ABC MOTORS COMPANY LIMITED

ANNUAL REPORT 2021

ABC MOTORS CO. LTD

We care for you!

VISION

To be the most outstanding & innovative automobile Company in Mauritius.

MISSION

To provide the best service & the most unique, enriching experience in the automobile industry whilst also delivering superior value to our stakeholders.

VALUES

Connected
Agility
Loyalty
Integrity
Tenacity

CONTENT

CORPORATE INFORMATION	6
FINANCIAL HIGHLIGHTS	10
DIRECTORS' REPORT	14
COMPANY PROFILE	20
CORPORATE GOVERNANCE REPORT	23
STATEMENT OF COMPLIANCE	64
OTHER STATUTORY DISCLOSURES	67
SECRETARY'S CERTIFICATE	72
DIRECTORS' STATEMENT OF RESPONSIBILITIES	75
AUDITOR'S REPORT	77
FINANCIAL STATEMENTS	83

CORPORATE INFORMATION AS AT 30 JUNE 2021

CORPORATE INFORMATION AS AT 30 JUNE 2021

COMPANY NAME

ABC MOTORS COMPANY LIMITED (the "Company" or "ABC Motors")

THE GROUP

ABC Motors and its subsidiaries

ABC GROUP OF COMPANIES

Automobile, Banking, Financial & Insurance Services, Foods, Shipping & Logistics

REGISTERED OFFICE

ABC Centre
Military Road
Port Louis

PLACES OF BUSINESS

ABC Centre, Military Road, Port Louis
Les Guibies, Pailles
Allée Des Manguiers, Pailles
Phoenix Trunk Road, Phoenix
Plot 1, Trianon (Near Terre Rouge/Verdun Link Road)

BOARD OF DIRECTORS

Mr. Vincent Ah-Chuen, *Executive Chairman*
(Mrs. Valerie Ah-Chuen Juban as alternate director to Mr. Vincent Ah-Chuen)
Mr. Patrick Andrew Dean Ah-Chuen, *Managing Director*
Mr. Raymond Ah-Chuen, *Non-Executive Director*
(Mr. David Brian Ah-Chuen as alternate director to Mr. Raymond Ah-Chuen)
Professor Donald Ah-Chuen, *Non-Executive Director*
Mr. André Marc Ah-Chuen, *Non-Executive Director*
Mr. David Brian Ah-Chuen, *Non-Executive Director*
Mr. Hai Ping Chung Tung, *Independent Director*
Mr. Ah-Lan Lam Yan Foon, *Non-Executive Director*
Mr. Kee Koun Tin Kiong Fong, *Independent Director*
Mr. Voon Yue Choon Wan Min Kee, *Independent Director*

BOARD COMMITTEES

Audit and Risk Committee
Corporate Governance Committee
Nomination and Remuneration Committee

CORPORATE INFORMATION AS AT 30 JUNE 2021 (CONT'D)

COMPANY SECRETARY & SHARE REGISTRY

ABC Professional & Secretarial Services Ltd
ABC Centre, Military Road, Port Louis

LEGAL ADVISOR

Me. Georges Ng Wong Hing, *S.A*

EXTERNAL AUDITOR

BDO & Co.
10 Frère Felix De Valois Street, Port Louis

MAIN BANKERS

ABC Banking Corporation Ltd
AfrAsia Bank Limited
ABSA Bank (Mauritius) Limited
Hongkong and Shanghai Banking Corporation Limited
The Mauritius Commercial Bank Limited

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Financial Highlights	THE GROUP Jun-2021 Rs'M	Jun-2020 Rs'M	Jun-2019 Rs'M (restated)	Jun-2018 Rs'M (restated)	THE COMPANY Jun-2021 Rs'M	Jun-2020 Rs'M	Jun-2019 Rs'M	Jun-2018 Rs'M
Units	**1,541**	1,628	2,351	2,210	**1,049**	1,209	1,858	1,753
Total revenue [1]	**2,131**	1,995	2,724	2,515	**1,335**	1,416	1,960	1,860
Profit from operations	**69**	(3)	89	99	**46**	30	157	107
Profit for the year (before taxation)	**30**	(58)	60	87	**5**	3	100	58
Total comprehensive income	**51**	218	44	73	**35**	198	78	49
Total Equity	**1,169**	1,123	922	892 **	**908**	873	691	626

Group Revenue increased by 7% to reach Rs 2.1 Billion for year ended 30 June 2021. Number of vehicles sold has decreased by 87 units (FY2021: 1,541 units & FY 2020: 1,628 units) and after-sales revenue slightly decreased by 0.46% to reach Rs 362 million for year ended 30 June 2021. (FY 2020: Rs 364 million)

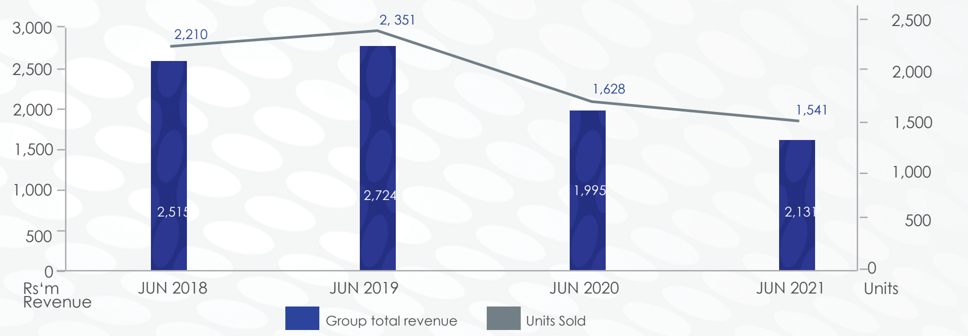
Statements of financial position	THE GROUP Jun-2021 Rs'M	Jun-2020 Rs'M	Jun-2019 Rs'M (restated)	Jun-2018 Rs'M (restated)	THE COMPANY Jun-2021 Rs'M	Jun-2020 Rs'M	Jun-2019 Rs'M	Jun-2018 Rs'M
Non-current assets	**1,517**	1,512	1,102	1,157	**1,226**	1,225	902	961
Current assets	**1,097**	1,273	1,260	1,155	**850**	1,033	1,019	901
Total Assets	**2,614**	2,785	2,362	2,312	**2.075**	2,259	1,921	1,862
Owner's interest of the Company	**1,108**	1,066	865	831	**908**	874	691	627
Non-Controlling Interests	**61**	58	57	61	**-**	-	-	-
Non-current liabilities	**379**	429	339	335	**333**	379	309	331
Current liabilities	**1,065**	1,232	1,101	1,087	**834**	1,066	921	904
Total equity and liabilities	**2,614**	2,785	2,362	2,314	**2,075**	2,259	1,921	1,862

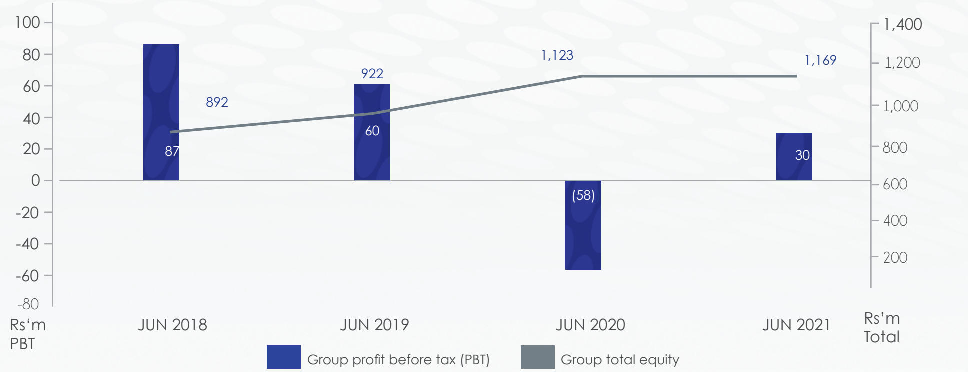
Group Performance Measures	Jun-2021 Rs'M	Jun-2020 Rs'M	Jun-2019 Rs'M	Jun-2018 Rs'M
Earnings per share (Rs)	**2.96**	(6.16)	9.41	12.49 **
Net assets value per share (Rs)	**179.37**	172.54	140.03	134.55**
Net Debt to equity ratio *	**0.84**	1.06	1.14	1.14**
Stock price - at reporting date (Rs)	**125.00**	125.00	120.00	112.00

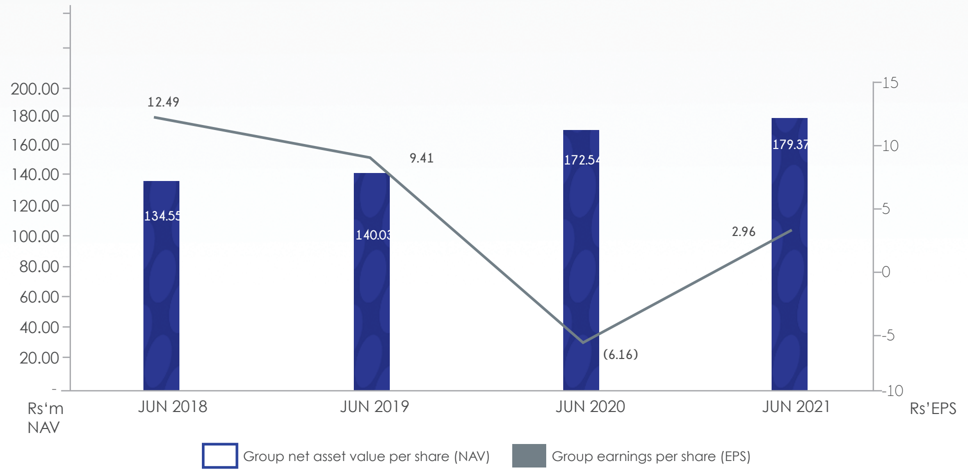
* Net Debt to equity ratio has been calculated by dividing total borrowings net of cash and cash equivalents over total equity.

** Based on restated figures of 1 July 2018

FINANCIAL HIGHLIGHTS







DIRECTORS' REPORT

Impact of COVID-19 on our business

The pandemic has taken a heavy toll on the local auto sector which is in line with the global trends. The majority of operations were put on hold for 6 weeks as a result of the second lockdown as from mid-March 2021. We nonetheless managed to maintain our after sales operations to service vehicles of essential services (namely Police and Ambulance, Security and Distribution sectors) during that period.

At ABC MOTORS COMPANY LIMITED, the health and safety of stakeholders including communities, employees and their families is one of the main priorities of the Company, Management therefore decided upon resumption of activities, to work on a roster basis for the months of April to June 2021. In line with guidelines at the time, full activities resumed as soon as vaccination rates in respect of COVID-19 reached 60% within the Company. I am pleased to say that internal awareness campaigns organised by the Company have proved very effective in raising our vaccination rates to 92% as at 31 August 2021, which is above the national level.

Financial Performance

In addition to COVID-19, we also suffered from an ageing product portfolio, a lack of new model launches and logistics issues in the supply chain in the reporting year. The Company's full-year vehicle sales dropped by 13% to 1,049 units sold (FY2020 – 1,209 vehicles). The drop was primarily attributable to the drop in Nissan Sales volume by 17%, with 905 units sold in FY2021 (FY2020 – 1,087 units), while the total industry volume increased by 1.5%, with 9,055 units registered in FY2021 (FY2020 – 8,906 units).

On the Heavy Commercial vehicles side, we had an encouraging growth of 53% in the number of trucks sold, with 144 units sold in FY2021 compared to 94 units sold in FY2020. The increase was predominantly due to the growth in sales volume of Eicher Brand, which took our Heavy Commercial vehicles segment to greater heights, and we managed to improve our market share in trucks segment from 19% to 32%.

Our after-sales divisions have remained the backbone of our business. The improvement of our business processes, through successful implementation of ISO 9001-2015 across all aftersales business units that has provided an enriched experience to our customers, have enabled us to maintain a sound business continuity despite uncertainties on the new vehicles sales.

The global shortage in production and supply of parts, coupled with logistics issues, have significantly affected our stock of genuine parts. This had a knock-on effect on the service level given to our customers in our Service workshops and Body & Paint department. Alternative sources were quickly identified and within a few weeks, we managed to raise our stock of critical and fast-moving spare parts to levels which enabled us to maintain an adequate parts fulfilment rate of 94%.

We managed to improve our Group profit from operations by Rs.72.4M in FY2021, with a Group profit from operations of Rs.69.5M compared to a loss from operations of Rs.3.0M in FY2020. This is greatly due to the agility and tenacity of our teams.

These encouraging financial results were brought about by the bold strategic decisions that were taken during FY2021, namely:

- Significant reduction in stock of vehicle (June 2021: 346 units compared to June 2020: 747 units), which enabled us to lower our financial costs by Rs.16M.
- Leaner team structure, with strong emphasis on efficiency of team in terms of quality instead of quantity. We streamlined our operations and the result of which reduced our staffing requirements by 10%.
- Digitalisation of our operations with a focused move to digital marketing/advertising campaigns, which led to reduction in expenses by Rs.19M.
- Efficient cost management, with reduction of Rs.27M in operating costs.
- Rigorous corporate networking exercise, with emphasis on emerging and stable sectors of the economy.
- Repositioning of our prices of vehicles, leading to an improvement of the Gross Profit margins. This was mainly due to the intervention of the Ministry of Finance which played a crucial role in maintaining the motor industry alive by introducing a 30% rebate on the excise duty on all vehicles.

Future Outlook and Initiatives

With the full re-opening of our borders from October 2021 and increasing vaccination rates, we expect the economy to gradually pick up. We will continue to build up resilience of the business and will closely monitor the situation to quickly adapt to any changes.

We continue our strategic focus on networking and our target market strategy, with a strong emphasis on restructuring part of our sales team into Relationship Managers instead of product specialists. This will enable our team to connect better with their respective corporate customers, with a broader product portfolio available within the automobile division that can be provided to their customers. The backbone of our networking strategy will be reliant predominantly on B2B and government tender business.

With the government having extended its duty rebate scheme till 30 June 2022, this measure will continue to act as a significant relief in pricing of vehicles and help counter the increase in prices due to the appreciation in all major foreign currencies and higher freight charges.

For the line-up of passenger vehicles, we will be receiving new models such as Nissan Magnite and Qashqai. With the end of production of the Nissan Micra, we will no longer be represented in the small car segment. The New Nissan Magnite, small crossover with global reputation of being a futuristic model and equipped with latest Nissan Intelligent Mobility was launched in August 2021. This model will enable us to penetrate a growing crossover market segment where we were absent during the last six years.

For the light and heavy commercial segments, we intend to increase our market share. The new Nissan Navara model is expected to revolutionise the market with its different offerings and capabilities.

As for Eicher, the launch of the PRO 2055 tipper truck in the medium truck category will enable us tap in a steady construction market segment, thereby allowing us to improve our market presence and penetration. Our rich line-up of Eicher and UD Trucks will enable us to improve our offerings to growing sectors of the economy, such as construction, distribution and government tender business.

Digitalisation of our processes and activities will be a key strategic component to improving our team productivity and superior customer satisfaction. I am pleased to announce that our new Dealer Management System (Pinnacle) will be live during the last quarter of the calendar year 2021. This effective tool will be extended to all our ABC Motors business units and across the ABC Automobile Cluster. On the other hand, digital launches of vehicles, e-brochures, virtual showroom and digital business cards will provide our customers with a revolutionary platform to access our product offerings and provide an alternative modern way we interact with our customers. Our existing showrooms will of course still be available for those preferring a physical face-to-face experience.

Whilst we remain optimistic about the future, we are very much aware of the challenges especially those which are out of our control. The global shortage of semiconductors will affect the automobile industry, i.e. production of vehicles and parts. We will be closely monitoring the situation to minimise the impact on our business.

In our quest to finding new markets and segments, we are currently exploring to set up a sales and aftersales outlet in Rodrigues in order to provide the same service level enjoyed by our customers in Mauritius. At the same time, this will allow us to tap in specific growing sectors of the Rodrigues market.

The Company has always been committed to the development and growth of its people and is proud to have built over the years a pool of expertise which it can rely on to achieve its future expansion. Specific development programmes have been designed which are being deployed. Further details on these can be found on page 49.

FY2022 is marking a significant step forward in enhancing our approach to Corporate Social Responsibility (CSR). To further assist vulnerable families in emerging from poverty, the CSR fund allocated to the *Education* area of intervention was increased by 67%. This aid will enable the *College Technique St Gabriel* to set up a technical institution for needy students in the near future. In addition, as the preservation of our environment is a vital area of focus, the *Mauritian Wildlife Foundation* was awarded additional funding for a new initiative, namely the Rodrigues conservation project. Please refer to pages 50 to 57 of the Corporate Governance Report for deeper insights on CSR actions carried out in FY2021.

Helping athletes reach new heights is an intangible asset for the Company. In this regard, we have renewed our sponsorship of Ms. Noemi Alphonse, our *brand ambassador*, in a bid to support her in her pursuit of sports excellence. The Paralympic athlete, who represented Mauritius at the Tokyo 2020 Paralympics, broke four local and African records in the 100m, 400m, 800m, and 1,500m wheelchair races, in the T54 category.

Moreover, Mr. Warren Robertson, a young kickboxing prodigy, has recently benefited from a sponsorship from ABC Group of Companies. Winner of the *World Junior Championship in 2019, the athlete* represented Mauritius in the Senior World Kickboxing Championship in Italy in October 2021. We are confident that our brand ambassadors will make the Company and our Country proud by shining in their respective disciplines.

Acknowledgements

I am proud to see how all of our teams have pulled together with such agility and tenacity during such a difficult period and fully live the values of ABC Motors. Faced with an unprecedented situation, we overcame most of our challenges, and believe we have emerged stronger than ever. But we could not have accomplished any of this without the dedication of our people. It was their creativity, hard work and enthusiasm that kept us going, often under very difficult conditions. We owe them our eternal gratitude.

I extend my sincere appreciation to Anthony Tseung Sum Foi, former GM and most recently Chief Operating Officer (COO) of the Company, for his unflinching and valuable support and commitment during the last 20 years. Since 01 July 2021, he has been appointed as *Strategic Business Development Advisor* of the Company. He was succeeded by Alain Ng who has been promoted to the post of COO and to whom I also express my gratitude and congratulations.

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Dean Ah-Chuen
Managing Director

COMPANY PROFILE

COMPANY PROFILE

ABC Motors was founded in 1985 with a clear and forward-looking vision to become a leading player in the automotive retailing industry in Mauritius. Its business model philosophy is inspired by a commitment to the values of a long-held family tradition as pioneered by the founder Sir Jean Etienne Moilin Ah-Chuen. ABC Motors is the flagship of the ABC Group of Companies' Automobile Cluster, which has grown into a multi-brand vehicle dealer.

More than three decades into its existence, ABC Motors boasts a proven track record of sustained growth. Such a performance has led the Company to be, *inter alia*, publicly listed on the Development & Enterprise Market of the Stock Exchange of Mauritius in 2006.

ABC Motors started its operations as the sole distributor of the Nissan brand for the Mauritius market. Since then, the Company has deployed all the required resources to fulfil the stringent service obligations as prescribed by the Japanese manufacturer. Records of outstanding sales performance and dedication to high quality customer experience have won ABC Motors wide praise at the Nissan National Sales Company Global Award. The much-awaited ceremony proudly hosted by Nissan Motor Company saw the Mauritian dealership shine for 19 years since 1996, overwhelming its contenders as the Best National Sales Company for Africa in 2015 and 2016.

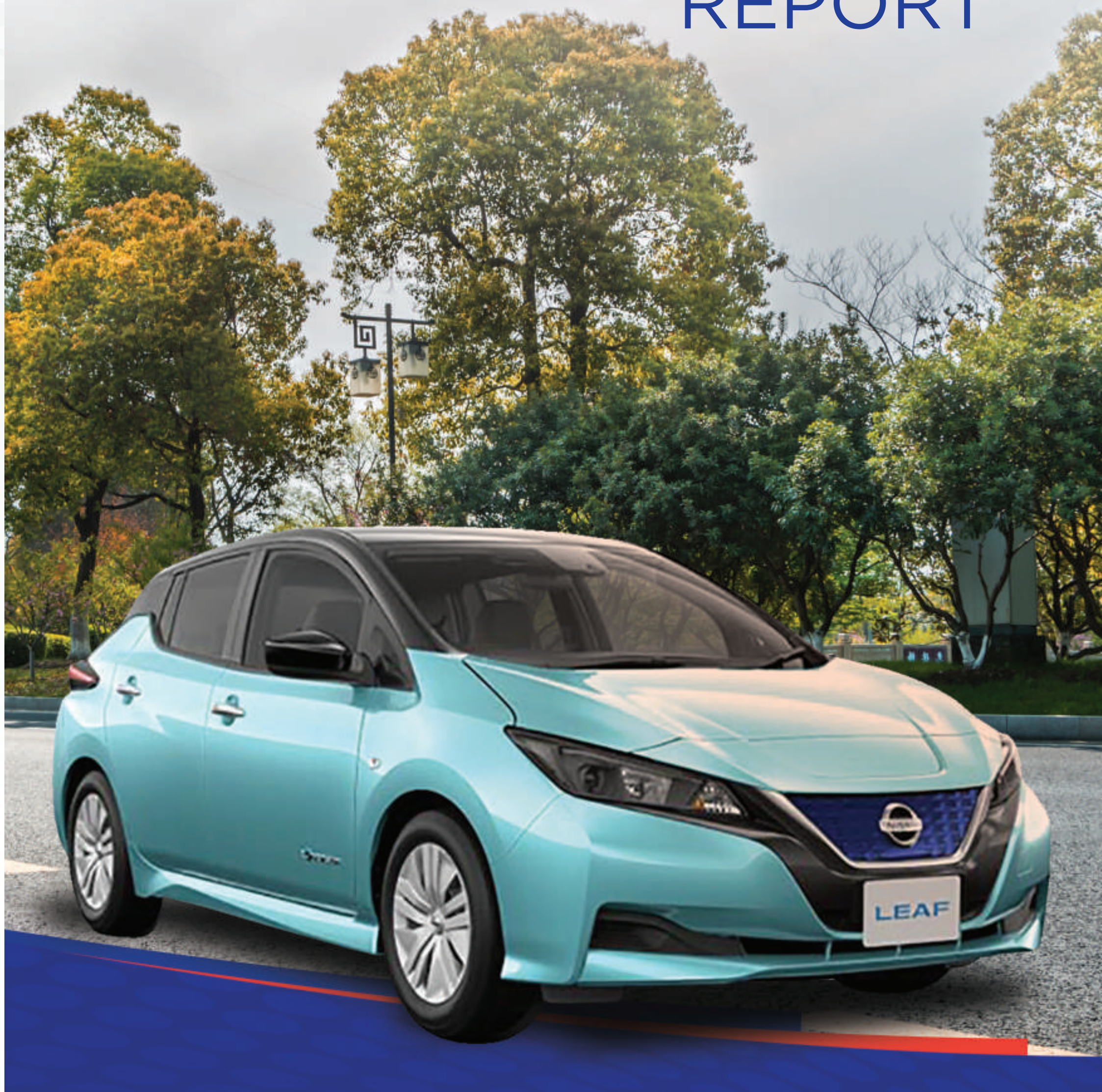
Building its reputation as one of the leaders in terms of market share, innovation and customer service, ABC Motors is in strong position to work towards new goals and further its development. With our *avant-garde* approach, attuned to the latest market trends and technological advances, car users can expect a range of more environmentally friendly models to be introduced in the market. The Nissan line-up now includes the Infiniti and Datsun brands.

In a bid to position itself as a full-fledged vehicle dealer, meeting every individual or business requirement, taste and budget, ABC Motors is also a distributor of Light Commercial, heavy goods vehicles, trucks and buses under the Nissan, UD and Eicher brands.

For a few years now, the ABC Car Gallery at Phoenix has been in existence for the convenience and accessibility of customers. Service bays at this client-oriented facility are manned by highly skilled technicians for reliable, affordable car servicing, maintenance and repairs. Similar to the head office in Port Louis, the Phoenix Service Centre benefits from Nissan's comprehensive offerings of genuine manufacturer parts and specialised tools as well as expert diagnosis by highly trained technicians.

Being confident that trained personnel is critical for responding to advanced technology and business trends, ABC Motors invests significantly in the training and personal development of its workforce at all levels to ensure that they have the appropriate knowledge and skills. The Company also ensures that they are provided with all the necessary tools, equipment and IT support to meet the ever-evolving technological progress being made in its products and industry. Friendly policies and schemes are also in place to promote workplace fairness, collaboration and effectiveness. As a corporate citizen. ABC Motors contributes generously to the betterment of the local and broader communities and supports employee volunteers in developping charitable and welfare projects.

CORPORATE GOVERNANCE REPORT



INTRODUCTION

The Company is classified as a Public Interest Entity under the Financial Reporting Act 2004. The Board of Directors of the Company is fully committed to attaining and sustaining the highest standards of corporate governance with the objective of enhancing shareholders' value whilst having regard to stakeholders at large. It believes that good governance is not only concerned with complying with the legal and regulatory requirements but also encompasses operating within the highest level of business ethics as well as the stewardship and supervision of the management of the Company by the Board of Directors.

PRINCIPLE ONE - GOVERNANCE STRUCTURE

The Board of Directors is the link between the Company and its stakeholders and

Board members are collectively responsible for leading and controlling the Company to enable it to attain its strategic objectives. In discharging its duties, the Board of Directors shall promote the best interests of the Company and consider the interests of other stakeholders.

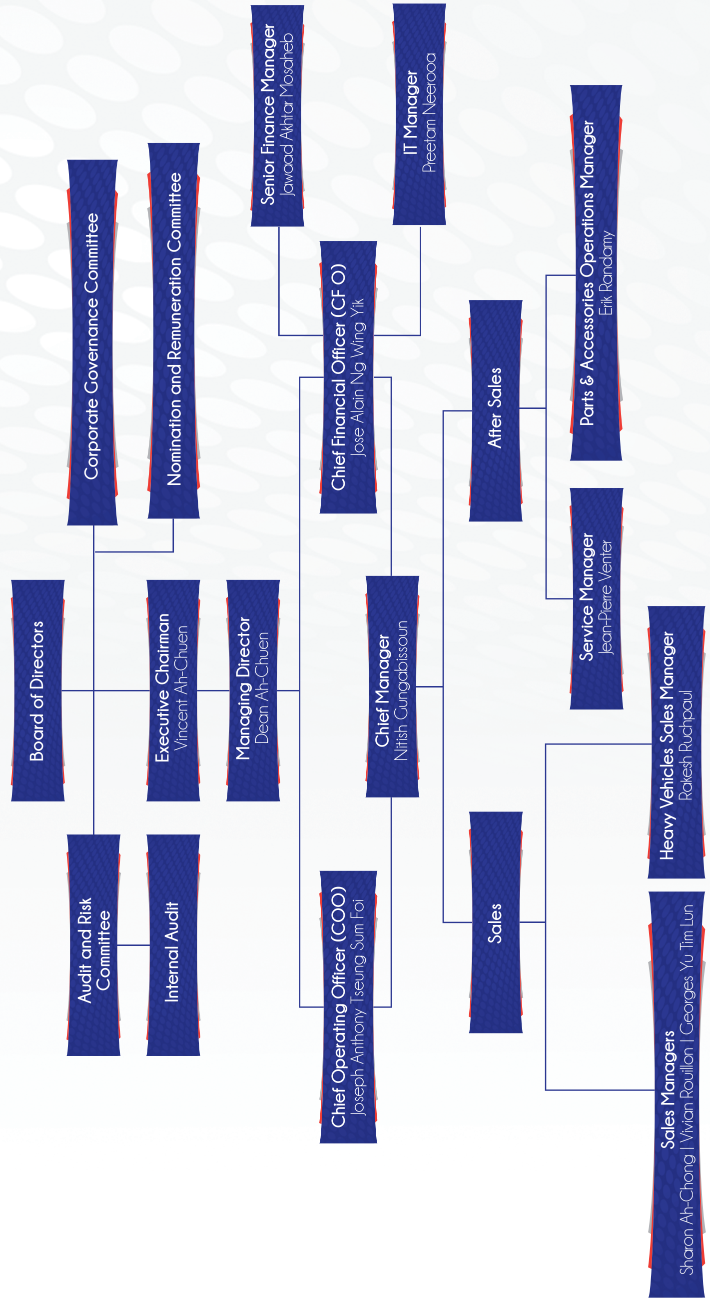
The Company has a Constitution that conforms to the provisions of the Mauritius Companies Act 2001 and the DEM Rules. A copy of the Constitution can be seen on the Company's website.

