

MCB INVESTMENT HOLDING LIMITED

FINANCIAL STATEMENTS

YEAR ENDED

JUNE 30, 2017

MCB INVESTMENT HOLDING LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Dear Shareholder

The Board of Directors is pleased to present the audited financial statements of MCB Investment Holding Limited for the year ended June 30, 2017, the contents of which are listed below :

CONTENTS	PAGE
Corporate Governance Report	2-9
Statement of Compliance	10
Report of the Directors	11
Secretary's certificate	12
Independent auditors' report	13-17
Statement of financial position	18
Statement of profit or loss and other comprehensive income	19
Statement of changes in equity	20
Statement of cash flows	21
Notes to the financial statements	22-28

1 COMPLIANCE STATEMENT

MCB Investment Holding Limited ("MCBIH" or the "Company") is committed to the highest standard of business integrity, transparency and professionalism in all its activities to ensure that the activities within the Company are managed ethically and responsibly to enhance business value for all stakeholders. As an essential part of this commitment, the Board endeavours to comply with all material provisions of the Code of Corporate Governance for Mauritius.

The board of directors has given and will continue to give due consideration to the principles of good corporate governance which are applicable to the Company under the Code of Corporate Governance and forms the opinion that the Company complies with the Code of Corporate Governance in all material aspects.

The board of directors will regularly reassess the requirements of the Code of Corporate Governance to ensure that the Company remains compliant thereto.

2 HOLDING STRUCTURE AND COMMON DIRECTORS

(a) MCBIH is a wholly owned subsidiary of MCB Group Limited (MCBG).

(b) **Common Director**

Messrs Pierre Guy Noël and Jean Michel Ng Tseung are also directors of MCB Group Limited.

3 SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY

The Company is wholly owned by MCBG.

4 DIVIDEND POLICY

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

5 THE BOARD OF DIRECTORS

(a) **Composition of the Board**

Mr Pierre Guy Noël (Chairman)
Mr Jean-François Desvaux de Marigny
Mr Jean Michel Ng Tseung (as from August 2016)

5 THE BOARD OF DIRECTORS (CONT'D)

(a) Composition of the Board (Cont'd)

Profile of Directors

(i) **Pierre Guy Noël, Non-Executive Director and Chairman**

Mr Pierre Guy Noël holds a BSc (Honours) in Economics from the London School of Economics and Political Science and is a Fellow of the Institute of Chartered Accountants in England and Wales. From 1981 to 1991, Pierre Guy worked at De Chazal Du Mée & Co. where he became a partner in financial consultancy. He joined MCB in 1992 as Planning and Development Consultant before being appointed General Manager of the Bank in 1996. Following the organisation's restructuring, he became the Chief Executive of MCB Group Ltd in April 2014. He is a board member of several companies within the Group namely Banque Française Commerciale Océan Indien, The Mauritius Commercial Bank (Seychelles) Limited, The Mauritius Commercial Bank (Maldives) Private Limited, The Mauritius Commercial Bank (Madagascar) SA, MCB Investment Holding Ltd, MCB Capital Markets Ltd, MCB Equity Fund, MCB Consulting Services Ltd, MCB Factors Ltd, International Card Processing Services Ltd, Credit Guarantee Insurance Co. Ltd and MCB Microfinance Ltd amongst others, acting either as Chairperson or Director. He was appointed to the Board of MCB Ltd in 2005 and was a director thereof until March 2014 when he joined the Board of MCB Group Ltd following the Group's restructuring exercise.

Directorship in listed companies

MCB Group Limited

(ii) **Jean-François Desvaux de Marigny, Non-Executive Director**

Fellow of the Institute of Chartered Accountants in England and Wales, Jean-François joined The Mauritius Commercial Bank Ltd in 1986 after several years of experience as an auditor in Europe. In June 2015, he retired from the Bank where he shouldered various high-level responsibilities in his capacity as Head of Finance, Company Secretary and Deputy Chief Executive amongst others. Furthermore, he has participated actively in the development of MCB's regional network and is a director of several companies within the MCB Group. He was also involved in the launching of the Stock Exchange of Mauritius in 1989. He was first appointed to the Board of Directors of MCB Ltd in April 2013 and was a member of the Supervisory and Monitoring Committee and of the Risk Monitoring Committee of the Bank until his retirement.

