THE MAURITIUS SECONDARY INDUSTRIES LIMITED

Financial Statements

For the year ended

30 June 2023

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CORPORATE INFORMATION

DIRECTORATE

CHAIRMAN
M YACOOB RAMTOOLA ***FCA***

DIRECTORS
SWALEH RAMJANE ***FCIS MCIT***
M S E HAJI ADAM ***FCCA***
MASOOD RAMTOOLA

SECRETARY
SWALEH RAMJANE ***FCIS MCIT***

AUDITOR
ECOVIS (MAURITIUS)
SUITE 207, 2ND FLOOR NG TOWER
CYBERCITY
EBENE
MAURITIUS

REGISTERED OFFICE
C/O UNITED BUS SERVICE LTD
LES CASSIS PORT LOUIS
MAURITIUS

BANKS
SBM BANKS (MAURITIUS) LTD
1 QUEEN ELIZABETH II AVENUE
PORT LOUIS
MAURITIUS

THE MAURITIUS COMMERCIAL BANK LIMITED
10th FLOOR, MCB HEAD OFFICE
9-15 SIR WILLIAM NEWTON STREET
PORT LOUIS
MAURITIUS

Chairman's Letter

On behalf of the Board, I am pleased to submit the annual report of the Mauritius Secondary Industries Ltd for the year ended 30 June 2023.

This year the company has made a profit of Rs 3.1 million which is slightly higher than the previous year.

The activities of the company remain the same the renting of commercial and industrial buildings.

The company has declared a dividend of Rs 1 per share for the year ended 30 June 2023.

I would like to express my special thanks to my fellow Directors for their valuable support and guidance during the year.

I am also thankful to our shareholders for their ongoing support to the company's mission, values and objectives.

Yacoob Ramtoola FCA
Chairman
29 SEP 2023

Directors' Profile

Profile of the Board of Directors of THE MAURITIUS SECONDARY INDUSTRIES LIMITED

Mr.Yacoob Ramtoola FCA (Chairman)

Skills and experience

Mr. Yacoob Ramtoola is a fellow of the Institute of Chartered Accountants and has a wide experience in audit and advisory business.

Other current appointments:

Director of United Bus Service Limited, Associated Commercial Co Ltd, Lintrabis Investment Company Limited, UBS Transport Ltd and Orland Ltd.

Mr. Swaleh Ramjane FCIS MCIT

Skills and experience

Mr. Swaleh Ramjane is a fellow of the Chartered Institute of Secretaries and Administrators and a member of the Chartered Institute of Transport, he has a wide experience in transport, commerce and industry.

Other current appointments:

Director of United Bus Service Limited, Associated Commercial Co Ltd, Lintrabis Investment Company Limited, UBS Transport Ltd and Orland Ltd.

Mr. M S E Haji Adam FCCA

Skills and experience

Mr. M S E Haji Adam is a fellow of the Institute of Chartered and Certified Accountants. He had a career in audit and accountancy before joining the Company in 2001. He is currently the CEO of the Company.

Other current appointments:

Director of United Bus Service Limited, Associated Commercial Co Ltd, Lintrabis Investment Company Limited, UBS Transport Ltd and Orland Ltd.

Masood A Ramtoola

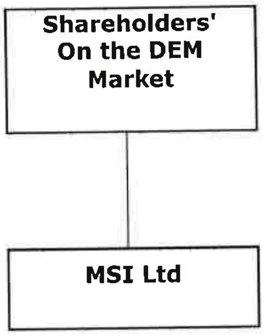
Skills and experience

Mr. Masood A Ramtoola is an experienced businessman.

Other current appointments:

Director of United Bus Service Limited and Associated Commercial Co Ltd.

Shareholding structure



Corporate Governance Report

Introduction

THE MAURITIUS SECONDARY INDUSTRIES LIMITED (MSI Ltd or the "Company") is a public company incorporated in 1961. The Board of Directors has the responsibility of managing, leading and having full control over the activities of the Company and is committed to achieving high standards of corporate governance.

The Company is listed on the Development Enterprise Market ("DEM") of the Stock Exchange of Mauritius ("SEM") and is a Company engaged in the rental of commercial and industrial buildings.

We confirm as directors of the Company that throughout the year ended 30 June 2023 to the best of the Board's knowledge, the Company has complied in all material respects with the principles of the Code based on the size and complexity of the Company. The Company has thus customized its processes based on its size and complexity of its business to ensure compliance with each principle of the Code.

<u>Principle 1: Governance Structure</u>

The board serves as the focal point and custodian of corporate governance in the organization. The Directors recognize that good governance can create shareholder value by enhancing long-term equity performance. While the board is unwavering in its adherence with legislation, regulation and codes, the group's commitment to good governance goes beyond a commitment to comply with standards. Each Director is appointed with the understanding of the amount of time and care that they will have to devote to the Board and the organization.

Key Governance documents

Code of ethics

MSI Ltd commits itself to the highest standards in the conduct of its activities on a daily basis. It consists of general principles regarding relations with stakeholders which defines the reference values guiding the Company in carrying out its activities. Among the aforesaid principles, specific mention is made of the following: honesty, impartiality, confidentiality, the creation of value for shareholders, the value of human resources, the transparency and completeness of information, service quality and the protection of the environment.

The code of ethics is available on the Company's website.

Board charter

The board is of the view that the responsibilities of the Directors should not be confined in a board charter and has consequently resolved not to adopt a charter.

It is governed by the Company's constitution and the Mauritius Companies Act 2001.

Corporate Governance Report (continued)

Principle 1: Governance structure (continued)

Organization structure of the Company

Given the simple structure of the Company and the fact that the Company's workforce comprises of only 1 employee, the Company has decided not to present an organisational structure.

Key Governance responsibilities

The Board has taken particular note of the following key governance positions that are critical to the Board's performance against its strategy and achievement.

Key Governance Positions

Chairman of the Board

The Chairman is responsible for the leadership of the board; and in particular he will:

- Ensure effective operation of the board and its committees in conformity with the highest standards of corporate governance
- Ensure communication with shareholders
- Ensure all committees are properly established
- Plan the schedule of meetings and agenda
- Coordinate with the Company secretary and ensure the board receives information on a timely basis
- Call for special meetings whenever needed
- Establish a harmonious and open relationship with the CEO and other Senior staff

Mr. Yacoob Ramtoola is the Chairman of the board and a brief profile is provided at page iv.

Chief Executive Officer

The Board is responsible for the appointment of the Chief Executive Officer ("CEO"), and the CEO is the most senior member. The authority of the board that is conferred to management through the CEO, so that authority and accountability of management is considered to be the authority and accountability of the CEO in so far as the board is concerned.

The key responsibilities of the CEO is as follows:

- Formulating and successfully implementing Company policy
- Directing strategy towards the profitable growth and operation of the Company
- Developing strategic operating plans that reflect the long term objectives and priorities established by the board
- Maintaining an ongoing dialogue with the Chair of the board.
- Putting in place adequate operational planning and financial control systems
- Closely monitoring the operating and financial results against plans and budgets
- Take remedial action where necessary and inform the board of significant changes
- Maintaining operational performance of the Company
- Assuming full accountability to the board for all the Company's operations
- Building and maintaining an effective executive team

Mr. Muhammad S E Haji Adam is the CEO of MSI Ltd and a brief profile is provided at page iv.

Corporate Governance Report (continued)

Principle 1: Governance structure (continued)

Website

The Company's website is already operational and the following information is already available:

- Annual report
- Quarterly accounts
- Share price information
- Financial highlights etc

The below information is available on the Company's website:

- The Code of ethics
- Statement of major accountabilities

Principle 2: The structure of the board and its committees

The Board of Directors of THE MAURITIUS SECONDARY INDUSTRIES LIMITED represents the shareholders' interests and is collectively responsible for the long-term success of the Company, its reputation and governance. The board is responsible to all its shareholders and to its other stakeholders for leading and controlling the organization and meeting all legal and regulatory requirements and is also accountable for determining that the Company is managed in a way to achieve its objectives.

The board of MSI Ltd is a unitary board and was at 30 June 2023 made up of 4 members.

Name	Position
Yacoob Ramtoola	Chairman
Swaleh Ramjane	Non-Executive Director
Muhammad S E Haji Adam	Chief Executive Officer/Director
Masood Ramtoola	Non-Executive Director

The board agrees that it is of sufficient size to meet the requirement of the business and thus the appointment of a second executive director at this stage is not warranted. The Board considers that the current Board is appropriate for enabling effective decision making.

The Chairperson, Mr. Yacoob Ramtoola by definition of the Code of Corporate Governance does not meet the criteria of being an independent chairperson, however the board is entirely satisfied that he is independent in both character and judgement and he has a wide experience and contributes in strategic issues etc. Further the board can have according to the NCCG its own definition of independence.

For the year ended 30 June 2023 both Messrs Swaleh Ramjane and Masood A Ramtoola have been considered as independent even though they have served on the board for several years from the date of their first election. The board is of opinion that these directors have been able to develop over time, insights and knowledge in the Company's business and are therefore able to provide a valuable contribution to the board. The board takes the view that independence cannot be merrily determined solely and arbitrarily on the basis of time. A director's contribution in terms of experience, expertise, objectivity, and independent judgement in engaging and challenging the management in the interests of the Company as he performs his duties are the yard sticks to be used to measure his independence irrespective of the years they have been appointed as directors.

