

# **CM Structured Products (1) Ltd**

**ANNUAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2022**



# CM STRUCTURED PRODUCTS (1) LTD

## ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2022

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TABLE OF CONTENTS	PAGES
Report of the Directors	1
Secretary's Certificate	2
Corporate Governance Report	3
Statutory Disclosures	4 - 5
Statement of Compliance	6
Independent Auditor's Report	7 - 7(b)
Financial Statements	8 - 25

### **NOTICE**

Unless otherwise stated, all references to Acts and Regulations in this Annual Report relate to legislations issued in the Republic of Mauritius.

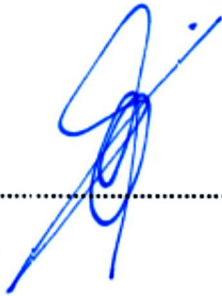
# CM STRUCTURED PRODUCTS (1) LTD

## REPORT OF DIRECTORS FOR THE YEAR ENDED JUNE 30, 2022

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The Directors are pleased to present the Annual Report of CM Structured Products (1) Ltd (the "Company") for the year ended June 30, 2022.

This report was approved by the Board of Directors on September 22, 2022.



.....  
**Director**

Vinal Ori



.....  
**Director**

Ronald Lam Yan Foon



## CM STRUCTURED PRODUCTS (1) LTD

### SECRETARY'S CERTIFICATE FOR THE YEAR ENDED JUNE 30, 2022

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

  
For and on behalf of  
**MCB Group Corporate Services Ltd**  
Company Secretary

Date: September 22, 2022

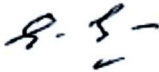
# CM STRUCTURED PRODUCTS (1) LTD

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2022

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CM Structured Products (1) Ltd has not prepared a Corporate Governance Report for the year ended June 30, 2022, as per Section 75 of the Financial Reporting Act 2004, for the following reasons:

- The Company is a wholly-owned subsidiary of MCB Capital Markets Ltd which is a wholly-owned subsidiary of MCB Group Limited, which already complies with the Code of Corporate Governance (the “Code”) by providing a full and comprehensive Corporate Governance Report in its Annual Report and makes the disclosures required by the said Code; and
- The Corporate Governance functions of the Company are discharged by the governance framework of MCB Group Limited, the Ultimate Holding Company.



.....  
Chairperson

Date: September 22, 2022



.....  
Director

# CM STRUCTURED PRODUCTS (1) LTD

## STATUTORY DISCLOSURES

### Section 221 of the Companies Act 2001

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#### 1. Principal Activity

The Company was incorporated in 2016 and specialises in providing structured products, which allow investors to participate in the performance of a specific underlying index, asset class or security whilst, in certain cases, securing their capital investment. The notes issued by the Company were listed on the official market of the Stock Exchange of Mauritius. The Company has no employees. Administrative matters have been outsourced to subsidiaries of the MCB Group through management and service level agreements.

#### 2. Composition of the Board

Mr GNANY Gilbert  
Ms AUMEERALLY Ferial (as from December 2021)  
Ms BASANTA LALA Divya (up to August 2021)  
Mr IP MIN WAN Robert  
Mr LAM YAN FOON Ronald  
Mr ORI Vimal

#### 3. Directors' interests in shares

The Directors have no interests in the securities of the Company directly or through any associate (as defined under the Listing Rules of the Stock Exchange of Mauritius).

#### 4. Directors' service contracts

There are no fixed term contracts or service contracts between the Company and the Directors.

#### 5. Directors' Remuneration

Amount paid to Directors during the year ended June 30, 2022 and June 30, 2021 are as follows:

	<u>2022</u>	<u>2021</u>
	Rs.'000	Rs.'000
Mr GNANY Gilbert	-	-
Ms AUMEERALLY Ferial	9	-
Ms BASANTA LALA Divya	1	15
Mr IP MIN WAN Robert	15	6
Mr LAM YAN FOON Ronald	-	-
Mr ORI Vimal	-	-

#### 6. Contract of significance

The Directors have no contract of significance with the Company.

