

**CM STRUCTURED PRODUCTS (2) LTD**

**AUDITED ANNUAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023**

# CM STRUCTURED PRODUCTS (2) LTD

## ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

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### **NOTICE**

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

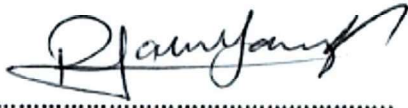
# CM STRUCTURED PRODUCTS (2) LTD

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED JUNE 30, 2023

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The Directors are pleased to present the Annual Report of CM Structured Products (2) Ltd for the year ended June 30, 2023.

This report was approved by the Board of Directors on September 25, 2023.



.....

Director



.....

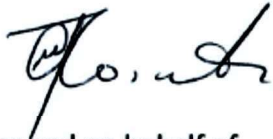
Director

## CM STRUCTURED PRODUCTS (2) LTD

### SECRETARY'S CERTIFICATE FOR YEAR ENDED JUNE 30, 2023

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



For and on behalf of



**MCB Group Corporate Services Ltd**  
**Company Secretary**

Date: September 25, 2023

# CM STRUCTURED PRODUCTS (2) LTD

## STATUTORY DISCLOSURES

### Section 221 of the Companies Act 2001

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#### Principal Activity

CM Structured Products (2) Ltd (“CMSP2” or “the Company”) was incorporated in 2018 and specialises in providing structured products, which allow investors to participate in the performance of a specific underlying index, asset class or security whilst, in certain cases, securing their capital investment. The notes issued by the Company are listed on the official market of the Stock Exchange of Mauritius. The Company has no employees. Administrative matters have been outsourced to subsidiaries of the MCB Group through Management and Service Level Agreements.

#### Composition of the Board

Gilbert GNANY  
Ferial AUMEERALLY  
Ronald LAM YAN FOON  
Vimal ORI  
Robert IP MIN WAN

#### Directors’ interests in securities

Apart from Mr Vimal Ori who holds 70 Secured Credit Linked Notes in CMSP2, the other Directors have no interests in the securities of the Company directly or through any associate (as defined under the Listing Rules of the Stock Exchange of Mauritius).

#### Directors’ service contracts

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

#### Directors’ Remuneration

Amount paid to Directors during the year ended 30 June 2023 is as follows :

| Non-Executive          | EUR |
|------------------------|-----|
| Mr Gilbert Gnany       | -   |
| Ms Ferial Aumerally    | 317 |
| Mr Ronald Lam Yan Foon | -   |
| Mr Vimal Ori           | -   |
| Mr Robert Ip Min Wan   | 317 |

#### Contract of significance

The Directors have no contract of significance with the Company.

# CM STRUCTURED PRODUCTS (2) LTD

## STATUTORY DISCLOSURES

### Section 221 of the Companies Act 2001

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#### Major Transaction

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

#### Auditors' Fees

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

|                        | 2023  | 2022  |
|------------------------|-------|-------|
|                        | EUR   | EUR   |
| Audit fees - BDO & Co: | 5,520 | 5,060 |

#### Charitable Donation

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

#### Political Donation

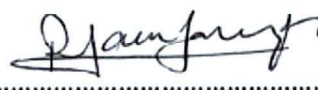
The Company did not make any political donations during the year ended June 30, 2023.

Signed for and on behalf of the board of Directors on 25 September 2023.

  
.....

Director

Robert Ip Min Wan

  
.....

Director

Ronald Lam Yan Foon

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of CM STRUCTURED PRODUCTS (2) LTD

### Report on the audit of the Financial Statements

#### Opinion

We have audited the financial statements of CM STRUCTURED PRODUCTS (2) LTD (the "Company"), on pages 6 to 22 which comprise the statement of financial position as at June 30, 2023, 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 6 to 22 give a true and fair view of the financial position of the Company as at June 30, 2023, 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 CM STRUCTURED PRODUCTS (2) 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.

5(a)





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

To the Shareholder of CM STRUCTURED PRODUCTS (2) 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.

### 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.

*BDO & Co*

**BDO & CO**  
*Chartered Accountants*

*Didier*

Port Louis,  
Mauritius.

