

AAMIL Mauritius Fund
Financial Statements
For the year ended 31 December 2018

AAMIL Mauritius Fund

**Financial Statements
For the year ended 31 December 2018**

Contents	Pages
Management and administration	2
Manager's report	3 – 9
Statement of compliance	10
Corporate governance report	11 – 15
Independent auditors' report	16 – 18
Statement of financial position	19
Statement of profit or loss and other comprehensive income	20
Statement of changes in net assets attributable to unit holders' fund	21
Statement of cash flows	22
Notes to the financial statements	23 – 39

AAMIL Mauritius Fund

Management and administration

Manager: **AAMIL ASSET MANAGEMENT LTD**
Suite 340-355, Barkly Wharf,
Le Caudan Waterfront,
Port Louis,
Mauritius
Tel: +230 210 1000 Fax: + 230 210 2000
Website: www.aamil.com

Trustee: **AAMIL TRUSTEES LTD**
Suite 340-355, Barkly Wharf,
Le Caudan Waterfront,
Port Louis,
Mauritius
Tel: +230 210 1000 Fax: + 230 210 2000
Website: www.aamil.com

Custodian: **The Mauritius Commercial Bank Ltd**
Raymond Lamusse Building,
P.O Box 52,
Sir William Newton Street,
Port Louis,
Mauritius
Tel: +230 202 5448 Fax: +230 208 0550

**Administrator
and registrar:** **AAMIL ASSET MANAGEMENT LTD**
Suite 340-355, Barkly Wharf,
Le Caudan Waterfront,
Port Louis,
Mauritius
Tel: +230 210 1000 Fax: + 230 210 2000
Website: www.aamil.com

Auditors: **Nolands (Mauritius)**
2, River Court,
St Denis Street,
Port Louis,
Mauritius
Tel: +230 212 8875 Fax: + 230 212 7193

AAMIL Mauritius Fund

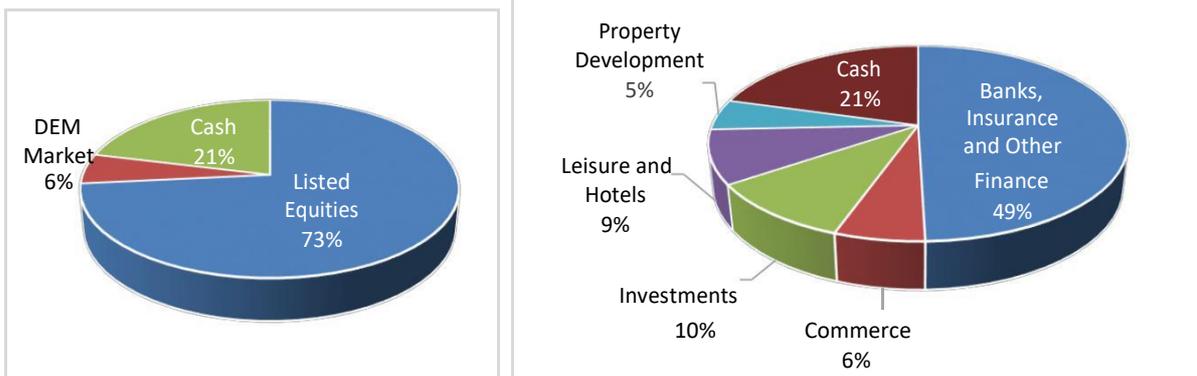
**Manager’s report
For the year ended 31 December 2018**

Portfolio Performance

The main highlights for the first quarter 2018 on the Mauritian Economy were:

1. The first quarter of 2018 was yet another note-worthy one with the SEMDEX and DEMEX transcending to new all-time highs. Total turnover on both markets stood at Rs 4.15bn, with the MCBG dominating 30% of it. The index touched a new all-time high of 2,297.83 points on 9th March 2018. Total market turnover for this quarter amounted to Rs 3.45bn, a 21.1% increase when compared to the corresponding quarter of last year.
2. The Key Repo Rate has been maintained at 3.5%. Headline inflation rose to a level of 5.0% as at March 2018, its highest since June 2012 when it reached 5.1%.
3. On another note, the President of the Republic, Mrs Ameena Gurib-Fakim resigned from her post on the 23rd March 2018 following conflict of interest. Infrastructural projects which were lagged, have finally been kick-started during this quarter, including the Metro Express project and the road decongestion programmes.

The Assets Under Management (AUM) of the Fund stood at Rs 15,287,804 as at 31 March 2018 with 1,223,449.44 units in issue. The portfolio allocation was made up of 21.12% cash and 78.88% equity and the latest NAV as at that date was Rs 12.32 per unit.



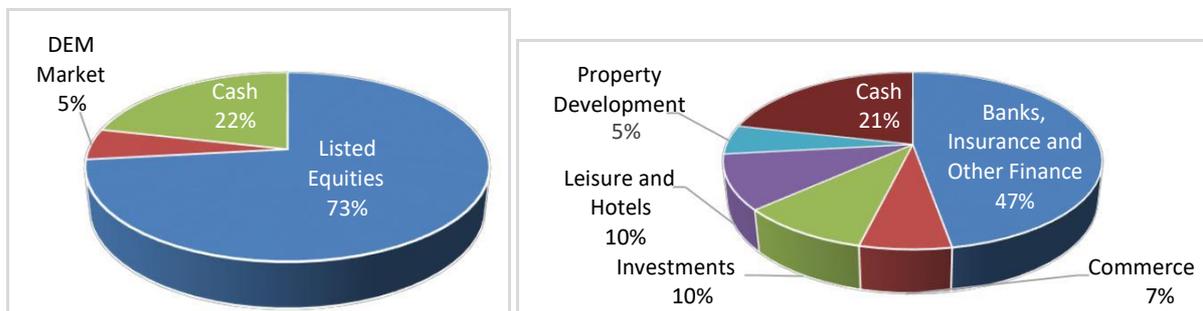
The main highlights for the second quarter 2018 on the Mauritian Economy were:

1. In line with international Emerging Markets equities’ trends, the domestic equities market declined as its main indices, SEMDEX and DEMEX, ended the second quarter at 2,244.64 points (-1.89%) and 239.65 points (-0.01%) respectively. For the quarter under review, the Official market saw a drops-to-gains ratio of 2 times, including SBMH (-7.1%) and CIEL (-5.9%).
2. The Key Repo Rate has been maintained at 3.5%. Headline inflation, which stood at 4.7% as at May 2018, is anticipated to recede over the forthcoming months, and stand at around 3.8% as at December 2018, after taking into consideration recent budgetary pronouncements to reduce the prices of gasoline, diesel and LPG.
3. On another note, the expansion in activities across some sectors and the implementation of employment-creation initiatives by the authorities, the nationwide unemployment rate is anticipated to edge down to attain 6.9% this year.

