

CFL Mauritius Ltd

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016**

CFL Mauritius Ltd**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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CFL Mauritius Ltd**COMPANY INFORMATION**

		Date of appointment	Date of resignation
DIRECTORS	:		
	Arunachalam Vellayan	17 June 2008	-
	Venkatachalam Ravichandran	17 June 2008	-
	Purushothaman Varadarajan	17 June 2008	-
	Zoubeir Khatib	23 November 2012	25 January 2016
	Resmah Bibi Mandary	22 June 2015	-
	Jihane Muhamodsaroar	25 January 2016	26 August 2016
	Velleyen Kullean	26 August 2016	-
REGISTERED OFFICE	:		
	IFS Court		
	Bank Street		
	TwentyEight Cybercity		
	Ebène 72201		
	Republic of Mauritius		
ADMINISTRATOR, SECRETARY & TAX AGENT	:		
	International Financial Services Limited		
	IFS Court		
	Bank Street		
	TwentyEight Cybercity		
	Ebène 72201		
	Republic of Mauritius		
AUDITOR	:		
	PricewaterhouseCoopers		
	18 CyberCity		
	Ebène		
	Réduit 72201		
	Republic of Mauritius		
BANKER	:		
	<i>Until 5 April 2016:</i>		
	HSBC Bank Mauritius Limited		
	6th Floor, HSBC Centre		
	18 CyberCity		
	Ebène		
	Republic of Mauritius		
	<i>As from 16 May 2016:</i>		
	SBI (Mauritius) Ltd		
	7th Floor SBI Tower		
	45 Mindspace		
	Ebene, Cybercity		
	Mauritius		

CFL Mauritius Ltd**COMMENTARY OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present the audited financial statements of CFL Mauritius Ltd (the "Company") for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to hold investments.

On 08 December 2009, the Company's business objective had been extended to cover trading activities, within the same line of business. Such trading activity involves the buying and selling of raw materials to the sole shareholder, Coromandel International Limited. As of date, the Company has not engaged into any such trading activities.

RESULTS

The results for the year are shown in the statement of comprehensive income and related notes.

DIRECTORS

The present membership of the Board is set out on page 2.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

The auditor, PricewaterhouseCoopers, has indicated its willingness to continue in office until the next Annual Meeting.

CERTIFICATE FROM THE SECRETARY UNDER SECTION 166(d) OF THE MAURITIAN COMPANIES ACT 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of CFL Mauritius Ltd under the Mauritian Companies Act 2001 during the year ended 31 December 2016.



**For International Financial Services Limited
Secretary**

Registered Office:

IFS Court
Bank Street
TwentyEight
Cybercity
Ebène 72201
Republic of Mauritius

Date: 26 April 2017



Independent Auditor's Report

To the Shareholder of CFL Mauritius Ltd

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of CFL Mauritius Ltd (the "Company") as at 31 December 2016, 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 CFL Mauritius Ltd set out on pages 9 to 23 comprise:

- the statement of financial position as at 31 December 2016;
 - the statement of 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.

*PricewaterhouseCoopers, 18 CyberCity, Ebène, Réduit 72201, Republic of Mauritius
T: +230 404 5000, F: +230 404 5088/89, www.pwc.com/mu
Business Registration Number : Fo7000530*



Independent Auditor's Report

To the Shareholder of CFL Mauritius Ltd (Continued)

Report on the Audit of the Financial Statements (Continued)

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 CFL Mauritius Ltd (Continued)

Report on the Audit of the Financial Statements (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 CFL Mauritius Ltd (Continued)

Report on the Audit of the Financial Statements (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 other than in our capacity as auditor;
- (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.

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 blue ink signature that reads 'PricewaterhouseCoopers' in a stylized, cursive font.

PricewaterhouseCoopers

A blue ink signature that appears to read 'John Li How Cheong' in a stylized, cursive font.