The Company's Board Charter and the Code of Conduct & Ethics are also available on the Company's website.

PRINCIPLE ONE - GOVERNANCE STRUCTURE (CONT'D)

Organisation Chart

As at 30 June 2021, the Organisation Chart of the Company was as follows:



PRINCIPLE ONE – GOVERNANCE STRUCTURE (CONT'D)

KEY GOVERNANCE RESPONSIBILITIES

Board of Directors

The Board of Directors is the Company's ultimate decision-making entity. The Board is collectively responsible and accountable for the affairs and overall performance of the Company. It ensures that proper systems and controls are in place to protect the Company's assets and its good reputation. It also determines the Company's strategic direction and identifies key risk areas, monitors and evaluates the implementation of policies and plans and approves the Company's capital expenditure, including investments and operating budgets. The Board also ensures that the Company's activities comply with all legal and regulatory requirements as well as with its Constitution.

Responsibilities of the Board are set out in its Charter which may be reviewed on a yearly basis or as and when required with the introduction of or amendments to laws and regulations.

The Board takes particular note of the following key positions which are critical to the Board performing its strategy and achieving a high level of good governance:

Executive Chairman

The Executive Chairman provides overall leadership to the Board and ensures the smooth functioning thereof whilst encouraging active participation of the members. He ensures that the Board is effective in its duties of setting out the Company's policies, objectives and strategies and the implementation thereof.

Managing Director

The Managing Director is responsible for the management and supervision of the Company's operations and day-to-day administration. He provides leadership and direction to Senior Management and implements the plans and strategies of the business in line with the policies, guidelines and instructions set by the Board.

Non-Executive Directors and Independent Directors

The Non-Executive and Independent Directors constructively challenge and contribute to the development of the Company's strategies and goals. They provide support to the Executive Directors and monitor the progress of the agreed plans and strategies within the risk and control framework set by the Board.

Company Secretary

ABC Motors has a service agreement with ABC Professional & Secretarial Services Ltd ("ABCPS" or the "Company Secretary") for the provision of company secretarial services. ABCPS provides assistance and information on corporate governance and administration issues. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable laws and regulations are complied with. It also has primary responsibility for guiding the Board members regarding their duties and responsibilities.

PRINCIPLE ONE - GOVERNANCE STRUCTURE (CONT'D)

Company Secretary (Cont'd)

ABCPS is also responsible for taking accurate and precise Board minutes which are then submitted for approval at the following meeting. The Company Secretary also acts as Secretary to all Committees and the minutes of all Committee meetings' minutes are tabled at Board meetings for the Directors to take note of the deliberations and recommendations made by these Committees.

ABCPS is also the primary channel of communication between the Company and its shareholders as well as the regulatory bodies.

ABCPS is represented by Mrs. Cindy Larose, *ACIS*. Mrs. Larose has more than 12 years' experience in the corporate secretarial field and is an Associate of the Institute of Chartered Secretaries and Administrators (ICSA). She is also a member of the MIoD.

Board Committees

The Board of Directors is supported by three main Committees in its functions, namely Audit and Risk, Corporate Governance and Nomination and Remuneration. The various Committees are headed by experienced Chairmen who report on their activities and make recommendations on matters delegated to them under their respective Charters at the subsequent meeting of the Board. In order to fulfil the duties and responsibilities delegated to them, the Committees are authorised to obtain independent professional advice at the Company's expense.

The Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities and is also accountable for any other duties that may be assigned by the Board from time to time.

The Corporate Governance Committee has been set up in order to advise the Board on Corporate Governance matters and to ensure that the Company complies with the requirements of the National Code of Corporate Governance for Mauritius (2016) (the "Code").

The Nomination and Remuneration Committee has been set up to advise the Board on the structure, size and composition of the Board and its Committees. It also makes recommendations on the remuneration policy for Executive and Senior Management.

Responsibilities of the Board Committees as set out in the Board Charter may be reviewed on a yearly basis or as and when required with the introduction of or amendments to laws and regulations.

More information on Board Committees is provided under Principle Two.

PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES

Board Structure

ABC Motors is led by an effective unitary Board, which is the favoured structure for companies in Mauritius.

Board Size

The Constitution of ABC Motors provides that the number of directors shall not be less than two (2) or more than ten (10).

All the directors are re-elected by separate resolution at every Annual Meeting of Shareholders of the Company.

Board Composition

As at 30 June 2021, the Board of ABC Motors was composed as follows:

NAMES OF DIRECTORS	CATEGORY
Mr. Vincent AH-CHUEN	Executive Chairman
Mr. Dean AH-CHUEN	Managing Director
Mr. Raymond AH-CHUEN	Non-Executive Director
Professor Donald AH-CHUEN	Non-Executive Director
Mr. André Marc AH-CHUEN	Non-Executive Director
Mr. David Brian AH-CHUEN	Non-Executive Director
Mr. Ah-Lan LAM YAN FOON	Non-Executive Director
Mr. Hai Ping CHUNG TUNG	Independent Director
Mr. Kee Koun TIN KIONG FONG	Independent Director
Mr. Voon Yue Choon WAN MIN KEE	Independent Director

Alternate Directors

Mr. Brian Ah-Chuen acts as alternate director to Mr. Raymond Ah-Chuen
Mrs. Valerie Ah-Chuen Juban acts as alternate director to Mr. Vincent Ah-Chuen

There is a clear separation of the roles of the Executive Chairman and the Managing Director.

On the one hand, Mr. Vincent Ah-Chuen, in his role as Executive Chairman, is responsible for leading the Board and ascertaining its effectiveness. He is also responsible for ensuring that the directors receive accurate and timely information and he encourages the active participation of all Board members in discussions and decisions. With his wide experience and strong knowledge of the Company and its industry, the Chairman is in an excellent position to oversee the affairs of the Company while ensuring that value is being created for all stakeholders.

PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Board Composition (Cont'd)

In his capacity as Managing Director, Mr. Dean Ah-Chuen, is responsible for the executive management of the operations of the Company and for implementing its short- to long-term strategies, objectives and vision.

The directors' profiles and their directorships in other listed companies are set out on pages 33 to 38 of this Annual Report and are available on the Company's website.

We wish to highlight that the Nomination and Remuneration Committee has reconsidered the guidelines included in the Code with regard to the determination of the independence of a director. Although the said Committee relied more on experience, expertise, integrity, objectivity and independent judgement of directors, it has initiated in consultation with the Board, the review of the board composition of the Company through the recruitment of new independent non-executive directors. Two potential candidates have already been earmarked and will be submitted for election at the next Annual Meeting of Shareholders to be held in December 2021.

Board Balance and Diversity

The directors of ABC Motors are all ordinarily resident of Mauritius.

The Board believes that, based on its size and the industry that it is operating in, the current directors possess the appropriate expertise and knowledge to discharge their duties and responsibilities effectively and to meet the Company's business requirements. With regard to diversity, due consideration is being given to same by the Board in conjunction with the Nomination and Remuneration Committee in order to look for appropriate candidates who would bring value to the Board in terms of skills and experience.

Board Meetings

Board meetings are convened not less than four times a year and appropriate notice is given to the directors. Detailed agenda, together with management reports and other relevant documents, are circulated in advance to the directors to enable them to make focused and informed deliberations at meetings. Urgent decisions of the Board are taken by way of written resolutions, approved and signed by all the directors and are ratified at subsequent Board meetings. During the year under review, the Board met five times. The attendance of directors is set out on page 31 of this Annual Report.

Board Committees

The Board is supported by its Committees that provide in-depth focus on specific areas and make recommendations on matters delegated to them, encompassing internal control, financial reporting, strategy and remuneration issues. Each Committee has its own terms of reference that is approved by the Board and is reviewed as and when necessary.

PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Board Committees (Cont'd)

Audit and Risk Committee

The Audit and Risk Committee has been established by the Board to assist it in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

The Committee provides a forum for the discussion of business risks and control issues faced by the Company. Relevant recommendations are thus generated for consideration by the Board. The Committee also monitors the role and scope of work of internal auditors. It has the authority to conduct investigations into any matter within its scope of responsibilities and to obtain such outside or other independent professional advice as it considers necessary to carry out its duties.

The Committee normally meets on a quarterly basis and during the financial year under review, the Committee met four times.

Members of the Audit and Risk Committee as at 30 June 2021 were:

Chairman:	Mr. Voon Yue Choon Wan Min Kee	Independent Director
Members:	Mr. Hai Ping Chung Tung Mr. Ah-Lan Lam Yan Foon	Independent Director Non-Executive Director

Corporate Governance Committee

The Corporate Governance Committee has been established by the Board to oversee the application of corporate governance provisions within the organisation and to make such recommendations to the Board as may be required to ensure strict adherence to the Code. Hence, the Company remains effective and complies with prevailing corporate governance principles.

The Committee normally meets on a yearly basis and during the financial year under review, the Committee met once.

Members of the Corporate Governance Committee as at 30 June 2021 were:

Chairman:	Mr. Hai Ping Chung Tung	Independent Director
Members:	Mr. Ah-Lan Lam Yan Foon Mr. Voon Yue Choon Wan Min Kee	Non- Executive Director Independent Director

PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Board Committees (Cont'd)

Nomination and Remuneration Committee

The main responsibilities of the Nomination and Remuneration Committee is to make recommendations for the appointment of directors to the Board, changes to be made to Board composition, policy in respect of Executive and Senior Management's remuneration and the periodic review of the terms and conditions relating to Executive Directors' service agreements.

The Committee normally meets on a yearly basis and during the financial year under review, the Committee met three times.

Members of the Nomination and Remuneration Committee as at 30 June 2021 were:

Chairman:	Mr. Hai Ping Chung Tung	Independent Director
Members:	Professor Donald Ah-Chuen Mr. Vincent Ah- Chuen	Non-Executive Director Executive Chairman

Attendance of Directors at Board Meetings and Committee Meetings for the year under review

	Board Meetings	Audit and Risk Committee Meetings	Corporate Governance Committee Meetings	Nomination and Remuneration Committee Meetings
AH-CHUEN Raymond	1			
AH-CHUEN Donald	5			3
AH-CHUEN Vincent	5			3
AH-CHUEN André Marc	5			
AH-CHUEN Dean	5			
AH-CHUEN David Brian [(1)]	5			
CHUNG TUNG Hai Ping	5	4	1	3
LAM YAN FOON Ah-Lan	5	4	1	
TIN KIONG FONG Kee Koun	5			
WAN MIN KEE Voon Yue Choon	5	4	1	
Total Number of Meetings	**5**	**4**	**1**	**3**

(1) Mr. David Brian Ah-Chuen acted as the alternate director of Mr. Raymond Ah-Chuen at four Board meetings during the financial year.

PRINCIPLE THREE – DIRECTOR APPOINTMENT PROCEDURES

Appointment and Re-election of Directors

The Nomination and Remuneration Committee makes recommendations to the Board for the appointment of directors to either fill a casual vacancy or as an additional member of the Board and ensures that the number of directors is not less than two (2) or more than ten (10) as stipulated in the Constitution of the Company.

Newly appointed directors are subject to election in their first year of appointment by the shareholders of the Company at its Annual Meeting. As a listed entity, ABC Motors is required to submit to the Regulators all documents pertaining to any newly appointed director. In accordance with the Mauritius Companies Act 2001, directors aged 70 and above are subject to annual re-appointment.

Induction and Orientation

On appointment to the Board, new directors receive a comprehensive induction pack and an orientation programme.

Professional Development

Directors of ABC Motors are encouraged to follow continuous professional development courses/training to keep up to date with industry, legal and regulatory developments.

Succession Planning

The Board of Directors of ABC Motors believes that effective succession planning is essential to the delivery of the Company's strategic aims by ensuring the desired training and development needs of current and potential Board members. The Board is also committed to recognising and nurturing talents within executive and management levels across the Company to ensure that it creates opportunities to develop current and future leaders.

CORPORATE GOVERNANCE REPORT (CONT'D)

PROFILE OF DIRECTORS

MR. VINCENT AH-CHUEN
EXECUTIVE CHAIRMAN

Mr. Vincent Ah-Chuen was elected as Executive Chairman of the Company on 12 February 2018. He is a skilled and experienced entrepreneur and has played a key role in the development and diversification of the ABC Group of Companies, whilst having overall responsibility over its Shipping Cluster. He is the Managing Director of ABC Group of Companies and is actively involved in various socio-cultural and religious non-profit associations.

In December 2016, he obtained the World Business Leadership Excellence Award. He is the Chairman of P.O.L.I.C.Y Limited and MUA Stockbroking Ltd and a director of Phoenix Transafrica Holdings Ltd (Kenya). He also holds directorship in listed companies on the Official Market namely MUA Ltd & P.O.L.I.C.Y Limited.

MR. DEAN AH-CHUEN
MANAGING DIRECTOR

Mr. Dean Ah-Chuen holds a BA degree in Computer Science from the University of Sydney (Australia) and holds an MBA in International Business from the University of Western Sydney.

Dean Ah-Chuen worked for Westpac Banking Corporation (Australia) in the IT Division and for Toyota before returning to Mauritius in 1994 where he joined ABC MOTORS COMPANY LIMITED as Business Development Manager. As at date, he is the Managing Director of ABC MOTORS COMPANY LIMITED, now listed on DEM with overall responsibility for the Automobile Cluster, and also Managing Director of the Shipping & Logistics, Property and Insurance clusters of the ABC Group of Companies.

He is a Non-Executive Director of ABC Banking Corporation Ltd, listed on DEM. He is currently an independent director on the Board of Harel Mallac & Co Ltd, a listed company, and also a Board member of Lovebridge Ltd (a joint private / public project to assist poor income families). He is also a member of the Board of Directors of the Trust Fund for Excellence in Sports; an organisation set up by the Government of Mauritius and also a Benefactor of the Court of the University of Mauritius since May 2019. Previously, he was a director of the Mauritius Post & Co-operative Bank Ltd. He was appointed to the Board of Directors in June 2002.

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 a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of the Institute of Chartered Accountants of Australia and holds an M.C.I.P.D (Chartered Institute of Personnel & Development, UK).

Professor Donald's long career started with his appointment as the first Chief Internal Auditor of the Central Electricity Board of Mauritius followed by his promotion three years later to the position of Secretary and Head of Administration of the same organization. His hard work, administrative skills and initiatives, especially in bringing stability in the company's state of Industrial Relations and securing a durable long-term Agreement on Wages and Conditions of Employment with the Workers' Union which is automatically renewable yearly unless rescinded, were greatly appreciated by the Board which then granted him a scholarship to undertake post-graduate studies in Management in the UK. Shortly after successful completion of his studies he joined the University of Mauritius to Head the Centre of Professional Studies and in 1975 he became the first Mauritian to be appointed Professor of Management and Head of the School of Administration of the University. He subsequently served as Pro-Vice Chancellor of the University before he decided to move to Australia.

Professor Donald worked for a period of 12 years in Sydney in important professional roles in both Academia & Industry, becoming the CEO of Graham Group of Companies and finishing with distinction as Chairman of the Association of Steel Galvanizing Enterprises of Australia after which he returned to Mauritius in 1995 to contribute in the consolidation, diversification and further development of the ABC Group of Companies.

Professor Donald is a director of the Stock Exchange of Mauritius Ltd (SEM) and was its Chairman for the year 2018. He is also a director of P.O.L.I.C.Y Limited and the Managing Director of ABC Banking Corporation Ltd, listed on the SEM and DEM respectively. He is a former Board Director of the Development Bank of Mauritius and the Bank of Mauritius, and former Chairman of the Standard Bank (Mauritius) Ltd of South Africa. His other previous responsibilities include the Presidency of the Mauritius Chamber of Commerce and Industry, the Chinese Chamber of Commerce, the Mauritian Institute of Management and the Association of Accountants of Mauritius, the Chairmanship of the Tertiary Education Commission of Mauritius, and that of the Mauritius Broadcasting Corporation.

Professor Donald was called by the Authorities to serve as a member of the Commission of Inquiry on Education, the Committee of Inquiry on the Amcol Project of Domaine Les Pailles, and as Chairman of the Committee of Inquiry on the Industrial Disputes in the Public Hospitals Service.

Prior to his appointment as Managing Director of ABC Banking Corporation Ltd in January 2012, Professor Donald was the founding Chairman of the bank which was originally set up by him as the ABC Finance & Leasing Company before its subsequent establishment 13 years later as a fully-fledged commercial bank.

Finally, in 2009 he was conferred by Government 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 contributions to Commerce and Industry, Banking & Financial Services, and Tertiary Education.

PROFILE OF DIRECTORS (CONT'D)

MR. RAYMOND AH-CHUEN
NON-EXECUTIVE DIRECTOR

Mr. Raymond Ah-Chuen holds a Diploma in Business Administration from the University of Waterloo, Canada. He served as President of the Chinese Chamber of Commerce in 1978 and had also been a director in other companies such as New Goodwill Ltd, Crystal Textile Co. Ltd and The Mauritius Commercial Bank Limited. Mr. Raymond is the Chairman of several companies within the ABC Group of Companies..

MR. ANDRÉ MARC AH-CHUEN
NON-EXECUTIVE DIRECTOR

Mr. Marc Ah-Chuen is the Managing Director of CHUE WING & COMPANY LIMITED which specializes in the food imports, production and distribution under the ABC Foods Cluster. He has long standing experience in the Fast-moving consumer goods (FMCG) sector.

MR. DAVID BRIAN AH-CHUEN
NON-EXECUTIVE DIRECTOR

Mr. Brian Ah-Chuen holds a BBA Honours from Schulich School of Business, York University, Toronto, Canada.

Currently the Strategic Business Executive Director of ABC Banking Corporation Ltd, a listed company, he has in this capacity overseen major projects including the opening of the ABC Banking Representative Office in Hong Kong, the setting up of the Private Banking department and the opening of the ABC Private Banking Lounge.

He previously held various managerial positions within other companies of ABC Group of Companies. As Executive Director of ABC AUTOTECH LTD (ABC Automobile Cluster), he successfully introduced the Alfa Romeo and Fiat brands in Mauritius. Moreover, in a quest for expansion and modernisation, the relocation of CHUE WING & COMPANY LIMITED (ABC Foods) from Port Louis to Trianon happened during his tenure as Executive Director. He was also the Executive Director of Marina Resort, a 4-star hotel previously owned by the ABC Group of Companies.

Mr. Brian was a past President of the Chinese Chamber of Commerce and Board Member of the Mauritius Chamber of Commerce & Industry (MCCI). He is currently Alternate Director of the Mauritius Union Group (which is listed on the SEM) and also Board Member of the Risk Management Association as well as Business Mauritius' Africa Strategy Committee. Mr. Brian is a Fellow member of the Mauritius Institute of Directors (MIoD).

PROFILE OF DIRECTORS (CONT'D)

MRS. VALERIE AH-CHUEN JUBAN
ALT. DIRECTOR TO MR. VINCENT AH-CHUEN

Mrs. Valerie Ah-Chuen currently holds the position of Strategic Manager at SPEEDFREIGHT LTD, one of the leading companies of the Shipping Cluster of ABC Group of Companies that is specialised in Freight Forwarding and Warehousing of goods. She holds a BBA (Bachelor of Business Administration) from the European University of Toulouse, France. She previously occupied the posts of Business Development Manager at SPEEDFREIGHT LTD, Marketing Executive of the Life Assurance Department of GOOD HARVEST LIMITED (an accredited Agent of the Mauritius Union General Insurance) and Business Development Manager at ABC Capital Ltd.

MR. HAI PING CHUNG TUNG
INDEPENDENT DIRECTOR

Mr. Robert Hai Ping Chung Tung had pursued professional accountancy studies in the UK and has a vast experience in the fields of accounting, finance, general management, manufacturing and distribution. He worked with the British American Tobacco (Mauritius) PLC for 33 years and was seconded on duty to the BAT Group Head Office in the UK, thereby promoted as Finance Manager & Deputy General Manager until his early retirement. He subsequently joined the ABC Automobile Cluster as General Manager and thereafter was appointed ABC Group of Companies' *Director & Consultant* which function he assumes until presently. He was previously the President of the Chinese Chamber of Commerce and a Council Member of the Mauritius Chamber of Commerce & Industry.

PROFILE OF DIRECTORS (CONT'D)

MR. AH-LAN LAM YAN FOON
NON-EXECUTIVE DIRECTOR

Mr. Ah-Lan Lam Yan Foon is a Fellow member of the Association of Chartered Certified Accountants. He worked for 10 years in an international firm of Chartered Accountants where he acquired experience in various sectors of the economy. Over 24 years, he worked for a leading Freight Forwarding and Shipping Organisation within 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 the various fields of Finance and Management.

Mr. Ah-Lan is the founder member of 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.

Mr. Ah-Lan 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 and is currently the Vice President of the Mauritius Economic Society (founded in 1962). He is also the Chairman of ABC Group Pension Fund.

Mr. Ah-Lan holds directorship in the following companies:

ABC AUTOTECH LTD, CHUE WING & COMPANY LIMITED, Expert Leasing Ltd, ORIENTAL FOODS LIMITED, SPEEDFREIGHT LTD AND P.O.L.I.C.Y Limited (a company listed on the Official Market of the Stock Exchange of Mauritius).

MR. KEE KOUN TIN KIONG FONG
INDEPENDENT DIRECTOR

Mr. Kee Koun Tin Kiong Fong is the Managing Director of a family group of companies. Mr. Kee Koun was appointed as independent director of the Company on 25 November 2014.

PROFILE OF DIRECTORS (CONT'D)/ SENIOR MANAGEMENT

MR. VOON YUE CHOON WAN MIN KEE
INDEPENDENT DIRECTOR

Mr. Voon Yue Choon Wan Min Kee also known as Henri Wan is a Fellow member of the Institute of Chartered Accountants in England and Wales and reckons over 35 years of professional experience in practice and industry both in the UK and Mauritius. His experience is wide ranging and includes accountancy, taxation, auditing, training, consultancy, quality management system (ISO 9001:2008), risk management, legal and compliance matters, human resource management, business development and administration, finance management and mergers and acquisitions. During his career, he had worked with sole traders through to multi-national companies operating in various sectors of the economy. He also holds directorship in ABC AUTOTECH LTD and Expert Leasing Ltd of the ABC Group of Companies.

MR. JOSEPH ANTHONY TSEUNG SUM FOI
CHIEF OPERATING OFFICER

Chief Operating Officer (until 30 June 2021) & Strategic Business Development Advisor (since 01 July 2021)

Mr. Joseph Anthony Tseung Sum Foi is a Fellow member of the Association of Chartered Certified Accountants (ACCA) and has been the General Manager of the Automobile Cluster of the ABC Group of Companies since 2001. He previously occupied the posts of Audit and Systems Executive (1996-1998) and Finance and Systems Executive (1998-2001) within the Group. He has been appointed as Chief Operating Officer from October 2017 to June 2021 and is the Company's Strategic Business Development Advisor since 01 July 2021.

He is currently the Chairman of Expert Leasing Ltd and holds directorship in Kenyon Limited, a company incorporated in Kenya where it is engaged in automobile activities.

His previous responsibilities were:

- Audit Senior with Kemp Chatteris & Touche, *Chartered Accountants*
- Supervisor with Kneller Davis & Co. *Chartered Accountants – London*
- Supervisor with De Chazal Du Mée & Co. *Chartered Accountants*
- Financial Controller of JM Goupille & Co. Ltd, Member of the Rogers Group
- Manager – C.I.M Limited, Member of the Rogers Group
- General Manager of C.I.M Limited and Galaxy Showrooms

PROFILE OF SENIOR MANAGEMENT (CONT'D)

MR. JOSE ALAIN NG WING YIK
CHIEF FINANCIAL OFFICER

Chief Financial Officer (until 30 June 2021) & Chief Operating Officer (since 01 July 2021)

Mr. Jose Alain Ng Wing Yik is a Fellow member of the Association of Chartered Certified Accountants (ACCA) and holds an MBA from the University of Birmingham (UK).

He worked at Kemp Chatteris, Deloitte & Touche, Rey & Lenferna Ltd before joining ABC MOTORS COMPANY LIMITED in 1998 as Financial Controller. With more than 20 years of working experience, he has a solid background in the fields of finance, audit, taxation and strategic management. Mr. Alain has been appointed as Chief Financial Officer from October 2017 to June 2021 and thereafter promoted to Chief Operating Officer as from 01 July 2021.

MR. NITISH GUNGABISSOON
CHIEF MANAGER

Mr. Nitish Gungabissoon holds a degree in Business Science – Honours in Marketing from the University of Cape Town. He is also a graduate from the Essec General Management Program.

After his graduation in February 2001, he joined ABC MOTORS COMPANY LIMITED as Customer Relations Executive. In 2003, he was appointed as NSSW (Nissan Sales & Service Way) Coordinator for Sales and After Sales and in 2004 he was promoted to the post of Sales Manager for Nissan Vehicles and Passenger Light Commercial Department. In July 2011, he became the Senior Sales Manager of Nissan Passenger Light Commercial and Premium Vehicles Departments.

Since July 2018, Mr. Nitish has been promoted to the position of Chief Manager of ABC Motors, overseeing the sales and after sales divisions for all the brands represented by ABC Motors.

PRINCIPLE FOUR – DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

Legal Duties

The directors of ABC Motors are aware of their legal duties and responsibilities in accordance with the Mauritius Companies Act 2001 and the Code. Besides, the directors maintain a reputation for high standards of business conduct and ethics and perform their duties with due care, skill and diligence.

Code of Conduct & Ethics

ABC Motors has adopted a Code of Conduct & Ethics which encompasses the Company's core values and the standard of dealings that the public at large can uncompromisingly expect. ABC Motors does not tolerate corruption in any form, whether direct or indirect, and works proactively to prevent it. This code is designed to help employees at all levels to understand their responsibilities, carry out their duties with due diligence, honesty and integrity, which are fundamental to the reputation and success of the Company.

The Company has also adopted anti-fraud and whistleblowing policies to encourage employees to freely communicate concerns about any illegal, unethical or questionable practices that they may come across to Senior Management or the Internal Auditor without fear of reprisal.