AAMIL Mauritius Fund

**Manager’s report
For the year ended 31 December 2018 (continued)**

Portfolio Performance (continued)

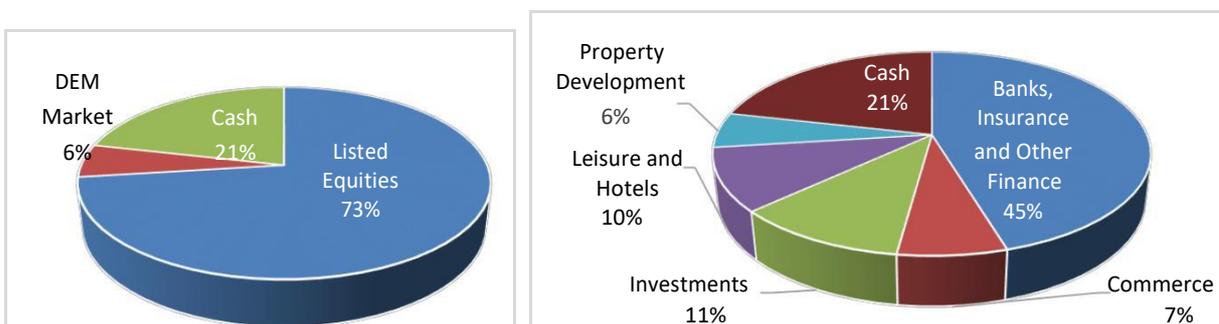


The Assets Under Management (AUM) of the Fund stood at Rs 14,915,773.88 as at 30 June 2018 with 1,223,449.44 units in issue. The portfolio allocation was made up of 21.43% cash and 78.57% equity and the latest NAV as at that date was Rs 11.97 per unit.

The main highlights for the third quarter 2018 on the Mauritian Economy were:

1. Mauritian indices were boosted by stronger large caps amid the 2018 financial year earnings releases, which is in tandem with the MSCI Frontier (+1.5%). By contrast, the MSCI Emerging (-0.6%) fell in the backdrop of rising commodity prices and falling EM currencies. MCB (+4.2%), ROGE (+11%) and IBL (+2.5%) pumped up the indices to 2Mth-High: ALCAPEX-12 (+1.3%), ALEX-20 (+1.8%), SEMDEX (+1.4%).
2. The Key Repo Rate has been maintained at 3.5%. Headline inflation, which stood at 4.7% as at May 2018, is anticipated to recede over the forthcoming months, and stand at around 3.8% as at December 2018, after taking into consideration recent budgetary pronouncements to reduce the prices of gasoline, diesel and LPG.
3. GDP Annual Growth Rate in Mauritius is expected to be 3.90 percent by the end of this quarter, according to Trading Economics global macro models and analysts’ expectations. Looking forward, it is estimated that GDP Annual Growth Rate in Mauritius will stand at 3.90 in 12 months’ time. In the long-term, the Mauritius GDP Annual Growth Rate is projected to trend around 5.00 percent in 2020.

The Assets Under Management (AUM) of the Fund stood at Rs 14,715,503.30 as at 30 September 2018 with 1,229,515.63 units in issue. The portfolio allocation was made up of 21.41% cash and 78.59% equity and the latest NAV as at that date was Rs 11.90 per unit.



AAMIL Mauritius Fund

**Manager’s report
For the year ended 31 December 2018 (continued)**

Portfolio Performance (continued)

The main highlights for the year 2018 on the Mauritian Economy were:

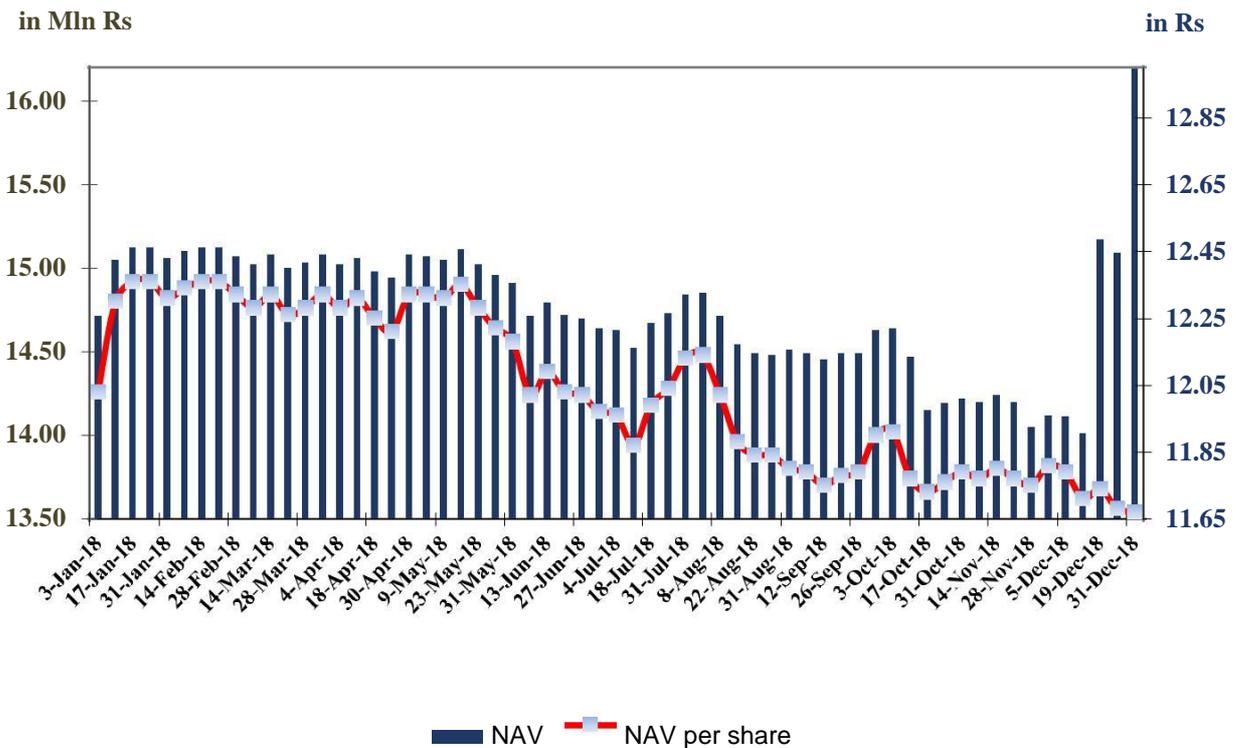
The economy continues its steady expansion, with real GDP growth estimated at 4.1% in 2018, up from 3.8% in 2017. Growth was led mainly by construction, financial services, and information and communications technology.

The central bank’s core inflation measure, excluding more volatile items (such as food), remained under control at 3.5% in 2018.

Over the long term, Mauritius faces the challenge of sustaining its model of historically inclusive growth as it progresses toward its government’s goal of becoming a high-income economy by the 2020s. As a small island country with a narrow domestic skills’ base and an aging population, the realization of this ambition will hinge on improving the education system and addressing current constraints to labour participation and productivity.

Evolution of the Fortune of the Fund and of the NAV per share

As at 31 December 2018, the NAV stood at 11.67.



AAMIL Mauritius Fund

**Manager’s report
For the year ended 31 December 2018 (continued)**

Portfolio Performance (continued)

Asset Allocation and Portfolio Composition

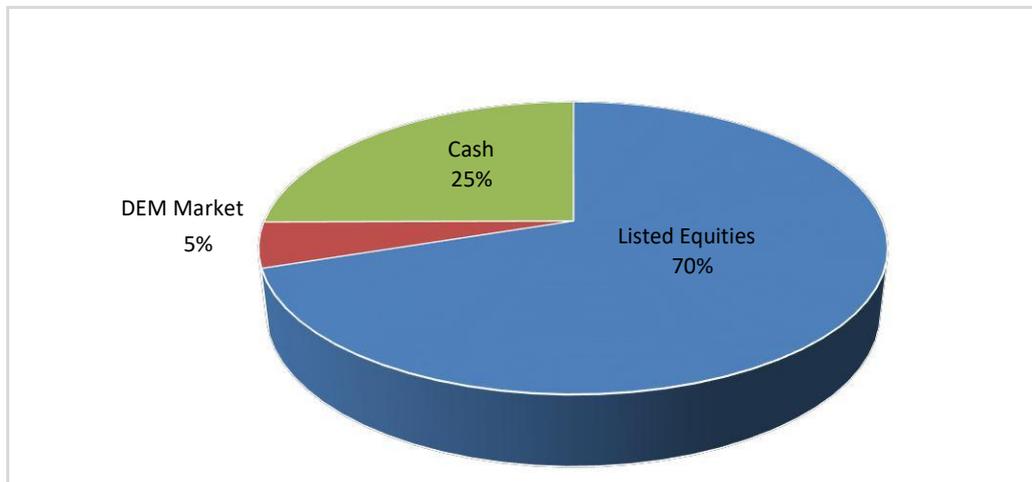
Asset allocation is the appointment of the Fund's portfolio according to our investment's Committee strategy, risk tolerance and investment horizon set in order to minimize risks and maximize returns. Our asset allocation is reviewed periodically and adjusted to reflect changes in market conditions