John Li How Cheong, licensed by FRC

26 April 2017

CFL Mauritius Ltd**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	USD	USD
INCOME		
Interest income on bank balances	225	-
	225	-
EXPENSES		
Professional fees	17,065	14,184
Audit fees	16,100	19,975
Licence fees	2,500	2,100
Bank charges	1,115	225
	36,780	36,484
Loss before income tax	(36,555)	(36,484)
Income tax expense (Note 5)	-	-
Loss for the year	(36,555)	(36,484)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
(Loss) / gain on fair valuation of available-for-sale financial assets (Note 6)	(6,678,899)	6,102,902
Other comprehensive income	(6,678,899)	6,102,902
Total comprehensive income for the year	(6,715,454)	6,066,418

CFL Mauritius Ltd**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016**

	2016 USD	2015 USD
ASSETS		
Non-current assets		
Available-for-sale financial assets (Note 6)	27,702,290	34,381,189
Current assets		
Prepayments	5,375	5,375
Cash and cash equivalents	395,511	431,418
	400,886	436,793
Total assets	28,103,176	34,817,982
EQUITY		
Stated capital (Note 7)	22,025,000	22,025,000
Fair value reserve	296,165	6,975,064
Retained earnings	5,764,973	5,801,528
Total equity	28,086,138	34,801,592
LIABILITIES		
Current liabilities		
Accruals	17,038	16,390
Total liabilities	17,038	16,390
Total equity and liabilities	28,103,176	34,817,982

Authorised for issue by the Board of directors on 26 April 2017
and signed on its behalf by:




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DIRECTORS

CFL Mauritius Ltd

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Stated capital USD	Fair value reserve USD	Retained earnings USD	Total equity USD
Balance at 1 January 2015	22,025,000	872,162	5,838,012	28,735,174
Loss for the year	-	-	(36,484)	(36,484)
<i>Other comprehensive income</i>				
Gain on fair valuation of available- for-sale financial assets (Note 6)	-	6,102,902	-	6,102,902
Total comprehensive income	-	6,102,902	(36,484)	6,066,418
Balance at 31 December 2015	22,025,000	6,975,064	5,801,528	34,801,592
Balance at 1 January 2016	22,025,000	6,975,064	5,801,528	34,801,592
Loss for the year	-	-	(36,555)	(36,555)
<i>Other comprehensive income</i>				
Loss on fair valuation of available- for-sale financial assets (Note 6)	-	(6,678,899)	-	(6,678,899)
Total comprehensive income	-	(6,678,899)	(36,555)	(6,715,454)
Balance at 31 December 2016	22,025,000	296,165	5,764,973	28,086,138

The notes on pages 13 to 23 are an integral part of these financial statements.

CFL Mauritius Ltd**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 USD	2015 USD
<i>Cash flows from operating activities</i>		
Loss before income tax	(36,555)	(36,484)
<i>Adjustments for:</i>		
Interest income	(225)	-
	<u>(36,780)</u>	<u>(36,484)</u>
Increase in prepayments	-	(400)
Increase in accruals	648	2,275
	<u>(36,132)</u>	<u>(34,609)</u>
Cash used in operating activities	(36,132)	(34,609)
Interest received	225	-
	<u>(35,907)</u>	<u>(34,609)</u>
Net cash used in operating activities	(35,907)	(34,609)
Net decrease in cash and cash equivalents	(35,907)	(34,609)
Cash and cash equivalents at beginning of the year	431,418	466,027
	<u>431,418</u>	<u>466,027</u>
Cash and cash equivalents at end of the year	395,511	431,418
	<u>395,511</u>	<u>431,418</u>

CFL Mauritius Ltd**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016****1 GENERAL INFORMATION**

CFL Mauritius Ltd (the "Company") is a private company limited by shares, incorporated and domiciled in the Republic of Mauritius on 17 June 2008. The Company holds a Category 1 Global Business Licence issued under the Financial Services Act 2007 and is regulated by the Financial Services Commission. The address of its registered office is IFS Court, Bank Street, TwentyEight Cybercity, Ebène 72201, Republic of Mauritius.

The principal activities of the Company are investment holding and trading. However, as of date, the Company has not engaged into any trading activities.

2 SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and under the historical cost convention, as modified by the fair valuation of available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Changes in accounting policies and disclosures**(a) New and amended standards adopted by the Company**

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning on 1 January 2016 that would be expected to have a material impact on the Company.

(b) New standards and interpretations effective after 1 January 2016 that have not been early adopted by the Company

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company, except the following:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in accounting policies and disclosures (Continued)

- (b) New standards and interpretations effective after 1 January 2016 that have not been early adopted by the Company (Continued)

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Directors have yet to assess the impact of these changes on the Company's financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Foreign currency translation

- (a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The directors consider the United States dollar ("USD") as the currency that most faithfully represents the economic effects of the underlying events, transactions and conditions. The financial statements are presented in USD, which is the Company's functional currency.

- (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at 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 the statement of comprehensive income.

