of interest

Personal interests of a member of the IC must not take precedence over those of MIC and the shareholder of MIC. Members of the IC should make the best efforts to avoid conflict of interests or potential conflict of interests. Each member is responsible to disclose any conflict or potential conflict of interest in a timely manner before the commencement of each meeting of the IC.

The secretary of the IC shall maintain an interest register which shall be circulated and approved by the Board on a yearly basis.

Unless approved by the Board, a member of the IC shall refrain from any action in relation to any investment proposal in which that person has a conflict or potential conflict of interest.

F. Confidentiality

All information acquired by the IC members in fulfilling their duties on the IC shall be treated as confidential and should not be disclosed to third parties without prior written approval from the Board, unless required by law or by the rules of any stock exchange or regulatory body. IC members shall surrender, after consideration, any documents and other materials made available to them by the MIC representatives.

H. Review of Effectiveness of the Committee

The Members of the Committee shall review the Charter at least annually to assess its appropriateness.

I. Board Approval

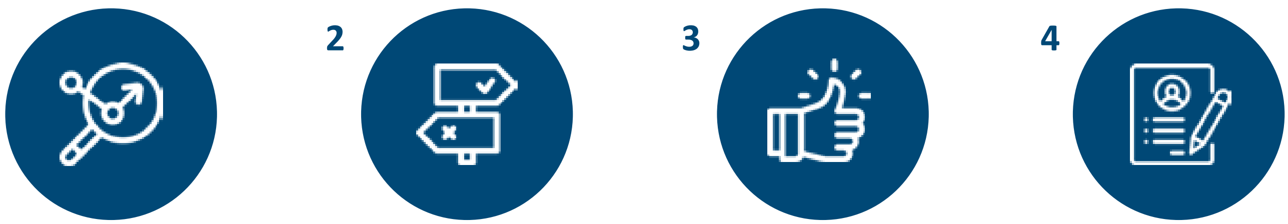
This Charter has been approved by the Board on 6 August 2020.

2. Investment Process

MIC's investment process consistently follows the same three stage process for every opportunity we consider:

1. Pre-screening and due diligence
2. IC review and decision
3. Board decision

Every investment opportunity is rigorously screened by the MIC's investment analytical team. This pre-screening covers all key aspects of the proposed investment: both financial and operational. Proposed investments that pass this pre-screening process are then submitted to the IC, which then reviews and deliberates on whether to undertake further due diligence on the proposed investment or to proceed to the Board for final decision. The Board may accept or reject the IC's recommendations. The Board may also call for supplementary information and/or appoint an Independent Financial Analyst to re-examine the investment proposal and recommend accordingly.



1 Application received goes to Analytical Team.

2 Analysis of the Investment Appraisal from the Analytical team is then tabled to the IC.

3 The IC makes recommendations to the MIC Board.

4 The MIC Board analyses the recommendations of the IC and takes a final decision on the investment proposal.

Preliminary Due Diligence Checklist

Companies applying for funds from MIC have to provide a number of documents to the analytical team for preparing the investment proposal which will be tabled to the IC for reviewing and validating the proposal. The IC has the prerogative to call for additional information and request MIC management to revisit the proposal. Amongst others, the MIC requests for the following documents:

Financial due diligence checklist

1. Detailed business plan setting out 5-year financial forecast
2. Explanatory note on how COVID-19 has impacted the business and mitigating solutions implemented, where applicable
3. Financial statements for the last 3 financial years
4. Group structure of the Company or each company in the group, as applicable
5. Copies of licenses held
6. Detailed list of fixed assets and most recent valuation reports
7. Copies of key management agreements
8. Constitution of the Company

Any company can apply to the MIC through its online application portal on the MIC's website.

1. Applications are filled online and applicants should submit all requested documents in terms of the checklist provided together with the application form. The documents are submitted by email or preferably through a secured data room. After submission, the applicant will receive an automated reply confirming receipt of his application along with a reference number.

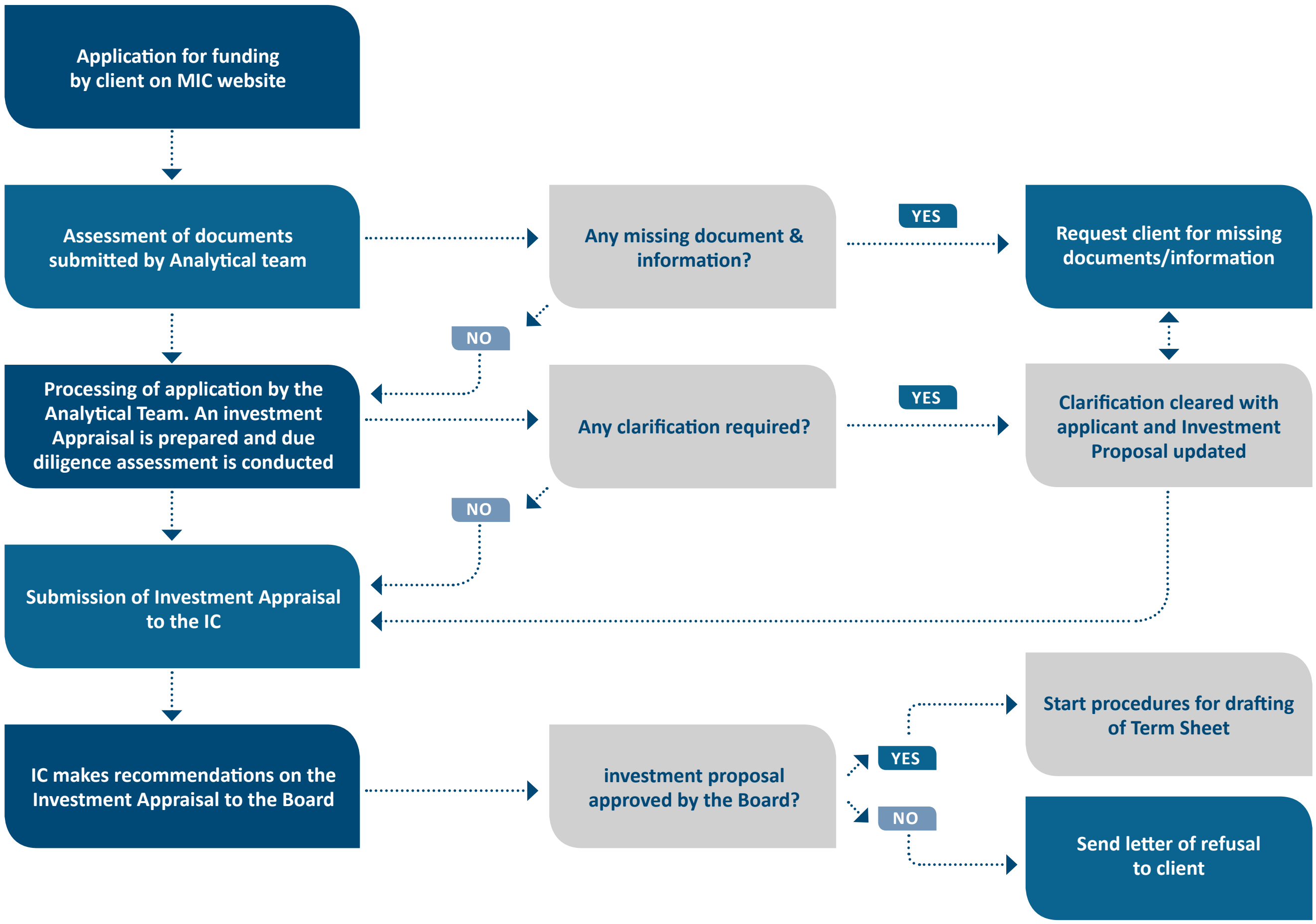
2. The applications are then evaluated by the analytical team. Missing documents or additional information needed are requested from the applicant by email. Due diligence is exercised and all information provided by the applicant is cross-checked by the analytical team and a team of reviewers. Any change in the information provided which have occurred during the process of the application shall be notified to the MIC team by the applicant.

