CFL Mauritius Ltd

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017

CFL Mauritius Ltd

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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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	-
	Resmah Bibi Mandary	22 June 2015	-
	Velleyen Kullean	26 August 2016	-

REGISTERED OFFICE : IFS Court
Bank Street
TwentyEight Cybercity
Ebène 72201
Republic of Mauritius

ADMINISTRATOR, SECRETARY& TAX AGENT : SANNE Mauritius
(Formerly known as "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 : SBI (Mauritius) Ltd
7th Floor SBI Tower
45 Mindspace
Ebène, Cybercity
Mauritius

CFL Mauritius Ltd

COMMENTARY OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the audited financial statements of CFL Mauritius Ltd (the "Company") for the year ended 31 December 2017.

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 2017.

***For* SANNE Mauritius**
(Formerly known as "International Financial Services Limited")
Secretary

Registered Office:

IFS Court
Bank Street
TwentyEight
Cybercity
Ebène 72201
Republic of Mauritius

Date: 23 April 2018

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 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 CFL Mauritius Ltd set out on pages 9 to 25 comprise:

- the statement of financial position as at 31 December 2017;
- 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.

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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, the commentary of the directors and the 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.

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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.

PricewaterhouseCoopers

PricewaterhouseCoopers

John Li How Cheong, licensed by FRC

23 April 2018

CFL Mauritius Ltd

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	USD	USD
INCOME		
Interest income on bank balances	**415**	225
	415	225
EXPENSES		
Professional fees	**17,770**	17,065
Audit fees	**21,908**	16,100
Licence fees	**2,500**	2,500
Bank charges	**705**	1,115
	42,883	36,780
Loss before income tax	**(42,468)**	(36,555)
Income tax expense (Note 5)	**-**	-
Loss for the year	**(42,468)**	(36,555)
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss		
Loss on fair valuation of financial assets at fair value through other comprehensive income (Note 6(a))	**(20,181,316)**	-
Items that may be reclassified subsequently to profit or loss		
Loss on fair valuation of available-for-sale financial assets (Note 6(b))	**-**	(6,678,899)
Other comprehensive loss	**(20,181,316)**	(6,678,899)
Total comprehensive loss for the year	**(20,223,784)**	(6,715,454)

CFL Mauritius Ltd

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	2017 USD	2016 USD
ASSETS		
Non-current assets		
Financial assets at fair value through other comprehensive income (Note 6(a))	7,520,974	-
Available-for-sale financial assets (Note 6(b))	-	27,702,290
	7,520,974	27,702,290
Current assets		
Prepayments	5,375	5,375
Cash and cash equivalents	353,190	395,511
	358,565	400,886
Total assets	7,879,539	28,103,176
EQUITY		
Stated capital (Note 7)	22,025,000	22,025,000
Fair value reserve	(19,885,151)	296,165
Retained earnings	5,722,505	5,764,973
Total equity	7,862,354	28,086,138
LIABILITIES		
Current liabilities		
Accruals	17,185	17,038
Total liabilities	17,185	17,038
Total equity and liabilities	7,879,539	28,103,176

Authorised for issue by the Board of directors on 23 April 2018 and signed on its behalf by:

} DIRECTORS

CFL Mauritius Ltd

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Stated capital USD	Fair value reserve USD	Retained earnings USD	Total equity USD
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)
Other comprehensive loss				
Loss on fair valuation of available-for-sale financial assets (Note 6)	-	(6,678,899)	-	(6,678,899)
Total comprehensive loss	-	(6,678,899)	(36,555)	(6,715,454)
Balance at 31 December 2016	22,025,000	296,165	5,764,973	28,086,138
Balance at 1 January 2017	**22,025,000**	**296,165**	**5,764,973**	**28,086,138**
Loss for the year	**-**	**-**	**(42,468)**	**(42,468)**
Other comprehensive income				
Loss on fair valuation of financial assets at fair value through other comprehensive income (Note 6)	**-**	**(20,181,316)**	**-**	**(20,181,316)**
Total comprehensive loss	**-**	**(20,181,316)**	**(42,468)**	**(20,223,784)**
Balance at 31 December 2017	**22,025,000**	**(19,885,151)**	**5,722,505**	**7,862,354**

The notes on pages 13 to 25 are an integral part of these financial statements.

CFL Mauritius Ltd

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 USD	2016 USD
Cash flows from operating activities		
Loss before income tax	**(42,468)**	(36,555)
Adjustments for:		
Interest income	**(415)**	(225)
	(42,883)	(36,780)
Increase in accruals	**147**	648
Cash used in operating activities	**(42,736)**	(36,132)
Interest received	**415**	225
Net cash used in operating activities	**(42,321)**	(35,907)
Net decrease in cash and cash equivalents	**(42,321)**	(35,907)
Cash and cash equivalents at beginning of the year	**395,511**	431,418
Cash and cash equivalents at end of the year	**353,190**	395,511

1 GENERAL INFORMATION

CFL Mauritius Ltd (the "Company") is a private company limited by shares, incorporated 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 Company is domiciled in the Republic of Mauritius and 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 financial assets at fair value through other comprehensive income.