**Didier Dabydin, FCA**  
Licensed by FRC

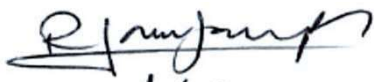
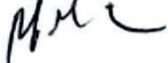
September 25, 2023

5(b)

**CM STRUCTURED PRODUCTS (2) LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

|                                       | <u>Notes</u> | <u>2023</u><br>EUR      | <u>2022</u><br>EUR      |
|---------------------------------------|--------------|-------------------------|-------------------------|
| <b>ASSETS</b>                         |              |                         |                         |
| <b>Non Current Asset</b>              |              |                         |                         |
| Financial Assets at amortised cost    | 5            | <u>7,855,014</u>        | 5,086,333               |
|                                       |              | <u>7,855,014</u>        | <u>5,086,333</u>        |
| <b>Current Asset</b>                  |              |                         |                         |
| Cash and Cash equivalents             | 13(b)        | <u>585,838</u>          | 367,756                 |
|                                       |              | <u>585,838</u>          | <u>367,756</u>          |
| <b>Total Assets</b>                   |              | <u><u>8,440,852</u></u> | <u><u>5,454,089</u></u> |
| <b>EQUITY AND LIABILITIES</b>         |              |                         |                         |
| <b>Capital &amp; Reserves</b>         |              |                         |                         |
| Share Capital                         | 8(a)         | <u>578,252</u>          | 375,252                 |
| Retained Earnings / (Revenue Deficit) |              | <u>2,125</u>            | (23,226)                |
| <b>Total Equity</b>                   |              | <u><u>580,377</u></u>   | <u><u>352,026</u></u>   |
| <b>Current Liability</b>              |              |                         |                         |
| Other Payables                        | 7            | <u>97,913</u>           | 78,820                  |
|                                       |              | <u>97,913</u>           | <u>78,820</u>           |
| <b>Non Current Liability</b>          |              |                         |                         |
| Other Financial liabilities           | 6            | <u>7,762,562</u>        | 5,023,243               |
| <b>Total Liabilities</b>              |              | <u><u>7,860,475</u></u> | <u><u>5,102,063</u></u> |
| <b>Total Equity and Liabilities</b>   |              | <u><u>8,440,852</u></u> | <u><u>5,454,089</u></u> |

These financial statements have been approved for issue by the Board of Directors on September 25, 2023.

 )  
 )      **DIRECTORS**

The notes on pages 10 to 22 form an integral part of these financial statements.  
Auditor's report on pages 5 to 5(b).

## CM STRUCTURED PRODUCTS (2) LTD

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023

|  | <b>Notes</b> | <b>2023</b>      | <b>2022</b>     |
|--|--------------|------------------|-----------------|
|  |              | <b>EUR</b>       | <b>EUR</b>      |
| Interest Income                                | 2 (b)        | <b>292,653</b>   | 186,817         |
| Interest Expense                               |              | <b>(184,846)</b> | (108,333)       |
| Operating Expenses                             | 9            | <b>(38,393)</b>  | (29,521)        |
| Administrative Expenses                        | 10           | <b>(43,509)</b>  | (36,870)        |
| Foreign Exchange Losses                        |              | <b>(554)</b>     | (356)           |
| Profit before Tax                              |              | <b>25,351</b>    | 11,737          |
| Income Tax                                     | 11           | -                | -               |
| Profit after Tax                               |              | <b>25,351</b>    | 11,737          |
| Other Comprehensive Income                     |              | -                | -               |
| <b>Total Comprehensive Income for the Year</b> |              | <b>25,351</b>    | <b>11,737</b>   |
| Earnings per Share                             | 12           | <b>EUR 1.22</b>  | <b>EUR 0.73</b> |

The notes on pages 10 to 22 form an integral part of these financial statements.  
Auditor's report on pages 5 to 5(b).

