# AXYS CORPORATE ADVISORY LTD

## AUDITED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED

## 30 JUNE 2019

**AXYS CORPORATE ADVISORY LTD**
**FOR THE YEAR ENDED 30 JUNE 2019**

**CONTENTS** **PAGES**

**CORPORATE INFORMATION**
**FOR THE YEAR ENDED 30 JUNE 2019**

| | | Date appointed | Date resigned |
|---|---|---|---|
| **DIRECTORS** | Jean Didier Merven | 27 October 2015 | - |
| | Louis Augustin Marie Lallia | 27 October 2015 | - |
| | Stephen David Price | 27 October 2015 | 09 May 2019 |

**CORPORATE SECRETARY**

NWT (Mauritius) Limited
6/7 th Floor, Dias Pier Building
Le Caudan Waterfront
Caudan
Port Louis
Republic of Mauritius

**REGISTERED OFFICE**

6/7 th Floor, Dias Pier Building
Le Caudan Waterfront
Caudan
Port Louis
Republic of Mauritius

**AUDITOR**

BDO & Co
10 Frère Félix de Valois
Port Louis
Republic of Mauritius

**BANKER**

ABC Banking Corporation Ltd
WEAL House, Duke of Edinburgh Avenue
Place D'Armes, 11328
Port Louis
Republic of Mauritius

The directors present their commentary together with the audited financial statements of AXYS Corporate Advisory Ltd for the year ended 30 June 2019.

**PRINCIPAL ACTIVITY**

The Company is mainly involved in arranging finance or deals on investments, including capital raising and debt raising as well as advising on sale or acquisition of businesses, restructuring, strategic and business planning as well as post - acquisition support.

**RESULTS AND DIVIDENDS**

The results for the year are as shown in the statement of profit or loss and other comprehensive income.

The directors do not recommend the payment of any dividend for the year under review. (2018: Nil)

**DIRECTORS**

The directors in office during the year were as stated on page 1.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Directors acknowledge their responsibilities for:

(i) adequate accounting records and maintenance of effective internal control systems;
(ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cashflows for that period and which comply with International Financial Reporting Standards (IFRS); and
(iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

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

The directors report that:

(i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used
(iii) International Financial Reporting Standards have been adhered to; and
(iv) the Code of Corporate Governance has been adhered to. Reasons have been provided to the Statement of Compliance in case of non-compliance with any requirement.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

**AUDITOR**

The auditor, BDO & Co, has indicated its willingness to continue in office and a resolution concerning its re-appointment will be proposed at the Annual Meeting of the shareholders.

**By Order of the Board**

**Director**

Date: 30 SEP 2019

## INTRODUCTION

AXYS Corporate Advisory Ltd ("The Company") was incorporated in Mauritius, under the Mauritian Companies Act 2001, on 29th October 2015 as a private company limited by shares. It holds a Category 1 Global Business Licence under Section 72(6) the Financial Services Act 2007 and an Investment Adviser (Corporate Finance Advisory) Licence under Section 30 of the Securities Act 2005, Rule 5 of the Securities (Licensing) Rules 2007 and the Financial Services (Consolidated Licensing and Fees) Rules with effect from 24th January 2018. The Company being a Category 1 Global Business Licence company providing financial services complies with the requirements of the Code.

The Company is mainly involved in arranging finance or deals on investments, including capital raising and debt raising as well as advising on sale or acquisition of businesses, restructuring, strategic and business planning as well as post - acquisition support.

The Company's registered office address is C/o NWT (Mauritius) Limited, 6/7th Floor, Dias Pier Building, Le Caudan Waterfront, Caudan, Port Louis 11307, Mauritius.

## PRINCIPLE 1: GOVERNANCE STRUCTURE

The Board is collectively responsible for the Company's leadership, strategy, values, standards, control, management and the long-term success of the Company. It is also responsible for providing strong leadership and independent judgement for complying with all legal and regulatory requirements.

In line with the requirements of the Code, the Company has adopted its Board Charter, Code of Ethics and the Terms of Reference for the following:

- Investment Advisory Committee,
- Company Secretary,
- Compliance Officer,
- Money Laundering and Reporting Officer, and
- Accounting function.

The above-mentioned documents have been approved by the Board on 03 December 2018.

The Senior Manager (Corporate Finance), reporting to the Board, has the following duties:

- Manages the day to day activities of the Company
- Leads and executes advisory M&A including buy-side, sell-side and capital raising
- Participates in recruitment of all professional staff
- Member of DealCo were approved
- Ensures the Company follows internal deal policies and procedures
- Ensures the Company complies with the following key regulations with the support from Group Compliance Officer and the Company's designated MLRO:
    - Mauritian Company law
    - FSC regulations and guidelines
    - Mauritian corporate governance rules
    - Mauritian and European Data Protection laws
    - Anti-Money Laundering & anti bribery laws
    - Enhanced DD on prospective clients who might be PEPs

The Company's website includes the following:

- Constitution
- Board Charter
- Code of Ethics
- Organisational Chart
- Job description for the Senior Manager (Corporate Finance)
- Terms of Reference for Investment Advisory Committee, Company Secretary, Compliance Officer, Money Laundering and Reporting Officer, and Accounting function.

These documents are approved and monitored by the Board and shall be reviewed annually.

The Company is headed by an effective Board. The Directors on the Board are appointed or elected to serve on the Board at the Annual Meeting of Shareholder.

As per the Company's Constitution dated 01st October 2015, a meeting of directors is duly constituted for all purposes if at the commencement of the meeting they are present in person or by alternate not less than one-third of the total number of directors with a minimum of two. The Board of Directors is composed of experienced members mostly coming from the finance sector. Their involvement, dedication and diverse expertise bring invaluable support to Board's activities.

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

The Board is responsible for managing the affairs of the Company in the best interests of Shareholders. They observe best governance practices in conformity with Company's Constitution and in accordance with legal and regulatory framework.

The Board of the Company has aimed to create the right balance and composition in such a way as to best serve the Company. Given the size and the sector of activities of the Company, the Directors consider that the current Board possess the appropriate mix of competencies, experience and skill to efficiently manage the affairs of the Company. However, the Board intends to appoint an Executive Director and an Independent Director before 30 June 2020 in order to meet the requirements for a Unitary Board.

