

**MCB INVESTMENT MANAGEMENT
CO. LTD**

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

MCB INVESTMENT MANAGEMENT CO. LTD

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2022

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NOTICE

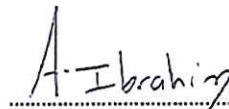
Unless otherwise stated, all references to Acts and Regulations in this Annual Report relate to legislations issued in the Republic of Mauritius.

MCB INVESTMENT MANAGEMENT CO. LTD

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

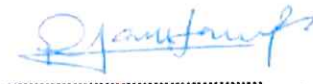
The Directors are pleased to submit the Annual Report of MCB Investment Management Co. Ltd for the year ended June 30, 2022.

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


.....

Director

Ameenah Ibrahim


.....

Director

Ronald Lam Yan Foon

MCB INVESTMENT MANAGEMENT CO. LTD

**SECRETARY'S CERTIFICATE
FOR YEAR ENDED JUNE 30, 2022**

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 of Mauritius.



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

Date: September 22, 2022

MCB INVESTMENT MANAGEMENT CO. LTD

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2022

1. GOVERNANCE STRUCTURE

1.1 Overview

MCB Investment Management Co. Ltd (the "Company" or "MCBIM") is a public Company and is wholly owned by MCB Capital Markets Ltd ("MCBCM"). It is committed to the highest standard of business integrity, transparency and professionalism in all its activities to ensure that the activities of the Company are managed ethically and responsibly to enhance business value for all stakeholders.

The Company is a public interest entity, as defined by law.

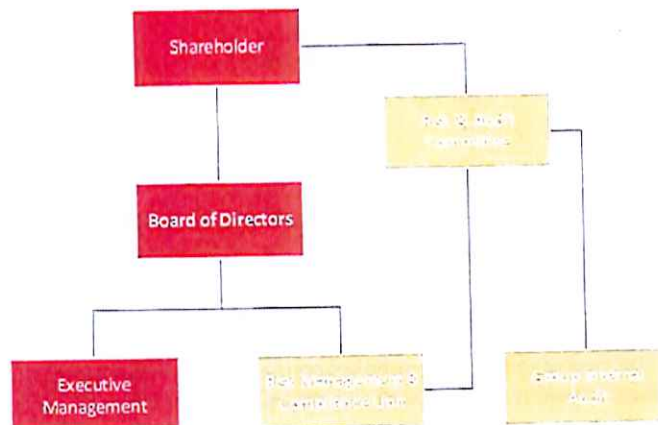
1.2 Statement of Compliance

The Board of Directors gives due consideration to the principles of good corporate governance which are applicable to the Company under the National Code of Corporate Governance for Mauritius 2016 ("Code").

Throughout the year ended June 30, 2022, to the best of the Board's knowledge, the organisation has complied with the Code in all material aspects.

The Board of Directors will regularly reassess the requirements of the Code to ensure that the Company remains compliant thereto in all material aspects.

1.3 Organisation Chart



1.4 Constitutive documents or Charter documents

1.4.1 Board Charter

The Board Charter has been duly approved by the Board and is reviewed on a regular basis by the latter. The Charter provides for delegation of authority and clear lines of responsibility with a reporting mechanism whereby matters affecting the affairs and reputation of the Company are duly escalated to the Board of the Company and to the Audit Committee of the holding company.

1.4.2 Position Statements

Position Statements have been approved by the Board and provides for a clear definition of the roles and responsibilities of the Chairperson, Managing Director as well as that of the Company Secretary.

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1.4.3 Statement of Main Accountabilities

The Board is responsible and accountable for the long-term success of the Company and as such has approved and set the main accountabilities of the Managing Director ("MD") and the Board collectively as follows:

	Main Accountabilities
Chairperson	<ul style="list-style-type: none">• Provides overall leadership to the Board.• Ensures that the Board is effective in its tasks of setting and implementing the company's direction and strategy.• Ensures that the development needs of the directors are identified and appropriate training is provided to continuously update their skills and knowledge.• Maintains sound relations with the shareholder.
Board	<ul style="list-style-type: none">• Ensures compliance by the Company with applicable legislation, regulation and policies.• Safeguards the assets of the Company.• Ensures long term interests of the shareholder are being served.
MD	<ul style="list-style-type: none">• Responsible for leading the elaboration and execution of the Company's long term strategy.• Ensures efficient utilization of resources.• Sets direction and oversee operations.

1.4.4 Material Clauses of the Constitution

There are no clauses of the constitution deemed material enough for special disclosure.

2. THE BOARD STRUCTURE

2.1 Board and Chairperson's roles and responsibilities

The Board structure is unitary with a mix of executive, non-executive, and independent directors. All the members of the Board have the necessary knowledge, skills, objectivity, intellectual honesty, integrity, experience and commitment to make sound judgements on the key issues relevant to the business of the Company, independent of management and to protect the interests of the shareholder, clients and other stakeholders.

The Chairperson's primary role is to ensure that the Board is effective in its tasks of setting and implementing the Company's direction and strategy. He must ensure that appropriate policies and procedures are in place for the effective management of the Company.

2.2 Composition of the Board

The Board examines the size, composition and the essential competencies of its members regularly to ensure that there is an appropriate balance of skill, experience and knowledge on the Board to carry out its duties and responsibilities effectively. The Board comprises of eight members as detailed below:

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Name	Title	Category	Gender	Country of Residence	Member of the Collective Investment Schemes (CIS) Committee
Gilbert GNANY	Chairperson	Non-Executive	M	Mauritius	
Couldiplall BASANTA LALA	Director	Independent	M	Mauritius	√
Ameenah IBRAHIM	Managing Director	Executive	F	Mauritius	
Ronald LAM YAN FOON	Director	Non-Executive	M	Mauritius	
Jeremy PAULSON-ELLIS	Director	Non-Executive	M	United Kingdom	√
Michael NAAMEH	Director	Non-Executive	M	United Kingdom	√
Catherine SWANEPOEL	Director	Independent	F	Mauritius	√
Gilles TRANCART	Director	Independent	M	France	√

Taking into consideration the size of the Company and the scope and nature of its operations, the Board considers that the current number of directors is appropriate for enabling effective decision-making. The Board is of the opinion that 1 executive director is adequate for the smooth running of the Company.

Messrs Couldiplall Basanta Lala, Gilles Trancart and Mrs Catherine Swanepoel, are independent directors on the boards of MCBIM and MCBCM. They have no executive or any controlling power on either MCBIM or MCBCM and do not have any vested interests in either companies. Therefore their judgement and decisions relating to the affairs of MCBIM are purely professional and in the best interest of the Company.

In addition, Messrs Gilbert Gnany, Ronald Lam Yan Foon and Jeremy Paulson-Ellis are also directors of MCBCM, the holding company.

2.3 Profile of Directors

A brief profile of each director along with their directorships is set out below:

(i) Gilbert Gnany, Non-Executive Director and Chairperson

Mr. Gilbert Gnany holds a Master's degree in Econometrics from the University of Toulouse and a 'DESS' in Management/Micro-Economics from Paris-X. He previously worked as Senior Advisor on the World Bank Group's Executive Board where he was responsible for issues relating mainly to the International Finance Corporation and the private and financial sectors. Prior to joining the World Bank, he was the MCB Group Chief Economist and Group Head of Strategy, Research & Development after having been the Economic Advisor to the Minister of Finance in Mauritius. During his career, he has been involved in various high-profile boards/committees. Amongst others, he chaired the Stock Exchange of Mauritius Ltd, the Statistics Advisory Council and the Statistics Board of Mauritius as well as having been a member of the Board of Governors of the Mauritius Offshore Business Activities Authority, a director of the Board of Investment and of the Mauritius Sugar Authority. He was also a member of the IMF Advisory Group for sub-Saharan Africa and a member of the Senate of the University of Mauritius.

He is currently a Board member of several companies within the MCB Group. On the institutional side, he is an external IMF expert in statistics, in particular, on data dissemination standards and strategy. Moreover, he is a member of the Financial Services Consultative Council. He also acts as Chairperson of the Economic Commission of Business Mauritius which serves, inter alia, as a platform for public-private sector dialogue.

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Directorship in listed companies

- MCB Group Limited
- Caudan Development Ltd
- Promotion and Development Ltd
- Compagnie Des Villages De Vacances De L'Isle De France Limitée
- Medine Ltd

(ii) Couldiplall Basanta Lala, Independent Director

Mr. Couldiplall (Couldip) Basanta Lala is a Fellow of the Institute of Chartered Accountants in England and Wales. Between 1985 and 1993, he has been a partner of one of the big accounting firms (DCDM) and was responsible for training, technical development & strategic coordination. He has been leading audit assignments of World Bank financed projects in countries of East and West Africa. In late 1993, Mr. Couldip co-founded International Financial Services Ltd (IFS) which grew into a leading Management Company specialising in international tax, business and corporate advisory services. In January 2017, IFS was acquired by SANNE Group PLC, a company quoted on the main market of the London Stock Exchange. Mr. Couldip has been instrumental in the successful integration of IFS within the SANNE Group. He retired from SANNE at the end of December 2018. All along his career, Mr. Couldip has been a corporate affairs consultant and adviser. His area of focus has been the structuring of both private equity and open-ended funds. Mr. Couldip sits on Boards of few private equity and open-ended funds. He continues to contribute to the global business sector through his practitioner's perspective.