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

Amendments to IAS 7, 'Statement of Cash Flows' became effective for annual periods beginning on or after 1 January 2017. These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Adoption of these amendments did not have a material impact on the Company's financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for annual periods beginning on 1 January 2017 that have a material effect on the financial statements of the Company.

(b) New standards, amendments and interpretations effective after 1 January 2017 that have been early adopted

IFRS 9 'Financial Instruments' addresses the classification, measurement and derecognition of financial assets and liabilities. It replaces the multiple classification and measurement models in IAS 39 and is effective for reporting periods beginning on or after 1 January 2018.

Classification and measurement of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in accounting policies and disclosures (Continued)

(b) New standards and interpretations effective after 1 January 2017 that have 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 uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The Company has early adopted IFRS 9 as from 1 January 2017 with the date of initial application being 1 January 2017. In accordance with the transition provisions of the standard, comparative figures have not been restated.

The Company's management has assessed the financial assets held by the Company at the date of initial application of IFRS 9 (1 January 2017). The main effects resulting from this assessment were:

(i) Based on the business model analysis, all securities that were previously measured at fair value and classified as available-for-sale have been re-classified at fair value through Other Comprehensive Income ("fair value through OCI"). As a result, on 1 January 2017, assets with a fair value of USD 27,702,290 were transferred to financial assets at fair value through other comprehensive income. The net effect on profit for the year, fair value reserve and equity following early adoption at date of initial application was nil.

(ii) There was no difference between the previous carrying amount (IAS 39) and the revised carrying amount (IFRS 9) of the financial assets at 1 January 2017 to be recognised in opening accumulated losses.

The Directors have also assessed the impact of the other changes required under IFRS 9 on the Company's financial statements. Other than the effects described above, the adoption of IFRS 9 did not have any further material impact on the Company's financial statements. Cash and cash equivalents are categorised as Financial assets at amortised cost whereas accruals are categorised as Financial liabilities at amortised cost.

(c) New standards, amendments and interpretations effective after 1 January 2017 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, 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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in accounting policies and disclosures (Continued)

Foreign currency translation (Continued)

(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.

Equity Investments

- Classification and measurement prior to 1 January 2017

The Company classified its investments as 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.

- Classification and measurement as from 1 January 2017

As from 1 January 2017, the Company classifies its financial assets in the following categories: those to be measured subsequently at fair value, and those to be measured at amortised cost as follows:

Financial assets designated at Fair value through Other Comprehensive Income

The Company elected to present in other comprehensive income changes in the fair value of its equity investment previously classified as available-for-sale, because these investments are not held for trading.and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy.

The Company's policy requires the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in accounting policies and disclosures (Continued)

Financial assets designated at Fair value through Other Comprehensive Income (continued)

Measurement

The Company subsequently measures its equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through OCI are not reported separately from other changes in fair value.

Measured at amortised cost: cash and cash equivalents

A financial asset is subsequently measured at amortised cost, if it is held within a business model with an objective to hold assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payment of principal and interest.

Financial assets other than those classified as financial assets measured at amortised cost are subsequently measured at fair value with all changes in fair value recognised in profit or loss.

Other than the measurement bases, there were no changes in the carrying amount of the equity investments and cash and cash equivalents at 31 December 2017 following adoption of IFRS 9.

Recognition and derecognition

Regular purchases and sale of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Financial assets 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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in accounting policies and disclosures (Continued)

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.

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 financial assets carried at fair value through OCI, 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.

3 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (continued)

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 financial assets at fair value through OCI are considered under price risk below. At 31 December 2017, 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.

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 financial assets at fair value through OCI.

A 5% (2016: 5%) change in the equity price of the financial assets at fair value through OCI, including the effect of changes in foreign currency, could have an impact of **USD 376,049** (2016 – USD 1,385,115) 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.

CFL Mauritius Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (continued)

(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 2017 amounted to **USD 17,185** (2016 – USD 17,038) and are repayable on demand. At 31 December 2017, the Company had cash at bank amounting to **USD 353,190** (2016 – USD 395,511), 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.

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 financial assets at fair value through OCI 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.