Translation differences on non-monetary financial assets such as available-for-sale financial assets are included in other comprehensive income and cumulated in 'Fair value reserve' in equity.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets and are included in non-current assets unless the investment matures or the directors intend to dispose of the investments within 12 months from the end of the reporting period.

Regular purchases and sales of available-for-sale financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Available-for-sale financial assets are initially recognised at fair value plus transaction costs and are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income.

When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income when the Company's right to receive payments is established.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

Impairment of financial assets classified as available-for-sale

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. For equity securities classified as available-for-sale, a significant and prolonged decline in the fair value of the security below its cost is evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in profit or loss. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

Stated capital

Ordinary shares are classified as equity.

Cash and cash equivalents

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

Accruals

Accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Current and deferred income tax

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting period and are expected to apply when the related deferred income tax asset is recognised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

CFL Mauritius Ltd**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(CONTINUED)****2 SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Revenue recognition***

Interest income is recognised on a time-proportionate basis using the effective interest method.

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

Expenses recognition

Expenses are accounted for in the statement of comprehensive income on an accrual basis.

Financial instruments

Financial instruments carried on the statement of financial position include available-for-sale financial assets, cash and cash equivalents and accruals. The particular recognition methods adopted are disclosed in the accounting policies above.

3 FINANCIAL RISK MANAGEMENT***Financial risk factors***

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price 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 financial performance of the Company.

The Board of directors of the Company manages the financial risk by ensuring periodical review of the operations and ensuring adequate internal controls to avoid negative impact of such risks on the Company.

(i) Market risk

Market risk is the risk that the fair value or future cash flows fluctuate because of changes in market prices. Market risk comprises of three types of risks: foreign exchange risk, interest rate risk and price risk.

- ***Foreign exchange risk***

Foreign exchange risk is the risk that the fair value or future cash flows fluctuate because of changes in foreign exchange rates.

Foreign exchange risk arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. Accordingly, the effect of foreign exchange on investment in equity securities classified as available-for-sale financial assets are considered under price risk below. At 31 December 2016, the Company did not have any financial instrument denominated in foreign currency and was therefore not exposed significantly to foreign exchange risk.

- ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

CFL Mauritius Ltd**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(CONTINUED)****3 FINANCIAL RISK MANAGEMENT (Continued)***Financial risk factors (continued)**(i) Market risk (continued)*

- *Interest rate risk (continued)*

The Company holds cash and cash equivalents which expose it to cash flow interest rate risk. However, the interest earned on balances held with bank was not significant and any fluctuations in the interest rate would not significantly affect the Company.

- *Price risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or foreign exchange risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity securities price risk on its available-for-sale financial assets.

A 5% change in the equity price of the financial assets classified as available-for-sale, including the effect of changes in foreign currency, could have an impact of **USD 1,385,115** (2015 – USD 1,719,059) on total comprehensive income and equity.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk arises mainly from cash balances held in banks. The Company's bank balances are placed with reputable financial institutions.

The Company has a bank account with SBI (Mauritius) Ltd, whose international credit rating issued by S&P at the year end was BBB-/A3/Stable.

(iii) 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. Prudent liquidity risk management implies maintaining sufficient cash. In addition, the Company has support from its parent for its financing needs. The Company's financial liabilities as at 31 December 2016 amounted to **USD 17,038** (2015 – USD 16,390) and are repayable on demand. At 31 December 2016, the Company had cash at bank amounting to **USD 395,511** (2015 – USD 431,418), which is sufficient to finance the Company's financial liabilities.

Capital risk management

The Company's objective when managing capital is to safeguard its ability to pay its debts as and when they fall due in order to continue as a going concern and provide returns for the shareholder and benefits for other stakeholders. Capital comprises equity. In order to maintain or adjust the capital structure, the Company may issue new shares or have recourse to its parent for funding.

CFL Mauritius Ltd**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(CONTINUED)****3 FINANCIAL RISK MANAGEMENT (Continued)***Fair value estimates*

The carrying amounts of the Company's financial assets and financial liabilities approximate their fair values.

The Company classifies fair value measurements using a fair value hierarchy that reflect the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The directors consider observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

Fair values for the unlisted equity securities held by the Company are determined by the directors using appropriate valuation techniques. Such valuation techniques may include earnings multiples and discounted cash flows. The directors adjust the valuation model as deemed necessary for factors such as non-maintainable earnings, tax risk, growth stage and cash traps. The valuation techniques also consider the original transaction price and take into account the relevant developments since the acquisition of the investments and other factors pertinent to the valuation of the investments, with reference to such rights in connection with realisation, recent third-party transactions of comparable types of instruments, and reliable indicative offers from potential buyers.