Corporate Governance Report (continued)

Principle 2: The structure of the board and its committees (continued)

Also the board can have its own definition of independence as per the NCCG and after having taken into account all these attributes and taking into account that they have discharged their duties by exercising sound independent business judgement in the interest of the Company the board has therefore considered Messrs Swaleh Ramjane and Masood A Ramtoola as independent directors.

The profile of the board members is on page iv.

Board diversity

The Board has a non-discriminatory policy and endeavors to have representation at its senior governance position. The Board believes that, based on its size and the industry that it is operating in, the current directors possess the appropriate expertise and knowledge to discharge their duties and responsibilities effectively and to meet the Company's business requirements.

Powers of the board

The role and responsibilities of the Board of Directors is as per the Company's constitution in compliance with the requirements of the Mauritius Companies Act 2001 and as per the listing rules of the stock exchange of Mauritius. The board also follows the principle of good governance as recommended by the NCCG.

Board meetings

The Board normally meets 5 times during the year ended 30 June 2023 and special meetings are convened when deemed necessary.

Board attendance

Directors	Board attendance
Yacoob Ramtoola	5/5
Swaleh Ramjane	5/5
M Haji Adam	5/5
Masood Ramtoola	5/5

Conflicts of interest and related party transactions

Whenever there is an actual or potential conflict of interest, the director concerned is not present at the part of the meeting in which the conflict of interest is discussed and therefore does not debate or vote on the matter.

Related party transactions are disclosed in note 21 of the notes to the accounts and are at arm's length and in the normal course of business.

Committees of the board

Given the nature of the Company and the relatively small size of its board all the corporate governance functions and that of the audit committee have continued to be discharged by the Board of Directors as a unit.

Internal control function

The Directors of the Company are responsible for maintaining a sound system of internal control. They believe that the managerial and supervisory control put in place are sufficient to protect the Company's income and assets. Hence it is the responsibility of the members of the Board to ensure that the Directors of the Company maintain a sound system of internal control in place.

Corporate Governance Report (continued)

Principle 3: Director appointment procedures

Appointment

The Board is required from time to time depending on the requirements to fill vacancies that arises in the organization, the following need to be considered prior to the appointment of a new Director onto the board:

- Competence
- Character
- Diligence
- Honesty
- Integrity
- Judgment
- Independence
- Previous experience
- Conflict of interest
- Benefits of Diversity, including gender

A transparent procedure is in place before the appointment of a new Director.

On appointment to the Board, Directors receive a complete induction from the Company Secretary; in addition new Directors are invited to meet members of the management team in order to rapidly acquire a comprehensive view of the Company's operations, risks and strategy.

A newly elected Director is also requested to sign an appointment letter that clearly highlights his responsibilities etc.

During the year under review the Company has appointed no new Directors.

Re-election of Directors

The NCCG do provide for Directors to be elected (or re-elected) as the case applies every year at the AGM of shareholders. However the board does not consider the recommendation within the context of the Company. Also the constitution of the Company does not make any provision for such practices.

The Board also believes that given the nature of the business, reasonable time should be allowed for a Director to understand/ be accustomed with the business. However re-election of Directors over the age of 70 years is in compliance with Section 138 (B) of the Mauritius Companies Act 2001.

Professional development

Directors are encouraged to keep themselves up to date with the latest workplace trends, professional practices, and professional development.

Succession planning

The Board of THE MAURITIUS SECONDARY INDUSTRIES LTD recognizes the importance of succession planning to provide for continuity in the smooth functioning of the Company. There are certain positions in the Company that are key to the proper functioning and future growth and it is critical to fill up such positions well in time to avoid any leadership gap. The Company has therefore put in place a policy on succession planning for the board and senior management.

Corporate Governance Report (continued)

Principle 3: Director appointment procedures (continued)

The Board shall oversee the succession planning and shall from time to time make recommendations. The objectives of the succession planning are outlined as per below:

- To identify and nominate suitable candidates for the Board's approval to fill the vacancies which arises in the Board of the Company from time to time.

- To identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives.

- To ensure the systematic and long term development of individuals in the senior management level to replace when the need arises due to death, disabilities, retirements and unexpected occurrence.

Applicability of the policy

The policy shall be applicable for succession planning for the following personnel:

- Chairman
- CEO
- Company Secretary
- Any other positions within the Company at the discretion of the Board of Directors

Principle 4: Directors' duties, remuneration and performance

Legal duties

All Directors owe their fiduciary duty to the Company for which they act, all Directors are fully apprised of their responsibilities.

The Directors are required to:

- To act in good faith: at all times a Director must act in good faith for the overall interests of the Company.
- Exercise reasonable care and skill: a Director must act to exercise reasonable level of care as any prudent person would in the circumstances and on the facts known to him. The required level of knowledge expertise and skill may vary between the Directors be they for instance executive and non-executive. They may rely partially on others when acting collectively for their skills and knowledge in reaching a Board decision.
- Exercise their powers as a Director for a proper purpose: the Director should not abuse any of their executive power to ensure their own position. At all times they should act in good faith for the interest of the Company as a whole.
- Conflict of interest and duties: At all times the Director must declare any potential conflict of interest. He must not take on any new position that may endanger his existing relationships without the express permission of the officers of the Company.

Induction

On appointment to the board and its committees, Directors receive a complete induction pack from the Company secretary. In addition, new Directors are invited to meet members of the management team in order to rapidly acquire a comprehensive view of the Company's operations and strategy.

Continuous Development Program

The board encourages its members to keep on enhancing their knowledge and competencies through personal development programs.

Corporate Governance Report (continued)

Principle 4: Directors' duties, remuneration and performance (continued)

Board evaluation

The company secretary has during the year under review proceeded with an evaluation of the board by way of a questionnaire circulated to each Director to obtain their views on the effectiveness and efficacy of the Board, to assess their contribution to the Board and to obtain their opinion as to how the board performance can be improved. The results obtained have been analysed and discussed at Board level.

The Board of Directors feel the composition of the board is stable and efficient in managing the affairs of the Company.

Statement of remuneration philosophy

Executive directors are not remunerated for serving on the Board of the Company. Their remuneration packages as employees of the Company are in accordance with market rates.

The remuneration of the non-executive and independent directors consist of attendance and retainer fees.

Also the Company does not make any difference in the payment of remuneration criteria for the payment of remuneration to those Executive Directors approaching retirement as they still play an active role in the day to day running of the Company.

The Directors' remuneration is disclosed in the statutory disclosures on page xxii.

Directors' Interest and dealing in MSI Ltd shares

The Company operates a close period policy in line with DEM rules. During closed periods, Directors and officers of the Company are prohibited from dealing in MSI shares. Parties who may also have access to sensitive information are also cautioned against the possibility of insider trading during these periods.

The table below outlines the interests of the Directors in MSI Ltd shares.

Directors	Direct shareholding in MSI Ltd	Indirect shareholding in MSI Ltd	Shares purchased during the year
Swaleh Ramjane	162,257	-	434
Yacoob Ramtoola	-	112,425	336
M S E Haji Adam	5,578	41,757	-
Masood Ramtoola	14,945	36,366	121

Remuneration paid to the executive and non-executive directors are detailed below:

The fees paid to directors were as follows:

	2023	2022
Executive Directors	**Rs' 000**	Rs' 000
Muhammad S E Haji Adam	**949**	947
Non-Executive Directors		
Swaleh Ramjane	**1,418**	1,415
Yacoob Ramtoola	**55**	55
Masood Ramtoola	**55**	55

Corporate Governance Report (continued)

Principle 4: Directors' duties, remuneration and performance (continued)

Conflict of interest

Directors must avoid instances that may give rise to conflict of interest or which may be perceived by others as conflicting situations. Full information on any conflict or potential conflict of interest is made known to the Board and recorded accordingly.

Information technology, policy and Information security governance

The Company ensures that all directors have access to information that will enable him or her to make informed decisions to discharge their duties and responsibilities. Information are circulated to the directors in advance for their review and consideration. Insights provided by the Company's auditor and other professionals are discussed at Board meetings, when necessary.

The Company has an information policy in place which includes guidelines on email use policy, internet use policy, systems back-up, etc. The Board believe it is appropriate for a company of its size.

Principle 5: Risk Governance and internal control

The Directors are responsible for maintaining an effective system of internal control and risk management. Whilst these 2 functions are usually delegated to the Audit and Risk Committee, in the case of MSI Ltd, the governance of risk, the nature and risk appetite remain the ultimate responsibility of the Board.

The responsibility of the Board also includes:

- Ensuring that structures and processes are in place for management of risks
- Identifying the principal risks and uncertainties
- Ensuring that management has developed and implemented the relevant framework
- Ensuring that systems and processes are in place for implementing and monitoring internal controls
- Identifying any deficiency in the system of internal control

Risk Management

The Company is exposed with a variety of risks which could affect its performance and financial condition. The Board is responsible for the governance of risk and should ensure that a sound system of risk management and internal controls are maintained to safeguard shareholders' interest and the Company's assets. The below is a series of key risks:

- ***Physical risks***

Among the physical risks identified are unavoidable events such as riots, cyclones and other natural calamities. The following have been undertaken to mitigate the risks of such natural calamities; adoption of cyclone and fire procedures, relevant insurance covers have been contracted by the Company. A disaster recovery plan has also been prepared.