The asset allocation of the AAMIL Mauritius Fund as at 31 December 2018 was:

<i>Assets</i>	<i>Asset Allocation Portfolio Valuation Rs</i>	<i>Actual Allocation as at 31 December 2018 Current (%)</i>	<i>Asset Allocation Mix as per prospectus</i>	
			<i>Min (%)</i>	<i>Max (%)</i>
Listed Equities	11,426,330.00	69.88	10	90
DEM Market	819,200.00	5.01	0	20
Local Corporate debt - Listed	0.00	0.00	0	25
Fixed Income Securities	0.00	0.00	0	50
Cash at bank and Short Term Deposits	4,106,058.71	25.11	10	70
Bank of Mauritius Securities	0.00	0.00	0	50
Exchange Traded Funds	0.00	0.00	0	5
Total	16,351,588.71	100.00		

The total net assets as at 31 December 2018 stood at Rs 16.35 million. The graphs below show how the assets of the Fund are invested.

Asset Allocation



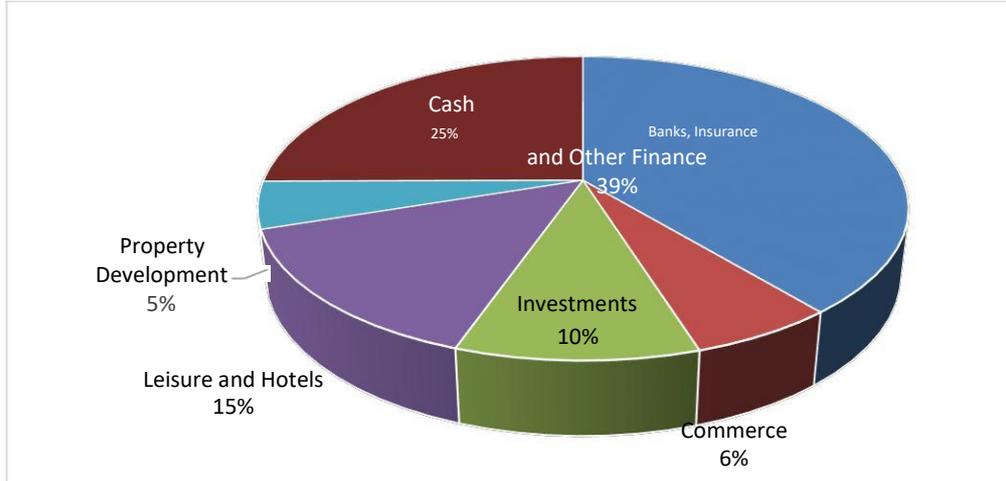
AAMIL Mauritius Fund

**Manager's report
For the year ended 31 December 2018 (continued)**

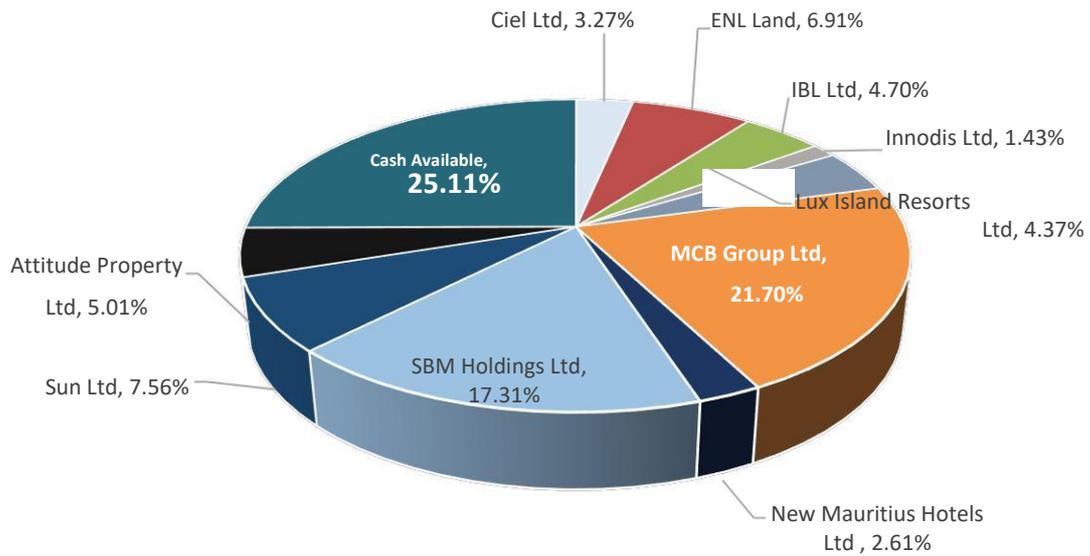
Portfolio Performance (continued)

Asset Allocation and Portfolio Composition (continued)

Business Sector



Top 10 Holdings



AAMIL Mauritius Fund

Manager's report

For the year ended 31 December 2018 (continued)

Portfolio Performance (continued)

Asset Allocation and Portfolio Composition (continued)

Top 10 Holdings (continued)

1. MCB GROUP

Established in 1838, MCB Ltd is the longest-standing and leading banking institution in Mauritius. Over time, the bank diversified its business activities across market segments and geographies. The bank is actively involved in various markets across sub-Saharan Africa, while remaining alert to relevant business development opportunities across the continent and beyond.

MCB has a strong franchise and is investment-grade rated. It stands out for its long track record of solid profitability and healthy balance sheet. It actively assists in the advancement and prosperity of their clients, while helping the societies, communities and economies in which it is actively involved to progress and thrive. As part of their sustainable approach to business, the bank adopts dedicated initiatives that are aimed to promote social welfare and natural resource protection.

2. SBM BANK (MAURITIUS) LTD

SBM Holdings Ltd is recognised as a reliable, innovative, flexible and accessible institution for banking and financial services. Headquartered in Mauritius, SBM is among the country's largest banks.

The Bank's total assets grew by 6.69%, from Rs 179,684 million as at 31 December 2017 to reach Rs 191,711 million as at 30 June 2018, mainly on account of an increase in investment securities of Rs 10,469 million and a growth in the net loans and advances of Rs 2,839 million or 2.82%. Deposits from banks and non-bank customers increased by Rs 10,953 million or 7.69% to reach Rs 153,389 million as at 30 June 2018 from Rs 142,436 million as at 31 December 2017. This increase was mostly from low cost savings and current accounts in foreign currency

3. SUN LTD

Sun Limited is one of the leading hotel groups in Mauritius which currently owns and/or manages six resorts in the Republic of Mauritius: Shangri-La's Le Touessrok Resort & Spa, Four Seasons Resort Mauritius at Anahita, Long Beach, Sugar Beach, La Pirogue, Ambre and Kanuhura in the Republic of Maldives.

