

# Table of Contents

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02	Annual Report
03	Notice of Annual Meeting of Shareholders
05	Company Profile
06	Board of Directors and Committees of the Board
07	Corporate Information
08	Statement of Directors` Responsibilities
09	Chairperson`s Statement
10	Statement of Compliance
11	Corporate Governance Report
31	Manager`s Report
33	Secretary`s Certificate
33	Shareholders` Information
34	Independent Auditors` Report to the Members
39	Statements of Comprehensive Income
40	Statements of Financial Position
41	Statements of Changes in Equity
42	Statements of Cash Flows
43	Notes to the Financial Statements
75	Appendix 1
76	Proxy Form

# Annual Report

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Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of P.O.L.I.C.Y. Limited for the year ended 31 December 2020. This report has been approved by the Board on 18 March 2021.

On behalf of the Board of Directors, we invite you to attend the Annual Meeting of Shareholders which will be held as follows:

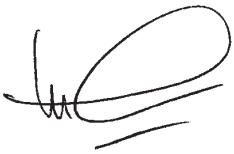
Date: 17 June 2021

Time: 10h00

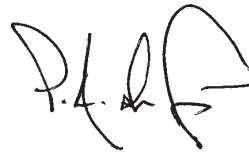
Place: c/o Ocorian Corporate Administrators Limited  
6<sup>th</sup> Floor, Tower A  
1 CyberCity  
Ebene

We look forward to seeing you.

Sincerely



**Mr. Vincent Ah Chuen**  
Chairperson



**Mr. Pierre de Chasteigner du Mée**  
Vice Chairperson

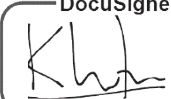
# Notice of Annual Meeting of Shareholders

Notice is hereby given that the Annual Meeting of Shareholders of P.O.L.I.C.Y. Limited will be held at the Registered Office of the Company, at c/o Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene on Thursday 17 June 2021 at 10h00 to transact the following business in the manner required for the passing of ORDINARY RESOLUTIONS:

## AGENDA

1. To receive and approve the minutes of proceedings of the last Annual Meeting held on 6 November 2020.
2. To consider and adopt the financial statements, to receive the auditors' report and to consider the Annual Report for the year ended 31 December 2020.
3. To re-elect Mr. Vincent Ah Chuen, in accordance with Section 138(6) of the Companies Act 2001.
4. To re-elect Mrs. Martine Cundasawmy, director retiring and eligible for re-election.
5. To re-elect Mr. Pierre de Chasteigner du Mée, director retiring and eligible for re-election.
6. To re-elect Mr. Pierre Yves Pougnet, in accordance with Section 138(6) of the Companies Act 2001.
7. To re-elect Professor Donald Ah Chuen, G.O.S.K, in accordance with Section 138(6) of the Companies Act 2001.
8. To re-elect Mr. Sydney Ah Yoong, director retiring and eligible for re-election.
9. To re-elect Mrs. Danielle Lagesse, S.A., director retiring and eligible for re-election.
10. To re-elect Mr Ah-Lan Lam Yan Foon, in accordance with Section 138(6) of the Companies Act 2001.
11. To re-elect Mr Karl Braunecker, director retiring and eligible for re-election.
12. To fix the Directors' remuneration as recommended by the Remuneration Committee.
13. To note that Ernst & Young having indicated their willingness to continue in office, will be automatically re-appointed as auditors and to authorise the Directors to fix their remuneration.

## BY ORDER OF THE BOARD

DocuSigned by:  
  
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**OCORIAN CORPORATE ADMINISTRATORS LIMITED**  
COMPANY SECRETARY

18 March 2021

# Notice of Annual Meeting of Shareholders (Cont'd)

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## NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him, and that proxy need not also be a member.
2. Proxy forms are available with the Company Secretary at Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene.
3. Completed proxy forms should be delivered at Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene by Thursday 9 June 2021 at 10h00 at latest.
4. For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of The Companies Act 2001, that the Shareholders who are entitled to receive notice of the meeting shall be those shareholders whose names are registered in the share register of the Company as at 19 May 2021.
5. The Annual Report 2020 shall be available to the members on the Company's website and a copy shall be provided to the members upon request to the Company Secretary.
6. The minutes of the past Annual Meetings held are available for consultation by the shareholders during office hours at the registered office of the Company, 6th Floor, Tower A, 1 CyberCity, Ebene.
7. The minutes of the Annual Meeting to be held on 17 June 2021 will be available for consultation and comments during office hours at the registered office of the Company, 6th Floor, Tower A, 1 CyberCity, Ebene as from 25 June 2021.



## Company Profile

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P.O.L.I.C.Y. Limited was incorporated as a public company on 15 June 1979. It is an investment company with a long-term investment strategy. It is listed on the Stock Exchange of Mauritius since 1992.

# Board of Directors & Committees of the Board

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## BOARD OF DIRECTORS

### Chairperson

Mr. Vincent Ah Chuen

### Vice Chairperson

Mr. Pierre de Chasteigner du Mée

### Directors

Mr. Vincent Ah Chuen

Professor Donald Ah Chuen G.O.S.K.

Mr. Sydney Ah Yoong

Mr. Richard Arlove (Resigned on 9th September 2020)

Mr. Stephane Henry (Resigned on 30th June 2020)

Mrs. Martine Cundasawmy (Appointed on 12th October 2020)

Mr. Pierre de Chasteigner du Mée

Mrs. Danielle Lagesse S.A.

Mr. Pierre Yves Pougnet

Mr Ah-Lan Lam Yan Foon

Mr Karl Braunecker

## COMMITTEES OF THE BOARD

### Corporate Governance, Nomination and Remuneration Committee

Mr. Vincent Ah Chuen (Chairperson)

Mr. Pierre de Chasteigner du Mée

Professor Donald Ah Chuen G.O.S.K.

Mrs. Danielle Lagesse S.A.

### Audit & Risk Committee

Mr. Pierre Yves Pougnet (Chairperson)

Professor Donald Ah Chuen G.O.S.K.

Mr. Sydney Ah Yoong

Mr Ah-Lan Lam Yan Foon

### Investment Committee

Mr. Pierre de Chasteigner du Mée (Chairperson)

Mr. Vincent Ah Chuen

Mr. Sydney Ah Yoong

Mr Karl Braunecker

# Corporate Information

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## Registered Office

c/o Ocorian Corporate Administrators Limited  
6th Floor, Tower A  
1 CyberCity  
Ebene

## Administrator and Company Secretary

Ocorian Corporate Administrators Limited  
6th Floor, Tower A  
1 CyberCity  
Ebene

## Registrar

Ocorian Corporate Administrators Limited  
6th Floor, Tower A  
1 CyberCity  
Ebene

## Fund Manager

Aon Hewitt Ltd  
1st Floor, The Pod  
Vivea Business Park  
Moka

## Auditors

Ernst & Young  
9th Floor, NexTeracom, Tower 1  
CyberCity  
Ebene

## Bankers

The Mauritius Commercial Bank Limited  
AfrAsia Bank Ltd

# Statement of Directors' Responsibilities

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The Board accepts the responsibility for the preparation of financial statements which give a true and fair view of the financial position, financial performance and cash flows of the Company and which comply with the Companies Act 2001 and the International Financial Reporting Standards.

In preparing those financial statements, the Directors have:

- Selected suitable accounting policies and then applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Stated whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Adhered to the provisions of the Code of Corporate Governance.

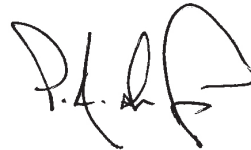
The Directors also confirm their responsibility for safeguarding the assets of the Company.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Board acknowledges its responsibility for ensuring the preparation of the financial statements in accordance with the International Financial Reporting Standards and the responsibility of external auditors to report on these financial statements. The Board also acknowledges its responsibility for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.



**Vincent Ah Chuen**  
Chairperson



**Pierre de Chasteigner du Mée**  
Vice Chairperson



# Chairperson's Statement

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Dear Shareholders,

I am pleased to present to you the 2020 Annual Report of P.O.L.I.C.Y. Limited. Taking into consideration the outbreak of the Covid-19 virus and the subsequent lockdown, the annual meeting of the Company had to be rescheduled from 5 June 2020 to today, 6 November 2020.


It is worth noting that 2020, till date, has not been a positive year for local equities. Factors adversely affecting the Local Equity Market include the negative impact of Covid-19 on the local economy and the risk of a second wave, higher inflation, the limited opening of borders, the Wakashio related oil spill, introduction of the CSG, lower dividends being paid as well as the inclusion of Mauritius on the EU Blacklist.

Foreign equities have in contrast, fared much better despite the pandemic. At end- September 2020, the MSCI All Country World Index had delivered a return of +11.2% (in Mauritian Rupee Terms) on a YTD basis. The SEMDEX in contrast lost nearly 31% over the same period! P.O.L.I.C.Y. Limited, has traditionally held investments in both local equities and foreign equities, with a concentration in local equities. During the year 2020, the Company adopted a new strategy which would enable it to increase its exposure to well performing and highly rated foreign products. This new strategy will eventually result in a better diversified portfolio which could allow shareholders to potentially benefit from higher risk adjusted returns in the medium to long term. In that respect, the Company has appointed a new Corporate Investment Manager, Aon Hewitt Ltd following a tender exercise.

In addition, in accordance with the Financial Reporting Council (Rotation of Audit Firm) Regulations 2017, the Company had tendered its audit services for the year 2020, following which Ernst & Young has been appointed as the new auditors of the Company.

The Board of Directors is confident that the substantial changes brought by the Company in terms of strategy and Corporate Investment Manager will bring value added to the Company and in the long run improve returns for the shareholders.

I wish to express my sincere gratitude to the newly appointed Corporate Investment Manager, the Administrator and my fellow Directors for their commitment and added value leading in revising the Company's strategy. Finally, I would like to thank you, dear Shareholders, for your continued support.



**Mr. Vincent Ah Chuen**

Chairperson

# Statement of compliance

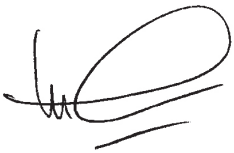
(Section 75 (3) of the Financial Reporting Act)

**Name of PIE** : P.O.L.I.C.Y. LIMITED

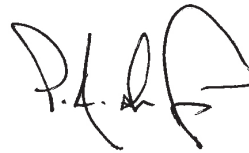
**Reporting Period** : 1 January to 31 December 2020

We, the Directors of P.O.L.I.C.Y. Limited, confirm that, to the best of our knowledge, P.O.L.I.C.Y. Limited has complied with all of its obligations and requirements under the Code of Corporate Governance.

**SIGNED BY:**



**VINCENT AH CHUEN**  
CHAIRPERSON



**PIERRE DE CHASTEIGNER DU MEE**  
VICE CHAIRPERSON

Date: 18 March 2021



# **CORPORATE GOVERNANCE REPORT 2020**

# Corporate Governance Report 2020

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The Board recognises corporate governance as a matter of priority. The Board considers that good corporate governance can contribute in terms of growth, financial stability and performance. It therefore accepts and acknowledges its responsibility for applying and implementing the principles contained in the National Code of Corporate Governance for Mauritius (2016) (The “2016 Code”), and is thus conducting its affairs in line with the principles of the 2016 Code.

## **PRINCIPLE 1: GOVERNANCE STRUCTURE**

### **The Role of the Board**

The primary function of the board is to provide effective leadership and direction to promote the long-term value of the Company, for the benefit of its shareholders and other stakeholders. As an investment holding company, the Board assumes its responsibility in overseeing the conduct of business activities of the Company, review the strategic decisions, performance objectives, annual budget, major funding, investment proposals and corporate governance framework. It also monitors regulatory and legal requirements and obligations of the Company.

### **Responsibilities and Accountabilities**

The Company, being an investment holding entity, does not have any employee or senior management. It has two corporate service providers providing investment management services and acting as Registrar, Administrator and Corporate Secretary. Compliance obligations of these service providers are regularly monitored by the Board.

### **Board Charter and Ethics**

The Company has adopted a Board Charter which provides the terms of reference for the board, clearly defining its responsibilities. The Company having no employees is therefore addressing matters related to ethics in its Board Charter. The Board Charter also caters for monitoring of internal risks, controls and compliance.

The Board Charter can be viewed on the Company’s website, [www.policylimited.mu](http://www.policylimited.mu). The Corporate Governance Committee reviews and proposes changes to the Board Charter annually.

### **Organisational Structure and Statement of Accountabilities**

The Board has created three sub-committees of the Board, each operating within its own terms of reference, approved by the Board, in order to provide specialist guidance to its Directors. A reporting mechanism has been set up to ensure that recommendations from the different committees are effectively escalated to the Board in an orderly manner. The report of the Chairperson of each sub-committee is an agenda item at all board meetings.

The organizational structure is reviewed yearly, and changes are recommended and implemented as and when the Directors think fit.

The Nomination Committee is responsible to set up, review and monitor the job descriptions of the key senior governance positions, including that of the Company Secretary.

