



**CM DIVERSIFIED CREDIT LTD**  
ANNUAL REPORT FOR THE PERIOD FROM  
MARCH 19, 2019 (DATE OF INCORPORATION)  
TO JUNE 30, 2020



# CM Diversified Credit Ltd

## ANNUAL REPORT FOR THE PERIOD ENDED JUNE 30, 2020

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## CM Diversified Credit Ltd

### REPORT OF THE DIRECTORS FOR THE PERIOD FROM MARCH 19, 2019 (Date of Incorporation) TO JUNE 30, 2020

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The directors are pleased to submit the Annual Report of CM Diversified Credit Ltd, together with the audited financial statements for the period from March 19, 2019 (Date of incorporation) to June 30, 2020 as set out on pages 4 to 18.

All shareholders agree to dispense with the obligation to prepare an annual report as per section 221(4) of the Companies Act 2001.

This report was approved by the Board of Directors on September 28, 2020.

|   |   |
|---|---|
|  |  |
| .....   | .....   |
| Director  | Director  |
| RONALD LAM YAN FOON   | VIMAL ORI   |

## CM Diversified Credit Ltd

### SECRETARY'S CERTIFICATE FOR THE PERIOD FROM MARCH 19, 2019 TO JUNE 30, 2020

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I certify that, to the best of my knowledge and belief, the company has filed with the Registrar of Companies all such returns as are required of the company under the Companies Act 2001.



For and on behalf of  
**MCB Group Corporate Services Ltd**  
COMPANY SECRETARY



Date: September 28, 2020





## **CM DIVERSIFIED CREDIT LTD**

### **INDEPENDENT AUDITOR'S REPORT (CONT'D)**

To the Shareholder of CM Diversified Credit Ltd

#### **Responsibilities of Directors and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, the directors are responsible for assessing the 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.

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

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

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

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

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





**CM DIVERSIFIED CREDIT LTD**  
**INDEPENDENT AUDITOR'S REPORT (CONT'D)**  
To the Shareholder of CM Diversified Credit Ltd

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on Other Legal and Regulatory Requirements**

*Companies Act 2001*

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

We have obtained all information and explanations we have required.

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

**Other Matter**

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

  
**BDO & Co**  
*Chartered Accountants*



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

Port Louis,  
Mauritius

28 September 2020



# CM DIVERSIFIED CREDIT LTD

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

|                                     | Notes | Jun 30, 2020            |
|-------------------------------------|-------|-------------------------|
|                                     |       | Rs. '000                |
| <b>ASSETS</b>                       |       |                         |
| <b>Non Current Asset</b>            |       |                         |
| Financial Assets at amortised cost  | 5     | 1,574,613               |
| <b>Current Assets</b>               |       |                         |
| Financial Assets at amortised cost  | 5     | 202,795                 |
| Prepayments                         | 7     | 239                     |
| Cash and Cash equivalents           | 12(b) | 113,703                 |
|                                     |       | <u>316,737</u>          |
| <b>Total Assets</b>                 |       | <u><u>1,891,350</u></u> |
| <b>EQUITY AND LIABILITIES</b>       |       |                         |
| <b>Capital &amp; Reserves</b>       |       |                         |
| Share Capital                       | 9     | 110,250                 |
| Revenue Deficit                     |       | <u>(130)</u>            |
| <b>Total Equity</b>                 |       | <u>110,120</u>          |
| <b>Current Liabilities</b>          |       |                         |
| Trade and Other Payables            | 8     | 31,085                  |
| Current Tax Liabilities             | 10(a) | 87                      |
|                                     |       | <u>31,172</u>           |
| <b>Non Current Liability</b>        |       |                         |
| Other Financial liabilities         | 6     | 1,750,058               |
| <b>Total Liabilities</b>            |       | <u>1,781,230</u>        |
| <b>Total Equity and Liabilities</b> |       | <u><u>1,891,350</u></u> |

These financial statements have been approved for issue by the Board of Directors on September 28, 2020



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)  
DIRECTORS

The notes on pages 8 to 18 form an integral part of these financial statements.  
Auditor's report on pages 3 to 3(b).