With respect to Board Diversity, the Board currently consists of 2 male directors and it is intended that a female Independent Director be appointed before 30 June 2020.

Members of the Board for the financial year ended 30 June 2019 were as follows:

**Names**

- Jean Didier Merven (Chairman and non-executive director)

- Louis Augustin Marie Lallia (Chairman of the Investment Advisory Committee and non-executive director)

- Stephen David Price (Non-executive director - resigned on 09 May 2019)

**Directors' Profile**

The names and profiles of the Company's directors are as follows:

*Jean Didier Merven (resident in Mauritius)*

Didier spent many years in Australia and moved back to Mauritius in 1988, he started portfolio management on an individual basis before setting up Portfolio & Investment Management Ltd (PIM) in 1992, the very first professional portfolio management company in Mauritius. Over the following 22 years, PIM became the AXYS Group Ltd and evolved from these beginnings into a diversified financial service company. Didier now sits on the boards of AXYS Group Ltd and public listed companies, namely UNITED INVESTMENTS LTD and NOVUS Properties Ltd, and is still involved in portfolio management for high net worth clients.

| List of Directorship | | | | |
|---|---|---|---|---|
| **Type of Company** | **Listed** | **Domestic** | **GBC** | **IBC& Foreign Companies** |
| **No.** | 2 | 36 | 10 | 7 |

*Louis Augustin Marie Lallia (resident in Mauritius)*

Louis holds a B.A in Modern Literature from the 'Université de la Sorbonne-Nouvelle' and is an Alumni of l''Institut des Etudes Politiques de Paris (Sciences-Po Paris)' from which he holds an M.A in Finance and Strategy. Louis started his career in 2005 as an investment analyst with Silchester International Investors, a London based 'Long Term Equity Investment Fund' with over USD 20 billion under management. He moved to Mauritius in 2009 and set up the Front Office in the region for Plurigestion S.A., a Swiss-based Financial Advisory firm with some USD 2 billion under management. Louis joined AXYS in 2012 and is responsible for the international development of the Group. In 2019, Louis was appointed as Managing Director of AXYS Private.

| List of Directorship | | | | |
|---|---|---|---|---|
| **Type of Company** | **Listed** | **Domestic** | **GBC** | **IBC** |
| **No.** | - | - | 7 | 1 |

*Stephen David Price (resident outside Mauritius)*

Stephen was Co-founding partner of FSI Capital, an advisory team that supported investment into the financial services sector in emerging markets around the world. Stephen has extensive experience of providing M&A, transaction advisory and consulting services to banks and other financial institutions in the UK and internationally, having focused for the last 20 years on emerging markets.

Stephen has an impressive track record in leading complex projects in transitional economies with large integrated Client / Advisor teams. Stephen's project experience spans more than 40 countries in Asia Pacific, Central and Eastern Europe, the Middle East, the Sub-Continent and the Caribbean. His clients have included foreign investors, central and commercial banks, national governments, financial sector restructuring agencies and international lending organisations.

Prior to setting up FSI Capital, Stephen was a partner at the UK firm of Ernst & Young. From 1991 to 2003, he was the Partner-in-charge of the Financial Services International group, a specialist team that he founded in the early 90s to program-manage large and complex emerging market assignments in the financial services sector.

**Board Secretary**

NWT (Mauritius) Limited is the Company Secretary of the Board. Profile of the Company Secretary is available on its website.

**Board Committees**

The Board has set up an Investment Advisory Committee ('DealCo') to review and approve all mandates to be entered into by the Company with potential clients. The Terms of Reference of the DealCo was approved on 03 December 2018 and shall be reviewed annually. Attendance record for DealCo meetings held during the financial year ended 30 June 2019 are as follows:

| Date / Member | 16-Aug-18 | 03-Sep-18 | 25-Sep-18 | 31-Oct-18 | 05-Dec-18 | 15-Jan-19 | 14-Feb-19 | 27-Mar-19 | 25-Jun-19 |
|---|---|---|---|---|---|---|---|---|---|
| Michel Guy Rivalland | ✓ | ☒ | ✓ | ✓ | ✓ | ☒ | ☒ | ✓ | ✓ |
| Louis Lallia | ✓ | ☒ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Stephen David Price | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ☒ |
| Jeremy Steane | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ☒ |
| Oliver Hare | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ☒ |

An Audit Committee is in process of being set up and its Terms of Reference will be approved by the Board and published on its website before 30 June 2020.

The Company had Board Meetings during the financial year under review on the following dates, at which all the directors were present:

- 17th August 2018
- 12th September 2018
- 01st November 2018
- 03rd December 2018
- 21st December 2018
- 17th January 2019
- 18th April 2019
- 15th May 2019

All other decisions taken were confirmed by way of Director's resolutions. The Board is committed to convene at least four board meetings annually.

## PRINCIPLE 3: DIRECTOR'S APPOINTMENT PROCEDURES

The Company recognizes that there should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors, which is carried out at the annual meeting of shareholders. The search for Board candidates is conducted, and appointments made, on merit, against objective criteria which include skills, knowledge, experience, and independence and with due regard for the benefits of adversity on the Board, including gender. The Board assumes the responsibilities for succession planning and for the appointment of and induction of new directors to the Board.

The Board does organise specific training sessions for its Directors and Officers as well as review their professional development and it also encourages all its Directors and Officers to keep on enhancing their knowledge and competencies through development programmes offered by various institutions in Mauritius.

## PRINCIPLE 4: DIRECTOR'S DUTIES, REMUNERATION AND PERFORMANCE

All the Directors on the Board are fully apprised of their fiduciary duties as laid out in the Companies Act 2001. The Board regularly monitors and evaluates compliance with its Code of Ethics.

The Company is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. This commitment, which is actively endorsed by the Board, is based on the fundamental belief that business should be conducted honestly, fairly and legally.

### Directors' and officers' interests in shares of the Company

The Company Secretary maintains an interest register and is made available to the shareholders upon written request to the Company Secretary.

All conflicts-of-interest and related party transactions have been conducted in accordance with the Company's Operations and Compliance manual, Board Charter and Code of Ethics.