(iii) Ronald Lam Yan Foon (Rony Lam), Non-Executive Director

Mr. Rony Lam started his career with KPMG in Beijing and London, where he qualified as a Chartered Accountant. Since 2000, he has pursued a career in investment banking at HSBC Investment Bank and Barclays in London and Asia. From 2007 to 2012, he was a Partner at Fenchurch Advisory Partners, a leading UK investment banking firm focused exclusively on advising financial institutions on mergers and acquisitions and capital markets transactions. Mr. Rony was a Cambridge Commonwealth Trust scholar and holds a BA (Honours) and MA (Cantab) in Economics from Cambridge University. He also has a Diploma in Mandarin Chinese from Renmin University of China. He is a director of several companies within the MCB Group.

(iv) Ameenah Ibrahim, Executive and Managing Director

Miss. Ameenah Ibrahim heads MCB Investment Management Co Ltd. She started her career shortly after the creation of MCBIM. She has been at the forefront of the development of MCBIM, from the investment level as well as on the operation and administration level. Throughout her career, she has acquired extensive experience in devising investment strategies for institutional and individual clients, pension industry, launching and monitoring of collective investment schemes, dealing with fund distributors, liaising with third parties inclusive of regulatory bodies and governance. Prior to this role she was managing multi-asset portfolio, equities portfolio, absolute return mandate, tracking strategies amongst others. She joined the Group after graduating from the University of Montpellier with a "Maîtrise-es-Sciences Économiques – Mention Monnaie et Finance".

(v) Jeremy Paulson-Ellis, Non-Executive Director

Mr. Jeremy Paulson-Ellis was one of the founding directors of the Genesis Group, a specialist institutional investment manager in Emerging Markets and was the Chairman from its formation in January 1989 until his retirement in June 2009. Prior to that he was Chairman of Vickers da Costa following its takeover by Citicorp in 1985. Vickers da Costa was an international London-based stockbroker with substantial international operations particularly in the Asia Pacific region. Earlier in his career for Vickers he was involved in the management of the first offshore fund formed to invest in Japan and participated in the development and launch of the first country funds for South Korea and Taiwan, and the second for Thailand while also working on the development of local

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Stock Markets. This exposure to the development of Stock Markets and the direction of an institutional investment manager brings to the Board extensive experience which complements the existing knowledge base within the Mauritian marketplace.

(vi) Michael Naameh, Non-Executive Director

Mr. Michael Naameh is a specialist in international investment management, emerging markets and financial sector development. He has three decades of institutional investment and consultancy experience gained at Crown Agents for Oversea Governments and Administrations, where he served as director and chief investment officer until 2016, and prior to that as a senior consultant at an international firm of actuaries for six years. He has been an independent consultant to central banks and ministries of finance since 2016. Mr. Michael is co-author of two books on central bank reserves and sovereign risk management. He has also presented numerous policy papers and articles on the management of public assets and liabilities and financial sector development at international forums, including the World Bank & IMF Annual Meetings, World Bank Small States Forum, Commonwealth Finance Ministers Annual Meetings, Asian Development Bank, Caribbean Development Bank and Bank for International Settlements. He holds an MSc in International Monetary Economics and Econometrics from the University of London and a BA (Hons) in Business Studies. He is a member of the Institute of Chartered Financial Analysts (CFA).

(vii) Catherine Swanepoel, Independent Director

Mrs. Catherine Swanepoel holds a Masters of Commerce in Economics and a Bachelor of Commerce from the University of Cape Town. She is currently a Partner and the Chief Investment Officer of an African private equity fund manager with \$1bn under management. She also serves on the Investment Committee and a Director of the Board. She also serves as a Director of the Board of South Suez, Mrs. Catherine was an equity investor in Emerging Markets from 2011 to 2018 he occupied the London positions, Deputy CEO of Lazard Frères Gestion (France), Managing Director of Lazard LLC (US) and CEO of Lazard Fund Managers (Dublin, Zurich, Milan, Brussels and Madrid). Gilles also acted as a Director of Lazard Frères Banque. Previously, he was Chief Risk Officer for Newedge (Crédit Agricole Corporate & Investment Bank (CACIB). He also worked as a general partner of ODDO BHF together with Philippe Oddo and has acted as an independent Director and consultant for a number of stock markets and clearing houses in Europe. He is currently on the board of 'Inversis Gestion', Asset Manager, in Spain. He is also a board member of Antwort, a private equity fund based in Luxembourg. Mr. Gilles began his career at the Banque of France as Inspecteur in charge of control of Banks for the Banking Commission, specialised in Retail Banking and Market Activities in 1983.

2.4 Company Secretary

The Company Secretary of the Company is MCB Group Corporate Services Ltd, a private company incorporated in Mauritius with registered office 9-15, Sir William Newton Street, Port Louis. All board members have access to the Company Secretary for information relating to the Board matters. Profiles of the representatives of the Company Secretary may be viewed on the website of the Company.

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CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2022

2.5 Board Attendance

Board meetings are held on a regular basis but may be convened at any time in case urgent matters need to be discussed.

No of Meetings held during the year ended June 30, 2022	4
Directors	
Mr Gilbert Gnany	4/4
Mr Couldiplall Basanta Lala	4/4
Miss Ameenah Ibrahim	4/4
Mr Ronald Lam Yan Foon	4/4
Mr Jeremy Paulson-Ellis	4/4
Mr Michael Naameh	3/4
Mrs Catherine Swanepoel	3/4
Mr Gilles Trancart	4/4

2.6 Board Committees

An Audit Committee has been constituted at the level of the holding company, MCBCM, to take up all Audit related issues of the subsidiaries of MCBCM amongst which MCBIM. The Audit Committee of MCBCM meets semi-annually.

3.1 Directors Selection

Investment Scheme business is delegated to the CIS Supervisory Committee (the CIS Committee) to assist the Board of directors of MCBIM in discharging its duties. The Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGESC) of MCB Group Limited (MCBG) identifies suitable candidates for the Board of the Company after determining whether the potential candidates have the required criteria established by the RCGESC and whether the potential new directors are fit and proper and are not disqualified from being directors. The RCGESC then proposes the selected candidates to the Board of the Company for review and approval.

3.2 Election and Re-election of Directors

All directors are re-elected each year at the Annual Meeting of Shareholder.

3.3 Induction of new Directors

Newly appointed directors participate in induction sessions and are given the constitutive documents of the Company. An introductory meeting is organised with the executive director to explain the business activities of the Company and its governing policies.

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The Chairperson, the Managing Director as well as the Company Secretary are readily available to answer to any queries that newly appointed directors may have with respect to the Company.

The programme meets the specific needs of both the Company and the newly appointed directors and enable the latter to participate actively in Board's discussion.

3.4 Professional Development

Directors are encouraged to keep themselves up to date with the professional practices and industry related developments. The Chairperson evaluates directors' training requirements on an on-going basis and ensures that they keep abreast of changes in the business and regulatory environment. Upon request from the directors, the Company shall provide the necessary resources for directors to maintain their knowledge, as appropriate.

3.5 Succession Planning

MCBG is one of Mauritius' largest group of companies with a large pool of staff with different skills, academic and professional qualifications, and expertise in various fields of business. The MCB Group strategy includes the recognition and fostering of talents within executive and management levels across the Group thus ensuring that the Group creates opportunities to develop current and future leaders.

3.6 Time Commitment

Each director is expected to devote sufficient time and attention to the affairs of the Company. The Company ~~applies the same remuneration philosophy as its ultimate holding company, MCB Group Limited~~. This will include attendance at Board meetings, at which consists of:

- a monthly basic retainer for membership of the Board
- an attendance fee per sitting of the Board
- no share option or bonus should be granted to non-executive directors.

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The remuneration philosophy for executives is based on meritocracy and opportunity is given to employees to benefit from the financial results of the Company. Indeed, executives receive an annual bonus based on the performance of the Company as well as an assessment of their contributions thereto.

Furthermore, the employees of the Company are entitled to the MCB Group Employee Share Option Scheme which provides them with the opportunity to partake in the growth and prosperity of the Group through an acquisition of a stake therein.

4.3 Directors' Remuneration

The non-executive directors who are already in executive positions within the MCB Group do not receive additional remuneration as Board members, in line with the Group's policy.

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

4.4 Directors' interests in shares

The directors do not hold shares in the Company directly or through any associate (as defined under the Listing Rules of the Stock Exchange of Mauritius).