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM MARCH 19, 2019 (Date of Incorporation) TO JUNE 30, 2020**

|  | <b>Notes</b> | <b>Mar 19, 2019<br/>to<br/>Jun 30, 2020<br/>Rs. '000</b> |
|--|--------------|--|
| Interest Income                                  |              | 71,399   |
| Interest Expense                                 |              | (47,755)   |
| Operating Expenses                               |              | (18,286)   |
| Administrative Expenses                          |              | <u>(5,401)</u>   |
| Loss before Tax                                  |              | (43)   |
| Income Tax                                       | 10(b)        | <u>(87)</u>  |
| Loss after Tax                                   |              | (130)  |
| Other Comprehensive Income                       |              | -  |
| <b>Total Comprehensive Income for the Period</b> |              | <b><u><u>(130)</u></u></b>                               |
| Loss per Share                                   | 11           | <u><u>Rs.(1.63)</u></u>                                  |

The notes on pages 8 to 18 form an integral part of these financial statements.  
Auditor's report on pages 3 to 3(b).

## CM DIVERSIFIED CREDIT LTD

### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM MARCH 19, 2019 (Date of Incorporation) TO JUNE 30, 2020

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|   | <b>Share<br/>Capital</b> | <b>Revenue<br/>Deficit</b> | <b>Total</b>    |
|---|--------------------------|----------------------------|-----------------|
|   | <b>Rs. '000</b>          | <b>Rs. '000</b>            | <b>Rs. '000</b> |
| Balance at March 19, 2019                 | -                        | -                          | -               |
| Issue of Shares                           | 110,250                  | -                          | 110,250         |
| Loss for the period                       | -                        | (130)                      | (130)           |
| Other comprehensive income for the period |                          |                            |                 |
| <b>Balance at June 30, 2020</b>           | <b>110,250</b>           | <b>(130)</b>               | <b>110,120</b>  |

The notes on pages 8 to 18 form an integral part of these financial statements.  
Auditor's report on pages 3 to 3(b).

## CM DIVERSIFIED CREDIT LTD

### STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED MARCH 19, 2019 (Date of Incorporation) TO JUNE 30, 2020

|  | Notes | Mar 19, 2019<br>to<br>Jun 30, 2020<br>Rs. '000 |
|--|-------|--|
| <b>Cashflow from Operating Activities</b>        |       |  |
| Cash generated from Operations                   | 12(a) | 7,159  |
| Interest Received                                |       | 48,452   |
| Interest Paid                                    |       | (47,697)                                       |
| Net Cash generated from Operating Activities     |       | <u>7,914</u>                                   |
| <b>Cashflow used in Investing Activities</b>     |       |  |
| Purchase of Financial Assets                     | 5     | (1,754,461)                                    |
| Net Cash used in Investing Activities            |       | <u>(1,754,461)</u>                             |
| <b>Cashflow from Financing Activities</b>        |       |  |
| Issue of Notes                                   | 6     | 1,750,000                                      |
| Issue of Ordinary Shares                         | 9     | 110,250  |
| Net Cash generated from Financing Activities     |       | <u>1,860,250</u>                               |
| <b>Net increase in Cash and Cash Equivalents</b> |       | <u><u>113,703</u></u>                          |
| <b>Movement in Cash and Cash Equivalents</b>     |       |  |
| At the beginning of reporting period             |       | -  |
| Increase   |       | 113,703  |
| <b>At the end of reporting period</b>            | 12(b) | <u><u>113,703</u></u>                          |

The notes on pages 8 to 18 form an integral part of these financial statements.  
Auditor's report on pages 3 to 3(b).

# CM DIVERSIFIED CREDIT LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM MARCH 19, 2019 (Date of Incorporation) TO JUNE 30, 2020

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### 1 GENERAL INFORMATION

CM Diversified Credit Ltd ("the Company") was incorporated in Mauritius under the Companies Act 2001 on March 19, 2019 as a public company, limited by shares with a limited lifetime of 50 years. Its main activity consists of structuring, engineering and offering structured products through the issue of debt or equity securities (or otherwise). Its registered address is 9 - 15 Sir William Newton Street, Port Louis.

The financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

### 2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### (a) Basis of preparation

The financial statements of CM Diversified Credit Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are that of an individual entity. The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs. 000), except where otherwise indicated. The financial statements are prepared under the historical cost convention, except that:

- (i) relevant financial assets and liabilities are stated at their fair value; and
- (ii) relevant financial assets and financial liabilities are stated at amortised cost.

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

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The standard has no impact on the Company's financial statements.