For the prevention of on-site accidents, the Company implements adherence to all occupational and health and safety regulations and in addition the Company hires the services of a full time health and safety officer to ensure that all health and safety regulations are observed.

Corporate Governance Report (continued)

Principle 5: Risk Governance and internal control (continued)

Risk Management (continued)

- ***Physical risks (continued)***

The risks of theft, fraud etc. is mitigated through the implementation of control procedures and CCTV cameras are in place.

- ***Financial risk***

Financial risk management is further explained in note 20 to the Financial Statements and includes a discussion on the following risks:

(i) Foreign currency risk
(ii) Interest rate risk
(iii) Liquidity management risk
(iv) Equity price risk

The Board of Directors regularly monitors the liquidity risk management to ensure that the Company has sufficient cash and the availability of funding through credit facilities through financial institutions so that it can meet its commitments in respect of obligations towards different stakeholders.

- ***Operational risk***

These risks are monitored through the establishment of planning and control systems to ensure that the risks of loss from inadequate or failed processes, people and from external events are mitigated.

The Company monitors and evaluates the processes regularly to ensure their proper effectiveness. Managers are required at every level to fulfill their respective duties to ensure that the controls are kept effective over time.

- ***Compliance risk***

This risk is defined as the risk that the Company does not comply with laws, regulations, and policies as set by the Government.

The operations of the Company is fully compliant with all the rules, regulations and policies as laid down by the Authorities and furthermore the Company regularly reviews its position towards any new regulation as set by the Authorities to ensure strict compliance.

- ***Information Technology risk***

This refers to the risk of loss of data, information or eventually the IT systems of the Company being hacked. In order to mitigate this risk the Company has invested in back-up systems and the necessary software and hardware to ensure that no such losses actually occur.

- ***Reputational Risk***

This risk arises as a result of the Company being unable to meet its professional obligation towards its stakeholders due to unintentional or negligent action.

In order to mitigate this risk the Company communicates regularly with its stakeholders and constantly strives to build strong business relationships with its stakeholders.

Corporate Governance Report (continued)

Principle 5: Risk Governance and internal control (continued)

Risk Management (continued)

- ***Human Resources Risk***

The management of human resource risk is an ongoing activity that involves careful planning and constant fluidity to enable the Company to tackle any potential change in the human resources sector. On the basis of the controls that are in place, we believe that the likelihood of a potential human resource risk is negligible.

The Company has also established a succession planning and in due course a designated deputy CEO will be nominated.

- ***Business Continuity Risk***

Business continuity risk is the task of identifying, developing, acquiring, documenting and testing procedures and resources that will ensure continuity of the Company's key operation in the event of an accident, disaster and emerging threat. It involves risk mitigation planning, i.e.; reducing possibility of the occurrence of adverse events and business recovery planning in the aftermath of a disaster.

In order to reduce the risk involved, the Company has made provision for automatic fire hydrants and the Company complies with the fire safety rules. The Company also subscribes to adequate insurance covers. Proper back up of all the computer systems are performed and kept in different locations so that in the aftermath of a disaster normal operations can resume in a short span of time.

Internal control

The Company did not, during the year under review have an internal audit function as this was not considered essential given the nature of the Company's business, and the central control, organization and approval structure in place within the Company with clear defined levels of authority and division of responsibilities. The Company has clear and robust internal control procedures for the approval of all transactions, no matter what the size.

Principle 6: Reporting with integrity

The Directors are responsible for preparing the report and financial statements in accordance with applicable law and regulations. Company law further requires the Directors to prepare financial statements in accordance with International Financial Reporting Standards for each financial year.

The Directors are also responsible for keeping adequate accounting records, explaining the Company's transactions and disclosing with reasonable accuracy at any given point in time the financial position of the Company. They also have the duty to safeguard the assets of the Company and to prevent and detect frauds.

Environment, health and safety

The Company strives to maintain a safe working environment that is free from hazards and risk of injury to all employees.

The Company complies with the Occupational Safety and health Act 2005 and other legislations.

The Company hires the services of a health and safety officer on a full time basis to ensure that all health and safety regulations are observed.

A health and safety committee has been set up and meets regularly to discuss about problems and grievances that may arise.

Corporate Governance Report (continued)

Principle 6: Reporting with integrity (continued)

Environment, health and safety (continued)

The Company aims to:

- Promote an environment that recognizes environment achievement as one of the main core values.
- Create a sense of awareness among employees to be more pro-active rather than reactive in all activities with regards to the environment.

Environment and sustainability initiatives

The Company is committed to sustainable development and strives to ensure that its operations are conducted in a way that minimizes the impact on the environment and the society at large.

The following are the initiatives taken by the Company:

- Inculcation of environmental awareness to all staff
- Controlling of air conditioners
- Switching off lights when not needed
- Reduction of photocopying

Principle 7: Audit

Audit committee

The external auditors meet with the members of the audit committee without the presence of the executives/management to discuss the financial statements and other audit matters.

The following matters are normally discussed during the meeting with the auditors:

- Scope of the audit work
- Audit findings
- Views on the control environment including fraud risk management
- Free access to the accounting records of the Company

Corporate Governance Report (continued)

Principle 7: Audit (continued)

Evaluation of the auditors

The members of the audit committee do evaluate the performance of the external auditor taking into account the quality of the audit, their findings and recommendations.

Audit fees and other services

The fees paid to the external auditors for the year 2022 and 2023 are as follows:

	2023	2022
Statutory audit	**Rs 70,000**	Rs 70,000
Other services	**Rs 15,700**	Rs 15,700

The non audit services are rendered by a different team that holds the necessary expertise and is independent of the audit team and supervised by different managers and partners.

Principle 8: Relations with other shareholders and other key stakeholders

The Company has defined its stakeholder as any group/person that has an interest in the success or failure of the Company's business. The stakeholders can have a significant impact on decisions regarding operations and finances of the organization. The Company's main stakeholders are as per below:

- Shareholders
- Suppliers/creditors
- Employees
- Clients
- Community
- Regulators

Share Capital structure

The Company has a stated capital of MUR 8,000,000 consisting of 800,000 shares of Rs10 each.

The Company's key stakeholders/communication with shareholders

The Company continuously engages with its stakeholders through an open and transparent communication. It also aims to keep them updated on a regular basis on all matters affecting the Company through announcements and disclosures in the annual report and at the annual meeting of shareholders.

MSI Ltd produces quarterly, half yearly and annual accounts as per statutory requirements and it publishes the accounts immediately after their approval by the Board of Directors.

The Company's Annual General Meeting provides an opportunity for shareholders to meet discuss with the Board relating to the Company and its performance.

Shareholders

All shareholders have the same voting rights.
The major shareholders of MSI Ltd at 30 June 2023 are as follows:

Shareholders	No of shares	% shareholding
Swaleh Ramjane	162,257	20.28
H.A.R Investments Ltd	82,349	10.29
Shamina Haji Adam	41,757	5.22

Corporate Governance Report (continued)

Principle 8: Relations with other shareholders and other key stakeholders (continued)

Shareholders (continued)

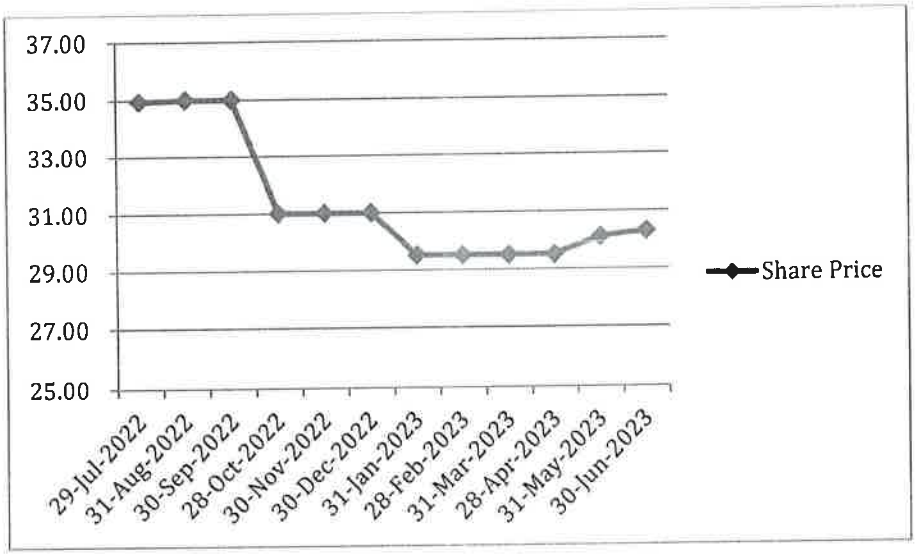
Distribution of shareholding at 30 June 2023

Defined brackets	No of shareholders	No of shares owned	% Holding
1-500	1,186	100,605	12.57
501-1,000	72	47,923	6.00
1001-5,000	51	108,987	13.62
5,001-10,000	11	73,879	9.24
10,001-50,000	11	224,000	28.00
50,001-100,000	1	82,349	10.29
Over 100,000	1	162,257	20.28
Total	1,333	800,000	100

Share price information

The shares of the Company are quoted on the Development Enterprise Market of the stock exchange of Mauritius.

The share price of the Company over the year has been as follows:



Dividends

The Board has agreed over a dividend policy to the effect that a reasonable amount of the recurrent profits after tax is paid as dividends.