# CM STRUCTURED PRODUCTS (1) LTD

## STATUTORY DISCLOSURES

### Section 221 of the Companies Act 2001

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#### 7. Major Transaction

No major transaction as defined under section 130(2) of the Act was undertaken.

#### 8. Auditors' Fees

The fees paid to the auditors, for audit and other services were:

	<u>2022</u>	<u>2021</u>
	Rs.'000	Rs.'000
Audit fees - BDO & Co:	132	113

#### 9. Charitable Donation

No donation was made by the Company during the year under review.

#### 10. Political Donation

The Company did not make any political donations during the year ended June 30, 2022.

Signed for and on behalf of the Board of Directors on September 22, 2022.

.....  
**Chairperson**

.....  
**Director**

# CM STRUCTURED PRODUCTS (1) LTD

## STATEMENT OF COMPLIANCE FOR THE YEAR ENDED JUNE 30, 2022

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

Name of Public Interest Entity : CM Structured Products (1) Ltd

Reporting Period : July 01, 2021 to June 30, 2022

We, the directors of the Company, hereby confirm to the best of our knowledge that the Company has resolved not to prepare a Corporate Governance Report, as per Section 75 of the Financial Reporting Act 2004, for the financial year ended June 30, 2022, for the reasons stated below:

- The Company is a wholly-owned subsidiary of MCB Capital Markets Ltd which is a wholly-owned subsidiary of MCB Group Limited, which already complies with the Code of Corporate Governance (the "Code") by providing a full and comprehensive Corporate Governance Report in its Annual Report and making the disclosures required by the said Code; and
- The Corporate Governance functions of the Company are discharged by the governance framework of MCB Group Limited, the Ultimate Holding Company.

Signed for and on behalf of the Board of Directors on September 22, 2022.



.....  
**Chairperson**



.....  
**Director**



## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of CM Structured Products (1) Ltd

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of CM Structured Products (1) Ltd (the "Company"), on pages 8 to 25 which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 8 to 25 give a true and fair view of the financial position of the Company as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

#### Basis for Opinion

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

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

#### 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 Mauritian 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.





## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholder of CM Structured Products (1) Ltd

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

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

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 judgment and maintain professional skepticism 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.
- 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.





## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholder of CM Structured Products (1) Ltd

### Report on Other Legal and Regulatory Requirements

#### *Mauritian Companies Act 2001*

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report on the following matters. We confirm that:

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

#### *Mauritian Financial Reporting Act 2004*

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Company has, pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

#### **Other Matter**

This report is made solely to the shareholder of CM Structured Products (1) Ltd (the "Company"), as a body, in accordance with Section 205 of the Mauritian 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*  
**BDO & Co**  
*Chartered Accountants*

*Didier*

Port Louis,  
Mauritius

**Didier Dabydin, FCA**  
Licensed by FRC

September 22, 2022



# CM STRUCTURED PRODUCTS (1) LTD

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

	<u>Notes</u>	<u>2022</u> Rs. '000	<u>2021</u> Rs. '000
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Deferred Tax Asset	5	-	61
<b>Current Assets</b>			
Other Receivables	6	7	102
Financial Assets at Fair Value through profit or loss	7	-	45,734
Financial Assets at Amortised Cost	8	-	480,819
Cash and Cash equivalents	15(b)	203	834
<b>Total Assets</b>		<b>210</b>	<b>527,489</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital &amp; Reserves</b>			
Share Capital	9	10	10
(Revenue Deficit)/Retained Earnings		(146)	2,554
<b>Total Equity</b>		<b>(136)</b>	<b>2,564</b>
<b>Current Liabilities</b>			
Other Financial Liabilities	10	-	524,731
Current Tax Liabilities	14(a)	148	-
Other Payables	11	198	255
<b>Total Liabilities</b>		<b>346</b>	<b>524,986</b>
<b>Total Equity and Liabilities</b>		<b>210</b>	<b>527,550</b>

These financial statements have been approved for issue by the Board of Directors on September 22, 2022.



)  
) DIRECTORS  
)

The notes on pages 12 to 25 form an integral part of these financial statements.  
Independent Auditor's report on pages 7 to 7(b).