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM MARCH 19, 2019 (Date of Incorporation) TO JUNE 30, 2020

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### 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of preparation (cont'd)

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM MARCH 19, 2019 (Date of Incorporation) TO JUNE 30, 2020

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### 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of preparation (cont'd)

##### **Standards, Amendments to published Standards and Interpretations issued but not yet effective**

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 01, 2020 or later periods, but which the Company has not early adopted.

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

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- IFRS 17 Insurance Contracts
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)  
Annual Improvements 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Covid-19-Related Rent Concessions (Amendment to IFRS 16)
- Amendments to IFRS 17
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

#### (b) Revenue recognition

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM MARCH 19, 2019 (Date of Incorporation) TO JUNE 30, 2020

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### 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (c) Foreign currencies

##### Functional and Presentation Currency

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

#### (d) Financial Instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument.

#### (i) Financial assets

##### Categories of financial assets

The Company classifies financial assets at amortised cost. The classification depends on the purpose for which the investments were acquired. The Company determines the classification of investments at initial recognition.

##### **Amortised cost**

These assets arise principally from financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

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

The Company's financial assets measured at amortised cost comprise of financial assets at amortised cost and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

##### Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

# CM DIVERSIFIED CREDIT LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM MARCH 19, 2019 (Date of Incorporation) TO JUNE 30, 2020

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### 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Financial Instruments (cont'd)

##### (ii) Financial liabilities

The Company classifies its financial liabilities as follows depending on the purpose for which the liability was acquired.

- **Other financial liabilities** - The Company's credit linked notes issued are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

- **Trade payables and other short-term monetary liabilities**, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

##### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or they expire.

##### (iii) Equity Instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

# CM DIVERSIFIED CREDIT LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM MARCH 19, 2019 (Date of Incorporation) TO JUNE 30, 2020

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### 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Current Income Tax

The tax expense for the period comprises of current tax, deferred tax and corporate social responsibility levy. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly to equity.

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within profit or loss and the income tax liability on the statement of financial position. The Corporate Social Responsibility (CSR) charge for the current period is measured at the amount expected to be paid to the Mauritian Tax Authorities.

##### (i) Current Tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

##### (ii) *Deferred Tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

#### (f) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of the new shares are shown in equity as deduction, net of tax, from proceeds.

# CM DIVERSIFIED CREDIT LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM MARCH 19, 2019 (Date of Incorporation) TO JUNE 30, 2020

### 3 FINANCIAL RISK MANAGEMENT

#### (a) Financial Risk Factors

The Company's activities expose it to a variety of financial risks, including:

- Liquidity risk
- Credit risk
- Interest rate risk

A description of the significant risk factors is given below together with the risk management policies applicable.

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash to enable the Company to meet its liabilities. Management monitors the liquidity situation to ensure that the Company meets its obligations when required.

The table below show the maturity analysis of the assets and liabilities of the Company.

| Maturity of assets and liabilities | Within         | Between      | More than        | Non-maturity   | 2020             |
|------------------------------------|----------------|--------------|------------------|----------------|------------------|
|                                    | 1 year         | 1 to 5 years | 5 years          | items          | Total            |
|                                    | Rs.            | Rs.          | Rs.              | Rs.            | Rs.              |
| <b>ASSETS</b>                      |                |              |                  |                |                  |
| <b>Non Current Asset</b>           |                |              |                  |                |                  |
| Financial Assets at amortised cost | -              | -            | 1,574,613        | -              | 1,574,613        |
|                                    | -              | -            | 1,574,613        | -              | 1,574,613        |
| <b>Current Assets</b>              |                |              |                  |                |                  |
| Financial Assets at amortised cost | 202,795        | -            | -                | -              | 202,795          |
| Cash and Cash equivalents          | 110,039        | -            | -                | 3,664          | 113,703          |
|                                    | 312,834        | -            | -                | 3,664          | 316,498          |
| <b>Total Assets</b>                | <b>312,834</b> | <b>-</b>     | <b>1,574,613</b> | <b>3,664</b>   | <b>1,891,111</b> |
| <b>LIABILITIES</b>                 |                |              |                  |                |                  |
| <b>Current Liabilities</b>         |                |              |                  |                |                  |
| Trade and Other Payables           | 31,085         | -            | -                | -              | 31,085           |
|                                    | 31,085         | -            | -                | -              | 31,085           |
| <b>Non Current Liability</b>       |                |              |                  |                |                  |
| Other Financial liabilities        | -              | -            | 1,750,058        | -              | 1,750,058        |
| <b>Total Liabilities</b>           | <b>31,085</b>  | <b>-</b>     | <b>1,750,058</b> | <b>110,120</b> | <b>1,781,143</b> |

# CM DIVERSIFIED CREDIT LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM MARCH 19, 2019 (Date of Incorporation) TO JUNE 30, 2020

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### 3 FINANCIAL RISK MANAGEMENT (CONT'D)

#### (a) Financial Risk Factors (cont'd)

##### **Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. It arises principally from financial assets at amortised cost and cash and cash equivalents.