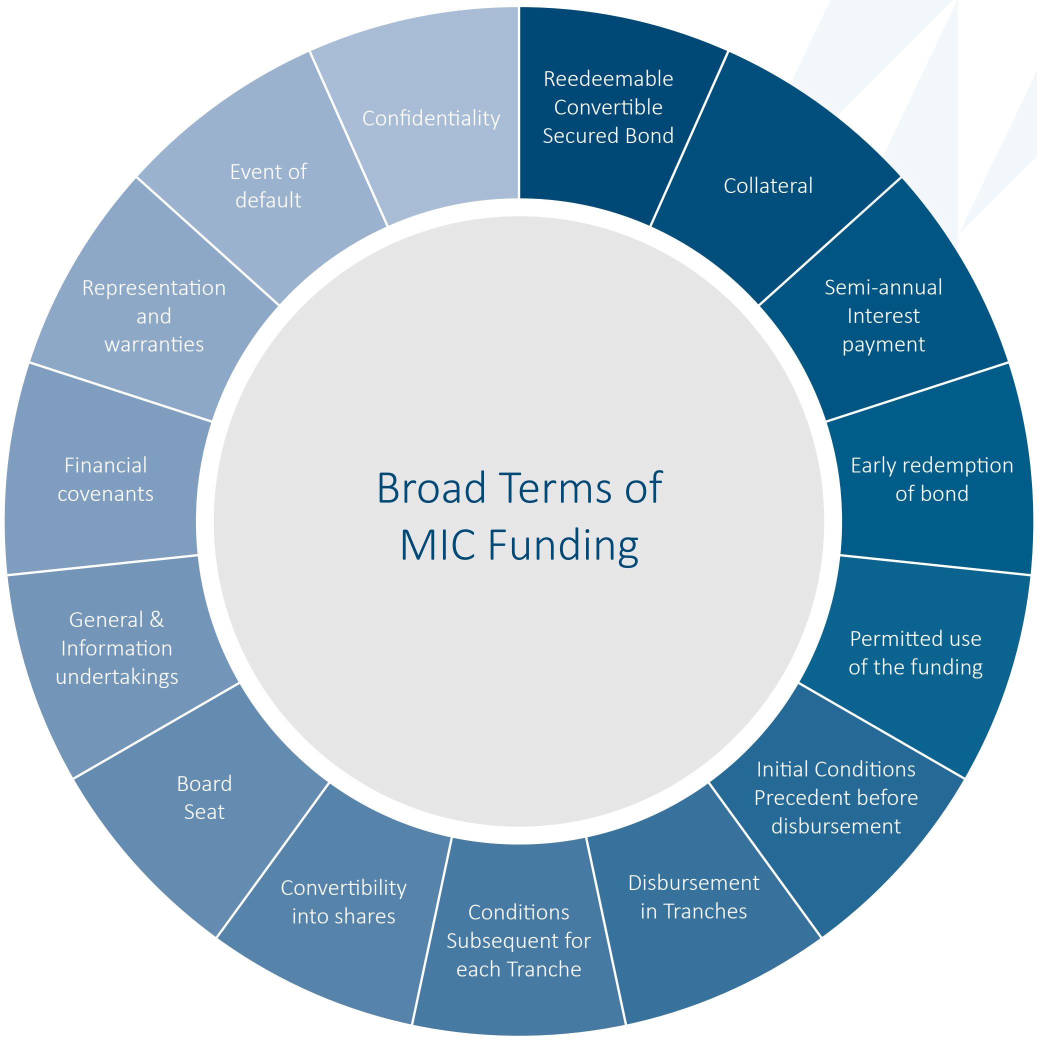
3. After analysis and review by the analytical team, the application is then processed to the Investment Appraisal team which appraises and validates the investment. Any additional information is requested from the applicant.

4. The approved applications from the Investment Appraisal team are then presented to the IC who makes further assessment and evaluation of the funding requests. The IC provides additional feedback and shall request additional information if necessary. Once all required information has been processed and approved, the application is then sent to the MIC Board for final approval.

5. The MIC Board either approves or rejects the investment proposals.

Flow chart for processing application





Investment in land and other strategic assets by the MIC

MIC's investments in real estate assets have occurred as part of its investment strategy in terms of the mandate provided in its Constitution. These purchases have been assessed as a typical investment appraisal process. Documentation pertaining to the offer includes, amongst others, an official letter with regard to the intention of sale, a site plan, a valuation report by a certified land valuer, and any other relevant documents.