The Code of Conduct & Ethics is reviewed as and when required with the introduction of or amendments to laws and regulations.

Conflict of Interest

Directors must avoid instances that may give rise to conflicts of interest or which may be perceived by others as conflicting situations. Full information on any conflict or potential conflict of interest is made known to the Board and recorded accordingly. The onus is on the directors to advise the Board on any change in their situation.

On declaration of his interest, the concerned director shall not participate in the discussions and/or decision-making process on the transaction in relation to which conflict arises but may continue to be present unless the Chairman judges otherwise. The transaction may however be concluded and approved at market terms and conditions. Related party transactions will also be disclosed in accordance with accounting policies and standards.

PRINCIPLE FOUR – DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

Information, Information Technology (IT) and Information Security Governance

The Board is responsible for the information governance whereas the management of information technology as well as the Information Security Governance have been delegated to the IT function, which falls under the responsibility of the IT Manager and Chief Financial Officer. The corresponding policy is available on the website.

The Company has set up a governance model with a set of IT policies and guidelines, and appropriate mechanisms like annual IT business planning, Key Performance Indicators monitoring, budgetary controls and monthly management reviews covering aspects of IT governance and security, threats, service level, incident management, IT capital investment and operating expenditure. Investments in information technology and information system include investment in software, hardware, training and development of IT personnel and adoption of new technologies.

During the year under review, much emphasis was put on business continuity. In that respect, we have successfully implemented our disaster recovery site which is fully operational as a hot site. Moreover, with the 'new normal' relating to COVID-19, IT has become one of the most vital tools to support the business; thus, we allowed employees to telecommute under very strict access control policies. To further enhance the security of our employees and business, we have reworked our telecommuting policy which was enforced by October 2020.

The right of access to information is governed under the Company access control policy and is based on the job profile, level of authority, adequacy of segregation of duties and in compliance with the Data Protection Act 2017 and other relevant laws and regulations. The section below explains the IT policies that has been implemented within the Company.

IT Policies and Procedures

Policies and procedures allow management to communicate the way things should be done and IT policies and procedures are no exception. To this effect, the Company has put in place various IT policies such as access to and usage of the Company's IT facilities and administration and maintenance of IT hardware and systems amongst others that are aimed at maintaining and protecting the integrity of data and information from internal or external cyber-attacks and to ensure the smooth operations of the Company as per the adopted protocol. Likewise, the IT policies contribute to the overall increase in Company's productivity and performance, achieve greater efficiencies and positive return on investments in technology.

The Company has developed its IT policies based on universally accepted best practices and standards. The IT policies and procedures conform to the two main IT standards namely COBIT and ISO 27002:2013. COBIT is a framework for managing IT risk and was created by Information Systems Audit and Control Association (ISACA).

Management is responsible for the effective implementation of the IT policies and procedures which are overseen by the Audit and Risk Committee. The effectiveness of the policies is also tested during the yearly audit exercise.

PRINCIPLE FOUR – DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

Board Information

The Chairman, with the assistance of the Company Secretary, ensures that directors receive all information necessary for them to perform their duties and that the Board is allocated sufficient time for consultation and decision-making.

Directors' and Officers' Indemnity and Insurance

The Company has contracted the Directors' and Officers' Liability Insurance in order to indemnify and keep indemnified the directors and officers against all actions, suits, claims and liabilities which may properly arise, occur or be sought against them in connection with the Company.

Board Evaluation and Development

The Board's review and evaluation include an assessment of its composition and independence, performance and effectiveness of the Board's responsibilities, maintenance and implementation of the Board's governance, relationship with management as well as an evaluation of its Committees.

An internal evaluation of the Board is conducted on an annual basis through a questionnaire whereby each Board member provides his feedback. The Nomination and Remuneration Committee then evaluates such feedback and makes appropriate recommendations to the Board.

Directors are not evaluated on an individual basis given that the directors forming part of the Board have been appointed in light of their wide range of skills and competencies acquired through their several years of working experience and professional background.

Remuneration

Statement of Remuneration Philosophy

The Company's remuneration philosophy is geared towards encouraging optimal performance on part of every employee within the organisation by rewarding efforts and merits as fairly as possible.

With regard to the Directors, including Executive Directors, their remuneration on an aggregate basis is taken up at the Nomination and Remuneration Committee and ratified by the Board of Directors. In addition to their monthly basic salaries, the Executive Directors are entitled to an annual performance bonus based on the financial results of the Company as well as on their individual contribution thereto. It is to be highlighted that the Company does not make any difference in its remuneration criteria for those Executive Directors approaching retirement.

The Company strongly believes that the achievements and merits of high performing employees should be recognised and rewarded. In that respect, Management and staff are also assessed for the payment of an annual performance bonus.

The remuneration of Directors is disclosed on page 70 of this Annual Report.

PRINCIPLE FOUR – DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

Directors' interests and share dealings

The Directors' interests in the capital of the Company as at 30 June 2021 were as follows:

Directors	Direct Shareholding	Indirect Shareholding
AH-CHUEN Raymond	0.26%	0.87%
AH-CHUEN Donald	3.77%	1.39%
AH-CHUEN Vincent	7.48%	3.93%
AH-CHUEN André Marc	3.81%	3.30%
AH-CHUEN Dean	1.12%	2.01%
AH-CHUEN David Brian	0.10%	0.07%
CHUNG TUNG Hai Ping	0.00%	NIL
LAM YAN FOON Ah-Lan	NIL	0.01%
TIN KIONG FONG Kee Koun	0.00%	NIL
WAN MIN KEE Voon Yue Choon	NIL	NIL

The directors follow the principles of the Model Code for Securities Transactions as detailed in Appendix 6 of the Listing Rules whenever they deal in the shares of the Company.

During the year under review, Mr. Ah-Lan LAM YAN FOON sold the 2,000 ordinary shares held jointly with his late wife in the Company.

PRINCIPLE FIVE – RISK GOVERNANCE AND INTERNAL CONTROL

Risk Management

Risk Management refers to the process by which the Company identifies, monitors and mitigates its exposure to those risks which may arise from time to time from its business operations and its environment. At ABC Motors, Risk Management forms an integral part of the organisation's business management and corporate governance structure. The directors therefore strongly advocate the belief that a structure which embeds good governance principles, and a risk-based management approach is a critical determinant in achieving the business objectives, success and sustainability.

While the Board is responsible for the overall Risk Management and internal control systems, the monitoring of the Company's Risk Management process has been delegated to the Audit and Risk Committee as per the terms of reference set out in its Charter.

The Company is principally involved in the automobile industry which is a highly competitive sector that is extremely sensitive to changes at both international and domestic levels, the state of the economy, the fiscal policies, market changes and technological progress in the vehicle manufacturing industry itself. The identification of the Company's weaknesses and risks as well as its strengths and opportunities are embedded in the business planning process which is carried out before the beginning of each financial year. Accordingly, appropriate strategies are devised to overcome the major weaknesses identified. Relevant action plans are then initiated to counter risks that may potentially impair the business performance and reputation or negatively impact on the Company's financial stability, cash flow and revenue streams. In the same line, the business planning process provides a structured framework and procedures for the organisation to identify the business opportunities and appropriate strategic directions.

Moreover, the process of risk identification and management has been consolidated through the phased implementation of the ISO 9001:2015 programme. The ISO initiative that started in 2015 with the certification of the Body and Paint workshop has subsequently been extended to the spare parts department and the other service workshops. As at now, the whole aftersales business units are ISO certified. The ISO process has facilitated the setting up of a risk register whereby much emphasis is laid on the treatment of medium and high risks areas.

Moreover, the internal audit function is involved in the Risk Management process. The Internal Auditor has the responsibility to constantly evaluate the quality of the business controls through the conduct of risk-based operational audits, inspection of financial reporting controls and compliance audits. The findings of the internal and external audits are reported at the Audit and Risk Committee meetings, which are generally held on a quarterly basis. The weaknesses and areas of concern as reported by the auditors and/or revealed by self-assessment are discussed and reviewed in such a way to ensure that all necessary corrective actions are initiated promptly by Management.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE FIVE – RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Risk Management (Cont'd)

The Company recognises different risk categories namely market, operational, financial, reputational, legal, tax, compliance and information technology. The extent of their risk exposure and how they are treated are described as follows:

Risks	Exposure	Risk Management Policies
Market risks	Changes in the global and local market environment may adversely affect the cash flow, revenue, profitability and market share of the business.	The Company's business plan and market strategies are regularly reviewed to ensure that corrective actions are taken against any major and potential changes in the market environment that may impair the organisation. Market-driven strategies are deployed to meet the Company's vision of *"always being the outstanding Company in the automobile industry"* and Company's philosophy *"We care for you"*.
Operational risks	Failure to achieve improved and effective procurement, work systems and processes, promised time-to-delivery and service standard that may lead to financial losses and customer dis-satisfaction. Failure to take the necessary measures to mitigate risk of misappropriation, fraud and mis-use of the Company's resources.	Organisational structures, policies and control procedures are regularly reviewed and updated as necessary to minimize the exposure to operational risks. Operational procedures and systems, including detailed job descriptions are documented, explained and made available to employees to ensure their compliance with the Company's guidelines and delivery of the best level of service. In the same context, the Company has set HR mechanisms and strategies in order to have a motivated, experienced and skillful workforce and to retain its key and talented employees.

PRINCIPLE FIVE – RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Risk Management (Cont'd)

Risks	Exposure	Risk Management Policies
Financial risks	Exposure to a variety of financial risks including liquidity, credit, exchange and interest rate risks.	The Company recognizes the significant impact of such risks especially in the prevailing economic and market uncertainty in the global scene and has accordingly put in place a structured finance and treasury unit to manage such risks. These financial risks are further elaborated on page 173 to 182, Note 31 of the financial statements.
Reputational risks	The risk of loss arising from adverse perception of the corporate image by the customers, counterparties and stakeholders. The reputational risk encompasses strategic, financial, operational and compliance risks.	The Company recognizes the negative impact of this risk. The operational systems and controls as well as an effective communication unit put in place help to mitigate this risk. The Company also invests significantly in customer care training and customer service survey at all levels of the organisation. It also ensures the staff's compliance of Know Your Client ("KYC") and Anti-Money Laundering guidelines and procedures.
Legal risks	Exposure to potential legal claims for liabilities which may arise from the day-to-day activities/operations of the business.	Guidance and advice are sought from legal advisors and insurance consultants to safeguard against exposure to potential losses. Adequate insurance policies are in place to cover against such potential claims.
Tax risks	Failure to comply with the prevailing tax legislations or failure to identify changes in tax legislations.	Guidance and advice are sought from tax advisors as required and on-going training on taxation issues provided to staff.

PRINCIPLE FIVE – RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Risk Management (Cont'd)

Risks	Exposure	Risk Management Policies
Compliance risks	Failure to act in accordance with appropriate laws, regulations and prescribed standards as required by the authorities and the Company's franchise principals, thereby exposing the organisation to potential claims for penalties, damages and loss of franchise.	The Company recognizes its responsibility to conduct business in accordance with the relevant laws and regulations and ensures that management continuously comply with the existing and emerging regulations impacting on operations. Ethical business conduct, policies and standards are enforced at all Company levels in order to provide quality service and act with integrity vis-a-vis all stakeholders.
Information Technology ("IT") risks	IT forms an integrated part of operational risk management. IT Risks relate to the possibility that a particular threat will negatively impact on information system by exploiting a particular vulnerability. The threat can be in the form of hackers both internal and external or computer viruses. The vulnerabilities could be poor IT infrastructure including hardware, weak firewalls, a lack of redundant servers and data storage technologies.	The Company promotes a security-conscious culture and has implemented specific IT security policies and procedures which include IT threat and risk assessment and IT Access Control policies. The Company also regularly evaluates its IT systems and network for threats and vulnerabilities to protect its Information Technology assets and reduce the Company's risk. The Company has also adopted a highly-available IT environment by implementing failover computing equipment for critical systems. A yearly IT audit is also carried out to ensure that all IT security controls are effective and as per industry best practices and recommendations.

PRINCIPLE FIVE – RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Risk Management (Cont'd)

Risks	Exposure	Risk Management Policies
Covid-19 & Sanitary risks	Covid-19 can have material impact on an organisation's business continuity, and more importantly on the health & safety of its employees, customers, suppliers and the public at large.	The Company's main priority is to preserve the well-being of its employees and customers through the adoption of strict sanitary protocols, and to ensure that business operations and contingency plans are adjusted to foster business continuity and to provide a safer workplace to its stakeholders. The Company has set up a special Covid-19 Crisis committee to monitor closely the situation. The said Committee reviews and reports on the adherence to the internal Hygiene & Sanitary protocols, including controlled movements, temperature control, wearing of face masks and social distancing. Structured audit exercises as well as awareness sessions are regularly conducted by Safety & Health Officers to ensure engagement and compliance. Management is actively promoting and encouraging vaccination among employees with a view to contribute to the national target of reaching herd immunity.

PRINCIPLE SIX – REPORTING WITH INTEGRITY

Financial Reporting

The directors of ABC Motors affirm their responsibilities for preparing the Annual Report and Financial Statements of the Company which are available on the Company's website.

The Board also considers that the Annual Report and Financial Statements of the Company, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders and other key stakeholders to assess the Company's position, performance and outlook.

ABC Motors is committed to the highest standards of business integrity, transparency and professionalism and ensures that all its activities are managed responsibly and ethically whilst seeking to enhance business value for its shareholders.

Safety and Health at Work

ABC Motors has at heart the Safety, Health and Welfare of its people and commits itself to ensure full compliance with the prevailing legislations.

The Health and Safety Committee reports to management on a regular basis. It ensures that health and safety policies are adhered to, conducts regular audits and maintains awareness campaigns throughout the year.

The Covid-19 Crisis Committee set up in the prior year continues to ensure business continuity. Protocols were reinforced to adapt to the ever-evolving sanitary conditions. The Company undertook an awareness campaign to encourage its employees to get vaccinated. As at 31 August 2021, 92% of the workforce was vaccinated, a rate which is well above the national average.

Environmental Issues

As a responsible employer, ABC Motors is deeply committed to sustainable development and growth through green initiatives. We are also actively involved in recycling used tyres into bins, used oil drums into tables and composting bins.

Engaging People

At ABC Motors, we are governed by our VISION 'To be the most outstanding and innovative Automobile Company in Mauritius', by our MISSION 'to provide the best service and the most unique, enriching experience in the automobile industry whilst also delivering superior value to our stakeholders' and by our VALUES : Connected, Agility, Loyalty, Integrity and Tenacity.

ABC Motors has a workforce of more than 400 employees. The Company is committed to the development and growth of its people and has set up a talent development programme which will enable earmarked individuals to grow into higher positions.

As part of its digital strategy, the Company will be using an E-Learning system for training the teams for the implementation of our new Dealer Management System (Pinnacle). The main benefit of such a system is the convenience of learning, independent of time and place constraints.

PRINCIPLE SIX – REPORTING WITH INTEGRITY (CONT'D)

Corporate Social Responsibility

Social and sustainable actions are at the forefront of ABC Group of Companies' business strategy. This philosophy to doing business, a legacy left by the Founder, Sir Jean Etienne Moilin Ah-Chuen, contributes to perpetuate his values and lifetime contribution to society.

ABC Group of Companies' Corporate Social Responsibility (CSR) programme is carried out through the Sir Jean Etienne Moilin Ah Chuen Foundation (referred to as "the Foundation"), a not-for-profit entity named after the Founder and which implements CSR projects of companies of the ABC Group of Companies under one common programme.

Since its creation in 2013, the Foundation intervenes in four main areas, namely Community Empowerment, Education, Health & Sports and Environment, and has over the past year disbursed Rs.2M, primarily aimed at supporting NGOs and the community.

Community Empowerment

The fight against poverty and the social integration of vulnerable communities is high on the Foundation's agenda.

In this regard, the Foundation has maintained its collaboration with its long-standing partners with the objective of empowering vulnerable communities and promoting inclusive growth.

The Foundation has, over the past year, adopted an enhanced human approach to its actions and has increased its involvement in initiatives carried out by its partner NGOs.

In line with the United Nations Development Goals that aim at eradicating extreme poverty, the Foundation has assisted vulnerable segments of the population in obtaining a housing unit. To facilitate low-income families' access to a house, Rs.667,000, of which Rs.117,000 was obtained through a fundraising exercise carried out among employees of ABC Group of Companies, was donated to *Caritas Ile Maurice* for two social housing projects, namely *Résidence Tulipe* and *Un Toit pour Noël.*

Moreover, the Foundation renewed its partnership with *Caritas Ile Maurice* for the *School Feeding Project*, which provides breakfast to needy primary school children attending Emmanuel Anquetil Government School.

PRINCIPLE SIX – REPORTING WITH INTEGRITY (CONT'D)

Corporate Social Responsibility (Cont'd)

Community Empowerment (Cont'd)

The Foundation also reaffirmed its support to *SOS Children's Village* for the alternative care project, where vulnerable children are placed under the responsibility of caregivers while residing in family houses provided by *SOS Children's Village*, and to *Mouvement Pour le Progrès de Roche Bois* for the social and empowerment support of out-of-school children and their parents.

In the same vein, the Foundation has joined hands with the NGO APPEL for the ARCH Project, that mainly caters for the rehabilitation of male homeless, and for the *Djiboute lor nou prop lipié project*, that consists in entrepreneurship and self-sustainability activities for homeless people in a bid to encourage their social integration.

The Covid-19 pandemic has undeniably affected several households especially those already living below the poverty line. In this context, the Foundation has united with partner NGOs to aid vulnerable groups and accompany them in these difficult times, namely Lovebridge, an NGO that plays an active role in the fight against poverty in Mauritius, and SAFIRE, an association that aims at rehabilitating street-connected young people.

Education

The United Nations Development goals state that inclusive and quality education for all is one of the most powerful and proven vehicles for sustainable development. Education has, in fact, a critical role in the development of a country's economy and society and in that regard, the Foundation has increased its contribution in education-related initiatives.

In the past year, 15 deserving students, enrolled in undergraduate courses at the University of Mauritius, were offered a scholarship under the Sir Jean Etienne Moilin Ah-Chuen Foundation Scholarship Scheme, a scheme that aims at allowing full-time students originating from disadvantaged socio-economic backgrounds to pursue tertiary and vocational training in Mauritius.

Additionally, three students had enrolled at the Collège Technique St Gabriel, a long-time partner of the Foundation, and were given the opportunity to pursue their technical training.

The Foundation also extended its support to Terrain for Interactive Pedagogy Through Arts (TIPA) for its interactive pedagogy programme in ZEP schools and to Emmanuel Anquetil Government School for the purchase of equipment for the storage and distribution of drinking water.

Health & Sports

Sport fosters values that are essential for society and is an important medium for social integration. The Foundation and ABC Group of Companies have accompanied several Mauritian athletes over the years and have contributed to their success on the international scene.

PRINCIPLE SIX – REPORTING WITH INTEGRITY (CONT'D)

Corporate Social Responsibility (Cont'd)

Health & Sports (Cont'd)

In this regard, the Foundation has renewed its partnership with the Magic Club Quatre Bornes to support the para-athlete and gold medalist Noemi Alphonse, the national flag bearer for the 2020 Summer Paralympics in Tokyo.

The Foundation also reiterated its partnership with the Trust Fund for Excellence in Sports to support local athletes and contribute to their success in international competitions.

To better promote the social integration of people with disabilities, the Foundation continued its collaboration with its long-standing partner, Global Rainbow Foundation, a charitable trust founded in 2011 that aims at advocating for the inclusiveness and integration of people with disabilities.

Environment

At ABC Group of Companies, we firmly believe in the protection of the environment and in sustainable development as we aspire to offer a better world to generations to come.

The protection of our natural heritage and local wildlife is sacrosanct if we want to pass on nature's treasures to the next generation. Therefore, and in line with United Nations Sustainable goal 15, that calls for urgent action to reduce the loss of natural habitats and biodiversity, we have renewed our commitment towards the Mauritius Wildlife Foundation for the Echo Parakeet Conservation Project and onboarded the Rodrigues Conservation Project, an initiative that aims at preserving Rodrigues' endemic flora and fauna.

The Foundation reiterated its support towards We-Recycle, an NGO that collects and prepares PET plastic bottle waste for recycling, to contribute to a greener Mauritius. Moreover, recycle bins, crafted by the employees of ABC Group of Companies, were installed across the ABC Group of Companies to encourage staff to recycle PET plastic bottles. Nearly 1,000 bottles were thus collected and remitted to We-Recycle.

The Foundation also collaborated with another NGO, *Mission Verte*, for the recycling of shredded paper collected across the ABC Group of Companies . Over 60 bags of wastepaper have been collected and remitted to the NGO to date, showing our will to make recycling a new norm at ABC Group of Companies.

In line with our commitment to sustainable development, we have continued our partnership with *Association des Planteurs de Pandanus du Sud-Est*, to encourage the production of reusable pandanus (vacoas) shopping bags, The use of these bags contributes to replacing the use of plastic by organic materials and, at the same time, promote local handicraft.

PRINCIPLE SIX – REPORTING WITH INTEGRITY (CONT'D)

Corporate Social Responsibility (Cont'd)

Social Issues / Employee Involvement

The Foundation has always encouraged employee involvement in its social mission and has to date always received active participation in its initiatives.

In August 2020, employees of the ABC Group of Companies, through Staff Welfare Committees, joined hands to protect the pristine beach of Pointe d'Esny during the MV Wakashio oil spill, the most dramatic ecological disaster the country has witnessed to date. Sea booms crafted by staff of the ABC Group of Companies, nets and barrels were dispatched to the disaster zone, and employees volunteered onsite to protect the southeast coast of Mauritius.

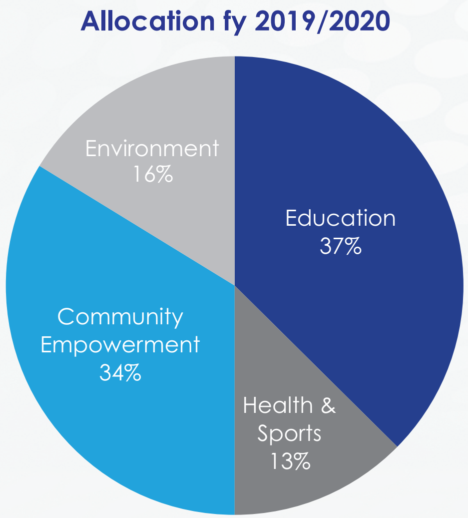
Later that month, ABC Group of Companies employees donated used clothing during an initiative launched by the Foundation. Several cartons of used clothing were thus handed to partner NGOs, namely *Couvent Mère Teresa*, *Abri de Nuit* and *Caritas Roche Bois*. Subsequently, a collection of food items was carried out across the ABC Group of Companies where employees showed their generosity by offering 500kg of foodstuff to needy families affected by the Covid-19 pandemic via *Caritas*, *Foyer Père Laval*, *Couvent Mère Teresa* and *Caritas Abri de Nuit*.

In December, a gift distribution was organized for 200 needy children with the support of *Caritas Tranquebar*, *Caritas Roche Bois* and *Ki Fer Pas Mwa*. Like previous years, the initiative benefitted from the support of employees of the ABC Group of Companies who donated toys and stationery following an internal gift donation operation carried out across the ABC Group of Companies .

The 2021 national lockdown has had significant impact on families already living in difficult conditions, leaving many in extreme financial distress. In order to provide some relief to such families, the Foundation organized a food packs distribution in collaboration with *Caritas Abris de Nuit, Foyer Père Laval, Couvent Mère Teresa* and *Caritas Ile Maurice* to support these families.

Corporate Social Responsibility (Cont'd)

Allocation by area of intervention



Charitable and Political contributions Report

Donations made during the year by the Company and its Subsidiaries were as follows:

	THE COMPANY		THE SUBSIDIARIES	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
CSR paid to Sir Jean Etienne Moilin Ah Chuen Foundation	-	390,699	**104,795**	100,208
Donations	**80,620**	51,134	-	-
Political Donations	-	-	-	300,000
	80,620	441,833	**104,795**	400,208

CORPORATE GOVERNANCE REPORT (CONT'D)

The Foundation conducted several social actions during the past financial year and saw the involvement of ABC Group employees in most of them. Like the previous year, focus has been placed on Community Empowerment.

Sir J.Moilin Ah-Chuen Foundation

August 1, 2020:

The Foundation organises a clothing drive among employees of the Group

August 18, 2020:

WAKASHIO: ABC Group participates in national effort to fight oil spill

September 2, 2020:

The Foundation reiterates its support towards partner NGOsl

October 19, 2020:

The Foundation celebrates the graduation of its scholarship beneficiaries

December 24, 2020:

The Foundation organizes a gift distribution for 200 needy children

February 4, 2021:

ABC Group partners with Caritas Ile Maurice for a social housing project

April 29, 2021:

The Foundation organises a food pack distribution for families affected by the 2021 national lockdown

PRINCIPLE SEVEN – AUDIT

Internal Audit Function

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. Independent assurance is provided on the quality and effectiveness of internal control systems and processes, thus helping to protect the organisation and its reputation.

The primary purpose of internal auditing is to improve organizational efficiency and effectiveness through constructive scrutiny of internal processes, policies and procedures. Also, internal auditing ensures that weaknesses are detected in management operations and provides a basis for correcting deficiencies that have escaped the first line of defence before these deficiencies becomes uncontrollable or are exposed to the external auditors.

Internal auditing helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of risk management, control and governance processes. An internal audit helps the Board and management maintain and improve the process by which risks are identified and managed and helps the Board discharge its responsibilities for maintaining and strengthening the internal control framework. The internal audit function is not responsible for the implementation of controls or for the management and mitigation of risk, the responsibility for which remains with the Board and management.

The internal audit function is independent from operations and finance, and is responsible to:

- Highlight control weakness and inefficiencies to management for corrective measures.
- Provide independent testing & verification of efficacy of corporate standard and business line compliance
- Provide assurance that the risk management process is functioning as designed

The internal audit department operates within the framework of the Charter of the Audit and Risk Committee. In line with its approved audit plan, the internal audit reports are submitted to the Audit and Risk Committee with notification to the Chief Financial Officer (CFO).

The risk assessment exercise as carried out by the internal audit function is performed at both the enterprise and activity levels and is made in coordination with the management to identify perceived areas of risk and potential internal audit projects. The outcome of the assessment is then translated into an audit plan which addresses the critical risks. This is illustrated as per table on page 59.

PRINCIPLE SEVEN – AUDIT (CONT'D)

Information Gathering and Scoping	Developed an Internal Audit Strategy and Plan	Next Steps
A. Gained understanding of business trends and current environmental risk through discussions with personnel with business experience. B. Redefined audit areas and activities based upon organisational structure and other functions. C. COVID-19 requires us to oversee, anticipate, and manage many risks and opportunities. In normal times, the IA function focuses on offering assurance around business-process risks and controls. However, as risks have multiplied and become more complex, IA is required to deliver a wider range of services, often on short notice.	A. Met with key members of management: i. Reviewed and validated risks / areas of concern. ii. Assessed highest priority risks and processes for potential audits. iii. Prioritized projects, based upon potential impact to business performance and likelihood of control / process issues. B. Documented audit plan.	i Review and discuss the risk assessment and proposed audit plan with the Audit and Risk Comittee. ii. Obtain Audit and Risk Comittee approval of audit plan.