Compared to same date last year, forward bookings currently show a growth in revenues for their resorts in Mauritius and an encouraging increase in occupancy for Kanuhura. Provided trading conditions do not deteriorate, management views these trends as positive contributing factors towards the overall performance of the current financial year.

4. ENL Land

ENL Land, ENL Commercial, ENL Finance and La Sablonnière have merged into ENL Ltd. This latter enterprise will be the surviving company and will be listed on the official market of the Stock Exchange of Mauritius.

It is expected that the amalgamated company to be one of the top listed entities, reckoning a sizeable free float and presenting definite advantages for the shareholders. The more obvious positive impact should be on the marketability of ENL shares.

AAMIL Mauritius Fund

Manager's report

For the year ended 31 December 2018 (continued)

Portfolio Performance (continued)

Asset Allocation and Portfolio Composition (continued)

Top 10 Holdings (continued)

5. ATTITUDE PROPERTY

AHL was previously known as Attitude Resorts Ltd. Since inception in 2008, AHL's goal has been to position itself as a mid-market player within the tourism sector. The Company's three hotels are currently leased to Attitude Hospitality Ltd. The only source of revenue for the Company is the rental income it receives from its three properties.

The Company's three hotel properties are currently leased to Attitude Hospitality Ltd. The main source of revenue for the Company is the rental income it receives from its three properties. During the financial year ending June 30, 2018, the Company paid dividends of 32 cents per share on October 25, 2018. The EPS for the quarter ended September 30, 2018 stood at Rs 0.19 per share and NAV per share as at September 30, 2018 was Rs 11.67.

Financial Highlights

Ratios and Supplement Data as at 31 December 2018

	2018	2017
Net assets (Rs ' 000)	16,194	14,666
Number of Units outstanding	1,387,146	1,223,449
Management Expense Ratio (MER)	3.32%	4.20%

AAMIL Mauritius Fund

Statement of compliance (Section 75 (3) of the Financial Reporting Act) For the year ended 31 December 2018

Name of PIE: AAMIL Mauritius Fund

Reporting period: 31 December 2018

We, the Directors of the Trustees and the Manager, confirm that to the best of our knowledge the PIE has not complied with Sections 3.5 of the Code. Reasons for non-compliance are as follows:

Section 3 – Board Committees

A separate Corporate Governance committee has not been formed. The Boards of the Trustees and the Manager considers those matters and issues that would usually fall to a corporate Governance Committee. The Boards of The Trustees and the Manager considers that no efficiencies or other benefits would be gained by establishing a separate corporate Governance Committee.

The Fund does not have a separate audit committee. The Fund has not adopted an audit committee charter.

The Boards of the Manager and the Trustees considers that the Fund is not of size, nor are its financial affairs of such complexity to justify the formation of an audit committee. It is the responsibility of the Boards of the Manager and Trustees to ensure that an effective internal control framework exist within the Fund. This includes internal controls to deal with the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and reliability of financial information and other non-financial information. It is the Board's responsibly for the establishment of the maintenance of framework of internal control. At such time when the Fund is of sufficient size an audit and risk management committee charter will be adopted and the committee formed.

Signed by:



.....
Ms. Jhullika Persun
Ms. Jhullika Persun
Director (Trustee)



.....
Ms. Dorothy Hugues Gregoire
Ms. Dorothy Hugues Gregoire
Director (Manager)

AAMIL Mauritius Fund

Corporate governance report For the year ended 31 December 2018

Fund Information

AAMIL Mauritius Fund (the “Fund”) was established by a Trust Deed dated on 26 November 2009, entered between AAMIL Asset Management Ltd (“The Manager”) and AAMIL Trustees Ltd (“The Trustees”). The Fund is an open-ended fund, domiciled in Mauritius and governed by the laws of the Republic of Mauritius.

The address of its registered office is Suite 340-355, Barkly Wharf, Le Caudan Waterfront, Port Louis, Mauritius.

The investment objective of the Fund is to provide investors both income and capital growth on a medium or long term basis, through a professionally managed portfolio consisting mainly in a mix of asset of the Domestic market. The Fund is governed by the provisions laid down in the Securities Act.

The Fund is engaged in holding standards of corporate governance through awareness of business ethics and supervision of its management team by its appointed Trustees, AAMIL Trustees Ltd.

Statement of Manager’s and Trustees’ responsibilities in respect of the financial statements

AAMIL Asset Management Ltd as the appointed Manager of the Fund and AAMIL Trustees Ltd as the appointed Trustees of the Fund, are responsible for preparing the financial statements in accordance with International Financial Reporting Standards (IFRS).

The Securities (Amendment) Act 2007 requires the Manager and the Trustees to prepare financial statements that give a true and fair view of the financial position of the Fund and of its financial performance and cash flows.

In preparing the financial statements, the Manager and the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Fund will continue in business.

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

The Manager and the Trustees confirm that they have complied with the above requirements in preparing the financial statements.

Trust Deed

The Trust Deed of the Fund, adopted on 27 December 2010, is in line with the Securities (Amendment) Act 2007.

Unit Holdings

The number of units were 1,387,146 for the year ended 31 December 2018 (2017: 1,223,449).

AAMIL Mauritius Fund

Corporate governance report For the year ended 31 December 2018 (continued)

The Board of Directors of the Trustees

The Board is composed of directors coming from financial services backgrounds. Every director has drawn from his professional background and expertise in positively contributing to the Board's activities. The Board is currently made up of three directors.

<i>Directors</i>	<i>Category</i>
1. Dr. Ludovic Verbist	Executive
2. Ms. Dorothy Hugues Gregoire	Executive
3. Ms. Jhullika Persun	Executive

The Trustees are responsible for directing the affairs of the Fund in the best interests of the unit holders, in conformity with legal and regulatory framework, and consistent with the provisions laid down in the Securities (Amendment) Act 2007 and best governance practices.

Profile of the Directors' of the Trustees

Dr. Ludovic C. Verbist, holds degrees in law and as a notary from the University of Brussels (Belgium) and has practised as a lawyer in Brussels. He also holds a M.B.A. and a Ph.D. in Economics and Finance from the Business School at Indiana University, Bloomington, Indiana (United States). Dr. Ludovic C. Verbist is currently the Managing Director of AAMIL Group and is based in Geneva. Prior to joining AAMIL, he held the position of Managing Officer of Pargesa Holding S.A. in Geneva and that of Managing Director of Banque Privée Edmond de Rothschild in Mauritius. He is a lecturer and a regular speaker at conferences on International Taxation and is a member of STEP Suisse Romande.

Ms. Dorothy Hugues Gregoire, who holds a Master in Business Administration from Leicester University, U.K., has over 20 years of experience in management. She has worked in different economic sectors of Mauritius ranging from publication to telecommunications and luxurious real estate. She joined the financial sector to contribute in the field of administration, human resources and to promote exemplary services.

Ms. Jhullika Persun holds a B.A (Hons) Law and Management from the University of Mauritius. She is also an associate of the Institute of Chartered Secretaries and Administrators (ICSA, UK). She has over seven (7) years of experience in the financial services sector. She is currently Head of Corporate Services at AAMIL (Mauritius) Ltd and serves as Secretary to the different boards of AAMIL.

The Board of Directors of the Manager

<i>Directors</i>	<i>Category</i>
1. Dr. Ludovic Verbist	Executive
2. Ms. Dorothy Hugues Gregoire	Executive
3. Ms. Jhullika Persun	Executive

The Manager is responsible for directing the affairs of the Fund in the best interests of the shareholder, in conformity with legal and regulatory framework, and consistent with the provisions laid down in the Securities (Amendment) Act 2007 and best governance practices.