## CM STRUCTURED PRODUCTS (2) LTD

### STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

|   | <b>Share<br/>Capital</b> | <b>Retained<br/>Earnings /<br/>(Revenue Deficit)</b> | <b>Total</b>   |
|---|--------------------------|--|----------------|
|   | EUR                      | EUR  | EUR            |
| Balance at July 01, 2022                | 375,252                  | (23,226)   | 352,026        |
| Shares issued during the year           | 203,000                  | -  | 203,000        |
| Profit for the Year                     | -                        | 25,351   | 25,351         |
| Other Comprehensive income for the year | -                        | -  | -              |
| <b>Balance at June 30, 2023</b>         | <b>578,252</b>           | <b>2,125</b>   | <b>580,377</b> |
| Balance at July 01, 2021                | 375,252                  | (34,963)   | 340,289        |
| Profit for the Year                     | -                        | 11,737   | 11,737         |
| Other Comprehensive income for the year | -                        | -  | -              |
| <b>Balance at June 30, 2022</b>         | <b>375,252</b>           | <b>(23,226)</b>                                      | <b>352,026</b> |

The notes on pages 10 to 22 form an integral part of these financial statements.  
Auditor's report on pages 5 to 5(b).

# CM STRUCTURED PRODUCTS (2) LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

|  | <u>Notes</u> | <u>2023</u><br>EUR    | <u>2022</u><br>EUR    |
|--|--------------|-----------------------|-----------------------|
| <b>Cashflow from Operating Activities</b>        |              |                       |                       |
| Cash used in Operations                          | 13(a)        | (62,809)              | (73,133)              |
| Interest Received                                |              | 223,972               | 182,151               |
| Interest Paid                                    |              | (145,527)             | (106,444)             |
| Net Cash generated from Operating Activities     |              | <u>15,636</u>         | <u>2,574</u>          |
| <b>Cashflow from Financing Activities</b>        |              |                       |                       |
| Issue of Share Capital                           |              | <u>203,000</u>        | -                     |
| Net Cash generated from Financing Activities     |              | <u>203,000</u>        | -                     |
| <b>Net increase in Cash and Cash Equivalents</b> |              | <u><u>218,636</u></u> | <u><u>2,574</u></u>   |
| <b>Movement in Cash and Cash Equivalents</b>     |              |                       |                       |
| At the beginning of reporting year               |              | 367,756               | 365,538               |
| Increase   |              | 218,636               | 2,574                 |
| Effect of Foreign Exchange Rate Changes          |              | (554)                 | (356)                 |
| <b>At the end of reporting year</b>              | 13(b)        | <u><u>585,838</u></u> | <u><u>367,756</u></u> |

The notes on pages 10 to 22 form an integral part of these financial statements.  
Auditor's report on pages 5 to 5(b).

# CM STRUCTURED PRODUCTS (2) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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### 1 GENERAL INFORMATION

CM Structured Products (2) Ltd ("the Company") was incorporated in Mauritius under the Companies Act 2001 on June 13, 2018 as a public company, limited by shares with limited lifetime. Its main activity consists of structuring, engineering and offering structured products through the issue of debt or equity securities (or otherwise). Its registered address is 9-15, Sir William Newton Street, Port Louis.

The financial statements will be submitted for consideration and approval at the forthcoming annual meeting of shareholder of the Company.

### 2 SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of preparation

The financial statements of CM Structured Products (2) Ltd comply with the Mauritius Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are that of an individual entity. The financial statements are presented in EURO and all values are rounded to the nearest euro, except where otherwise indicated. The financial statements are prepared under the historical cost convention, except that financial assets at amortised cost and other relevant financial assets and financial liabilities are stated at amortised cost.

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

##### ***IFRS 1 First-time Adoption of International Financial Reporting Standards***

Annual Improvements to IFRS Standards 2018– 2020: Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. A similar election is available to an associate or joint venture. The amendments have no impact on the Company's financial statements.

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

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

# CM STRUCTURED PRODUCTS (2) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2023 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, 2023*

##### **IAS 1 Presentation of Financial Statements**

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.

*Effective date January 1, 2024*

##### **IAS 1 Presentation of Financial Statements**

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

Non-current Liabilities with Covenants: Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.

##### **IAS 7 Statement of Cash Flows & IFRS 7 Financial Instruments: Disclosures**

Supplier Finance Arrangements: The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

# CM STRUCTURED PRODUCTS (2) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

#### (b) Revenue recognition

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

#### (c) Foreign currencies

##### (i) Functional and Presentation Currency

Items included in the financial statements are measured using Euro, the currency of the primary economic environment in which the entity operates ("the functional currency").

The Directors consider that the Euro ("EUR") most faithfully represents the currency of the primary economic environment in which the Company operates.

The functional and presentation currency of the Company is the Euro.