### Board Evaluation

As required by the Code that the performance of the Board as a whole and its Directors be individually monitored and evaluated annually, such an exercise shall be conducted before 30 June 2020. The Board considers that it is an important exercise to evaluate the Directors' performance and their contribution to the success of the Company.

### Related Party Transactions

Related party transactions are disclosed on Notes 15 of the Financial Statements.

### Remuneration Policy

A formal remuneration policy for non-executive directors (based outside Mauritius), effective as from 01 July 2018, was adopted by the Board on 03 December 2018. The Board has reviewed the adequacy of the non-executive director's (based outside Mauritius) remuneration. The non-executive directors have not received remuneration in the form of share options or bonuses associated with organisational performance.

Attendance fees for non-executive directors (outside Mauritius) are USD5,625 for the year under review (2018: Nil) for the Company.

### Directors' remuneration

| | **30 June 2019** | 30 June 2018 |
|---|---|---|
| Director fees | **5,625** | Nil |

### Information Technology and IT Security

The Company is committed that its information assets are managed effectively. The Company shares the IT infrastructure of AXYS Group. There are backups scheduled daily on disk, on tape through VEEAM and VDP and replication to the DR site and a day to day user support outsourced to Megabyte Ltd. The Company shall adhere to the Security policy of the AXYS Group of Companies, which is in process of finalisation. Once finalised and approved, the Security Policy will be published on the website of UNITED INVESTMENTS LTD.

The Board oversees the flow and access rights to information within the Company.

## PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

The Board is responsible for risk governance and should ensure that the Company develops and executes a comprehensive and robust system of risk management.

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the various risks faced by the Company. Through the Risk Management Framework, the directors are able to identify the risks faced by the Company and derive assurance that the risk management process are in place and are effective.

The significant risk factors and its mitigation actions, as highlighted in the Risk Management Framework of the Company, are as follows:

| Risk Factor | Mitigation |
|---|---|
| • Reputational risk of being associated with inappropriate clients | • Rigorous investigation and background checks by DealCo on prospective clients and others involved in introducing the opportunity prior to commencement of discussions |
| • Reputational and legal risk of being associated with inappropriate transactions, including anti money laundering and anti-bribery concerns | • Rigorous analysis and due diligence by DealCo on each potential project (in particular understanding source of funds) prior to acceptance of the mandate |
| • Accepting a project that proves to be unsuccessful | • Rigorous analysis and due diligence by DealCo on each potential project to assess its viability prior to acceptance of the mandate |
| • Accepting a project without access to adequate resources and expertise to execute it successfully and to the highest standards of quality | • Careful assessment by DealCo prior to acceptance of the project of the expertise and resources required to complete the project and ongoing close monitoring of the project throughout its term |
| • Accepting a project at a price that is not commensurate with the time and skills required to execute it successfully and to the highest standards of quality | • Careful assessment by DealCo prior to acceptance of the project of the expected fees to be obtained from the client |
| • Breach of laws and regulations of the countries in which the business operates | • Strong oversight by DealCo over the life of each project plus access to and oversight by the Company's Compliance and Money Laundering Risk Officer |

| Risk Factor | Mitigation |
|---|---|
| • Reputational and litigation risk arising from inappropriate and unethical organizational, management and governance of the company | • Well defined policies and procedures for<br>o Reporting and organizational structure<br>o Anti-money laundering<br>o Anti-bribery<br>o Code of ethics<br>o Strong client documentation in the form of standard mandate letter, terms of business, and other related contractual matters<br>o ToR for Board<br>o ToR for Investment Advisory Committee ("DealCo") – a subcommittee of the Board<br>(All subject to the close oversight of the Board) |

Please refer to Note 14 of the financial statements for the financial risk management objectives and policies.

The whistle-blowing process is detailed in the Code of Ethics which is published on the Company's website.

**Internal controls**

The Board has overall responsibility for the system of internal control. A sound system of internal control is designed to manage the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. In order to assure effectiveness of the internal control systems, refresher and technical trainings are carried out annually on the Company's compliance procedures and operational process.

The Company is insured under the Directors and Officers liability in the event of unforeseen deficiency in internal control.

The Board also established key processes for monitoring the system of internal control as follows:

- The Board has established a detailed organisational structure
- The effectiveness of internal controls is continually assessed by the Board by considering the recommendations of management, internal auditors and the external auditors

**PRINCIPLE 6: REPORTING WITH INTEGRITY**

The Board is responsible for the preparation of accounts that fairly present the state of affairs of the organization and consider that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders and other key stakeholders to assess the organisation's position, performance, and outlook. The accounts adhere to IFRS and Companies Act. The annual report of the Company is published on its website.

For the year ended 30 June 2019, Revenue and Profit amounted to USD2,300,870 and USD176,502 respectively.

The dividend policy of the Company is available under Section 41 of its constitution, which has already published on its website.

The Company is committed to the highest standard in terms of integrity, transparency and professionalism in all its activities. This ensures that the Company is managed ethically and responsibly to enhance business value for all its stakeholders.

**PRINCIPLE 7: AUDIT**

The Directors are responsible for ensuring that:

- Adequate accounting records are kept and effective internal control systems are maintained.
- Accounts are prepared in order to fairly present the state of affairs of the Company and the results of its operations and that those accounts comply with Internal Financial Reporting Standards (IFRS).
- Appropriate accounting policies are applied and that they are supported by reasonable and prudent judgements.

**Internal Audit**

The Board appointed UHY Advisory Ltd ('UHY') as Internal Auditor of the Company on 17 January 2019. UHY maintains the required status and independence to ensure that it is able to stand back and always provide an objective opinion. They ensure that their consultants have no personal or professional involvement with or allegiance to the area under review. They also ensure that their auditors maintain an un-biased and impartial mind-set with regards to all audit and consulting assignments. Clear instructions in this regard are specified in their audit delivery procedure.

The strategic internal audit plan, for the financial year from 01 July 2018 to 30 June 2019, covered the following areas:

- Client onboarding processes;
- Safeguarding clients' information;
- Access rights on the accounting software;
- Procurement process;
- Payment process;
- General Ledger and subledger reconciliations; and
- Journal entries.