Annual audit plans are presented in advance to the Audit and Risk Committee and the progress thereof is reviewed on a quarterly basis. The audit plan covers the areas of major risks that may arise in the business activities of the Company. The plan is essentially based on an assessment of risk areas carried out by the internal audit function, in consultation with the CFO and Senior Management as well as on its own independent appreciation of the key risks that the Company is exposed to.

The audit reports, that include the major risks and shortcomings identified by the internal auditor together with his recommendations to address them and management response thereto, are considered at meetings of the Audit and Risk Committee. Thereafter, management is required to act on the findings and is responsible for implementing corrective actions and mitigating risks measures in respect of the reported control shortcomings, weaknesses and new risks identified. The implementation and effectiveness of the recommended remedial actions are subsequently followed up by the internal auditor and same is duly reported back at the subsequent Audit and Risk Committee meeting.

PRINCIPLE SEVEN – AUDIT (CONT'D)

Internal Audit Function (Cont'd)

As part of the Company's response to the COVID-19 pandemic, working sessions were set to develop a risk assessment of COVID-19. Heads of departments are required to identify and assess the significant risks to the Company because of the pandemic with the support of the senior manager, accountant, and the internal auditor.

Auditors are presented with challenges in three key areas:

- the shift to remote working, which has implications for assets, governance, and audit coverage
- new and more severe risks, for example, around information security
- the need for new strategies and processes, including innovative tools and skill sets, due to the impacts of the pandemic

During the year under review, the scope of work of the internal audit has been amended to some extent due to remote working. The Company has successfully implemented a safe working environment to enable the remote working:

- Report on the compliance level with DPA 2017 and regulations
- Report on the operational and financial control
- Report on the overall control adequacy in respect of the debtors and cash cycle
- Report on the procedures' validity in respect of the work in progress control in workshop
- Due to the new sanitary protocol, we instilled the perpetual inventory instead of the full inventory count as the latter implies the presence of too many employees in a closed area. For the annual inventory at 30 June 2021, we carried out physical count of only 20% of total inventory lines that however represented 80% of the total stock value.
- With the introduction of the CSG, a special audit was carried out to check the control adequacy of the monthly contribution return

No restrictions have been placed on the right of access to the records, management and employees.

Audit and Risk Committee

The role of the Audit and Risk Committee is defined under Principle Two.

External Audit

BDO & Co. was appointed as the external auditors of the Company after the last tender exercise conducted in 2019. The services of the external auditors are subject to annual re-assessment and re-appointment at each annual meeting of the Company.

During the year under review, no other services had been carried out by BDO & Co. for the Company. The review of the tax computations had been carried out by BDO Financial Services Ltd.

PRINCIPLE SEVEN – AUDIT (CONT'D)

External Audit (cont'd)

The Audit and Risk Committee meets twice a year with the external auditors:

(i) to discuss and agree on the audit plan; and

(ii) to review the Company's financial statements, management and representation letter and to assess the effectiveness of the external audit process.

The Audit and Risk Committee also discussed critical policies, judgements and estimates with the external auditor.

The external auditor also has the opportunity to meet the members of the Audit and Risk Committee without management presence.

Furthermore, an assessment of the work and performance of external auditors is carried out yearly both by management and the Audit and Risk Committee. The criteria used for such assessment is as follows:

- Quality of Services provided
- Sufficiency of Audit Firm and Network Resources
- Independence, Objectivity and Professional skepticism

There were no significant issues identified by the Audit and Risk Committee in relation to the last financial statements of the Company.

PRINCIPLE EIGHT – RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Shareholding Profile

ABC MOTORS COMPANY LIMITED is listed on the Development & Enterprise Market (DEM) of the Stock Exchange of Mauritius with an issued and fully paid-up share capital of 6,175,680 ordinary shares of Rs.10.00 each amounting to Rs.61,756,800.00.

Substantial Shareholders

The list of Shareholders holding more than 5% in the Company are as follows:

- Mr. V. Ah-Chuen
- Dragon Electronics Ltd
- Mr. N.H.K. Ngan Chee Wang
- SPEEDFREIGHT LTD
- TEAM INVESTMENT LIMITED
- UNION SHIPPING LIMITED

PRINCIPLE EIGHT – RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

Communication with Shareholders and Stakeholders

The Board of Directors places great importance on transparency and optimal disclosure to Shareholders and ensures that they are kept informed on matters affecting the Company. Shareholders are invited to attend the Company's Annual Meeting which remains the ideal forum for discussion with the directors and the Management team. The Annual Report, including the Notice of the Annual Meeting of Shareholders, is sent to each Shareholder of the Company within the prescribed timeframe.

Dividend Policy

Payment of dividends is subject to the Company's profitability, its cash flow and its funding requirements.

A Certificate of Solvency is signed by all the directors in accordance with the requirements of the Mauritius Companies Act 2001 whenever a dividend is declared by the Board.

Share Option Plans

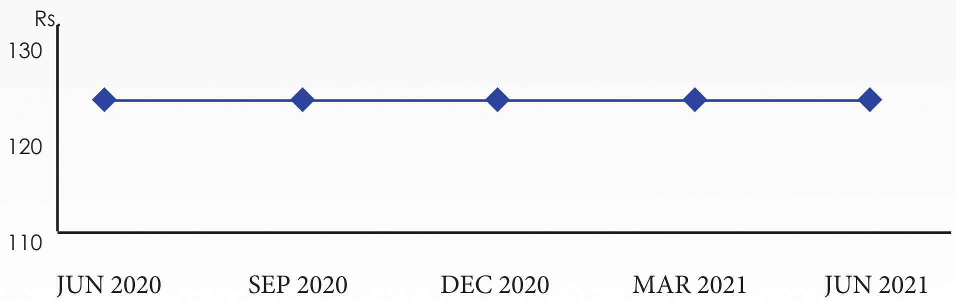
The Company has no share option plan.

Shareholders' Agreement

There is currently no shareholders' agreement affecting the governance of the Company.

Share Price Information

The Company's share price per DEM of the Stock Exchange is illustrated below:



PRINCIPLE EIGHT – RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

Third Party Management Agreement

The Company has not entered into any management agreement with third parties.

Related Party Transactions

For related party transactions, please refer to pages 168 to 170 Note 30 of the Financial Statements.

Website

The website of the Company has been redesigned and necessary disclosures as stipulated in the Code are posted as required and when available.

Timetable of Important Events

Next Financial Year End	June 2022
Next Annual Report	September 2022
Next Annual Meeting of Shareholders	December 2022

Approved by the Board of Directors on 25 October 2021 and signed on its behalf by

....	....
Hai Ping Chung Tung Chairman of the Corporate Governance Committee	ABC Professional & Secretarial Services Ltd Company Secretary *Per Cindy Larose, ACIS*

STATEMENT OF COMPLIANCE

STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity (PIE):	**ABC MOTORS COMPANY LIMITED**
Reporting Period:	**30 June 2021**

We, the directors of ABC MOTORS COMPANY LIMITED, confirm that, to the best of our knowledge, the Company has applied all the principles of the National Code of Corporate Governance for Mauritius (2016) in all material respects.

25 October 2021

Vincent Ah-Chuen
Chairman of the Board

Dean Ah-Chuen
Managing Director

OTHER STATUTORY DISCLOSURES

OTHER STATUTORY DISCLOSURES

(Pursuant to Section 221 of the Mauritius Companies Act 2001)

Principal Activity

The principal activities of the Company comprise of the sales and service of vehicles, trucks, buses, forklifts and accessories of Nissan Motors Co. Ltd and UD Trucks Corporation.

Particulars of Entries in the Interest Register

No entry was made in the Interest Register of the Company and that of its Subsidiaries during the year under review. Only the Executive Directors have a service contract with the Company.

Donations

Donations made during the year were as follows:

	THE COMPANY		THE SUBSIDIARIES	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
CSR paid to Sir Jean Etienne Moilin Ah Chuen Foundation	-	390,699	104,795	100,208
Donations	80,620	51,134	-	-
Political Donations	-	-	-	300,000
	80,620	**441,833**	**104,795**	**400,208**

OTHER STATUTORY DISCLOSURES (CONT'D)

Directors

The directors of the Company and its Subsidiaries as at 30 June 2021 were as follows:

	The Company	ABC Properties Ltd	Stamford Third Ltd	ABC Autotech Ltd	ABC Marketing Ltd	Stuttgart Motors Ltd	Gin Mori Auto Ltd
Mr. Raymond Ah-Chuen	●			●	●	●	●
Professor Donald Ah-Chuen	●	●	●	●	●	●	
Mr. Vincent Ah-Chuen	●	●	●	●	●	●	●
Mr. André Marc Ah-Chuen	●	●	●	●	●	●	●
Mr. Dean Ah-Chuen	●	●	●	●	●	●	●
Mr. David Brian Ah-Chuen	●	●		●	○	●	●
Mr. Hai Ping Chung Tung	●		●	●			●
Mr. Ah-Lan Lam Yan Foon	●			●			●
Mr. Kee Koun Tin Kiong Fong	●						
Mr. Voon Yue Choon Wan Min Kee	●			●			●
Mrs. Valerie Ah-Chuen Juban *(alternate director)*	○	○	○		○	○	
Mr. Mark Cedric Ah Chuen *(alternate director)*		○	○	○	○	○	
Mr. James Lim Teng Chong *(alternate director)*		○					
Mr. Joseph Anthony Tseung Sum Foi *(alternate director)*				○			
Mr. Jose Alain Ng Wing Yik *(alternate director)*				○			

Key:

- ● Director
- ○ Alternate Director

OTHER STATUTORY DISCLOSURES (CONT'D)

Directors' Emoluments

During the financial year ended 30 June 2021, the executive and non-executive & independent directors were entitled to emoluments as follows:

Directors' Emoluments	From the Company		From the Subsidiaries	
	FYE 2021 Rs.	FYE 2020 Rs.	FYE 2021 Rs.	FYE 2020 Rs.
Executive Directors				
Mr. Vincent Ah-Chuen – Executive Chairman	3,054,000	5,066,000	33,000	33,000
Mr. Dean Ah-Chuen – Managing Director	8,706,362	9,592,000	700,000	636,426
Sub-total: Executive Directors	**11,760,362**	**14,658,000**	**733,000**	**669,426**
Non-Executive/Independent Directors				
Mr. Raymond Ah-Chuen	823,753	797,153	30,000	30,000
Professor Donald Ah-Chuen *	1,997,000	4,222,692	18,000	9,000
Mr. Andre Marc Ah-Chuen	405,000	375,000	45,600	70,800
Mr. David Brian Ah-Chuen *(also Alternate Director to Mr. Raymond Ah-Chuen)*	1,215,000	1,179,000	9,000	18,000
Mrs. Valerie Ah-Chuen Juban *(Alternate Director to Mr. Vincent Ah-Chuen)*	15,000	-	-	-
Mr. Hai Ping Chung Tung	4,896,000	4,697,000	41,400	-
Mr. Ah-Lan Lam Yan Foon	172,000	129,000	76,800	53,400
Mr. Kee Koun Tin Kiong Fong	60,000	60,000	-	-
Mr. Voon Yue Choon Wan Min Kee	125,000	141,000	91,200	75,000
Sub-total: Non-Executive/Independent Directors	**9,708,753**	**11,600,845 ****	**312,000**	**256,200**
Grand Total	**21,469,115**	**26,258,845 ****	**1,045,000**	**925,626**

* The amount of Rs.4,222,692 paid to Professor Donald Ah-Chuen for FYE 2020 included a one-off retirement gratuity arrears of Rs.2,157,692 due to him as at 30 June 2019.

** There was a casting error on the Sub-total for non-executive/independent directors for Year 2020 in last year's Annual Report which should read as Rs.11,600,845 instead of Rs.10,803,692. Accordingly, the Grand Total for same year should read as Rs.26,258,845 instead of Rs.25,461,692.

OTHER STATUTORY DISCLOSURES (CONT'D)

External Auditor

The fees (excluding VAT) payable by the Company and its Subsidiaries to the External Auditors for audit and other services were:

	THE COMPANY		THE SUBSIDIARIES	
	FYE 2021 Rs.	FYE 2020 Rs.	FYE 2021 Rs.	FYE 2020 Rs.
Audit Services				
BDO & Co	575,000	550,000	200,000	190,000
Other Firms	-	-	402,250	373,025
	575,000	550,000	602,250	563,025
Other Services*				
BDO & Co	40,000	40,000	24,000	24,000
Other Firms	-	-	39,250	38,650
	40,000	40,000	63,250	62,650

** Other services in 2020 pertain to review of tax computations and were paid to BDO Financial Services Ltd.*

** BDO & Co did not provide any other service during the year*

Approved by the Board of Directors on 25 October 2021 and signed on its behalf by

....
Vincent Ah-Chuen
Chairman of the Board

....
Dean Ah-Chuen
Managing Director

SECRETARY'S CERTIFICATE

SECRETARY'S CERTIFICATE

(Pursuant to Section 166(d) of the Mauritius Companies Act 2001)

We certify that, to the best of our knowledge and belief, the Company has filed, for the financial year ended 30 June 2021, with the Registrar of Companies all such returns as are required under the Mauritius Companies Act 2001.

ABC Professional & Secretarial Services Ltd
Company Secretary
Per Cindy Larose, *ACIS*
25 October 2021

CINDY LAROSE, *ACIS*

DIRECTORS' STATEMENT OF RESPONSIBILITIES

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The directors are responsible for the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the International Financial Reporting Standards (IFRS) and Mauritius Companies Act 2001.

Company law requires the directors to prepare financial statements for the year ended 30 June 2021 which give a true and fair view of the financial position of the Company and the financial performance and cash flows of the Company for that year. In preparing the annual financial statements, the directors have:

- prepared the financial statements on a going concern basis
- maintained adequate accounting records and an effective system of internal controls and risk management
- made judgements and estimates that are reasonable and prudent
- selected suitable accounting policies and applied them consistently
- stated whether applicable accounting standards have been followed, subject to any material departures explained in the financial statements
- safeguarded the assets of the Company by maintaining accounting and internal control systems that are designed to prevent and detect fraud and errors
- ensured that the National Code of Corporate Governance for Mauritius (2016) has been adhered to, or if not, to give reasons where there has been non-application

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

Approved by the Board of Directors on 25 October 2021 and signed on its behalf by

....
Voon Yue Choon Wan Min Kee
Chairman of Audit and Risk Committee

....
Dean Ah-Chuen
Managing Director

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABC MOTORS COMPANY LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of **ABC MOTORS COMPANY LIMITED** and its subsidiaries (the Group), and the Company's separate financial statements on pages 83 to 183 which comprise the statements of financial position as at June 30, 2021, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements 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 83 to 183 give a true and fair view of the financial position of the Group and of the Company as at June 30, 2021, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with 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 Group and of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Report on the audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

KEY AUDIT MATTER	AUDIT RESPONSE
1. Recoverability of trade receivables	
As at June 30, 2021, the Group's gross trade receivables amounted to Rs'000 315,321. The Expected Credit Loss (ECL) allowance for the Group amounted to Rs'000 17,966. The ECL are estimated using a provision matrix by reference to past default experiences of the debtors adjusted by the general conditions of the industry in which debtors operate and forward looking information. The recoverability of debtors is considered to be a key audit matter due the judgement and estimates that need to be applied in arriving at the ECL and the forward looking information. Related disclosure Refer to note 14 of the accompanying financial statements.	Our audit procedures in relation to the computation of the ECL included: • Understanding the methodology used in developing the provision matrix; • Assessing the reasonableness of the assumptions used in the ECL computation and how forward looking information was included; • Testing the accuracy and completeness of the data used in the model and the arithmetical accuracy of the computation of the ECL.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Financial Highlights, Corporate Information, Directors' Report, Company Profile, Other Statutory Disclosures, Secretary's Certificate and Directors' Statement of Responsibilities 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.

Other Information (Cont'd)

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 Reporting Act 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, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

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 Group and 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 Group andthe Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 SHAREHOLDERS OF ABC MOTORS COMPANY LIMITED (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and 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 Group and 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABC MOTORS COMPANY LIMITED (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

From the matters communicated with those charged with governance, 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 auditors' 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.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company or any of its subsidiaries, 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

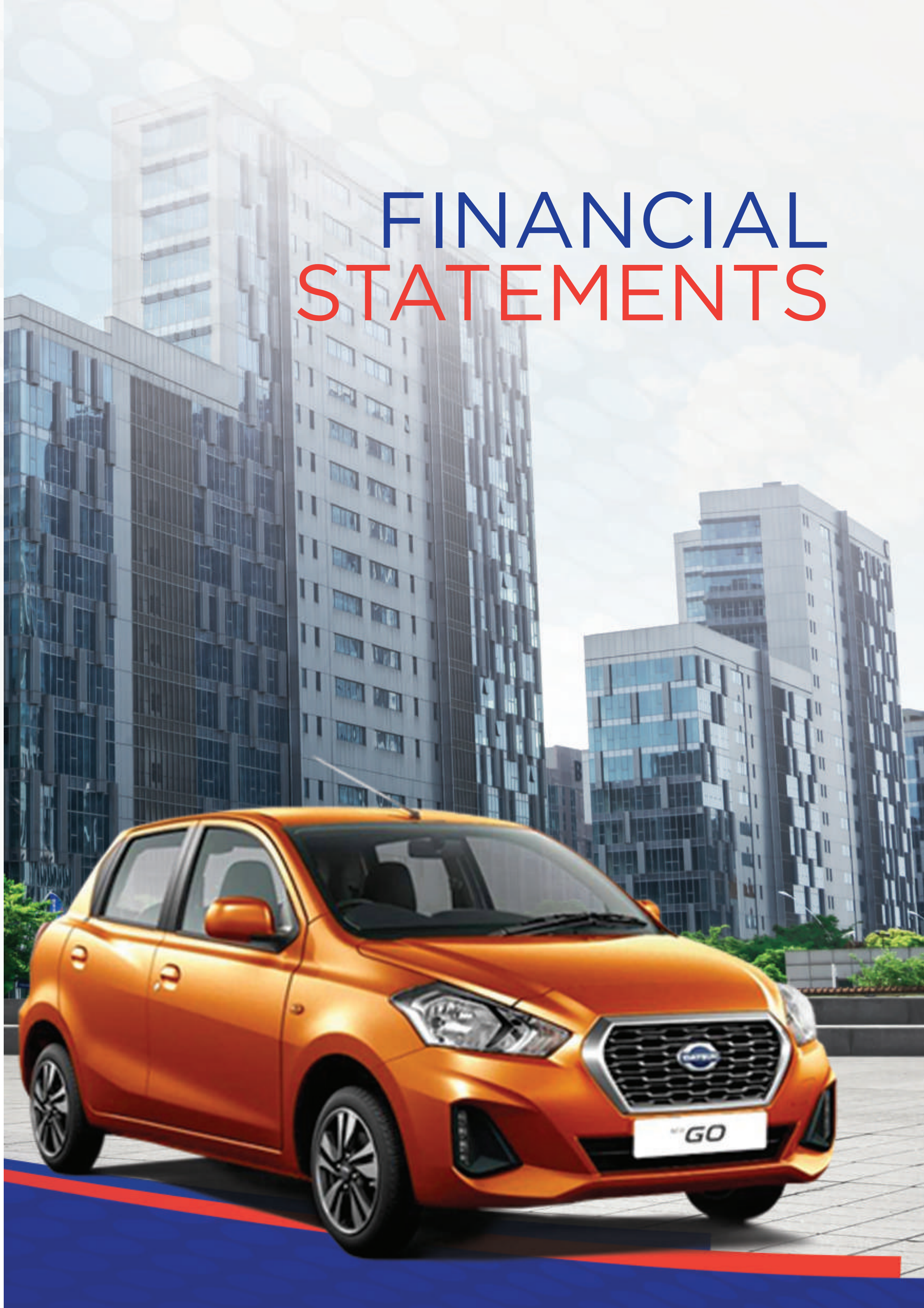
This report is made solely to the members of **ABC MOTORS COMPANY LIMITED** (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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.

BDO & Co
Chartered Accountants

Didier Dabydin, FCA
Licensed by FRC

Port Louis,
Mauritius
25 October 2021

FINANCIAL STATEMENTS



STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	THE GROUP 30 June 2021 Rs '000	THE GROUP 30 June 2020 Rs '000	THE COMPANY 30 June 2021 Rs '000	THE COMPANY 30 June 2020 Rs '000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**854,271**	870,597	**568,650**	588,456
Right-of-use assets	6(a)	**73,715**	97,274	**60,324**	76,750
Investment properties	7	**29,500**	29,500	**161,278**	161,250
Intangible assets	8	**534**	797	**326**	516
Investments in subsidiaries	9	**-**	-	**53,405**	53,405
Investments in associates	10	**279,439**	272,098	**109,286**	109,286
Financial assets at fair value through other comprehensive income	11	**275,590**	240,242	**265,976**	230,660
Other financial assets	27	**1,161**	1,161	**6,711**	4,861
Deferred tax assets	12	**2,343**	549	**-**	-
Total non-current assets		**1,516,553**	1,512,218	**1,225,956**	1,225,184
Current assets					
Inventories	13	**579,631**	793,027	**394,065**	574,113
Trade and other receivables	14	**403,935**	344,379	**364,081**	342,655
Other financial assets	27	**35**	-	**35**	-
Current tax assets	12	**3,082**	2,015	**3,072**	2,127
Cash and bank balances	20	**110,493**	133,133	**88,287**	114,482
Total current assets		**1,097,176**	1,272,554	**849,540**	1,033,377
Total assets		**2,613,729**	2,784,772	**2,075,496**	2,258,561
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	15	**61,904**	61,904	**61,904**	61,904
Other reserves	16	**407,561**	379,129	**285,079**	252,496
Retained earnings		**638,236**	624,491	**561,273**	558,932
Equity attributable to owners of the Company		**1,107,701**	1,065,524	**908,256**	873,332
Non-controlling interests	17	**61,326**	57,658	**-**	-
Total equity		**1,169,027**	1,123,182	**908,256**	873,332
Non-current liabilities					
Loans	18	**208,314**	237,330	**187,594**	215,630
Lease liabilities	6(b)	**58,144**	79,612	**49,766**	65,198
Other financial liabilities	27	**450**	-	**-**	-
Deferred tax liabilities	12	**23,996**	25,688	**16,375**	17,964
Retirement benefit obligations	19	**88,318**	86,855	**79,559**	80,413
Total non-current liabilities		**379,222**	429,485	**333,294**	379,205
Current liabilities					
Bank overdrafts	20	**301,991**	292,915	**218,674**	221,064
Trade and other payables	21	**204,439**	176,268	**178,599**	138,933
Contract liabilities	34(b)	**32,745**	44,716	**15,411**	18,536
Amount due to subsidiary	30	**-**	-	**-**	9,500
Loans	18	**499,374**	695,360	**405,379**	602,770
Lease liabilities	6(b)	**22,641**	21,856	**15,883**	14,531
Other financial liabilities	27	**-**	990	**-**	690
Current tax liabilities	12	**4,290**	-	**-**	-
Total current liabilities		**1,065,480**	1,232,105	**833,946**	1,006,024
Total equity and liabilities		**2,613,729**	2,784,772	**2,075,496**	2,258,561

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021 (CONT'D)

Approved by the Board of Directors and authorised for issue on 25 October 2021

Vincent Ah-Chuen
Chairman of the Board

Dean Ah-Chuen
Managing Director

The notes on pages 91 to 183 form an integral part of these financial statements. Auditor's report on pages 77 to 82.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Notes	THE GROUP 30 June 2021 Rs '000	THE GROUP 30 June 2020 Rs '000	THE COMPANY 30 June 2021 Rs '000	THE COMPANY 30 June 2020 Rs '000
Revenue	34	**2,131,174**	1,995,010	**1,335,463**	1,416,392
Profit/(loss) from operations	22	**69,471**	(2,979)	**45,790**	29,763
Gain on revaluation of investment properties	7	**-**	2,897	**-**	33,817
Loss allowance on trade receivables	14	**(4,150)**	(5,690)	**(3,800)**	(4,930)
Loss allowance on financial assets	22	**-**	(2,239)	**-**	(2,239)
Finance costs	23	**(46,825)**	(63,930)	**(36,634)**	(53,222)
		18,496	(71,941)	**5,356**	3,189
Share of results of associates	10	**11,743**	13,470	**-**	-
Profit/(loss) before taxation		**30,239**	(58,471)	**5,356**	3,189
Income tax	12	**(2,771)**	3,142	**767**	5,828
Profit/(loss) for the year		**27,468**	**(55,329)**	**6,123**	9,017
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Net fair value loss arising on hedging instruments	31	**-**	(13,706)	**-**	(13,706)
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss on investments in equity instruments designated as at FVTOCI	11	**32,848**	(2,165)	**32,816**	(1,177)
Share of fair value gain on investments in equity instruments designated as at FVTOCI of associates	10	**(6,072)**	(8,328)	**-**	-
Remeasurement of defined benefit obligations	19	**(6,460)**	704	**(4,837)**	835
Share of remeasurement of post employment benefit obligations of associates, net of income tax	10	**1,670**	(623)	**-**	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	12	**1,083**	(120)	**822**	(142)
Gains on revaluation of land and buildings	5	**-**	339,324	**-**	236,494
Income tax relating to gain on revaluation of buildings	12	**194**	(41,286)	**-**	(33,602)
		23,263	287,506	**28,801**	202,408
Other comprehensive income, net of income tax		**23,263**	273,800	**28,801**	188,702
Total comprehensive income for the year		**50,731**	218,471	**34,924**	197,719
Profit/(loss) for the year attributable to:					
Owners of the Company		**18,269**	(38,026)		
Non-controlling interests	17	**9,199**	(17,303)		
Profit/(loss) for the year		**27,468**	(55,329)		
Total comprehensive income attributable to:					
Owners of the Company		**42,177**	216,209		
Non-controlling interests	17	**8,554**	2,262		
Total comprehensive income for the year		**50,731**	218,471		
Earnings per share	24	**2.96**	(6.16)		