The applications are then evaluated by the analytical team and a due diligence exercise is carried out. All information provided by the applicant is thoroughly cross-checked. After carrying out the operational and financial analysis exercise, the proposal is validated by the Board, which then authorizes the appointment of an independent land valuer to conduct an independent assessment of the land offered for sale. The appointment is made through a tender exercise, inviting firms to quote for assessment. A Non-Disclosure Agreement (NDA) is signed between the MIC and the independent certified valuer before the request for valuation of the property is made. Once the independent land valuer submits its report, Management analyses the report in relation to the valuation done by the seller. Any queries are cleared with the land valuers and prospective sellers before the site visit.

The MIC then conducts a site visit of the proposed land for sale in the presence of the representatives of the seller. Further to the independent valuer's report as well as the site visit, the proposal is then sent to the Board for final approval. The MIC Board may either approve or reject the investment proposal. For successful proposals, the MIC sends a letter of intent to the prospective seller. A notary is appointed for the land acquisition procedure and a Sales and Purchase Agreement is signed by all parties. The notary also prepares a Deed of Sale (DOS) which reflects the final agreed terms and conditions. The seller is also required to provide to the MIC a disclosure letter on any general and specific disclosures with respect to the transaction.

3. Managing Portfolios

The investment and portfolio management teams are divided into two distinct groups focusing on the two investment portfolio groups – Strategic Assets and Asset Management. The MIC aims to contribute to the development of its portfolio companies and assets in order to protect and enhance value and achieve long-term financial returns.

As the MIC evolves, it will remain rooted in its philosophy to abide by a core set of values:

Transparency – As a lean organization, it must efficiently and openly share resources among its various teams in order to maximize its potential and to build trust.

Respect – The MIC is bound to keep a standard of professionalism upheld by the code of conduct.

Compliance – With a fiduciary obligation towards our shareholder and the nation, the MIC needs to enforce and comply with the highest standards of accountability, governance, and integrity. Beneficiaries of funds from the MIC are required to provide financial and other information, including (a) a solvency certificate three (3) months after a financial year-end; (b) quarterly provision of profit and loss, management accounts and cash flow statements, and the necessary comparison to the budgeted profit & loss account for the financial year in question; (c) provision of updated valuation reports as and when conducted in accordance with the requirements of IFRS; (d) semi-annual update on the implementation of the Business Plan, highlighting any deviation therefrom; (e) notification of any potential Event of Default; and (f) quarterly provision of an ageing list of debtors and receivables due from related parties and an ageing list of creditors.

It is highlighted that as per the conditions of the investment, the MIC disburses funds in a maximum of 4 tranches to be agreed beforehand and as per the Subscription Agreement. A vital condition to the disbursement of funds is an auditor's certificate confirming the use of funds. The beneficiary must scrupulously adhere to the "Permitted use of subscription proceeds", that is, the funds approved for specific purposes. Depending on the specific purpose of investment financing, a duly signed Quantity Surveyor's report must also be submitted to the MIC.

The list of information is non-exhaustive and the MIC reserves the right to request for any information that it deems important to monitor and manage its investments.

Disbursement of additional tranches are subject to the submission of a list of documents as defined in the Subscription Agreement, which also comprises documents for monitoring purposes.

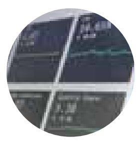
Conditions Subsequent


- A certificate confirming that no Event of Default has occurred or is likely to occur


- Auditor’s certificate evidencing that proceeds received were applied towards the Permitted Use


- Any other funding received


- Updated business plan, if there has been any deviation


- Latest Audited Financial Statements

Financial covenants

The beneficiaries of funds from the MIC will provide a certificate setting out the financial ratios as agreed in the terms of the transaction and these should be within the agreed thresholds. The financial covenants are usually in terms of: (a) a Debt Service Coverage Ratio; (b) an Interest Cover Ratio; and (c) a Gearing Ratio.

Reserved matters

In addition to positive undertakings and negative undertakings which beneficiaries should comply, the MIC has also a list of reserved matters with veto rights including:

(a) alteration of constitution or pass any resolution for voluntary winding up

(b) change the nature or scope of the business or commence any new business not being ancillary or incidental to the current business

(c) cease or propose to cease to carry on the current business

(d) issue shares of Issuer, or grant or agree to grant any options for the issue or allotment of any share of Issuer

(e) permit or cause to be proposed any amendment to the stated capital of Issuer by way of the sub-division of its stated capital, the creation of shares with differing rights and amendment of existing class rights

(f) enter into any merger, consolidation, partnership, joint venture, acquisition or investment in any other business or company or create any subsidiaries and associate companies

(g) sell any asset or create any security interest in or over any of the assets

(h) employ any person at a remuneration of more than a specific amount per annum (or increase any employee's remuneration by more than a specific amount per annum) or enter into any consultancy or expense arrangements having similar effect

(i) make any loans to directors, companies or persons affiliated

(j) awarding any discretionary bonus or commission payments to directors, companies or persons affiliated

(k) enter into or vary any contract or arrangement (other than those negotiated and entered into at arm's length) with directors, companies or persons affiliated

(l) change the auditors or accounting reference date

(m) approve any merger, consolidation, recapitalization or other business combination transaction involving any related party

(n) terminate, or cause to be terminated, a material contract

(o) change in dividend policy

(p) any capital expenditure

(q) renovations/new projects

(r) early repayment of commercial bank facilities

(s) repay related party debts

4. Governance

The MIC has been established with a world-class governance structure and complies with international management norms that promote ethical awareness and transparent management.

The MIC has positioned itself as an investor for wealth enhancement and a strategic accelerator that aims to unleash Mauritius' potential by building financial wealth for future generations. Strong governance, comprehensive oversight and solid leadership are rooted in our mandate and at the base of our organization. Such principles and standards set the tone and direction of how we go about our business as well as how we invest and manage the funds that have been entrusted to us. To foster these principles, the MIC relies on its internal processes and controls to uphold the best practices, and will aim to adhere to the principles contained in the National Code of Corporate Governance for Mauritius. These principles will also guide the organization on how to invest and manage the funds that have been entrusted by the Bank of Mauritius.

Our ethos and work ethics are rooted in our three core values:

- Good Governance
- Independence
- Accountability

The Board of Directors has full responsibility to oversee the affairs of the MIC to ensure its objectives are met. The Board sets overall direction on investment strategies, objectives, and asset allocation. The Board guides overall investment allocations and risk tolerance and approve or reject the investment recommendations of the independent IC. Board committees oversee critical areas such as audit and risk management, and governance.