After completion of the assignment, the Internal Auditor will send the final report or summary reports of findings to the Board. Audit fees payable to the Internal Auditor of the Company for the year 1 July 2018 to 30 June 2019 amounted to USD3,514 (excluding VAT and Disbursements).

**External Auditors**

The Board is responsible for reviewing with the external auditors the letter of engagement, terms and nature of the audit scope and approach and ensure that no restrictions or limitations have been placed on the scope. The external auditors report directly to the Board which is also responsible for monitoring the external auditors' independence, objectivity and compliance with ethical, professional and regulatory requirements. The critical policies, judgements and estimates have been discussed by the Directors of the Company with the external auditor.

Auditors are expected to observe the highest standards of business and professional ethics and, in particular, that their independence is not impaired in any manner. Following tender received from BDO & Co in April 2019, and approval from the Financial Services Commission on 22 May 2019, the latter was appointed as External Auditor for the financial statutory audit for year ended 30 June 2019.

Audit fees are set in a manner that enables an effective external audit and are as follows for the year under review:

Audit fees payable to BDO & Co for the year 1 July 2018 to 30 June 2019, amounted to USD 3,500 (excluding VAT and Disbursements).

**PRINCIPLE 8: RELATIONS WITH SHAREHOLDER AND OTHER KEY STAKEHOLDERS**

The Board places great importance on an open and transparent communication with all the stakeholders of the Company.

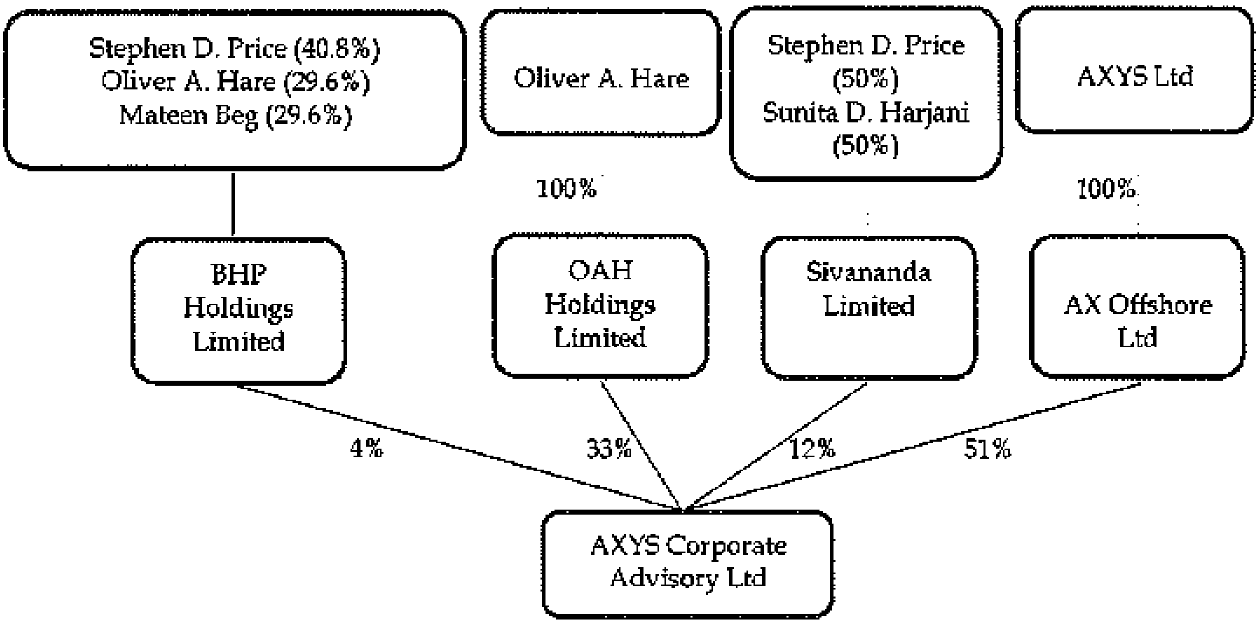
The Board ensures that there is an appropriate dialogue which takes place among the Company, its shareholders and other key stakeholders, which comprise of the Company's shareholders, fellow subsidiaries, officers, clients and the regulatory authorities. The Board respects the interests of its shareholders and other key stakeholders within the context of its fundamental purpose.

**Shareholding Structure**

The stated capital of the Company consists of:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | **Number** | **USD** | Number | USD |
| Ordinary Shares | 38,000 | 380,000 | 3,000 | 30,000 |

The shareholding structure of the Company as at June 30, 2019 was as follows:



On 11th July 2019, the Company has sought approval from the Financial Services Commission to transfer all the shares held by BHP Holdings Limited, OAH Holdings Limited and Sivananda Limited to AX Offshore Ltd, resulting in the latter becoming the sole shareholder of the Company. At date of the approval of the financial statements, the approval of the Financial Services Commission was not yet obtained.

**Important dates**

- An annual meeting of shareholders will be scheduled to adopt the Audited Financial Statements as at 30 June 2019 as well as the auditor's report, once same is considered and approved by the Board.

**Dividend Policy**

No dividend has been declared for the year under review

## STATEMENT OF COMPLIANCE

Adherence to the Code of Corporate Governance is based on the 'apply and explain' principle. The Board of Directors has to the best of its knowledge and abilities applied the requirements of the Code of Corporate Governance for Mauritius in all material respects for the reporting period 30 June 2019.