AAMIL Mauritius Fund

Corporate governance report For the year ended 31 December 2018 (continued)

Profile of the Directors' of the Manager

Dr. Ludovic C. Verbist, holds degrees in law and as a notary from the University of Brussels (Belgium) and has practised as a lawyer in Brussels. He also holds a M.B.A. and a Ph.D. in Economics and Finance from the Business School at Indiana University, Bloomington, Indiana (United States). Dr. Ludovic C. Verbist is currently the Managing Director of AAMIL Group and is based in Geneva. Prior to joining AAMIL, he held the position of Managing Officer of Pargesa Holding S.A. in Geneva and that of Managing Director of Banque Privée Edmond de Rothschild in Mauritius. He is a lecturer and a regular speaker at conferences on International Taxation and is a member of STEP Suisse Romande.

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Board and Committee Attendance

<i>Directors</i>	<i>Category</i>	<i>Meeting of Manager (2 meetings)</i>	<i>Meeting of Trustees (3 meetings)</i>	<i>Meeting of Investment committee (1 meeting)</i>
1. Dr. Ludovic Verbist	Executive	2	3	1
2. Ms. Dorothy Hugues Gregoire	Executive	2	3	1
3. Ms. Jhullika Persun	Executive	2	3	1

Board Committees

The Board of Directors of the Trustees collectively considers the measures in respect of the Code of Corporate Governance issues. Due to the size of the Board, no sub-committees (Audit Committee, the Corporate Governance Committee, Board Risk Committee, Remuneration Committee and the Nomination Committee) have been established.

Profile of the Board Committee

Dr. Ludovic C. Verbist, holds degrees in law and as a notary from the University of Brussels (Belgium) and has practised as a lawyer in Brussels. He also holds a M.B.A. and a Ph.D. in Economics and Finance from the Business School at Indiana University, Bloomington, Indiana (United States). Dr. Ludovic C. Verbist is currently the Managing Director of AAMIL Group and is based in Geneva. Prior to joining AAMIL, he held the position of Managing Officer of Pargesa Holding S.A. in Geneva and that of Managing Director of Banque Privée Edmond de Rothschild in Mauritius. He is a lecturer and a regular speaker at conferences on International Taxation and is a member of STEP Suisse Romande.

AAMIL Mauritius Fund

Corporate governance report For the year ended 31 December 2018 (continued)

Profile of the Board Committee (continued)

Ms Dorothy Hugues Gregoire, who holds a Master in Business Administration from Leicester University, U.K., has over 20 years of experience in management. She has worked in different economic sectors of Mauritius ranging from publication to telecommunications and luxurious real estate. She joined the financial sector to contribute in the field of administration, human resources and to promote exemplary services.

Ms Jhullika Persun holds a B.A (Hons) Law and Management from the University of Mauritius. She is also an associate of the Institute of Chartered Secretaries and Administrators (ICSA, UK). She has over seven (7) years of experience in the financial services sector. She is currently Head of Corporate Services at AAMIL (Mauritius) Ltd and serves as Secretary to the different boards of AAMIL.

Investment Committee

The Directors of the Manager, with the approval of the Trustees, has appointed an Investment Committee for deciding on the investment strategy of the Fund and making all investment decisions. The Investment Committee is composed of three members, out of which one member is from the Board of Directors of the Manager. The Committee is strengthened by the appointment of two independent members. The Committee conforms to all the regulations governing the unit trust when making investment decisions.

The main objects and functions of the Trustees are to:

- determine, agree and develop the Fund's general policy on corporate governance in accordance with the applicable Code of Corporate Governance;
- consider and decide on all aspects of corporate governance and new appointments;
- prepare the Corporate Governance Report; and
- review the terms and conditions of all service agreements between the Fund and service providers.

The Trustees are satisfied that they have discharged its responsibilities during the year under review in respect of good governance.

Manager's and Trustees' remuneration

The total gross remuneration paid to AAMIL Asset Management Ltd as the appointed Manager of the Fund was Rs 184,266 for the year under review (2017: Rs 176,350).

The total gross remuneration paid to AAMIL Trustees Ltd as the appointed Trustees of the Fund was Rs 29,481 for the year under review (2017: Rs 27,455).

Identification of key risks for the Fund

The Directors of the Trustees are ultimately responsible for the Fund's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the various risks faced by the Fund. The risks are as follows:

AAMIL Mauritius Fund

Corporate governance report For the year ended 31 December 2018 (continued)

Identification of key risks for the Fund (continued)

Financial risk factors

The financial risk factors have been set out in Note 14 of these financial statements.

Related parties' transactions

The related party transactions have been set out in Note 15 of these financial statements.

Code of ethics, health and safety and social issues

The Fund has contracted with AAMIL Asset Management Ltd ("The Manager") to perform its daily management and registrar keeping. The employees of the Manager ensure the smooth running of the Fund's operations. The employees adhere to a Code of Ethics which commits them to perform their duties in compliance with the highest standards of laws and ethics.

Furthermore, the Manager is committed to providing a safe and healthy working environment for its employees and creating an environment that is conducive to high efficiency and performance.

Environment

Due to the nature of its activities, the Fund has no material adverse impact on the environment.

Corporate social responsibility and donations

During the financial year under review, the Fund has not made any donations (2017: Rs Nil).

Auditors' report and financial statements

The auditors' report is set out on pages 16 and 18 and the statement of profit or loss and other comprehensive income is set out on page 20 of these financial statements.

Audit fees

Audit fees payable to Noland's (Mauritius) for the year ended 31 December 2018 amounted to Rs 173,500 (2017: Rs 173,500).

Appreciation

The Trustees and Manager of the Fund expresses its appreciation and gratitude to all those involved for their contribution during the period ended.



.....
Ms. Jhullika Persun
Ms. Jhullika Persun
Director (Trustee)



.....
Ms. Dorothy Hugues Gregoire
Ms. Dorothy Hugues Gregoire
Director (Manager)

Independent auditors' report

Independent auditors' report

To the unit holders of AAMIL Mauritius Fund

To the Unit holders of AAMIL Mauritius Fund

Opinion

We have audited the accompanying financial statements of **AAMIL Mauritius Fund**, (the "Fund"), which comprise of the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of movements in unit holders' fund and statement of cash flows for the year then ended as set out on pages 19 to 22, and a summary of significant accounting policies and other explanatory information as set out on pages 23 to 39.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the terms of the Trust Deed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Manager and Trustee are responsible for the other information. The other information comprises the information included in the manager's report, but does not include the financial statements and our audit report thereon. Our opinion of 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.

Respective responsibility of Manager and Trustee

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

In preparing the financial statements, the Manager and Trustee are responsible for assessing the Fund'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 Manager and Trustee either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

Independent auditors' report

Independent auditors' report

To the unit holders of AAMIL Mauritius Fund (continued)

To the Unit holders of AAMIL Mauritius Fund (continued)

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 skepticism throughout the planning and performance of 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and Trustee.
- Conclude on the appropriateness of Manager's and Trustee's 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 fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit 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 audit report. However, future events or conditions may cause the fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities of the Fund to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We are required to 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 auditors' report
Independent auditors' report

To the unit holders of AAMIL Mauritius Fund (continued)
To the shareholders of AAMIL Mauritius Fund (continued)

Report on other legal and regulatory requirements

We report as follows:

- We have no relationship with, or any interests in, the Fund other than in our capacity as auditors;

Nolands (Mauritius)
Chartered Accountants

2, River Court,
St Denis Street,
Port Louis,
Mauritius

Khemraj Rajkumarsingh
Signing Partner
Licensed by FRC

Financial Reporting Act 2004

Date:

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirement of the Code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

Use of this report

This report is made solely for the unit holders of the Fund, as a body. Our audit work has been undertaken so that we might state to the Fund's unit holder those matters we are required to state to them in our auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unit holders as a body, for our audit work, for this report, or for the opinion we have formed.