The MIC will continue to develop and will be shaped according to its evolving investment strategy and needs. We trust that the openness of our investment process will call for a higher quality level of investment debate and decision making.

The Board is required to submit a quarterly report on matters relating to the objects of the Company which may, amongst others, include a report on the investments made by the Company including the selection and operations of the investment portfolio; and the net assets and liabilities of the Company, cash flows and financial highlights.

Board of Directors from 02 June 2020 to 30 June 2021

The Board of Directors was chaired by Lord Meghnad Desai and comprised:

- Mr. Mardayah Kona Yerukunondu
- Mrs. Hemlata Sadhna Sewraj-Gopal
- Mr. Jean Michel Louis Rivalland
- Dr. Yousouf Ismael

Board of Directors since 15 July 2021

The Board of Directors consists of a group of distinguished and accomplished individuals, led by Mr Carl Alan Mark Florman and comprises:

- Mr. Mardayah Kona Yerukunondu
- Mrs. Hemlata Sadhna Sewraj-Gopal
- Mr. Jean Michel Louis Rivalland
- Mr Mohamed Swadicq Nuthay
- Mr Neemalen Gopal
- Mr Swaminathan Ragen

Financial Statements

FROM 2 JUNE 2020 (DATE OF INCORPORATION)
TO 30 JUNE 2021

COMPANY INFORMATION

			Date of appointment	Date of resignation
CHAIRPERSON	:	Lord Meghnad Jagdishchandra Desai	2 June 2020	30 June 2021
		Mr Carl Alan Mark Florman	15 July 2021	-
DIRECTORS	:	Mr Mardayah Kona Yerukunondu	2 June 2020	-
		Mrs Hemlata Sadhna Sewraj-Gopal	2 June 2020	-
		Dr. Yousouf Ismaël	2 June 2020	30 June 2021
		Mr Jean Michel Louis Rivalland	2 June 2020	-
		Mr Swaminathan Ragen	15 July 2021	-
		Mr Neemalen Gopal	15 July 2021	-
		Mr Mohamed Swadicq Nuthay	15 July 2021	-
REGISTERED OFFICE	:	Level 3 Bank of Mauritius Old Building Sir William Newton Street Port Louis		
AUDITORS	:	KPMG KPMG Centre 31 Cybercity Ebène		
BANKER	:	Bank of Mauritius Sir William Newton Street Port Louis		
COMPANY REGISTRATION NUMBER	:	C20172181		

COMMENTARY OF THE DIRECTORS

The Directors are pleased to present their commentary and the audited separate financial statements of Mauritius Investment Corporation Ltd (the "Company") for the period from 2 June 2020 (date of incorporation) to 30 June 2021.

Principal activities

The principal activities of the Company are:

(i) to assist systemically large, important and viable companies incorporated in Mauritius which are financially distressed as result of the COVID-19 pandemic;

(ii) to invest in companies geared towards building self-sufficiency in key basic necessities;

(iii) to invest in companies enhancing Mauritius as an innovation-driven economy; and

(iv) to invest the assets under its management to secure key basic necessities and support higher long-term growth of Mauritius.

Results and dividends

The results for the period are shown in the statement of profit or loss and other comprehensive income and related notes.

The Company did not declare any dividend during the period under review.

Statement of Directors' responsibilities in respect of the Financial Statements

Mauritius Companies Act requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have confirmed that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have confirmed that they have complied with the above requirements and considered the impact of COVID-19 in preparing the Financial Statements as disclosed in note 16.

Auditors

The auditors, KPMG, have indicated their willingness to continue in office until the next Annual Meeting.

For and on Behalf of the Board of Directors

SECRETARY'S CERTIFICATE
TO THE MEMBERS OF MAURITIUS INVESTMENT CORPORATION LTD
UNDER SECTION 166(D) OF THE MAURITIUS COMPANIES ACT 2001

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of Mauritius Investment Corporation Ltd (the "Company") under the Mauritius Companies Act 2001 during the financial period from 2 June 2020 (date of incorporation) to 30 June 2021.

Secretary

Registered Office:

Level 3, Bank of Mauritius Old Building
Sir William Newton Street
Port Louis

Date: 26 October 2021

KPMG
KPMG Centre
31, Cybercity
Ebene
Mauritius
Telephone +230 406 9999
Telefax +230 406 9988
BRN No. F07000189
Website www.kpmg.mu

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDER OF MAURITIUS INVESTMENT CORPORATION LTD

Report on the Audit of the Separate Financial statements

Opinion

We have audited the separate financial statements of Mauritius Investment Corporation Ltd (the Company), which comprise the separate statement of financial position as at 30 June 2021 and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the period from 2 June 2020 (date of incorporation) to 30 June 2021, and the notes to the separate financial statements, including a summary of significant accounting policies, as set out on pages 37 to 61.

In our opinion, these separate financial statements give a true and fair view of the separate financial position of Mauritius Investment Corporation Ltd as at 30 June 2021, and of its separate financial performance and separate cash flows for the period from 2 June 2020 (date of incorporation) to 30 June 2021 in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act.

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 Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDER OF MAURITIUS INVESTMENT CORPORATION LTD

Report on the Audit of the Separate Financial statements

Other Information

The Directors are responsible for the other information. The other information comprises Company Information, Commentary of the Directors and Secretary's Certificate, which we obtained prior to the date of this auditors' report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the separate financial statements and our auditors' report thereon.

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

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Separate Financial Statements

The Directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, and for such internal control as the Directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

INDEPENDENT AUDITORS’ REPORT
TO THE SHAREHOLDER OF MAURITIUS INVESTMENT CORPORATION LTD

Report on the Audit of the Separate Financial statements

Auditors’ Responsibilities for the Audit of the Separate Financial Statements (continued)

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 separate 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 directors’ 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 auditors’ report to the related disclosures in the separate 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 auditors’ 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDER OF MAURITIUS INVESTMENT CORPORATION LTD

Report on the Audit of the Separate Financial statements

Use of our Report

This report is made solely to the Company's shareholder, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's shareholder, those matters that we are required to state in an auditors' 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 shareholder, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

We have no relationship with or interests in the Company other than in our capacity as auditors.

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.