The notes on pages 91 to 183 form an integral part of these financial statements.
Auditor's report on pages 77 to 82.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

a) THE GROUP

	Notes	Stated capital: Share capital Rs '000	Stated capital: Share premium Rs '000	Stated capital: Total Rs '000	Retained earnings Rs '000	Other Reserves: Regulatory reserve Rs '000	Other Reserves: Investments revaluation reserve Rs '000	Other Reserves: Cash flow hedge reserve Rs '000	Other Reserves: Properties revaluation reserve Rs '000	Other Reserves: Total Rs '000	Attributable to owners of the company Rs '000	Non - controlling interests Rs '000	Total equity Rs '000
Balance at 1 July 2019		61,757	147	61,904	678,681	14,648	95,815	13,706	-	124,169	864,754	56,866	921,620
Issue of shares		-	-	-	-	-	-	-	-	-	-	510	510
Loss for the year		-	-	-	(38,026)	-	-	-	-	-	(38,026)	(17,303)	(55,329)
Other comprehensive income, net of income tax		-	-	-	21	-	(9,975)	(13,706)	277,895	254,214	254,235	19,565	273,800
Total comprehensive income for the year		-	-	-	(38,005)	-	(9,975)	(13,706)	277,895	254,214	216,209	2,262	218,471
Transfer from retained earnings to regulatory reserve		-	-	-	(1,778)	1,778	-	-	-	1,778	-	-	-
Adjustment arising from reduction of ownership interest in associate		-	-	-	1,032	(782)	(250)	-	-	(1,032)	-	-	-
Dividends	28	-	-	-	(15,439)	-	-	-	-	-	(15,439)	(1,980)	(17,419)
Balance at 30 June 2020		61,757	147	61,904	624,491	15,644	85,590	-	277,895	379,129	1,065,524	57,658	1,123,182
Balance at 1 July 2020		61,757	147	61,904	624,491	15,644	85,590	-	277,895	379,129	1,065,524	57,658	1,123,182
Profit for the year		-	-	-	18,269	-	-	-	-	-	18,269	9,199	27,468
Other comprehensive income, net of income tax		-	-	-	(3,044)	-	26,780	-	172	26,952	23,908	(645)	23,263
Total comprehensive income for the year		-	-	-	15,225	-	26,780	-	172	26,952	42,177	8,554	50,731
Transfer from retained earnings to regulatory reserve		-	-	-	(1,713)	1,713	-	-	-	1,713	-	-	-
Transfer of investment revaluation reserve upon disposal of investments in equity instruments designated as at FVTOCI		-	-	-	233	-	(233)	-	-	(233)	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	(4,886)	(4,886)
Balance at 30 June 2021		**61,757**	**147**	**61,904**	**638,236**	**17,357**	**112,137**	**-**	**278,067**	**407,561**	**1,107,701**	**61,326**	**1,169,027**

The notes on pages 91 to 183 form an integral part of these financial statements.
Auditor's report on pages 77 to 82.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

b) THE COMPANY

	Notes	Stated capital			Other Reserves					
		Share capital Rs '000	Share premium Rs '000	Total Rs '000	Retained earnings Rs '000	Investments revaluation reserve Rs '000	Cash flow hedge reserve Rs '000	Properties revaluation reserve Rs '000	Total Rs '000	Total equity Rs '000
Balance at 1 July 2019		61,757	147	61,904	564,661	50,781	13,706	-	64,487	691,052
Profit for the year		-	-	-	9,017	-	-	-	-	9,017
Other comprehensive income, net of income tax		-	-	-	693	(1,177)	(13,706)	202,892	188,009	188,702
Total comprehensive income for the year		-	-	-	9,710	(1,177)	(13,706)	202,892	188,009	197,719
Dividends	28	-	-	-	(15,439)	-	-	-	-	(15,439)
Balance at 30 June 2020		61,757	147	61,904	558,932	49,604	-	202,892	252,496	873,332
Balance at 1 July 2020		61,757	147	61,904	558,932	49,604	-	202,892	252,496	873,332
Profit for the year		-	-	-	6,123	-	-	-	-	6,123
Other comprehensive income, net of income tax		-	-	-	(4,015)	32,816	-	-	32,816	28,801
Total comprehensive income for the year		-	-	-	2,108	32,816	-	-	32,816	34,924
Transfer of investment revaluation reserve upon disposal of investments in equity instruments designated as at FVTOCI		-	-	-	233	(233)	-	-	(233)	-
Balance at 30 June 2021		**61,757**	**147**	**61,904**	**561,273**	**82,187**	**-**	**202,892**	**285,079**	**908,256**

The notes on pages 91 to 183 form an integral part of these financial statements.
Auditor's report on pages 77 to 82.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	THE GROUP		THE COMPANY	
		30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before taxation		**30,239**	(58,471)	**5,356**	3,189
Adjustments for:					
Interest receivable	22	**(3,153)**	(5,729)	**(4,913)**	(9,977)
Profit on disposal of property, plant and equipment	22	**(1,091)**	(2,333)	**(1,094)**	(2,198)
Profit on disposal of investments in associates	22	**-**	(1,417)	**-**	(6,159)
Realised gain on forward contracts		**-**	890	**-**	890
Unrealised gains on forward contracts	22	**(725)**	-	**(725)**	-
Gain/loss on termination of leases		**(121)**	-	**(121)**	-
Loss on disposal of financial assets at fair value through other comprehensive income		**8**	-	**8**	-
Amortisation of intangible assets	8	**316**	326	**243**	253
Depreciation of property, plant and equipment and right-of-use assets	5, 6, 7	**64,883**	59,246	**44,510**	43,651
Gain on fair value of investment properties	7	**-**	(2,897)	**-**	(33,817)
Dividend received	22	**(4,045)**	(9,924)	**(8,705)**	(19,032)
Interest expense	23	**46,825**	63,930	**36,634**	53,222
Retirement benefit obligations		**4,987**	11,547	**4,120**	12,017
Contributions paid to plan assets		**(9,786)**	(9,809)	**(9,786)**	(9,809)
Movement in loss allowance on trade receivables	14	**4,150**	5,690	**3,800**	4,930
Loss allowance on other receivables from related parties	22	**-**	2,239	**-**	2,239
Dividend on preference shares		**-**	260	**-**	-
Share of results of associates	10	**(11,743)**	(13,470)	**-**	-
Operating profit before working capital changes		**120,744**	40,078	**69,327**	39,399
Decrease/(increase) in inventories		**213,396**	(33,412)	**180,048**	(80,580)
(Increase)/decrease in trade and other receivables		**(106,108)**	82,066	**(25,225)**	103,724
Increase/(decrease) in trade and other payables		**59,078**	(45,936)	**36,211**	(58,323)
Cash generated from operating activities		**287,110**	42,796	**260,361**	4,220
Income tax paid	12	**(1,919)**	(5,670)	**(945)**	(4,304)
Net cash generated from/(used in) operating activities		**285,191**	37,126	**259,416**	(84)

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

		THE GROUP		THE COMPANY	
	Notes	**30 June 2021 Rs '000**	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		**3,280**	3,030	**3,215**	2,895
Purchase of intangible assets	8	**(53)**	(355)	**(53)**	(355)
Purchase of property, plant and equipment	25	**(25,504)**	(28,932)	**(9,424)**	(16,060)
Purchase of investment property		**-**	-	**(28)**	(580)
Purchase of investment in subsidiaries	9	**-**	-	**-**	(490)
Purchase of financial assets at fair value through other comprehensive income	11	**(3,233)**	(5,127)	**(3,233)**	(5,127)
Proceeds from sale of financial assets at fair value through other comprehensive income		**725**	-	**725**	-
Proceeds resulting from disposal of interests in associates		**-**	9,902	**-**	9,902
Purchase of other financial assets	27	**-**	-	**(1,850)**	-
Dividend received		**4,045**	16,271	**8,705**	19,032
Interest received		**3,167**	5,729	**4,913**	9,977
Refund of loan from associate		**-**	11,500	**-**	11,500
Net cash (used in)/generated from investing activities		**(17,573)**	12,018	**2,970**	30,694
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans raised		**1,781,472**	1,420,320	**1,775,007**	1,399,627
Principal paid on lease liabilities		**(21,937)**	(20,660)	**(14,630)**	(14,159)
Interest paid on lease liabilities		**(6,036)**	(6,727)	**(4,741)**	(5,041)
Interest paid on loans and borrowings		**(40,623)**	(57,203)	**(31,893)**	(48,181)
Repayment of lease obligations		**-**	(24)	**-**	-
Decrease in amount due to subsidiary		**-**	-	**(9,500)**	-
Dividend paid		**(5,886)**	(17,419)	**-**	(15,439)
Repayment of loans		**(2,006,474)**	(1,325,099)	**(2,000,434)**	(1,325,099)
Proceeds from issue of preference shares		**150**	-	**-**	-
Issue of share capital to non-controlling interests		**-**	510	**-**	-
Net cash (used in)/generated from financing activities		**(299,334)**	(6,302)	**(286,191)**	(8,292)
Net (decrease)/increase in cash and cash equivalents		**(31,716)**	42,842	**(23,805)**	22,318
Cash and cash equivalents at beginning of year		**(159,782)**	(202,624)	**(106,582)**	(128,900)
Cash and cash equivalents at end of year	20	**(191,498)**	(159,782)	**(130,387)**	(106,582)

The notes on pages 91 to 183 form an integral part of these financial statements.
Auditor's report on pages 77 to 82 .

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. INCORPORATION AND ACTIVITIES

ABC MOTORS COMPANY LIMITED (the "Company") is a public company incorporated in Mauritius with its registered office at ABC Centre, Military Road, Port Louis and is listed on the Development Enterprise Market. It is engaged in the importation and sale of motor vehicles and spare parts.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, the Group and the Company have applied all the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to their operations and effective for accounting periods beginning on 1 July 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2.1 New and amended IFRSs applied with no material effect on the financial statements

IAS 1 Presentation of Financial Statements – Amendments regarding the definition of material

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendments regarding the definition of material

IAS 39 Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform

IFRS 3 Business Combinations - Amendments to clarify the definition of a business

IFRS 7 Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform

IFRS 9 Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform

IFRS 16 Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification

2.2 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1 Presentation of Financial Statements – Amendments regarding the classification of liabilities (effective 1 January 2023)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONT'D)

2.2 New and revised Standards in issue but not yet effective (Cont'd)

IAS 1	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective 1 January 2023)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective 1 January 2023)
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective 1 January 2023)
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 1 January 2022)
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
IFRS 3	Business Combinations - Amendments updating a reference to the Conceptual Framework (effective 1 January 2022)
IFRS 7	Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022)
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
IFRS 10	Consolidated Financial Statements - Sale or contribution of assets between an investor and its Associate or Joint Venture
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)

Management anticipates that these IFRSs will be applied on their effective dates in future periods. Management has not yet assessed the potential impact of the application of these amendments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of ABC MOTORS COMPANY LIMITED comply with the Mauritius Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards and the principal accounting policies adopted by the Group and the Company are as follows:

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis except for (i) relevant financial assets that are measured at fair values at the end of each reporting period (ii) land and buildings are carried at revalued amounts (iii) investment properties are stated at their fair values (iv) relevant financial assets and financial liabilities are carried at amortised costs, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

Comparative figures have been regrouped, where necessary, to conform to the current year's presentation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (Cont'd)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiary

Changes in the Group's ownership interests in subsidiary that do not result in the Group losing control over the subsidiary is accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their respective interest in their subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the asset (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate.

(c) Investment in subsidiaries

In the Company's separate financial statements, investment in subsidiaries is stated at cost, unless in the opinion of the directors, there has been a permanent diminution in value, in which event they are written down to recoverable amount. Impairment losses are recognised in profit or loss.

(d) Investment in associates

Associated companies are entities in which the Group or the Company has significant influence but which are neither a subsidiary nor a joint venture of the Group or the Company. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Company states its investments in associates at cost less impairment whereas the Group uses the equity method of accounting to account for its associates. Impairment losses are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Investment in associates (Cont'd)

Consolidated financial statements

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive

Consolidated financial statements (Cont'd)

income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Therefore, if a gain or loss previously recognised in other comprehensive income by the associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

(e) Revenue recognition

Revenue is based on the consideration to which the Group and the Company expect to be entitled in a contract with a customer. The Group and the Company recognise revenue when they transfer control of a product or service to a customer. Control refers to the customer's ability to use vehicles or services in its operation and to obtain the associated cash flow.

Revenue is net of Value Added Tax, rebates, costs associated to customer loyalty programmes and discounts.

Sale of vehicles

Revenue from sale of vehicles is recognised when the control of the vehicle has been transferred to the customer, normally when the vehicle has been registered onto the name of the customer.

The sale of vehicles may include a contractual right, which entitles the customer to a free vehicle maintenance. Such contractual right is included under the customer loyalty program and revenue is recognised as the free vehicle maintenance is performed as a separate performance obligation.

Sale of vehicle combined with a buyback value commitment is recognised when the control of the vehicle has been transferred to the customer. Since the buyback of the vehicle is undertaken by a related party, the Group and the Company do not have any obligation.

Rendering of services

Services include the service and maintenance of vehicles, and sale of spare parts including other after sales products. Revenue is recognised when the control of the service has been transferred to the customer, which is when the Group and the Company incur the associated cost to deliver the service and the customer can benefit from the use of the delivered goods and service.

Most of the revenue is derived from fixed price contracts and therefore the revenue to be earned from each contract is determined by reference to those fixed prices.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Revenue recognition (Cont'd)

Some goods sold by the Group and the Company include warranties which require the Group and the Company to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. On some product lines, a customer is able to take out extended warranties. These are accounted for as separate performance obligations, with the revenue earned recognised on a straight-line basis over the term of the warranty.

'DRIVE' customer loyalty program

The ABC automobile division operates a customer loyalty program through which customer can accumulate points on purchase of vehicles and rendering of services that entitle them to incentives such as discounts or exchange for other related products. This, therefore, constitute a separate performance obligation.

The administration of the customer loyalty program is performed by a related company and revenue from loyalty points is recognised when the points are redeemed by the customer.

Other revenues

Other revenues earned are recognised on the following basis:

- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of a financial asset (after deduction of the loss allowance).
- Dividend income is recognised when the shareholder's right to receive payment is established.
- Recognition of lease income is described in note 3(m).
- Other income are recognised on an accrual basis.

(f) Property, plant and equipment

Land and buildings, used for showrooms, aftersales service and/or administrative purposes, are stated at their fair values, based on periodic valuation by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, plant and equipment (Cont'd)

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as revaluation surplus in shareholder's equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus directly in equity; all other decreases are charged to profit or loss.

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

Freehold building	2%
Building on leasehold land	2%-5%
Improvement to building on leasehold land	5%, 10%
Furniture and fittings	10%
Motor vehicles	20%
Office equipment	10%
Workshop equipment and tools	10%, 33.33%
Electronic equipment	10% - 25%

No depreciation is provided on freehold land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

The asset's residual values, useful lives and depreciation method are reviewed, and adjusted on a prospective basis if appropriate, at the end of each reporting period.

Construction in progress are carried at cost, less any recognised impairment loss. Cost include professional fees and borrowing costs capitalised under qualifying assets. Depreciation of these assets commences when the asset is ready for their intended use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment properties

Investment properties, held to earn rentals/or for capital appreciation or both and not occupied by the Group, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, representing open-market value determined periodically by external independent valuers. Changes in fair values are included in profit or loss in the period in which they arise.

(h) Intangible assets

Intangible assets comprise of computer software. Intangible assets acquired separately are measured on initial recognition at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at each financial year-end with the effect of any changes in estimate being accounted for on a prospective basis. The intangible assets are amortised over a period of 3 to 5 years.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on an individual basis for motor vehicles and on a weighted average basis for spare parts. Cost comprises cost of purchase and all other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Work in progress comprise all costs of purchase, costs of conversion and other costs, including a proportion of relevant overheads, incurred in bringing them to their present location and condition.

(j) Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value. Bank overdraft is included as a component of cash and cash equivalents for the purpose of cash flows.

(k) Foreign currency translation

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Mauritian Rupee rounded to the nearest thousand, which is the presentation currency for the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Foreign currency translation (Cont'd)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated into the entity's functional currency at the rates of exchange prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement and the retranslation of monetary items are recognised in profit or loss.

(l) Taxation

The income tax expense represents the current tax provision and the movement in deferred tax.

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 by 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.

The principal temporary differences arise mainly from accelerated capital allowances, retirement benefit obligations, loss allowances and provisions.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax liabilities are recognised for all taxable temporary differences and deferred income tax assets are recognised for all deductible temporary differences, to the extent that it is probable that taxable profit will be available. Such assets and liabilities are not recorded if the temporary difference arises from the initial recognition of goodwill or 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.

Deferred income 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 income taxes relate to the same taxable entity and the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Taxation (Cont'd)

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(m) Leases

Leases are accounted for by recognising a right-of-use asset and a lease liability except for:

• Leases of low value assets; and

• Leases with a duration of 12 months or less.

Identifying Leases

The Group and the Company account for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;

(b) The Group and the Company obtain substantially all the economic benefits from use of the asset; and

(c) The Group and the Company have the right to direct use of the asset.

The Group considers whether the supplier has substantive substution rights. If the supplier does not have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group and the Company obtain substantially all the economic benefits from use of the asset, the Group and the Company consider only the economic benefits that arise from the use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group and the Company have the right to direct use of the asset, the Group and the Company consider whether they direct how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group and the Company consider whether they were involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group and the Company apply other applicable IFRSs rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the incremental borrowing rate on commencement of the lease is used.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leases (Cont'd)

Identifying Leases (Cont'd)

Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

• amounts expected to be payable under any residual value guarantee;

• the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;

• any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

• lease payments made at or before commencement of the lease;

• initial direct costs incurred; and

• the amount of any provision recognised where the Group and the Company are contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group and the Company revise their estimate of the term of any lease (because, for example, they re-assesse the probability of a lessee extension or termination option being exercised), they adjust the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group and the Company renegotiate the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

• if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leases (Cont'd)

Identifying Leases (Cont'd)

- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the group to use an identified asset and require services to be provided to the group by the lessor, the group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

The Group as lessor

Lease income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(n) Retirement benefit obligations

Defined benefit plans

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent period. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Retirement benefit obligations (Cont'd)

Defined benefit plans (Cont'd)

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Group and the Company present the first two components of defined benefit costs in profit or loss in the line item administrative expenses as part of staff costs. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit liabilities recognised in the statement of financial position represents the actual deficit or surplus in the defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Retirement gratuity - The Workers' Rights Act 2019

For employees who are not covered, (or are insufficiently covered by the above plan), the present value of retirement gratuity, as provided under The Workers' Rights Act 2019, is calculated by a qualified actuary and is provided for and recognised in the statement of financial position as a non-current liability.

State plan

Contributions to the National Pension Scheme are expensed to profit or loss in the period in which they fall due.

(o) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where 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 some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded securities or other available fair value indicators.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(q) Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Group and the Company become party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Financial assets (Cont'd)

Classification of financial assets (Cont'd)

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group and the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group and the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
- the Group and the Company may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial Instruments (Cont'd)

Financial assets (Cont'd)

Classification of financial assets (Cont'd)

(i) Amortised cost and effective interest method (Cont'd)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired where interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

Interest income is recognised in profit or loss and is included in the "Other Income".

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Group and the Company may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is a contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Financial assets (Cont'd)

Classification of financial assets (Cont'd)

(ii) Equity instruments designated as at FVTOCI (Cont'd)

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Other Income' line item in profit or loss.

The Group and the Company have designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Exchange differences are recognised in profit or loss for financial assets measured at amortised cost.

Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company apply the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company compare the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the company operates as well as consideration of various sources of actual and forecast economic information that relate to the Group and the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instruments;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligation;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on the other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its obligations.

Irrespective of the outcome of the above assessment, the Group and the Company presume that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group and the Company have reasonable and supportable information that demonstrate otherwise.

Despite the foregoing, the Group and the Company assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

(i) Significant increase in credit risk (Cont'd)

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business condition in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group and the Company consider a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group and the Company regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes part due.

(ii) Definition of default

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors in full.

Irrespective of the above analysis, the Group and the Company consider that default has occurred when a financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

(iii) Credit impaired financial assets (Cont'd)

(a) Significant financial difficulty of the issuer or the borrower;

(b) A breach of contract, such as a default or past due event;

(c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) The disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group and the Company write off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's and the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group and the Company in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the original effective interest rate.

The Group and the Company recognise an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Financial assets (Cont'd)

Derecognition of financial assets (Cont'd)

recognise their retained interest in the asset and an associated liability for amounts they may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group and the Company have elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Financial liabilities and equity (Cont'd)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and retranslated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group and the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group and the Company enter into a variety of derivative financial instruments to manage their exposure to foreign exchange risks, including foreign exchange forward contracts.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group and the Company have both legal right and intention to offset. A derivative is presented as non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group and the Company designate certain derivatives as hedging instruments in respect of foreign currency risk in cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

The Group and the Company discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires, or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Forward foreign exchange contracts

The Group enters into derivative financial instruments to manage its exposure to foreign exchange risk, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to the fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which even the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(r) Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management personnel of the reporting entity. An entity is related to a reporting entity if both of them are members of the same group or one of them is either an associate or joint venture of the other entity. Related party can also arise if the entity is a post-employment benefit plan for the employee of the reporting entity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(t) Expense recognition

All expenses are recognised in profit or loss on the accrual basis.

(u) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree, if any, over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, the excess is recognised immediately in profit or loss as a bargain purchase gain.

(v) Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit and the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and Company's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's and Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Increase in credit risk

IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group and the Company take into account qualitative and quantitative reasonable and supportable forward looking information.

Investment in subsidiary and associates

Management applies judgment in assessing whether the Company controls or exercise significant influence on investees (Refer to notes 9 & 10).

Going Concern

With the advent of Covid-19, management undertook corrective actions in terms of preserving cash flow, devising new market strategies, and closely monitoring stock levels as a result of the global supply chain issues. This resulted in improved results at Group and Company level in 2021 as compared to 2020 and in the fulfillment of all contract obligations.

Based on cash flow forecasts, the directors are of the view that it is appropriate to adopt the going concern basis for the preparation of the financial statements.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Calculation of loss allowance

The Group and the Company use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on the past due days of customers grouped into various customer segments that have similar loss patterns (i.e., by customer type and coverage by credit insurance).

The provision matrix is initially based on the Group's and the Company's historical loss rates which represent credit sales not recovered after 1 year. The Group and the Company will calibrate the matrix to adjust the historical loss rate with forward-looking information if required. At every reporting date, the historical observed loss rates are updated and changes in the forward-looking estimates are analysed. The impact of Covid-19 on the most affected sectors has been taken into consideration in the forward looking information. The loss allowances have not been significantly affected by the impact of Covid-19.

When measuring ECL, the Group and the Company use reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future (Refer to note 14).

Retirement benefit obligations

Retirement benefit obligations are dependent on the actuarial assumptions as disclosed in note 19. The actuarial assumptions and calculations are made separately for each defined benefit and defined contribution plan. The actuarial assumptions are reviewed annually by the Directors and modified when deemed appropriate. The Group determines the appropriate discount rate which is used to determine the present value of estimated future cash outflows expected to be required to settle pension obligations. The Group considers the interest rates on government bonds that have terms approximating the terms of the related pension obligation.

Fair value of unquoted equity investments

The Group and the Company hold unquoted equity investments that are not quoted on active markets and which are required to be fair valued at each reporting date. The fair value of unquoted equity investments is based on the Net Assets Value of the investee based on their latest available management accounts as at reporting date. The fair value of the unquoted equity investments are therefore sensitive to changes in the Net Assets Value of the investee.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (Cont'd)

Inventory obsolescence

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product level for estimates excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological change and physical issues. Covid-19 has not had a significant impact on the inventory obsolescence.

Revaluation of property

In preparing these financial statements, the Directors have obtained from an independent professional valuer the estimated fair value of the Group's land and buildings which is disclosed in notes 5 and 7 to the financial statements. The valuer used the Direct Market Comparison Approach, adjusted for specific conditions, to value the land and buildings.

Limitation of sensitivity analysis

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

Sensivity analysis does not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

Asset lives and residual values

Property, plant and equipment are 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 market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on disposal of similar assets.

Leases

Lease arrangements contain extension and termination options. Management has applied judgement to determine whether these options will be exercised and for how long. Management has also applied a degree of judgement to arrive at the discount rate, which is the incremental borrowing rate defined as the rate the Group would have to pay over a similar term and with similar security.

5. PROPERTY, PLANT AND EQUIPMENT

a) THE GROUP

	Notes	Freehold land Rs '000	Freehold building Rs '000	Building on leasehold land Rs '000	Improvement to building on leasehold land Rs '000	Furniture and fittings Rs '000	Motor vehicles Rs '000	Office equipment Rs '000	Workshop equipment and tools Rs '000	Electronic equipment Rs '000	Construction in progress Rs '000	Total Rs '000
COST OR VALUATION												
At 1 July 2019		115,099	330,192	82,085	15,651	67,025	46,518	15,939	62,852	33,785	2,437	771,583
Additions during the year	25	133	6,457	60	452	3,437	4,643	404	7,495	4,635	2,528	30,244
Disposals		-	-	-	-	-	(10,277)	-	-	(94)	-	(10,371)
Scrap		-	-	-	-	-	-	-	-	(49)	-	(49)
Revaluation increase		96,468	133,854	13,566	-	-	-	-	-	-	-	243,888
At 30 June 2020		211,700	470,503	95,711	16,103	70,462	40,884	16,343	70,347	38,277	4,965	1,035,295
Additions during the year	25	-	251	79	1,110	1,054	6,128	1,173	7,128	2,116	6,743	25,782
Disposals		-	-	-	-	-	7,887	(3)	-	(238)	-	(8,128)
Scrap		-	-	-	-	-	-	(10)	-	(4)	-	(14)
Transfer		-	5,678	-	-	-	-	-	-	-	(5,678)	-
At 30 June 2021		**211,700**	**476,432**	**95,790**	**17,213**	**71,516**	**39,125**	**17,503**	**77,475**	**40,151**	**6,030**	**1,052,935**

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

a) THE GROUP (CONT'D)

	Notes	Freehold land Rs '000	Freehold building Rs '000	Building on leasehold land Rs '000	Improvement to building on leasehold land Rs '000	Furniture and fittings Rs '000	Motor vehicles Rs '000	Office equipment Rs '000	Workshop equipment and tools Rs '000	Electronic equipment Rs '000	Constrution in progress Rs '000	Total Rs '000
ACCUMULATED DEPRECIATION												
At 1 July 2019		-	29,505	61,708	7,916	34,708	28,665	11,109	37,103	24,133	-	234,847
Charge for the year		-	6,758	2,240	414	6,243	6,015	1,056	7,258	5,026	-	35,010
Disposals		-	-	-	-	-	(9,620)	-	-	(66)	-	(9,686)
Scrap		-	-	-	-	-	-	-	-	(37)	-	(37)
Eliminated on revaluation		-	(36,263)	(59,173)	-	-	-	-	-	-	-	(95,436)
At 30 June 2020		-	-	4,775	8,330	40,951	25,060	12,165	44,361	29,056	-	164,698
Charge for the year		-	10,663	4,642	443	6,076	5,960	1,080	6,844	4,213	-	39,921
Disposals		-	-	-	-	-	(5,775)	-	-	(171)	-	(5,946)
Scrap		-	-	-	-	-	-	(8)	-	(1)	-	(9)
Transfer		-	-	-	-	-	-	-	-	-	-	-
At 30 June 2021		**-**	**10,663**	**9,417**	**8,773**	**47,027**	**25,245**	**13,237**	**51,205**	**33,097**	**-**	**198,664**
NET BOOK VALUE												
At 30 June 2021		**211,700**	**465,769**	**86,373**	**8,440**	**24,489**	**13,880**	**4,266**	**26,270**	**7,054**	**6,030**	**854,271**
At 30 June 2020		211,700	470,503	90,936	7,773	29,511	15,824	4,178	25,986	9,221	4,965	870,597

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE COMPANY

	Notes	Freehold land Rs '000	Freehold building Rs '000	Building on leasehold land Rs '000	Improvement to building on leasehold land Rs '000	Furniture and fittings Rs '000	Motor vehicles Rs '000	Office equipment Rs '000	Workshop equipment and tools Rs '000	Electronic equipment Rs '000	Constrution in progress Rs '000	Total Rs '000
COST OR VALUATION												
At 1 July 2019		109,030	185,375	77,106	15,518	37,471	40,184	15,939	36,298	26,852	200	543,973
Additions during the year	25	133	5,795	-	396	1,554	3,038	404	2,609	3,197	246	17,372
Disposals		-	-	-	-	-	(9,933)	-	-	(94)	-	(10,027)
Scrap		-	-	-	-	-	-	-	-	(49)	-	(49)
Revaluation increase		38,837	99,808	13,567	-	-	-	-	-	-	-	152,212
At 30 June 2020		148,000	290,978	90,673	15,914	39,025	33,289	16,343	38,907	29,906	446	703,481
Additions during the year	25	-	251	-	1,110	201	1,482	1,173	2,541	1,911	1,060	9,729
Disposals		-	-	-	-	-	(7,788)	(3)	-	(105)	-	(7,896)
Scrap		-	-	-	-	-	-	(10)	-	(4)	-	(14)
At 30 June 2021		**148,000**	**291,229**	**90,673**	**17,024**	**39,226**	**26,983**	**17,503**	**41,448**	**31,708**	**1,506**	**705,300**

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE COMPANY (CONT'D)

	Notes	Freehold land Rs '000	Freehold building Rs '000	Building on leasehold land Rs '000	Improvement to building on leasehold land Rs '000	Furniture and fittings Rs '000	Motor vehicles Rs '000	Office equipment Rs '000	Workshop equipment and tools Rs '000	Electronic equipment Rs '000	Constrution in progress Rs '000	Total Rs '000
ACCUMULATED DEPRECIATION												
At 1 July 2019		-	21,313	57,072	7,795	19,264	26,081	11,109	22,047	19,489	-	184,170
Charge for the year		-	3,796	2,101	403	3,563	4,709	1,056	4,777	4,111	-	24,516
Disposals		-	-	-	-	-	(9,276)	-	-	(66)	-	(9,342)
Scrap		-	-	-	-	-	-	-	-	(37)	-	(37)
Eliminated on revaluation		-	(25,109)	(59,173)	-	-	-	-	-	-	-	(84,282)
At 30 June 2020		-	-	-	8,198	22,827	21,514	12,165	26,824	23,497	-	115,025
Charge for the year		-	6,707	4,534	424	3,504	3,895	1,080	4,023	3,246	-	27,413
Disposals		-	-	-	-	-	(5,693)	-	-	(86)	-	(5,779)
Scrap		-	-	-	-	-	-	(8)	-	(1)	-	(9)
At 30 June 2021		**-**	**6,707**	**4,534**	**8,622**	**26,331**	**19,716**	**13,237**	**30,847**	**26,656**	**-**	**136,650**
NET BOOK VALUE												
At 30 June 2021		**148,000**	**284,522**	**86,139**	**8,402**	**12,895**	**7,267**	**4,266**	**10,601**	**5,052**	**1,506**	**568,650**
At 30 June 2020		148,000	290,978	90,673	7,716	16,198	11,775	4,178	12,083	6,409	446	588,456

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE GROUP AND THE COMPANY

The fair value measurements of the Group's freehold land and buildings as at 30 June 2020 were performed by Ramiah-Isabel Consultancy Ltd, an independent property valuer not related to the Group. Ramiah-Isabel Consultancy Ltd has appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards. The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation. The revaluation surplus net of deferred income taxes was credited to revaluation surplus in shareholders' equity.