Nolands (Mauritius)

.....
Nolands (Mauritius)
Chartered Accountants
2, River Court,
St Denis Street,
Port Louis,
Mauritius



.....
Khemraj Rajkumarsingh FCA FCCA
Signing Partner
Licensed by FRC

Date: 1 1 MAR 2019

AAMIL Mauritius Fund

**Statement of financial position
As at 31 December 2018**

	<i>Notes</i>	2018 Rs'000	2017 Rs'000
Assets			
Financial assets at fair value through profit or loss	6 6	12,246	11,666
Other receivables		38	44
Cash and cash equivalents		4,106	3,265
Total assets		<u>16,390</u>	<u>14,975</u>
Net Asset			
Net assets attributable to unit holders		<u>16,195</u>	<u>14,666</u>
Liabilities			
Other payables	7 7	195	309
Total Liabilities		<u>195</u>	<u>309</u>
Total net assets attributable to unit holders and liabilities		<u>16,390</u>	<u>14,975</u>
<i>Net Asset value per Unit</i>	<i>Rs.Rs.</i>	<u>11.67</u>	<u>11.99</u>

These financial statements have been approved for issue on: **1 1 MAR 2019**


.....
Ms. Jhullika Persun
Director (Trustee)


.....
Ms. Dorothy Hugues Gregoire
Director (Manager)

AAMIL Mauritius Fund
**Statement of profit or loss and other comprehensive income
 For the year ended 31 December 2018**

	2018	2017
	Rs'000	Rs'000
INCOME		
Interest revenue	9	53
Dividend revenue	408	479
Entry and exit fees	28	-
Other income	115	-
Financial assets at fair value through profit or loss		
- Net realised (loss)/gain in fair value of equities	(436)	2,058
- Net gain on disposals	-	(77)
NET INCOME	124	2,513
EXPENSE		
Administration fees	37	36
Advisors fees	-	120
Audit fees	174	174
Custodian fees	29	28
Management fees	147	140
Trustee fees	29	27
Other expenses	92	76
TOTAL EXPENSES	508	601
(LOSS) OR PROFIT FOR THE YEAR	(384)	1,912
<i>Other comprehensive income:</i>		
<i>Items that will not be reclassified to profit or loss</i>	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-
TOTAL COMPREHENSIVE (LOSS) OR INCOME FOR THE YEAR	(384)	1,912

The notes on pages 23 to 39 form an integral part of these financial statements.

AAMIL Mauritius Fund

**Statement of changes in net assets attributable to unit holders'
fund For the year ended 31 December 2018**

	Unit capital Rs'000	Retained earnings Rs'000	Total Rs'000
Balance at 1 January 2017	3,128	9,626	12,754
<i>Total comprehensive income for the year:</i>			-
Profit for the year	-	1,912	1,912
Balance at 31 December 2017	<u>3,128</u>	<u>11,538</u>	<u>14,666</u>
Balance at 1 January 2018	3,128	11,538	14,666
Subscription money for new units	2,305	-	2,305
Units redeemed	(392)	-	(392)
<i>Total comprehensive loss for the year:</i>			-
Loss for the year	-	(384)	(384)
Balance at 31 December 2018	<u>5,041</u>	<u>11,154</u>	<u>16,195</u>

A reconciliation of the number of units outstanding at the beginning and at the end of each reporting period is provided below.

	<i>Issued, fully paid and outstanding units</i>
At 1 January 2017	1,223,449
Issue of units	-
Repurchase of units	-
At 31 December 2017	<u>1,223,449</u>
Issue of units	196,981
Repurchase of units	<u>(33,284)</u>
At 31 December 2018	<u><u>1,387,146</u></u>

AAMIL Mauritius Fund

**Statement of cash flows
For the year ended 31 December 2018**

	2018	2017
	Rs'000	Rs'000
Cash flows from operating activities		
Management fees paid	(147)	(139)
Custodian and administration fees paid	(96)	(92)
Advisors' fees paid	-	(65)
Others operating fees paid	(267)	(250)
Entry and exit fees	27	-
Net cash used in operating activities	(483)	(546)
Cash flows from investing activities		
Proceeds from sale of financial investments designated at fair value through profit or loss	-	1,708
Payments for purchase of financial investments designated at fair value through profit or loss	(1,015)	(29)
Interest received	9	55
Dividend received	414	489
Net cash (used in)/generated from investing activities	(592)	2,223
Cash flows from financing activities		
Proceeds from issue of redeemable units	2,304	-
Payments on redemption of redeemable units	(388)	-
Net cash generated from financing activities	1,916	-
Net movement in cash and cash equivalents	841	1,677
Cash and cash equivalents at beginning of year	3,265	1,588
Cash and cash equivalents at end of year	4,106	3,265

AAMIL Mauritius Fund**Notes to the financial statements
For the year ended 31 December 2018**

1. General information

AAMIL Mauritius Fund (the “Fund”) is established by a Trust Deed dated on the 26th November 2009, entered between AAMIL Asset Management Ltd (“The Manager”) and AAMIL Trustees Ltd (“The Trustee”). The Fund is an open-ended fund, domiciled in Mauritius and governed by the laws of the Republic of Mauritius.

The address of its registered office is Suite 340-355, Barkly Wharf, Le Caudan Waterfront, Port Louis.

The investment objective of the Fund is to provide investors both income and capital growth on a medium or long term basis, through a professionally managed portfolio consisting mainly in a mix of asset of the Domestic market.

The Fund’s units are redeemable at the holder’s option.

The financial statements of the Fund are expressed in Mauritian Rupee (“Rs”).

2. Statement of compliance with International Financial Reporting Standards (“IFRS”)

The financial statements are prepared in accordance with IFRS, which comprise standards and interpretations approved by the International Accounting Standards Board (“IASB”), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (“IASC”) that remain in effect.

The preparation of financial statements in accordance with IFRS requires the directors to make estimates and assumptions that could affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

3. Changes in accounting policies and disclosures***Adoption of new and revised International Financial Reporting Standards (“IFRS”)***

In the current year, the Fund has adopted all of the new and revised standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that is relevant to its operations and effective for accounting year beginning on and after 1 January 2018.

The following standards have been adopted by the Fund for the first time for the financial year beginning on 1 January 2018. Their application has not had any material impact on the amounts reported for the current period or prior years but may affect the accounting for the future transactions or arrangements.

AAMIL Mauritius Fund

Notes to the financial statements For the year ended 31 December 2018 (continued)

3. Changes in accounting policies and disclosures (continued)

New and revised Standards and Interpretations in issue but not yet effective

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

IAS 1 Presentation of Financial Statements - Amendments regarding the definition of material "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". (effective 1 January 2020)

IAS 19 Employee Benefits – Amendments require an entity to use the updated assumptions from a remeasurement net defined benefit liability or asset resulting from a plan amendment, curtailment or settlement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. (effective 1 January 2019)

IAS 23 Borrowing Costs – Amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. (effective 1 January 2019)

IFRS 9 Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures. (effective 1 January 2019)

IFRS 11 Joint Arrangements - Amendments to clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. (effective 1 January 2019)

IFRS 16 Leases – Amendment specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. (effective 1 January 2019)

IFRS 17 Insurance Contract – Amendment requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 will supersede IFRS 4 Insurance Contracts. (effective 1 January 2021)

IFRIC 23 Uncertainty over Income Tax Treatments – The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes. (effective 1 January 2019)

The directors anticipate that these IFRSs will be applied on their effective dates in future periods. The directors have not yet assessed the potential impact of the adoption of these amendments.