Dividends are normally declared in June and are paid in July subject to the performance of the Company, availability of funds and future capital commitments or as otherwise decided by the Board. Directors ensure that the Company satisfies the solvency test for each declaration of dividend.

During the year the Company has declared a dividend of Rs 1.00 per share payable in July 2023.

Suppliers/creditors

The Company ensures that it is given value for money services and as far as possible it engages with local suppliers.

Corporate Governance Report (continued)

Principle 8: Relations with other shareholders and other key stakeholders (continued)

Employees

The Company considers its employees as their most value assets/ their brand ambassadors and it is actively involved in giving them training with a view of improving their knowledge/personal development so that they deliver the best service on a daily basis.

Clients

The Company is in constant communication with its tenants and works towards providing a building which is safe and complies with relevant legislations and regulations.

Community

The Company engages with the community through various CSR commitments such as socio economic development, education and training, child and healthcare. These are met through the UBS Charitable Trust and Movement Social de Plaine Lauzun with the following objectives:

- To reduce poverty.
- To promote self-help projects.
- To provide formal and non-formal education courses.
- To organize cultural, social and economic activities.

Schedule of events

Some key milestones are as follows:

- Approval of accounts and publication of audited abridged financial statements – September
- Annual meeting – December
- Declaration of dividend- May/June
- Dividend payment- July
- Publication of quarterly accounts
  - 1st quarter ending 30 September – Mid November
  - 2nd quarter ending 31st December – Mid February
  - 3rd quarter ending 31st March – Mid May

Annual general meeting of shareholders

The annual general meeting of THE MAURITIUS SECONDARY INDUSTRIES LIMITED is scheduled in December 2023. Shareholders shall be provided with notice of meeting and they will be given the opportunity to communicate/express their views and engage with members of the board. Shareholders shall also be provided with notice of meeting and proxy forms.

Donations

Charitable donations and political contributions

	2023 Rs	2022 Rs
Charitable donations	-	-

In line with current legislation the Company has made contribution of Rs Nil (2022 Rs Nil) to the approved CSR organization. No contribution has been made to any political parties in 2023 and 2022.

STATEMENT OF COMPLIANCE
(Section 75 (3) of the Financial Reporting Act)

Name of Public Interest Entity (PIE): THE MAURITIUS SECONDARY INDUSTRIES LIMITED

Reporting period: 30 June 2023

We, the Directors of THE MAURITIUS SECONDARY INDUSTRIES LIMITED, confirm that to the best of our knowledge, the Company has complied with all its obligations and requirements under the Code of Corporate Governance, except for the areas explained in the Corporate Governance Report.

Date: 29 SEP 2023

Yacoob Ramtoola
Chairman

M S E Haji Adam
Director and CEO

STATEMENT OF DIRECTOR'S RESPONSIBILITIES
YEAR ENDED 30 JUNE 2023

The Directors are responsible for preparing the corporate governance report and financial statements in accordance with applicable laws and regulations.

The Directors acknowledge their responsibilities for:

- Keeping adequate accounting records and maintenance of effective internal control systems;
- The preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the cash flows for that period and which comply with International Financial Reporting Standards (IFRS);
- The use of appropriate accounting policies supported by reasonable and prudent judgements and estimates.

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

The Directors report that:

- Adequate accounting records and an effective system of internal controls and risk management have been maintained.
- Appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently.
- International Financial Reporting Standards have been adhered to. Any departure has been disclosed, explained and quantified.
- The Code of Corporate Governance has been adhered to in all material aspects and reasons provided for areas of non-compliance.

On behalf of the Board

Yacoob Ramtoola
Chairman
29 SEP 2023

M S E Haji Adam
Director and CEO

STATUTORY DISCLOSURES
YEAR ENDED 30 JUNE 2023

1. The directors have pleasure to submit herewith their Annual Report together with the audit financial statements for the year ended 30 June 2023.

2. Principal Activity

   - The principal activity of MSI Ltd is the renting of industrial and commercial buildings.
   - The statement of profit and loss and other comprehensive income for the year ended 30 June 2023 is set on page 4.

3. Directors' Remuneration and Benefits

   The Board of Directors has agreed not to disclose the emoluments of Directors on an individual basis for confidentiality purpose and commercial sensitivity of such information.

   Remuneration and benefits received by the Directors from the Company are disclosed below:

	2023	2022
	Rs	Rs
Executive Directors	**949,572**	947,172
Non-Executive Directors	**1,528,622**	1,525,822

4. Directors Service Contracts

   There were no service contracts between the Company and any of its Directors during the year. (2022: Rs Nil)

5. Contract of Significance

   There were no contracts of significance subsisting during or at year end in which a Director of the Company was interested either directly or indirectly.

6. External auditor's fees

	2023	2022
	Rs	Rs
External Audit Services	**70,000**	70,000
Tax compliance services	**15,700**	15,700

On behalf of the Board

Yacoob Ramtoola
Chairman

2 9 SEP 2023

M S E Haji Adam
Director and CEO

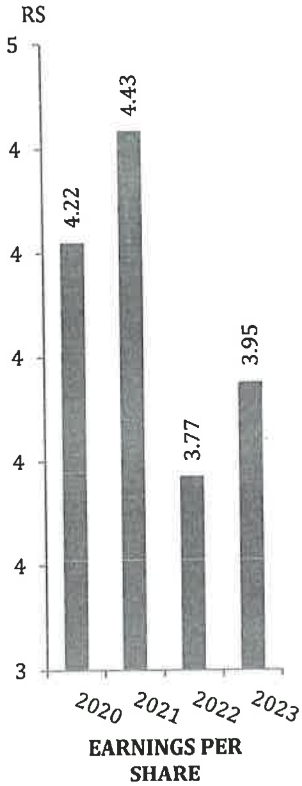
SECRETARY'S CERTIFICATE

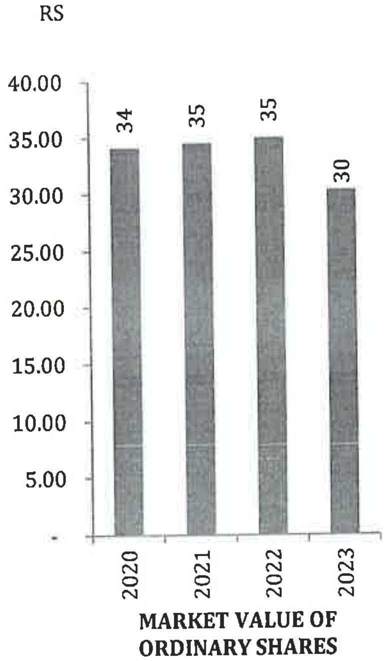
In my capacity as Company secretary, I hereby confirm that, to the best of my knowledge and belief the Company has filed with Registrar of Companies, as at 30 June 2023 all such returns as are required of the Company under the Mauritius Companies Act 2001.

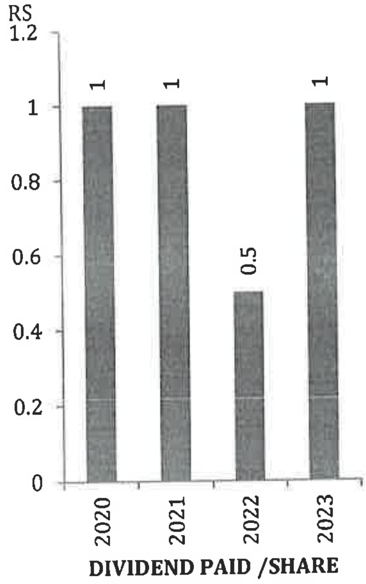
Swaleh Ramjane ***FCIS MCIT***
Secretary

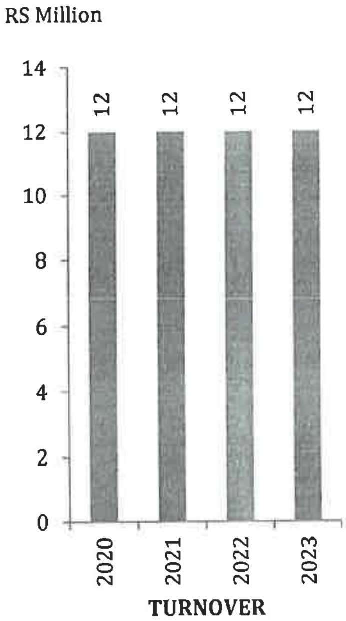
29 SEP 2023

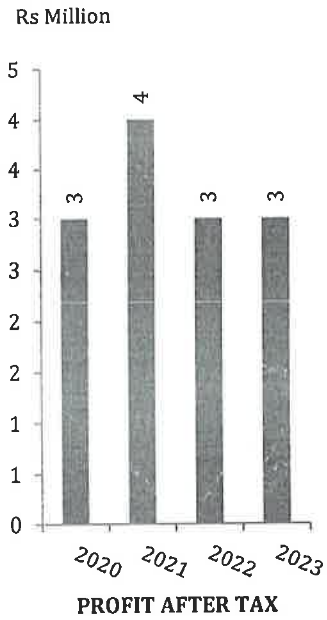
FINANCIAL HIGHLIGHTS OF THE COMPANY











Suite 207-2nd Floor NG Tower
Cybercity, Ebene.
Tel:- 463 5291
BRN: F11000012

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF THE MAURITIUS SECONDARY INDUSTRIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of THE MAURITIUS SECONDARY INDUSTRIES LIMITED (the "Company") which comprise the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements on pages 3 to 28 gives a true and fair view of the financial position of the Company as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

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.