We, the Directors of AXYS Corporate Advisory Ltd, confirm that to the best of our knowledge AXYS Corporate Advisory Ltd has complied with all its obligations and requirements under the Code of Corporate Governance other than for the following:

| PRINCIPLES | REASONS FOR NON-COMPLIANCE AND ACTION PLANS |
|---|---|
| **Principle 2** | |
| **Unitary Board** | |
| The Board should consist of both Non-executive directors with atleast two of them being independent and at least two executive directors who combine their Board roles with a Senior Management position.<br><br>The Company did not have a unitary Board during the financial year ended June 2019 since it had only three non-executive directors with one of them (Stephen David Price) resigning on 09[th] May 2019 and none being independent. | In line with the recommendations of the Code, the Board intends to appoint an Executive Director and an Independent Director before 30 June 2020 in order to meet the requirements for a Unitary Board. Given the size and scale of operations of the Company, it is considered that one Executive Director and one independent director would be adequate for the executive management of the Company and the independent oversight on the Board respectively. |
| **Audit Committee** | |
| As required by the Code, all organisations should have at a minimum, an Audit Committee comprising in majority independent members. The Company currently does not have an Audit Committee | An Audit Committee is in process of being set up and its Terms of Reference will be approved by the Board and published on its website before 30 June 2020. |
| **Gender Balance of the Board** | |
| The Code dictates with respect to Board diversity that all organisations should have directors from both genders as members of the Board i.e. at least one male and one female director.<br><br>The Board of the Company currently consists of solely two male directors. | The Company intends to appoint a female Independent Director before 30 June 2020 to comply with the requirements of the code. |

| | |
|---|---|
| **Principle 4**<br><br>**Board Evaluation**<br><br>As required by the Code, The Board should report in the annual report on how the performance evaluation of the Board, its committees and its individual directors has been conducted and produce a development plan on an annual basis.<br><br>No Board Evaluation and Development Plan have been conducted for the year under review. | The Board is considering the implementation of a formal Board Evaluation and Development plan in line with the Code before 30 June 2020. |

**BY ORDER OF THE BOARD**

**Director**

**Director**

30 September 2019

AXYS CORPORATE ADVISORY LTD



**CERTIFICATE FROM THE SECRETARY**
**UNDER SECTION 166(D) OF THE COMPANIES ACT 2001**

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under Section 166(d) of the Companies Act 2001, for the year ended 30 June 2019.

**NWT (Mauritius) Limited**
**CORPORATE SECRETARY**

Date: 30 SEP 2019

BDO

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**AXYS CORPORATE ADVISORY LTD**



**INDEPENDENT AUDITOR'S REPORT**
To the Shareholders of AXYS Corporate Advisory Ltd

## Report on the audit of the Financial Statements

### Opinion

We have audited the financial statements of AXYS Corporate Advisory Ltd (the Company), on pages 8 to 27 which comprise the statement of financial position as at June 30, 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 8 to 27 give a true and fair view of the financial position of the Company as at June 30, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Companies Act 2001.

### Basis for Opinion

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

### Other information

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

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

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

*Corporate Governance Report*
Our responsibility under the Financial Services Act Circular Letter CL280218 is to report on the compliance with the Code of Corporate Governance 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 complied with the requirements of the Code.

**INDEPENDENT AUDITOR'S REPORT (Continued)**
To the Shareholders of AXYS Corporate Advisory Ltd

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

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

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

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

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

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

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

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

**AXYS CORPORATE ADVISORY LTD**



**INDEPENDENT AUDITOR'S REPORT (Continued)**
To the Shareholders of AXYS Corporate Advisory Ltd

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

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

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

**Report on Other Legal and Regulatory Requirements**

*Companies Act 2001*

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

We have obtained all information and explanations we have required.

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

**Other Matter**

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

BDO & CO

**BDO & CO**
*Chartered Accountants*

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

Port Louis,
Mauritius.
September 30, 2019

## STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2019

| | Notes | 2019 | 2018 |
|---|---|---|---|
| | | USD | USD |
| **ASSETS** | | | |
| **Non-current asset** | | | |
| Equipment | 4 | **846** | 859 |
| **Current assets** | | | |
| Trade and other receivables | 5 | - | 98,768 |
| Financial assets at amortised cost | 6 | **9,765** | - |
| Prepayments | | **13,795** | - |
| Cash at bank | 7 | **541,119** | 1,720 |
| | | **564,679** | 100,488 |
| **Total assets** | | **565,525** | 101,347 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Stated capital | 8 | **380,000** | 30,000 |
| Share application monies | 9 | - | 350,000 |
| Accumulated losses | | **(124,328)** | (300,830) |
| **Total equity** | | **255,672** | 79,170 |
| **Current liability** | | | |
| Other payables | 10 | **309,853** | 22,177 |
| **Total equity and liabilities** | | **565,525** | 101,347 |

Approved by the Board of directors on 3 0 SEP 2019 and signed on its behalf by:

**Director**

**Director**

The notes on pages 12 to 27 form an integral part of these financial statements.
Auditor's report on pages 5 to 7

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

| | Notes | 2019 | 2018 |
|---|---|---|---|
| | | USD | USD |
| Revenue | | **2,300,870** | 328,450 |
| Cost of sales | | **(2,003,299)** | (475,149) |
| | | **297,571** | (146,699) |
| Other income | | - | 122,691 |
| Administrative expenses | | **(121,069)** | (42,696) |
| Profit/(loss) before taxation | 11 | **176,502** | (66,704) |
| Income tax expense | 12 | - | - |
| Profit/(loss) for the year | | **176,502** | (66,704) |
| Other comprehensive income for the year | | - | - |
| **Total comprehensive income/ (loss) for the year** | | 176,502 | (66,704) |

**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 30 JUNE 2019**

| | Stated capital USD | Share application monies USD | Accumulated losses USD | Total USD |
|---|---|---|---|---|
| At 01 July 2017 | 30,000 | - | (234,126) | (204,126) |
| Additions | - | 350,000 | - | 350,000 |
| Total comprehensive loss for the year | - | - | (66,704) | (66,704) |
| **Balance as at 30 June 2018** | **30,000** | **350,000** | **(300,830)** | **79,170** |
| At 01 July 2018 | 30,000 | 350,000 | (300,830) | 79,170 |
| Issue of shares | 350,000 | (350,000) | - | - |
| Total comprehensive income for the year | - | - | 176,502 | 176,502 |
| **Balance as at 30 June 2019** | **380,000** | **-** | **(124,328)** | **255,672** |

The notes on pages 12 to 27 form an integral part of these financial statements.
Auditor's report on pages 5 to 7