AAMIL Mauritius Fund

Notes to the financial statements For the year ended 31 December 2018 (continued)

4. Significant accounting policies

The principal accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Fund, except for changes in accounting policies as disclosed in Note 3.

(a) Basis of preparation

The financial statements of **AAMIL Mauritius Fund** are prepared under the historical cost convention, except as modified by fair values of financial instruments carried on the reporting date.

(b) Functional and presentation currency

The Fund considers the Mauritian Rupee as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Mauritian rupee is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from its Unit holders. All values are rounded to the nearest thousand rupees (“Rs’ 000”) except where otherwise indicated.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 5.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received.

(i) Interest income

Interest income and expenses, including interest income from non-derivative financial assets at fair value through profit or loss, are recognised in profit or loss, using the effective interest method.

AAMIL Mauritius Fund

Notes to the financial statements For the year ended 31 December 2018 (continued)

4. Significant accounting policies (continued)

(d) Revenue recognition (continued)

(i) Interest income (continued)

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or when appropriate, a shorter period) to the carrying amount of the financial instrument. When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Interest received or receivable and interest paid or payable, are recognised in profit or loss as interest income and interest expense respectively.

(ii) Dividend revenue

Dividend revenue is recognised when the Fund's right to receive the payment is established. Dividend revenue on listed securities are recorded on the ex-dividend date. It is recognised in profit or loss on the date the right to receive payment is established. For quoted security securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date when the shareholders have approved the payment of a dividend. Dividend income from equity securities designated as at fair value through profit or loss is recognised in profit or loss as a separate line item.

(e) Expense recognition

Expenses are accounted for in the profit or loss and other comprehensive income on the accrual basis.

(f) Units

Units of the Fund are redeemable at any time at the unitholder's option and meet the definition of puttable instruments classified as equity instrument under the revised IAS 32. An unlimited number of units may be issued. Units are issued and redeemed based on the Fund's net asset value per Unit at the time of issue or redemption. The Fund's net asset per Unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

If the redeemable units cease to have all the features or meet all the conditions of IAS 32, the Fund will reclassify them as financial liabilities.

(g) Financial instruments

Classification

The Fund classifies its financial assets into the categories in accordance with IFRS 9. Financial assets can be classified in the following categories: financial assets through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investment at initial recognition.

The Fund classified its Fund Instruments as financial assets at fair value through profit or loss.

AAMIL Mauritius Fund

Notes to the financial statements For the year ended 31 December 2018 (continued)

4. Significant accounting policies (continued)

(g) Financial instruments (continued)

Recognition

Purchases and sales of financial assets are recognized on trade-date, the date on which the Fund commits to purchase or sell the asset.

Initial measurement

Financial assets and liabilities at fair value through profit or loss are recorded in the Statement of financial position at fair value. All transaction costs for such instruments are recognized directly in profit or loss.

Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at their fair values.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Subsequent changes in the fair value of those financial instruments are recorded in “Net gain on financial assets at fair value through profit or loss”. Interest earned and dividend revenue are recorded separately in “Interest revenue” and “Dividend revenue”.

De-recognition

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards or ownership.

Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expires.

(h) Net gain or loss on financial assets at fair value through profit or loss

This item includes changes in the fair value of financial assets designated upon initial recognition and excludes interest and dividend income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and are recognised in “Net gain in fair value” in the statement of profit or loss and other comprehensive income.

Realised gains and losses as “at fair value through profit or loss” are calculated using the average cost method. They represent the difference between an instrument’s initial carrying amount and disposal amount. Realised gains are recognised in “Net gain on disposals of assets” in the statement of profit or loss and other comprehensive income.

AAMIL Mauritius Fund

Notes to the financial statements For the year ended 31 December 2018 (continued)

4. Significant accounting policies (continued)

(i) Amount receivable or payable on investments

Amounts due from and to brokers represent receivables for securities sold and payables to securities purchased that have been contracted for but not yet settled or delivered on the reporting date, respectively.

(j) Determination of fair value

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted prices. The fair values of quoted investments are based on current bid prices.

(k) Impairment of financial assets

The Fund assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(l) Due to and due from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for but not yet settled or delivered on the reporting date.

Amounts due from brokers are receivables for securities sold (in a regular way transaction) that have been contracted for but not yet settled or delivered on the reporting date.

(m) Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of profit or loss and other comprehensive income.

(n) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the statement of profit or loss and other comprehensive income.

AAMIL Mauritius Fund**Notes to the financial statements
For the year ended 31 December 2018 (continued)**

4. Significant accounting policies (continued)***(o) Cash and cash equivalents***

Cash and cash equivalents consist of cash in hand and cash at bank. Cash equivalents are short term highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of change in value.

(p) Trade payables

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

(q) 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 Fund are recorded at the proceeds received, net of direct issue costs.

(r) Dividend distribution

Dividend distributions are at the discretion of the Fund. A dividend distribution to the Fund's unitholders is accounted for as a deduction from distributable reserve. A proposed dividend is recognised as a liability in the period in which it is approved.

(s) Provisions

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

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the fund has an unconditional right to defer the settlement of the liability for at least twelve months after the statement of financial position.

(u) Foreign currency***Functional and presentation currency***

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment of the Fund (the "functional currency"). The financial statements of the Fund are presented in Mauritian Rupee ("Rs"), which is the Fund functional currency and presentation currency.

AAMIL Mauritius Fund**Notes to the financial statements
For the year ended 31 December 2018 (continued)**

4. Significant accounting policies (continued)***(u) Foreign currency (continued)******Transactions and balances***

Transactions denominated in foreign currencies are translated in Rs at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities are translated at the rate of exchange ruling at reporting date. Exchange differences arising on translation and realised gains and losses on disposals or settlement of monetary assets and liabilities are recognised in the profit or loss.

Translation differences on non-monetary financial assets and liabilities are recognised in statement of comprehensive income as part of the fair value gain or loss. Translation differences on non-monetary financial assets are included in the available-for-sale reserve in equity.

(v) Related parties

Related parties are individuals and companies where the individuals or companies have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(w) Offsetting financial assets and financial liabilities

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

Income and expenses are presented on a net basis only when permitted under IFRS, for instance gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss.

(x) Exceptional item

Exceptional items are material items of income or expense that have been disclosed separately in the 'Statements of profit or loss' to clarify understanding of financial performance.

AAMIL Mauritius Fund**Notes to the financial statements
For the year ended 31 December 2018 (continued)**

5. Critical accounting estimates and judgments

The following are the significant directors' judgements made in applying the accounting policies of the Fund that have the most significant effect on the financial statements. Critical estimation uncertainties are described in Note 4 (c).

Estimates and assumptions

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

(i) Going concern

The financial statements have been prepared on a going concern basis which assumes that the Fund will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of the members of the Fund. The directors have received confirmation from the shareholders that this support will be forthcoming and they therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

(ii) Determination of functional currency

The determination of functional currency of the Fund is critical since recording of transactions and exchange differences arising there are dependent on the functional currency selected. As describe in Note 4 (b), the directors have considered those factors therein and have determined that the functional currency of the Fund is the Mauritian Rupee ("Rs").