##### (ii) Transactions and Balances

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

Foreign exchange gains and losses that relate to cash equivalents are presented in profit or loss under "Foreign Exchange Gains/ (Losses)".

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

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

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as financial assets at fair value through other comprehensive income, are included in the fair value reserve in equity.



# CM STRUCTURED PRODUCTS (2) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

#### (d) Financial instruments

##### (i) Financial assets

###### Categories of financial assets

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

###### Amortised cost

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

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

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

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

###### Derecognition of financial assets

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

# CM STRUCTURED PRODUCTS (2) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

##### (ii) Other financial liabilities

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

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

##### Derecognition of financial liabilities

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

#### (e) Current Income Tax

The tax expense for the period comprises of current tax. 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.

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.

### 3 FINANCIAL RISK MANAGEMENT

#### (a) Financial Risk Factors

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

- Foreign currency risk
- Liquidity risk
- Credit risk
- Interest rate risk

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

# CM STRUCTURED PRODUCTS (2) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

##### Foreign currency risk

The Company is exposed to foreign exchange risk arising from currency exposure primarily with respect to the Mauritian Rupee.

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

| <b>As at June 30, 2023</b>         | <b>Rupees</b> | <b>Euro</b>      | <b>Total</b>     |
|------------------------------------|---------------|------------------|------------------|
|                                    | <b>EUR</b>    | <b>EUR</b>       | <b>EUR</b>       |
| <b>FINANCIAL ASSETS</b>            |               |                  |                  |
| Financial Assets at amortised cost | -             | 7,855,014        | <b>7,855,014</b> |
| Cash and Cash equivalents          | 4,632         | 581,206          | <b>585,838</b>   |
| <b>Total Assets</b>                | <b>4,632</b>  | <b>8,436,220</b> | <b>8,440,852</b> |
| <b>FINANCIAL LIABILITIES</b>       |               |                  |                  |
| Other Payables                     | 52,231        | 45,682           | <b>97,913</b>    |
| Other Financial liabilities        | -             | 7,762,562        | <b>7,762,562</b> |
| <b>Total Liabilities</b>           | <b>52,231</b> | <b>7,808,244</b> | <b>7,860,475</b> |
| <br>                               |               |                  |                  |
| <b>As at June 30, 2022</b>         | <b>Rupees</b> | <b>Euro</b>      | <b>Total</b>     |
|                                    | <b>EUR</b>    | <b>EUR</b>       | <b>EUR</b>       |
| <b>FINANCIAL ASSETS</b>            |               |                  |                  |
| Financial Assets at amortised cost | -             | 5,086,333        | 5,086,333        |
| Cash and Cash equivalents          | 789           | 366,967          | 367,756          |
| <b>Total Assets</b>                | <b>789</b>    | <b>5,453,300</b> | <b>5,454,089</b> |
| <b>FINANCIAL LIABILITIES</b>       |               |                  |                  |
| Other Payables                     | 43,030        | 35,790           | 78,820           |
| Other Financial liabilities        | -             | 5,023,243        | 5,023,243        |
| <b>Total Liabilities</b>           | <b>43,030</b> | <b>5,059,033</b> | <b>5,102,063</b> |

At June 30, 2023, if the Euro weakens/strengthens by 10% against foreign currencies, with other variables held constant, profit after tax would have been EUR 4,760 (2022: EUR 4,224) higher/lower mainly as a result of translation of the above foreign balances.