## CM STRUCTURED PRODUCTS (1) LTD

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	<u>Notes</u>	<u>2022</u> Rs. '000	<u>2021</u> Rs. '000
Interest Income	2(b)	11,584	27,587
Interest Expense		(14,072)	(24,510)
Operating Expenses		(184)	(285)
Administrative Expenses		(645)	(750)
Foreign Exchange Gains		670	4
Net Gain on Sale of Securities		11,363	-
Net Expense from financial instruments carried at fair value through profit or loss	12	<u>(11,207)</u>	-
(Loss)/Profit before Tax		(2,491)	2,046
Income Tax	14(b)	<u>(209)</u>	(71)
(Loss)/Profit after Tax		(2,700)	1,975
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the Year</b>		<u><u>(2,700)</u></u>	<u><u>1,975</u></u>
(Loss)/Earnings per Share	13	<u><u>Rs.(2,700)</u></u>	<u><u>Rs.1,975</u></u>

The notes on pages 12 to 25 form an integral part of these financial statements.  
Independent Auditor's report on pages 7 to 7(b).

## CM STRUCTURED PRODUCTS (1) LTD

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

	<b>Share Capital</b>	<b>(Revenue Deficit)/ Retained Earnings</b>	<b>Total</b>
	<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>
Balance at July 01, 2021	10	2,554	2,564
Loss for the Year	-	(2,700)	(2,700)
Other comprehensive income for the year	-	-	-
<b>Balance at June 30, 2022</b>	<b>10</b>	<b>(146)</b>	<b>(136)</b>
Balance at July 01, 2020	10	579	589
Profit for the Year	-	1,975	1,975
Other comprehensive income for the year	-	-	-
<b>Balance at June 30, 2021</b>	<b>10</b>	<b>2,554</b>	<b>2,564</b>

The notes on pages 12 to 25 form an integral part of these financial statements.  
Independent Auditor's report on pages 7 to 7(b).

# CM STRUCTURED PRODUCTS (1) LTD

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

	<u>Notes</u>	<u>2022</u> Rs. '000	<u>2021</u> Rs. '000
<b>Cashflow from Operating Activities</b>			
Cash Used in Operations	15(a)	(791)	(992)
Interest Received		8,145	16,121
Interest Paid		<u>(12,523)</u>	<u>(12,523)</u>
Net Cash (used in)/generated from Operating Activities		<u>(5,169)</u>	<u>2,606</u>
<b>Cashflow from Investing Activities</b>			
Purchase of Financial Assets		-	(11,937)
Redemption of Financial Assets at amortised cost		484,258	-
Proceeds from Sale of Financial Assets at FVTPL		<u>57,097</u>	<u>-</u>
Net Cash generated from/(used in) Investing Activities		<u>541,355</u>	<u>(11,937)</u>
<b>Cashflow from Financing Activities</b>			
Redemption of Notes		<u>(537,487)</u>	<u>-</u>
Net Cash used in Financing Activities		<u>(537,487)</u>	<u>-</u>
<b>Net Decrease in Cash and Cash Equivalents</b>		<u>(1,301)</u>	<u>(9,331)</u>
<b>Movement in Cash and Cash Equivalents</b>			
At the beginning of the year		834	10,161
Decrease		<u>(1,301)</u>	<u>(9,331)</u>
Effect of Foreign Exchange Rate Changes		<u>670</u>	<u>4</u>
<b>At the end of the year</b>	15(b)	<u>203</u>	<u>834</u>

The notes on pages 12 to 25 form an integral part of these financial statements.  
Independent Auditor's report on pages 7 to 7(b).