4.5 Directors' service contracts

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

4.6 Related Party Transactions

Related party transactions have been conducted in accordance with the Conflicts of Interest and Related Party Transaction Policy and the Code of Ethics. For related party transactions, please refer to note 23 of the Financial Statements.

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CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2022

4.7 Policies of the Company

The following policies of the ultimate holding company, MCBG, which are reviewed on a regular basis, have been adopted by the Company:

Policies/Codes

Information, Information Technology and Information Security Governance Policy
Conflicts of Interest & Related Party Transaction Policy
Whistleblowing Policy
Code of Ethics

Whistleblowing Policy

The Whistleblowing Policy of MCBG provides the employees a reporting channel on suspected misconduct or malpractice within the Company without the risk of subsequent victimization or discrimination. The policy provides the complaint handling and reporting processes to improve transparency.

4.8 Information Governance

Provide directors and employees of each business clusters regrouped under the Information Governance on how to always conduct business with the highest level of regularly monitored and evaluated by the Board.

The Board oversees information governance within the organisation. Related party transactions conducted and Information Security Governance Policy of the MCB Group applies to all the subsidiaries. Policies relating to information security are made accessible to all the employees of the Group without restriction via its intranet system. Appropriate governance arrangements are in place whereby the IT function and function responsible for monitoring adherence to Information Risk and IT are kept separate. The Company is compliant with all the requirements of the Data Protection Act 2017.

4.9 Register of Interest

A register of interest is maintained by the Company Secretary and is available for consultation by the shareholder upon request.

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4.10 Board, Committees and Directors' Performance

The Board acknowledges the need of regularly reviewing the performance and effectiveness of the Board and its Directors. A board evaluation was carried out in June 2021 for the financial year 2020/2021 and the review established that the Directors consider the Board to be effective with an appropriate mix of expertise, skills and competence. The questions were categorised as follows:

- Structure of the Board
- Board Efficiency and Effectiveness
- Strategy and Performance
- Risk Management and Governance
- Director's self-assessment
- Chairperson's appraisal

The Board has decided that the board evaluation exercise would be carried out every 3 years. As such, the next exercise will be held in 2024. The directors endeavour to maintain the same vigilance in leading the Company.

5. RISK GOVERNANCE AND INTERNAL CONTROL

The Board is responsible for risk management, the procedures in place within the organisation and for the definition of the overall strategy for risk tolerance.

The Company's policy on risk management encompasses all significant business activities including all operational, human resources, technology, business continuity, financial and other risks that could influence the achievement of the Company's objectives.

The system of internal control, which is embedded in the procedures of the Company and has a direct reporting line to the Board of Directors, provides assurance that the Company's internal control and risk management function is outsourced to the Internal Audit Strategic Business Unit of The Mauritius Commercial Bank Ltd, which provides another balanced assessment of key risks and control, independent from reports received from the Company's management.

The key risks for the Company are legal, regulatory, operational, reputational, performance and financial risks. The Board is ultimately responsible for these matters but delegates the ongoing tasks to management.

Legal risks are managed by the Risk Management & Compliance Unit, taking advice from the Company's legal advisor where appropriate. The Board also takes out appropriate insurance cover.

Regulatory risks are managed by the Risk Management & Compliance Unit and involves the setting out of proper processes and procedures in order to meet the licensing requirements set by the Financial Services Commission and the Company's responsibilities under The Financial Intelligence and Anti-Money Laundering Act 2002.

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Operational risks are managed by the Risk Management & Compliance Unit and involves the identification of the risk profile of the business activities and processes, following which appropriate controls have been designed and implemented. In addition, risks arising from business processes are managed through the application of the necessary technical controls at every stage of those processes.

Reputational and performance risks are managed by the Board.

The identification and management of the financial risks are further discussed in note 3 to the Financial Statements.

During the financial year under review all significant areas with respect to risk governance were covered by the internal control and no material risk or deficiency has been noted in the organisation's system of internal controls.

6. REPORTING WITH INTEGRITY

6.1 Organisational Overview

MCBIM is duly licensed under the Securities Act 2005 to, inter alia, promote, manage and administer collective investment schemes and closed-ended funds. In addition to its CIS Manager Licence, MCBIM has an investment adviser (unrestricted) licence issued by the Financial Services Commission ("FSC") and is accordingly entitled to also provide advisory and portfolio management services to its clients.

MCBIM currently employs 12 full time staff with 5 individuals dedicated to investment and the rest to administration and support operations.

The firm leverages on MCB Capital Markets in-house support for all its IT (Information Technology), compliance, risk, MLRO (Money Laundering Reporting Officer), accounting, legal and structuring requirements.

6.2 Overview of the external environment

MCBIM remains among the market leaders in providing retail investment solutions with our well diversified range of funds and investment management services for institutional clients.

6.3 Key Performance Indicators, Performance and Outlook

Revenues reached Rs 220 million in FY22 (FY21: Rs 184 million), crossing the Rs 200 million mark for the first time. Whilst all global equity indices retreated sharply in the second half of the financial year in the wake of the war in Ukraine and the ensuing inflation and recessionary fears, our local equity market defied gravity by posting a positive performance of 14.2% for the 12 months ended June 30, 2022. Our best performing fund for FY2021/22 was the MCB Domestic Equities Fund (+16.9%). Fund inflows, however, were heavily skewed towards the MCB Yield Fund, which continued to attract relatively conservative investors looking for a better return than the bank savings rate. During the year, we successfully pitched for and won mandates from new institutional clients.

In spite of the re-opening of our frontiers and resumption of tourism, the difficulty to access hard currencies continues to constrain our investment team's ability to execute mandates for rupee based clients seeking to capture investment opportunities in international markets.

During the financial year ended June 30, 2022, we closed the MCB Africa Equity Fund and returned the proceeds to our investors. This decision was triggered by a combination of relatively poor fund performance in recent years and our belief that investor appetite for African equities is likely to remain subdued for the next few years.

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Looking ahead, our team will continue to target new institutional mandates, broaden our distribution channels and help international investors access attractive opportunities in Africa through our products. The secondary listing of our African Domestic Bond Fund ETF on the Botswana Stock Exchange in September 2022 is in line with this last objective.

6.4 Ethics, Health & Environment Safety and Employment Practices

The Company is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders.

The health and safety of staff and visitors is paramount and all reasonable measures are taken to ensure a sound and healthy working environment.

The Company is an equal opportunity employer and does not discriminate in any way with regard to race, religion or gender. All employment opportunities are openly advertised and the selection process involves the whole staff.

6.5 Corporate Social Responsibility

Corporate Social Responsibility contributions during the year under review amounted to Rs. 489,481.

6.6 Charitable Donation

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

6.7 Political Donation

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

6.8 Documents available on the Website

The Board of Directors is pleased to announce that the following documents amongst others, which have been approved by the Board and can be viewed on the Website of the holding company:

- ⇒ The full Annual Report of the Company including the financial statements
- ⇒ The Constitution
- ⇒ The Board Charter
- ⇒ The Terms and Conditions of Appointment of Non-Executive Directors
- ⇒ The Nomination and Appointment Processes of Non-Executive Directors
- ⇒ The Position Statements for Chairperson of the Board, Managing Director and Secretary
- ⇒ The Code of Ethics
- ⇒ The Whistle Blowing Policy
- ⇒ The Information, Information Technology and Information Security Governance Policy
- ⇒ The structure, organisation and qualifications of the key members of the internal audit function
- ⇒ The Conflicts of Interest & Related Party Transactions Policy
- ⇒ The Organisational chart
- ⇒ The Statement of major accountabilities within the organisation

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7. AUDIT

An Audit Committee has been set up at the MCB Capital Markets Group level in October 2012 to deal with audit related issues of all its subsidiaries including MCBIM.

7.1 Internal Auditors

The internal audit function is outsourced to the Group Internal Audit ("GIA") department of The Mauritius Commercial Bank Ltd, which provides another balanced assessment of key risks and controls, independent from reports received from the Company's management.

The Head of GIA is independent of the Executive Management of the Company and reports to the Risk and Audit Committee of MCBCM on a semi-annual basis.

GIA ensures that the quality of internal audit services provided to the Company is aligned with recognised best practices. GIA leverages on a systematic and disciplined approach, notably through the use of well-focused audit work programs and computer aided audit techniques to evaluate the effectiveness of the internal control systems of the Company. It is worthwhile to note that the Institute of Internal Auditors requires each internal audit function to have an external quality assessment conducted at least once every five years. This exercise has been carried out in 2009, 2013 and 2018 respectively, by an internationally recognised auditing firm which confirmed the Internal Audit Business Unit's compliance with the International Standards for the Professional Practice of Internal Audit issued by the above mentioned institute.

There are no restrictions placed on the internal auditors in conducting their audit exercises.