# CM STRUCTURED PRODUCTS (2) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

##### Liquidity risk

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

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

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

| As at June 30, 2023                | <u>On Demand</u> | <u>Within<br/>1 year</u> | <u>Between<br/>1 to 5 years</u> | <u>More than<br/>5 Years</u> | <u>2023<br/>Total</u> |
|------------------------------------|------------------|--------------------------|---------------------------------|------------------------------|-----------------------|
|                                    | EUR              | EUR                      | EUR                             | EUR                          | EUR                   |
| <b>FINANCIAL ASSETS</b>            |                  |                          |                                 |                              |                       |
| Financial Assets at amortised cost | -                | -                        | -                               | 7,855,014                    | 7,855,014             |
| Cash and Cash equivalents          | 585,838          | -                        | -                               | -                            | 585,838               |
|                                    | <u>585,838</u>   | <u>-</u>                 | <u>-</u>                        | <u>7,855,014</u>             | <u>8,440,852</u>      |
| <b>FINANCIAL LIABILITIES</b>       |                  |                          |                                 |                              |                       |
| Other Payables                     | -                | 97,913                   | -                               | -                            | 97,913                |
| Other Financial liabilities        | -                | -                        | -                               | 7,762,562                    | 7,762,562             |
|                                    | <u>-</u>         | <u>97,913</u>            | <u>-</u>                        | <u>7,762,562</u>             | <u>7,860,475</u>      |
| <br>                               |                  |                          |                                 |                              |                       |
| As at June 30, 2022                | <u>On Demand</u> | <u>Within<br/>1 year</u> | <u>Between<br/>1 to 5 years</u> | <u>More than<br/>5 Years</u> | <u>2022<br/>Total</u> |
|                                    | EUR              | EUR                      | EUR                             | EUR                          | EUR                   |
| <b>FINANCIAL ASSETS</b>            |                  |                          |                                 |                              |                       |
| Financial Assets at amortised cost | -                | -                        | -                               | 5,086,333                    | 5,086,333             |
| Cash and Cash equivalents          | 367,756          | -                        | -                               | -                            | 367,756               |
|                                    | <u>367,756</u>   | <u>-</u>                 | <u>-</u>                        | <u>5,086,333</u>             | <u>5,454,089</u>      |
| <b>FINANCIAL LIABILITIES</b>       |                  |                          |                                 |                              |                       |
| Other Payables                     | -                | 78,820                   | -                               | -                            | 78,820                |
| Other Financial liabilities        | -                | -                        | -                               | 5,023,243                    | 5,023,243             |
|                                    | <u>-</u>         | <u>78,820</u>            | <u>-</u>                        | <u>5,023,243</u>             | <u>5,102,063</u>      |

# CM STRUCTURED PRODUCTS (2) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

##### Credit risk

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

The Company's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties having good credit standards.

The table below shows the Company's financial instruments by category:

| Financial Instruments by Category  | Amortised Cost   |                  |
|------------------------------------|------------------|------------------|
|                                    | 2023             | 2022             |
|                                    | EUR              | EUR              |
| <b>FINANCIAL ASSETS</b>            |                  |                  |
| Financial Assets at amortised cost | 7,855,014        | 5,086,333        |
| Cash and Cash equivalents          | 585,838          | 367,756          |
| <b>Total Assets</b>                | <b>8,440,852</b> | <b>5,454,089</b> |
| <b>FINANCIAL LIABILITIES</b>       |                  |                  |
| Other Payables                     | 97,913           | 78,820           |
| Other Financial liabilities        | 7,762,562        | 5,023,243        |
| <b>Total Liabilities</b>           | <b>7,860,475</b> | <b>5,102,063</b> |

##### Interest Rate Risk

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

Interest rate sensitivity analysis

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

|                               | 2023  | 2022  |
|-------------------------------|-------|-------|
|                               | EUR   | EUR   |
| Increase in profit before tax | 1,696 | 1,077 |

#### (b) Capital Risk Management

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

# CM STRUCTURED PRODUCTS (2) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

#### Impairment Testing of Financial Assets

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

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

#### Limitation of sensitivity analysis

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

# CM STRUCTURED PRODUCTS (2) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

| 5 FINANCIAL ASSETS AT AMORTISED COST | <b>2023</b>      | <b>2022</b>      |
|--------------------------------------|------------------|------------------|
|                                      | <b>EUR</b>       | <b>EUR</b>       |
| At the beginning of reporting year   | 5,086,333        | 5,081,667        |
| Additions                            | 2,700,000        | -                |
| Interest income                      | 292,653          | 186,817          |
| Interest received                    | (223,972)        | (182,151)        |
| <b>At the end of reporting year</b>  | <b>7,855,014</b> | <b>5,086,333</b> |

Financial assets at amortised cost consist of floating rate secured notes denominated in Euro. The notes were issued by City and Beach (Mauritius) Ltd and COVIFRA (Companie des Villages de Vacances de L'Isle de France Limitée) carrying interest ranging from 3.7% to 5.2% and 4.5% to 6.2% per annum respectively and maturing on January 13, 2030 and July 19, 2029.