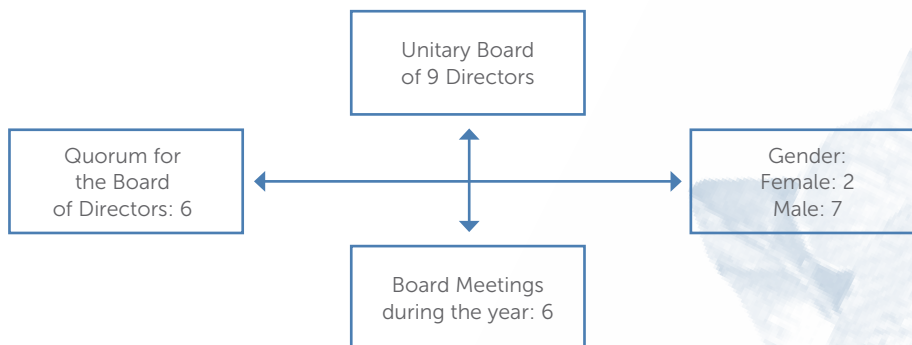
# Corporate Governance Report 2020



## PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

### Board size and structure

The Board adheres to the principle that knowledge and industry experience should not be sacrificed in favour of independence. The Board is satisfied that its actual composition is balanced and commensurate with the Company's ownership structure and size. The Board is also of the opinion that the current directors have the appropriate range of skills, expertise and experience to carry out their duties properly.



### Independence on the Board

As at 31 December 2020, the Board was comprised of nine directors, amongst whom one is an Executive Director, two are independent Directors and the remaining six are Independent-minded Non-Executive Directors.

The Chairperson, whilst being related with the Company's substantial shareholders, has demonstrated a strong independence in character and judgment in the discharge of his responsibilities.

The directors are invited to disclose their interests towards any item on the agenda, before the start of the board meetings. Directors who may have conflicts of interest in relation to any particular item on the agenda are requested to withdraw, during discussions relating thereto and until such time that a final decision has not been reached.

### Role of the Company Secretary

The Company Secretarial function is fulfilled by Ocorian Corporate Administrators Limited ('Ocorian') through a service agreement entered between Ocorian and the Company. Ocorian is an award-winning alternative investment, corporate and private client administrator recognized for its commercial expertise and dynamic culture supporting investment success. It employs qualified secretaries from the Chartered Governance Institute to fulfill its duties as Company Secretary.

# Corporate Governance Report 2020

## Board processes and attendance at board meetings

The dates of the Board, committee and annual meetings are planned well in advance with the assistance of the Company Secretary. The Board meets at least four times a year and adhoc meetings may also be convened for urgent matters. Decisions of the Board are also taken by way of written resolutions.

In 2020, the Board met six times. During that year, the Board approved, inter alia the Annual Report and Financial Statements for the year ended 31 December 2019, the interim condensed financial statements for the quarters ended 31 March, 30 June and 30 September 2020, and the payment of an interim dividend.

The overall attendance record at Board and Committee meetings is set out in the table below:

DIRECTORS	Board meeting (6)	Audit and Risk Committee (4)	Corporate Governance Committee (4)	Investment Committee (5)	Remuneration Committee (1)	Sub Committee (3)
Vincent Ah Chuen	6 out of 6	-	4 out of 4	5 out of 5	1 out of 1	
Donald Ah Chuen	3 out of 6	3 out of 4	4 out of 4	-	1 out of 1	
Sydney Ah Yoong	6 out of 6	4 out of 4	-	5 out of 5	-	3 out of 3
Richard Arlove*	4 out of 6	-	-	-	-	2 out of 3
Pierre Arthur de Chasteigner du Mée	6 out of 6	-	4 out of 4	5 out of 5	1 out of 1	3 out of 3
Stéphane Henry**	3 out of 6	-	-	-	-	
Danielle Lagesse	5 out of 6	-	4 out of 3	-	1 out of 1	3 out of 3
Pierre Yves Pougnet	4 out of 6	4 out of 4	-	-	-	3 out of 3
Karl Braunecker	6 out of 6		-	4 out of 5	-	
Ah-Lan Lam Yan Foon	6 out of 6	4 out of 4	-		-	
Martine Cundasawmy***	1 out of 6					

Note: \*Richard Arlove resigned on 9<sup>th</sup> September 2020  
 \*\*Stephane Henry resigned on 30<sup>th</sup> June 2020  
 \*\*\*Martine Cundasawmy was appointed on 12<sup>th</sup> October 2020

## COMMITTEES OF THE BOARD OF DIRECTORS

The Board has delegated specific responsibilities to its three sub-committees, which operate within clearly defined terms of reference, namely, the Corporate Governance Committee (which also acts as the Remuneration and Nomination Committee), the Investment Committee and the Audit and Risk Committee. They report regularly to the Board, and recommend specific matters for approval.

## CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEES

The functions and mandate of the Corporate Governance, Nomination and Remuneration Committees are to assist the Board in fulfilling its responsibilities to ensure that the Company complies with the prevailing corporate governance principles.

# Corporate Governance Report 2020

## Members of the Corporate Governance, Nomination and Remuneration Committees

- Vincent Ah Chuen – Chairperson
- Donald Ah Chuen, G.O.S.K.
- Pierre de Chasteigner du Mée
- Danielle Lagesse, S.A.

The Corporate Governance Committee, which also acts as the Remuneration and Nomination Committee, is devoted to the continuing review and articulation of the governance structure of the Board. The Corporate Governance Committee met in February 2021 to review the Corporate Governance Report for the year 2020 before due recommendation to the Board.

It also met as Remuneration Committee in February 2021 to consider and recommend the directors' fees as well as the fees of the members of the various committees.

Its role is also to ensure that the reporting requirements on Corporate Governance, whether in the Annual Report, or on an ongoing basis, are in accordance with the principles of the Code of Corporate Governance.

## Terms of Reference

The Terms of Reference of the Corporate Governance Committee, which embrace the Terms of Reference of the Nomination Committee and of the Remuneration Committee, are to:

- Ascertain whether potential new directors are fit and proper and are not disqualified from being directors. Prior to their appointment, their background is thoroughly investigated;
- Ensure that the potential new director is fully cognizant of what is expected from a director, in general, and from him or her in particular;
- Ensure that the right balance of skills, expertise and independence is maintained;
- Ensure that there is a clearly defined and transparent procedure for shareholders to recommend potential candidates.
- Ensure that potential candidates are free from material conflicts of interest and are not likely to simply act in the interests of a major shareholder, substantial creditor or significant supplier of the company. This is of particular importance when the candidate has been nominated by virtue of a shareholders' agreement, or such other agreement. In any case, candidates so nominated cannot be considered independent; Pay particular attention to the potential conflicts of interest and other ethical problems that could arise in cases where the potential candidate is already a director of a company, or forms part of a group, that is a competitor of the Company;
- Ensure that those directors who, in the opinion of the Board, have either acted in accordance with the instructions of a third party or have not discharged their duties as directors to the satisfaction of the Board, not to be nominated for re-election;
- Determine, develop and agree on the Company's general policy on directors' remuneration; and
- Determine the level of non-executive and independent non-executive fees to be recommended to the shareholders.

# Corporate Governance Report 2020

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## INVESTMENT COMMITTEE

The main purpose of the Investment Committee is to ensure that the Company's investment plan delivers decent performance against benchmarks. The Committee participates in the diligent implementation of the Company's Investment Plan and has a major role in overseeing investment selection decisions.

### Members of the Investment Committee:

- Pierre Arthur de Chasteigner du Mée – Chairperson
- Vincent Ah Chuen
- Sydney Ah Yoong
- Karl Braunecker

The Committee met five times during the year 2020, where it mainly reviewed the Company's portfolio, investment strategy, investment plan and the methods of evaluation for its investments. It also recommended, for Board ratification, the purchases and disposals of various securities.

### Terms of Reference

The Terms of Reference of the Investment Committee are to:

- Review and approve periodically the investment policies and overall strategies of the Company. In doing so, the following should be considered:
  - a. General economic and environmental trends and predictions;
  - b. Sector and country specific performance and forecasts; and
  - c. Changes or alterations to current legislation having an effect on investments.
- Determine an appropriate investment strategy, including asset mix;
- Set asset portfolio performance targets;
- Set performance targets for the investment manager;
- Review, decide and approve investment choices based on advice provided by the investment manager as and when necessary. In doing so, the committee should perform the following:
  - a. Verify that all necessary steps and controls have been performed prior to investment proposal being formulated by the investment manager;
  - b. Verify adherence to investment policy;
  - c. Discuss and consider relevant issues (returns, volatility and absolute risk) to decide whether to invest or not in specific assets;
  - d. Consider whether adding specific assets in the portfolio will reduce risk and volatility due to possible diversification effect resulting from a lower correlation with other assets; and
  - e. Decide whether any excess expected return over and above average returns justifies investing in the specific asset given the potential increased level of risks involved.
- Monitor the performance of the asset portfolio and the investment manager against the agreed benchmarks and targets, seeking all necessary explanations to perform appropriate analysis;
- Review and report to the Board of Directors all matters relating to the administration, supervision and management of the plan;



# Corporate Governance Report 2020

- Review the diligent implementation by management of the repurchase of Company securities under any repurchase program set down by the Board of Directors;
- Oversee the risk management activities of the Treasury function with respect to the Company's existing investments;
- Access the Company's executives as necessary in order to carry out these responsibilities; and
- Perform any other activities or responsibilities from time to time assigned to such Committee by action of the Board which are consistent with this Charter, the Company's Bylaws and governing law as the Committee or the Board of Directors deems necessary or appropriate.

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee supports the Board in fulfilling its responsibilities in ensuring the integrity of the Company's financial management and reporting.

### Members of the Audit and Risk Committee:

- Pierre Yves Pougnet - Chairperson
- Donald Ah Chuen, G.O.S.K.
- Sydney Ah Yoong
- Mr Ah-Lan Lam Yan Foon

The Audit & Risk Committee met four times in 2020. During the year 2020, the Committee mainly reviewed the Annual Report and Financial Statements for the year ended 31 December 2019, the Interim condensed financial statements for the quarters ended 31 March, 30 June and 30 September 2020, the remuneration package of the auditors.

### Terms of Reference

The Terms of Reference of the Audit and Risk Committee, as formally adopted by the Company, consist of the following:

- The functioning of the internal control system of the Company's service providers;
- The functioning of the internal audit department of the Company's service providers;
- The risk areas of the Company's operations and of its service providers;
- The assessment and assurance of the quality of the risk management process;
- The reliability and accuracy of the financial information provided by Management to the Board and other users of financial information; The use of the services of the external and internal auditors;
- The accounting or auditing concerns identified as a result of the external audits;
- The Company's compliance with legal and regulatory requirements with regard to financial matters;
- The scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditors;
- The nature and extent of non-audit services provided by the external auditors, where applicable; and
- The financial information to be published by the Board.

# Corporate Governance Report 2020

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The Audit and Risk Committee confirms that it has complied with its Terms of Reference, and that it is fully satisfied of its responsibilities for the year. Shareholders, on request, should be able to obtain a copy of the current Terms of Reference of the Audit and Risk Committee at the Registered Office of the Company.

## Financial Reporting

In terms of financial reporting, the Audit & Risk Committee carries out the following functions:

- Ascertain the integrity of the annual audited financial statements by reviewing significant financial reporting issues and judgements which they contain;
- Review the financial statements where necessary;
- Review the significant assumptions, estimates and judgements used in the preparation of the financial statements;
- Ensure whether the Company has followed appropriate accounting standards taking into account the view of the external auditor;
- Ensure the maximum transparency in the financial statements; and
- Ensure the effectiveness of the Company's internal audit function and the appointment, compensation and replacement of the company's internal auditor

## PRINCIPLE 3: DIRECTORS APPOINTMENT PROCEDURES

### Appointment and re-election of Directors

The Nomination Committee reviews all new appointments to the Board and Committees prior to making its recommendations to the Board, until submission to the shareholders for approval at the annual meeting.

In accordance with the provisions of the Code, all directors wishing to be re-elected stand for re-election at the Annual Meetings of Shareholders.

### Induction of Directors

The Board assumes its responsibility for the induction of newly appointed Directors, through a process facilitated by the Company Secretary. They undergo a programme, which enables them to acquire an in-depth understanding of the Company's business model, activities and operations, and governance framework. They are provided with the minutes of recent board and committee meetings, the Board Charter, constitutional documents, latest audited financial statements. In addition, they are informed of their directors' duties.

### Succession planning

The Nomination Committee is responsible for succession planning and ensure minimum disruption to the Company's operations in case of resignation of key executives. As such, the Nomination Committee together with the Corporate Governance Committee ensures that the composition of the board complies with the regulations and recommend appointment of key executives, as and when any vacancy arises.

# Corporate Governance Report 2020

## Training and Development

Ocorian, being the Company Secretary provides relevant trainings to ensure that the Directors are kept up to date with new regulations and laws.