Areas, systems and processes covered by internal audit including non-financial matters are as follows:

- o Governance: Review of minutes of Board meetings, Compliance with legal and regulatory framework and reporting to relevant regulatory bodies and review of monitoring process of the Risk and Compliance Unit
- o Accounting: Procure to pay, sales & invoicing, close the books, EOD Accounting, Payment of dividends, bank reconciliation and fixed assets
- o Investment: Investment agreement, Fixed income securities, Equity and Mutual Funds
- o CIS Management: Settlement and dealing, pricing and reporting
- o Client take-on: Client onboarding incl. KYC and Client file maintenance
- o IT: Quantis logical access management, disaster recovery, shared folder administration, Service Level Agreement/ Licensing
- o Others: Human resources analysis

7.2 External Auditors

The Audit committee receives reports from the Company's external auditor and has regular sessions with the latter to discuss audit related issues without management's presence. The external auditors did not carry out non-audit services for the Company during the financial year under review.

The Audit Committee of MCBCM recommends the appointment of the external auditors for all the subsidiaries of MCBCM Group on a yearly basis, after having reviewed the Audit Plan presented by the external auditors.

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The Audit Committee also evaluates the performance of the External Auditor and reviews the integrity, independence and objectivity of the External Auditor by:

- Confirming that the External Auditor is independent from the Company
- Considering whether the relationships that may exist between the Company and the External Auditor impair the External Auditor's judgement

Upon approval from the Audit Committee, the Board of the Company thereafter recommends the appointment of external auditor to the shareholder in the Annual Meeting of shareholder for approval by way of an ordinary resolution.

7.3 Auditor's Fees

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

	2022	2021
	Rs	Rs
AUDIT FEES – BDO & CO.	215,000	184,500

The external auditor did not receive any fees for other services.

8. RELATIONS WITH THE SHAREHOLDER AND OTHER KEY STAKEHOLDERS

The shareholder is properly kept informed on matters affecting the Company as the shareholder is fairly represented on the Board. The Annual Meeting of Shareholder is held in accordance with the Mauritius Companies Act 2001 and upon consultation with the shareholder. Notices for the annual meeting and other shareholder meetings are duly sent to the shareholder.

The Company's website is used to provide relevant information to other stakeholders. Open lines of communication are maintained to ensure transparency and optimal disclosure.

8.1 Shareholder Agreement Affecting The Governance of the Company by the Board

There is currently no such agreement.

8.2 Major Transaction

No major transaction as defined under section 130(2) of the Mauritius Companies Act 2001 was undertaken.

8.3 Third Party Management Agreement

There is a service level agreement between The Mauritius Commercial Bank Ltd and the Company for provision of technical assistance.

8.4 Shareholder Holding more than 5% of the Company

The Company is a wholly owned subsidiary of MCBCM which is itself 100% owned by MCB Group Ltd.

MCB INVESTMENT MANAGEMENT CO. LTD

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2022

8.5 Share Option Plan

No such scheme currently exists within the Company but employees are eligible to participate in the MCBG employee share scheme.

8.6 Timetable of important events

The Board aims to hold board meetings on a quarterly basis and the annual meeting of shareholder is held by December every year.

8.7 Dividend Policy

The Company intends to distribute any excess cash as dividends, subject to its overall capital requirements, liquidity and profitability.

MCB INVESTMENT MANAGEMENT CO. LTD

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

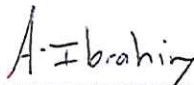
The Directors collectively as a Board acknowledge their responsibilities for the following and state that:

- (i) the financial statements fairly present the state of affairs of the Company as at the end of the financial year and the result of operations and cash flows for the period;
- (ii) adequate accounting records and effective internal control systems and risk management have been maintained;
- (iii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iv) the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standard (IAS), the Companies Act 2001 and the Financial Reporting Act 2004;
- (v) the financial statements have been prepared on a going concern basis;
- (vi) they are responsible for safeguarding the assets of the Company;
- (vii) they are responsible for leading and controlling the organisation and meeting all legal and regulatory requirements;
- (viii) they have taken reasonable steps for the prevention and detection of fraud and other irregularities.

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

Having taken all the matters considered by the Board and brought to the attention of the Board during the year into account, we are satisfied that the annual report taken as a whole are fair, balanced and understandable.

For and on behalf of the Board of Directors:



.....
Director



.....
Director

Date: September 22, 2022

MCB INVESTMENT MANAGEMENT CO. LTD

STATEMENT OF COMPLIANCE FOR THE YEAR ENDED JUNE 30, 2022

STATEMENT OF COMPLIANCE FOR THE YEAR ENDED JUNE 30, 2022

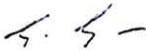
As per Section 75(3) of the Financial Reporting Act

Name of Public Interest Entity: MCB Investment Management Co. Ltd ("MCBIM")

Reporting Period: July 1, 2021 to June 30, 2022

We, the Directors of MCB Investment Management Co. Ltd, confirm to the best of our knowledge that the Company has complied with all the Principles of the Corporate Governance Code for Mauritius (2016).

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



Chairperson

Gilbert Gnany



Director

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Tel : +230 202 3000
Fax: +230 202 9993
www.bdo.mu

10, Frère Félix de Valois Street
Port Louis, Mauritius
P.O. Box 799

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of MCB Investment Management Co. Ltd

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of MCB Investment Management Co. Ltd (the "Company"), on pages 21 to 47 which comprise the statement of financial position as at June 30, 2022 and the statement of profit or loss, 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 21 to 47 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 (CONT'D)

To the Shareholder of MCB Investment Management Co. Ltd

Responsibilities of Directors and Those Charged with Governance for the Financial Statements (Cont'd)

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.
- 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 (CONT'D)

To the Shareholder of MCB Investment Management Co. 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 Company's shareholder, 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.

Port Louis,
Mauritius

September 22, 2022

BDO & Co
Chartered Accountants

Didier Dabydin, FCA
Licensed by FRC

MCB INVESTMENT MANAGEMENT CO. LTD

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

	Notes	2022 Rs.	2021 Rs.
ASSETS			
Non Current Assets			
Equipment	5	258,754	126,364
Intangible assets	6	999,761	1,240,974
Financial assets at fair value through OCI	7(a)	9,657,129	9,458,514
		<u>10,915,644</u>	<u>10,825,852</u>
Current Assets			
Trade receivables	8	32,009,028	25,665,983
Other receivables and prepayments	9	2,371,277	76,362,826
Financial assets at amortised cost	7(b)	52,383,709	62,295,541
Cash and cash equivalents	22(c)	156,205,377	82,505,506
		<u>242,969,391</u>	<u>246,829,856</u>
Total Assets		<u>253,885,035</u>	<u>257,655,708</u>
EQUITY AND LIABILITIES			
Capital & Reserves			
Share capital	10	4,821,500	4,821,500
Retained earnings		196,742,121	141,342,825
Other reserves		12,780,491	12,586,109
Total Equity		<u>214,344,112</u>	<u>158,750,434</u>
Non Current Liability			
Deferred tax liabilities	11	<u>195,464</u>	<u>205,038</u>
Current Liabilities			
Trade and other payables	12	38,135,260	24,220,015
Short term borrowing		-	72,761,656
Current tax liabilities	13(a)	1,210,199	1,718,565
		<u>39,345,459</u>	<u>98,700,236</u>
Total Liabilities		<u>39,540,923</u>	<u>98,905,274</u>
Total Equity and Liabilities		<u>253,885,035</u>	<u>257,655,708</u>

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

A. Ibrahim



DIRECTORS

The notes on pages 26 to 47 form an integral part of these financial statements.
Independent Auditor's report on pages 20 to 20(b).

MCB INVESTMENT MANAGEMENT CO. LTD

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2022

	Notes	2022 Rs.	2021 Rs.
Revenue	14	219,835,756	184,031,242
Operating expenses	17	(49,515,086)	(38,980,669)
Administrative and other expenses	18	(45,545,377)	(45,488,590)
Depreciation and amortisation		<u>(456,350)</u>	<u>(1,826,394)</u>
Operating profit		124,318,943	97,735,589
Other income	15	594,658	1,138,381
Net finance (expense)/income	16	<u>(218,972)</u>	<u>5,164,946</u>
Profit before taxation		124,694,629	104,038,916
Income tax charge	13(b)	(4,295,333)	(3,909,504)
Profit for the Year		<u>120,399,296</u>	<u>100,129,412</u>
Earnings per share	20	Rs. <u>2,497</u>	<u>2,077</u>

The notes on pages 26 to 47 form an integral part of these financial statements.
Independent Auditor's report on pages 20 to 20(b).

MCB INVESTMENT MANAGEMENT CO. LTD

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

	Note	2022 Rs.	2021 Rs.
Profit for the Year		120,399,296	100,129,412
Other comprehensive income:			
Items that will not be reclassified to Profit or Loss:			
Net fair value gain on :			
- Financial assets at FVTOCI	7(a)	194,382	1,505,289
Total Comprehensive Income for the Year		120,593,678	101,634,701

The notes on pages 26 to 47 form an integral part of these financial statements.
Independent Auditor's report on pages 20 to 20(b).