AXYS CORPORATE ADVISORY LTD



## STATEMENTS OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2019

| | 2019 | 2018 |
|---|---|---|
| | USD | USD |
| **Cashflows from operating activities** | | |
| Profit/(loss) before tax | 176,502 | (66,704) |
| *Adjustment for :* | | |
| Depreciation | 373 | 138 |
| Unrealised foreign exchange loss | 1,055 | 179 |
| *Working capital changes* | | |
| Decrease/(increase) in trade and other receivables | 98,768 | (89,176) |
| Increase in financial assets at amortised cost and prepayments | (23,560) | - |
| Increase/(decrease) in other payables | 287,676 | (210,316) |
| **Net cash generated from/(used in) operating activities** | 540,814 | (365,879) |
| **Cashflows from investing activity** | | |
| Purchase of equipment | (360) | (997) |
| **Net cash used in investing activity** | (360) | (997) |
| **Cashflows from financing activity** | | |
| Proceeds from share application monies | - | 350,000 |
| **Net cash generated from financing activity** | - | 350,000 |
| **Net movement in cash at bank** | 540,454 | (16,876) |
| Cash at bank at 01 July, | 1,720 | 18,775 |
| Effect of foreign exchange rate changes | (1,055) | (179) |
| **Cash at bank at 30 June,** | 541,119 | 1,720 |

The notes on pages 12 to 27 form an integral part of these financial statements.
Auditor's report on pages 5 to 7

## 1. COMPANY PROFILE

AXYS Corporate Advisory Ltd is a private limited liability company incorporated and domiciled in the Republic of Mauritius, under the Companies Act 2001, on 27 October 2015. It holds a Category 1 Global Business Licence under the Financial Services Act 2007 and an Investment Adviser (Corporate Finance Advisory) Licence under the Securities Act 2005 and the Financial Services Rules 2008. The address of its registered office is at 6/7th Floor, Dias Pier Building, Le Caudan Waterfront, Caudan, Port Louis.

The Company is mainly involved in arranging finance or deals on investments, including capital raising and debt raising as well as advising on sale or acquisition of businesses, restructuring, strategic and business planning as well as post - acquisition support.

These financial statements were authorized for issue by the Board of directors on 30 SEP 2019 and will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

The financial statements of AXYS Corporate Advisory Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are that of an individual entity. The financial statements are presented in United States Dollars ('USD').

Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that relevant financial assets and financial liabilities are carried at amortised cost.

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

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and with no material impact on the amounts recognized in the financial statements. The new accounting policies are set out in note 2.3. The Company has elected to apply the exemption in IFRS 9 paragraph 7.2.15 not to restate prior periods in the year of initial application of the standard. The Company has chosen to adopt the simplified expected credit loss model which uses a 12-month expected credit losses for all trade receivables in accordance with IFRS 9 paragraph 5.5.15.

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognized when control of a good or service is transferred to a customer. The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and with no material impact on the amounts recognized in the financial statements. The new accounting policies are set out in note 2.9.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Annual Improvements to IFRSs 2014-2016 Cycle

- IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The amendment has no impact on the Company's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting period beginning on or after 1 July 2019 or later periods, but which the Company has not early adopted.

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

IFRIC 23 Uncertainty over Income Tax Treatments
Prepayment Features with negative compensation (Amendments to IFRS 9)
Annual Improvements to IFRSs 2015-2017 Cycle
Definition of Material (Amendments to IAS 1 and IAS 8)

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

### 2.2 Equipment

Equipment used for administrative purposes is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

- Office and Computer Equipment 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Financial assets

The Company classifies its financial assets at amortised cost.

These assets arise principally from the provision of services to customers (e.g trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognized based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within cost of sales in the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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

The Company's financial assets measured at amortised cost comprise trade receivables, financial assets at amortised costs and cash at bank in the statement of financial position.

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

- 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; and either (a) the Company has transferred substantially all 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.

### 2.4 Financial liabilities

The Company classifies its financial liabilities as Other financial liabilities.

Other payables are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Financial liabilities (continued)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### 2.5 Share Capital

Ordinary shares are classified as equity and are recorded at the proceeds received net of direct issue costs.

### 2.6 Taxes

*Current income tax*

Current income tax assets and liabilities for the current period 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 in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred taxation*

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, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred 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 tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits 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 to the period when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or subsequently enacted at the reporting date.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Taxes (continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

### 2.7 Provisions

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

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

### 2.8 Foreign currencies

*(a) Functional and presentation currency*

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

*(b) 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 recognized in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

All Foreign exchange gains and losses are presented in statement of profit or loss and other comprehensive income within administrative expenses.

### 2.9 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. The following specific criterias must also be met. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and upon customer acceptance if any, or performance of services, net of value added taxes and discounts.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Revenue recognition (continued)

The Company recognises revenue from its investment advisory activities. Currently, under IFRS 15, revenue recognition will occur at a point in time when the entity satisfies a performance obligation as stipulated in the signed mandate with a customer.

### 2.10 Fair value measurement

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 by 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. Management considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Fair value measurement (continued)

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 categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### 3.1 Critical accounting estimates and assumptions

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

(a) Impairment of financial assets

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

(b) Asset lives and residual values

Equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future marker conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

(c) Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising there from are dependent on the functional currency selected. The directors have considered the environment in which the Company operates and its main sources of revenue and have determined that the functional currency of the Company is the United States Dollar ("USD").

## 4. EQUIPMENT

| | 2019 | 2018 |
|---|---|---|
| **Computer and Office Equipment** | **USD** | USD |
| **COST** | | |
| At July 01, | **997** | - |
| Additions during the year | **360** | 997 |
| At June 30, | **1,357** | 997 |
| **DEPRECIATION** | | |
| At July 01, | **138** | - |
| Charge for the year | **373** | 138 |
| At June 30, | **511** | 138 |
| **NET BOOK VALUE** | | |
| At June 30, | **846** | 859 |

Depreciation expense of USD 373 (2018: USD 138) has been charged in administrative expenses.

## 5. TRADE AND OTHER RECEIVABLES

| | 2019 | 2018 |
|---|---|---|
| | **USD** | USD |
| Trade receivables | - | 30,000 |
| Amount due from related parties (Note 15) | - | 55,915 |
| Prepayments | - | 12,853 |
| | - | 98,768 |

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a 12-month expected credit losses for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and assessment of both the current as well as the forecast direction of conditions at the reporting date.

The trade receivables being already fully paid in current financial year results in no material impact on expected loss allowance as at 30 June 2019 and 01 July 2018 on adoption of IFRS 9.