## Directors' profile

### (i) **Vincent Ah Chuen** Non-Executive Chairperson

**Vincent Ah Chuen** is the Managing Director of ABC Group of Companies. He is Chairman of ABC Motors Company Ltd and MUA Stockbroking Ltd. He is Director of MUA Ltd, MUA Life Ltd, MUA Kenya, MUA Uganda, Phoenix of Tanzania Assurance Company Limited, New Goodwill Investment Ltd and Medine Distillery Company Ltd. He is a member of the MloD and the Chinese Chamber of Commerce. He is also active in various social and cultural activities.

Mr Ah Chuen is a competent, skilled and knowledgeable person, capable of independent and impartial thinking.

### (ii) **Professor Donald Ah-Chuen G.O.S.K.** Non-Executive Director

**Professor Donald Ah-Chuen** holds an M.B.A (University of Strathclyde, UK). He is also a Fellow of the Institute of Chartered Accountants (England & Wales) and Fellow of the Institute of Chartered Accountants (Australia) and holds an M.C.I.P.D (Chartered Institute of Personnel & Development, UK). In March 2009, he was conferred the distinction of G.O.S.K (Grand Officer of the Order of the Star and Key of the Indian Ocean) in recognition of his valuable contribution in the sectors of Banking & Financial Services and Tertiary Education. Professor Ah-Chuen is a former Board Director of the Development Bank of Mauritius and the Bank of Mauritius, former Chairman of the Standard Bank (Mauritius) Ltd and of the Mauritius Chamber of Commerce & Industry (2000 and 2006). He was Pro-Vice Chancellor of the University of Mauritius, Chairman of the Mauritius Broadcasting Corporation and also of the Tertiary Education Commission of Mauritius. He was C.E.O of the Graham Group of Companies, Sydney and Chairman of the Steel Galvanizing Companies of Australia & New Zealand.

Professor Ah-Chuen is currently a Board Director of the Stock Exchange of Mauritius Ltd and the Managing Director of ABC Banking Corporation Limited. He is also a Director of ABC Motors Co. Ltd, company listed on the DEM.

### (iii) **Sydney Ah Yoong** Non-Executive Director

**Sydney Ah Yoong** is a fellow member of the Association of Chartered Certified Accountants (ACCA) since 1987. He has worked at Deloitte for more than 38 years and is a retired partner since December 2012. He is also a Director of ABC Banking Corporation Ltd and Bee Equity Partners, companies listed on the DEM.

# Corporate Governance Report 2020

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**(iv) Richard Arlove**  
**Executive Director**

**Richard Arlove** is the Regional Chief Executive Officer of Africa Middle East and Africa, of Ocorian Group, an award-winning alternative investment, corporate and private client administrator recognized for its commercial expertise and dynamic culture supporting investment success.

Mr Richard Arlove has also served as Chief Executive Officer at Abax Corporate Services Ltd ('ABAX') before becoming Regional CEO of Ocorian Group. ABAX has subsequently been acquired by the Ocorian Group and changed its name to Ocorian Corporate Services Limited. Prior to joining ABAX in 2001, Mr Arlove worked for 10 years in the accounting and audit, mainly at PwC in Mauritius and the UK; and 10 years as General Manager with companies involved mainly in the marketing of global brands of consumer and electronic products. He is a Fellow member of the Association of Chartered Certified Accountants.

Richard Arlove resigned as Director of the Company on 9<sup>th</sup> September 2020.

**(v) Pierre Arthur de Chasteigner du Mée**  
**Non-Executive Director**

**Pierre du Mée**, A.C.E.A., Director and Secretary of MUA Stockbroking Ltd., is a Sworn Broker, a Stockbroker, on the Stock Exchange of Mauritius, a licensed Company Secretary and a fellow member of the Chartered Management Institute (England). He is also a Director of Investec Bank (Mauritius) Ltd.

**(vi) Stéphane Henry**  
**Executive Director**

**Stephane Henry** is the CEO of Investment Professionals Ltd, an asset management company located in Mauritius. Stephane is specialised in the management of Mauritian listed equities and international fund selection. He holds a Master II degree in Wealth Management (Gestion de Patrimoine) from the University of Clermont-Ferrand, France and a Master's degree from the Pau Business School, France.

Stephane Henry resigned as Director of the Company on 30<sup>th</sup> June 2020.

**(vii) Danielle Lagesse S.A.**  
**Independent Director**

**Danielle Lagesse S.A.**, qualified as Attorney at Law of the Supreme Court of Mauritius in 1980 and was appointed Senior Attorney for the Republic of Mauritius on 16 June 2010. During her career she appeared as Instructing Attorney to Q.C.s and Senior Counsels in Supreme Court cases involving major corporate issues. She is a great supporter of Alternate Dispute Resolution, mainly Mediation and Arbitration. She is a founder member and Fellow of the Mauritius Institute of Directors (MIoD) created in 2007 to promote training of Directors, good corporate governance, competence and transparency within companies. She sat on its first elected Board of the MIoD during 5 years. She was also a Member of the Australian Institute of Directors.

Although she has now almost completely retired from active litigation she still occasionally acts as Consultant and Mediator.

# Corporate Governance Report 2020

## (viii) Pierre Yves Pougnet Non-Executive Director

**Pierre Yves Pougnet**, an accountant by profession, has been a Director of P.O.L.I.C.Y. Limited since 1981. He is presently the Chairman of the Audit and Risk Committee. He started his career with an audit firm. In 1975 he joined the Eclasia Group where he occupied executive functions, amongst which he was the managing director of Panagora Marketing and also managing director of Food and Allied Industries Ltd. He was the Vice Chairman of the Group when he retired in 2015.

## (ix) Karl Braunecker Independent Director

**Karl Braunecker** is the founder and Managing Director of Connections Tourism Management Ltd ('Connections'), which operates in Mauritius since 1996 as DMC (Destination Management Company) and Inbound Tour Operator. In 1982, he created *Connections Reunion*, which has become a major tour operator on this island. Before Connections, he was Project Manager for the Construction of Maritim Hotel and, after the opening Hotel Manager until 1996.

Mr Braunecker has more than 50 years of experience in the tourism industry in Mauritius and abroad. He is one of the pioneers in developing the MICE (meetings, Incentive, Conferences & Events) business into Mauritius and is the founder of Incentive Travel & Meeting Association (ITMA).

## (x) Ah-Lan Lam Yan Foon Independent Director

**Ah-Lan LAM YAN FOON** is a fellow member of the Association of Chartered Certified Accountants. He has worked for about 10 years in an international firm of Chartered Accountants where he has acquired experience in various sectors of the economy. Over 24 years he worked for a leading Freight Forwarding and Shipping company, Rogers Group, where he held the position of Finance & Administration Director and subsequently acted as Managing Director for 6 years up to his retirement.

During the period 2000-2016, he provided consultancy services in various fields of Finance & Management. He is a founder member of the ACCA (Mauritius Branch) and was its President in 1988. He was awarded the Certificate of Recognition for Dedication and Commitment to the service of ACCA in 2004. He was the first elected President of the Mauritius Red Cross Society (2007-2010) at national level. He is a member of the Chinese Chamber of Commerce (founded in 1908) and is currently the Vice President of the Mauritius Economic Society (founded in 1962). He is also the Chairman of ABC Group Pension Fund.

## (xi) Martine Cundasawmy Executive Director

Martine Cundasawmy is a Fellow of the Association of Chartered Certified Accountant. She has over 19 years' experience in the Global Business Sector. She currently heads a service delivery unit at Ocorian Corporate Services (Mauritius) Ltd, focused on the administration, company secretarial needs and client relationship management of a number of international companies registered in the Mauritius jurisdiction. Prior to joining Ocorian, she worked for 3 years in the accounting department of PricewaterhouseCoopers in Mauritius. She also serves as director on the board of several global business companies.

# Corporate Governance Report 2020

## Other Directorships

The directorship of the directors of P.O.L.I.C.Y. Limited in other listed companies as at 31 December 2020 is as follows:

Directors	Directorship in Listed Companies
Vincent Ah Chuen	The Mauritius Union Assurance Co. Ltd and ABC Motors Co. Ltd
Donald Ah Chuen, G.O.S.K.	ABC Motors Co. Ltd and ABC Banking Corporation Limited
Sydney Ah Yoong	ABC Banking Corporation Limited and The Bee Equity Partners Ltd
Richard Arlove	None
Pierre de Chasteigner du Mée	Investec Bank (Mauritius) Ltd and MUA Stockbroking Ltd
Stéphane Henry	IPRO Growth Fund Ltd and IPRO Funds Ltd
Danielle Lagesse, S.A.	None
Pierre Yves Pougnet	Les Moulins de la Concorde Ltée, Livestock Feed Ltd and Tropical Paradise Co. Ltd
Karl Braunecker	None
Ah-Lan Lam Yan Foon	ABC Motors Co. Ltd
Martine Cundasawmy	None

## Professional development and succession planning

As it is of utmost importance for the Board members to have a thorough knowledge of the business environment and sector in which the Company operates, quarterly investment reports are provided to the directors highlighting economic updates, peer review and financial results.

The Board accepts its responsibility for succession planning which has an objective to ensure that the operations of the Company are not disrupted in the event of departures.

## PRINCIPLE 4: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

### Legal Duties

Directors are made aware of their legal duties upon their appointment and are regularly reminded of the same annually.

### Directors' and Officers' Liability Insurance

A Directors' and Officers' Liability Insurance has been subscribed by the Company for its directors.

### Conflict of interests/ Related Party Transactions Policy

Transactions with related parties are disclosed in the financial statements. Directors are also invited by the Company Secretary to notify the Company of any direct and indirect interest in any transaction or proposed transaction with the Company.

# Corporate Governance Report 2020

## EU General Data Protections Regulations

In compliance with the EU General Data Protection Regulations ('GDPR') and the Data Protection Act 2017, the Company has appointed Ocorian Corporate Administrators Limited represented by Manisha Padaruth, as Data Protection Officer to monitor compliance with and provide advice on the data protection laws.

## Share Dealings

With regard to directors dealing in the shares of the Company, the directors confirm that they have followed the absolute prohibition principles as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules.

## Contracts with Executive Director

The Company has no contract with its Executive Directors.

## Directors' interests in the shareholding of the Company as at 31 December 2020

The Company maintains a Directors' interests register, which is available to the Shareholders upon request. The directors' direct and indirect interests in the shares of the Company in 2020 are as follows:

Name of Director	No. of shares – 31 December 2020	
	Direct	Indirect
Mr. Vincent Ah Chuen	1,106,858	55,753,484
Prof. Donald Ah Chuen, G.O.S.K.	26,421	54,043,351
Mr. Sydney Ah Yoong	460,000	-
Mr. Richard Arlove	171,237	-
Mr. Pierre Arthur de Chasteigner du Mée	-	480,133
Mr. Stéphane Henry	-	-
Mrs. Danielle Lagesse, S.A.	-	-
Mr. Pierre Yves Pougnet	674,833	-
Mr Karl Braunecker	764,500	-
Mr Ah-Lan Lam Yan Foon	-	-
Mrs Martine Cundasawmy	-	-

*(Beneficial interest only; no non-beneficial interest)*

## Board Evaluation

Once a year, the Directors are assessed both individually and collectively as a Board. The evaluation is undertaken through a board evaluation sheet whereby the Directors evaluate the skills, knowledge and leadership of the Chairperson, of individual Directors and of the board as a whole. The findings of the board evaluation are tabled and discussed at board meetings.

# Corporate Governance Report 2020

## Statement of Remuneration Philosophy

Any remuneration policy must be reviewed and proposed by the Remuneration Committee. The directors' fees are paid on an annual basis, and take into account prevailing market conditions and members' contributions in their respective functions.

## Directors' emoluments

Total emoluments and other benefits paid by the Company to the directors in 2020 amounted to Rs 2,054,000. The 2020 payments were made as follows:

	Rs
Mr. Vincent Ah Chuen	299,000
Prof. Donald Ah Chuen G.O.S.K.	247,000
Mr. Sydney Ah Yoong	260,000
Mr. Richard Arlove	97,500
Mr. Pierre Arthur de Chasteigner du Mée	266,500
Mr. Stéphane Henry	65,000
Mrs. Danielle Lagesse S.A.	182,000
Mr. Pierre Yves Pougnet	214,500
Mr. Karl Braunecker	195,000
Mr. Ah-Lan Lam Yan Foon	195,000
Mrs. Martine Cundasawmy	32,500
<b>Total</b>	<b>2,054,000</b>

## Remuneration of Board and Committee Members

The annual remuneration as at 31 December 2020 is as follows:

### (a) Board Meeting

- Chairperson – Rs 169,000
- Director – Rs 130,000

### (b) Audit and Risk Committee

- Chairperson – Rs 84,500
- Committee member – Rs 65,000

### (c) Corporate Governance, Nomination and Remuneration Committees

- Chairperson – Rs 65,000
- Committee member – Rs 52,000

### (d) Investment Committee

- Chairperson – Rs 84,500
- Committee member – Rs 65,000



# Corporate Governance Report 2020

## PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

### Risk Management

The Board has the ultimate responsibility for risk governance and internal control system, as well as determining the nature and extent of the principal risks it is willing to take in the pursuit of its objectives.