3 FINANCIAL RISK MANAGEMENT (Continued)

Fair value estimates (continued)

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

As at 31 December 2017

Investee company	**Fair value at 31 December 2017**	**Valuation technique**	**Unobservable input**	**Weighted average input**	**Reasonable possible shift +/- (absolute values)**	**Change in valuation +/-**
	USD					**USD**
Foskor (Proprietary) Limited	**7,512,644**	**Discounted cash flows**	**Cost of Capital**	**11.76%**	**1%**	**(2,874,510)/ 3,036,920**
			EBITDA margin	**Range from 10% to 18%**	**5%**	**1,747,645/ (1,747,645)**
			Growth rate	**2%**	**1%**	**6,435,831/ (5,201,889)**

As at 31 December 2016

Investee company	Fair value at 31 December 2016	Valuation technique	Unobservable input	Weighted average input	Reasonable possible shift +/- (absolute values)	Change in valuation +/-
	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)

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

	Asset at amortised cost	**Asset at fair value through OCI**	**Total assets**
	USD	**USD**	**USD**
ASSETS			
At 31 December 2017			
Financial assets at fair value through other comprehensive income	-	7,520,974	7,520,974
Cash and cash equivalents	353,190	-	353,190
Total assets	353,190	7,520,974	7,874,164

3 FINANCIAL RISK MANAGEMENT (Continued)

Financial instruments by category (continued)

	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

	Other financial liabilities USD	Total liabilities USD
LIABILITIES		
At 31 December 2017		
Accruals	**17,185**	**17,185**
At 31 December 2016		
Accruals	17,038	17,038

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 fair value through other comprehensive income 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Discounted Cash Flow ("DCF") Method (continued)

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's projected revenue in the first year is 30% higher/lower, with growth rate assumed in subsequent years and other variables remaining constant, the fair value as at 31 December 2017 will increase/decrease by USD 2,133,291.

A revenue growth rate of 5.35% 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 3,734,767 higher or USD 5,003,263 lower.

4 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%** (2016 - 5%) for substantial holdings of at least **10%** (2016 - 10%) and withholding tax of **10%** (2016 - 10%) for holdings less than **10%** (2016 - 10%). There is a 10% withholding tax on interest paid by a resident of South Africa to a resident of Mauritius.

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% (2016: 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% (2016: 80%) of the Mauritius income tax liability on foreign source income. The maximum effective tax rate is 3% (2016: 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 2017, the Company had accumulated tax losses of **USD 318,927** (2016 – USD 276,169) 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.

5 INCOME TAX (CONTINUED)

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

	2017 USD	2016 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**	36,655
31 December 2022	**42,758**	-
	318,927	276,169

A reconciliation between the actual income tax and the theoretical amount that would arise using the applicable income tax rate of **15%** (2016 - 15%) is as follows:

	2017 USD	2016 USD
Loss before income tax	**(42,468)**	(36,555)
Tax at applicable rate of 15%	**(6,370)**	(5,483)
Impact of:		
Exempt income	**(62)**	(34)
Unauthorised deductions	**19**	19
Tax losses for which deferred tax asset has not been recognised	**6,413**	5,498
Actual income tax expense	**-**	-

At 31 December 2017, the directors have not recognised a deferred income tax asset amounting to USD 9,568 (2016 - USD 8,285) in respect of accumulated losses.

6 FINANCIAL ASSETS

(a) Financial assets at fair value through other comprehensive income

	2017 USD	2016 USD
At beginning of year	**-**	-
Transferred from available for sale financial assets (refer to note 6(b))	**27,702,290**	-
Fair value loss	**(20,181,316)**	-
At end of year	**7,520,974**	-

Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss as these are strategic investments and the group considered this to be more relevant.

6 FINANCIAL ASSETS (CONTINUED)

(b) Available-for-sale financial assets

	2017 USD	2016 USD
At beginning of year	**27,702,290**	34,381,189
Fair value loss	**-**	(6,678,899)
Transferred to financial assets at fair value through other comprehensive income (refer to note 6(a))	**(27,702,290)**	-
At end of year	**-**	27,702,920

(c) Details of investments

	Country of incorporation	**Type of shares**	**Carrying value 2017 USD**	Carrying value 2016 USD	**% Holdings 2017**	% Holdings 2016
Foskor (Proprietary) Limited	South Africa	Ordinary	**7,512,644**	27,693,960	**11.82**	11.82
Coromandel Brasil Limitada	Brazil	Ordinary	**8,330**	8,330	**1**	1
			7,520,974	27,702,290		

Financial assets at fair value through other comprehensive income at 31 December 2017 and available-for-sale financial assets at 31 December 2016 have been recognised at fair value.

7 STATED CAPITAL

	2017 Number	2016 Number	**2017 USD**	2016 USD
Issued and fully paid up:				
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.

8 RELATED PARTY DISCLOSURES

During the year ended 31 December 2017, 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 2017 USD**	**Payable balance 2017 USD**	Volume of Transactions 2016 USD	Payable balance 2016 USD
SANNE Mauritius *(Formerly known as "International Financial Services Limited")*	Administrator, Secretary and Directorship	Professional fees (Including director fees of USD4,000 (2016: USD4,000))	**17,770**	**(1,027)**	17,065	(1,168)

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.