# CM STRUCTURED PRODUCTS (1) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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### 1 GENERAL INFORMATION

The Company is a public Company limited by shares, incorporated on November 23, 2016 and domiciled in Mauritius. 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 Shareholder 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 the Company 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. Where necessary, comparative figures have been amended to conform with the change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

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

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

##### **Interest Rate Benchmark Reform Phase 2 (IBOR)**

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

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

- IFRS 4 Insurance Contracts
- IFRS 7 Financial Instruments - Disclosures
- IFRS 9 Financial Instruments
- IFRS 16 Leases

#### **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 1, 2022 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:

##### Effective date January 1, 2022

##### **IFRS 9 Financial Instruments**

Annual Improvements to IFRS Standards 2018-2020: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

# CM STRUCTURED PRODUCTS (1) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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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 (Cont'd)

Effective date January 1, 2022 (Cont'd)

##### IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts - Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.

Effective date January 1, 2023

##### IAS 1 Presentation of Financial Statements

Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.

Disclosure of Accounting Policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.

##### IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting estimates prospectively remain unchanged.

##### IAS 12 Income Taxes

Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.

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 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).

# CM STRUCTURED PRODUCTS (1) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

#### (c) Foreign currencies

##### (i) 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.

##### (ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying cashflow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in profit or loss under 'Foreign Exchange Gains'.

Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

#### (d) Financial instruments

##### (i) Financial assets

###### Categories of financial assets

The Company classifies financial assets in the following categories: financial assets through profit or loss and 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.

##### (a) Financial assets at fair value through profit or loss

The Company classifies the financial assets namely derivative financial instruments not designated as hedging instrument, as fair value through profit or loss at inception if so designated by the Directors.

##### (b) 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.

# CM STRUCTURED PRODUCTS (1) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

#### (d) Financial instruments (Cont'd)

##### (i) Financial assets (Cont'd)

###### Categories of financial assets (Cont'd)

##### (b) Amortised cost (Cont'd)

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 other receivables 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.

##### (ii) Financial liabilities

###### (a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss when the financial liability is either held for trading or it is designated as fair value through profit or loss.

A financial liability may be designated as fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 3(c).



# CM STRUCTURED PRODUCTS (1) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

#### (d) Financial instruments (cont'd)

#### (ii) Financial liabilities (Cont'd)

##### (b) Other financial liabilities

The Company's capital protected notes were 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 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.

#### (e) Current & Deferred Income Tax

The tax expense for the period comprises of current tax, deferred tax and Corporate Social Responsibility (CSR) 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, CSR is regarded as a tax and is therefore subsumed into income tax shown in profit or loss and the income tax liability on the statement of financial position. The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian Tax Authorities.

The Company is subject to the Advanced Payment System whereby it pays income tax on a quarterly basis.

##### 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.

##### 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.

# CM STRUCTURED PRODUCTS (1) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 3 FINANCIAL RISK MANAGEMENT

#### (a) Financial Risk Factors

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

- Foreign currency risk
- Liquidity risk
- Credit risk

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

#### Foreign currency risk

The Company operates in Mauritius and is exposed to foreign exchange risk arising from currency exposure primarily with respect to US Dollars.

Included in the table below are the Company's financial assets and financial liabilities at carrying amounts classified by currency.

#### As at June 30, 2022

	<b>Rupees</b>	<b>US Dollars</b>	<b>Total</b>
	Rs. '000	Rs. '000	Rs. '000
<b>ASSETS</b>			
Cash and Cash equivalents	175	28	203
<b>Total Assets</b>	<u>175</u>	<u>28</u>	<u>203</u>
<b>LIABILITIES</b>			
Other Payables	198	-	198
<b>Total Liabilities</b>	<u>198</u>	<u>-</u>	<u>198</u>

#### As at June 30, 2021

	<b>Rupees</b>	<b>US Dollars</b>	<b>Total</b>
	Rs. '000	Rs. '000	Rs. '000
<b>ASSETS</b>			
Financial Assets at fair value through profit or loss	-	45,734	45,734
Financial Assets at amortised cost	480,819	-	480,819
Cash and Cash equivalents	765	69	834
<b>Total Assets</b>	<u>481,584</u>	<u>45,803</u>	<u>527,387</u>
<b>LIABILITIES</b>			
Other Payables	243	12	255
Other Financial liabilities	478,997	45,734	524,731
<b>Total Liabilities</b>	<u>479,240</u>	<u>45,746</u>	<u>524,986</u>