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF THE MAURITIUS SECONDARY INDUSTRIES LIMITED

Report on the Audit of the Financial Statements

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the current period. These matters were addressed in the contest of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	***How the matter was addressed in our audit***
The Company adopted IFRS 16 – Leases during the financial year ended 30 June 2023 and applied the full retrospective approach on adoption. This resulted in the recognition of right-of-use assets of Rs. 2,766,390 (2022: Rs. 3,668,520) and lease liabilities amounting Rs. 3,393,049 (2022: Rs. 4,421,840) as at 30 June 2023. The adoption of IFRS 16 was considered to be a matter of most significance to the current year's audit and identified as a key audit matter. This is due to the audit effort expended in assessing the judgements that were required of management in applying the requirements of the standard which has a material effect on the financial position and performance of the Company. The application of IFRS 16 required management to assess the contract to which the Company is party to identify whether it is, or it contains, a lease. Further, management was also required to make significant judgements in the initial accounting for, and subsequently measurement of, these leases, including: • determining the duration of the lease, by: - establishing the beneficial occupation date of the asset by assessing when initial access was granted; - establishing the lease term including any renewal options that are reasonably certain to be elected; and - the evaluation of subsequent contract modifications; • determining the incremental borrowing rate to be applied to historic leases. The disclosures required per IFRS 16- Leases are set out in the audited financial statements in Note 6 – Right of use assets and Note 11 – Lease liabilities. The disclosure associated with adopting IFRS 16 – Leases is disclosed in Note 23 – Comparative information restated.	Our audit procedures, amongst others, included the following: • assessed the appropriateness of the Company's accounting policies for the measurement of non-financial assets in line with the requirements of International Financial Reporting Standards (IFRS); • evaluated management's policies, processes and controls put in place to identify, capture and account for active leases across the Company by obtaining an understanding of the system through discussion with management and assessing it in light of the requirements of the accounting standard; • evaluated the completeness of the leases identified by management by comparing the right-of-use asset population within the lease management system; • assessed the historical discount rates determined by management with reference to entity-specific borrowing rates and external market data; • evaluated the appropriateness of the lease periods used in the valuation by agreeing lease terms and options to lease agreements, and assessed the expected lease period determined by management; • recalculated the lease liabilities, right-of-use assets, finance costs and depreciation based on the underlying contractual terms; and • evaluated key accounting policy decisions and the completeness and accuracy of disclosure made by management with reference to the requirements of IFRS 16.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF THE MAURITIUS SECONDARY INDUSTRIES LIMITED

Report on the Audit of the Financial Statements (Continued)

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

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and that comply with the requirements of the Mauritius 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF THE MAURITIUS SECONDARY INDUSTRIES LIMITED

Report on the Audit of the Financial Statements (Continued)

Other information

The Directors are responsible for the other information. The other information comprises of corporate information, chairman's letter, directors' profile, shareholding structure, statement of directors' responsibilities, statutory disclosures, secretary's certificate and financial highlights of the Company.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacities as auditor and tax advisor of the Company.

We have obtained all the information and explanations we have required.

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

Financial Reporting Act 2004

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the code.

Other matters

Our report is made solely to the shareholders of the Company, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinion we have formed.

Ecovis (Mauritius)

ECOVIS (MAURITIUS)

Date: 29 September 2023

Vivek Gujadhur, FCCA
Licensed by FRC

THE MAURITIUS SECONDARY INDUSTRIES LIMITED
STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2023

	Notes	2023 Rs	2022 Rs Restated*	2021 Rs Restated*
ASSETS				
Non-current assets				
Property, plant and equipment	5	**32,764,062**	33,262,322	33,873,433
Right of use asset	6	**2,766,390**	3,688,520	4,610,650
Investment property	7	**2,824,031**	2,978,226	1,294,173
Financial assets	8	**41,820,399**	39,764,898	37,315,995
Total non-current assets		**80,174,882**	79,693,966	77,094,251
Current assets				
Trade and other receivables	9	**251,289**	1,450,842	184,164
Current tax assets	13	**77,662**	1,061,533	377,278
Cash and bank balances		**8,610,817**	2,916,686	9,370,787
Total current assets		**8,939,768**	5,429,061	9,932,229
Total assets		**89,114,650**	85,123,027	87,026,480
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	14	**8,000,000**	8,000,000	8,000,000
Retained earnings		**40,589,891**	38,232,723	35,618,242
Fair value reserve		**33,384,166**	31,367,583	28,920,450
Total equity		**81,974,057**	77,600,306	72,538,692
Non-current liabilities				
Lease liability	11	**2,314,752**	3,393,049	4,421,840
Retirement benefit obligations	19	**155,167**	263,704	344,206
Deferred tax liabilities	13	**863,659**	610,765	335,904
Total non-current liabilities		**3,333,578**	4,267,518	5,101,950
Current liabilities				
Lease liability	11	**1,078,297**	1,028,791	4,710,755
Bank overdraft	10	**1,180,335**	1,183,113	293,536
Other payables	12	**748,383**	643,299	3,581,547
Dividend payable	15	**800,000**	400,000	800,000
Total current liabilities		**3,807,015**	3,255,203	9,385,838
Total liabilities		**7,140,593**	7,522,721	14,487,788
Total equity and liabilities		**89,114,650**	85,123,027	87,026,480

*Refer to note 23

Approved by the Board of Directors and authorised for issue on 29 SEP 2023

) **DIRECTORS**

The notes on pages 7 to 28 form an integral part of these financial statements.

THE MAURITIUS SECONDARY INDUSTRIES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 Rs	2022 Rs Restated*
RENTAL INCOME	22	**11,793,911**	11,793,904
OPERATING EXPENSES		**(8,530,352)**	(8,446,738)
OPERATING PROFIT		**3,263,559**	3,347,166
OTHER INCOME	17	**1,084,792**	376,875
INTEREST EXPENSE	11	**(186,209)**	(329,245)
PROFIT BEFORE TAX		**4,162,142**	3,394,796
TAX EXPENSE	13	**(1,004,974)**	(380,315)
PROFIT FOR THE YEAR		**3,157,168**	3,014,481
Other comprehensive income for the year			
Items that will be reclassified subsequently to profit or loss:			
Fair value gain on investments in equity instruments designated at fair value through other comprehensive income	8	**2,016,583**	2,447,133
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,173,751**	5,461,614
EARNINGS PER SHARE		**3.95**	3.77

*Refer to note 23

The notes on pages 7 to 28 form an integral part of these financial statements.

THE MAURITIUS SECONDARY INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Stated capital Rs	Retained earnings Rs	Fair value reserve Rs	Total equity Rs
At 01 July 2020		8,000,000	37,394,618	28,107,775	73,502,393
Comprehensive income:					
Profit for the year		-	3,545,569	-	3,545,569
Other comprehensive income for the year		-	-	812,675	812,675
Total comprehensive income for the year		-	3,545,569	812,675	4,358,244
Transactions with owners:					
Dividends		-	(800,000)	-	(800,000)
At 30 June 2021 (as previously reported)		8,000,000	40,140,187	28,920,450	77,060,637
IFRS 16 adjustments		-	(4,521,945)	-	(4,521,945)
At 30 June 2021 (as restated)		8,000,000	35,618,242	28,920,450	72,538,692
Comprehensive income:					
Profit for the year		-	3,014,481	-	3,014,481
Other comprehensive income for the year		-	-	2,447,133	2,447,133
Total comprehensive income for the year		-	3,014,481	2,447,133	5,461,614
Transactions with owners:					
Dividends	15	-	(400,000)	-	(400,000)
At 30 June 2022 as restated		8,000,000	38,232,723	31,367,583	77,600,306
Comprehensive income:					
Profit for the year		-	**3,157,168**	-	**3,157,168**
Other comprehensive income for the year		-	-	**2,016,583**	**2,016,583**
Total comprehensive income for the year		-	**3,157,168**	**2,016,583**	**5,173,751**
Transactions with owners:					
Dividends	15	-	**(800,000)**	-	**(800,000)**
At 30 June 2023		**8,000,000**	**40,589,891**	**33,384,166**	**81,974,057**

Fair value reserve represents the cumulative gains and losses arising on the revaluation of investments in equity investments designated at fair value through other comprehensive income, net of cumulative gain/loss will be reclassified to retained earnings upon disposal.