The fair value of the freehold land and buildings was determined based on the Direct Market Comparison approach that reflects recent transaction prices for similar properties.

The Group's freehold land and buildings measured at fair value and information about the fair value hierarchy as at 30 June 2021 are as follows:

	THE GROUP Level 2		THE COMPANY Level 2	
	2021 Rs '000	2020 Rs '000	**2021 Rs '000**	2020 Rs '000
Freehold land	**211,700**	211,700	**148,000**	148,000
Buildings	**552,142**	561,439	**370,661**	381,651
	763,842	773,139	**518,661**	529,651

The fair value of the land is based on recent trasactions for similar properties, adjusted for size, access and other attributes. The valuation of buildings take into account the type of buildings, size, location and the buildings' structure and durability.

The most significant input into the valuation approach for land and buildings was the price per square metre.

Price per square metre	THE GROUP Range (Rs)	THE COMPANY Range (Rs)
Land	1,882 - 7,106	5,205 - 7,106
Buildings	6,631 - 50,391	14,405 -45,246

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value.

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE GROUP AND THE COMPANY (CONT'D)

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	THE GROUP 30 June 2021		THE GROUP 30 June 2020	
	Freehold land Rs '000	**Buildings Rs '000**	Freehold land Rs '000	Buildings Rs '000
Cost	**115,232**	**424,802**	115,232	418,794
Accumulated depreciation	**-**	**(115,516)**	-	(100,211)
Net book value	**115,232**	**309,286**	115,232	318,583

	THE COMPANY 30 June 2021		THE COMPANY 30 June 2020	
	Freehold land Rs '000	**Buildings Rs '000**	Freehold land Rs '000	Buildings Rs '000
Cost	**109,163**	**268,527**	109,163	268,276
Accumulated depreciation	**-**	**(95,523)**	-	(84,282)
Net book value	**109,163**	**173,004**	109,163	183,994

The Group and the Company have pledged their movable and immovable properties to secure banking facilities.

Depreciation charge of Rs 5,805,348 (2020: Rs 6,314,958) has been charged to cost of sales and Rs 34,116,842 (2020: Rs 28,693,768) has been charged to administrative expenses for the Group and Rs 4,023,176 (2020: Rs 4,776,733) has been charged to cost of sales and Rs 23,389,457 (2020: Rs 19,739,285) has been charged to administrative expenses, for the Company.

6(a). RIGHT-OF-USE ASSETS

	THE GROUP		
	Land and buildings Rs '000	Motor Vehicles Rs '000	Total Rs '000
At 1 July 2019	76,777	27,363	104,140
Additions	-	17,336	17,336
Depreciation	(12,396)	(11,806)	(24,202)
At 30 June 2020	**64,381**	**32,893**	**97,274**
At 1 July 2020	64,381	32,893	97,274
Additions	-	2,248	2,248
Disposals	-	(872)	(872)
Depreciation	(12,429)	(12,506)	(24,935)
At 30 June 2021	**51,952**	**21,763**	**73,715**

6(a). RIGHT-OF-USE ASSETS (CONT'D)

	THE COMPANY		
	Land and buildings Rs '000	Motor Vehicles Rs '000	Total Rs '000
At 1 July 2019	48,174	22,312	70,486
Additions	6,514	16,236	22,750
Depreciation	(6,479)	(10,007)	(16,486)
At 30 June 2020	**48,209**	**28,541**	**76,750**
At 1 July 2020	48,209	28,541	76,750
Additions	-	1,543	1,543
Disposals	-	(872)	(872)
Depreciation	(6,479)	(10,618)	(17,097)
At 30 June 2021	**41,730**	**18,594**	**60,324**

6(b). LEASE LIABILITIES

	THE GROUP		
	Land and buildings Rs '000	Motor Vehicles Rs '000	Total Rs '000
At 1 July 2019	76,777	28,015	104,792
Additions	-	17,336	17,336
Interest expense	4,677	2,050	6,727
Lease payments	(15,038)	(12,349)	(27,387)
At 30 June 2020	**66,416**	**35,052**	**101,468**
Current			21,856
Non-current			79,612
			101,468
At 1 July 2020	66,416	35,052	101,468
Additions	-	2,248	2,248
Disposals	-	(993)	(993)
Interest expense	3,974	2,062	6,036
Lease payments	(15,306)	(12,668)	(27,974)
At 30 June 2021	**55,084**	**25,701**	**80,785**
Current			22,641
Non-current			58,144
			80,785

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

6(b). LEASE LIABILITIES (CONT'D)

	THE COMPANY		
	Land and buildings Rs '000	Motor Vehicles Rs '000	Total Rs '000
At 1 July 2019	48,174	22,964	71,138
Additions	6,514	16,236	22,750
Interest expense	3,388	1,653	5,041
Lease payments	(8,688)	(10,512)	(19,200)
At 30 June 2020	**49,388**	**30,341**	**79,729**
Current			14,531
Non-current			65,198
			79,729
At 1 July 2020	49,388	30,341	79,729
Additions	-	1,543	1,543
Disposals	-	(993)	(993)
Interest expense	3,033	1,708	4,741
Lease payments	(8,688)	(10,683)	(19,371)
At 30 June 2021	**43,733**	**21,916**	**65,649**
Current			15,883
Non current			49,766
			65,649

(i) Nature of leasing activities (in the capacity as lessee)

The Group and the Company lease a number of properties in Mauritius from which they operate. Most contracts provide for payments to increase periodically by the consumer price index. The Group and Company also lease motor vehicles which comprise of only fixed payments over the lease terms.

(ii) Variable lease payments

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

6(b). LEASE LIABILITIES (CONT'D)

(ii) Variable lease payments (Cont'd)

THE GROUP

30 June, 2021	Lease Contracts Number	Fixed increase %	Variable payments %	Sensitivity Rs.'000
Property leases with payments linked to inflation	14	-	68%	2, 754
Vehicle leases	52	32%	-	-
	66	**32%**	**68%**	**2,754**

30 June, 2020	Lease Contracts Number	Fixed increase %	Variable payments %	Sensitivity Rs'.000
Property leases with payments linked to inflation	14	-	65%	3,321
Vehicle leases	62	35%	-	-
	76	**35%**	**65%**	**3,321**

THE COMPANY

30 June, 2021	Lease Contracts Number	Fixed increase %	Variable payments %	Sensitivity Rs.'000
Property leases with payments linked to inflation	6	-	67%	2,187
Vehicle leases	40	33%	-	-
	46	**33%**	**67%**	**2,187**

30 June, 2020	Lease Contracts Number	Fixed increase %	Variable payments %	Sensitivity Rs'.000
Property leases with payments linked to inflation	6	-	62%	2,469
Vehicle leases	50	38%	-	-
	56	**38%**	**62%**	**2,469**

6(b). LEASE LIABILITIES (CONT'D)

(iii) Extension and termination options

Extension and termination options are included in land and buildings leases entered into by the Group and the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Group/Company's operations. The extension and termination options held are exercisable by mutual consent.

At the expiry of the lease of land and buildings, the lease may be renewed for such period/s on the terms and conditions to be agreed upon by both parties.

(iv) Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of workshops/showrooms/offices, the following factors are normally most relevant:

- If there are significant penalties to terminate (or not extend), the Group/ the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group/ the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group/ the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, there has been no revision of lease terms.

For leases of vehicles, the Group and the Company agreed the lease term at the inception of the leases and are not modified. The lease periods are usually two to five years.

(v) Residual value guarantees

The lease contracts of leasehold land, workshops, showrooms and motor vehicles do not provide for any residual value guarantee.

6(b). LEASE LIABILITIES (CONT'D)

(vi) Amounts recognised in profit and loss

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Interest expense (included in finance cost)	**6,036**	6,727	**4,741**	5,041
Expenses relating to short term leases (included in cost of sales and administrative expenses)	**1,634**	2,344	**734**	759

The total cash outflow for leases for the Group was Rs 27,973,131 (2020: Rs 27,387,380) and for the Company was Rs 19,371,138 (2020: Rs 19,199,651).

7. INVESTMENT PROPERTIES

	THE GROUP Rs '000	THE COMPANY Rs '000
COST OR VALUATION		
At 1 July 2019	26,705	132,145
Additions during the year	-	580
Increase in fair value during the year	2,795	28,525
At 30 June 2020	29,500	161,250
At 1 July 2020	29,500	161,250
Additions during the year	-	28
At 30 June 2021	**29,500**	**161,278**
ACCUMULATED DEPRECIATION		
At 1 July 2019	68	2,643
Charge for the year	34	2,649
Eliminated on revaluation	(102)	(5,292)
At 30 June 2020	-	-
At 1 July 2020 and 30 June 2021	-	-
NET BOOK VALUE		
At 30 June 2021	**29,500**	**161,278**
At 30 June 2020	29,500	161,250

7. INVESTMENT PROPERTIES (CONT'D)

The investment properties have been valued in 2021 by the directors based on a valuation carried out by Ramiah-Isabel Consultancy Ltd on 30 June 2020, an independent professionally qualified valuer. The fair value was determined on an open-market basis using the Direct Market Comparison Approach. Sales prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach is price per square metre which ranges from Rs 50,391 to Rs 73,670.

Details of the investment properties and information about the fair value hierachy is as follows:

	THE GROUP Level 2 Rs '000	THE COMPANY Level 2 Rs '000
30 June 2021		
Buildings	29,500	161,278
30 June 2020		
Buildings	29,500	161,250

The Group and the Company have pledged their movable and immovable properties, including investment properties, to secure banking facilities.

AMOUNTS RECOGNISED IN PROFIT OR LOSS IN RESPECT OF INVESTMENt PROPERTIES

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Rental Income	**3,261**	861	**1,282**	2,100
Direct operating expenses arising from investment properties	**(1,858)**	(690)	**(1,858)**	(690)

Leasing arrangements - Lessor

The investment properties for the Group and the Company are leased for a period of one year to related companies. The contract may be renewed with new terms acceptable by both parties. The annual rental for the Group is Rs 3.2m (2020: Rs 0.9m) and for the Company is Rs 1.3m (2020: Rs 2.1m).

8. INTANGIBLE ASSETS

	THE GROUP	THE COMPANY
	Computer Software	
	Rs '000	Rs '000
COST		
At 1 July 2019	9,004	8,275
Additions during the year	355	355
At 30 June 2020	9,359	8,630
At 1 July 2020	9,359	8,630
Additions during the year	53	53
At 30 June 2021	**9,412**	**8,683**
ACCUMULATED AMORTISATION		
At 1 July 2019	8,236	7,861
Charge for the year	326	253
At 30 June 2020	8,562	8,114
At 1 July 2020	8,562	8,114
Change for the year	316	243
At 30 June 2021	**8,878**	**8,357**
CARRYING AMOUNT		
At 30 June 2021	**534**	**326**
At 30 June 2020	797	516

The directors are of opinion that no impairment is required for computer software at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

9. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000
At 1 July	**53,405**	52,915
Additions	**-**	490
At 30 June	**53,405**	53,405

The Group's subsidiaries in which the Company holds ordinary shares are as follows:

Details of subsidiaries	Activity	Year end	Stated capital Rs '000	Direct Holding % 30 June 2021	Direct Holding % 30 June 2020	Country of incorporation
ABC Properties Ltd	Property rental	30 June	25,100	**69.97%**	69.97%	Mauritius
ABC Autotech Ltd	Car dealers	30 June	42,000	**47.51%**	47.51%	Mauritius
ABC Marketing Ltd	Sale of tyres, car care products	30 June	10,000	**49.14%**	49.14%	Mauritius
Stuttgart Motors Ltd	Car dealers	30 June	24,000	**43.68%**	43.68%	Mauritius
GinMori Auto Ltd	Car dealers	30 June	1,000	**49.00%**	49.00%	Mauritius

The Company owns directly 47.51%, 49.14%, 43.68% and 49.00% of ABC Autotech Ltd, ABC Marketing Ltd, Stuttgart Motors Ltd and GinMori Auto Ltd respectively. The Company is represented by a majority on the subsidiaries' board of directors and has common key management personnel. The relevant activities of the subsidiaries are determined by their boards of directors based on a majority of votes. Therefore, the directors conclude that it has control over the investees even though the Company has less than 50% of the voting rights and the investees are consolidated in these financial statements.

In addition to the direct holding, the Company holds indirectly 8.08% in Stuttgart Motors Ltd, the effective holding being 51.76%.

The investments in subsidiaries are unquoted and are stated at cost in the separate financial statements. At the reporting date, the directors reviewed the carrying amount of the investments in subsidiaries. In their opinion, there is no objective evidence that the investments in subsidiaries are impaired.

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Summarised financial information of significant subsidiaries

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income:

	Current assets Rs '000	Non-current assets Rs '000	Current liabilities Rs '000	Non-current liabilities Rs '000	Revenue Rs '000	Profit for the year Rs '000	Other comprehensive income for the year Rs '000	Total comprehensive income for the year Rs '000	Dividend paid to non-controlling interests Rs '000
30 June 2021									
ABC Properties Ltd	3,772	127,714	7,877	20,862	6,005	3,096	107	3,203	678
ABC Autotech Ltd	139,103	42,897	147,516	16,435	312,008	(3,429)	1,909	(1,519)	-
ABC Marketing Ltd	70,906	13,447	62,979	2,759	102,652	2,618	(194)	2,424	381
Stuttgart Motors Ltd	133,230	16,709	115,849	3,943	427,727	17,346	(1,139)	16,207	3,826
30 June 2020									
ABC Properties Ltd	11,469	121,924	9,817	21,773	6,622	15,816	20	15,837	709
ABC Autotech Ltd	158,864	50,536	172,915	16,916	297,519	(30,383)	(1,985)	(32,368)	-
ABC Marketing Ltd	68,741	13,371	60,854	4,316	93,252	1,295	(357)	938	1,272
Stuttgart Motors Ltd	128,186	13,033	117,447	1,936	239,027	(8,268)	143	(8,124)	-

(ii) Summarised cash flow information:

	Operating Activities Rs '000	Investing Activities Rs '000	Financing Activities Rs '000	Net increase/ (decrease) in cash and cash equivalents Rs '000
30 June 2021				
ABC Properties Ltd	(832)	4,684	(3,059)	794
ABC Autotech Ltd	35,826	649	(40,181)	(3,707)
ABC Marketing Ltd	3,155	(4,414)	(5,444)	(6,702)
Stuttgart Motors Ltd	25,042	(5,183)	(18,155)	1,704
30 June 2020				
ABC Properties Ltd	4,433	(2,746)	(2,359)	(672)
ABC Autotech Ltd	20,572	(3,273)	(5,326)	11,972
ABC Marketing Ltd	(4,693)	(2,141)	(774)	(7,607)
Stuttgart Motors Ltd	22,751	(4,261)	(3,049)	15,441

The summarised financial information above are amounts before intra-group eliminations.

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Subsidiaries with material non-controlling interests

Details for subsidiaries that have non-controlling interests that are material to the entity:

	Profit/(loss) allocated to non-controlling interests during the year		Accumulated non-controlling interests	
	30 June 2021 Rs 000	30 June 2020 Rs 000	**30 June 2021 Rs 000**	30 June 2020 Rs 000
ABC Properties Ltd	**710**	1,968	**30,092**	30,007
ABC Autotech Ltd	**(1,264)**	(15,949)	**8,749**	10,034
ABC Marketing Ltd	**1,335**	642	**9,450**	8,610
Stuttgart Motors Ltd	**8,418**	(3,964)	**12,525**	8,497
GinMori Auto Ltd	**-**	-	**510**	510
	9,199	(17,303)	**61,326**	57,658

10. INVESTMENTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
At 1 July	**272,098**	282,768	**109,286**	113,386
Disposal	**-**	(8,842)	**-**	(4,100)
Dividend received from associates, eliminated on consolidation	**-**	(6,347)	**-**	-
Share of profit of associates (net)	**11,743**	13,470	**-**	-
Items that will not be reclassified subsequently to profit or loss :				
Share of fair value gain on investments in equity instruments designated as at FVTOCI	**(6,072)**	(8,328)	**-**	-
Share of remeasurement of defined benefit obligations, net of income tax	**1,670**	(623)	**-**	-
At 30 June	**279,439**	272,098	**109,286**	109,286

10. INVESTMENTS IN ASSOCIATES (CONT'D)

The associates in which the Group and the Company have direct interest are:

	Activity	Year end	Direct Holding % Class of share	30 June 2021	30 June 2021	Country of incorporation
ABC Banking Corporation Ltd	Banking	30 June	Ordinary	9.507%	9.507%	Mauritius
ABC Car Rental Limited	Car rental	30 June	Ordinary	26.56%	26.56%	Mauritius
Globe Freight Ltd	Freight and forwarding	30 June	Ordinary	47.38%	47.38%	Mauritius
Expert Leasing Ltd	Leasing	30 June	Ordinary	33.84%	33.84%	Mauritius

Although the Group holds less than 20% of the voting power at shareholders' meetings of ABC Banking Corporation Ltd, the Group still exercises significant influence by virtue of its contractual rights as three out of eight directors of ABC Banking Corporation Ltd reside on the board of directors of the Company.

The fair value of quoted associate based on the market price ruling on Development Entreprise Market (DEM) was Rs116,016,688 (2020: Rs 145,020,860). Had the fair value model been applied, the investments would have been categorised under Level 1.

The directors have recognised the unquoted investments in associates at cost less impairment in the separate financial statements. In their opinion, there is no objective evidence that the investments in associates are impaired.

All of the above associates are accounted for using the equity method in these consolidated financial statements, using the latest available financial statements as at the reporting date of those associates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

10. INVESTMENTS IN ASSOCIATES (CONT'D)

Summarised financial information of the material associate:

The summarised financial information below represents amounts in the associate's financial statements prepared in accordance with IFRSs.

	30 June 2021 Rs '000	30 June 2020 Rs '000
ABC Banking Corporation Ltd		
Total assets	**23,170,533**	19,705,104
Total liabilities	**(21,241,989)**	(17,868,347)
Revenue	**829,265**	906,078
Profit for the year	**120,103**	120,388
Other comprehensive (loss)/income for the year	**(28,317)**	3,921
Total comprehensive income for the year	**91,787**	124,309
Dividend received from the associate during the year	**-**	5,872

Reconciliation of the above summarised financial information to the carrying amount of the interest in ABC Banking Corporation Ltd recognised in the consolidated financial statements:

	30 June 2021 Rs '000	30 June 2020 Rs '000
Net assets of the associate	**1,928,544**	1,836,757
Proportion of the Group's ownership	**9,507%**	9,507%)
Carrying amount of the Group's interest	**183,343**	174,618

Agregate of information of associates that are not individually material:

	30 June 2021 Rs '000	30 June 2020 Rs '000
The Group's share of (loss)/profit	**(732)**	2,218
The Group's share of other comprehensive loss	**(1,720)**	(9,338)
The Group's share of total comprehensive loss	**(2,452)**	(7,119)
Aggregate carrying amount of the Group's interests in these associates	**96,096**	97,480

In 2019, in consideration of banking facilities and financial accommodation of Rs 60,000,000 required by Expert Leasing Ltd, the Company has provided a Corporate Guarantee in favour of the bank for the associate.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	THE GROUP		THE COMPANY	
Investments in equity instruments designated at FVTOCI	**30 June 2021 Rs '000**	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Quoted shares	**107,845**	100,474	**107,845**	100,474
Unquoted shares	**167,745**	139,768	**158,131**	130,186
At 30 June	**275,590**	240,242	**265,976**	230,660

	THE GROUP		
	Quoted shares Rs '00	Unquoted shares Rs '000	Total Rs '000
Non-current			
At 1 July 2019	112,656	124,624	237,280
Additions	-	5,127	5,127
Change in fair value recognised in OCI	(12,182)	10,017	(2,165)
At 30 June 2020	**100,474**	**139,768**	**240,242**
At 1 July 2020	100,474	139,768	240,242
Additions	2,620	613	3,233
Disposal	-	(733)	(733)
Change in fair value recognised in OCI	4,751	28,097	32,848
At 30 June 2021	**107,845**	**167,745**	**275,590**

	THE COMPANY		
	Quoted shares Rs '000	Unquoted shares Rs '000	Total Rs '000
Non-current			
At 1 July 2019	112,656	114,054	226,710
Additions	-	5,127	5,127
Change in fair value recognised in OCI	(12,182)	11,005	(1,177)
At 30 June 2020	**100,474**	**130,186**	**230,660**
At 1 July 2020	100,474	130,186	230,660
Additions	2,620	613	3,233
Disposal	-	(733)	(733)
Change in fair value recognised in OCI	4,751	28,065	32,816
At 30 June 2021	**107,845**	**158,131**	**265,976**

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

Financial assets at fair value through other comprehensive income include the following:

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Quoted:				
P.O.L.I.C.Y. Limited	**71,711**	74,355	**71,711**	74,355
MUA Ltd	**35,827**	25,852	**35,827**	25,852
Others	**307**	267	**307**	267
	107,845	**100,474**	**107,845**	**100,473**
Unquoted:				
The Stock Exchange of Mauritius Ltd	**21,235**	20,247	**21,235**	20,247
Devlin Investments Ltd	**97,702**	74,824	**97,702**	74,824
Jemlac Investments Ltd	**6,433**	6,730	**6,433**	6,730
ABC Coach Works Limited	**20,256**	12,145	**20,256**	12,145
Others	**22,119**	25,822	**12,505**	16,240
	167,745	**139,768**	**158,131**	**130,186**

The fair value of quoted shares is based on the market prices ruling on the Stock Exchange of Mauritius at the reporting date. The shares held in P.O.L.I.C.Y. Limited have been pledged in respect of the bank facilities granted to the Group and the Company.

The fair value of unquoted shares is based on the Net Assets Value of the investees based on their latest available management or audited accounts as at reporting date. In the directors' opinion, these approximate the fair value of the unquoted shares.

These investments in equity instruments are not held for trading. Instead, they are held for long-term strategic purposes. Accordingly, the directors of the Group and the Company have elected to designate these investments in equity instruments at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's and the Company's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

12. TAXATION

Income Tax

Income tax is calculated at 15% (2020: 15%) on its profits for the year, as adjusted for income tax purposes.

Corporate Social Responsibility ("CSR")

CSR charge is calculated at the rate of 2% (2020: 2%) of the chargeable income of the preceding year. In line with the current CSR Framework of ABC Group, the Group and the Company remit, on an annual basis, 70% (2020: 50%) of their CSR charge to Sir Jean Etienne Moilin Ah Chuen Foundation, a company incorporated for CSR funding activities, after obtaining approval from the National Social Inclusion Foundation.

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Income tax				
Current tax provision	**4,369**	813	**-**	-
(Over)/under provision in income tax in respect of previous year	**(122)**	685	**-**	938
Deferred tax release	**(1,744)**	(5,408)	**(767)**	(7,151)
Under provision in deferred tax assets in respect of previous year	**-**	(398)	**-**	(398)
Levy on Government Wage Assistance Scheme	**-**	245	**-**	-
Corporate Social Reponsibility	**268**	921	**-**	783
	2,771	(3,142)	**(767)**	(5,828)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

12. TAXATION (CONT'D)

Current tax liabilities/(assets)

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
At 1 July	**(2,015)**	991	**(2,127)**	456
Current tax provision	**4,369**	813	**-**	-
Under provision in income tax in respect of previous year	**707**	685	**-**	938
Levy on Government Wage Assistance Scheme	**-**	245	**-**	-
Corporate Social Responsibility	**66**	921	**-**	783
Paid during the year	**(1,919)**	(5,670)	**(945)**	(4,304)
At 30 June	**1,208**	**(2,015)**	**(3,072)**	**(2,127)**
Disclosed as:				
Current tax assets	**(3,082)**	(2,015)	**(3,072)**	(2,127)
Current tax liabilities	**4,290**	-	**-**	-
	1,208	(2,015)	**(3,072)**	(2,127)

Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are offset when they relate to the same fiscal authority. The following balances are shown in the statement of financial position.