At June 30, 2022, if the rupee weakens/strengthens by 10% against foreign currencies, with other variables held constant, the effect on (loss)/profit would have been as follows:

	<b>Impact on</b>	
	<b>Loss before taxation</b>	<b>Profit before taxation</b>
	<b>2022</b>	<b>2021</b>
	Rs. '000	Rs. '000
Rupee strengthens by 10%	(3.00)	(6.00)
Rupee weakens by 10%	3.00	6.00

# CM STRUCTURED PRODUCTS (1) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

##### 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.

The management monitors the liquidity situation to ensure that the Company meets its obligations when required.

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

##### Maturity of assets and liabilities

	Within 1 year Rs. '000	Non-maturity items Rs. '000	2022 Total Rs. '000
<b>ASSETS</b>			
Cash and Cash equivalents	-	203	203
<b>Total Assets</b>	-	203	203
<b>LIABILITIES</b>			
Other Payables	198	-	198
<b>Total Liabilities</b>	198	-	198

##### Maturity of assets and liabilities

	Within 1 year Rs. '000	Non-maturity items Rs. '000	2021 Total Rs. '000
<b>ASSETS</b>			
Financial Assets at fair value through profit or loss	45,734	-	45,734
Financial Assets at Amortised Cost	480,819	-	480,819
Cash and Cash equivalents	-	834	834
<b>Total Assets</b>	526,553	834	527,387
<b>LIABILITIES</b>			
Other Payables	255	-	255
Other Financial liabilities	524,731	-	524,731
<b>Total Liabilities</b>	524,986	-	524,986

##### 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, 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.

## CM STRUCTURED PRODUCTS (1) LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

###### Credit risk (Cont'd)

The table below shows financial instruments by category:

###### Financial Instruments by Category

	Fair Value through profit or loss		Amortised Cost	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Financial Assets</b>				
Financial assets at fair value through profit or loss	-	45,734	-	-
Financial assets at amortised cost	-	-	-	480,819
Cash and Cash equivalents	-	-	203	834
<b>Total financial assets</b>	<b>-</b>	<b>45,734</b>	<b>203</b>	<b>481,653</b>
<b>Financial Liabilities</b>				
Financial liabilities at fair value through profit or loss	-	45,733	-	-
Financial liabilities at amortised cost	-	-	-	478,998
Other Payables	-	-	198	255
<b>Total financial liabilities</b>	<b>-</b>	<b>45,733</b>	<b>198</b>	<b>479,253</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 the shareholder and benefits for other stakeholders.

##### (c) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of each reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions in the normal course of business. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted investments classified as financial assets at fair value through profit or loss.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

# CM STRUCTURED PRODUCTS (1) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

#### (c) Fair value estimation (cont'd)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, dividend yield and earnings basis, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade and other receivables and payables are assumed to approximate their fair values. The carrying amounts of financial assets approximate their fair values.

### 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.

#### Impairment Testing of Financial Assets

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.

There were no other major estimates and assumptions made during the year that have a significant risk of causing material adjustments to the carrying amounts of the Company's assets and liabilities within the next financial year.

#### Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and 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 STRUCTURED PRODUCTS (1) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 5 DEFERRED INCOME TAX

Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2021: 17%).

The movement on the deferred income tax asset account is as follows:

	<b>2022</b>	<b>2021</b>
	Rs. '000	Rs. '000
At the beginning of the year	61	132
Charged to Profit or Loss (note 14(b))	<b>(61)</b>	(71)
<b>At the end of the year</b>	<b>-</b>	61
Deferred Tax Asset :- (Tax Losses)	-	61

### 6 OTHER RECEIVABLES

	<b>2022</b>	<b>2021</b>
	Rs. '000	Rs. '000
Prepayments	<b>7</b>	102

Other receivables are due and payable within 1 year from the end of the reporting period. Given the short-term nature of other receivables their carrying amount is considered to be the same as their fair value.

Other receivables are denominated in Mauritian Rupees. As a result, there is no exposure to foreign currency risk.