The Company has not been sheltered by the Covid-19 thus a dip was noted in the performance of the equities but nevertheless is following the SEMTRI.

The Company, being an investment company and having no employee, is not exposed directly to any physical, human resources or technology risk exposures. Compliance is taken care of by Ocorian Corporate Administrators Limited pursuant to a Service Agreement between Ocorian and the Company.

As an investment company, the Company faces a number of risks that have to be effectively managed so as to protect its long-term sustainability and its strength, and to safeguard its assets and the interests of the stakeholders.

#### (a) Market Risk

The financial markets are influenced by numerous unpredictable factors including economic conditions, monetary and fiscal policies, natural disaster and investor sentiment. The Group or Company may incur losses as a result of increased market volatility as these fluctuations may adversely impact the valuation of its trading and investment positions. The management of market risk is part of the fund management process and is typical of equity investment. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continued analysis with the objective of maximising overall return to shareholders.

#### (b) Interest Rate Risk

Changes in the level of interest rates impact on the return of cash flow and equities.

#### (c) Credit Risk

The Company takes exposure on credit risk when dealing with third parties.

#### (d) Liquidity Risk

The Company is exposed to liquidity risk, in so far as it holds investments that cannot be bought or sold quickly, without significant price concessions.

#### (e) Country Risk

The political, economic stability and viability of a country's economy, with more and more global investors, is becoming an important issue in the risk management process. The financial and political stability of the Republic of Mauritius being of prime importance for our Company, the Investment Committee regularly keeps abreast of the country's economic outlook.

# Corporate Governance Report 2020

## (f) Physical Risk

Physical risks are assessed and monitored by the Company's administrator who ensures that all physical risks have been properly addressed.

## PRINCIPLE 6: REPORTING WITH INTEGRITY

The directors acknowledge their responsibility in preparing the annual report and the financial statements of the Company in accordance with the International Financial Reporting Standards and the Mauritius Companies Act 2001. The Board also considers that they are fair, balanced and understandable and provide the necessary information for shareholders and stakeholders to assess the Company's financial position and performance.

### Donations

During the year, the Company had made the following charitable donations totalling Rs 205,000 towards Corporate Social Responsibility (2020: Rs 205,000):

NGOs	Amount (Rs)
Foyer Vivre Debout	75,000
PILS	40,000
Link to Life	40,000
Centre de Solidarité	50,000
<b>Total</b>	<b>205,000</b>

No political donations were made during the year.

## PRINCIPLE 7: AUDIT

### External audit

In line with the Code and the Financial Reporting Act 2004, the Company will be issuing a restricted tender for provision of the audit services for the year ending 31 December 2020 in accordance with the Financial Reporting Council (Rotation of Audit Firm) Regulations 2017 published in the Government Gazette No. 47 of 13 May 2017 - Government Notice No. 64 of 2017.

The Audit & Risk Committee carries out the following functions with regard to the external audit:

- Review and assess the external audit plans;
- Review and monitor management's responsiveness to the findings and recommendations of the external auditors;
- Review and monitor the effectiveness of the external audit function;
- Consider the risk areas of the Company's operations to be covered in the scope of the external audits;
- Consider and make recommendations to the Board, on the appointment and reappointment of the Company's external auditors;
- Recommend the level of remuneration of the auditors and the terms of their engagement;
- Assess annually the independence and objectivity of the auditors.

# Corporate Governance Report 2020

## Internal Audit

The directors confirm their ultimate responsibility for the internal audit function / control. As the Company does not have any employee, the directors have ensured that the service providers (IPRO Fund Management Ltd and Ocorian Corporate Administrators Limited) have adequate internal control procedures in place.

## Auditors' fees

Audit fees for the year

- BDO & Co
- Ernst & Young

Fees for other services provided for the year:

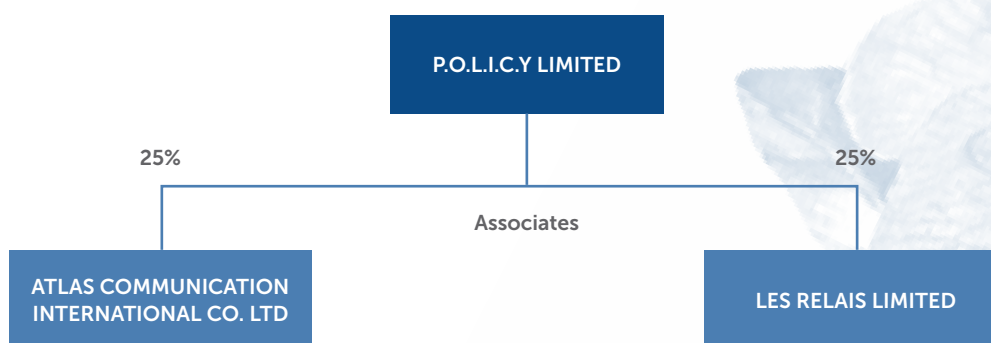
- Review of quarterly condensed accounts and other non-attested work

**Total**

THE COMPANY	
2020	2019
Rs ` 000	Rs ` 000
	223
450	
	12.5
<b>450</b>	<b>235.5</b>

## PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

### Shareholding Structure and Common Directors



### ASSOCIATE COMPANIES

- ATLAS COMMUNICATION INTERNATIONAL CO. LTD
- LES RELAIS LIMITED

The Company owns 25% of Atlas Communication International Co. Ltd and Les Relais Ltd, two companies operating in the telecommunications sector, which are associates of the Company.

Mr Pierre De Chasteigner Du Mee has been appointed to represent the Company on the Board of Directors of the associate companies.

### Shares in public hands

In accordance with the listing rules of the SEM, more than 25% of the shareholding of the Company is in the hands of the public.

# Corporate Governance Report 2020

## Shareholders' agreements

The Company has no Shareholders' Agreement.

## Third party management contracts

Aon Hewitt Ltd, being the Company's Investment Manager, and Ocorian Corporate Administrators Limited, being the Company's Registrar, Administrator and Secretary respectively, have third party management contracts with the Company.

## Material clauses of the constitution

There are no material clauses.

## Related Party Transactions

During the year under review, Richard Arlove (Director of Ocorian), Stephane Henry (Director of IPRO) and Martine Cundasawmy are deemed to have had related party transactions with the Company.

For details of related party transactions, please refer to Note 19 of the Financial Statements.

## DATA ANALYSIS ON SHAREHOLDINGS AS AT 31 DECEMBER 2020

Size of Shareholding	Number of Shareholders	Number of shares owned	Percentage Shareholding
1 – 5,000 shares	1,245	1,698,507	0.748
5,001 – 10,000 shares	282	2,127,781	0.937
10,001 – 50,000 shares	600	15,325,709	6.752
50,001 – 100,000 shares	174	12,989,928	5.723
100,001 – 250,000 shares	174	28,127,984	12.392
250,001 – 500,000 shares	87	31,149,129	13.723
500,001 – 15,000,000 shares	58	80,468,511	35.451
15,000,001 – 50,000,000 shares	3	55,099,123	24.274
Total	2,623	226,986,672	100.000

Shareholder Category	Number of Shareholders	Number of shares owned	Percentage Shareholding
Individuals	2,443	142,320,039	62.700
Insurance & Assurance Cos	9	1,911,176	0.842
Pension & Provident Funds	28	8,625,195	3.800
Investment & Trust Cos	21	17,931,505	7.900
Other Corporate Bodies	121	56,148,756	24.737
Plc Groups	1	50,001	0.022
Total	2,623	226,986,672	100.000

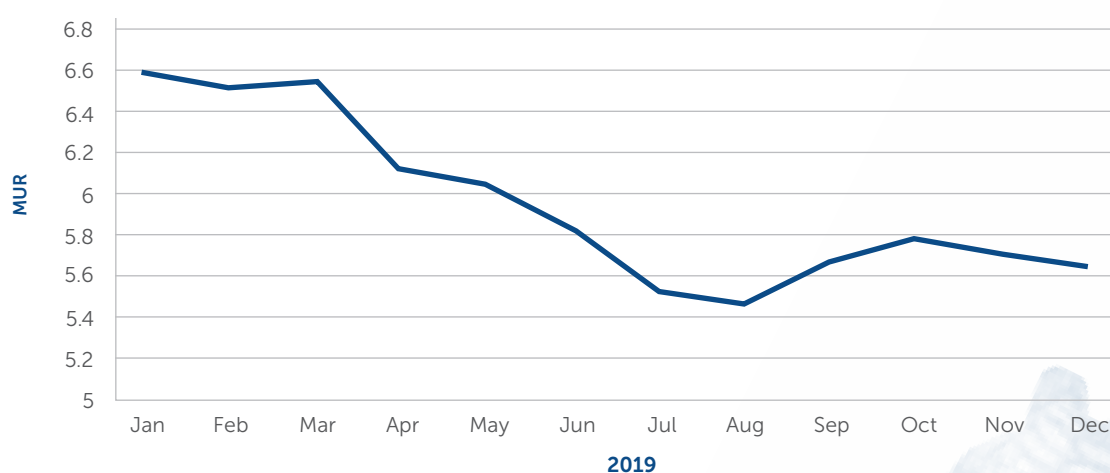
# Corporate Governance Report 2020

## Substantial shareholders

Shareholders holding directly at least 5% of the Company's shares as at 31 December 2020 were as follows:

- Succession Pierre Joseph Emile Latour-Adrien – 9.1876 %
- Jemlac Investment Ltd – 7.8071 %
- ABC Motors Co Ltd – 7.2794 %
- Devlin Investments Ltd – 6.4816 %

## Share price information



## Dividend Policy

The Company's dividend policy is to distribute 90% of its profit after tax, plus a minimum of 20% of the 5-year average of the net asset value performance, that is, the change in net asset value after adding back dividend declared for the year. The board ensures that the Company satisfies the solvency test required under section 61(2) of the Companies Act 2001. Consideration is also given to the Company's funding requirements in determining the level of dividends.

## Dividends

	2020		2019	
	Dividends per share Rs	Total dividends paid Rs	Dividends per share Rs	Total dividends paid Rs
Interim (May)	0.07	15,889,000	0.12	27,238,400.6
Final (November)	Nil	Nil	0.18	40,857,600.96
<b>TOTAL</b>	<b>0.07</b>	<b>15,889,000</b>	<b>0.30</b>	<b>68,096,001.60</b>

## Stakeholders

As the Company is an investment holding company, its main stakeholders remain its shareholders. Dialogue with the shareholders are enhanced through constructive use of the Annual general Meeting. In addition, the shareholders are invited to contact the Company Secretary or any Director to discuss their views and concerns.

# Corporate Governance Report 2020

## Share option plan

The Company, having no employee, accordingly does not have any share option plan.

## Environmental Issues

The Company's activities have no impact on the environment.

## Social Ethics

The Company contributes to charitable and educational actions.

## Important Events

The Calendar for the year ending 31 December 2020 is as follows:

EVENTS	DATES
1 Quarterly Board meetings to approve Annual and Quarterly accounts	March, May, August and November respectively
2 Declaration of dividend	May and November
3 Annual Meeting of Shareholders	June

# Manager's Report

Manager's Report for the quarter and year ended 31 December 2020

## NAV Performance for Q4 2020

The Net Asset Value (NAV) of POLICY increased by 7.9% during the quarter ended 31st December 2020. Over the same period, the SEMTRI gained 9.8% whereas the MSCI All Country World Index gained 13.3% in MUR terms. The shares of the Company were trading at a 20.2% discount to NAV at end-December 2020.

### Quarterly Performance Attribution

Local Investments (including cash)	+6.9%
Foreign Investments	+1.0%
Total Quarterly Performance	+7.9%

Within the top 5 holdings, MCB Group, Fundsmith Global Equity Fund, ABC Banking and Sands Capital Global Growth Fund contributed most to the positive performance during the quarter.

## Commentary

Foreign Equity markets ended 2020 on a high note despite the global COVID-19 pandemic (+16.2% for the MSCI ACWI in USD terms during the year). Markets rallied to unprecedented record highs on the back of generous fiscal and monetary policies. The successful development and distribution of vaccines towards the end of the year further added to the positive mood of the markets. During the quarter, the US Dollar depreciated slightly by 1.2% while the Euro and the GBP gained +3.4% and +4.7% respectively versus the Mauritian Rupee.

On the other hand, local equities did not fare very well in 2020 except during the last quarter. Overall, during the year 2020, the SEMTRI was down by 24%. Interestingly, the DEM market was down by only 9%. Factors adversely affecting Local Equities include the negative impact of COVID-19, risk of a second wave, higher inflation, limited opening of borders, the Wakashio related oil spill, introduction of the CSG, lower dividends being paid as well as the inclusion of Mauritius on the EU Blacklist.