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

| 6 OTHER FINANCIAL LIABILITIES       | <b>2023</b>      | <b>2022</b>      |
|-------------------------------------|------------------|------------------|
|                                     | <b>EUR</b>       | <b>EUR</b>       |
| At the beginning of reporting year  | 5,023,243        | 5,021,354        |
| Additions                           | 2,700,000        | -                |
| Interest expense                    | 184,846          | 108,333          |
| Interest paid                       | (145,527)        | (106,444)        |
| <b>At the end of reporting year</b> | <b>7,762,562</b> | <b>5,023,243</b> |

Financial liabilities at amortised cost consist of secured credit-linked floating rate notes issued by the Company to eligible investors by way of private placement. The interest rate payable is between 2.2% to 3.75% per annum and maturing on January 13, 2030.

| 7 OTHER PAYABLES                            | <b>2023</b>   | <b>2022</b>   |
|---|---------------|---------------|
|   | <b>EUR</b>    | <b>EUR</b>    |
| Other Payables                              | 39,898        | 20,588        |
| Amount due to group companies: (Note 14(d)) |               |               |
| Holding Company                             | 37,601        | 28,400        |
| Fellow Subsidiary                           | 19,706        | 28,241        |
| Entities under Common Control               | 708           | 1,591         |
|   | <b>97,913</b> | <b>78,820</b> |

The carrying amounts of other payables approximate their fair values.

# CM STRUCTURED PRODUCTS (2) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

| <b>8 SHARE CAPITAL</b>                       | <b>2023</b>             | <b>2022</b>    |
|--|-------------------------|----------------|
|  | <b>EUR</b>              | <b>EUR</b>     |
| (a) Issued Share Capital- Class A Shares     | 252                     | 252            |
| Issued Share Capital- Class B Shares         | 578,000                 | 375,000        |
|  | <b>578,252</b>          | <b>375,252</b> |
|  | <b>2023</b>             | <b>2022</b>    |
|  | <b>Number of Shares</b> |                |
| (b) Number of Class A Shares of no par value | 1,000                   | 1,000          |
| Number of Class B Shares of no par value     | 24,390                  | 15,000         |
|  | <b>25,390</b>           | <b>16,000</b>  |

The Class A Shares have all the voting rights of the Issuer, are non-redeemable and do not have any distribution rights. The shares are of no par value.

The Class B Shares are non-voting shares, redeemable and are entitled to distribution rights as per the terms of the Constitution. The shares are of no par value.

| <b>9 OPERATING EXPENSES</b>      | <b>2023</b>   | <b>2022</b>   |
|----------------------------------|---------------|---------------|
|                                  | <b>EUR</b>    | <b>EUR</b>    |
| Debenture Representative fee     | 7,194         | 5,750         |
| Licence fees                     | 6,515         | 3,036         |
| Rating Fees                      | 1,652         | 2,136         |
| Registrar Fees (Note 14(b))      | 5,047         | 4,224         |
| Underwriting Fees (Note 14(b))   | 17,985        | 14,375        |
|                                  | <b>38,393</b> | <b>29,521</b> |
|                                  | <b>2023</b>   | <b>2022</b>   |
|                                  | <b>EUR</b>    | <b>EUR</b>    |
| 10 ADMINISTRATIVE EXPENSES       |               |               |
| Audit Fees                       | 5,520         | 2,122         |
| Bank Charges (Note 14(c))        | 197           | 193           |
| Directors Fees                   | 635           | 572           |
| Internal Audit Fees (Note 14(c)) | 978           | -             |
| Professional Fees (Note 14(c))   | 29,000        | 25,404        |
| Publication & Advertising        | 87            | 2,173         |
| Secretarial Fees (Note 14(c))    | 6,682         | 6,036         |
| Tax Fees                         | 410           | 370           |
|                                  | <b>43,509</b> | <b>36,870</b> |



# CM STRUCTURED PRODUCTS (2) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 11 INCOME TAX

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:

|   | <b>2023</b>     | <b>2022</b> |
|---|-----------------|-------------|
|   | <b>EUR</b>      | <b>EUR</b>  |
| <b>Profit before Taxation</b>               | <b>25,351</b>   | 11,737      |
| Tax calculated at a rate of 15% (2022: 15%) | <b>3,803</b>    | 1,761       |
| Tax effect on:                              |                 |             |
| Tax loss brought forward                    | <b>(2,240)</b>  | (2,829)     |
| Income not subject to tax                   | <b>(35,118)</b> | (22,418)    |
| Expenses not deductible for tax purposes    | <b>32,439</b>   | 21,246      |
| Tax loss carried forward                    | <b>1,116</b>    | 2,240       |
| Tax Charge                                  | <b>-</b>        | -           |

At June 30, 2023, the Company had accumulated tax losses of EUR 9,864 (2022: EUR 14,934)

Deferred tax asset of EUR 1,479 has not been recognised due to unpredictability of future profits.