The notes on pages 7 to 28 form an integral part of these financial statements

THE MAURITIUS SECONDARY INDUSTRIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023	2022
Cash flows from operating activities		**Rs**	Rs Restated
Profit before tax		**4,162,142**	3,394,796
Adjustments for:			
Dividend income	**17**	**(984,792)**	(376,875)
Interest on lease liability	**11**	**186,209**	329,245
Depreciation on property, plant and equipment	**5**	**754,458**	752,111
Depreciation on investment property	**7**	**154,195**	94,896
Depreciation on right of use asset	**6**	**922,130**	922,130
Profit on disposal of asset		**(100,000)**	-
Gratuity payment	**19**	**(74,772)**	(154,866)
Income tax refund		**-**	
Retirement benefit obligations	**19**	**(33,765)**	74,364
Operating profit before working capital changes		**4,985,805**	5,035,801
Decrease/ (increase) in trade and other receivables		**369,811**	(1,818,647)
Increase/ (decrease) in trade and other payables		**105,155**	(2,938,248)
		474,966	(4,756,895)
Cash generated from operations		**5,460,771**	278,906
Net tax received / (paid)	**13(iii)**	**1,061,462**	(237,740)
Net cash generated from operating activities		**6,522,233**	41,166
Cash flows from investing activities			
Payment for property,plant and equipment	**5**	**(256,198)**	(141,000)
Payment to acquire investment property	**7**	**-**	(1,778,949)
Acquisition of financial assets	**8**	**(38,918)**	(1,770)
Repayment of lease liabilities	**11**	**(1,215,000)**	(5,040,000)
Proceeds from disposal of asset		**100,000**	-
Dividend received	**17**	**984,792**	376,875
Net cash used in investing activities		**(425,324)**	(6,584,844)
Cash flows from financing activities			
Dividend paid		**(400,000)**	(800,000)
Net cash used in financing activities		**(400,000)**	(800,000)
Net increase/ (decrease) in cash and cash equivalents		**5,696,909**	(7,343,678)
Cash and cash equivalents at 1 July		**1,733,573**	9,077,251
Cash and cash equivalents at 30 June		**7,430,482**	1,733,573
Represented by:			
Cash and bank balances		**8,610,817**	2,916,686
Bank overdraft		**(1,180,335)**	(1,183,113)
		7,430,482	1,733,573

The notes on pages 7 to 28 form an integral part of these financial statements

THE MAURITIUS SECONDARY INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. INCORPORATION AND ACTIVITIES

The MAURITIUS SECONDARY INDUSTRIES LIMITED (the "Company") is a public company incorporated in Mauritius and listed on the Development Enterprise Market (DEM) of the Stock Exchange of Mauritius. The principal activities of the Company are the retreading of motor vehicle tyres and renting of commercial building. The retreading of tyres activity has been ceased as from July 2014. Its registered office and principal place of business is situated at Royal Road, Les Cassis, Port Louis.

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

The following standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning on 1 July 2022 were adopted by the Company.

2.1 New and revised IFRSs that are effective for the current year

Amendments regarding onerous contracts-Cost of fulfilling a contract (IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. This amendment clarifies the types of costs a company includes both the 'incremental costs of fulfilling a contract' and an 'allocation of other costs that relate directly to fulfilling contract' when assessing whether a contract is onerous.

Management have assessed the impact of the adoption of this standard on the financial statements and concluded that it does not have a material impact on the financial statements.

Annual Improvements to IFRS: IAS 41: Taxation in Fair Value Measurements

The amendment removes the requirement in IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset (i.e., remove the requirement of using pre-tax cash flows when measuring the fair value of biological assets) using a present value technique. This will ensure consistency with the requirements in IFRS 13.

Management have assessed the impact of the adoption of this standard on the financial statements and concluded that it does not have a material impact on the financial statements.

Other standards

- Reference to the Conceptual Framework -Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use-Amendments to IAS 16
- Annual Improvements to IFRS Standards (2018-2020)

Interest Rate Benchmark Reform – Phase 2 introduces amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 and is not mandatorily effective until annual periods beginning on or after 1 January 2021, however, many entities were expected to adopt the amendments early.

The admendments did not have any major impact on the Company's financial statements for the year ended 30 June 2023.

2.2 New and revised Standards in issue but not yet effective for the year ended 30 June 2023

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Company has not early adopted them.

Amendments	Effective for accounting
IAS 1 Amendments regarding classification of liabilities as Current and Non-current	01 January 2023
IAS 1 Disclosure of Accounting policies – Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023

The Company is in the process of making an assessment of the impact of these amendments, new standards and new interpretations to be in the period of initial application. The amendments are not expected to have any major impact on the Company's financial statements.

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

2.2 New and revised Standards in issue but not yet effective for the year ended 30 June 2023 (cont'd)

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement.

Covenants with which the company must comply after the reporting date (i.e., future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. The amendments are to be applied retrospectively from the effective date.

Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted.

Other standards

The following new and amended standards are not expected to have a significant impact on the Company's financial statements:

- Initial application of IFRS 17 and IFRS 9 Comparative information (Amendments to IFRS 17).
- Definition of Accounting Estimates (IAS 8 amendment).
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (IAS 12 amendment).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (IFRS 10 and IAS 28 amendment).
- Lease liability in a sale and leaseback transaction (Amendments to IFRS 16).

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies

(a) Basis of preparation

The financial statements are prepared under the historical cost basis except for financial instruments that are measured at revalued amount or fair values at the end of each reporting period and in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the requirements of the Mauritius Companies Act 2001.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

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

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

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

(b) Revenue recognition

Revenue represents rental income from the letting of building and is recognised on an accrual basis as invoice is raised.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

(d) Depreciation

Depreciation is provided on a straight line basis over the expected useful lives of assets. In the year of purchase, depreciation is calculated on a proportionate basis. The annual depreciation rates used for the purpose are as follows:

Freehold building	- 2%
Furniture and equipment	- 10%
Plant and machinery	- 10%
Motor vehicles	- 20%

No depreciation is charged on freehold land.

(e) Investment property

Investment property is property held to earn rentals or for capital appreciation and is carried at cost less accumulated depreciation and impairment losses.

The annual depreciation rate for investment property is 5% on a straight line basis.

(f) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Taxation (Cont'd)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to current tax assets and liabilities and they relate to income taxes levied by the same tax authority and the company intend to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

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

(g) Cash and cash equivalents

Cash comprises cash at bank net of bank overdrafts. Cash equivalents are short term highly liquid investment that are readily convertible to amount of cash and which are subject to an insignificant risk of change in value.

(h) Retirement benefits obligations

Employee Right Act

The present value of retirement benefits in respect of The Employment Rights Act 2008 gratuities is recognised in the statement of financial position as a non-current liability and is computed as stipulated in the Act.

State Plan

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

(i) Financial instruments

Financial assets and financial liabilities are recognised in the Company' statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets

All regular way of purchase or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchase or sales are purchased or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial instruments (cont'd)

Financial assets (cont'd)

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

Classification of financial assets

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

(i) *Amortised cost and effective interest method*

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial instruments (Cont'd)

Financial assets (cont'd)

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

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

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

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9.

Impairment of financial assets

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

(i) Significant increase in credit risk

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial instruments (Cont'd)

Impairment of financial assets (cont'd)

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

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

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

(ii) Definition of default

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

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

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

(iii) Credit–impaired financial assets

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

(a) Significant financial difficulty of the issuer or the borrower;
(b) A breach of contract, such as a default or past due event;
(c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) The disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write off policy

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

(v) Measurement and recognition of expected credit losses

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial instruments (Cont'd)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial assets measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gains or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

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

Financial liabilities measured subsequently at amortised cost

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

Derecognition of financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Foreign currencies

In preparing the financial statements, transactions in currencies other that the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at that date. Exchange differences arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.
The financial statements are presented in Mauritian rupees ("Rs."), which is the Company's functional and presentation currency.

(k) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable the Company will be required to settle the obligations, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the end of each reporting period. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

(l) Impairment of non-financial assets

At each end of the reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

(m) Related parties

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

(n) Lease Payments- Right-of-Use Assets

After the adoption of IFRS 16 from 1 January 2020, when the Company acts as a lessee, the Company assessed as contract is, or contains, a lessee, i.e the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, the Company recognises a right-of-use asset and a lease liability for the rights and obligation created by all leases, except for leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The Company recognises the lease payments associated with those short-term leases and leases for which the underlying asset is of low value, as an expense on a straight-line basis over the lease term.

Except for the recognition exemption, if applicable, right-of-use assets and lease liabilities are recognised for all contracts that are, or contain, leases of identified assets at the commencement date of leases. Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Lease liabilities are initially measured at the present value of unpaid lease payments using interest rate implicit to the lease or, if undeterminable, lessee's incremental borrowing rates and subsequently adjusted on the leases modifications.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Lease Payments- Right-of-Use Assets (Cont'd)

Depreciation is calculated using the straight-line method to write off the depreciable amount of each right-of-use asset to profit or loss unless it is included in the carrying amount of another asset. Depreciation shall be allocated over the shorter of lease term or the estimated useful life of the right-of-use assets.

(o) Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the Company's accounting policies

There are no critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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

Fair value of unquoted equity investments

The Company hold unquoted equity investments that are not quoted on active markets and which are required to be fair valued at each reporting date. The fair value of unquoted equity investments is based on the Net Assets Value of the investee based on their latest available audited financial statement as at reporting date.

Retirement benefit obligations

Retirement benefit obligations are determined by the directors on the basis as detailed in note 19. Changes in assumptions about these factors could affect the provision to be made in the financial statements.