KPMG

KPMG	**Mervyn Lam Hung**
Ebène, Mauritius	*Licensed by FRC*

Date: 26 October 2021

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2021 Rs 000
ASSETS		
Non-current assets		
Financial assets at fair value through profit or loss (FVTPL)	6	6,160,533
Investment in subsidiary	7	2,416,395
Plant and equipment	8	2,265
Total non-current assets		**8,579,193**
Current assets		
Prepayments		62
Cash and cash equivalents		71,897,830
Total current assets		**71,897,892**
TOTAL ASSETS		**80,477,085**
CURRENT LIABILITY		
Other payables	10	14,850
TOTAL CURRENT LIABILITY		**14,850**
EQUITY		
Stated capital	9	1,000,000
Share application money pending allotment	9	80,000,000
Retained earnings		(537,765)
TOTAL EQUITY		**80,462,235**
TOTAL LIABILITY AND EQUITY		**80,477,085**

Authorised and approved for issue by the Board of directors on 26 October 2021 and signed on its behalf by

Mr Carl Alan Mark Florman
(Chairman)

Mr Mohamed Swadicq Nuthay
(Director)

Jitendra N Bissessur
(CEO)

The notes on pages 41 to 61 form part of these separate financial statements.

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021

	Notes	Period from 2 June 2020 (Date of incorporation) to 30 June 2021 Rs 000
Revenue		
Interest income on bonds		31,387
Front-end, legal and registration fees	11(a)	55,475
Total Revenue		**86,862**
Expenses		
Professional, legal and registration costs	11(b)	13,933
General expenditure		8,329
Directors' fees	12	2,342
Staff salaries and other benefits		1,609
Investment committee fees		1,050
Depreciation	8	1,510
Total operating expenses		**28,773**
Profit before changes in fair value of financial assets at FVTPL		**58,089**
Changes in fair value of financial assets at FVTPL	6	(595,854)
Loss after changes in fair value of financial assets at FVTPL		**(537,765)**
Income tax expense	18	-
Loss for the period		**(537,765)**
Other comprehensive income		-
Total comprehensive income for the period		**(537,765)**

The notes on pages 41 to 61 form part of these separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021

	Stated capital	Share application money pending allotment	Retained earnings	Total
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**
Balance as at 2 June 2020 (date of incorporation)	-	-	-	-
Total comprehensive income for the period	-	-	**(537,765)**	**(537,765)**
	-	-	**(537,765)**	**(537,765)**
Transactions with owners recorded directly in equity				
Issue of ordinary shares	**1,000,000**	-	-	**1,000,000**
Share application money received	-	**80,000,000**	-	**80,000,000**
	1,000,000	**80,000,000**	-	**81,000,000**
Balance as at 30 June 2021	**1,000,000**	**80,000,000**	**(537,765)**	**80,462,235**

The notes on pages 41 to 61 form part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021

	Note	Period from 2 June 2020 (Date of incorporation) to 30 June 2021
		Rs 000
Cash flows from operating activities		
Cash inflow due to front-end, legal and registration fees		**55,475**
Operating expenses paid		**(12,475)**
Net cash flows generated from operating activities		**43,000**
Cash flows from investing activities		
Investment in financial assets at fair value through profit or loss		**(6,725,000)**
Acquisition of subsidiary		**(2,416,395)**
Acquisition of plant and equipment		**(3,775)**
Net cash flows used in investing activities		**(9,145,170)**
Cash flows from financing activities		
Proceeds from issuance of shares	9	**1,000,000**
Share application money received	9	**80,000,000**
Net cash flows generated from financing activities		**81,000,000**
Net movement in cash and cash equivalents		**71,897,830**
Cash and cash equivalents at start of period		**-**
Cash and cash equivalents at end of period		**71,897,830**

The notes on pages 41 to 61 form part of these separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021

1. GENERAL INFORMATION

The Mauritius Investment Corporation Ltd (the "Company") was incorporated on 2 June 2020 as a private limited company and is fully owned by the Bank of Mauritius. The Company's mission is to support and accelerate the economic development of Mauritius, to ensure that domestic systemic economic operators that are affected as a result of the COVID-19 pandemic are kept afloat. The Company's registered office is at Level 3, Bank of Mauritius, Old Building, Sir William Newton Street, Port Louis.

The main objectives of the Company are:

- support and accelerate the economic development of Mauritius and build a savings base for the citizens of Mauritius;
- to assist systemically large, important and viable companies incorporated in Mauritius which are financially distressed as result of the COVID-19 pandemic;
- to invest in companies geared towards building self-sufficiency in key basic necessities;
- to invest in companies enhancing Mauritius as an innovation-driven economy; and
- to invest the assets under its management to secure key basic necessities and support higher long-term growth of Mauritius.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and Mauritius Companies Act 2001.

(b) Basis of measurement

The financial statements have been prepared using the going concern principle under the historical cost basis, except for financial assets and liabilities at fair value through profit or loss which are measured at fair value.

(c) Functional and presentation currency

The financial statements of the Company are presented in Mauritian Rupee ("Rs"), rounded to the nearest thousand rupees, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ended 30 June 2021, as well as critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are provided in note 4.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(e) Going concern

This is the first year of operation of the Company and the Company has recorded negative retained earnings of Rs537,765,000 as a result of fair valuation of financial assets held by the Company at 30 June 2021. The Management of the Company made an assessment of the Company's ability to continue as a going concern and is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in the financial statements.

Investments in subsidiaries

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Accounting for subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Consolidation exemption

The Company has not consolidated its investment in subsidiary given that it is exempt from preparing the consolidated financial statements based on following:

(a) The Company is a wholly-owned subsidiary of the Bank of Mauritius, which has been informed about and does not object to the Company not presenting the consolidated statements for its investment in subsidiary;
(b) The Company's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
(c) The Company did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation, for the purpose of issuing any class of instruments in a public market; and
(d) The parent of the Company produces financial statements available for public use that comply with IFRSs, in which subsidiaries are consolidated.

Based on above criteria, the Company is exempted from the preparation of consolidated financial statements as the parent of the Company, the Bank of Mauritius prepares the consolidated financial statements in accordance with IFRS and is available for public use. The registered office of the Bank of Mauritius is Sir William Newton Street, Port Louis. The annual report of the Bank of Mauritius is publicly available on its website [https://www.bom.mu]. These are therefore the separate financial statements of the Company.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Plant and Equipment

Recognition and Measurement

Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of plant or equipment have different useful lives, then they are accounted for as separate items (major components) of plant and equipment.