The dividend yield on the Official Market fell sharply to 2.3% at end December 2020, when compared to 4.35% in 2019.

## Outlook

The Bank of Mauritius has projected the real GDP growth at 7.9% for the Mauritian economy in 2021 and the International Monetary Fund increased its global GDP growth projections to 5.5%. Both the local and global economic recovery will depend much on the effectiveness of the Covid-19 vaccines. At the time of writing, Foreign Equities have maintained their good performance. As at 18 February 2021, the MSCI ACWI is up by 5.8% in USD terms since the beginning of 2021.

The Company will continue increasing exposure to foreign investments via well rated and highly performing funds.

## Share price and NAV

Periodic ending	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20
Share Price	5.50	4.50	4.00	4.01
NAV	4.70	5.02	4.66	5.03
Premium or (Discount) to NAV	17.0%	-10.5%	-14.2%	-20.2%

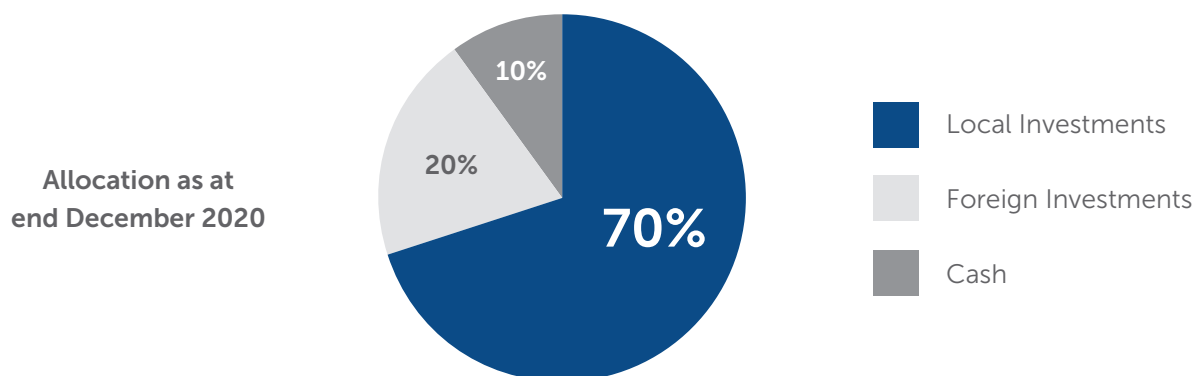
# Manager's Report

Manager's Report for the quarter and year ended 31 December 2020

## Performance Ratios

P.O.L.I.C.Y Ltd	Year ended 31 December					
	2015	2016	2017	2018	2019	2020
Share Price	-8.7%	-6.0%	31.1%	-3.8%	-8.2%	-30.1%
Net Asset Value	3.5%	7.3%	21.9%	2.1%	9.8%	-19.9%
• Performance adjusted for Dividends.						
<b>Local Market</b>						
SEMTRI	-10.1%	3.3%	25.3%	3.7%	1.4%	-23.4%
SEM-10	-10.2%	-0.4%	22.3%	0.9%	1.0%	-28.0%

## Portfolio Allocation



## Top 5 Positions

Name	Allocation
MCB Group	43.1%
Cash (investment in progress)	10.0%
Fundsmith Global Equity Fund	6.4%
ABC Banking	4.5%
Sands Capital Global Growth Fund	3.8%
<b>Total</b>	<b>67.8%</b>

*Disclaimer: This Manager's report is provided by Aon Hewitt Ltd (Aon). Aon has computed the above performance figures using statements provided by the Company which are deemed to be accurate. Past performance is not a guide to the future. Any views or opinions expressed herein do not constitute investment advice or an offer or invitation to buy or sell any shares in the Company. Any views stated in this report regarding future prospects (forward looking statements) may not be realised and may be subject to change.*



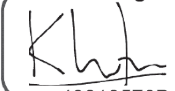
# Secretary`s Certificate

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## P.O.L.I.C.Y. LIMITED

AS PER SECTION 166 (d) OF THE COMPANIES ACT 2001

We certify that, based on the records and information made available to us by the directors of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 December 2020, all such returns as are required of the Company under the Companies Act 2001.

DocuSigned by:  
  
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Ocorian Corporate Administrators Limited  
Corporate Secretary

18 March 2021

## Shareholders` Information

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- In compliance with Section 120(3) of the Companies Act 2001, the Board has resolved that members registered in the share register of P.O.L.I.C.Y. Limited as at 8 May 2021 are entitled to attend and vote at the meeting.
- Any shareholder can make a request to obtain the minutes of proceedings of the last Annual Meeting prior to the Annual Meeting.
- Shareholders, present in person or by proxy, shall have one vote on a show of hands. Where a poll is taken, each Shareholder shall have the number of votes that corresponds to the number of shares held by him/her in the Company.



# Financial Statements

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# INDEPENDENT AUDITOR'S REPORT

To the members of P.O.L.I.C.Y. Limited

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## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of P.O.L.I.C.Y. Limited (the "Company") set out on pages 2 to 32 which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

### 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' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements of the Company and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Company and in Mauritius. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We did not identify any key audit matters during the year.

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "P.O.L.I.C.Y. Limited Annual Report for the year ended 31 December 2020", which includes the Directors' Report, Corporate Governance Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act 2001. The other information does not include the financial statements and our auditor's report thereon.

# INDEPENDENT AUDITOR'S REPORT

To the members of P.O.L.I.C.Y. Limited

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## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

In connection with our audit of the 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.

### Corporate Governance Report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance ("the 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 Financial Reporting Act, complied with the requirements of the Code.

### Responsibilities of the Directors 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 the requirements of the Companies Act 2001 and the Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### 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.

# INDEPENDENT AUDITOR'S REPORT

To the members of P.O.L.I.C.Y. Limited

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## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITOR'S REPORT

To the members of P.O.L.I.C.Y. Limited

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## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

### Other matter

The financial statements of P.O.L.I.C.Y. Limited (the "Company") for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 10 March 2020.

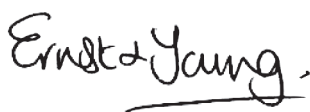
## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Companies Act 2001

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

We have obtained all the information and explanations we have required.

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



**ERNST & YOUNG**  
Ebène, Mauritius



**ANJAALA RAMKHELAWON, F.C.A.**  
Licensed by FRC

Date: 18 March 2021

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 Rs'000	2019 Rs'000
Income	4	6,857	47,243
Fair value changes on financial assets at fair value through profit or loss	5	(2,432)	(773)
		4,425	46,470
Administrative expenses	6	(8,414)	(10,706)
<b>(Loss)/profit before finance costs</b>		<b>(3,989)</b>	35,764
Net foreign exchange (losses)/gains		(1,241)	689
Finance costs	7	(130)	-
<b>(Loss)/profit before income tax</b>		<b>(5,360)</b>	36,453
Income tax expense	8	(21)	(18)
<b>(Loss)/profit for the year</b>		<b>(5,381)</b>	36,435
<b>Other comprehensive (loss)/income:</b>			
<u>Items that will not be subsequently reclassified to profit or loss</u>			
Changes in fair value of equity instruments as FVTOCI	9	(270,312)	97,358
<b>Other comprehensive (loss)/income for the year</b>		<b>(270,312)</b>	97,358
<b>Total comprehensive (loss)/income for the year</b>		<b>(275,693)</b>	133,793
<b>(Loss)/earnings per share (Rs.)</b>	10	<b>(0.02)</b>	0.16

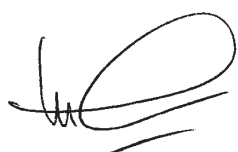
The notes on pages 43 to 74 form an integral part of these financial statements.  
Auditors' report on page 1 and 1(a)

# STATEMENT OF FINANCIAL POSITION

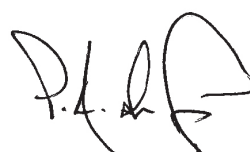
As at 31 December 2020

	Notes	2020	2019
		Rs'000	Rs'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	11	11,940	14,372
Financial assets at fair value through other comprehensive income	12 (a)	1,008,309	1,348,338
		<b>1,020,249</b>	<b>1,362,710</b>
<b>Current assets</b>			
Current tax receivable	8	-	33
Trade receivables	13	1,211	1,023
Other receivables	14	43,710	29,777
Cash and cash equivalents	15	73,126	73,805
		<b>118,047</b>	<b>104,638</b>
<b>Total assets</b>		<b>1,138,296</b>	<b>1,467,348</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	226,987	226,987
Share premium		5,217	5,217
Fair value reserve		431,902	831,253
Retained earnings		470,317	362,548
<b>Total equity</b>		<b>1,134,423</b>	<b>1,426,005</b>
<b>Current liabilities</b>			
Trade and other payables	17	3,806	41,343
Current tax payable	8	6	-
Bank overdraft	15	61	-
<b>Total liabilities</b>		<b>3,873</b>	<b>41,343</b>
<b>Total equity and liabilities</b>		<b>1,138,296</b>	<b>1,467,348</b>

These financial statements have been approved for issue by the Board of Directors on : 18 March 2021



**Mr. Vincent Ah Chuen**  
Chairperson



**Mr. Pierre de Chasteigner du Mée**  
Vice Chairperson

The notes on pages 43 to 74 form an integral part of these financial statements.  
Auditors' report on page 1 and 1(a)



# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Notes	Share capital Rs'000	Share premium Rs'000	Fair value reserve* Rs'000	Retained earnings Rs'000	Total equity Rs'000
At 01 January 2019		226,987	5,217	747,204	380,900	1,360,308
Profit for the year		-	-	-	36,435	36,435
Other comprehensive income for the year	9	-	-	97,358	-	97,358
Transfer of fair value reserve of equity instruments designated at FVTOCI on disposal	9	-	-	(13,309)	13,309	-
Total comprehensive income for the year		-	-	84,049	49,744	133,793
Dividends	18	-	-	-	(68,096)	(68,096)
<b>At 31 December 2019</b>		<b>226,987</b>	<b>5,217</b>	<b>831,253</b>	<b>362,548</b>	<b>1,426,005</b>
Loss for the year		-	-	-	(5,381)	(5,381)
Other comprehensive loss for the year	9	-	-	(270,312)	-	(270,312)
Transfer of fair value reserve of equity instruments designated at FVTOCI on disposal	9	-	-	(129,039)	129,039	-
Total comprehensive loss for the year		-	-	(399,351)	123,658	(275,693)
Dividends	18	-	-	-	(15,889)	(15,889)
<b>At 31 December 2020</b>		<b>226,987</b>	<b>5,217</b>	<b>431,902</b>	<b>470,317</b>	<b>1,134,423</b>

\*The fair value reserve is used to record the movements in the unrealised fair valuation of the financial assets measured at fair value through OCI.

The notes on pages 43 to 74 form an integral part of these financial statements.  
Auditors' report on page 1 and 1(a)

# STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 Rs'000	2019 Rs'000
<b>Operating activities</b>			
(Loss)/ profit before income tax		(5,360)	36,453
<b>Adjustments for:</b>			
Fair value changes in financial assets at FVTPL	11	2,432	773
Finance cost	7	130	-
Foreign exchange loss/(gain)		1,213	(687)
Dividend income	4(a)	(6,765)	(47,039)
<b>Operating loss before working capital changes</b>		<b>(8,350)</b>	<b>(10,500)</b>
<b>Changes in working capital:</b>			
Decrease/(increase) in trade and other receivables		(13,933)	(29,624)
(Decrease)/increase in trade and other payables		(37,537)	36,870
<b>Cash used in operations</b>		<b>(59,820)</b>	<b>(3,254)</b>
Tax refund/(paid)	8	18	(53)
<b>Net cash used in operating activities</b>		<b>(59,802)</b>	<b>(3,307)</b>
<b>Investing activities</b>			
Purchase of financial assets at FVTOCI	12(a)	(147,023)	(57,991)
Disposal of financial assets at FVTOCI	12(a)	216,740	152,885
Dividend received		6,577	46,204
<b>Net cash generated from investing activities</b>		<b>76,294</b>	<b>141,098</b>
<b>Financing activities</b>			
Dividends paid		(15,889)	(68,096)
Interest paid		(130)	-
<b>Net cash used in financing activities</b>		<b>(16,019)</b>	<b>(68,096)</b>
Increase in cash and cash equivalents		473	69,695
<b>Cash and cash equivalents at 01 January</b>		<b>73,805</b>	<b>3,423</b>
Exchange (loss)/gain on cash and cash equivalents		(1,213)	687
Increase in cash and cash equivalents		473	69,695
<b>Cash and cash equivalents at 31 December</b>	15	<b>73,065</b>	<b>73,805</b>

The notes on pages 43 to 74 form an integral part of these financial statements.  
Auditors' report on page 1 and 1(a)

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 1. GENERAL INFORMATION

The financial statements of the Company for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 18 March 2021. The Company is a limited company incorporated as a public company on 15 June 1979 and is listed on the Stock Exchange of Mauritius since 1992. The registered office is located at c/o Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene, Republic of Mauritius.