(iii) **Jean Michel Ng Tseung, Executive Director (as from August 2016)**

Holder of a BSc (Honours) in Mathematics from Imperial College of Science and Technology and member of the Institute of Chartered Accountant in England and Wales, Jean Michel joined The Mauritius Commercial Bank Ltd in January 2004 and was Head of Corporate of the Bank until July 2015, when he joined MCB Investment Holding Ltd as its Chief Executive Officer. He trained as a chartered accountant with Arthur Andersen in London before becoming Partner and Head of the Audit and Business Advisory Department of De Chazal du Mée and subsequently of Ernst & Young.

He is also a member of the Listing Executive Committee of the Stock Exchange of Mauritius Ltd whilst being a director of Finlease Co. Ltd and Les Jamalacs Ltd, two subsidiary companies of MCB Group Ltd.

5 THE BOARD OF DIRECTORS (CONT'D)

(b) Role and Responsibilities of the Chairman

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

(c) Role and Responsibilities of the Board

The Company's constitution provides that the Board of the Company shall consist of a minimum of three and a maximum of five directors.

All the members of the Board possess the necessary knowledge, skills, objectivity, intellectual honesty, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Company, independent of management and to protect the interests of shareholders, clients and other stakeholders.

The Board does not consider it practical to have at least two executive directors as members of the board given the small size of the Company's operation.

All directors receive timely information so that they are equipped to play as full a part as possible in board meetings. All board members have access to the Company Secretary for any further information they require.

The Risks and Compliance issues with respect to internal controls, legal, regulatory or licensing matters and the Company's anti-money laundering responsibilities and processes are dealt at Board level as explained in the Section relating to Risk Management and Internal Control System.

(d) Directors' interests in shares

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

(e) Directors' contracts

There is no fixed term contract between the Company and the Directors.

(f) Board Evaluation

For the year under review, no evaluation of the Board was carried out. The Directors of MCBIH have been appointed in the light of their expertise, skills and competence acquired through several years of working experience and professional background.

5 THE BOARD OF DIRECTORS (CONT'D)

(g) Directors Selection, Training and Development

The responsibility of selecting new directors forms part of the responsibility of the Group Remuneration and Corporate Governance Committee and the Chairperson of the said Committee oversees the selection process. MCBIH has set up an informal induction program to introduce newly appointed Directors to the business of the Company and its subsidiaries. The program meets the specific needs of both the Company and the newly appointed Director and enables the latter to participate actively in Board's discussion.

6 RELATED PARTY TRANSACTIONS

For related party transactions, please refer to note 14 of the Financial Statements.

7 SHAREHOLDERS AGREEMENT AFFECTING THE GOVERNANCE OF THE COMPANY BY THE BOARD

There is currently no such agreement.

8 THIRD PARTY MANAGEMENT AGREEMENT

There was no management agreement between third parties and the Company during the year under review.

9 DIRECTORS' REMUNERATION

The Directors' fees and remuneration are in accordance with market rates and they have not been disclosed due to the sensitive nature of the information.

10 REMUNERATION PHILOSOPHY

The Board is responsible for the remuneration strategy of the Company.

The following principles are used to determine the proper remunerations levels:

- Remuneration practices are structured to provide clear incentives for individuals with regard to performance through a performance bonus scheme; and
- Under performers are encouraged to improve performance and given opportunities to enhance their skills and learning.

Remuneration is reviewed annually after taking cognisance of market norms and practices as well as additional responsibilities placed on directors and employees.

11 BOARD ATTENDANCE

No of Meetings held during the year	4
Directors	
Mr Pierre Guy Noël	2
Mr Jean-François Desvieux de Marigny	3
Mr Jean Michel Ng Tseung (as from August 2016)	4

12 TIMETABLE OF IMPORTANT EVENTS

Board meetings are held on a quarterly basis.
Dividends are paid twice yearly.