MCB INVESTMENT MANAGEMENT CO. LTD

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

	Share Capital	Retained Earnings	Financial Assets at Fair Value through OCI Reserves	Merger Reserves	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at July 01, 2021	4,821,500	141,342,825	2,586,109	10,000,000	158,750,434
Profit for the year	-	120,399,296	-	-	120,399,296
Other comprehensive income	-	-	194,382	-	194,382
Total comprehensive income for the year	-	120,399,296	194,382	-	120,593,678
Dividends paid (Note 21)	-	(65,000,000)	-	-	(65,000,000)
Balance at June 30, 2022	4,821,500	196,742,121	2,780,491	10,000,000	214,344,112
Balance at July 01, 2020	4,821,500	106,213,413	1,080,820	10,000,000	122,115,733
Profit for the year	-	100,129,412	-	-	100,129,412
Other comprehensive income	-	-	1,505,289	-	1,505,289
Total comprehensive income for the year	-	100,129,412	1,505,289	-	101,634,701
Dividends paid (Note 21)	-	(65,000,000)	-	-	(65,000,000)
Balance at June 30, 2021	4,821,500	141,342,825	2,586,109	10,000,000	158,750,434

Financial assets at Fair Value through OCI Reserves

These relate to gains/losses arising on financial assets at fair value through other comprehensive income.

Merger Reserves

The merger reserve arose in October 2012 following the company's amalgamation with MCB Fund Managers Ltd.

The notes on pages 26 to 47 form an integral part of these financial statements.
Independent Auditor's report on pages 20 to 20(b).

MCB INVESTMENT MANAGEMENT CO. LTD

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

	Notes	2022	2021
		Rs.	Rs.
Cash Flows from Operating Activities			
Cash generated from operations	22(a)	206,872,091	28,669,943
Net income tax paid	13(a)	<u>(4,813,273)</u>	<u>(2,022,228)</u>
Net Cash Generated from Operating Activities		<u>202,058,818</u>	<u>26,647,715</u>
Cash Flows from Investing Activities			
Interest received		1,236,999	806,468
Purchase of equipment	5	(278,677)	(33,688)
Purchase of computer software	6	(68,850)	(167,025)
Purchase of financial assets at FVTOCI	7(a)	(4,233)	(6,637)
Purchase of financial assets at amortised cost		(50,454,759)	(73,862,710)
Proceeds from sale of financial assets at amortised cost		<u>58,858,618</u>	<u>56,189,880</u>
Net Cash Generated from/(Used in) Investing Activities		<u>9,289,098</u>	<u>(17,073,712)</u>
Cash Flows from Financing Activities			
Dividends paid	21	(65,000,000)	(65,000,000)
Interest paid on short term borrowing		(79,000)	-
Proceed from short term borrowing		165,575,000	72,761,656
Repayment of short term borrowing		<u>(238,676,000)</u>	<u>-</u>
Net Cash (Used in)/Generated from Financing Activities		<u>(138,180,000)</u>	<u>7,761,656</u>
Net Increase in Cash and Cash Equivalents		<u>73,167,916</u>	<u>17,335,659</u>
Movement in Cash and Cash Equivalents			
At July 1,		82,505,506	61,435,693
Increase		73,167,916	17,335,659
Effect of foreign exchange rate changes		531,955	3,734,154
At June 30,	22(c)	<u>156,205,377</u>	<u>82,505,506</u>

The notes on pages 26 to 47 form an integral part of these financial statements.
Independent Auditor's report on pages 20 to 20(b).

MCB INVESTMENT MANAGEMENT CO. LTD

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

1 GENERAL INFORMATION

MCB Investment Management Co. Ltd is a Public Company limited by shares, incorporated and domiciled in Mauritius. Its main activity consists of managing and advising on investment portfolios of clients. Its registered address is 9-15, Sir William Newton Street, Port Louis.

These 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 MCB Investment Management Co. Ltd comply with the Companies Act 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 rupee (Rs), except where otherwise stated.

Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that 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 in the IBOR context 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: Disclosure
- 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 3 Business Combinations

Reference to the Conceptual Framework: The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

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.

MCB INVESTMENT MANAGEMENT CO. LTD

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

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)

IAS 16 Property, Plant and Equipment

Property, Plant and Equipment - Proceeds before Intended Use: The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

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.

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 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 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.

MCB INVESTMENT MANAGEMENT CO. LTD

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Equipment

All equipment are stated at historical cost less depreciation.

Depreciation is calculated on the straight line method to write off the cost of assets to their residual values over their useful life as follows:

Computer Equipment	30%
Office Equipment and Furniture	10%
Fixtures & Fittings	10%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The carrying amount of an item of equipment is derecognised on disposal or when no future economic benefit is expected from its use or disposal.

Gains and losses on disposal of equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

(c) Intangible Assets - Computer Software

Acquired computer software is capitalised on the basis of costs incurred to acquire and bring to use the specific software and is amortised using the straight line method over its estimated useful lives (5-8 years).

(d) 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 translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss, except when deferred in equity as qualifying cashflow hedges and qualifying net investment hedges.

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

MCB INVESTMENT MANAGEMENT CO. LTD

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Foreign Currencies (cont'd)

(ii) Transactions and Balances (cont'd)

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. Translation differences on non-monetary items, such as equities classified as financial assets at fair value through OCI, are included in the fair value through OCI reserve in equity.

(e) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(f) 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

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

(i) Amortised cost

These assets arise principally from the provision of services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and 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 trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

MCB INVESTMENT MANAGEMENT CO. LTD

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

(i) Amortised cost (cont'd)

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

(ii) Fair value through other comprehensive income

The Company has strategic investments in entities and for which the Company has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Company considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

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.

MCB INVESTMENT MANAGEMENT CO. LTD

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments (cont'd)

(ii) Financial Liabilities

The Company classifies its financial liabilities into the "other financial liabilities" category which includes 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.

The short-term monetary liabilities include short-term borrowings and their measurement at amortised cost using the effective interest rate method 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 include any interest payable while the liability is outstanding.

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.

(g) Current and Deferred 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.

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

(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.

MCB INVESTMENT MANAGEMENT CO. LTD

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Current and Deferred Income Tax (cont'd)

(ii) *Deferred Tax (cont'd)*

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.

(h) Retirement benefit obligation

Defined Contribution Plan

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

(i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle this obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(j) Revenue Recognition

(i) *Revenue from contracts with customers*

Performance obligations and timing of revenue recognition

The majority of the revenue is derived from providing investment management services. These services are generally satisfied over time because the client simultaneously receives and consumes the benefits provided by the Company as the latter performs the service. The time elapsed best depicts the performance of the Company in transferring control of investment management services to the clients.

Determining the transaction price

Revenue is mainly derived from management fees that are based on each period's net asset value. The transaction price includes the amount determined at the end of the period (e.g. amount based on average or end-of-period net asset value).

Allocating amounts to performance obligations

For most contracts, the Company receives a management fee under an investment management contract for managing the clients' assets. Therefore, there is no judgement involved in allocating the contract price to each performance obligation. Where a customer requests more than one product line, the Company is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

Costs of obtaining long-term contracts and costs of fulfilling contracts

The costs of fulfilling contracts do not result in the recognition of a separate asset because for service contracts, revenue is recognised over time by reference to the satisfied performance obligation, meaning that control of the asset is transferred to the customer on a continuous basis as work is carried out. Consequently, no asset for work in progress is recognised.

MCB INVESTMENT MANAGEMENT CO. LTD

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Revenue Recognition

(i) Revenue from contracts with customers (cont'd)

Practical Exemptions

The Company has taken advantage of the practical exemptions not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less.

(ii) Other revenues earned by the Company are recognised on the following bases:

- Interest income is calculated by applying the effective interest rate.
- Dividend income - when the shareholder's right to receive payment is established.

(k) 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.

3 FINANCIAL RISK MANAGEMENT

(a) Financial Risk Factors

The Company's activities expose it to a variety of financial risks. A description of the significant risk factors is given below together with the risk management policies applicable.

Currency Risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures as tabled below.

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

	Impact on	
	Profit after taxation 2022	Profit after taxation 2021
	Rs.	Rs.
Rupee weakens by 10%	16,318,987	7,173,586
Rupee strengthens by 10%	(16,318,987)	(7,173,586)

The Company receives some of its fees in foreign currencies, as tabled below, and these fees are banked in their corresponding foreign currency bank accounts. The foreign currency risk exposed to the entity, by the nature of its business arises only on reporting at year end on the conversion of the foreign bank accounts. As such, the Company has no defined objective, policy and process for managing the conversion risk.