The principal activity of the Company is to act as an investment company with a long-term investment strategy.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### *Basis of preparation*

The financial statements of P.O.L.I.C.Y. Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and under the historical cost basis, except for the fair valuation of financial assets at fair value through other comprehensive income ("FVTOCI") and financial assets at fair value through profit or loss ("FVTPL"). The financial statements are presented in Mauritian Rupees (Rs) and all values are rounded to the nearest thousand, except when otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. It also requires the directors to exercise their 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 described below:

### *Critical accounting estimates and assumptions*

#### *Fair valuation of unquoted investments*

Fair values of unquoted financial instruments are determined by using valuation techniques including third party transactions values, net asset value or discounted cash flow, whichever is considered to be appropriate. Fair values of unquoted investments classified at fair value through other comprehensive income and at fair value through profit or loss are determined by using valuation techniques. Foreign unquoted investments are valued by their Investment Manager ("IM"); the IM's evaluation takes into consideration a business review of the underlying investments (performance development compared with plans) and the actual and planned transactions in the investments. The IM has determined that the NAV is the most appropriate basis to value the unquoted investments.

Most of the local unquoted investments are valued based on their Net Assets Value ("NAV"), which is derived from the most recent audited financial statements or management accounts. These investments represent only 2% of the Company's portfolio, therefore, the impact of any uncertainty that could result in the fair value of these local investments being different from the fair value that would have been used had a ready market for those assets existed is considered as not material.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *Critical accounting estimates and assumptions (Cont'd)*

#### *Fair valuation of unquoted investments (Cont'd)*

The IM determined that, in the ordinary course of business, the NAV of the local unquoted investments is considered to be the most appropriate basis to determine fair value. At each reporting period, the IM considers whether any fair valuation adjustments need to be made to the NAV of the investee companies. These adjustments may be required to reflect market participants' consideration about fair value that may include, but are not limited to, liquidity and the portfolio effect of holding multiple investments within the investee companies. There was no particular circumstance to indicate that a fair value adjustment was required (2019: same) and, after due consideration, the IM concluded that the NAVs were the most appropriate reflection of fair value at 31 December 2020.

### *Changes in accounting policies and disclosures*

#### *(i) New and amended standards*

There has been amendments and interpretations that have become effective for the current year. The Company has adopted the following new interpretation during the year:

#### *Amendments to IAS 1 and IAS 8: Definition of Material*

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material did not have a significant impact on the Company's financial statements.

The following standards were effective but did not have any impact on the financial statements of the Company:

Amendments to IFRS 3: Definition of a Business  
Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform  
Conceptual Framework for Financial Reporting issued on 29 March 2018  
Amendments to IFRS 16 Covid-19 Related Rent Concessions

#### *(ii) New standards, amendments and interpretations issued but not yet effective*

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *Changes in accounting policies and disclosures (Cont'd)*

#### *(ii) New standards, amendments and interpretations issued but not yet effective (Cont'd)*

	<b>Effective for accounting periods starting on or before</b>
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022
Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021

The effect of the standards which are relevant to the Company's operations is described below. None of the other standards listed above are expected to have a material impact on the Company.

#### **Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

#### **IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (Cont'd)

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

#### (a) *Financial instruments – initial recognition and subsequent measurement*

##### (i) **Classification**

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (i) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
- (ii) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking
- (iii) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

1. The entity's business model for managing the financial assets
2. The contractual cash flow characteristics of the financial asset

#### **Financial assets measured at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables including cash collateral posted on derivative contracts, accrued income and other receivables.

#### **Financial assets measured at fair value through profit or loss (FVTPL)**

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell
- (c) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) *Financial instruments – initial recognition and subsequent measurement (Cont'd)*

#### (i) **Classification (Cont'd)**

The Company includes in this category:

- Equity instruments: Included within equity instruments are investments in associates:
- Investment in associates: In accordance with the exemption in IAS 28 Investments in Associates and Joint Ventures, the Company does not account for its investments in associates using the equity method. Instead, the Company has elected to measure its investments in associates at FVTPL under the exemption criteria for investment in associates held through venture capital organization, or mutual funds, unit trusts, and similar entities including investment-linked insurance funds. The Company is considered to be an investment company under the Companies Act 2001.
- Debt instruments. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

#### *Financial assets at fair value through OCI (FVTOCI)*

Financial assets at fair value through OCI comprise of equity securities which are not held for trading and for which the Company has made an irrevocable election at initial recognition to recognize the changes in fair value through OCI rather than profit or loss as these investments are held for long-term capital appreciation, in line with their investment strategy and the Company considered this to be more relevant.

#### **Financial liabilities**

#### *Financial liabilities measured at amortised cost*

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category convertible bonds, debentures, and other short-term payables.

#### (ii) **Recognition**

The Company recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### (iii) **Initial measurement**

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVTPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) *Financial instruments – initial recognition and subsequent measurement (Cont'd)*

### (iv) **Subsequent measurement**

For the purpose of subsequent measurement, the financial assets and liabilities are categorised in the following categories:

- Financial assets at fair value through profit or loss
- Financial assets at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets and liabilities at amortised cost

#### ***Financial assets at fair value through profit or loss***

After initial measurement, the Company measures financial instruments which are classified as at FVTPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVTPL in profit or loss. Interest and dividends earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense in profit or loss.

#### ***Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)***

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its listed and non-listed equity investments under this category.

#### ***Financial assets and liabilities at amortised cost***

Loans and receivables are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the debt instruments are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) *Financial instruments – initial recognition and subsequent measurement (Cont'd)*

#### *Financial assets and liabilities at amortised cost (Cont'd)*

The effective interest method (EIR) is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instruments but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

### (v) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement
- Either (a) the Company has transferred substantially all of the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

### (vi) **Impairment of financial assets**

The Company holds only trade receivables with no financing component, and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply the simplified approach for expected credit losses (ECL) under IFRS 9 to all its receivables. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The other receivables are settled within 3 months, and there is no history default. The Company considers amounts which have remained unsettled for more than 365 days as default.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery. If a previous write-off is later recovered, the recovery is credited to the credit loss expense.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) *Financial instruments – initial recognition and subsequent measurement (Cont'd)*

#### (vii) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

#### (b) *Determination of fair value*

The Company measures its investments in financial instruments, such as equities, debentures and other interest-bearing investments and derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

Where the Company has financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it has elected to use the measurement exception provided in IFRS 13 to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position as appropriate.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and NAVs of the investee companies).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### (d) Income tax expense

#### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

#### *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### *Corporate Social Responsibility ("CSR")*

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 recognised in the profit or loss and the income tax liability on the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Income tax expense (Cont'd)

#### *Corporate Social Responsibility ("CSR") (Cont'd)*

The CSR charge for the current year is measured at the amount expected to be paid to the Mauritian tax authorities.

The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

### (e) Stated capital

The Ordinary Shares of the Company are classified as equity. Incremental costs directly attributable to the issue of these shares are recognised as a deduction from equity, net of any tax effects. Some classes of ordinary shares carry redemption rights, which are at the option of the Company. These shares are therefore treated as equity.

### (f) Expense Recognition

All expenses are accounted for in profit or loss on an accrual basis.

### (g) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws of Mauritius, a distribution is authorised when it is approved by the shareholders, after satisfying the solvency test under the Companies Act 2001. A corresponding amount is recognised directly in equity.

### (i) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Mauritian Rupees ("Rs") which is the Company's functional and presentation currency. The Mauritian Rupee is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

#### (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 profit or loss.

Non-monetary items that are 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 at FVTOCI are reported as part of the fair value gain or loss.

All foreign gains and losses (including cash and cash equivalents) are presented in profit or loss within "Net foreign exchange (losses)/gains".

### (j) Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

- Dividend income is recognised when the right to receive payment is established.
- Interest income is recognised using the effective interest method. Interest income includes interest from cash and cash equivalents.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### (a) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and equity price risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the said risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors and the Fund Manager have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits.

#### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of managing market risk is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### *(i) Foreign exchange risk*

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollars ("USD") and Euro ("EUR"). Foreign exchange risk arising from future commercial transactions are recognised as assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Financial risk factors (Cont'd)

#### Market risk (Cont'd)

#### (i) Foreign exchange risk (Cont'd)

The following table indicates the approximate change in the Company's post-tax profits and equity had foreign exchange rates weakened/strengthened by 5% against the Mauritian Rupee with all other variables held constant.

	Effect on post-tax profits		Effect on equity	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
	+/-	+/-	+/-	+/-
USD	2,174	12	12,385	5,594
EUR	4	3	1,227	3

Post-tax profit for the year would increase/decrease as a result of gains/losses on cash and cash equivalents and other receivables. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as FVTOCI.

#### Currency profile

The currency profile of the Company's financial assets and liabilities is summarised below:

	MUR	EUR	USD	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000
<b>As at 31 December 2020</b>				
Financial assets:				
Financial assets at FVTOCI	780,179	24,465	203,665	1,008,309
Financial assets at FVTPL	11,940	-	-	11,940
Trade and other receivables	1,211	74	43,478	44,763
Cash and cash equivalents	73,126	-	-	73,126
Total assets	866,456	24,539	247,143	1,138,138
Financial liabilities:				
Trade and other payables	3,601	-	-	3,601
Bank overdraft	61	-	-	61
	3,662	-	-	3,662
<b>As at 31 December 2019</b>				
Financial assets:				
Financial assets at FVTOCI	1,236,675	-	111,663	1,348,338
Financial assets at FVTPL	14,372	-	-	14,372
Trade and other receivables	1,023	-	-	1,023
Cash and cash equivalents	73,498	62	245	73,805
Total assets	1,325,568	62	111,908	1,437,538
Financial liabilities:				
Trade and other payables	4,966	-	36,377	41,343

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Financial risk factors (Cont'd)

#### *Market risk (Cont'd)*

#### *(ii) Cash flow interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company's income and operating cash flows are not materially dependent of changes in interest rates. The significant interest bearing financial assets held by the Company are cash and cash equivalents. Interest on cash at bank may fluctuate in amount, in particular due to changes in market interest rates.

#### *Sensitivity analysis*

The Company's interest rate risk arises from interest received on cash at bank. Based on the assumption that the interest rate had been 0.5% higher or lower on the applicable interest rate, the effects on the Company's post-tax profits and equity would have been Nil since the Company did not receive any interest income for the year under review (2019: Nil).

#### *(iii) Price risk*

The Company is exposed to equity securities price risk because of investments held by the Company and classified in the statement of financial position either at FVTOCI or at FVTPL. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Investment Committee or Board.

A significant portion of the Company's investments in equity of other entities are publicly traded on the DEM and the SEM.

#### *Sensitivity analysis*

The table below summarises the impact of increases/decreases of 5% in the fair value of the investments on the Company's post-tax profits and equity for the year.

	Effect on post-tax profits		Effect on equity	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
	+/-	+/-	+/-	+/-
Impact	597	719	47,070	67,079

Post-tax profits for the year would increase/decrease as a result of gains/losses on equity securities classified as FVTPL. Equity would increase/decrease as a result of gains/losses on equity securities classified as FVTOCI.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Financial risk factors (Cont'd)

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents held at banks, cash held with custodian and other receivables, including dividend, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date. The bank accounts and the cash held with custodian are with banking institutions having strong credit rating thus credit risk is minimal at reporting date and no expected credit loss provision has been recorded on these balances at year end.

#### *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed overdraft facilities and the ability to close out market positions.

The Company holds quoted and unquoted investments, the latter being not regularly traded. Before any investment decision is made, the liquidity risk factor is taken into account. The Company also ensures that the percentage of investments which are not liquid (i.e. those which are not actively traded on the market) does not exceed reasonable limits. The IM reviews the exposure in illiquid investments at each investment committee meeting held quarterly.

The amounts disclosed in the tables below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not significant.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Financial risk factors (Cont'd)

#### Liquidity risk (Cont'd)

	1 month and not later than 3-months	3-months and not later than 1 year	1-5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
<b>As at 31 December 2020</b>				
<b>Assets</b>				
Financial assets at FVTOCI	-	-	1,008,309	1,008,309
Financial assets at FVTPL	-	-	11,940	11,940
Trade and other receivables	44,763	-	-	44,763
Cash and cash equivalents	73,126	-	-	73,126
<b>Total</b>	<b>117,889</b>	<b>-</b>	<b>1,020,249</b>	<b>1,138,138</b>
<b>Liabilities</b>				
Trade and other payables	-	3,601	-	3,601
Bank overdraft	61	-	-	61
	<b>61</b>	<b>3,601</b>	<b>-</b>	<b>3,662</b>
	1 month and not later than 3-months	3-months and not later than 1 year	1-5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
<b>As at 31 December 2019</b>				
<b>Assets</b>				
Financial assets at FVTOCI	-	-	1,348,338	1,348,338
Financial assets at FVTPL	-	-	14,372	14,372
Trade receivables	1,023	-	-	1,023
Cash and cash equivalents	73,805	-	-	73,805
<b>Total</b>	<b>74,828</b>	<b>-</b>	<b>1,362,710</b>	<b>1,437,538</b>
<b>Liabilities</b>				
Trade and other payables	-	41,343	-	41,343

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Company's assets that are measured at fair value as at 31 December 2020 on a recurring basis:

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
<b>Assets</b>				
Financial assets at FVTPL				
- Designated at FVTPL	-	-	11,940	11,940
Financial assets at FVTOCI				
- Equity securities	934,064	-	74,245	1,008,309
<b>Total assets measured at fair value</b>	<b>934,064</b>	<b>-</b>	<b>86,185</b>	<b>1,020,249</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Fair value estimation (Cont'd)

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2019.