13 BOARD COMMITTEES

MCBIH being wholly owned by MCB Group Limited does not require to have a separate set of board committees, such as a Corporate Governance and an Audit Committee as allowed by section 1.3 of the Code of Corporate Governance of Mauritius 2003. The Directors ensure that the principles of good governance of the MCB group are followed and applied throughout

14 INTERNAL AUDIT FUNCTION

The Company being a holding company with all its subsidiaries having an internal audit function, the requirement for an internal audit function at the level of the holding is not considered as relevant. Furthermore, the directors of the Company are apprised at board meetings of all material matters reported by the internal audit functions and audit committees of the subsidiaries either by being a member of the audit committee of the subsidiaries and by attending their board meetings.

15 RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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

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

Given that the Company is a holding company, certain members of the board of the Company sit on the risk management committees, audit committees, asset and liability committees or the boards of the subsidiaries of the Company. Any material matters arising out of these committees or boards pertaining to risk management, compliance or internal control issues of the subsidiaries are reported and discussed at the board of the Company.

15 RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

The risk management mechanisms in place include:

- a system for the ongoing identification and assessment of risk; - development of strategies in respect of risk and definition of acceptable and non-acceptable levels of risk
- reviewing the effectiveness of the system of internal control; and
- processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined by the Board.

o At the company level, the key residual risks are legal, regulatory, reputational, and financial risks. The Board is ultimately responsible for these matters but delegates the ongoing tasks to management.

o Legal risk is managed by the Board, taking advice from the Company's legal advisor where appropriate. The Board also takes out appropriate insurance cover.

o Regulatory and reputational risks are managed by the Board and involves the setting out of proper processes and procedures in order to ensure compliance with all legal and regulatory frameworks.

o The identification and management of the financial risks are further discussed in note 4 to the Financial Statements.

16 DONATIONS

Political donations

No political donation was made by the Company and its subsidiaries.

Charitable donations

No charitable donation was made by the Company and its subsidiaries.

17 CORPORATE SOCIAL RESPONSIBILITY

During the reporting period, the contribution of the Company towards the MCB Forward Foundation as part of the Corporate Social Responsibility Levy was Rs 1,751,078.

18 STAKEHOLDERS' RELATIONS AND COMMUNICATION

The shareholder is properly kept informed on matters affecting the Company as it is fairly represented on the Board.

19 ETHICS, HEALTH AND ENVIRONMENT SAFETY AND EMPLOYMENT PRACTICES

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

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

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

20 MATERIAL CLAUSES OF THE CONSTITUTION

The salient features of the Constitution, adopted on 22 August 2016, are highlighted below

- The Board may, subject to the Companies Act 2001 (“Act”) and its Constitution and the terms of issue of any existing shares, issue shares of any Class at any time, to any person and in such numbers as the Board may approve. The Board shall not issue further shares unless such issue has been approved by ordinary resolution;
- the Company may purchase or otherwise acquire its own shares in accordance with, and subject to, sections 68 to 74, and 108 to 110 of the Act and may hold the acquired shares in accordance with section 72 of the Act;
- the Board may authorise a distribution by the Company, if it is satisfied on reasonable grounds that the Company will satisfy the Solvency Test immediately after the distribution;
- the quorum for a meeting of the Board is a majority of the directors;
- the Board shall consist of a minimum of three (3) directors and a maximum of five (5) directors;
- The Constitution of MCB Investment Holding Limited provides for reserved matters. These provide that the representatives of the shareholders shall not vote on a shareholders’ resolution of The Mauritius Commercial Bank Ltd which would trigger shareholders’ rights under sections 105,108 or 114 of the Act without prior consent of the shareholders of MCB Group Limited. Such shareholders’ resolution includes:
 - adoption of a Constitution or the alteration or revocation of the Constitution;
 - reduction of the stated capital of the Company under section 62 of the Act;
 - approval of a major transaction;
 - approval of an amalgamation of the Company under section 246 of the Act;
 - putting the Company into liquidation; and
 - variation of rights attached to a class of shares.

20 AUDITORS' FEES

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

	<u>2017</u>	<u>2016</u>
	Rs.	Rs.
Audit fees - PwC Mauritius and BDO & Co	-	115,000
Audit fees - PwC Mauritius	90,000	-

21 STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities for:

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

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

The directors report that:

- (i) adequate accounting records and effective systems of internal controls and risk management have been maintained;
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iii) International Financial Reporting Standards have been adhered to; and
- (iv) the need to have an internal audit function has been reviewed and the Board considered that an internal audit function is not relevant presently
- (v) the Code of Corporate Governance has been adhered to in all material aspects and reasons have been provided where there has not been compliance.