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

MCB INVESTMENT MANAGEMENT CO. LTD

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

3 FINANCIAL RISK MANAGEMENT

(a) Financial Risk Factors (cont'd)

Currency Risk (cont'd)

	Rs.	EUR	USD	GBP	2022 Total Rs.
FINANCIAL ASSETS					
Financial assets at fair value through OCI	9,182,110	-	475,019	-	9,657,129
Trade receivables	19,711,139	3,297,452	8,792,159	208,278	32,009,028
Other receivables	249,144	-	-	-	249,144
Financial assets at amortised cost	35,171,493	17,212,216	-	-	52,383,709
Cash and cash equivalent	13,606,346	30,509,075	110,739,766	1,350,190	156,205,377
	<u>77,920,232</u>	<u>51,018,743</u>	<u>120,006,944</u>	<u>1,558,468</u>	<u>250,504,387</u>
FINANCIAL LIABILITY					
Trade and other payables	28,740,971	115,133	9,276,080	3,076	38,135,260

	Rs.	EUR	USD	GBP	2021 Total Rs.
FINANCIAL ASSETS					
Financial assets at fair value through OCI	8,966,529	-	491,985	-	9,458,514
Trade receivables	14,119,579	3,337,402	7,960,129	248,873	25,665,983
Other receivables	287,316	-	72,761,656	-	73,048,972
Financial assets at amortised cost	53,992,918	8,302,623	-	-	62,295,541
Cash and cash equivalent	30,193,810	6,059,234	45,143,996	1,108,466	82,505,506
	<u>107,560,152</u>	<u>17,699,259</u>	<u>126,357,766</u>	<u>1,357,339</u>	<u>252,974,516</u>
FINANCIAL LIABILITIES					
Trade and other payables	23,303,163	-	916,852	-	24,220,015
Short term borrowing	-	-	72,761,656	-	72,761,656
	<u>23,303,163</u>	<u>-</u>	<u>73,678,508</u>	<u>-</u>	<u>96,981,671</u>

Interest Rate Risk

The Company is exposed to risk associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Company receives low/minimal interests on its foreign currency bank accounts and is not exposed to any other interest rate risk on its financial position and cash flows. As such, the sensitivity of interest rate risk has not been disclosed given its immateriality in the annual report.

Credit Risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

MCB INVESTMENT MANAGEMENT CO. 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)

Credit risk is managed on a Company basis. For banks and financial institutions, only independently rated parties are accepted.

Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

Included in the table below are the Company's financial instruments by category.

	Amortised cost		Fair value through other comprehensive income	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
FINANCIAL ASSETS				
Financial assets at fair value through OCI	-	-	9,657,129	9,458,514
Trade receivables	32,009,028	25,665,983	-	-
Other receivables	249,144	73,048,972	-	-
Financial assets at amortised cost	52,383,709	62,295,541	-	-
Cash and cash equivalents	156,205,377	82,505,506	-	-
	<u>240,847,258</u>	<u>243,516,002</u>	<u>9,657,129</u>	<u>9,458,514</u>
FINANCIAL LIABILITIES				
Trade and other payables	38,135,260	24,220,015	-	-
Short term borrowing	-	72,761,656	-	-
	<u>38,135,260</u>	<u>96,981,671</u>	<u>-</u>	<u>-</u>

Market Risk

The Company is exposed to market risk as its revenues are based on the value of the investment portfolio of its clients. Revenues and cash flows will therefore fluctuate as a result of changes in market prices whether these changes are caused by factors specific to an individual security or its issuer or factors affecting all securities traded in the market.

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

MCB INVESTMENT MANAGEMENT CO. 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 (cont'd)

As at June 30, 2022				
	1-6 months	6-12 months	Non-maturity items	Total
	Rs.	Rs.	Rs.	Rs.
FINANCIAL ASSETS				
Financial assets at fair value through OCI	-	-	9,657,129	9,657,129
Trade receivables	32,009,028	-	-	32,009,028
Financial assets at amortised cost	-	52,383,709	-	52,383,709
Other receivables	249,144	-	-	249,144
Cash and cash equivalents	104,906,220	-	51,299,157	156,205,377
	<u>137,164,392</u>	<u>52,383,709</u>	<u>60,956,286</u>	<u>250,504,387</u>
FINANCIAL LIABILITY				
Trade and other payables	<u>38,135,260</u>	-	-	<u>38,135,260</u>

As at June 30, 2021				
	1-6 months	6-12 months	Non-maturity items	Total
	Rs.	Rs.	Rs.	Rs.
FINANCIAL ASSETS				
Financial assets at fair value through OCI	-	-	9,458,514	9,458,514
Trade receivables	25,665,983	-	-	25,665,983
Financial assets at amortised cost	-	62,295,541	-	62,295,541
Other receivables	73,048,972	-	-	73,048,972
Cash and cash equivalents	12,471,125	-	70,034,381	82,505,506
	<u>111,186,080</u>	<u>62,295,541</u>	<u>79,492,895</u>	<u>252,974,516</u>
FINANCIAL LIABILITIES				
Trade and other payables	24,220,015	-	-	24,220,015
Short term borrowing	72,761,656	-	-	72,761,656
	<u>96,981,671</u>	-	-	<u>96,981,671</u>

(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 the reporting period. The fair value of financial instruments that are not traded in an active market is determined using the underlying net assets values.

MCB INVESTMENT MANAGEMENT CO. LTD

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

3 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Fair Value Estimation (cont'd)

Financial instruments are classified as follows:

- Level 1 - Where inputs consist of quoted prices in active markets
- Level 2 - Where significant inputs are observable, other than quoted prices
- Level 3 - Where significant inputs are unobservable

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to 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.

Impairment Testing of 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.

MCB INVESTMENT MANAGEMENT CO. LTD

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

5 EQUIPMENT

	Computer Equipment	Office Equipment & Furniture	Fixtures & Fittings	Total
	Rs.	Rs.	Rs.	Rs.
COST				
At July 01, 2020	679,554	342,096	34,093	1,055,743
Additions during the year	33,688	-	-	33,688
At June 30, 2021	713,242	342,096	34,093	1,089,431
Additions during the year	278,677	-	-	278,677
At June 30, 2022	991,919	342,096	34,093	1,368,108
DEPRECIATION				
At July 01, 2020	635,343	231,322	22,549	889,214
Charge for the year	36,234	34,210	3,409	73,853
At June 30, 2021	671,577	265,532	25,958	963,067
Charge for the year	108,668	34,210	3,409	146,287
At June 30, 2022	780,245	299,742	29,367	1,109,354
NET BOOK VALUE				
At June 30, 2022	211,674	42,354	4,726	258,754
At June 30, 2021	41,665	76,564	8,135	126,364

6 INTANGIBLE ASSETS

	Computer Software	
	2022	2021
	Rs.	Rs.
COST		
At July 01,	16,221,430	16,054,405
Additions during the year	68,850	167,025
At June 30,	16,290,280	16,221,430
AMORTISATION		
At July 01,	14,980,456	13,227,915
Charge for the year	310,063	1,752,541
At June 30,	15,290,519	14,980,456
NET BOOK VALUE		
At June 30,	999,761	1,240,974

MCB INVESTMENT MANAGEMENT CO. LTD

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

7 INVESTMENTS IN FINANCIAL ASSETS

The investments in financial assets are summarised as follows:

		2022	2021
		Rs.	Rs.
Financial assets at fair value through OCI	(a)	9,657,129	9,458,514
Financial assets at amortised cost	(b)	52,383,709	62,295,541
		<u>62,040,838</u>	<u>71,754,055</u>

(a) Financial Assets at Fair Value through Other Comprehensive Income (OCI)

		2022	2021
		Rs.	Rs.
<u>Level 2 - fair value hierarchy</u>			
At July 1,		9,458,514	7,946,588
Additions during the year		4,233	6,637
Fair Value Adjustments		194,382	1,505,289
At June 30,		<u>9,657,129</u>	<u>9,458,514</u>

Financial assets at fair value through OCI include investment in unquoted local collective investment schemes, namely The MCB Unit Trust.

Financial assets measured at fair value through other comprehensive income include the Company's strategic equity investments not held for trading and debt securities held to collect and sell. The Company has made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these strategic investments.

Fair value through other comprehensive income financial assets are denominated as follows:

		2022	2021
		Rs.	Rs.
Rupee		9,182,110	8,966,529
US Dollar		475,019	491,985
		<u>9,657,129</u>	<u>9,458,514</u>

(b) Financial Assets at Amortised Cost

		2022	2021
		Rs.	Rs.
At July 1,		62,295,541	44,001,973
Additions during the year		50,450,100	73,862,710
Disposals during the year		(58,871,350)	(56,216,450)
Foreign exchange difference		(1,520,502)	613,446
Interest income		971,658	817,319
Interest received		(941,738)	(783,457)
At June 30,		<u>52,383,709</u>	<u>62,295,541</u>

At the end of the reporting year, the financial assets at amortised cost consist of:

- (i) notes issued by CM Structured Products (2) Ltd in Euro, carrying interests within the range of 1.9% to 2.5% per annum; and
- (ii) notes issued by CM Diversified Credit Ltd in Rupee, carrying interests within the range of 1.2% to 2% per annum.