The Company writes off a trade receivable when there is information indicating that there is no realistic prospect of recovery. Included in administrative expenses is an amount of USD 60,387 (2018: USD Nil) relating to trade receivable written off during the financial year ended 2019.

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

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

| | 2019 | 2018 |
|---|---|---|
| | **USD** | USD |
| US Dollar | - | 82,203 |
| Mauritian Rupee | - | 16,565 |
| | - | 98,768 |

## 6. FINANCIAL ASSETS AT AMORTISED COST

| | 2019 | 2018 |
|---|---|---|
| | USD | USD |
| Amount due from related parties (Note 15) | 9,765 | - |

The carrying amount of the Company's financial assets at amortised cost are denominated in the following currencies:

| | 2019 | 2018 |
|---|---|---|
| | USD | USD |
| US Dollar | 2,818 | - |
| Mauritian Rupee | 6,947 | - |
| | 9,765 | - |

## 7. CASH AT BANK

| | 2019 | 2018 |
|---|---|---|
| | USD | USD |
| Cash at bank | 541,119 | 1,720 |

Cash at bank is non interest bearing.

While cash at bank is also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

## 8. STATED CAPITAL

| | 2019 | 2018 |
|---|---|---|
| | USD | USD |
| At July 01, | 30,000 | 30,000 |
| Issue of shares | 350,000 | - |
| At June 30, | 380,000 | 30,000 |

The total number of ordinary shares issued is 38,000 ordinary shares (2018: 3,000 ordinary shares) with a par value of USD 10 per share (2018: USD 10 per share). All issued shares are fully paid.

Pursuant to a written resolution of the directors dated 17 December 2018, the directors resolved to issue 35,000 ordinary shares of USD 10 each against the share application monies of USD 350,000.

Each ordinary share carries one voting right and rights to dividends.

## 9. SHARE APPLICATION MONIES

| | 2019 | 2018 |
|---|---|---|
| | USD | USD |
| As at July 01, | 350,000 | - |
| Additions | - | 350,000 |
| Issue of shares (Note 8) | (350,000) | - |
| As at June 30, | - | 350,000 |

## 10. OTHER PAYABLES

| | 2019 | 2018 |
|---|---|---|
| | USD | USD |
| Amount due to related parties (Note 15) | 200,792 | 14,334 |
| Other payables | 109,061 | 7,843 |
| | 309,853 | 22,177 |

The carrying amount of other payables is denominated in the following currencies:

| | 2019 | 2018 |
|---|---|---|
| | USD | USD |
| US Dollar | 302,492 | 19,705 |
| Mauritian Rupee | 7,361 | 2,472 |
| | 309,853 | 22,177 |

Amount due to related parties and other payables are non-interest bearing and are repayable on demand.

The carrying amount of other payables approximate its fair value.

## 11. PROFIT/(LOSS) BEFORE TAX

| | 2019 | 2018 |
|---|---|---|
| | USD | USD |
| Profit/(loss) before tax is arrived at: | | |
| *-after charging* | | |
| Consulting fees | 548,454 | 467,466 |
| Office expenses | 37,942 | 5,796 |
| Audit fees | 4,345 | 4,780 |
| Allocation of success fees | 721,686 | - |
| Settlement fees | 90,000 | - |

## 12. INCOME TAX

The Company, being the holder of a category 1, Global Business Licence, is liable to income tax in Mauritius on its taxable profit arising from its world-wide income at the rate of 15%. The Company's foreign sourced income is eligible for a foreign tax credit which is computed as the lower of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the foreign tax charged by the foreign country or a presumed amount of foreign tax: the presumed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total foreign tax credit, the Company is allowed to pool all its foreign sourced income.

A reconciliation between tax expense and the product of accounting profit multiplied by the Company's tax rate is as follows:

| | **2019** | 2018 |
|---|---|---|
| | **USD** | USD |
| Profit/(loss) before tax | **176,502** | (66,704) |
| Tax calculated at 15% | **26,475** | (10,006) |
| Non-allowable expenses | **9,144** | - |
| | **35,619** | (10,006) |
| Foreign tax credit at 80% | **(28,495)** | 8,005 |
| Tax losses brought forward | **(9,025)** | (7,024) |
| Tax losses carried forward | **1,901** | 9,025 |
| **Income tax charge recognised in profit or loss** | **-** | - |

*Deferred tax assets*

No deferred tax assets have been recognised in respect of tax losses carried forward, as the directors consider that it is uncertain in the foreseeable future that taxable profits will be available against which the losses can be recognised.

## 13. FINANCIAL INSTRUMENTS

| **Financial assets measured at amortised cost** | 2019 | 2018 |
|---|---|---|
| | **USD** | USD |
| Cash at bank | **541,119** | 1,720 |
| Trade and other receivables | - | 30,000 |
| Amount due from related parties | **9,765** | 55,915 |
| | **550,884** | 87,635 |

Trade and other receivables excludes prepayments of USD Nil (2018: USD 12,853).

| **Financial liabilities measured at amortised cost** | **2019** | 2018 |
|---|---|---|
| | **USD** | USD |
| Other payables | **309,689** | 22,177 |

Other payables excludes VAT payable of USD 164 (2018: USD Nil).

## 14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of directors which focuses on securing the Company's short to medium term cash flows by minimising the exposure to financial risks. The Company's investment is managed to generate lasting returns. The Company does not engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are described below:

*(a) Market risk*

Foreign currency risk

The Company undertakes transactions denominated in foreign currencies. As a consequence, it is exposed to fluctuations in the value of such currencies against the base currency which ultimately impact on the financial affairs of the company.

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

| | **2019** | | 2018 | |
|---|---|---|---|---|
| *Denominated in:* | **Financial assets USD** | **Financial liabilities USD** | Financial assets USD | Financial liabilities USD |
| Mauritian Rupees | **9,470** | **7,197** | 12,922 | 2,472 |
| US Dollars | **541,414** | **302,492** | 74,713 | 19,705 |
| | **550,884** | **309,689** | 87,635 | 22,177 |

Foreign currency sensitivity analysis

The table below details the Company's sensitivity to a 5% increase and decrease in the United States Dollar against the Mauritian Rupee. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates.