.....
Director

Date: September 28, 2017


.....
Director

Date: September 28, 2017

For and on behalf of the Board of Directors

MCB INVESTMENT HOLDING LIMITED

STATEMENT OF COMPLIANCE FOR THE YEAR ENDED JUNE 30, 2017

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

Name of Public Interest Entity : MCB Investment Holding Limited ("MCBIH")

Reporting Period : 1 July 2016 to 30 June 2017

We, the directors of MCB Investment Holding Limited, confirm to the best of our knowledge that the Company has complied with all of its obligations and requirements under the Code of Corporate Governance, except with respect to sections 2.2.3 - Executive Directors, 2.8.2 - Directors' remuneration, 2.10.3 - Board and Directors' Appraisal and 5.3.1 - Internal Audit Function, reasons for non-compliance are given respectively under Sections 5(c), 9, 5(f) and 14 of the Corporate Governance Report of the Company.

Signed by

For and on behalf of the Board of Directors



Chairman

Date: September 28, 2017



Director

Date: September 28, 2017

MCB INVESTMENT HOLDING LIMITED

REPORT OF THE DIRECTORS - FOR THE YEAR ENDED JUNE 30, 2017

The directors have pleasure in submitting the audited financial statements of MCB Investment Holding Limited for the year ended June 30, 2017 as set out on pages 18 to 28.

All shareholders agree that in conformity with Section 221 (4) of The Companies Act 2001 ("Act"), the Annual Report of the Company need not comply with paragraphs (a), (d) and (e) of Section 221 (1) of the Act.

The shareholder has agreed to dispense with the obligation to prepare an annual report as per Section 218 of the Companies Act 2001.



MCB Registry & Securities Ltd.

Company Secretary

Date: September 28, 2017

MCB INVESTMENT HOLDING LIMITED

SECRETARY'S CERTIFICATE - FOR THE YEAR ENDED JUNE 30, 2017

In my capacity as Company Secretary, I hereby confirm that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies, as at June 30, 2017 all such returns as are required of the Company under the Companies Act 2001 in terms of section 166(d).

A handwritten signature in blue ink is written over a blue circular stamp. The stamp contains the text "MCB Registry and Securities Ltd." around its perimeter.

MCB Registry & Securities Ltd.
Company Secretary

Date: September 28, 2017



Independent Auditor's Report

To the Shareholder of MCB Investment Holding Limited

Report on the Audit of the Financial Statements of the Company standing alone

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of MCB Investment Holding Limited (the "Company") standing alone as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

The financial statements of MCB Investment Holding Limited set out on pages 18 to 28 comprise:

- the statement of financial position as at 30 June 2017;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



Independent Auditor's Report

To the Shareholder of MCB Investment Holding Limited (Continued)

Report on the Audit of the Financial Statements of the Company standing alone (Continued)

Other Information

The directors are responsible for the other information. The other information comprises the corporate governance report, the statement of compliance, the report of the directors and the secretary's certificate 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. Our reporting responsibilities regarding the corporate governance report is dealt with in the "Report on Other Legal and Regulatory Requirements" section of this report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

The directors are responsible for overseeing the financial reporting process.



Independent Auditor's Report

To the Shareholder of MCB Investment Holding Limited (Continued)

Report on the Audit of the Financial Statements of the Company standing alone (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



Independent Auditor's Report

To the Shareholder of MCB Investment Holding Limited (Continued)

Report on the Audit of the Financial Statements of the Company standing alone (Continued)

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

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

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- (a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor of the Company, auditor and tax advisor of one of its subsidiaries, and dealings in the ordinary course of business with one of its subsidiaries;
- (b) we have obtained all the information and explanations we have required; and
- (c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Mauritian Financial Reporting Act 2004

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the "Code") as disclosed in the financial statements on pages 2 to 9 and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the financial statements on pages 2 to 9 is consistent with the requirements of the Code.



Independent Auditor's Report

To the Shareholder of MCB Investment Holding Limited (Continued)

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholder in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Gilles Beesoo'.