	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
<b>Assets</b>				
Financial assets at FVTPL				
- Designated at FVTPL	-	-	14,372	14,372
Financial assets at FVTOCI				
- Equity securities	1,303,322	-	45,016	1,348,338
<b>Total assets measured at fair value</b>	<b>1,303,322</b>	<b>-</b>	<b>59,388</b>	<b>1,362,710</b>

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1, comprise of listed investments and are classified at FVTOCI.

The fair value of financial instruments that are not traded in an active market is determined by using Net Asset Value and these investments are classified under level 3 as there are no observable market data. There has been no change in valuation methodology during the year.

Should NAV change by +/-5%, the impact on post-tax profits and equity would be **Rs. 597,000** and **Rs. 4,309,000** respectively. (2019: Rs. 719,000 and Rs. 2,251,000 respectively).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

There have been no transfers between levels during the reporting period (2019: nil). The following table shows a reconciliation of the level 3 fair value measurements:

### (b) Fair value estimation (Cont'd)

<b>31 December 2020:</b>	<b>Financial assets at FVTOCI Rs'000</b>	<b>Financial assets at FVTPL Rs'000</b>	<b>Total Rs'000</b>
Opening balance	45,016	14,372	59,388
Addition	60,332	-	60,332
Disposal at fair value	(19,111)	-	(19,111)
Total losses:			
- in profit or loss	-	(2,432)	(2,432)
- in other comprehensive income	(11,992)	-	(11,992)
	<b>74,245</b>	<b>11,940</b>	<b>86,185</b>

Total unrealised gains/(losses) for the year included in OCI and profit or loss for assets held at the end of the reporting year:

31 December 2019:

	<b>299</b>	<b>(2,432)</b>	<b>(2,133)</b>
Opening balance	40,185	15,145	55,330
Addition	6,756	-	6,756
Disposal at fair value	(1,190)	-	(1,190)
Total gains or losses:			
- in profit or loss	-	(773)	(773)
- in other comprehensive income	(735)	-	(735)
	<b>45,016</b>	<b>14,372</b>	<b>59,388</b>

Total unrealised losses for the year included in OCI and profit or loss for assets held at the end of the reporting year:

	(606)	(773)	(1,379)
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# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Fair value estimation (Cont'd)

The gains/losses on investment classified as FVTPL are recorded as 'fair value changes on financial assets at fair value through profit or loss' in profit or loss and gain/(loss) on investment classified as FVTOCI are recorded as changes in fair value of equity instruments as FVTOCI in other comprehensive income.

#### *Assets and liabilities not carried at fair value but for which fair value is disclosed*

Trade and other receivables and trade and other payables are classified within level 2 whereas cash and cash equivalents are classified within level 1 of the fair value hierarchy.

The assets mentioned above are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents include bank overdraft, deposits held at call with banks and other short term investments in an active market.

Trade and other receivables represent the contractual amounts receivable by the Company for settlements of trade. Trade and other payables represent the contractual amounts and obligations due by the Company for settlements of trade and expenses.

### (c) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's strategy has remained unchanged from previous years.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### (d) Financial instruments by category

<b>31 December 2020</b>	<b>Assets at FVTOCI Rs'000</b>	<b>Assets at FVTPL Rs'000</b>	<b>At amortised cost Rs'000</b>	<b>Total Rs'000</b>
<b>Financial assets</b>				
Financial assets at FVTOCI	1,008,309	-	-	1,008,309
Financial assets at FVTPL	-	11,940	-	11,940
Trade and other receivables	-	-	44,763	44,763
Cash and cash equivalents	-	-	73,126	73,126
	<b>1,008,309</b>	<b>11,940</b>	<b>117,889</b>	<b>1,138,138</b>
<b>Financial liabilities</b>				<b>At amortised cost Rs'000</b>
Trade and other payables				3,806
Bank overdraft				61
				<b>3,867</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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

31 December 2019

	Assets at FVTOCI Rs'000	Assets at FVTPL Rs'000	Financial assets at amortised cost Rs'000	Total Rs'000
<b>Financial assets</b>				
Financial assets at FVTOCI	1,348,338	-	-	1,348,338
Financial assets at FVTPL	-	14,372	-	14,372
Trade receivable	-	-	1,023	1,023
Cash and cash equivalents	-	-	73,805	73,805
	<u>1,348,338</u>	<u>14,372</u>	<u>74,828</u>	<u>1,437,538</u>
			Other financial liabilities at amortised cost Rs'000	
<b>Financial liabilities</b>				
Trade and other payables				<u>41,343</u>

## 4. INCOME

### (a) Dividend income from Investments at FVTOCI

Listed - SEM  
Listed - DEM  
Unquoted - Local  
Foreign

	2020 Rs'000	2019 Rs'000
	5,297	41,502
	943	5,181
	250	104
	275	252
	<u>6,765</u>	<u>47,039</u>
(b) Other income	92	204
<b>TOTAL</b>	<u>6,857</u>	<u>47,243</u>

## 5. FAIR VALUE CHANGES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Fair value changes in financial assets  
at FVTPL

	2020 Rs'000	2019 Rs'000
	(2,432)	(773)

Relates to fair value movement on financial assets measured at fair value through profit or loss.  
Refer to Note 11 for additional details.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 6. ADMINISTRATIVE EXPENSES

Management fees (Note (a)(i))  
Administrator fees (Note (a)(ii))  
Directors' fees  
Other administrative expenses  
Other professional fees  
Auditors' remuneration  
Corporate social responsibility

2020	2019
Rs'000	Rs'000
2,032	3,956
1,879	2,348
2,054	2,119
1,240	1,236
484	487
518	256
207	304
<b>8,414</b>	<b>10,706</b>

(a) The Company has signed agreements with the following providers of service:

### (i) Fund Manager

On 30 June 2020, the Company removed IPRO Fund Management Ltd as fund manager. On 01 September 2020, the Company entered a Management Agreement with AON Hewitt Ltd ("AON" or the "Investment Manager"). As Investment Manager, AON shall review, evaluate and assess opportunities for investments, arrange and complete the sale and purchase of investments and develop investment strategies. The IM shall be remunerated as per the clause set out in the Management Agreement.

### (ii) Administrator

There is an Administration and Custody Agreement between the Company and Ocorian Corporate Administrators Limited (formerly known as Abax Corporate Administrators Ltd) (the "Administrator"). As Administrator, Ocorian Corporate Administrators Limited is responsible to carry out the general administration of the Company, set up internal control, keep accounting records and ledgers, provide accounting services and secretarial services and act as registry. The Administrator shall be remunerated as per the clause set out in the Administration Agreement. Refer to Note 19 for transaction and outstanding balances with the Administrator.

(b) There are no employees in the Company.

## 7. FINANCE COST

Interest expense

2020	2019
Rs'000	Rs'000
130	-
<b>130</b>	<b>-</b>

Interest expense arises on the bank overdraft balance.

## 8. INCOME TAX

The Company are subject to income tax in Mauritius on their net income at 15%. Capital gains of the Company are exempt from tax in Mauritius. The foregoing is based on current interpretation and practice and is subject to any future changes in the Mauritian tax laws.

The tax charge is made up as follows:

Current tax on profit for the year  
Provision for CSR  
Overprovision in previous year  
Income tax expense

2020	2019
Rs'000	Rs'000
19	20
2	3
-	(5)
<b>21</b>	<b>18</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 8. INCOME TAX (CONT'D)

A reconciliation between the opening and closing tax (receivable)/liability can be found below:

	2020	2019
	Rs'000	Rs'000
At 01 January	(33)	2
Charge for the year	19	20
Provision for CSR	2	3
Overprovision in previous year	-	(5)
Refund received during the year	38	-
Paid during the year	(20)	(53)
At 31 December	<b>6</b>	<b>(33)</b>
Analysed as:		
Current tax receivable	<b>6</b>	<b>(33)</b>

The tax on the Company's profit before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:

	2020	2019
	Rs'000	Rs'000
(Loss)/profit before taxation	<b>(5,360)</b>	36,453
Tax calculated at the rate of 15% (2019: 15%)	<b>(804)</b>	5,468
Expenses not deductible for tax purposes (Note (a))	<b>1,843</b>	3,714
Income not subject to tax (Note (b))	<b>(1,020)</b>	(9,162)
Current tax on (loss)/profit for the year	<b>19</b>	20
Overprovision in previous year	-	(5)
Provision for CSR	<b>2</b>	3
Income tax expense	<b>21</b>	18

- (a) Expenses not deductible for tax purposes relate mainly to loss on exchange arising on investments and capital nature items and other non-deductible expenses such as entertainment, gifts and donations.
- (b) Income not subject to tax relates mainly to dividend income.

## 9. OTHER COMPREHENSIVE INCOME

- (a) Movement that will not be subsequently reclassified to profit or loss:

	2020	2019
	Rs'000	Rs'000
Changes affecting fair value reserve:		
Fair value (loss)/gain on financial assets at FVTOCI	<b>(270,312)</b>	97,358
Transfer within equity on disposal of investments	<b>(129,039)</b>	(13,309)
	<b>(399,351)</b>	84,049
Changes affecting retained earnings:		
Transfer from fair value reserves	<b>129,039</b>	13,309
	<b>(270,312)</b>	97,358

The components of other comprehensive income are not subject to tax.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 9. OTHER COMPREHENSIVE INCOME (CONT'D)

### (b) Realised gain on investment

#### Financial assets

Unquoted

Foreign

Listed - SEM

Listed - DEM

2020	2019
Rs'000	Rs'000
-	411
3,879	(139)
18,693	(2,941)
106,467	15,978
129,039	13,309

## 10. EARNINGS PER SHARE

Basic earnings per share ("EPS") are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

(Loss)/profit for the year (Rs'000)

*Number of ordinary shares:*

Shares in issue at start and end of the year

Basic earnings per share

(Rs. per share)

2020	2019
(5,381)	36,435
226,986,672	226,986,672
(0.02)	0.16

The diluted earnings per share is same as the basic earnings per share.

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

At 01 January

Fair value changes

**At 31 December**

2020	2019
Rs'000	Rs'000
14,372	15,145
(2,432)	(773)
11,940	14,372

The Company holds 25% stake in the ordinary shares (2019: same) of two entities: Les Relais Limited and Atlas Communication International Company Ltd. These investments are classified as investment in associates as at 31 December 2020 and are not material to the Company. The associates are incorporated in Mauritius and have share capital consisting solely of ordinary shares, which are held directly by the Company.

The principal activity of Les Relais Limited consists of operating several high sites through which it has established a relay communication network that covers the whole island while Atlas Communication International Company Ltd's principle activity is the sale of private mobile radio communications equipments.