The Company's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties having good credit standards. The credit ratings of the investments are monitored for credit deterioration.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

##### **Interest Rate Risk**

The Company is exposed to interest rate risk through financial assets at amortised cost, cash and cash equivalents and other financial liabilities.

Interest rate sensitivity analysis

If interest rates had been 25 basis points higher, the effect on profit would have been as follows:

|                               |                     |
|-------------------------------|---------------------|
|                               | <b>Jun 30, 2020</b> |
|                               | <b>MUR</b>          |
| Decrease in in loss after tax | <b>353</b>          |

#### (b) Capital Risk Management

The Company's objective is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to this carrying amounts of assets and liabilities within the next financial year are discussed in appropriate notes.

##### Limitation of sensitivity analysis

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

# CM DIVERSIFIED CREDIT LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM MARCH 19, 2019 (DATE OF INCORPORATION) TO JUNE 30, 2020

| <b>5 FINANCIAL ASSETS AT AMORTISED COST</b> | <b>Jun 30, 2020</b> |
|---|---------------------|
|   | <b>Rs. '000</b>     |
| At the beginning of reporting period        | -                   |
| Additions                                   | 1,754,461           |
| Interest income                             | 68,910              |
| Less Interest received                      | (45,963)            |
| At the end of reporting period              | <u>1,777,408</u>    |

Financial Assets at amortised costs consist of notes issued by CIEL Limited, ENL Limited, MUA Limited and Omnicane Holdings Thermal Energy Ltd carrying interests ranging from 3% to 5% and maturing between February 2021 and December 2029.

Analysed as:

|             |                  |
|-------------|------------------|
| Current     | 202,795          |
| Non-current | 1,574,613        |
|             | <u>1,777,408</u> |

| <b>6 OTHER FINANCIAL LIABILITIES</b> | <b>Jun 30, 2020</b> |
|--------------------------------------|---------------------|
|                                      | <b>Rs. '000</b>     |
| At the beginning of reporting period |                     |
| Additions                            | 1,750,000           |
| Interest Expense                     | 47,907              |
| Interest Paid                        | (47,849)            |
| At the end of reporting period       | <u>1,750,058</u>    |

The financial liability of the notes issued by the Company has been classified under other financial liabilities and is amortised at cost using the effective interest rate method.

| <b>7 PREPAYMENTS</b> | <b>Jun 30, 2020</b> |
|----------------------|---------------------|
|                      | <b>Rs. '000</b>     |
| Prepayments          | <u>239</u>          |

| <b>8 TRADE &amp; OTHER PAYABLES</b> | <b>Jun 30, 2020</b> |
|-------------------------------------|---------------------|
|                                     | <b>Rs. '000</b>     |
| Trade & Other Payables              | 310                 |
| Amount due to group companies       |                     |
| Holding Company                     | 10,756              |
| Entities under Common Control       | 89                  |
| Fellow Subsidiaries                 | 19,930              |
|                                     | <u>31,085</u>       |

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

| <b>9 SHARE CAPITAL</b>               | <b>Number of</b> | <b>Ordinary</b> |
|--------------------------------------|------------------|-----------------|
| <b>Issued Shares of no par value</b> | <b>Shares</b>    | <b>Shares</b>   |
|                                      |                  | <b>Rs. '000</b> |
| At June 30, 2020                     | 110,250          | <u>110,250</u>  |

The shares have no par value and carry one vote per share and the right to dividend.