Gilles Beesoo, licensed by FRC


28 September 2017

MCB INVESTMENT HOLDING LIMITED

STATEMENT OF FINANCIAL POSITION - JUNE 30, 2017

	<u>Notes</u>	<u>2017</u> Rs'000	<u>2016</u> Rs'000
ASSETS			
Non-current asset			
Investment in subsidiaries	5	7,420,047	7,420,047
Investment securities	6	27,542	-
Equipment	7	93	-
		<u>7,447,682</u>	<u>7,420,047</u>
Current assets			
Cash and cash equivalents		32,215	79,355
Other receivables	8	1,432,112	1,053,850
		<u>1,464,327</u>	<u>1,133,205</u>
Total assets		<u>8,912,009</u>	<u>8,553,252</u>
EQUITY AND LIABILITIES			
Capital and reserve			
Stated capital	9	6,879,602	6,879,602
Retained earnings		653,262	660,659
Total equity		<u>7,532,864</u>	<u>7,540,261</u>
Current liabilities			
Payables	10	48,190	13,017
Current tax liabilities		3,192	2,431
Proposed dividend	11	1,327,763	997,543
Total liabilities		<u>1,379,145</u>	<u>1,012,991</u>
Total equity and liabilities		<u>8,912,009</u>	<u>8,553,252</u>

These financial statements have been approved for issue by the board of directors on 28th September 2017.

Sig: 
Name: _____)

Sig: 
Name: _____)

DIRECTORS

The notes on pages 22 to 28 form an integral part of these financial statements.
Auditors' report on pages 13 to 17.

MCB INVESTMENT HOLDING LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	Notes	2017 Rs'000	2016 Rs'000
Revenue	2(j)	<u>2,718,968</u>	<u>2,747,925</u>
Dividend income	12	2,718,968	2,747,925
Expenses		(20,169)	(14,158)
Profit before tax		2,698,799	2,733,767
Income tax expense	13	(2,512)	(2,431)
Profit after tax		2,696,287	2,731,336
Other comprehensive income		-	-
Total comprehensive income for the year attributable to owners of the company		<u>2,696,287</u>	<u>2,731,336</u>

The notes on pages 22 to 28 form an integral part of these financial statements.
Auditors' report on pages 13 to 17.

MCB INVESTMENT HOLDING LIMITED

STATEMENT OF CHANGES IN EQUITY - FOR THE YEAR ENDED JUNE 30, 2017

	Note	Stated Capital Rs'000	Retained Earnings Rs'000	Total Rs'000
Balance at July 1, 2015		6,879,602	13,843	6,893,445
Total comprehensive income for the year		-	2,731,336	2,731,336
Dividends	11	-	(2,084,520)	(2,084,520)
Balance at June 30, 2016		6,879,602	660,659	7,540,261
Total comprehensive income for the year		-	2,696,287	2,696,287
Dividends	11	-	(2,703,684)	(2,703,684)
Balance at June 30, 2017		6,879,602	653,262	7,532,864

The notes on pages 22 to 28 form an integral part of these financial statements.
Auditors' report on pages 13 to 17.

MCB INVESTMENT HOLDING LIMITED

STATEMENT OF CASH FLOWS - FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rs'000	2016 Rs'000
Cash flows from operating activities		
Profit before tax	2,698,799	2,733,767
<u>Adjustments for:</u>		
Dividend in specie	-	(540,445)
Depreciation	23	-
Operating profit before working capital changes	2,698,822	2,193,322
<u>Movement in working capital:</u>		
- Other receivables	(378,262)	(30,621)
- Payables	7,632	12,902
Cash from operations	2,328,192	2,175,603
Tax paid	(1,752)	-
Net cash from operating activities	2,326,440	2,175,603
Cash flow from investing activity		
Purchase of property, plant & equipment	(116)	-
Net cash used in investing activity	(116)	-
Cash flows from financing activities		
Dividend paid	(2,373,464)	(2,098,308)
Net cash used in financing activities	(2,373,464)	(2,098,308)
(Decrease)/Increase in cash and cash equivalent	(47,140)	77,295
Net cash and cash equivalents at 1st July	79,355	2,060
Net cash and cash equivalents at June 30th	32,215	79,355

The notes on pages 22 to 28 form an integral part of these financial statements.
Auditors' report on pages 13 to 17.