The carrying amounts of the financial assets approximate to its fair value.

MCB INVESTMENT MANAGEMENT CO. LTD

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

7 INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

(b) Financial Assets at Amortised Cost (cont'd)

The carrying amounts of the Company's financial assets at amortised costs are denominated as follows:

	2022	2021
	Rs.	Rs.
Rupee	35,171,493	53,992,918
Euro	17,212,216	8,302,623
	<u>52,383,709</u>	<u>62,295,541</u>

8 TRADE RECEIVABLES

	2022	2021
	Rs.	Rs.
Fees receivable	28,499,141	22,523,160
Receivable from Group companies:		
- Entities under common control	2,911,883	3,142,823
- Fellow subsidiaries	598,004	-
	<u>32,009,028</u>	<u>25,665,983</u>
Less: Provisions for impairment	(a) -	-
	<u>32,009,028</u>	<u>25,665,983</u>

Trade receivables are measured initially at fair value and are subsequently stated at amortised cost using the effective interest method less loss allowance.

(a) Impairment of Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period since incorporation before June 30, 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of Mauritius, the country in which it renders its services, to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at June 30, 2022 and June 30, 2021 was determined as follows for trade receivables and impairment on expected credit losses is expected to be insignificant.

At June 30, 2022	Current	More than 30 days past due	More than 90 days past due	More than 120 days past due	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount - trade receivables	22,240,295	4,851,558	1,677,655	3,239,520	32,009,028
(-) Balances from related parties	(1,829,030)	(420,214)	(420,214)	(840,429)	(3,509,887)
Trade receivables - External parties	20,411,265	4,431,344	1,257,441	2,399,091	28,499,141
Loss Allowance	-	-	-	-	-

MCB INVESTMENT MANAGEMENT CO. LTD

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

8 TRADE RECEIVABLE (CONT'D)

At June 30, 2021	Current	More than 30 days past due	More than 90 days past due	More than 120 days past due	Total
Expected loss rate	0%	0%	0%	0%	0%
	Rs.	Rs.	Rs.	Rs.	Rs.
Gross carrying amount - trade receivables	20,716,817	3,653,310	431,952	863,904	25,665,983
(-) Balances from related parties	(1,415,015)	(431,952)	(431,952)	(863,904)	(3,142,823)
Trade receivables - External parties	19,301,802	3,221,358	-	-	22,523,160
Loss Allowance	-	-	-	-	-

(b) The carrying amounts of the Company's trade receivables are denominated in the following currencies:

	2022	2021
	Rs.	Rs.
Rupee	19,711,139	14,119,579
Euro	3,297,452	3,337,402
US Dollar	8,792,159	7,960,129
Great Britain Pound	208,278	248,873
	<u>32,009,028</u>	<u>25,665,983</u>

(c) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

(d) As at June 30, 2022, trade receivables of Rs. 9,768,733 (2021: Rs. 4,949,166) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2022	2021
	Rs.	Rs.
More than 30 days past due	4,851,558	3,653,310
More than 90 days past due	1,677,655	431,952
More than 120 days past due	3,239,520	863,904
	<u>9,768,733</u>	<u>4,949,166</u>

9 OTHER RECEIVABLES AND PREPAYMENTS

	2022	2021
	Rs.	Rs.
Other receivables	249,144	73,048,972
Prepayments	2,122,133	3,313,854
	<u>2,371,277</u>	<u>76,362,826</u>

Other receivables and prepayments are due and payable within 1 year from the end of the reporting period. Collateral is not normally obtained.

Due to the short-term nature of other receivables and prepayments, their carrying amount is considered to be the same as their fair value.

The carrying amounts of the Company's other receivables and prepayments are denominated in the following currencies:

	2022	2021
	Rs.	Rs.
Rupee	2,371,277	3,601,170
US Dollar	-	72,761,656
	<u>2,371,277</u>	<u>76,362,826</u>

MCB INVESTMENT MANAGEMENT CO. LTD

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

10 SHARE CAPITAL	Authorised Rs.	
Ordinary shares of Rs. 100 each At June 30, 2021 and June 30, 2022	<u>10,000,000</u>	
Issued Shares of Rs. 100 each	Number of Shares	Ordinary Shares
At June 30, 2021 and June 30, 2022	<u>48,215</u>	<u>4,821,500</u>

11 DEFERRED TAX LIABILITIES

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

	Note	2022	2021
		Rs.	Rs.
At July 1,		205,038	482,388
Credit to Statement of profit or loss	13(b)	(9,574)	(277,350)
At June 30,		<u>195,464</u>	<u>205,038</u>
Deferred tax liabilities :-			
Accelerated tax depreciation		<u>195,464</u>	<u>205,038</u>

12 TRADE AND OTHER PAYABLES

	2022	2021
	Rs.	Rs.
Other payables and accruals	17,210,121	10,711,880
Amount due to group companies:		
- Entities under common control	4,351,326	3,112,634
- Fellow subsidiaries	16,573,813	10,395,501
	<u>38,135,260</u>	<u>24,220,015</u>

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

13 INCOME TAX

	2022	2021
	Rs.	Rs.
(a) In the Statement of Financial Position		
Current tax liability/(asset) at July 1,	1,718,565	(446,061)
Income tax on the adjusted profit for the year at 15%	3,798,447	3,671,108
Corporate social responsibility levy	506,460	489,481
Under provision	-	26,265
Net income tax paid	(4,813,273)	(2,022,228)
Current tax liability at June 30,	<u>1,210,199</u>	<u>1,718,565</u>
	Note	
(b) In the Statement of Profit or Loss	2022	2021
	Rs.	Rs.
Current tax on the adjusted profit for the year at 15%	3,798,447	3,671,108
Corporate social responsibility levy	506,460	489,481
Deferred tax	(9,574)	(277,350)
Under provision	-	26,265
Charge for the year	<u>4,295,333</u>	<u>3,909,504</u>

MCB INVESTMENT MANAGEMENT CO. LTD

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

13 INCOME TAX (CONT'D)

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:

	Note	2022 Rs.	2021 Rs.
Profit before Taxation		124,694,629	104,038,916
Tax calculated at a rate of 15%		18,704,194	15,605,837
Corporate social responsibility levy		506,460	489,481
Tax effect on:			
Income not subject to tax		11,678,166	10,281,911
Expenses not deductible for tax purposes		(26,583,913)	(22,216,640)
Under provision		-	26,265
Deferred tax recognised	11	(9,574)	(277,350)
Taxation Charge		<u>4,295,333</u>	<u>3,909,504</u>

14 REVENUE

The following is an analysis of the Company's revenue for the year.

	Notes	2022 Rs.	2021 Rs.
Revenue from Investment Adviser (Unrestricted) Activities		219,835,756	184,031,242
Dividend income	15	7,073	6,637
Interest income	16	1,187,974	855,486
Total		<u>221,030,803</u>	<u>184,893,365</u>

Year ended June 30, 2022

	Management Fees from		Total Rs.
	Mandates Rs.	CIS Rs.	
Revenue from Investment Adviser (Unrestricted) Activities	<u>128,378,326</u>	<u>91,457,430</u>	<u>219,835,756</u>
<u>Timing of Revenue Recognition</u> Over time	<u>128,378,326</u>	<u>91,457,430</u>	<u>219,835,756</u>

Year ended June 30, 2021

	Management Fees from		Total Rs.
	Mandates Rs.	CIS Rs.	
Revenue from Investment Adviser (Unrestricted) Activities	<u>102,931,120</u>	<u>81,100,122</u>	<u>184,031,242</u>
<u>Timing of Revenue Recognition</u> Over time	<u>102,931,120</u>	<u>81,100,122</u>	<u>184,031,242</u>

MCB INVESTMENT MANAGEMENT CO. LTD

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

15	OTHER INCOME		2022	2021
			Rs.	Rs.
	Dividend income		7,073	6,637
	Sundry income		587,585	1,131,744
			<u>594,658</u>	<u>1,138,381</u>
16	NET FINANCE (EXPENSE)/INCOME		2022	2021
			Rs.	Rs.
	Foreign exchange (losses)/gains		(1,343,156)	4,347,600
	Interest expense		(63,790)	(38,140)
	Interest income		1,187,974	855,486
			<u>(218,972)</u>	<u>5,164,946</u>
17	OPERATING EXPENSES		2022	2021
			Rs.	Rs.
	Commission expense		41,528,033	37,118,007
	Advisory fees		-	405,360
	Other operating expenses		7,987,053	1,457,302
			<u>49,515,086</u>	<u>38,980,669</u>
18	ADMINISTRATIVE AND OTHER EXPENSES		2022	2021
		Note	Rs.	Rs.
	Software maintenance and subscription		7,404,586	6,024,231
	Employee benefit expense	19	27,429,487	29,385,206
	Marketing expenses		1,483,467	413,837
	Office rental & management fees		6,349,967	6,618,214
	Loss on trading of financial assets		17,391	26,570
	Other administrative expenses		2,860,479	3,020,532
			<u>45,545,377</u>	<u>45,488,590</u>
19	EMPLOYEE BENEFIT EXPENSE		2022	2021
			Rs.	Rs.
	Wages & salaries		24,571,200	26,609,091
	Social security costs		844,930	712,051
	Pension costs		2,013,357	2,064,064
			<u>27,429,487</u>	<u>29,385,206</u>
	Number of employees at the end of year		<u>12</u>	<u>14</u>

Note: The Company participates in MCB Group's multi-employer plan and contributions made have been accounted as a Defined Contribution Plan. Payments to defined contribution retirement plans are charged as expenses as they fall due.