Any gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within miscellaneous income in profit or loss.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is calculated to write off the cost of items of plant and equipment less their estimated residual values over their estimated useful lives as follows:

Motor Vehicles	-	40% for 1st year then 20% for each of the three subsequent years

Depreciation methods, useful lives and residual values if not insignificant, are reviewed at each reporting date and adjusted as appropriate.

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

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.

(i) Recognition and initial measurement

Financial assets at FVOCI (debt instruments) are recognised initially when they are originated.

Other financial assets and liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs recognised in profit or loss. Financial assets or financial liabilities not at fair value through profit or loss are measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost or fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI).

Financial assets at FVTPL

Financial assets which are managed and whose performance is evaluated on a fair value basis and those are not classified as measured at amortised cost or FVOCI as described below are measured at FVTPL. This includes investments in equity securities.

The Company has not elected to designate equity instruments at FVOCI at the time of initial recognition.

Financial assets at 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:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding.

This category includes cash and cash equivalents.

All other financial assets are classified as measured at FVTPL.

Debt investments at FVOCI

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(ii) Classification (Continued)

Business Model assessment

In making an assessment of the objective of the business model in which a financial asset is held at a portfolio level, the Company considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- periods, the reasons for such sales and expectations about future sales activity.
- how managers of the businesses are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

The Company has determined that it has two business models:

- Held-to-collect business model: this includes cash and cash equivalents. These financial assets are held to collect contractual cash flows.
- Other business model: These financial assets are managed, and their performance is evaluated, on a fair value basis. This includes financial assets at fair value through profit or loss.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(iii) Subsequent measurement

Category	Subsequent measurement
Financial assets at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses are recognised in the statement of profit or loss as 'changes in fair value of financial assets at fair value through profit or loss'. Interest income on such instruments has been disclosed as a separate line item in the statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. Impairment is recognised as 'impairment loss on financial assets at amortised cost' and is recognised as a separate line item in the statement of profit or loss. Any gain or loss on derecognition and modification is also recognised in the statement of profit or loss.
Financial liabilities at amortised cost	These financial liabilities are subsequently measured at amortised cost using the effective interest rate.

(iv) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable input and minimize the use of unobservable input. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred. The fair value of the financial instruments that are not traded in active markets is determined by using valuation techniques. The Company has used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the reporting date. The principles of the International Private Equity and Venture Capital Valuation Guidelines have been used for the valuation of the financial assets at FVTPL. Note 14 provides details of the valuation techniques that the Company has applied.

(v) Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability at initial recognition.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(v) Amortised cost measurement (Continued)

When calculating the effective interest rate, the Company estimates the future cash flows considering all contractual terms of the financial instruments but not the future credit losses.

(vi) Impairment

The Company recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default:

- when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising assets (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(vi) Impairment (Continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer
- it is probable that the borrower will enter bankruptcy or other financial reorganisation
- the underlying project is put on hold
- breach of contract such as a default or being more than 90 days past due

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(vii) Derecognition and modification

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 in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. Realised gain is calculated based on proceeds realised on disposal of investments less its cost. The cost is based on an average cost.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

The Company recalculates the gross carrying amount of financial assets and recognises a modification gain or loss in profit or loss when the contractual cash flows are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset.

The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(viii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

There is no offsetting of financial instruments applied as on reporting in the statement of financial position.

(ix) Specific instruments

Cash and cash equivalents

Cash comprises current deposits with the Central Bank and petty cash. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Company has elected to present the statement of cash flows using the direct method.

Stated capital and share application money

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of tax effects. Share application money relates to prepaid capital contribution from shareholder pending allotment of shares and is classified as equity.

Net gain/(loss) on financial instruments at FVTPL

Net gain/(loss) from financial instruments at FVTPL includes all realised and unrealised fair value changes on financial instruments at fair value through profit or loss but excludes interest and dividend income. Realised gain is computed by subtracting cost of investment from the sale proceeds and cost of investment is calculated using the First-In First-Out (FIFO) method.

Income and expenditure Recognition

Income and expenditure are recognised as they are earned or incurred and are recorded in the financial statements on an accruals basis to accurately reflect the period to which they relate.

Interest income is recognised in profit or loss as it accrues.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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. The actual results could, by definition, therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgements that have 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.

Critical judgement areas

Determination of functional currency

'Functional currency' is the currency of the primary economic environment in which the Company operates. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

Management has determined that the functional currency of the Company is Mauritian Rupees ("Rs").

Estimates and assumptions

Fair valuation of financial assets at fair value through profit or loss

The Company may, from time to time, hold financial instruments that are not quoted in active markets, such as its financial assets at fair value through profit or loss. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by experienced personnel at the Company's management. The management's evaluation takes into consideration a business review of the underlying investments (performance development compared with plans) and the actual and planned transactions in the investments.

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 14B(c).

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of estimation depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. This results in management exercising significant assumption on the unobservable inputs being used for fair valuation.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company measures instruments quoted in an active market at a close-price.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimates and assumptions (Continued)

Impairment of investment in subsidiary

The carrying value of investment in subsidiary is tested for impairment whenever there is any objective evidence or indication that the investment may be impaired. This determination requires significant judgement. In estimating the recoverable amount of the investment, the Company evaluates, amongst other factors, the future profitability of the subsidiary, its financial health and near-term business outlook, including factors such as industry and sector performance, changes in technology, and operational and financing cash flows.

Going concern

The directors are of the opinion that the Company has adequate resources to continue operations for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the Company's financial statements. The directors have satisfied themselves that the Company is in a sound financial position and that it has access to sufficient funding facilities to meet its foreseeable cash requirements.

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2021 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:

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. The amendment is effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. The amendments are to be applied retrospectively from the effective date.

The Company is in the process of assessing the impact of this amendments on the Company's financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021
	Rs 000
At start of the period	-
Additions during the period	6,725,000
Interest receivable	31,387
Net decrease in fair value of financial assets at FVTPL	(595,854)
At end of the period	**6,160,533**

Financial assets at FVTPL include investments in secured redeemable convertible bonds of systemically large, important and viable companies in Mauritius, with the main objective of maintaining financial stability in the wake of the COVID-19 pandemic.