No dividend has been received from the associates during the year (2019: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

### DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Details on the associates is as follows:

Name of company	Country of incorporation	Percentage	No. of shares	Cost	Fair value		Methodology
					2020 Rs'000	2019 Rs'000	
Atlas Communication International Company Ltd	Mauritius	25%	33,178	3,509	8,289	10,729	Net Assets Value as at 30 June 2020
Le Relais Limited	Mauritius	25%	312,154	3,422	3,651	3,643	Net Assets Value as at 30 June 2020

The table below provides details of the Company's share of the results of the associates:

	Atlas Communication International Company Ltd		Les Relais Limited		Total	
	2020	2019	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(Loss)/profit from continuing operations	(1,966)	(664)	32	131	(1,934)	(533)
Other comprehensive (loss)/income	(523)	243	(22)	11	(545)	254
Total comprehensive (loss)/income	(2,489)	(421)	10	142	(2,479)	(279)

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) The following table provides details of the investments and movement during the year:

	2020					Total Rs'000
	Quoted			Unquoted		
	SEM Rs'000	DEM Rs'000	Overseas Rs'000	Local Rs'000	Overseas Rs'000	
At 01 January	1,086,120	141,785	75,417	8,770	36,246	1,348,338
Additions	3,381	-	83,310	-	60,332	147,023
Disposals at fair value	(139,424)	(33,711)	(24,494)	-	(19,111)	(216,740)
Fair value changes	(250,760)	(34,553)	26,993	(1,429)	(10,563)	(270,312)
<b>At 31 December</b>	<b>699,317</b>	<b>73,521</b>	<b>161,226</b>	<b>7,341</b>	<b>66,904</b>	<b>1,008,309</b>

	2019					Total Rs'000
	Quoted			Unquoted		
	SEM Rs'000	DEM Rs'000	Overseas Rs'000	Local Rs'000	Overseas Rs'000	
At 01 January	1,059,263	188,281	58,145	10,410	29,775	1,345,874
Additions	19,190	-	32,045	-	6,756	57,991
Effect of allotment of shares (c)	(70)	70	-	-	-	-
Disposals at fair value	(83,497)	(38,017)	(30,181)	(1,190)	-	(152,885)
Fair value changes	91,234	(8,549)	15,408	(450)	(285)	97,358
<b>At 31 December</b>	<b>1,086,120</b>	<b>141,785</b>	<b>75,417</b>	<b>8,770</b>	<b>36,246</b>	<b>1,348,338</b>

- (b) The fair value of investment at fair value through other comprehensive income is based on the quoted bid prices at the close of business on the date of the statement of financial position. For unquoted investments, the fair value is estimated by reference to the net assets value of the underlying assets. Capital gains are not taxable in Mauritius and therefore, there is no tax impact on the fair value movement of the investments.
- (c) During financial year 2019, New Mauritius Hotels Limited made a capital reduction and in return, the Company received shares in Semaris Ltd into a ratio of 1:1.
- (d) The investments disposed during the year are in relation to the local listed portfolio. In view of the update in the business strategy, management will divest from the local portfolio to focus on foreign investments so as to maximise income.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

(e) Portfolio of investments of P.O.L.I.C.Y. Limited

### Quoted investments - SEM

Banks & Insurance

Industry

Leisure & hotels

Investments

Commerce

### Quoted investments - DEM

Banks & Insurance

Investments

Commerce

Leisure & hotels

### Overseas investments:

Quoted

Unquoted

### Unquoted local investments

### Total

	2020	2019
	Rs'000	Rs'000
Banks & Insurance	550,086	857,302
Industry	70,541	115,010
Leisure & hotels	54,912	87,093
Investments	23,118	26,037
Commerce	660	677
	<b>699,317</b>	<b>1,086,119</b>
Banks & Insurance	51,625	84,975
Investments	19,529	54,450
Commerce	2,350	2,327
Leisure & hotels	17	34
	<b>73,521</b>	<b>141,786</b>
Quoted	161,226	75,417
Unquoted	66,904	36,246
	<b>228,130</b>	<b>111,663</b>
	<b>7,341</b>	<b>8,770</b>
	<b>1,008,309</b>	<b>1,348,338</b>

Listed investments include 336,000 shares held in The Mauritius Commercial Bank Limited (Value Rs. 80,136,000) which have been pledged as security for a bank overdraft facility to finance the Company's working capital needs and investment opportunities.

The Company has availed an overdraft facility of MUR 25,000,000 with AfrAsia Bank Limited for period of 12 months with interest rate at AfrAsia Bank's Prime Lending Rate (PLR). The capital is on demand and interest payable on a monthly basis.

## 13. TRADE RECEIVABLES

Dividends receivable

	2020	2019
	Rs'000	Rs'000
Dividends receivable	1,211	1,023

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 14. OTHER RECEIVABLES

Other receivables and prepayments  
Cash held with custodian (Note (a))  
Deposit on investment (Note (b))

2020	2019
Rs'000	Rs'000
158	155
43,552	-
-	29,622
<b>43,710</b>	<b>29,777</b>

- (a) Cash held with custodian represents restricted bank balances held by the custodian to carry out the investing activities of the Company.
- (b) The Company has entered into a Subscription Agreement to invest in Carlyle Direct Alternative Opportunities Fund, L.P ('Carlyle'), a Limited Liability Partnership. As per the subscription agreement dated 29 August 2019, the Company has made an irrevocable commitment to invest USD 1,000,0000. Out of this amount, capital calls of USD 185,098 were received at 31 December 2019, which was still unsettled at that date, and the balance of USD 814,902 (Rs. 29,622,000) was recorded as 'Deposit on investment'. This amount was incorrectly accounted for in 2019 and has been reversed in 2020. No restatement has been made to the 2019 figures as the impact is not material to the financial statements. The corresponding credit balance was recorded as trade payable under Note 17 Trade and other payables, and has been reversed during the year.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 15. CASH AND CASH EQUIVALENTS

Cash at bank  
Cash held with custodian  
Bank overdraft (note (a))  
Cash and cash equivalents

2020	2019
Rs'000	Rs'000
73,126	73,498
-	307
(61)	-
<b>73,065</b>	<b>73,805</b>

- (a) During the year, the Company has availed an overdraft facility of Rs 25 million from a banking institution in Mauritius and the undrawn balance at 31 December 2020 amounted to Rs 24.9 million.

## 16. SHARE CAPITAL

Stated, issued and fully paid  
Ordinary shares at Rs.1 each  
At 01 January and 31 December

2020 and 2019	
No. of shares	Rs'000
<b>226,986,672</b>	<b>226,987</b>

## 17. TRADE AND OTHER PAYABLES

Trade payable (Note 14 (b))  
Amount due to related parties  
Accruals and other payables

2020	2019
Rs'000	Rs'000
-	36,378
<b>2,074</b>	<b>3,403</b>
<b>1,732</b>	<b>1,562</b>
<b>3,806</b>	<b>41,343</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 18. DIVIDENDS

	Amount per share		Total	
	2020	2019	2020	2019
	Rs.	Rs.	Rs'000	Rs'000
Interim ordinary paid - 7% (2019 - 12%)	<b>0.07</b>	0.12	<b>15,889</b>	27,238
Final ordinary paid - 0% (2019 - 18%)	<b>0.00</b>	0.18	-	40,858
			<b>15,889</b>	68,096
Dividend per share	<b>0.07</b>	0.30		

## 19. RELATED PARTY DISCLOSURES

During the year ended 31 December 2020, the Company had transactions with related entities. The nature, volume of transactions and the balances outstanding at 31 December 2020 and 2019 are as follows:

	2020	2019
	Rs'000	Rs'000
<b><u>Volume of transaction</u></b>		
Management fees payable to the Investment Manager	<b>2,032</b>	3,956
Service fees paid to company in which a director has a significant influence	<b>1,879</b>	2,348
Fees to directors	<b>2,054</b>	2,119
<b><u>Balances with related parties</u></b>		
Management fees payable to the Investment Manager	<b>260</b>	639
Service fees payable to company in which a director has a significant influence	<b>602</b>	620
Fees payable to directors	<b>1,212</b>	2,144

The outstanding balances are unsecured, interest free, repayable on demand and recorded as part of "trade and other payables".

The Company does not employ any key management personnel.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 20. COVID-19 IMPACT

COVID-19 presents a huge risk to the global economy, and to individual companies and has had a severe impact on economic growth forecasts worldwide. The impacts of COVID-19 are not all apparent yet and the position will remain fluid until the length and extent of the crisis become clearer. Evidently, not all industries or companies are impacted to the same degree, but the effects are felt by the majority of P.O.L.I.C.Y. Limited portfolio companies. Encouragingly, some investee companies demonstrated strong resilience and performed well after the lockdown.

At 31 December 2020, the Directors have made an assessment of the impacts of COVID-19 pandemic on the liquidity and the financial position of the Company as follows:

### Liquidity

The Company has maintained a conservative balance sheet structure with nearly Rs116m of cash and no debts, which gives the Company a strong position to navigate the current uncertain business environment.

### Investments

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income in the statement of financial position have been impacted by COVID-19 pandemic as at 31 December 2020.

Our unquoted portfolio increased by Rs.31m from 1 January 2020, which represents a gain in fair value of Rs.0.3m. Our approach to valuation was substantially consistent with our normal process and valuation policy. A key focus of the portfolio fair value at 31 December 2020 was an assessment of the impact of the COVID-19 pandemic on each portfolio company. Our approach considered the performance of the portfolio companies before the outbreak of COVID-19, the projected short-term impact on their ability to generate earnings and cash flow and also our longer-term view of their ability to recover and perform against their investment cases.

As a matter of fact, multiples were also deeply impacted by COVID-19 and had a substantial impact on market-based earning multiple valuations. Given the diversity of our portfolio, the impact has been varied, with portfolio companies exposed to travel and transportation such as New Mauritius Hotels and Lux Island Resorts Ltd in the tourism industry, and MCB Group and Swan General Ltd in the financial services industry, experiencing significant disruption compared to those in telecommunication, like Atlas and Les Relais.

## 21. CONTINGENT LIABILITY

As disclosed under Note 14 (b), the Company has made an irrevocable commitment to invest USD 1 million (Rs. 36,500,000) in Carlyle Direct Alternative Opportunities Fund LP. At 31 December 2020, the balance of uncalled commitment amounted to USD 292,335 or Rs. 11,503,382 (2019: USD 814,902 or Rs. 29,622,000).

## 22. PRESENTATION CURRENCY

The functional and presentation currency is the Mauritian Rupee and figures are rounded to the nearest thousands in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 23. SEGMENTAL REPORTING

The directors view the whole business as a single segment. Thus no additional information is provided in these financial statements in terms of IFRS 8 Operating Segments.

## 24. EVENTS AFTER THE REPORTING DATE

The outbreak of the 2nd wave of the Coronavirus disease (COVID-19) has caused extensive disruptions to businesses and economic activities globally. The uncertainties over the emergence and spread of COVID-19 have caused a market volatility on a global scale. On 10 March 2021, Mauritius was placed under lockdown following the discovery of COVID-19 cases locally. The quantum of the effect of the 2nd wave of COVID-19 is difficult to determine at this stage. However, the Directors are monitoring closely the situation and they are considering the effect that this may have on the portfolio investments.

Except for the above, there has been no material event, since the end of the reporting date, which would require disclosure or adjustment to the financial statements for the year ended 31 December 2020.

# APPENDIX 1

## FOUR YEAR SUMMARY OF PUBLISHED RESULTS AND ASSETS AND LIABILITIES

Statement of comprehensive income	2020	2019	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Total income	4,425	46,470	44,219	44,239
Profit before taxation	(5,360)	36,453	33,386	32,953
Income tax expense	(21)	(18)	(83)	(81)
(Loss)/profit for the year	(5,381)	36,435	33,303	32,872
Dividend per share (Rs.):				
- Interim: Fully paid shares	0.07	0.12	0.15	0.15
- Final: Fully paid shares	-	0.18	0.20	0.20
Total dividend	0.07	0.30	0.35	0.35
Dividend per share (Rs.)	0.07	0.30	0.35	0.35
Earnings per share (Rs.)	(0.02)	0.16	0.16	0.14
<b>Statement of financial position</b>				
Non-current assets	1,020,249	1,362,710	1,361,019	1,387,779
Current assets	118,047	104,638	3,798	24,208
<b>Total assets</b>	<b>1,138,296</b>	<b>1,467,348</b>	<b>1,364,817</b>	<b>1,411,987</b>
Shareholders' interest	1,134,423	1,426,005	1,360,308	1,409,177
Current liabilities	3,873	41,343	4,509	2,810
<b>Total equity and liabilities</b>	<b>1,138,296</b>	<b>1,467,348</b>	<b>1,364,817</b>	<b>1,411,987</b>
Net assets per share (Rs.)	5.00	6.28	5.99	6.21
Number of shares in issue	226,987,672	226,987,672	226,987,672	226,987,672

# Proxy Form

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of P.O.L.I.C.Y. Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him, \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the Annual Meeting of Shareholders of the Company to be held on Thursday 17 June 2021 at 10h00 at the Registered Office of the Company, at c/o Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1CyberCity, Ebene and at any adjournment thereof.

I/We desire my/our vote(s) to be cast on the Resolutions as follows: -

	FOR	AGAINST	ABSTAIN
1. To consider and adopt the financial statements, to receive the auditor's report and to consider the annual report for the year ended 31 December 2020.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. Vincent Ah Chuen as director, in accordance with Section 138(6) of the Companies Act 2001.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mrs Martine Cundasawmy as director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. Pierre de Chasteigner du Mée as director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Mr. Pierre Yves Pougnet as director, in accordance with Section 138(6) of the Companies Act 2001.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect Professor Donald Ah Chuen, G.O.S.K., as director, in accordance with Section 138(6) of the Companies Act 2001.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-elect Mr Sydney Ah Yoong as director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-elect Mrs Danielle Lagesse, S.A. as director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. To re-elect Mr Ah-Lan Lam Yan Foon as director, in accordance with Section 138(6) of the Companies Act 2001.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. To re-elect Mr Karl Braunecker as director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. To fix the directors' remuneration as recommended by the remuneration committee.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. To re-appoint Ernst & Young as auditors and to authorise the directors to fix the remuneration of the auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this \_\_\_\_\_ 2021

\_\_\_\_\_  
Signature/s

## Notes

1. A member of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice (whether a member or not of the Company) to attend and vote on his/her behalf.
2. Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will exercise his/her discretion as to how he/she votes.
3. The instrument appointing a proxy or any general power of attorney should reach Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene by 10 June 2021 at latest.