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
At 1 July	**(25,139)**	10,461	**(17,964)**	8,231
Movement recognised in profit or loss	**2,209**	5,806	**767**	7,549
Movement recognised in other comprehensive income	**1,277**	(41,406)	**822**	(33,744)
At 30 June	**(21,653)**	**(25,139)**	**(16,375)**	**(17,964)**
Disclosed as:				
Deferred tax assets	**2,343**	549	**-**	-
Deferred tax liabilities	**(23,996)**	(25,688)	**(16,375)**	17,964
	(21,653)	(25,139)	**(16,375)**	17,964

12. TAXATION (CONT'D)

Deferred tax assets / (liabilities) (Cont'd)

The movement in deferred tax assets and liabilities during the year is as follows:

	Accelerated capital allowances Rs '000	Revaluation of assets Rs '000	Right-of-use assets Rs '000	Total Rs '000
THE GROUP				
At 1 July 2019	(10,914)	57	(14,964)	(25,821)
Charged to profit or loss	(752)	-	175	(577)
Charged to other comprehensive income	-	(41,286)	-	(41,286)
At 30 June 2020	**(11,666)**	**(41,229)**	**(14,789)**	**(67,684)**
At 1 July 2020	(11,666)	(41,229)	(14,789)	(67,684)
Charged to profit or loss	259	1,112	3,828	5,199
Charged to other comprehensive income	-	194	-	194
At 30 June 2021	**(11,407)**	**(39,923)**	**(10,961)**	**(62,291)**

12. TAXATION (CONT'D)

Deferred tax assets/(liabilities) (Cont'd)

	Retirement benefit obligations Rs '000	Loss allowance and other provisions Rs '000	Lease liabilities Rs '000	Unutilised tax losses Rs '000	Total Rs '000
THE GROUP					
At 1 July 2019	15,527	4,726	14,964	1,065	36,282
Charged to profit or loss	(1,172)	1,070	(178)	6,663	6,383
Charged to other comprehensive income	(120)	-	-	-	(120)
At 30 June 2020	**14,235**	**5,796**	**14,786**	**7,728**	**42,545**
At 1 July 2020	14,235	5,796	14,786	7,728	42,545
Charged to profit or loss	(1,645)	947	(2,935)	643	(2,990)
Charged to other comprehensive income	1,083	-	-	-	1,083
At 30 June 2021	**13,673**	**6,743**	**11,851**	**8,371**	**40,638**

	Accelerated capital allowances Rs '000	Revaluation of assets Rs '000	Right-of-use assets Rs '000	Total Rs '000
THE COMPANY				
At 1 July 2019	(9,945)	-	(10,715)	(20,660)
Charged to profit or loss	(1,483)	-	(1,588)	(3,071)
Charged to other comprehensive income	-	(33,602)	-	(33,602)
At 30 June 2020	**(11,428)**	**33,602)**	**(12,303)**	**(57,333)**
At 1 July 2020	(11,428)	(33,602)	(12,303)	(57,333)
Charged to profit or loss	(40)	1,112	2,340	3,412
Charged to other comprehensive income	-	-	-	-
At 30 June 2021	**(11,468)**	**(32,490)**	**(9,963)**	**(53,921)**

12. TAXATION (CONT'D)

Deferred tax assets/(liabilities) (Cont'd)

	Retirement benefit obligations Rs '000	Loss allowance and other provisions Rs '000	Lease liabilities Rs '000	Unutilised tax losses Rs '000	Total Rs '000
THE COMPANY					
At 1 July 2019	14,520	3,656	10,715	-	28,891
Charged to profit or loss	(708)	2,140	1,460	7,728	10,620
Charged to other comprehensive income	(142)	-	-	-	(142)
At 30 June 2020	**13,670**	**5,796**	**12,175**	**7,728**	**39,369**
At 1 July 2020	13,670	5,796	12,175	7,728	39,369
Charged to profit or loss	(968)	2,232	(1,489)	(2,420)	(2,645)
Charged to other comprehensive income	822	-	-	-	822
At 30 June 2021	**13,524**	**8,028**	**10,686**	**5,308**	**37,546**

Tax reconciliation

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Profit before tax	**30,239**	(58,471)	**5,355**	3,189
Tax at 15% (2020:15%)	**4,536**	(8,771)	**803**	478
Tax effect of:				
- Non taxable income	**(1,207)**	(4,011)	**(56)**	(9,172)
- Non deductible expenses	**4,180**	2,872	**796**	1,543
- Expenditure relating to exempt income	**51**	-	**-**	-
- (Over)/under provision of income tax in prior year	**(122)**	685	**-**	938
- Under provision deferred tax asset in prior year	**(3,419)**	154	**(2,310)**	(398)
- Deferred tax asset not recognised	**338**	6,783	**-**	-
- Tax losses utilised	**(67)**	-	**-**	-
- Effect of tax rate differential	**10**	-	**-**	-
- Levy on Government Wages Assistance Scheme	**-**	245	**-**	-
- Corporate Social Responsibility	**232**	921	**-**	783
- Share of results of associates	**(1,761)**	(2,020)	**-**	-
	2,771	(3,142)	**(767)**	(5,828)

13. INVENTORIES

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Motor vehicles	**366,336**	611,426	**277,884**	474,286
Spare parts	**136,828**	123,958	**72,535**	59,595
Work in progress	**14,725**	11,004	**7,438**	6,570
	517,889	746,388	**357,857**	540,451
Goods in transit	**61,742**	46,639	**36,208**	33,662
	579,631	793,027	**394,065**	574,113

Included in the above are inventories of motor vehicles, spare parts and work in progress amounting to Rs 37,807,969 (2020: Rs 48,246,625) for the Group and Rs 30,487,693 (2020: Rs 29,084,409) for the Company stated at net realisable value.

The cost of inventories recognised as an expense during the year is disclosed in note 22. It includes Rs 8,994,635 (2020: Rs 9,534,580) and Rs 4,054,654 (2020: Rs 4,275,832) in respect of write-downs of inventory to net realisable value for the year and has been reduced by Rs 10,553,824 (2020: Rs 2,027,797) and Rs 2,424,673 (2020: Rs 1,861,645) in respect of the reversal of such write-downs, for the Group and the Company respectively.

Inventories are pledged in respect of the bank facilities granted to the Group and the Company.

14. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Trade receivables (i)	**315,321**	264,100	**253,071**	188,709
Loss allowance (ii)	**(17,966)**	(14,821)	**(14,756)**	(11,227)
	297,355	249,279	**238,315**	177,482
Advances to related parties (iii)	**31,545**	31,848	**64,145**	124,936
Other receivables from related parties (iii)	**48,810**	10,725	**34,758**	20,802
Other receivables and prepayments	**26,225**	52,527	**26,863**	19,435
	403,935	344,379	**364,081**	342,655

14. TRADE AND OTHER RECEIVABLES (CONT'D)

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

(i) Trade Receivables

The average credit period on sales of goods and services ranges between 1 to 3 months. No interest is charged on outstanding trade receivables.

(ii) Loss allowance on trade receivables

The Group and the Company measure the loss allowance on trade receivables at an amount equal to lifetime ECL. The expected credit losses and trade receivables are estimated using a provision matrix by reference to past default experiences of the debtors adjusted by the general economic conditions of the industry in which the debtors operate at the reporting date. The Group and the Company have recognised a loss allowance of 100% against debtors who are in significant financial difficulty or bankruptcy position as historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group and the Company write off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
At 1 July	**14,821**	9,710	**11,227**	6,876
Movement in loss allowance	**4,150**	5,690	**3,800**	4,930
Written off	**(1,005)**	(579)	**(271)**	(579)
At 30 June	**17,966**	14,821	**14,756**	11,227

The Group and the Company do not hold any collateral over the impairment losses recognised on trade receivables.

The following table details the risk profile of trade receivables based on the Group's and the Company's provision matrix. As the Group's and the Company's historical credit loss experience does not show significantly different loss patterns for different local customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer bases.

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(ii) Loss allowance on trade receivables (Cont'd)

30 June 2021	THE GROUP				
		Local trade receivables - past due			
	Not past due	31-60	61-90	>90 days	Total
Motor vehicles					
Expected credit loss rate	0.00%	0.00%	0.00%	12.18%	3.17%
Estimated total gross carrying amount at default (Rs'000)	122,183	29,108	7,280	55,696	214,267
Lifetime ECL (Rs'000)	-	-	-	6,785	6,785
Aftersales					
Expected credit loss rate	0.00%	0.74%	0.00%	29.78%	11.06%
Estimated total gross carrying amount at default (Rs'000)	33,827	22,379	8,247	36,601	101,054
Lifetime ECL (Rs'000)	-	166	115	10,900	11,181

30 June 2021	THE COMPANY				
		Local trade receivables - past due			
	Not past due	31-60	61-90	>90 days	Total
Motor vehicles					
Expected credit loss rate	0.00%	0.00%	0.00%	15.95%	3.88%
Estimated total gross carrying amount at default (Rs'000)	98,197	22,879	7,276	41,276	169,628
Lifetime ECL (Rs'000)	-	-	-	6,585	6,585
Aftersales					
Expected credit loss rate	0.00%	1.52%	1.49%	19.55%	9.79%
Estimated total gross carrying amount at default (Rs'000)	24,504	11,026	7,547	40,366	83,443
Lifetime ECL (Rs'000)	-	167	112	7,893	8,171

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(ii) Loss allowance on trade receivables (Cont'd)

30 June 2020	THE GROUP Local trade receivables - past due Not past due	31-60	61-90	>90 days	Total
Motor vehicles					
Expected credit loss rate	0.00%	0.00%	0.00%	8.49%	3.34%
Estimated total gross carrying amount at default (Rs'000)	66,321	17,088	212	54,236	137,857
Lifetime ECL (Rs'000)	-	-	-	4,606	4,606
Aftersales					
Expected credit loss rate	0.18%	1.16%	0.00%	17.42%	8.09%
Estimated total gross carrying amount at default (Rs'000)	49,303	14,773	5,740	56,427	126,243
Lifetime ECL (Rs'000)	91	172	124	9,828	10,215

30 June 2020	THE COMPANY Local trade receivables - past due Not past due	31-60	61-90	>90 days	Total
Motor vehicles					
Expected credit loss rate	0.00%	0.00%	0.00%	8.79%	3.47%
Estimated total gross carrying amount at default (Rs'000)	60,271	7,605	-	44,195	112,071
Lifetime ECL (Rs'000)	-	-	-	3,885	3,885
Aftersales					
Expected credit loss rate	0.29%	1.98%	0.92%	20.24%	9.58%
Estimated total gross carrying amount at default (Rs'000)	31,307	8,629	1,792	34,910	76,638
Lifetime ECL (Rs'000)	91	171	16	7,064	7,342

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(iii) Other related party receivables

	THE GROUP **30 June 2021 Rs '000**	 30 June 2020 Rs '000	THE COMPANY **30 June 2021 Rs '000**	 30 June 2020 Rs '000
Advances to related parties	**48,346**	48,649	**80,946**	141,737
Other receivables from related parties	**51,960**	13,875	**37,908**	23,952
Loss allowance	**(19,951)**	(19,951)	**(19,951)**	(19,951)
	80,355	42,573	**98,903**	145,738

Trade and other receivable balances with related parties, including terms and conditions, are disclosed under Note 30: Related party transactions.

The Group and the Company apply IFRS9 to measure loss allowances for expected credit losses on ot her related party receivables by reference to the related party's financial position and performance and general economic cash flows in which it operates. No loss allowance has been recognised during the year (2020: Rs 2,239,141) against those related parties receivable balances.

15. STATED CAPITAL

	THE GROUP AND THE COMPANY **30 June 2021 Rs '000**	 30 June 2020 Rs '000
6,175,680 ordinary shares of Rs 10 each	**61,757**	61,757
Share premium	**147**	147
	61,904	61,904

The fully paid ordinary shares carry one vote per share, right to dividends and entitlement to surplus assets on winding up.

16. OTHER RESERVES

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Regulatory reserve	**17,357**	15,644	**-**	-
Investments revaluation reserve	**112,137**	85,590	**82,187**	49,604
Cash flow hedge reserve	**-**	-	**-**	-
Properties revaluation reserve	**278,067**	277,895	**202,892**	202,892
	407,561	379,129	**285,079**	252,496

(a) Regulatory reserve

The regulatory reserve represents transfer from retained earnings by the associate in accordance with the Banking Act 2004.

(b) Investments revaluation reserve

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of investments in equity instruments designated as at FVTOCI, net of cumulative gain/loss transferred to retained earnings upon disposal.

(c) Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative amounts of gains or losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gains or losses on the hedging instruments is recognised in profit or loss only when the hedged transactions impact the profit or loss.

(d) Properties revaluation reserve

The properties revaluation reserve arises on the revaluation of land and buildings, net of deferred tax.

17. NON-CONTROLLING INTERESTS

	THE GROUP	
	30 June 2021 Rs '000	30 June 2020 Rs '000
At 1 July	**57,658**	56,866
Additions	**-**	510
Share of profit/(loss) for the year	**9,199**	(17,303)
Share of other comprehensive income for the year	**(645)**	19,565
Dividend paid	**(4,886)**	(1,980)
At 30 June	**61,326**	57,658

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

18. LOANS

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Non-current				
Bank and other borrowings (Note a)	**208,314**	237,330	**187,594**	215,630
Current				
Bank and other borrowings (Note a)	**499,374**	695,360	**405,379**	602,770
Total	**707,688**	**932,690**	**592,973**	818,400

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Repayable within one year				
Loans repayable with interest ranging between 2.30% - 4.85% p.a (2020: 2.30% - 7.00%)	**499,374**	695,360	**405,379**	602,770
Repayable between two to five years				
Loans repayable with interest ranging between 4.10 % - 4.85% p.a (2020: 4.10 % - 4.85%)	**96,786**	106,747	**90,916**	100,347
Repayable after five years				
Loans repayable with interest ranging between 4.10 % - 4.60% p.a (2020: 4.10 % - 4.60%)	**111,528**	130,583	**96,678**	115,283
	208,314	237,330	**187,594**	215,630
	707,688	932,690	**592,973**	818,400

a) The bank and other borrowings are secured by fixed and floating charges on movable and immovable properties (including land and buildings and shares in quoted investments) of the Group and the Company's assets and are repayable by monthly, half yearly and yearly instalments. Bank loans raised by the Group in 2019 with a carrying amount of Rs 23M had a one year moratorium on capital repayment as from drawdown date (11 June 2019).

b) The carrying amounts of borrowings are not materially different from their fair values.

19. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Amount recognised in Statements of financial position				
Defined benefit plan (Note a)	**46,292**	44,411	**46,292**	44,411
Other Retirement benefits (Note b)	**42,026**	42,444	**33,267**	36,002
	88,318	**86,855**	**79,559**	80,413
Amount recognised in Statements of profit or loss and other comprehensive income				
Amount recognised in profit or loss	**4,987**	11,548	**4,120**	12,017
Amount recognised in other comprehensive income	**6,460**	(704)	**4,837**	(835)

(a) Defined benefit plan

The pension plan is a final salary defined benefit plan for employees and is wholly funded. The assets of the plan are held and administered by Swan Life Ltd. The plan provides for a pension at retirement and a benefit in death or disablement in service before retirement.

The retirement benefit obligations reporting figures have been based on the latest actuarial report dated 06 August 2021 issued by Swan Life Ltd.

The amount included in the statements of financial position arising from the entity's obligations in respect of its defined benefit plans are as follows:

	THE GROUP AND THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000
Present value of funded defined benefit obligations	**93,750**	81,470
Fair value of planned assets	**(47,858)**	(37,059)
	46,292	44,411

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined benefit plan (Cont'd)

Amount recognised in Statements of profit or loss and other comprehensive income

Pension expense components	THE GROUP AND THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000
Current service cost	**3,312**	3,282
Cost of insuring risk benefits	**579**	526
Scheme expenses	**386**	372
Net interest cost	**1,162**	2,115
Net periodic pension cost per IAS 19	**5,439**	**6,295**

Movement in liability recognised in the Statements of financial position were as follows:

	THE GROUP AND THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000
At 1 July	**44,411**	47,553
Total expenses as per above	**5,439**	6,295
Actuarial losses recognised in other comprehensive income	**6,228**	372
Employer's contributions	**(9,786)**	(9,809)
	1,881	(3,142)
	46,292	44,411

Movement in the present value of the defined benefit obligations were as follows:

	THE GROUP AND THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000
At 1 July	**81,470**	74,302
Current service cost	**3,312**	3,282
Interest cost	**2,354**	3,641
Net actuarial losses	**7,187**	245
Benefits paid	**(573)**	-
At 30 June	**93,750**	81,470

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined benefit plan (Cont'd)

Movement in the present value of the plan assets were as follows:

	THE GROUP AND THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000
At 1 July	**37,059**	26,749
Interest income	**1,193**	1,526
Employer's contribution	**9,785**	9,809
Scheme expenses	**(386)**	(372)
Cost of insuring risk benefits	**(579)**	(526)
Actuarial gains/(losses)	**959**	(127)
Benefits paid	**(573)**	-
At 30 June	**47,458**	37,059

Analysis of amount recognised in Other comprehensive income

	THE GROUP AND THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000
(Gains)/losses on pension scheme assets	**(959)**	127
Experience (gains)/losses on the liabilities	**(2,491)**	892
Changes in assumptions underlying the present value of the scheme	**9,678**	(647)
Actual losses recognised in Other comprehensive income	**6,228**	372

Cumulative actuarial losses recognised

	THE GROUP AND THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000
Cumulative actuarial losses at start of year	**39,703**	39,330
Actuarial losses recognised this year	**6,227**	373
Cumulative actuarial losses at end of year	**45,930**	39,703

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined benefit plan (Cont'd)

Amounts for the current and previous periods

	THE GROUP AND THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000
Defined benefit obligation	**(93,750)**	(81,470)
Plan assets	**47,458**	37,059
Deficit	**(46,292)**	(44,411)
Experience losses on plan liabilities	**7,187**	245
Experience losses on plan assets	**(959)**	127

General description of the plan

The funded plan is a defined benefit arrangement, with benefits based on final salary. It provides for a pension at retirement and a benefit on death or disablement in service before retirement. The unfunded liabilities are in respect of employees who are entitled to statutory benefits under The Workers' Rights Act 2019. For those who are members of the pension plan, half of any lump sum and five years of pension (relating to Employer's share of contribution only) payable from the pension plan have been offset from the Retirement Gratuities.

Description of assets

The assets of the plan are invested in the Deposit Administration Policy underwritten by Swan Life Ltd. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes. It is a long-term investment policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as Equity Funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4% per annum.

Risks associated with the Plan

The Defined Benefit Plan exposes the Group and the Company to actuarial risks such as longevity risk, interest rate risk, market (investment) risk and salary risk.

Longevity risk:- The liabilities disclosed are based on the Swan buyout rate. Should there be an improvement in mortality,the buyout rate will be reviewed and hence the liabilities will increase.

Interest rate risk :- If the yields on Government Bonds and Treasury Bills decrease, the liabilities would be calculated using a lower discount rate, and would therefore increase.

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined benefit plan (Cont'd)

Risks associated with the Plan (Cont'd)

Investment risk :- The present value of the liabilities of the plan are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.

Salary risk :- If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

Sensitivity analysis

The sensitvity analyses above have been determined based on sensibly possible changes of the discount rate or salary increase rate ocuring at the end of the reporting period if all other assumptions remained unchanged.

	THE GROUP AND THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000
Increase in defined benefit obligations due to 1% decrease in discount rate	**3,787**	4,726
Decrease in defined benefit obligations due to 1% increase in discount rate	**5,462**	4,670
Increase in defined benefit obligations due to 1% increase in future long-term salary assumption	**4,917**	4,897
Decrease in defined benefit obligations due to 1% decrease in future long-term salary assumption	**4,615**	4,553

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined benefit plan (Cont'd)

In presenting the above sentivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations liability recognised in the statements of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The weighted duration of the liabilities as at 30 June 2021 is 5 years.

	THE GROUP AND THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000
Expected employer contributions for next financial year	**10,400**	10,400

The principal accounting assumption used for accounting purposes were:

	THE GROUP AND THE COMPANY	
	30 June 2021 %	30 June 2020 %
Discount rate	**3.10**	2.90
Future long-term salary increase	**2.00**	1.50
Post retirement mortality tables increases	**Swan Annuity rates 2021**	Swan Annuity rates 2020

Actual return on plan assets:

The notional return on plan assets was Rs 2,152,709 for the year ended 30 June 2021 (2020: Rs 1,399,091).

(b) Other retirement benefits

Other retirement benefits relate to unfunded obligations in respect to The Workers' Rights Act 2019. The unfunded retirement obligations provide for lump sum based on company service and final salary to be paid at retirement.

The retirement benefit obligations reporting figures have been based on the latest actuarial report dated 06 August 2021 issued by MUA Pension Ltd.

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Other retirement benefits (Cont'd)

Amount recognised in Statements of financial position:

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Present value of obligations	**42,026**	42,444	**33,267**	36,002

Amount recognised in Statements of profit or loss and other comprehensive income:

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Current service cost	**2,924**	3,255	**2,184**	2,640
Net interest cost	**1,138**	2,127	**943**	1,819
Past service cost	**-**	1,495	**-**	1,263
Curtailment / settlement (gain)	**(4,514)**	(1,624)	**(4,446)**	-
Net cost for the year recognised in profit or loss	**(452)**	5,253	**(1,319)**	5,722
Remeasurement recognised in Other Comprehensive Income	**232**	(1,076)	**(1,391)**	(1,207)
Net cost for the year	**(220)**	4,177	**(2,710)**	4,515
Net interest cost for the year:				
Interest on obligations	**1,138**	2,127	**943**	1,819
Remeasurement recognised in Other Comprehensive Income for the year:				
Actuarial losses/(gains) on the obligations	**232**	(1,076)	**(1,391)**	(1,207)

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Other retirement benefits (Cont'd)

	THE GROUP		THE COMPANY	
Changes in the present value of the obligation	**30 June 2021 Rs '000**	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
At 1 July	**42,444**	38,267	**36,002**	31,487
Interest cost	**1,138**	2,127	**943**	1,819
Current service cost	**2,924**	3,255	**2,184**	2,640
Past service cost	**-**	1,495	**-**	1,263
Benefits paid	**(198)**	-	**(25)**	-
Curtailment / settlement gain	**(4,514)**	(1,624)	**(4,446)**	-
Expected obligation at end of the year	**41,794**	43,520	**34,658**	37,209
Remeasurement (gains)/losses recognised in Other Comprehensive Income at the end of the year	**232**	(1,076)	**(1,391)**	(1,207)
Present value of obligation at end of the year	**42,026**	42,444	**33,267**	36,002
Principal actuarial assumptions at end of the year:				
Normal retirement age	**65**	65	**65**	65
Discount rate	**3.15%-5.05%**	2.14%-3.12%	**3.15%-5.05%**	2.14%-3.12%
Future salary increases	**3.75%**	1.50%	**3.75%**	1.50%
Annual proportion of employees leaving service	**5% up to age 40, decreasing to 0% at age 45 & nil thereafter**	5% up to age 40, decreasing to 0% at age 45 & nil thereafter	**5% up to age 40, decreasing to 0% at age 45 & nil thereafter**	5% up to age 40, decreasing to 0% at age 45 & nil thereafter
Actuarial table for employee mortality	**PMA92_PFA92**	PMA92_PFA92	**PMA92_PFA92**	PMA92_PFA92

Sensitivity

Significant actuarial assumptions for the determination of defined obligation are discount rate, future long term salary and longevity assumptions. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	THE GROUP		THE COMPANY	
Effect on present value of obligations:	**30 June 2021 Rs '000**	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
1% increase in discount rate	**(11,098)**	(10,563)	**(8,536)**	(8,685)
1% decrease in discount rate	**13,942**	13,267	**10,652**	10,853
1% increase in salaries	**11,990**	11,610	**9,104**	9,492
1% decrease in salaries	**(9,563)**	(9,256)	**(7,300)**	(7,609)
Effect of changing longevity - rate up	**(729)**	(654)	**(576)**	(536)
Effect of changing longevity - rate down	**685**	614	**541**	504

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Other retirement benefits (Cont'd)

The sensitivity analysis presented above may not be representative of the actual change in the other retirement benefit obligations as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sentivity analysis, the present value of the other retirement benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Average duration of the retirement benefits (years)	**18.10-22.50**	18.16-22.50	**17.50**	18.10

Experience adjustments on:	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Plan liabilities	**306**	4,594	**1,710**	3,982

(c) State pension plan

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
National pension scheme contribution charges	**10,738**	11,873	**8,503**	9,028

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

20. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Cash at banks and in hand	**110,493**	133,133	**88,287**	114,482
Bank overdrafts	**(301,991)**	(292,915)	**(218,674)**	(221,064)
	(191,498)	(159,782)	**(130,387)**	(106,582)

The bank overdrafts are secured by floating charges on assets of the Group and the Company. The interest rate profile is disclosed in note 31.

While cash and cash equivalents are also subject to impairment requirements of IFRS 9, there is no evidence of impairment loss.

21. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Trade payables	**123,780**	111,097	**108,481**	85,893
Other payables and accruals	**80,659**	65,171	**70,118**	53,040
	204,439	176,268	**178,599**	138,933

The average credit period of trade payables is 1 to 3 months. No interest is charged on trade payables. The Group and the Company have financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Trade and other payable balances to related parties, including terms and conditions, are disclosed under Note 30: Related party transactions.

The directors consider that the carrying amount of trade payables approximates to their fair value.

22. PROFIT FROM OPERATIONS

Profit/(loss) from operations is arrived at after charging / (crediting) the following items:

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Cost of operations	**1,757,562**	1,643,364	**1,065,993**	1,173,028
Depreciation of property, plant and equipment	**37,461**	35,010	**27,169**	24,516
Depreciation of investment properties	**-**	34	**-**	2,649
Depreciation of leased assets	**27,106**	24,202	**17,097**	16,486
Amortisation of intangible assets	**316**	326	**243**	253
Selling and marketing costs	**68,710**	98,294	**45,475**	66,184
Administrative costs	**39,003**	44,317	**16,848**	27,687
Other operating costs	**41,261**	42,482	**30,023**	38,391
Loss on forward contracts	**(35)**	690	**(35)**	690
Net exchange gain	**(12,584)**	(27,653)	**(8,370)**	(24,888)
Other income	**(27,197)**	(57,482)	**(41,870)**	(76,570)
Included in cost of operations:				
Cost of inventories expensed	**1,595,515**	1,516,962	**968,167**	1,056,465
Other income				
Interest receivable	**(3,153)**	(5,729)	**(4,913)**	(9,977)
Rental income	**(5,167)**	(5,872)	**(9,135)**	(7,734)
Sundry income	**(9,150)**	(9,046)	**(14,668)**	(13,780)
Profit on disposal of property, plant and equipment	**(1,091)**	(2,333)	**(1,094)**	(2,198)
Profit on disposal of investments	**8**	(1,417)	**8**	(6,159)
Refund GWAS	**(4,599)**	(23,161)	**(3,363)**	(17,690)
Dividend received	**(4,045)**	(9,924)	**(8,705)**	(19,032)
	(27,197)	(57,482)	**(41,870)**	(76,570)
Staff costs				
Wages and salaries, including gratuity	**267,033**	259,944	**202,766**	202,016
Social security costs	**10,738**	11,839	**8,503**	9,028
Pension and other post retirement benefits	**17,995**	24,447	**17,127**	24,453
	295,766	296,228	**228,396**	235,497
Allocated as follows:				
Direct overheads	**94,519**	96,700	**82,818**	**85,675**
Administrative expenses	**201,247**	199,528	**145,578**	**149,822**
	295,766	296,228	**228,396**	**235,497**
Loss allowance on financial assets				
Loss allowance on other receivables from related parties	**-**	2,239	**-**	**2,239**
Movement in loss allowance on trade receivables	**4,150**	5,690	**3,800**	**4,930**

23. FINANCE COSTS

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Interest on:				
- Bank and other borrowings	**19,266**	29,666	**18,576**	30,113
- Bills payable	**10,339**	12,161	**6,451**	7,875
- Lease obligations	**6,036**	6,727	**4,741**	5,041
- Bank overdrafts	**11,184**	15,376	**6,866**	10,193
	46,825	63,930	**36,634**	53,222

24. EARNINGS PER SHARE

The earnings and number of ordinary shares used in the calculation of basic earnings per share are as follows:-

	THE GROUP	
	30 June 2021 Rs '000	30 June 2020 Rs '000
Profit/(loss) for the year attributable to owners of the Company (Rs '000)	**18,269**	(38,026)
Number of ordinary shares	**6,175,680**	6,175,680
Earnings/(loss) per share (Rs)	**2.96**	(6.16)

25. NOTES TO THE STATEMENTS OF CASH FLOWS

Purchase of property and equipment	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Additions to property, plant and equipment (note 5)	**25,782**	30,244	**9,729**	17,372
Financed as follows:				
Cash	**25,504**	28,932	**9,424**	16,060
Included under other payables	**278**	1,312	**305**	1,312
	25,782	30,244	**9,729**	17,372
Cash disbursed	**25,504**	28,932	**9,424**	16,060

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's and the Company's liabilities arising from financing activities. Liabilities from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows from financing activities.