The carrying amount at 30 June 2021 reflects the fair value of the redeemable convertible bonds which have been estimated using a scenario-based valuation model.

The scenario-based valuation model has resulted in a decrease of Rs 596m in the fair value of the carrying value of these bonds as at 30 June 2021. The bulk of this amount is attributable to large companies operating in the hospitality sector.

The assumptions used in the model used are based on certain inputs and data prevailing as at 30 June 2021.

More details on the valuation technique, assumptions, inputs and data used have been included in Note 14(B)c.

7. INVESTMENT IN SUBSIDIARY

	2021
	Rs 000
At cost	
At start of period	-
Additions during the period	2,416,395
At end of period	**2,416,395**

Details of the significant subsidiary are as follows:

Name of subsidiary	Type of shares	Principal place of business	Percentage of equity held
			2021
Mon Tresor Smart City Ltd	Equity	Mauritius	**100%**

The Company has acquired 100% in Mon Tresor Smart City Ltd during the period under review.

The Company assesses at each balance sheet date whether there is any objective evidence that the Company's investment in subsidiary is impaired. This assessment takes into account the operating performance and/or market value of the subsidiary, changes in the technological market, economic or legal environment in which the subsidiary operate and changes to the market interest rates. Based on this assessment, the Company's investment in subsidiary has not been impaired.

Management has no reasons to believe that any reasonable change to the above key assumptions will materially cause the recoverable value to be lower than the carrying amount of the investment in subsidiary.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

8. PLANT AND EQUIPMENT

	Motor Vehicle
	Rs 000
COST	
At 2 June 2020	-
Additions during the period	3,775
At 30 June 2021	**3,775**
ACCUMULATED DEPRECIATION	
At 2 June 2020	-
Charge for the period	1,510
At 30 June 2021	**1,510**
CARRYING AMOUNT	
AS AT 30 JUNE 2021	**2,265**

9. STATED CAPITAL AND RESERVES

Ordinary shares	Number of shares	2021
		Rs 000
Authorised, issued and fully paid up		
At start of period	-	-
Issued during the period	100,000	1,000,000
At end of period	**100,000**	**1,000,000**

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. On winding up, the holder of an ordinary share will be entitled to surplus on assets. The par value of each share is Rs10,000.

Share application money pending allotment

During the financial period under review, the Company received Rs80 billion from the parent of the Company, the Bank of Mauritius for additional shares. As at the date of the financial statements, the additional shares have not yet been issued.

10. OTHER PAYABLES

	2021
	Rs 000
Professional and legal fees payable	9,180
Fees payable to the Bank of Mauritius	5,500
Payable to the Mauritius Revenue Authority	170
At end of the period	**14,850**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

11(a). FRONT END, LEGAL AND REGISTRATION FEES

	Period from 2 June 2020 (Date of incorporation) to 30 June 2021
	Rs 000
Front-end fees	50,050
Legal fees	4,809
Registration fees	616
	55,475

Front-end fee represents the amount paid by the issuer of secured redeemable convertible bonds to the Company.

Legal fees and registration fees include amount paid by the issuer of secured redeemable convertible bonds to the Company in connection with the preparation, negotiation, printing and execution of the transaction agreements.

11(b). PROFESSIONAL, LEGAL AND REGISTRATION COSTS

	Period from 2 June 2020 (Date of incorporation) to 30 June 2021
	Rs 000
Legal costs	11,261
Registration costs	925
Professional costs	1,747
	13,933

12. DIRECTORS' FEES

	Period from 2 June 2020 (Date of incorporation) to 30 June 2021
	Rs 000
Chairperson	782
Other directors	1,560
	2,342

The Chairperson and other directors are paid a monthly fee of **USD1,500** and **Rs30,000** respectively.

13. COMMITMENTS

Commitments, not otherwise provided for in the financial statements and which existed at 30 June 2021, include an amount of Rs10,397 million for bonds subscription and represent amount approved but not yet disbursed.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

14. FINANCIAL RISK MANAGEMENT

A. Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk, concentration risk and liquidity risk. This note presents information about the Company's exposure to each of the said risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company's risk is managed at the level of the Board of Directors and focuses on securing the Company's short to medium term cash flows by minimising the exposure of financial risks. The Company's investments are managed to stimulate the growth and diversification of the economy and create jobs for the people as well as to generate wealth for future generations of Mauritians. Further quantitative disclosures are included throughout these financial statements.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate measures and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company's exposure to the various types of risks associated to its activity and financial instruments are detailed below.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company's income and operating cash are not dependent on changes in interest rates as the Company has fixed rate interest bearing financial assets.

The interest-bearing Mauritian rupee denominated assets earn fixed interest at rates ranging from 3% p.a. to 3.5% p.a. On this basis, the Company is not significantly exposed to interest rate risk.

(ii) Bond price risk

Bond price risk is the risk of unfavourable changes in fair values of financial assets at FVTPL as the result of changes in the value of individual bonds. The bond price risk exposure arises from the Company's investments in secured redeemable convertible bonds.

The Company's policy is to manage bond price risk through selection of securities and other financial instruments within the specified limits set by its investment policy.

Sensitivity analysis

The next table summarises the impact of increases/decreases of the bond value on the Company's post-tax loss for the period.

The analysis is based on the assumption that the yield is increased/decreased by 1%, with all other variables held constant considering the economic environment in which the Company operates.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

A. Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Bond price risk (Continued)

Sensitivity analysis (Continued)

	Change in yield (basis points)	Effect on Profit and equity 2021
		Rs000
Financial assets at fair value through profit or loss	+100	(407,000)
	-100	**377,000**

(b) Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company monitors changes in credit risk by observing the default and loss experience of the counterparties. The Company uses the probability of default/loss given default approach to calculate any expected credit losses on financial assets at amortised cost.

The Company's exposure to credit risk arises in respect of the following financial instruments:

	2021
	Rs 000
Cash and cash equivalents	71,897,830

The credit risk for the cash and cash equivalents is considered negligible as the Company only holds cash deposits with the Bank of Mauritius.