### 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets held for trading:

	<b>2022</b>	<b>2021</b>
	Rs. '000	Rs. '000
Derivatives - warrants	-	45,734

A warrant is a derivative financial instrument which gives the right, but not the obligation to buy or to sell a specific amount of a given stock, currency, index or debt, at a specified price (the strike price) during a specified period or on a specified date. The fair value of listed warrants are included in derivatives held for trading classified as financial assets at fair value through profit or loss.

The movements in financial assets at fair value through profit or loss are as follows:

	<b>2022</b>	<b>2021</b>
	Rs. '000	Rs. '000
At the beginning of the year	<b>45,734</b>	39,310
Disposals	<b>(36,964)</b>	-
Fair value adjustments	-	6,424
Fair value release on disposal	<b>(8,770)</b>	-
<b>At the end of the year</b>	<b>-</b>	45,734

At the end of the year financial assets were measured at fair value, using the following inputs:

Observable Price (Level 2)	-	45,734
Analysed as:		
Current	-	45,734

# CM STRUCTURED PRODUCTS (1) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

8 FINANCIAL ASSETS AT AMORTISED COST	2022	2021
	Rs. '000	Rs. '000
At the beginning of the year	480,819	457,416
Additions	-	11,937
Maturity	(484,258)	-
Interest Income	11,584	27,587
Interest Received	(8,145)	(16,121)
<b>At the end of the year</b>	<b>-</b>	<b>480,819</b>
Analysed as:		
Current	-	480,819

Financial assets at amortised cost consisted of the following:

- (i) Notes issued by SUN Limited, in Mauritian Rupees, carrying interests ranging from 6.00% to 6.10% per annum and matured in December 2021; and
- (ii) Investment in Government Treasury Bills, in Mauritian Rupees, carrying interest ranging from 0.70% to 2.00% per annum and matured in December 2021.

9 SHARE CAPITAL	2022	2021
(i) Issued Share Capital (Rs. '000)	10	10
(ii) Issued ordinary shares of no par value (Number of Shares)	1,000	1,000

10 OTHER FINANCIAL LIABILITIES	2022	2021
	Rs. '000	Rs. '000
Financial liabilities at fair value through profit or loss (level 2: Observable Price)	-	45,733
Other Financial Liabilities	-	478,998
	-	524,731
Analysed as:		
Current	-	524,731

- (a) The movement on financial liabilities at fair value through profit or loss is as follows:

At the beginning of the year	45,733	39,309
Fair value adjustments	11,207	6,424
Fair value release on disposal	(56,940)	-
<b>At the end of the year</b>	<b>-</b>	<b>45,733</b>

- (b) The movement on other financial liabilities is as follows:

At the beginning of the year	478,998	467,011
Maturity/Redemptions	(480,547)	-
Interest Expense	14,072	24,510
Interest Paid	(12,523)	(12,523)
<b>At the end of the year</b>	<b>-</b>	<b>478,998</b>

The financial liability of the notes issued by the Company consists of two distinct obligations for the Company. The capital protected element of the notes has been classified under other financial liabilities and amortised at cost using the effective interest rate method. The second element, being the participation to the recorded performance of the reference index, has been classified as financial liabilities designated as fair value through profit or loss.

# CM STRUCTURED PRODUCTS (1) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

11 OTHER PAYABLES	2022	2021
	Rs. '000	Rs. '000
Accruals	176	164
Amount due to group companies (note 16(d))		
Entities under Common Control	22	33
Fellow Subsidiaries	-	58
	<u>198</u>	<u>255</u>

The carrying amounts of other payables approximate their fair values.