	THE GROUP			
	Opening balance Rs '000	Financing Cash flows Rs '000	Non-cash movements Rs '000	Closing balance Rs '000
30 June 2021				
Loans	932,690	(225,002)	-	707,688
Lease liabilities	101,468	(27,974)	7,291	80,785
	1,034,158	**(252,976)**	**7,291**	**788,473**

	THE COMPANY			
	Opening balance Rs '000	Financing Cash flows Rs '000	Non-cash movements Rs '000	Closing balance Rs '000
30 June 2021				
Loans	818,400	(225,427)	-	592,973
Lease liabilities	79,729	(19,371)	5,291	65,649
Decrease in amount due to subsidiary	9,500	(9,500)	-	-
	907,629	**(254,298)**	**5,291**	**658,622**

	THE GROUP			
	Opening balance Rs '000	Financing Cash flows Rs '000	Non-cash movements Rs '000	Closing balance Rs '000
30 June 2020				
Loans	837,469	95,221	-	932,690
Obligations under finance leases	24	(24)	-	-
Lease liabilities	104,792	(27,387)	24,063	101,468
	942,285	67,810	24,063	1,034,158

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

	THE COMPANY			
	Opening balance Rs '000	Financing Cash flows Rs '000	Non-cash movements Rs '000	Closing balance Rs '000
30 June 2020				
Loans	743,872	74,528	-	818,400
Lease liabilities	71,138	(19,200)	27,791	79,729
	815,010	55,328	27,791	898,129

The cash flows from loans and obligations under finance leases represent the net amount of proceeds and repayments in the statements of cash flows.

27. OTHER FINANCIAL ASSETS/(LIABILITIES)

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Financial assets measured at amortised cost (note (a))	**1,161**	1,161	**6,711**	4,861
Financial liabilities measured at amortised cost (note (b))	**(450)**	(300)	**-**	-
Other financial assets/(liabilities) (note (c))	**35**	(690)	**35**	(690)
	746	171	**6,746**	4,171

27. OTHER FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

(a) Financial assets measured at amortised cost

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
At 1 July	**1,161**	161	**4,861**	3,861
Additions	**-**	1,000	**1,850**	1,000
At 30 June	**1,161**	1,161	**6,711**	4,861

The financial assets carry interest at 6% p.a. payable on an annual basis. There is no exposure to price risk as the financial assets will be held to maturity. Rs 1 m matures on or before 30 June 2022.

The directors have assessed that the above financial assets at amortised cost have low credit risk and, as such, the Group and the Company did not account for any loss allowance.

(b) Financial liabilities measured at amortised cost

	THE GROUP	
	30 June 2021 Rs '000	30 June 2020 Rs '000
At 1 July	**300**	300
Additions	**150**	-
At 30 June	**450**	300

The financial liabilities carry interest at 5% and 6.5% p.a. payable on an annual basis.

(c) Other financial assets/(liabilities)

Foreign currency forward contracts

It is the policy of the Group and the Company to enter into foreign currency forward contracts to manage the foreign currency risk associated with anticipated purchases (imports) transactions denominated in foreign currencies.

27. OTHER FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

(c) Other financial assets/(liabilities) (Cont'd)

Foreign currency forward contracts (Cont'd)

The following table details the forward foreign currency contracts outstanding at reporting date:-

30 June 2021		Average exchange rate	Foreign currency '000	Currency notional value '000	Fair value assets/ (liabilities) Rs '000
Forward exchange contract - buy	ZAR:MUR	2.98	ZAR 2,000	MUR 5,965	35
					35

30 June 2020		Average exchange rate	Foreign currency '000	Currency notional value '000	Fair value assets/ (liabilities) Rs '000
Forward exchange contract - buy	ZAR:MUR	2.35	ZAR 7,108	MUR 16,593	130
Forward exchange contract - sell	USD:ZAR	17.18	USD 1,700	ZAR 28,841	2,152
Forward exchange contract - sell/buy	USD:ZAR	17.29	USD 700	ZAR 10,908	(2,972)
					(690)

The above forward exchange contracts are classified under Level 2 of the fair value hierarchy. The foreign currency risk management is disclosed in note 31.

28. DIVIDENDS

	THE GROUP	
	30 June 2021 Rs '000	30 June 2020 Rs '000
Final dividend paid of Rs 2.50 per share	**-**	15,439

On 26 September 2019, the directors approved the payment of a dividend of Rs 2.50 per share in respect of the year ended 30 June 2019. The dividends were paid in December 2019.

29. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	30 June 2021 Rs '000	30 June 2020 Rs '000
Contingent liabilities	**132,410**	202,578	**125,131**	183,779
Group's share of associates' contingent liabilities	**160,796**	172,021		

The contingent liabilities represent guarantees provided to bankers and third parties which have not been provided for in these financial statements as the directors consider that the probability for default in respect of those guarantees is remote.

Included in contingent liabilities above is a corporate guarantee by the Company in favour of the bank for Expert Leasing Ltd in consideration of banking facilities and financial accomodation of Rs 60,000,000.

The Group's share of associates' contingent liabilities represents financial guarantees, undrawn credit facilities and letters of credit and other obligations on account of customers

30. RELATED PARTY TRANSACTIONS

The subsidiaries and associates are disclosed in notes 9 and 10.

During the year, the following significant transactions were carried out with related parties :-

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	30 June 2021 Rs '000	30 June 2020 Rs '000
Transactions during the year				
Subsidiaries				
Rendering of services	-	-	**26,747**	22,367
Receipts of goods and services	-	-	**28,829**	3,774
Interest expense on advances	-	-	**148**	586
Interest received	-	-	**2,584**	6,360
Dividend received	-	-	**5,398**	2,879
Advances granted	-	-	**-**	6,000
Refund of advances granted to subsidiaries	-	-	**60,488**	24,002
Advances repaid to subsidiaries	-	-	**9,500**	-
Purchase of investments	-	-	**-**	490
Purchase/(redemption) of preference shares	-	-	**1,850**	-
Associates				
Rendering of goods and services	**5,803**	46,191	**3,208**	35,626
Receipts of goods and services	**32,510**	13,526	**5,311**	8,007

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

30. RELATED PARTY TRANSACTIONS (CONT'D)

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	30 June 2021 Rs '000	30 June 2020 Rs '000
Transactions during the year (Cont'd)				
Associates (Cont'd)				
Dividend received	**-**	6,465	**-**	6,347
Advances repaid	**-**	10,500	**-**	10,500
Refund of loan from associate	**-**	11,500	**-**	11,500
Leases repaid	**2,391**	2,927	**2,391**	2,927
Interest paid	**2,869**	5,141	**2,869**	5,141
Interest received	**499**	1,559	**499**	1,559
Investment activities with associates have been disclosed in notes 10.				
Enterprises that have a member of key management / directors in common				
Rendering of goods and services	**64,655**	70,837	**39,025**	40,236
Receipts of goods and services	**88,130**	101,444	**56,795**	79,116
Dividend received	**710**	1,119	**710**	1,119
Advances granted	**8,581**	11,145	**8,581**	11,145
Advances repaid	**8,884**	6,486	**8,884**	6,486
Conversion of advances into preference shares	**-**	1,000	**-**	1,000
Loan received	**13,000**	-	**-**	-
Loan repaid	**2,723**	-	**-**	-
Interest paid	**394**	-	**-**	-
Interest received	**1,174**	1,602	**1,174**	1,602
Purchase of other investments	**613**	4,377	**613**	4,377
Loss allowance on other receivables	**-**	2,239	**-**	2,239
Corporate social responsibility	**-**	396	**-**	391
Outstanding balances with related parties				
Subsidiaries				
Advances and loans	**-**	-	**32,600**	93,088
Receivables	**-**	-	**45,755**	13,807
Advances from subsidiaries	**-**	-	**-**	9,500
Payables	**-**	-	**15,530**	7,881
Associates				
Advances and loans	**10,000**	16,059	**10,000**	10,000
Receivables	**12,287**	6,071	**2,764**	4,753
Bank overdraft	**35,017**	122,547	**35,017**	98,325
Payables	**1,674**	2,252	**1,175**	787
Obligations under finance leases	**2,790**	5,182	**2,790**	5,182

30. RELATED PARTY TRANSACTIONS (CONT'D)

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Outstanding balances with related parties (Cont'd)				
Enterprises that have a member of key management / directors in common				
Advances receivables	**35,131**	27,073	**26,646**	21,848
Advances payables	**10,277**	-	**-**	-
Receivables	**57,233**	40,106	**41,882**	20,333
Payables	**32,267**	25,637	**23,524**	18,808

The outstanding balances with related parties (as disclosed above) bear an average interest rate of 5.00% - 7.25% per annum (2020: 5.00% - 7.25%). These balances are unsecured and do not have any fixed terms of repayment unless stated otherwise.

Compensation of key management personnel:

The remuneration of directors and other members of key management during the year was as follows:

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Short term benefits	**76,219**	90,126	**70,931**	82,618

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

31. FINANCIAL INSTRUMENTS

Capital risk management

The Group and the Company manage their capital to ensure that entities in the Group and the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from 2020.

The Capital structure of the Group and the Company consist of debt, net of cash and cash equivalents, and equity attributable to owners of the Company comprising issued capital, reserves and retained earnings.

Gearing ratio

The gearing ratio at the year end was as follows:

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Debt	**1,090,464**	1,327,073	**877,296**	1,128,693
Cash in hand and at bank	**(110,493)**	(133,133)	**(88,287)**	(114,482)
Net debt	**979,971**	1,193,940	**789,009**	1,014,211
Total equity	**1,169,027**	1,123,182	**908,256**	873,332
Net debt to equity ratio	**0.84**	1.06	**0.87**	1.16
Net debt to equity ratio (excluding Impact of IFRS16)	**0.77**	0.98	**0.80**	1.08

(i) Debt is defined as long and short term borrowings as described in notes 6(b), 18, 20 and 29.

(ii) Equity includes all capital and reserves of the Group and the Company.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

31. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments

30 June 2021	THE GROUP Financial assets Rs '000	THE GROUP Financial liabilities Rs '000	THE COMPANY Financial assets Rs '000	THE COMPANY Financial liabilities Rs '000
At amortised cost				
Trade and other receivables	379,508	-	352,853	-
Other financial assets	1,161	-	6,711	-
Cash and cash equivalents	110,493	-	88,287	-
Loans	-	707,688	-	592,973
Bank overdrafts	-	301,991	-	218,674
Lease liabilities	-	80,785	-	65,649
Trade and other payables	-	193,915	-	169,669
Financial assets at fair value through other comprehensive income	275,590	-	265,976	-
Derivative financial assets/liabilities	35	450	35	-
	766,787	**1,284,829**	**713,862**	**1,046,965**

30 June 2020	THE GROUP Financial assets Rs '000	THE GROUP Financial liabilities Rs '000	THE COMPANY Financial assets Rs '000	THE COMPANY Financial liabilities Rs '000
At amortised cost				
Trade and other receivables	317,896	-	335,174	-
Other financial assets	1,161	-	4,861	-
Cash and cash equivalents	133,133	-	114,482	-
Loans	-	932,690	-	818,400
Bank overdrafts	-	292,915	-	221,064
Lease liabilities	-	101,467	-	79,729
Trade and other payables	-	169,849	-	134,344
Amount due to subsidiary	-	-	-	9,500
Financial assets at fair value through other comprehensive income	240,242	-	230,660	-
Derivative financial assets/liabilities	-	990	-	690
	692,432	1,497,911	685,177	1,263,727

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (Cont'd)

	THE GROUP 30 June 2021 Rs '000	THE GROUP 30 June 2020 Rs '000	THE COMPANY 30 June 2021 Rs '000	THE COMPANY 30 June 2020 Rs '000
(i) Financial assets exclude the following:				
Prepayments	**24,427**	25,430	**11,227**	7,404
Valued added tax	**-**	976	**-**	-
Income taxes withheld under tax deduction at source	**-**	77	**-**	77
	24,427	26,483	**11,227**	7,481
(ii) Financial liabilities exclude the following:				
Valued added tax	**7,233**	4,686	**6,560**	2,861
Contract Liabilities	**32,745**	44,716	**15,411**	18,536
National Pension Funds/Income taxes retained	**3,133**	1,657	**2,272**	1,657
Tax deduction at source	**158**	77	**98**	71
	43,269	51,136	**24,341**	23,125

Financial risk management

Market risk

The Group's and the Company's activities expose them primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group and the Company manage their exposure to interest rate and foreign currency risk by use of a proper mix of fixed and floating rate borrowings and use of natural hedging and monitoring of forward exchange rates respectively.

31. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Foreign currency risk management

The Group and the Company undertake certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arises.

The currency profile of the financial assets and financial liabilities is summarised as follows:

30 June 2021	THE GROUP		THE COMPANY	
	Financial assets Rs '000	Financial liabilities Rs '000	Financial assets Rs '000	Financial liabilities Rs '000
Currency				
Mauritian Rupee	660,588	1,202,937	628,128	998,357
US Dollar	44,297	21,573	29,840	21,573
South African Rand	13,938	17,379	13,935	17,378
Japanese Yen	13,377	36,299	11,574	7,275
Euro	33,433	4,672	29,235	439
Great Britain Pound	499	1,821	495	1,795
Singapore Dollar	-	148	-	148
Australian Dollar	655	-	655	-
	766,787	**1,284,829**	**713,862**	**1,046,965**

30 June 2020	THE GROUP		THE COMPANY	
	Financial assets Rs '000	Financial liabilities Rs '000	Financial assets Rs '000	Financial liabilities Rs '000
Currency				
Mauritian Rupee	597,754	1,315,373	603,617	1,112,693
US Dollar	39,524	20,855	34,376	17,847
South African Rand	35,379	13,560	35,379	13,557
Japanese Yen	229	7,177	229	335
Euro	19,129	140,731	11,163	119,081
Great Britain Pound	417	17	413	16
Singapore Dollar	-	198	-	198
	692,432	1,497,911	685,177	1,263,727

31. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Foreign currency risk management (Cont'd)

The Group and the Company are significantly exposed to Japanese Yen, US Dollar, South African Rand and Euro.

The following table details the Group and the Company's sensitivity to a 5% increase (based on historical observations) in the Rupee against the relevant significant foreign currencies on profit and equity. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

	Impact on profit or loss THE GROUP		Impact on profit or loss THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
US Dollar	**943**	775	**343**	686
Japanese Yen	**(951)**	(288)	**178**	(4)
South African Rand	**(143)**	905	**(143)**	906
Euro	**1,194**	(5,046)	**1,195**	(4,479)

A decrease of 5% in the Rupee against the above relevant foreign currencies would have an equal and opposite impact on the profit or loss.

Currency derivatives - foreign currency forward contracts

It is the Group's and the Company's policy to enter into foreign currency forward contracts to cover specific foreign currency payments. The Group and the Company enter into foreign currency forward contracts to manage the risks associated with purchase transactions. Exchange rate exposures are managed within approved policy parameters utilising foreign currency forward contracts. The instruments purchased are primarily denominated in the currency of the Group's and the Company's principal market.

The Group and the Company perform a qualitative assessment of the effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movement in the underlying exchange rates.

31. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Currency derivatives - foreign currency forward contracts (Cont'd)

The following table details the effectiveness of the hedge relationships and the amounts reclassified from hedging reserve to profit or loss:

Cash flow hedges	30 June	Changes in fair value of hedging instrument recognised in OCI	Hedges ineffectiveness recognised in profit or loss	Amount reclassified from cost of hedging reserve to profit or loss	Line item in profit or loss affected by the reclassification
Forecast purchases	**2021**	**-**	**35**	**-**	**Profit from operations**
Forecast purchases	2020	-	(690)	(13,706)	Profit from operations

Interest rate risk management

The Group and the Company are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings.

The interest rate profile of the Group and the Company at 30 June 2021 was:

		THE GROUP		THE COMPANY	
		30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Financial Assets					
Non-interest bearing	N/A	**624,553**	527,290	**554,684**	560,241
Fixed interest bearing	5.00%-7.25%	**1,161**	1,161	**6,711**	-
Variable interest rate instruments	5.00%	**141,038**	163,981	**152,432**	124,936
Derivative financial instruments	N/A	**35**	-	**35**	-
		766,787	692,432	**713,862**	685,177

The above comprise mainly of advances to related parties, cash at bank and preference shares.

31. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Interest rate risk management (Cont'd)

		THE GROUP		THE COMPANY	
		30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Financial liabilities					
Non-interest bearing	N/A	**193,915**	169,547	**169,669**	134,343
Lease liabilities	6.00%-8.00%	**80,785**	101,468	**65,649**	79,729
Fixed interest bearing	3.15%-3.80%	**160,000**	412,825	**160,000**	412,525
Variable interest rate instruments	2.30%-7.00%	**849,679**	813,081	**651,647**	636,440
Derivative financial instruments	N/A	**450**	990	**-**	690
		1,284,829	1,497,911	**1,046,965**	1,263,727

The above comprise mainly of loans, import loans, lease contracts and bank overdrafts. The fixed rates financial liabilities comprise of leases contracts bearing interest rates fixed in advance up last repayment of instalments. The floating rates financial liabilities are bank overdrafts, loans and import loans bear varying interest rates.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to the interest rates at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

If interest rates had been 50 basis points (based on historical observations) higher/lower and all other variables were held constant, the effect on the Group and the Company's profit would have been as follows:

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Profit or Loss	**3,543**	3,246	**2,496**	2,558

Other comprehensive income would have been unaffected as there is no interest bearing financial instruments designated as at FVTOCI.

31. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Other price risk

The Group and the Company are exposed to equity price risks arising from quoted equity investments. Equity investments are held for strategic rather than trading purposes. The Group and the Company do not actively trade these investments.

The sensitivity analyses below have been determined based on the exposure to equity price risks of quoted investments at the reporting date.

If equity prices had been 5% higher/lower:

- Profit for the year ended 30 June 2021 and 30 June 2020 would have been unaffected as the quoted equity investments are classified as FVTOCI; and

- Other comprehensive income would have increased/decreased by Rs 7,515,189 (2020: Rs 7,339,883) for the Group and by Rs 5,392,154 (2020: Rs 5,023,606) for the Company as a result of the changes in fair value of the investments in equity instruments.

The methods and assumptions used in preparing the sensitivity analysis above have not changed significantly from prior year.

The Group and the Company's sensitivity to equity prices have changed significantly due to fair value loss recognised during the year on quoted equity investments.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group and the Company use publicly available financial information and its own trading records to rate its major customers. The Group's and the Company's exposure and the credit ratings of its counterparties are continuously monitored.

Before accepting any new customer, the credit control department of the Group and the Company assess the credit quality of the customer and define the credit facilities accordingly. Trade receivables are monitored on a monthly basis through internal management meetings.

The Group and the Company have policies to ensure that the vetting criteria are assessed and reviewed in order to take into consideration economic realities. All credit applications go through a vetting process and are subject to management approval. At the level of operations, outstanding debts are continuously monitored and relevant diminution in value is recognised as and when they become apparent. The recoverable amount of each past due debt is reviewed on an individual basis at each reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. As such, the Group's and the Company's credit risk is significantly reduced.

31. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Credit risk management (Cont'd)

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

The Group and the Company do not have any concentration of credit risk.

All bank balances are assessed to have low credit risk at reporting date since they are held with reputable banking institutions.

The carrying amount of the financial assets presented in the financial statements represent the maximum exposure of the Group and the Company to credit risk at reporting date.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who monitors the Group and the Company's short, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities. Despite the advent of Covid-19, the Group and the Company have been able to meet their contractual obligations, including the obligations towards the banks. With the improved performance, it is not expected that the Group and the Company will be impacted by any liquidity issues.

Liquidity risk tables

The following tables detail the Group and the Company's remaining contractual maturity for its non-derivative financial liabilities. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

31. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Liquidity risk management (Cont'd)

Liquidity risk tables (Cont'd)

	THE GROUP			
	Less than 1 year Rs '000	1 - 5 years Rs '000	5 + years Rs '000	Total Rs '000
30 June 2021				
Non-interest bearing	193,912	-	-	193,912
Lease liabilities	22,641	58,144	-	80,785
Fixed interest bearing	160,000	-	-	160,000
Variable interest rate instruments	641,365	97,233	111,081	849,679
Derivative financial instruments	450	-	-	450
	1,018,368	**155,377**	**111,081**	**1,284,826**
30 June 2020				
Non-interest bearing	169,847	-	-	169,847
Lease liabilities	21,856	79,294	318	101,468
Fixed interest bearing	412,825	-	-	412,825
Variable interest rate instruments	575,750	125,349	111,982	813,081
Derivative financial instruments	690	-	-	690
	1,180,968	204,643	112,300	1,497,911

	THE COMPANY			
	Less than 1 year Rs '000	1 - 5 years Rs '000	5 + years Rs '000	Total Rs '000
30 June 2021				
Non-interest bearing	169,669	49,766	-	219,435
Lease liabilities	15,883	-	-	15,883
Fixed interest bearing	160,000	-	-	160,000
Variable interest rate instruments	464,053	90,913	96,681	651,647
	809,605	**140,679**	**96,681**	**1,046,965**
30 June 2020				
Non-interest bearing	134,343	-	-	134,343
Lease liabilities	14,531	65,198	-	79,729
Fixed interest bearing	412,525	-	-	412,525
Variable interest rate instruments	420,809	118,949	96,682	636,440
Derivative financial instruments	690	-	-	690
	982,898	184,147	96,682	1,263,727

31. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Fair value hierarchy

The following table provides an analysis of financial assets that are measured subsequently to initial recognition at fair value.

	THE GROUP			
	Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000	Total Rs '000
30 June 2021				
Quoted shares	107,845	-	-	107,845
Unquoted shares	-	-	167,745	167,745
Forward foreign exchange contracts	-	35	-	35
	107,845	**35**	**167,745**	**275,625**
30 June 2020				
Quoted shares	100,474	-	-	100,474
Unquoted shares	-	-	139,768	139,768
Forward foreign exchange contracts	-	-	-	-
	100,474	-	139,768	240,242

	THE COMPANY			
	Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000	Total Rs '000
30 June 2021				
Quoted shares	107,845	-	-	107,845
Unquoted shares	-	-	158,131	158,131
Forward foreign exchange contracts	-	35	-	35
	107,845	**35**	**158,131**	**266,011**
30 June 2020				
Quoted shares	100,474	-	-	100,474
Unquoted shares	-	-	130,186	130,186
Forward foreign exchange contracts	-	(690)	-	(690)
	100,474	(690)	130,186	229,970

31. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Fair value of the Group's and the Company's financial assets that are measured at fair value on a recurring basis

Financial assets	Valuation techniques	Significant unobservable inputs	Relationship and sensitivity of unobservable inputs to fair value
Quoted shares	Market value	N/A	N/A
Unquoted shares	Net Assets Value	N/A	N/A
Forward foreign exchange contracts	Future cash flows are estimated based on forward exchange rates and contract forward rates.	N/A	N/A

32. COMMITMENTS FOR EXPENDITURE

	THE GROUP AND THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000
Commitments for the acquisition of property and equipment	**-**	-

33. SEGMENTAL REPORTING

Primary segment-business

The non automobile segment remains insignificant (i.e. less than 10%) both in terms of revenue and trading results compared to the Group which is regarded as one segment, except for the share of profits from ABC Banking Corporation Ltd which amounts to Rs 9,296,995 (2020: Rs 11,854,233) and investment in associate of Rs 279,439,000 (2020: Rs 272,098,000). The directors thus consider that there is no relevance in disclosing segmental information at this level.

Secondary segment-business

Since all business activities take place in Mauritius, the directors do not consider this segment as reportable.

34. REVENUE

(a) The following is an analysis of the Group's and the Company's revenue for the year:

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
Sale of goods	**1,995,456**	1,865,089	**1,241,528**	1,323,481
Rendering of services	**135,718**	129,921	**93,935**	92,911
	2,131,174	1,995,010	**1,335,463**	1,416,392
Timing of revenue recognition				
At a point in time	**2,131,174**	1,995,010	**1,335,463**	1,416,392

(b) Contract liabilities related to contracts with customers

	THE GROUP		THE COMPANY	
	30 June 2021 Rs '000	30 June 2020 Rs '000	**30 June 2021 Rs '000**	30 June 2020 Rs '000
At 1 July	**44,716**	25,067	**18,536**	11,422
Amount included in contract liabilities that was recognised as revenue during the period net of expenses	**(44,716)**	(25,067)	**(18,536)**	(11,422)
Cash received in advance of performance or amount due and not recognised as revenue during the period	**32,745**	44,716	**15,411**	18,536
At 30 June	**32,745**	44,716	**15,411**	18,536

Contract liabilities arise from advance payment from customers to be recognised over the next financial year on delivery of goods.

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Cautionary note

The report contains several forward-looking statements with respect to the financial position and business strategy of ABC MOTORS COMPANY LIMITED. By their very nature, forward-looking statements are based on a number of assumptions and management's current views; thus subject to inherent risks and uncertainties. Hence, there is a significant risk that the statements contained herein may not prove to be accurate.

Readers of this report are thus cautioned not to place undue reliance on the forward-looking statements as numerous factors could cause future results and actions to differ materially from the declarations of future expectations expressed herein. A number of factors ranging from the evolution of the economic and political landscape to technological headway, regulatory, developments, interest rate and currency value fluctuations, management actions, level of competition in the local and global industry are bound to influence the future outcomes that relate to forward-looking statements.

ABC MOTORS COMPANY LIMITED does not undertake to update any forward-looking statement that may be made from time to time by the organisation or on its behalf.

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