MCB INVESTMENT MANAGEMENT CO. LTD

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

20 EARNINGS PER SHARE	2022	2021	
Profit for the Year	Rs. 120,399,296	100,129,412	
Number of ordinary shares in issue	48,215	48,215	
Earnings per share	Rs. 2,497	2,077	
21 DIVIDENDS PER SHARE	2022	2021	
Amounts recognised as distributions to equity holders in the year:			
Dividends declared and paid during the year	Rs. 65,000,000	65,000,000	
Number of ordinary shares in issue	48,215	48,215	
Dividends per share	Rs. 1,348	1,348	
22 NOTES TO THE STATEMENT OF CASH FLOWS	Notes	2022	2021
		Rs.	Rs.
(a) Cash generated from operations			
Reconciliation of profit before taxation to cash generated from operations:			
Profit before taxation		124,694,629	104,038,916
Adjustments for:			
Depreciation of equipment	5	146,287	73,853
Amortisation of computer software	6	310,063	1,752,541
Foreign exchange losses/(gains)	16	1,343,156	(4,347,600)
Interest income	16	(1,187,974)	(855,486)
Interest expense	16	63,790	-
Loss on trading of financial assets	18	17,391	26,570
Changes in Working Capital:			
- Trade receivables		(6,343,045)	(1,444,960)
- Other receivables and prepayment		73,912,549	(74,698,080)
- Trade and other payables		13,915,245	4,124,189
Cash Generated from Operations		<u>206,872,091</u>	<u>28,669,943</u>
(b) Non cash transactions			
There were no non-cash transactions for the period under review.			
(c) Cash and Cash Equivalents			
		2022	2021
		Rs.	Rs.
Cash at bank		51,299,157	70,034,381
Fixed deposit with bank		104,906,220	-
Treasury bills		-	12,471,125
		<u>156,205,377</u>	<u>82,505,506</u>

MCB INVESTMENT MANAGEMENT CO. LTD

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

22 NOTES TO THE STATEMENT OF CASH FLOWS (CONT'D)

(d) Reconciliation of liabilities arising from financing activities

	2021	Net Cashflow	Non - cash transactions	2022
	Rs.	Rs.	Rs.	Rs.
Short term borrowings	72,761,656	(73,101,000)	339,344	-

	2020	Net Cashflow	Non - cash transactions	2021
	Rs.	Rs.	Rs.	Rs.
Short term borrowings	-	72,761,656	-	72,761,656

23 RELATED PARTY TRANSACTIONS

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

(a) Management / Advisory Fees for the year ended June 30,

The Company also offers investment management and advisory services to companies within the MCB Group as disclosed below, under the same market terms and conditions offered to external clients.

	2022	2021
	Rs.	Rs.
Entities under common control	9,391,425	8,649,438
(b) Other Income	2022	2021
	Rs.	Rs.
Fellow subsidiaries	587,585	-
(c) Interest Income	2022	2021
	Rs.	Rs.
Fellow subsidiaries	749,212	855,486
(d) Purchase of Services for the year ended June 30,	2022	2021
	Rs.	Rs.
Entities under common control	8,608,083	5,955,547
Fellow Subsidiaries	38,624,092	35,572,820
	47,232,175	41,528,367

MCB INVESTMENT MANAGEMENT CO. LTD

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

23 RELATED PARTY TRANSACTIONS (CONT'D)

(e) Emoluments for the year ended June 30,		2022	2021
		Rs.	Rs.
Key management personnel (Including Directors)			
Short-term employee benefits		19,945,796	13,969,357
Post-Employment Benefits		1,036,196	417,128
		<u>20,981,992</u>	<u>14,386,485</u>
(f) Dividends declared and paid		2022	2021
		Rs.	Rs.
Holding Company		<u>65,000,000</u>	<u>65,000,000</u>
(g) Outstanding balances as at June 30,	Notes	2022	2021
		Rs.	Rs.
<i>Receivables from related parties</i>			
Entities under common control	8	2,911,883	3,142,823
Fellow subsidiaries		598,004	72,849,414
		<u>3,509,887</u>	<u>75,992,237</u>
<i>Payables to related parties</i>			
Entities under common control	12	4,351,326	3,112,634
Fellow subsidiaries		16,573,813	10,395,501
		<u>20,925,139</u>	<u>13,508,135</u>
<i>Cash & cash equivalents</i>			
Entity under common control		<u>156,205,377</u>	<u>70,034,381</u>
<i>Financial Assets at Amortised Cost</i>			
Fellow Subsidiaries		<u>52,383,709</u>	<u>30,163,641</u>
<i>Short Term Borrowing</i>			
Entity under common control		<u>-</u>	<u>72,761,656</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, 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 condition. Consequently, the probability of default is therefore negligible and the Company has not accounted for any impairment loss.

24 ULTIMATE HOLDING COMPANY

The holding company of MCB Investment Management Co. Ltd is MCB Capital Markets Ltd and the ultimate holding company is MCB Group Limited. Both companies are incorporated in Mauritius.





Date 07 October 2022
 From The Manager, MCB Investment Management Co. Ltd
 To The Custodian, MCB
 Cc The Registrar, MCBRS ; The Trustee, MTL ; The Investment Advisor, MCBIM



T2025-362
MCB 2025 TARGET DATE FUND
RETAIL ACCUMULATION CLASS
1570684-I

Deal Date	Purchases	Repurchases	Switch In	Switch Out	Units Sub-Boxed
30 Sep 22	-	14,378.72	-	-	-

Creation	Issue Price	Amount	Capital Element	Income Element	Entry Fee
-	15.12	-	-	-	-

Liquidation	Repurchase Price	Amount	Capital Element	Income Element	Exit Fee
14,378.72	14.73	211,844.08	201,302.08	11,071.61	529.61

Switch In	Switch In Price	Amount	Capital Element	Income Element	Switch Fee
-	15.01	-	-	-	-

Switch Out	Switch Out Price	Amount	Capital Element	Income Element
-	14.77	-	-	-

Prepared by
Shivina Ghoseawan
Verified by
Authorised by
Processed by

Please effect the following Bank Movements:

FROM	TO		
1 MCB 2025 TDF - Lump Sum A/C - 000 441419747	- MCB 2025 TDF - Transit A/C - 000 441419720	-	-
MCB 2025 TDF - MSP A/C - 000 441419739		-	-
		-	-
2 MCB 2025 TDF - Transit A/C - 000 441419720	- MCB 2025 TDF - MUR A/C - 000 441419712 (Creation)	-	-
	MCB 2025 TDF - MUR A/C - 000 441419712 (Switch-in)	-	-
	MCB Investment Management Co. Ltd - MUR A/C - 000 010312161 (Entry)	-	-
	MCB Investment Management Co. Ltd - MUR A/C - 000 010312161 (Switch)	-	-
	MCB Investment Management Co. Ltd - Sub-Box A/C 000 011708166	-	-
		-	-
3 MCB 2025 TDF - MUR A/C - 000 441419712	212,373.69 MCBRS - MCB 2025 TDF - Repurchases A/C - 000 441475353	211,844.08	
	MCB Investment Management Co. Ltd - MUR A/C - 000 010312161 (Exit)	529.61	
	212,373.69	212,373.69	
4 MCB 2025 TDF - MUR A/C - 000 441419712	1.00 MTL (A/C MCBYF) - Lump Sum A/C - 011663537	-	
	[Enter Switch Bank Account Details Here - If Any]	-	
	[Enter Switch Bank Account Details Here - If Any]	-	
	MCBRS - MCB 2025 TDF - Repurchases A/C - 000 441475353	1.00	
	1.00	1.00	
5 MCB Investment Management Co. Ltd - Sub-Box A/C 000 011708166	- [Enter Switch Bank Account Details Here - If Any]	-	
	[Enter Switch Bank Account Details Here - If Any]	-	
	[Enter Switch Bank Account Details Here - If Any]	-	
	[Enter Switch Bank Account Details Here - If Any]	-	
	MCBRS - MCB 2025 TDF - Repurchases A/C - 000 441475353	-	
	-	-	