# CM DIVERSIFIED CREDIT LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM MARCH 19, 2019 (DATE OF INCORPORATION) TO JUNE 30, 2020

| 10 INCOME TAX  | <b>Jun 30, 2020</b> |
|--|---------------------|
|  | <b>Rs. '000</b>     |
| <b>(a) In the Statement of Financial Position</b>  |                     |
| Income tax on adjusted profit for the year at 15%  | 77                  |
| Corporate Social Responsibility Levy   | 10                  |
|  | <u>87</u>           |
|  | <b>Mar 19, 2019</b> |
|  | <b>to</b>           |
| <b>(b) In the Statement of Profit or Loss</b>  | <b>Jun 30, 2020</b> |
| Income tax on adjusted profit for the year at 15%  | 77                  |
| Corporate Social Responsibility Levy   | 10                  |
|  | <u>87</u>           |
| <p>The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the company as follows:</p> |                     |
|  | <b>Jun 30, 2020</b> |
|  | <b>Rs. '000</b>     |
| <b>Loss before Taxation</b>  | <u>(43)</u>         |
| Tax calculated at a rate of 17%  | (7)                 |
| Tax effect on:   |                     |
| Income not subject to tax  | (9,710)             |
| Expenses not deductible for tax purposes   | 9,804               |
| Tax Charge   | <u>87</u>           |
| <b>11 LOSS PER SHARE</b>   | <b>Mar 19, 2019</b> |
|  | <b>to</b>           |
|  | <b>Jun 30, 2020</b> |
| Loss for the Period (Rs. '000)   | <u>(130)</u>        |
| Weighted Average Number of Shares in Issue   | 79,867              |
| Loss Per Share (Rs.)   | <u>(1.63)</u>       |
| <b>12 NOTES TO THE STATEMENT OF CASH FLOWS</b>   |                     |
| <b>(a) Reconciliation of profit for the period to cash from operations:</b>  | <b>Mar 19, 2019</b> |
|  | <b>to</b>           |
|  | <b>Jun 30, 2020</b> |
|  | <b>Rs. '000</b>     |
| Loss before tax  | (43)                |
| Adjustments for:   |                     |
| Interest Income  | (71,399)            |
| Interest Expense   | 47,755              |
|  | <u>(23,687)</u>     |
| Changes in working capital:  |                     |
| - Other receivables  | (239)               |
| - Trade and other payables   | 31,085              |
| Cash generated from Operations   | <u>7,159</u>        |
| <b>(b) Cash &amp; Cash Equivalents</b>   |                     |
| Bank Balances  | 3,664               |
| Government of Mauritius Treasury Bills   | 110,039             |
|  | <u>113,703</u>      |



## CM DIVERSIFIED CREDIT LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM MARCH 19, 2019 (DATE OF INCORPORATION) TO JUNE 30, 2020

#### 13 RELATED PARTY TRANSACTIONS

The transactions of the company with related parties during the period are as follows:

|  | <b>Mar 19, 2019<br/>to<br/>Jun 30, 2020</b> |
|--|---|
|  | <b>Rs. '000</b>                             |
| <i>Operating Expenses</i>                          |   |
| Fellow Subsidiaries                                | 17,305                                      |
| <b>(a) Administrative Expenses</b>                 |   |
| Fellow Subsidiaries                                | 4,011                                       |
| Entities under common control                      | 411   |
|  | <u>4,422</u>                                |
| <b>Outstanding balances as at reporting period</b> | <b>Jun 30, 2020</b>                         |
|  | <b>Rs. '000</b>                             |
| <b>(b) Payables to related parties</b>             |   |
| Holding Company                                    | 10,756                                      |
| Fellow Subsidiaries                                | 19,930                                      |
| Entities under common control                      | 89  |
|  | <u>30,775</u>                               |
| <b>(c) Bank Balances</b>                           |   |
| Entities under common control                      | <u>3,664</u>                                |

All the above transactions have been carried out at least under market terms and conditions. There have been no guarantees provided or received for any related party receivables or payables. At June 30, 2020, the amounts owed by related parties were not impaired.

#### 14 IMPACT OF COVID-19

The novel coronavirus (COVID-19) pandemic has caused extensive disruptions to business operation around the globe in 2020. On March 11, 2020, COVID-19 was labelled as a pandemic by the World Health Organisation. The measures taken by various governments to contain the virus have affected economic activity.

The Company has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures when clients are visiting the office premises (social distancing). The directors are in the opinion that it is difficult to predict the overall outcome and impact of COVID-19 on the financial statements of the Company at this stage. The Company will continue to follow the various government policies and advice whilst continuing to operate in the best and safest way possible. If the financial markets and/or the overall economy are impacted for an extended period, the carrying value of the financial assets and the Company's results may be materially adversely affected.

#### 15 ULTIMATE HOLDING COMPANY

The holding company of CM Diversified Credit Ltd is MCB Capital Markets Ltd and the ultimate holding company is MCB Group Limited. Both companies are incorporated in Mauritius.