Asset lives and residual values

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

THE MAURITIUS SECONDARY INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2023

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land Rs	Freehold building Rs	Furniture and equipment Rs	Plant and machinery Rs	Motor vehicles Rs	Total Rs
COST						
At 1 July 2021	28,068,593	5,649,128	18,528,309	5,068,804	1,043,150	58,357,984
Additions	-	-	141,000	-	-	141,000
At 30 June 2022	**28,068,593**	**5,649,128**	**18,669,309**	**5,068,804**	**1,043,150**	**58,498,984**
Additions			**256,198**			**256,198**
Disposal	-	-	-	-	**(1,043,150)**	**(1,043,150)**
At 30 June 2023	**28,068,593**	**5,649,128**	**18,925,507**	**5,068,804**	**-**	**57,712,032**
ACCUMULATED DEPRECIATION						
At 1 July 2021	-	2,089,533	16,283,064	5,068,804	1,043,150	24,484,551
Charge for the year	-	112,983	639,128	-	-	752,111
At 30 June 2022	-	**2,202,516**	**16,922,192**	**5,068,804**	**1,043,150**	**25,236,662**
Charge for the year	-	**112,983**	**641,475**	-	-	**754,458**
Disposal	-	-	-	-	**(1,043,150)**	**(1,043,150)**
At 30 June 2023	**-**	**2,315,499**	**17,563,667**	**5,068,804**	**-**	**24,947,970**
NET BOOK VALUE						
At 30 June 2023	**28,068,593**	**3,333,629**	**1,361,840**	**-**	**-**	**32,764,062**
At 30 June 2022	28,068,593	3,446,612	1,747,117	-	-	33,262,322

The Company's property, plant and equipment have been pledged as security for bank facilities.

6. RIGHT OF USE ASSETS

	Rs
COST	
At 1 July 2021	9,221,300
Additions	-
At 30 June 2022	**9,221,300**
Additions	-
At 30 June 2023	**9,221,300**
ACCUMULATED DEPRECIATION	
At 1 July 2021	4,610,650
Charge for the year	922,130
At 30 June 2022	**5,532,780**
Charge for the year	**922,130**
At 30 June 2023	**6,454,910**
NET BOOK VALUE	
At 30 June 2023	**2,766,390**
At 30 June 2022	3,688,520

7. INVESTMENT PROPERTY

	2023	2022
	Rs	Rs
COST		
At 1 July	**26,935,562**	25,156,613
Additions	-	1,778,949
At 30 June	**26,935,562**	26,935,562
DEPRECIATION		
At 1 July	**23,957,336**	23,862,440
Charge for the year	**154,195**	94,896
At 30 June	**24,111,531**	23,957,336
NET BOOK VALUE		
At 30 June	**2,824,031**	2,978,226

The fair value of the investment property at the reporting date was **Rs 98.5M** (2022: Rs 94.3M) and was determined by the directors based on recent investment property construction cost, land acquisitions and fair value of properties.

The rental contract is non-cancellable. Rental income earned amount to **Rs 11,793,911** (2022: Rs 11,793,904). Direct operating expenses generating rental income amount to **Rs 7,822,505** (2022: Rs 7,476,796).

Details of the Company's investment property and information about the fair value hierarchy as at 30 June 2023 and 2022 are as follows:

	Level 2	
	2023	2022
	Rs	Rs
Investment property	**98,579,415**	94,390,805

8. FINANCIAL ASSETS

Investments in equity instruments designated as at FVTOCI

	Listed			
	SEM	DEM	Unquoted	Total
	Rs	Rs	Rs	Rs
At 01 July 2021	6,142,519	26,241,950	4,931,526	37,315,995
Additions	-	-	1,770	1,770
Fair value movement	776,250	1,291,473	379,410	2,447,133
At 30 June 2022	6,918,769	27,533,423	5,312,706	39,764,898
At 01 July 2022	**6,918,769**	**27,533,423**	**5,312,706**	**39,764,898**
Additions	**-**	**36,408**	**2,510**	**38,918**
Fair value movement	**129,356**	**1,029,092**	**858,135**	**2,016,583**
At 30 June 2023	**7,048,125**	**28,598,923**	**6,173,351**	**41,820,399**

Quoted investment
The quoted investments have been valued on the basis of prices quoted on the Stock Exchange of Mauritius at reporting date.

Unquoted investment
The Company holds unquoted equity investments in Lintrabis Investment Company Limited, a company incoporated in Mauritius, which is an investment holding company. With the application of IFRS 9, the unquoted equity investments have been classified as fair value through other comprehensive income. The fair value of the unquoted equity investments has been based on net asset value of the investee as at 30 June 2023, using its audited financial statements.

9. TRADE AND OTHER RECEIVABLES

	2023	2022
	Rs	Rs
Receivable from related party (Note 21)	**100,000**	-
Rent receivables	**74,120**	56,641
Prepayments	**58,192**	1,356,734
TDS	**18,977**	37,467
	251,289	1,450,842

Before accepting any new client an assessment is made of the potential customer's credit quality. No interest is charged on trade receivables.

The average credit period on renting of commercial building is **60 days** (2022: 60 days). No interest is charged on the trade receivables. Loss allowance for trade receivables is measured at an amount equal to lifetime ECL by reference to past debtor's default experience. There is no past due rent receivables balance at reporting date as the amount has been fully settled subsequently and there is no ECL impact.

10. BANK OVERDRAFT

The bank overdraft bears interest of **7.50%** p.a (2022: 5.25% p.a.) and is secured by a floating charge over the fixed assets of the Company.

11. LEASE LIABILITIES

	2023	2022
	Rs	Rs
Current portion of lease liabilities	**1,078,297**	1,028,791
Non-current portion of lease liabilities	**2,314,752**	3,393,049
	3,393,049	4,421,840

The maturity analysis of the lease liability as at reporting date was as follows:

At 30 June 2023	**Within 1 year**	**After 1 year but less than 10 years**	**Total**
	Rs	**Rs**	**Rs**
Gross lease liability	**1,215,000**	**2,430,000**	**3,645,000**
Less future interest costs	**(136,703)**	**(115,248)**	**(251,951)**
	1,078,297	**2,314,752**	**3,393,049**

At 30 June 2022	Within 1 year	After 1 year but less than 10 years	Total
	Rs	Rs	Rs
Gross lease liability	1,215,000	3,645,000	4,860,000
Less future interest costs	(186,209)	(251,951)	(438,160)
	1,028,791	3,393,049	4,421,840

The movement in lease liability during the year was as follows:

	2023	2022
	Rs	Rs
At 1 July	**4,421,840**	9,132,595
Interest charge	**186,209**	329,245
Lease payments during the year	**(1,215,000)**	(5,040,000)
At 30 June	**3,393,049**	4,421,840

The interest rate used for discounting the lease liability is 4.71% which is based on the estimates of incremental borrowing costs.

The assets on lease relate to state land which is being utilised by the Company to carry out its business operation.

The rental agreement is between the Company and Government of Mauritius and is effective for a period of 10 years.

12. OTHER PAYABLES

	2023	2022
	Rs	Rs
Accruals	**619,928**	505,273
VAT	**128,455**	138,026
	748,383	643,299

13. TAXATION

(i) Income tax

Income tax is calculated at the rate of **15%** (2022: 15%) on the profit for the year as adjusted for tax purposes and it also includes CSR charge which is calculated at the rate of **2%** (2022: 2%) on the chargeable income of the preceding year.

	2023	2022
	Rs	Rs
Provision for the year	**752,080**	-
Underprovision of tax assets in prior years	**-**	11,741
Deferred tax charge	**252,894**	274,861
Corporate Social Responsibility	**-**	93,713
Tax expense	**1,004,974**	380,315

THE MAURITIUS SECONDARY INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2023

13. TAXATION (CONT'D)

(ii) Current tax assets

	2023 Rs	2022 Rs
At 1 July	**(1,061,533)**	(377,278)
Overprovision/ (underprovision) of tax assets in prior years	**71**	11,741
Refunded during the year	**1,061,462**	365,537
Provision for the year	**752,080**	-
Corporate Social Responsibility	-	93,713
Corporate Social Responsibility paid	-	(76,141)
Tax Deducted at Source	**(829,742)**	(551,969)
Advance Payment System (APS) paid	-	(527,136)
At 30 June	**(77,662)**	(1,061,533)

(iii) Tax reconciliation

	2023 Rs	2022 Rs
Profit before tax	**4,162,142**	3,394,796
Tax at the rate of 15% (2022: 15%)	**624,321**	509,219
Tax effect of:		
- Non-taxable income / other deductions	**(190,484)**	(834,035)
- Expenses not deductible for tax purposes	**318,243**	277,440
- Over/ (underprovision) of tax assets in prior years	-	11,741
- Deferred tax charge	**252,894**	274,861
- Corporate Social Responsibility	-	93,713
-Tax losses carried forward	-	47,376
Tax expense	**1,004,974**	380,315

(iv) Deferred tax liabilities

The Company calculates deferred tax at 17% (the actual corporate tax rate prevailing in Mauritius which is at 15% plus 2% Corporate Social Responsibility (CSR) Contribution).

	2023 Rs	2022 Rs
At 1 July	**610,765**	335,904
Charge for the year	**252,894**	274,861
At 30 June	**863,659**	610,765

Deferred tax liabilities is analysed as follows:

	2023 Rs	2022 Rs
Accelerated capital allowances	**890,037**	717,253
Retirement benefit obligations	**(26,378)**	(44,830)
Tax loss carries forward	-	(61,658)
	863,659	610,765

14. STATED CAPITAL

	2023 Rs	2022 Rs
Issued and fully paid up		
800,000 ordinary shares of Rs10 each	**8,000,000**	8,000,000

The ordinary shares are not redeemable, carries voting rights, entitlement to dividends or distributions and on winding up to any surplus on assets of the Company.