### 12 EARNINGS PER SHARE

|                                   | <b>2023</b>   | <b>2022</b> |
|-----------------------------------|---------------|-------------|
| Profit for the Year (EUR)         | <b>25,351</b> | 11,737      |
| Average Number of Shares in Issue | <b>20,734</b> | 16,000      |
| Earnings Per Share (EUR)          | <b>1.22</b>   | 0.73        |

### 13 NOTES TO THE STATEMENT OF CASH FLOWS

#### (a) Reconciliation of profit for the period to cash used in operations:

|                             | <b>2023</b>      | <b>2022</b> |
|-----------------------------|------------------|-------------|
|                             | <b>EUR</b>       | <b>EUR</b>  |
| Profit before tax           | <b>25,351</b>    | 11,737      |
| Adjustments for:            |                  |             |
| Interest Income             | <b>(292,653)</b> | (186,817)   |
| Interest Expense            | <b>184,846</b>   | 108,333     |
| Foreign Exchange Losses     | <b>554</b>       | 356         |
|                             | <b>(81,902)</b>  | (66,391)    |
| Changes in working capital: |                  |             |
| - prepayments               | -                | 693         |
| - other payables            | <b>19,093</b>    | (7,435)     |
| Cash used in Operations     | <b>(62,809)</b>  | (73,133)    |

#### (b) Cash & Cash Equivalents Bank Balances

|                |         |
|----------------|---------|
| <b>585,838</b> | 367,756 |
| <b>585,838</b> | 367,756 |

# CM STRUCTURED PRODUCTS (2) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 14 RELATED PARTY TRANSACTIONS

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

|   | <b>2023</b>    | <b>2022</b>      |
|---|----------------|------------------|
|   | <b>EUR</b>     | <b>EUR</b>       |
| <b>(a) Interest Expenses</b>                              |                |                  |
| Holding Company   | 16,073         | 57,672           |
| Fellow Subsidiaries                                       | 11,549         | 13,238           |
| Entities under common control                             | 10,309         | 7,905            |
|   | <u>37,931</u>  | <u>78,815</u>    |
| <b>(b) Operating Expenses</b>                             |                |                  |
| Fellow Subsidiaries                                       | <u>23,032</u>  | <u>18,599</u>    |
| <b>(c) Administrative Expenses</b>                        |                |                  |
| Fellow Subsidiaries                                       | 29,000         | 25,404           |
| Entities under common control                             | 7,857          | 6,229            |
|   | <u>36,857</u>  | <u>31,633</u>    |
| <b>Outstanding balances as at end of reporting period</b> |                |                  |
|   | <b>2023</b>    | <b>2022</b>      |
|   | <b>EUR</b>     | <b>EUR</b>       |
| <b>(d) Payables to related parties (Note 7)</b>           |                |                  |
| Holding Company   | 37,601         | 28,400           |
| Fellow Subsidiary   | 19,706         | 28,241           |
| Entities under common control                             | 708            | 1,591            |
|   | <u>58,015</u>  | <u>58,232</u>    |
| <b>(e) Bank Balances</b>                                  |                |                  |
| Entities under common control                             | <u>585,838</u> | <u>367,756</u>   |
| <b>(f) Other Financial liabilities</b>                    |                |                  |
| Holding Company   | -              | 2,219,269        |
| Fellow Subsidiaries                                       | -              | 613,840          |
| Entities under common control                             | 409,299        | 407,887          |
|   | <u>409,299</u> | <u>3,240,996</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, 2023, the amounts owed by related parties were not impaired.

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

### 15 ULTIMATE HOLDING COMPANY

The holding company of CM Structured Products (2) Ltd is MCB Capital Markets Ltd and the ultimate holding company is MCB Group Limited. Both companies are incorporated in Mauritius.