The fair value of the available-for-sale financial assets is not based on observable market data and these instruments are therefore included in Level 3.

The valuation technique is described in the critical accounting estimates in Note 4.

The table below shows the direction of an increase or decrease in the respective input variables on the valuation result.

As at 31 December 2016

<u>Investee company</u>	<u>Fair value at 31 December 2016</u>	<u>Valuation technique</u>	<u>Unobservable input</u>	<u>Weighted average input</u>	<u>Reasonable possible shift +/- (absolute values)</u>	<u>Change in valuation +/-</u>
	USD					USD
Foskor (Proprietary) Limited	27,693,960	Discounted cash flows	Cost of Capital	12.09%	1%	(6,080,209)/ 7,404,808
			EBITDA margin	Range from 10% to 18%	5%	3,983,429/ (3,983,429)
			Growth rate	2%	1%	4,616,580/ (3,784,014)

CFL Mauritius Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(CONTINUED)

3 FINANCIAL RISK MANAGEMENT (Continued)

Fair value estimates (continued)

As at 31 December 2015

Investee company	Fair value at 31 December 2015	Valuation technique	Unobservable input	Weighted average input	Reasonable possible shift +/- (absolute values)	Change in valuation +/-
	USD					USD
Foskor (Proprietary) Limited	34,372,859	Discounted cash flows	Cost of Capital	12.69%	1%	(4,799,217)/ 5,784,452
			EBITDA margin	Range from 7% to 15%	5%	3,506,421/ (3,508,977)
			Growth rate	2%	1%	3,288,457/ (2,725,998)

There has been no transfer between levels during the year. The movements in Level 3 investments are disclosed in Note 6.

The carrying value of the remaining financial assets and financial liabilities approximate their fair values.

Financial instruments by category

	Loans and receivables USD	Available-for-sale USD	Total assets USD
ASSETS			
At 31 December 2016			
Available-for-sale financial assets	-	27,702,290	27,702,290
Cash and cash equivalents	395,511	-	395,511
Total assets	395,511	27,702,290	28,097,801
At 31 December 2015			
Available-for-sale financial assets	-	34,381,189	34,381,189
Cash and cash equivalents	431,418	-	431,418
Total assets	431,418	34,381,189	34,812,607
		Other financial liabilities USD	Total Liabilities USD
LIABILITIES			
At 31 December 2016			
Accruals		17,038	17,038
At 31 December 2015			
Accruals		16,390	16,390

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Critical accounting estimates

Fair valuation of the available-for-sale financial assets

The Company has invested in the unquoted equities of Foskor (Proprietary) Limited. Consistent with prior years, the fair value of such securities has been determined by using the Discounted Cash Flow (DCF) method. The valuation has been undertaken by an independent professional valuer, SSPA & Co.

As for the investment in Coromandel Brasil Limitada, the directors consider the cost to approximate its fair value.

- *Discounted Cash Flow ("DCF") Method*

The DCF method values the business by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash discounted by Weighted Average Cost of Capital (WACC). The WACC represents the returns expected by the investors of both debt and equity, weighted for their relative funding in the entity. The present value of the free cash flows during the explicit period and the perpetuity value indicate the value of the business.

For sensitivity analysis in respect of the unobservable input used in the valuation model, refer to Note 3. In addition to those, revenue forecasted in the DCF is considered as a significant estimate made.

If Foskor (Proprietary) Limited achieves 70% of its projected revenue in the first year, with growth rate assumed in subsequent years and other variables remaining constant, the fair value as at 31 December 2016 will decrease by USD 2,714,030.

A revenue growth rate of 14% has been used in the first year of the DCF. If the growth rate, assuming the revenue in the base year is achieved, decreases/increases by 1%, the impact on fair value would be USD 494,035 higher or USD 490,707 lower.

5 INCOME TAX

South Africa

The Company invests in South Africa and the directors expect to obtain benefits under the double taxation treaty between South Africa and Mauritius. To obtain benefits under the double taxation treaty, the Company must meet certain tests and conditions, including the establishment of Mauritius tax residence and related requirements. The Company has obtained a tax residence certification from the Mauritian authorities which is renewable on an annual basis subject to meeting the conditions and believes such certification is determinative of its resident status for treaty purposes.