12 NET EXPENSE FROM FINANCIAL INSTRUMENTS	2022	2021
	Rs. '000	Rs. '000
Fair value adjustments on financial assets at fair value through profit or loss	-	6,423
Fair value adjustments on financial liabilities at fair value through profit or loss	(11,207)	(6,423)
	<u>(11,207)</u>	<u>-</u>

13 (LOSS)/EARNINGS PER SHARE	2022	2021
(Loss)/Profit for the Year (Rs. '000)	(2,700)	1,975
Number of Shares in Issue	1,000	1,000
(Loss)/Earnings Per Share (Rs.)	<u>(2,700)</u>	<u>1,975</u>

14 INCOME TAX	2022	2021
	Rs. '000	Rs. '000
<b>(a) In the Statement of Financial Position</b>		
Income tax on adjusted profit for the year at 15%	131	-
Corporate Social Responsibility Levy	17	-
	<u>148</u>	<u>-</u>

(b) In the Statement of Profit or Loss	2022	2021
	Rs. '000	Rs. '000
Income tax on adjusted profit for the year at 15%	131	-
Corporate Social Responsibility Levy	17	-
Deferred Tax charge for the year (note 5)	61	71
	<u>209</u>	<u>71</u>

The tax on the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2022	2021
	Rs. '000	Rs. '000
<b>(Loss)/Profit before Taxation</b>	<u>(2,491)</u>	<u>2,046</u>
Tax calculated at a rate of 15% (2021: 15%)	(374)	307
Tax effect on:		
Tax Loss brought forward	(54)	(117)
Income not subject to tax	(4,511)	(4,274)
Expenses not deductible for tax purposes	5,070	4,030
Deferred Tax charge for the year	61	71
Tax Loss carried forward	-	54
Corporate Social Responsibility Levy	17	-
Tax Charge	<u>209</u>	<u>71</u>



# CM STRUCTURED PRODUCTS (1) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 15 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of (Loss)/profit for the year to cash used in operations:

	<b>2022</b>	<b>2021</b>
	Rs. '000	Rs. '000
(Loss)/Profit before tax	(2,491)	2,046
Adjustments for:		
Interest Income	(11,584)	(27,587)
Interest Expense	14,072	24,510
Foreign exchange gain	(670)	(4)
Net Gain on Disposal of Securities	(11,363)	-
Net Expense from financial instruments carried at fair value	11,207	-
	<u>(829)</u>	<u>(1,035)</u>
Changes in working capital:		
- other receivables	95	2
- other payables	(57)	41
Cash Used in Operations	<u>(791)</u>	<u>(992)</u>

(b) Cash & Cash Equivalents

Cash and cash equivalents include the following for the purpose of the statement of cash flows:

Cash at bank	<u>203</u>	<u>834</u>
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### 16 RELATED PARTY TRANSACTIONS

The transactions of the Company with related parties during the year are as follows:

	<b>2022</b>	<b>2021</b>
	Rs. '000	Rs. '000
(a) <i>Operating Expenses</i>		
Entities under Common Control	31	15
Fellow Subsidiaries	127	222
	<u>158</u>	<u>237</u>
(b) <i>Administrative Expenses</i>		
Fellow Subsidiaries	7	-
Entities under Common Control	290	254
	<u>297</u>	<u>254</u>
(c) <i>Key Management Personnel Compensation (including directors)</i>	<u>25</u>	<u>21</u>

## CM STRUCTURED PRODUCTS (1) LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

#### 16 RELATED PARTY TRANSACTIONS (CONT'D)

Outstanding balances as at the end of the year are as follows:

	Notes	2022 Rs. '000	2021 Rs. '000
(d) <i>Payables to related parties</i>	11		
Entities under Common Control		22	33
Fellow Subsidiaries		-	58
		22	91
(e) <i>Bank Balances</i>			
Entities under Common Control	15(b)	203	834

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, 2022, the amounts owed by related parties were not impaired.

Outstanding balances at year end are unsecured. Settlement occurs in cash. The Company has made an impairment assessment by considering the previous repayment behaviours and the future cash flow forecasts covering the contractual period of receivables from related parties. The Company does not expect any default from them and is certain of their ability to pay their debts as they become due in the normal course of business and/or in any adverse economic and business conditions. Consequently, the probability of default is therefore negligible and the Company has not accounted for any impairment loss.

#### 17 ULTIMATE HOLDING COMPANY

The holding company of CM Structured Products (1) Ltd is MCB Capital Markets Ltd and the ultimate holding company is MCB Group Limited. Both companies are incorporated in Mauritius.