(c) Concentration risk

As at the reporting date, the Company's financial assets at fair value through profit or loss were concentrated in the following sectors:

	2021	
	Rs 000	%
Hotels	5,410,878	88%
Textile	749,655	12%
	6,160,533	**100%**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

A. Financial risk factors (Continued)

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors who also monitors the Company's short, medium and long-term funding and liquidity management requirements. At 30 June 2021, the Company was not exposed to any liquidity risk as it has sufficient cash resources to settle its obligations in full as they fall due.

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date:

	2021
	Within one year
	Rs 000
Other payables	**14,850**

B. Financial instruments

(a) Categories of financial instruments

The table below provides reconciliation of the line items in the Company's statement of financial position to the categories of financial instruments.

Financial assets	**Financial assets at FVTPL**	**Financial assets at amortised cost**
2021	**Rs 000**	**Rs 000**
Financial assets at FVTPL	6,160,533	-
Cash and cash equivalents	-	71,897,830
Total assets	**6,160,533**	**71,897,830**

Financial liability	**Financial liability at amortised cost**
2021	**Rs 000**
Other payables	**14,850**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Financial instruments (Continued)

(b) Fair values of financial instruments (Continued)

Valuation framework

The Company has an established control framework with respect to the measurement of fair values. This framework includes a portfolio valuation function who has overall responsibility for fair value measurements and reports to the Board. Specific controls include:

- verification of observable pricing inputs;
- re-performance of model valuations;
- a review and approval process of new models and changes to such models;
- calibration and back-testing of models against observed market transactions;
- analysis and investigation of significant daily valuation movements; and
- review of unobservable inputs and valuation adjustments.

The carrying amounts of cash and cash equivalents and other payables approximate their fair values.

The Company adopted IFRS 13, 'Fair value measurement', for financial instruments that are measured in the statement of financial position at fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value	**Level 1**	**Level 2**	**Level 3**	**Carrying amount**	**Fair Value**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
2021					
Financial assets at FVTPL	**-**	**-**	**6,160,533**	**6,160,533**	**6,160,533**

The following table presents the changes in financial assets at FVTPL categorised as level 3 hierarchy:

	2021
	Rs 000
At start of period	-
Additions during the period	6,725,000
Interest receivable	31,387
Net decrease in fair value of financial assets at FVTPL	(595,854)
At end of period	**6,160,533**

There were no transfers to Level 1 or Level 2 instruments during the period under review.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Financial instruments (Continued)

(c) Significant unobservable inputs

The below sets out information about significant unobservable inputs used at reporting date in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of Instrument	Fair value at 30 June 2021	Valuation techniques	Significant unobservable inputs	Range of estimates (weighted-average) for unobservable input	Fair value measurement sensitivity to unobservable inputs
	Rs 000				
Financial assets at FVTPL	**6,160,533**	Scenario-Based Technique:	MUR yield curve	1.93% - 3.82%	An increase in yield curve would result in lower fair value
		The model employs a hybrid approach to valuation incorporating the MUR yield curve, default probabilities and credit spreads.	Probability of default	0.079% - 0.540%	An increase in the probability of default would result in lower fair value.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Financial instruments (Continued)

(c) Significant unobservable inputs (Continued)

A detailed analysis of the valuation methodology to the portfolio investments is highlighted below:

1 Scenario – based approach for convertible bonds valuation

The fair value of a convertible bond has been calculated as the present value of discounted cash flows. This valuation model considers the present value of expected cash flows discounted at the risk free rate plus a pre-determined issuer credit spread, in a simulation framework. Cash flows are conditional on the default of the issuer which is proxied using an estimated probability of default. The final fair value of the bond is the average of the randomly generated simulated prices.

C. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to its shareholder through the optimisation of the debt and equity balance. The capital structure of the Company consists of stated capital, share application money and retained earnings.

15. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice versa, or if they and the Company are subject to common control. Related parties may be individuals or other entities.

During the period ended 30 June 2021, the Company transacted with the Bank of Mauritius, its parent, and key management personnel including directors and the Chief Executive Officer.

Details of the nature, volume of transactions and balances with the related entities are as follows:

Related Party and Relationship	Nature of Transaction	Volume of transaction Period from 2 June 2020 (Date of incorporation) to 30 June 2021	Outstanding balance at 30 June 2021
		Rs 000	**Rs 000**
Bank of Mauritius - Parent	Fees for office space, facilities and services	5,500	5,500
Bank of Mauritius - Parent	Cash and cash equivalents	71,897,830	71,897,830
Key management personnel - Directors	Directors' fees	2,342	-
Key management personnel	Salaries and other benefits	1,609	-

The Directors consider the Bank of Mauritius, the Central Bank for Mauritius, as the Company's parent.

Directors fees are disclosed in Note 12 as per their terms of appointment.

Investment in subsidiary is set out in Note 7.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 2 JUNE 2020 (DATE OF INCORPORATION) TO 30 JUNE 2021 (CONTINUED)

16. IMPACT OF COVID-19

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. This event is a significant event considering the spread of virus all over the world and the situation of lock-down in Mauritius during the months of March 2020 to May 2020. In a context marked by uncertainty over the duration and depth of the COVID-19 pandemic, the Bank of Mauritius has set up the Company in line with its mandate to ensure an orderly and balanced economic development of the country as well as safeguard the stability and soundness of the financial system.

As at the reporting date, the Company had invested in systemically important corporations or companies in Mauritius which have been financially impacted as a result of the COVID-19 pandemic, through secured redeemable convertible bonds, in order to financially redress these corporations or companies. The fair value and carrying amounts of the Company's financial instruments at 30 June 2021 are already adjusted for the impacts of COVID-19.

As at the date of approval of these financial statements, the impact of COVID-19 crisis is still unfolding globally, and there will be some uncertainty remaining around the accurate assessment of the full impact of COVID-19 crisis or any prediction regarding the future course of events that would arise due to the COVID-19 crisis. The Directors have made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but is not limited to, twelve months from the date of approval of these financial statements and confirm that they have not identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

17. EVENTS AFTER THE REPORTING PERIOD

There have been no other significant events after the reporting date which need disclosures in or amendments to the financial statements for the period from 2 June 2020 (date of incorporation) to 30 June 2021.

18. TAXATION

The Company is exempted from any tax imposed on income, profits or capital gains under the Second Schedule of the Mauritius Income Tax Act 1995.

19. COMPARATIVE FIGURES

There are no comparative figures as this is the Company's first set of financial statements since the Company's incorporation on 2 June 2020.

Notes

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