The treaty provides for a maximum dividends withholding tax of **5%** (2015 - 5%) for substantial holdings of at least **10%** (2015 - 10%) and withholding tax of **10%** (2015 - 15%) for holdings less than **10%** (2015 - 10%). There is a 10% withholding tax on interest paid by a resident of South Africa to a resident of Mauritius.

CFL Mauritius Ltd**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(CONTINUED)****5 INCOME TAX (CONTINUED)***South Africa (Continued)*

Gains derived by a resident of Mauritius from the sale of shares deriving more than 50% of their value directly or indirectly from immovable property situated in South Africa may be taxed in South Africa.

Other gains or profits arising from sale of units or securities are tax-exempt in the hands of the Company in Mauritius. Dividends and redemption proceeds paid by the Company to its shareholders do not attract withholding tax.

Mauritius

The Company is liable to pay tax in Mauritius on its chargeable income at the rate of 15%. As a holder of a Category 1 Global Business Licence, it is entitled to a credit in respect of foreign tax equivalent to the higher of actual foreign tax suffered or a deemed credit equivalent to 80% of the Mauritius income tax liability on foreign source income. The maximum effective tax rate is 3%.

The foregoing is based on the taxation laws and practices currently in force in Mauritius and may be subject to change.

At 31 December 2016, the Company had accumulated tax losses of **USD 276,169** (2015 – USD 239,514) and was therefore not liable to income tax. Accumulated tax losses can be carried forward for set-off against income earned in the five years succeeding the year in which the loss is incurred.

The tax losses are available for set-off against the taxable profit of the Company as follows:

	2016 USD	2015 USD
Up to year ending:		
31 December 2018	152,094	152,094
31 December 2019	50,936	50,936
31 December 2020	36,484	36,484
31 December 2021	36,655	-
	<u>276,169</u>	<u>239,514</u>

A reconciliation between the actual income tax and the theoretical amount that would arise using the applicable income tax rate of **15%** (2015 - 15%) is as follows:

	2016 USD	2015 USD
Loss before tax for the year	(36,555)	(36,484)
Tax at applicable rate of 15%	(5,483)	(5,473)
Impact of:		
Exempt income	(34)	-
Unauthorised deductions	19	-
Tax losses for which deferred tax asset has not been recognised	5,498	5,473
Actual income tax expense	<u>-</u>	<u>-</u>

CFL Mauritius Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(CONTINUED)

6 AVAILABLE- FOR-SALE FINANCIAL ASSETS

				2016 USD	2015 USD		
At beginning of year				34,381,189		28,278,287	
Fair value (loss) / gain				(6,678,899)		6,102,902	
At end of year				27,702,290		34,381,189	

Name	Country of incorporation	Type of shares	Carrying value 2016 USD	Carrying value 2015 USD	% Holdings 2016	% Holdings 2015
Foskor (Proprietary) Limited	South Africa	Ordinary	27,693,960	34,372,859	11.82	11.82
Coromandel Brasil Limitada	Brazil	Ordinary	8,330	8,330	1	1
			27,702,290	34,381,189		

Available-for-sale financial assets have been recognised at fair value at 31 December 2015 and 31 December 2016.

7 STATED CAPITAL

	2016 Number	2015 Number	2016 USD	2015 USD
<i>Issued and fully paid up:</i>				
Ordinary shares at USD 1 each				
At beginning and end of year	22,025,000	22,025,000	22,025,000	22,025,000

In accordance with the Company's Constitution, the ordinary shares confer to its holder the rights to attend and exercise one vote at meetings of members and a right to receive any dividend/distribution or return of capital.

CFL Mauritius Ltd**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(CONTINUED)****8 RELATED PARTY DISCLOSURES**

During the year ended 31 December 2016, the Company transacted with related parties.

Details of the nature, volume of transactions and balances for related party transactions are as follows:

Name of Related Party	Relationship	Nature of transactions	Volume of transactions 2016 USD	Payable balance 2016 USD	Volume of Transactions 2015 USD	Payable balance 2015 USD
International Financial Services Limited	Administrator, Secretary and Directorship	Professional fees (Including director fees of USD4,000 (2015: USD4,000))	17,065	(1,168)	14,184	(1,095)
			=====	=====	=====	=====

9 PARENT AND ULTIMATE PARENT

The directors consider Coromandel International Limited, a listed company incorporated in accordance with the laws of Republic of India, as the parent and the ultimate controlling party is E.I.D.-PARRY (INDIA) LTD., also incorporated in India and listed on the India stock exchanges.