1. GENERAL INFORMATION

MCB Investment Holding Limited (the "Company") is a private company incorporated and domiciled in Mauritius. The address of its registered office is situated at 9-15, Sir William Newton Street, Port Louis. The Company was incorporated on 4th November 2013. It is a wholly owned subsidiary of MCB Group Limited (the "Group") and will act as the intermediate holding of the Group's banking subsidiaries and associates.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The Company's financial statements comply with the Mauritian Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRSs).

These financial statements are that of an individual entity. The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000).

The financial statements are prepared under the historical cost convention.

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

There are no standards, amendments to published standards and interpretations effective for the first time in the reporting period.

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

A number of new standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning after July 01, 2016. None of these is expected to have a significant impact on the financial statements of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign Currency Translation

(i) Functional and presentation currency

These financial statements are prepared in Mauritian Rupees (Rs.), which is the Company's functional and presentation currency. Except as indicated, financial information presented in Mauritian rupees has been rounded to the nearest thousand.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) Investments in subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The investments in subsidiaries are carried at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of the investment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its recoverable amount and the impairment loss is recognised in profit or loss.

(d) Investment securities

Investment securities are classified as available-for-sale and comprise unlisted equity shares. These are recorded at fair value.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) **Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated depreciation

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

Computer and other equipment 5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are recognised as income or expense in profit or loss. Repairs and renewals are charged to profit or loss when the expenditure is incurred.

(g) **Financial assets**

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

The Company's loans and receivables comprise other receivables and cash and cash equivalents.

Recognition and measurement

Purchases and sales of financial assets are recognised on a trade-date-basis, the date on which the Company commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs for all financial assets except those that are carried at fair value through profit or loss.

(h) **Stated capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from proceeds.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Trade and other payables

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

(j) Revenue recognition

Revenue comprises of dividend income.

Dividend income is recognised when the shareholder's right to receive payment is established.

(k) Provisions

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

(l) Dividend distribution

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

(m) Current income tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

3. FAIR VALUE ESTIMATION

The nominal value less estimated credit adjustments of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the Company for similar financial instruments.

4. FINANCIAL RISK MANAGEMENT

The Company's financial assets - cash and cash equivalents and other receivables - are classified as 'loans and receivables' and the financial liabilities - payables and proposed dividend, are classified as 'other financial liabilities at amortised cost'.

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the board of directors by identifying and evaluating financial risks. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk and investment of excess liquidity.

(a) **Market risk**

(i) **Foreign exchange risk**

The Company has investments overseas and is exposed to foreign exchange risk arising from various currency exposures. At year-end, the impact of any currency fluctuation was not significant to the Company.

(ii) **Interest rate risk**

The Company's interest rate risk arises from balance with banks which carry variable interest rate. At year-end, the impact of any fluctuation in interest rate was not significant to the Company.

(b) **Credit risk**

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

Credit risk arises from other receivables and cash and cash equivalents. Cash transactions are limited to high credit quality financial institution.

(c) **Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

At year-end, all financial liabilities are due for repayment within less than 12 months.

(d) **Capital management**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for the shareholder and benefit for other stakeholders.

The directors consider the shareholder's equity as capital. In order to maintain or adjust the capital structure, the Company may adjust the shareholding or issue new shares.

5. INVESTMENT IN SUBSIDIARIES

	2017	2016
	Rs'000	Rs'000
(a) Movement in investment in subsidiaries		
At 1st July		
Acquired through Scheme of Arrangement	7,420,047	6,879,602
At June 30th	<u>7,420,047</u>	<u>540,445</u>
		<u>7,420,047</u>

(b) Details of the subsidiaries are as follows:

Name	Nature of business	Principal place of business	Country of Incorporation	Percentage Holding Direct
The Mauritius Commercial Bank Limited	Banking and Financial services	Mauritius	Mauritius	100%
The Mauritius Commercial Bank (Seychelles) Limited	Banking and Financial services	Seychelles	Seychelles	100%
The Mauritius Commercial Bank (Maldives) Private Limited	Banking and Financial services	Maldives	Maldives	100%

The Company has taken advantage of paragraph 4 of IFRS10, 'Consolidated Financial Statements' which dispenses it from the need to present consolidated financial statements. Accordingly, the Company presents only separate financial statements. Its parent, MCB Group Limited, a company incorporated in the Republic of Mauritius, prepares consolidated financial statements that comply with International Financial Reporting Standards and which are available for public use.