A positive number below indicates an increase in profit where the US Dollar weakens by 5% against the Mauritian Rupee. For a 5% appreciation of the US Dollar against the Mauritian Rupee, there would be an equal and opposite impact on the profit and the amount below would be negative.

| | **2019** | 2018 |
|---|---|---|
| | **USD** | USD |
| Impact of a 5% appreciation of US Dollar | **(114)** | (523) |
| Impact of a 5% depreciation of US Dollar | **114** | 523 |

## 14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

**Financial risk factors (continued)**

***(b) Credit risk***

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company main credit risk concentrations are other receivables and cash at bank.

With respect to credit risk arising from financial assets, which are comprised of trade and other receivables and cash at bank, the Company's exposure to credit risk arises from the default of the counterparties, with a maximum exposure equal to the carrying amounts of these financial assets.

The carrying amount of financial assets recorded in the financial statements which is net of impairment losses, represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | **2019** | 2018 |
|---|---|---|
| | **USD** | USD |
| Trade and other receivables | **-** | 30,000 |
| Amount due from related parties | **9,765** | 55,915 |
| Cash at bank | **541,119** | 1,720 |
| | **550,884** | 87,635 |

The Company has adopted a policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. For banks and financial institutions, only independently rated parties are accepted.

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets detailed above.

***(c) Liquidity risk***

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

The Company's objective is to maintain a balance between continuity of funding and flexibility and it monitors its risk to a shortage of funds using cash flow forecasts.

The table below summarises the maturity profile of the Company's non-derivative financial liabilities as at 30 June, based on contractual undiscounted payments:

| | **On demand 2019** | **Total 2019** | On demand 2018 | Total 2018 |
|---|---|---|---|---|
| | **USD** | **USD** | USD | USD |
| Other payables | **309,689** | **309,689** | 22,177 | 22,177 |

## 14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Capital risk 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 manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure,the Company may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

As the Company holds an Investment Adviser (Corporate Finance Advisory) Licence, it is required to maintain a minimum stated unimpaired capital of Rs 1,000,000 under the Securities (Licensing) Rules 2007. As at the reporting date, the Company has met the minimum capital requirement.

There were no changes in the Company's approach to capital risk management during the year.

## 15. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

| Name of company | Nature of relationship | Nature of transactions | Volume of transactions during the year | Receivable/ (payable) at end 2019 |
|---|---|---|---|---|
| | | | USD | USD |
| AXYS Corporate Advisory Limited | Sister Company | Recharge of expenses | 2,869 | 2,818 |
| AXYS Corporate Advisory Limited | Sister Company | Allocation of success fee | 721,686 | - |
| Axys Group Ltd | Sister Company | Recharge of expenses | 680,637 | (200,092) |
| Axys Services Ltd | Sister Company | Recharge of expenses | 25,626 | 6,947 |
| NWT (Mauritius) Limited | Sister Company | Management services | 26,550 | (700) |
| Axys Stockbroking Ltd | Sister Company | Service fee | 25,000 | - |

## 15. RELATED PARTY DISCLOSURES (CONTINUED)

| Name of company | Nature of relationship | Nature of transactions | Volume of transactions during the year | Receivable/ (payable) at end 2018 |
|---|---|---|---|---|
| AXYS Ltd | Intermediate holding company | Technical Service fees / Recharge of expenses | 115,727 | 12,625 |
| AXYS Corporate Advisory Limited | Sister Company | Recharge of expenses | 52 | (52) |
| AXYS Investment Partners Ltd | Sister Company | Technical Service fees | 56,950 | - |
| AX Offshore Ltd | Shareholder | Share application monies | 178,500 | 15,655 |
| AXYS Treasury Ltd | Sister Company | Amount payable | 6,000 | (6,000) |
| FSI CAPP DMCC | Common Director | Technical service fees/ Recharge of expenses | 252,101 | - |
| FSI CAPP DMCC | Common Director | Professional fees | 30,000 | 30,000 |
| OAH Holdings Limited | Common Director | Share application monies | 126,670 | 27,635 |
| NWT (Mauritius) Limited | Sister Company | Management services | 6,700 | (6,700) |
| NWT (Mauritius) Limited | Sister Company | Recharge of expenses | 457 | (457) |
| Sivananda Limited | Common Director | Share application monies | 44,830 | - |
| Spice Finance Ltd | Sister Company | Recharge of expenses | 1,125 | (1,125) |

## 15. RELATED PARTY DISCLOSURES (CONTINUED)

Compensation to key management personnel

Director's fee of USD 5,625 has been fully paid during the year ended 30 June 2019 (2018: USD Nil).

## 16. IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The immediate holding companies are AX Offshore Ltd, BHP Holdings Limited, OAH Holdings Limited and Sivananda Limited. The ultimate holding company is United Investments Ltd, which is a company listed on the Stock Exchange of Mauritius.

## 17. EVENTS AFTER THE REPORTING DATE

Pursuant to a written resolution of the directors dated 05 July 2019, it has been resolved that AX Offshore Ltd shall become the sole shareholder of the Company following the acquisition of shares held by the other shareholders. The change in shareholding is still subject to the approval of the Financial Services Commission as at the date of approval of the financial statements.

## 18. CHANGES IN ACCOUNTING POLICY

This note explains the impact of the adoption of IFRS 9 Financial instruments and on the Company's financial statements.

IFRS 9 was adopted without restating comparative information. The reclassification and the adjustments arising from the new accounting policy are therefore not reflected in the comparative figures for the year ended 30 June 2018 but are recognised during the year ended 30 June 2019. The Company has elected to apply the exemption in IFRS 9 paragrapgh 7.2.15 not to restate prior periods in the year of initial application of the standard.

The following table shows the reclassification adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

**Statement of financial position (extract)**

| | (As previously stated) 30 June 2018 | Effect of IFRS 9 | 1 July 2018 |
|---|---|---|---|
| | USD | USD | USD |
| Current assets | | | |
| Trade and other receivables | 98,768 | (68,768) | 30,000 |
| Financial assets at amortised cost | - | 55,915 | 55,915 |
| Prepayments | - | 12,853 | 12,853 |

**Impairment of financial assets**

The Company's financial asset comprise mainly of cash at bank which is subject to the impairment requirements of IFRS 9. The identified impairment loss was immaterial.