15. DIVIDENDS

	2023 Rs	2022 Rs
A final ordinary dividend of **Rs 1** per share was declared on 30 June 2023 (2022: Rs 0.5 per share).	**800,000**	400,000

16. OPERATING PROFIT

This is arrived at after charging:

	2023 Rs	2022 Rs
Staff costs	**3,620,343**	3,663,161
Depreciation on furniture and equipment	**641,475**	639,128
Depreciation on investment property	**154,195**	94,896
Depreciation of freehold building	**112,983**	112,983
Director's emoluments	**220,000**	220,000
Auditor's remuneration	**70,000**	70,000

17. OTHER INCOME

	2023 Rs	2022 Rs
Dividend income	**984,792**	376,875
Profit on disposal of asset	**100,000**	-
	1,084,792	376,875

18. EARNINGS PER SHARE

Earnings per share is based on profit for the year of **Rs 4,162,142** (2022 Profit (Restated): Rs 3,394,769) and on the number of ordinary shares of **800,000** for the year (2022: 800,000).

19. RETIREMENT BENEFIT OBLIGATIONS

	2023	2022
	Rs	Rs
Amounts recognised in the statement of financial position:		
Present value of unfunded obligation	**155,167**	263,704
Amounts recognised in profit or loss:		
At 30 June	**(33,765)**	74,364
Movement in the liability recognised in the statement of financial position:		
At 1 July	**263,704**	344,206
Total recognised as above	**(33,765)**	74,364
Payment of gratuity	**(74,772)**	(154,866)
At 30 June	**155,167**	263,704

The above figures are based on the gratuity calculation as per Employment Rights Act 2008. The principal assumptions used for accounting purposes were:

	2023	2022
	%	%
30 June		
Future salary increase	**1.00**	1.00

20. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Company. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company. The results of the directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends that are declared. The Company does not have any external borrowings and hence was not geared at the reporting date.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

THE MAURITIUS SECONDARY INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2023

20. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments

30 June 2023	**Financial assets Rs**	**Financial liabilities Rs**
At amortised cost:		
Trade and other receivables	**174,120**	-
Cash and bank balances	**8,610,817**	-
Bank overdraft	-	**1,180,335**
Other payables	-	**619,928**
Dividend payable	-	**800,000**
Lease liability	-	**3,393,049**
Designated as at FVTOCI		
Financial assets	**41,820,399**	-
	50,605,336	**5,993,312**

30 June 2022	Financial assets Rs	Financial liabilities Rs
At amortised cost:		
Trade and other receivables	56,641	-
Cash and bank balances	2,916,686	-
Bank overdraft	-	1,183,113
Other payables	-	505,273
Dividend payable	-	400,000
Lease liability	-	4,421,840
Designated as at FVTOCI		
Investments	39,764,898	-
	42,738,225	6,510,226

(i) Financial assets exclude the following:

	2023 Rs	2022 Rs
Prepayment	**58,192**	1,356,734
TDS	**18,977**	37,467
	77,169	1,394,201

(ii) Financial liabilities exclude the following:

	2023 Rs	2022 Rs
Financial liabilities		
VAT payable	**128,455**	138,026

Foreign currency risk

As at 30 June 2023 and 2022, there were no financial assets and liabilities denominated in foreign currencies and thus the Company is not exposed to currency risk.

20. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company does not have significant concentration of credit risk.

The Company's exposure and credit ratings of its counterparties are monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. In relation to securities transaction is managed effectively by the Directors. The credit risk on cash and cash equivalents is limited because the counterparties are reputable financial institutions.

The Company's exposure to credit risk are continuously monitored. The maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date, as summarised below:

	2023	2022
	Rs	Rs
Financial assets		
Trade and other receivables	**174,120**	56,641
Cash and cash balances	**8,610,817**	2,916,686
Investments designated at FVTOCI	**41,820,399**	39,764,898
	50,605,336	42,738,225

Market risk

Market risk is the risk that the fair value or future cashflows of financial instruments will fluctuate due to changes in market variables such as interest rates, equity prices, foreign exchange rates and credit spreads. This will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in exchange rates.

At 30 June 2023, all the Company's financial assets and financial liabilities were denominated in Rs. Hence, the Company was not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company does not have any interest-bearing financial instruments and therefore the Company does not have any exposure to interest-rate risk.

Equity price risk

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

20. FINANCIAL INSTRUMENTS (CONT'D)

Market risk (Cont'd)

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 5% higher/lower:

- Profit for the year ended 30 June 2023 and 30 June 2022 would have been unaffected as the quoted equity investments are classified as FVTOCI; and
- Other comprehensive income would increase/decrease by **Rs 1,782,352** (2021: Rs 1,722,610)) for the Company as a result of the changes in fair value of the investments in equity instruments.

The methods and assumptions used in preparing the sensitivity analysis above have not changed significantly from prior year.

The Company's sensitivity to equity prices have changed significantly due to fair value loss recognised during the year on quoted equity investments.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The maturity profile of the financial instruments is summarised as follows:

2023	Less than 1 year	Between 1 to 5 years	Total
	Rs	Rs	Rs
Financial liabilities			
Bank overdraft	**1,180,335**	-	**1,180,335**
Other payables	**619,928**	-	**619,928**
Dividend payable	**800,000**	-	**800,000**
Lease liability	**1,078,297**	**2,314,752**	**3,393,049**
	3,678,560	**2,314,752**	**5,993,312**

2022	Less than 1 year	Between 1 to 5 years	Total
	Rs	Rs	Rs
Financial liabilities			
Bank overdraft	1,183,113	-	1,183,113
Other payables	505,273	-	505,273
Dividend payable	400,000	-	400,000
Lease liability	1,028,791	3,393,049	4,421,840
	3,117,177	3,393,049	6,510,226

Fair value measurement

Except for financial assets which are measured at fair value at end of each reporting period, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

This note provides information about how the Company determines fair values of financial assets.

20. FINANCIAL INSTRUMENTS (CONT'D)

Fair value measurement (Cont'd)

Fair value of the Company's financial assets that are measured at fair value on a recurring basis

The following table gives information about how the fair values of financial asset is determined.

Financial asset	Fair value hierarchy	Valuation technique(s) and key input(s)	Fair value at 2023 Rs	Fair value at 2022 Rs
Listed investments	Level 1	Quoted bid prices on market	**35,647,048**	34,452,192
Unlisted investments	Level 3	Net Assets Value	**6,173,351**	5,312,706

Quantitative information of significant unobservable inputs - Level 3

Date of valuation	Valuation Technique	Significant unobservable input	Fair value Rs	Sensitivity Used
Lintrabis Investment Company Limited				
30 June 2023	**Audited and adjusted Net Asset Value**	**N/A**	**6,173,351**	**N/A**
30 June 2022		N/A	5,312,706	N/A

21. RELATED PARTY TRANSACTIONS

	2023 Rs	2022 Rs
(a) Outstanding balances		
Receivables from company under common management (note 9)	**100,000**	-
(b) Transactions with companies under common management during the year		
Rental income	**1,800,000**	1,800,000
Corporate Social Responsibility	**-**	23,428
Management fees	**420,000**	420,000
(c) Compensation of key management personnel (directors)		
Short term benefits	**2,478,194**	2,472,994

The amount receivable from the related party is interest free, unsecured and recoverable on demand.

22. REVENUE

	2023 Rs	2022 Rs
Rental Income	**11,793,911**	11,793,904

Timing of revenue recognition:	2023 Rs	2022 Rs
- At a point in time	**-**	-
- Over time	**11,793,911**	11,793,904

22 REVENUE (CONT'D)

Performance obligations and revenue recognition policies

The following table provides information about the revenue recognition policies

Type of service	*Nature and timing of performance obligation, including signifant payment terms*	*Revenue recognition policy*
Rental Income	Rental is charged for the usage of investment property	Revenue is recognised on a monthly basis

Investment properties are leased to tenants under operating leases with rental payable monthly.The lease agreement covers a period of 1 year and are subject to renewal on an annual basis.

At the end of the reporting period the Company had contracted with tenants for the following future minimum lease payments:

	2023	2022
	Rs	Rs
Not later than 1 year	11,793,911	11,793,904

23. PRIOR YEAR ADJUSTMENTS

The Company leases a state land which should have been classified as right of use asset following the adoption of IFRS 16 "Leases".

The impact of the land corrections are summarized as follows:

Statement of financial position	As perviously stated	Impact of adjustments	As restated
	Rs	Rs	Rs
2021			
Right of use asset	-	4,610,650	4,610,650
Lease liability	-	9,132,595	9,132,595
2022			
Right of use asset	-	3,688,520	3,688,520
Lease liability	-	4,421,840	4,421,840

Statement of financial position	As perviously stated	Impact of adjustments	As restated
	Rs	Rs	Rs
2021			
Operating expenses	(7,476,796)	(4,521,945)	(11,998,741)
Interest expense	-	(88,705)	(88,705)
2022			
Operating expenses	(12,564,608)	4,117,870	(8,446,738)
Interest expense	-	(329,245)	(329,245)

24. SEGMENTAL REPORTING

The Company is only engaged in property rental activity locally. As such, no segmental reporting has been disclosed.

25. CAPITAL COMMITMENTS

There were no capital commitments as at 30 June 2023 (2022: nil). The Company has not considered any corporate or financial guarantee to any of its affliates.

26. EVENTS AFTER REPORTING DATE

The Board of directors of the Company are not aware of any events occurring between the reporting date and the date of approval of the financial statements that may require any adjustment or disclosure in the financial statements.