A copy of the consolidated financial statements is available at the registered address of MCB Group Limited found at 9-15, Sir William Newton Street, Port Louis.

6. INVESTMENT SECURITIES

Investment securities consist of:

	2017	2016
	Rs'000	Rs'000
Unquoted - Level 3		
Investment in the Mauritius Commercial Bank (Madagascar) SA	27,542	-

The book value approximates the fair value.

7. EQUIPMENT

	2017
	Rs'000
Cost	
At 1st July	-
Additions	116
At 30th June	<u>116</u>
Amortisation	
At 1st July	-
Charge for the year	23
At 30th June	<u>23</u>
Net book value	<u>93</u>

8. OTHER RECEIVABLES

	2017	2016
	Rs'000	Rs'000
Dividend receivable	1,411,461	1,053,844
Other receivable	20,651	6
	<u>1,432,112</u>	<u>1,053,850</u>

The carrying amount of other receivables approximates its fair value.

9. STATED CAPITAL

	Number of shares (thousands)	Total Rs'000
At June 30th 2017 & June 30th 2016	<u>687,960</u>	<u>6,879,602</u>

10. PAYABLES	2017	2016
	Rs'000	Rs'000
Other payables	48,190	13,017

The carrying amount of other payables approximates their fair values.

11. DIVIDENDS	2017	2016
	Rs'000	Rs'000
Paid on 15th December 2016 at Rs 2.00 per share (FY 2016: Rs 1.58)	1,375,921	1,086,977
Paid on 27th July 2017 at Rs 1.93 per share (FY 2016: Rs 1.45)	1,327,763	997,543
	<u>2,703,684</u>	<u>2,084,520</u>

12. DIVIDEND INCOME	2017	2016
	Rs'000	Rs'000
Dividend income- cash	2,718,968	2,207,480
Dividend income- in specie	-	540,445
	<u>2,718,968</u>	<u>2,747,925</u>

During FY 16, MCB Investment Holding Limited (MCBIH) received by way of a distribution in specie from The Mauritius Commercial Bank Limited ("MCB"), the shares held by the latter in the banking subsidiaries The Mauritius Commercial Bank (Seychelles) Limited and The Mauritius Commercial Bank(Maldives) Private Limited for a total value of Rs. 540,444,853.66.

13 INCOME TAX EXPENSE

(a) The tax charge related to statement of profit or loss is as follows:

	2017	2016
Income tax based on the adjusted profit	-	-
Corporate social responsibility contribution	3,192	2,431
Overprovision in previous years	(680)	-
Charge for the year	<u>2,512</u>	<u>2,431</u>

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

	2017	2016
	Rs'000	Rs'000
Profit before tax	2,698,799	2,733,767
Tax calculated at a rate of 15%	404,820	410,065
Impact of:		
Income not subject to tax	(392,137)	(400,968)
Expenses not deductible for tax purposes	8,974	9,136
Tax credits	(21,657)	(18,233)
Corporate Social Responsibility contribution	3,192	2,431
Overprovision in previous year	(680)	-
Tax charge	<u>2,512</u>	<u>2,431</u>

14. RELATED PARTY TRANSACTIONS

	Income	Expense	Deposit	Receivable	Payable
	Rs'000	Rs'000	Balance	from	to
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2017					
Holding Company	-	-	-	161	1,327,763
Subsidiaries	2,718,968	422	32,215	1,409,191	703
Entities under common control	-	240	-	3,084	60
2016					
Holding Company	-	-	-	-	997,543
Subsidiaries	2,747,925	-	79,355	1,053,844	12,785
Entities under common control	-	13,022	-	-	59

The above transactions have been made in the normal course of business. Outstanding balances at year end are unsecured and are not impaired.

15. HOLDING & ULTIMATE HOLDING COMPANY

The directors regard MCB Group Limited, a company incorporated in Mauritius as the holding and ultimate holding company.