(iii) Impairment of available-for-sale financial assets

The Fund follows the guidance of IFRS 9 on determining when an investment is other than temporarily impaired. This determination requires significant judgement. In making this judgement, the Fund evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(iv) Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market may be determined by the Fund using valuation techniques including third party transaction values, earnings, net assets value or discounted cash flows, whichever is considered to be appropriate. The Fund would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

AAMIL Mauritius Fund
**Notes to the financial statements
 For the year ended 31 December 2018 (continued)**
6. Financial assets at fair value through profit or loss

	Official Rs'000	DEM Rs'000	2018 Total Rs'000	2017 Total Rs'000
At beginning of year	10,885	781	11,666	11,364
Additions	1,016	-	1,016	29
Impairment	-	-	-	(1,708)
Disposals	-	-	-	(77)
Fair value movement	(474)	38	(436)	2,058
At end of year	11,427	819	12,246	11,666

The fair value of listed and DEM quoted assets at fair value through profit or loss is based on the Stock Exchange at the close of business at 31 December 2018.

Local Listed Equities	%	2018 Rs'000	%	2017 Rs'000
<i>Banks, Insurance and Other Finance</i>				
MCB Group Limited	21.70	3,549	23.77	3,549
State Bank of Mauritius Ltd	17.31	2,831	23.86	3,563
	<u>39.01</u>	<u>6,380</u>	<u>47.63</u>	<u>7,112</u>
<i>Commerce</i>				
Ireland Blyth Ltd	4.70	769	4.58	684
Innodis Ltd	1.43	234	1.42	212
	<u>6.13</u>	<u>1,003</u>	<u>6.00</u>	<u>896</u>
<i>Investments</i>				
Ciel Limited	3.27	535	3.94	588
ENL Land Ltd	6.92	1,130	5.58	833
	<u>10.19</u>	<u>1,665</u>	<u>9.52</u>	<u>1,421</u>
<i>Leisure & Hotels</i>				
Sun Resorts Limited	7.56	1,236	1.88	280
Lux Island Resorts Ltd	4.37	715	4.62	690
New Mauritius Hotels Limited	2.62	427	3.25	486
	<u>14.55</u>	<u>2,378</u>	<u>9.75</u>	<u>1,456</u>
Total Local Listed Equities	69.88	11,427	72.90	10,885

AAMIL Mauritius Fund
**Notes to the financial statements
 For the year ended 31 December 2018 (continued)**
6. Financial assets at fair value through profit or loss (continued)
**Development and Enterprise Market
 (DEM)**

	2018		2017	
	%	Rs'000	%	Rs'000
<i>Property Development</i>				
Attitude Property Ltd	<u>5.01</u>	<u>819</u>	5.23	781
	<u>5.01</u>	<u>819</u>	5.23	781
Total DEM Equities	<u>5.01</u>	<u>819</u>	5.23	781
Total financial assets designated at fair value through profit or loss		<u>12,246</u>		<u>11,666</u>

7. Other payables

	2018	2017
	Rs'000	Rs'000
Administration fees	3	3
Advisors fees	-	115
Auditors' fees	174	174
Custodian fees	3	3
Management Fees	13	12
Trustee fees	<u>2</u>	<u>2</u>
	<u>195</u>	<u>309</u>

The carrying amount of other payables and accrued expenses approximate to their fair value.

AAMIL Mauritius Fund
**Notes to the financial statements
 For the year ended 31 December 2018 (continued)**
8. Units

	2018		2017	
	Units	Rs'000	Units	Rs'000
<i>Movements in units during the year:</i>				
Number of units at beginning of year	1,223,449	14,666	1,223,449	12,754
Units created	196,981	2,305	-	-
Units redeemed	(33,284)	(392)	-	-
Total comprehensive loss or income	-	(384)	-	1,912
Number of Units at end of year	1,387,146	16,195	1,223,449	14,666
<i>Net asset value per Unit</i>		<u>11.67</u>		<u>11.99</u>
		Rs		Rs
Issue price		<u>11.79</u>		<u>12.11</u>
Repurchase price		<u>11.56</u>		<u>11.87</u>

The units are issued and redeemed at the Unit holder's option at prices based on the value of the Fund's net assets at the time of issue or redemption.

9. Management fees

Manager's fees payable to the Fund's Investment Manager, AAMIL Asset Management Ltd, is based on 1% of the average Net Asset Value of the Fund during the month. The fees are calculated on a weekly basis and are payable monthly in arrears.

10. Administration fees
Registrar fees

The registrar company, AAMIL Asset Management Ltd, is entitled to a registrar fee calculated on the average Net Asset Value of the Fund during the month, payable monthly in arrears. The annual fee is fixed at 0.25%.

Trustee fees

The Trustee of the Fund, AAMIL Trustees Ltd, is entitled to receive a trustee fee from the Fund, calculated on the average Net Asset Value during the month. The fee is fixed at 0.20% and payable monthly in arrears.

AAMIL Mauritius Fund

Notes to the financial statements For the year ended 31 December 2018 (continued)

11. Custodian fees

The custodian is entitled to receive a custodian fee from the Fund calculated on the average Net Asset Value of the Fund during the month, payable monthly in arrears. The annual fee is 0.20% to be paid to The Mauritius Commercial Bank Ltd.

12. Other expenses

	2018 Rs'000	2017 Rs'000
FSC fees	75	75
Bank charges	1	2
Penalty	16	-
	<u>92</u>	<u>77</u>

13. Entry fee and exit fee

In respect of the issue of units, an entry fee shall be paid by the unitholder to the Fund, represented by a percentage of the net asset value of the Fund. The percentage is determined from time to time by the Manager without exceeding 2%. The entry fee is set at 1% after the initial period.

In respect of the repurchase of units, an exit fee shall be paid by the unitholder to the Fund, represented by a percentage of the net asset value of the Fund. The percentage is determined from time to time by the Manager without exceeding 2%. The exit fee is set at 1%.

14. Financial instruments

Fair value

Accounting classifications and fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including the levels in the fair value hierarchy:

	Carrying amount		Fair value				
	Financial assets Rs'000	Financial liabilities Rs'000	Total Rs'000	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
2018							
<i>Financial assets</i>							
Financial assets at fair value through profit or loss	12,246	-	12,246	12,246	-	-	12,246
Cash and cash equivalents	4,106	-	4,106	-	-	4,106	4,106
	<u>16,352</u>	-	<u>16,352</u>	<u>12,246</u>	-	<u>4,106</u>	<u>16,352</u>

AAMIL Mauritius Fund

Notes to the financial statements For the year ended 31 December 2018 (continued)

14. Financial instruments (continued)

Fair value (continued)

Accounting classifications and fair values of financial instruments (continued)

	Carrying amount			Fair value			
	Financial assets	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2017							
<i>Financial assets</i>							
Financial assets at fair value through profit or loss	11,666	-	11,666	11,666	-	-	11,666
Cash and cash equivalents	3,265	-	3,265	-	-	3,265	3,265
	14,931	-	14,931	11,666	-	3,265	14,931

The above table analyses financial instruments carried at fair value by the levels in the fair value hierarchy, the different levels have been defined as follows:

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

Financial risk management

Overview

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Interest rate risk
- Price risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risks, and the Fund's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Fund's risk management framework.

AAMIL Mauritius Fund

Notes to the financial statements For the year ended 31 December 2018 (continued)

14. Financial instruments (continued)

Financial risk management (continued)

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet contractual obligations, and arises from Fund's cash and cash equivalents and receivables.

The Fund is mainly expose to credit risk from cash and cash equivalents. The Fund's cash and cash equivalents are held by The Mauritius Commercial Bank Ltd.

As at 31 December 2018, the Fund does not hold debt securities or derivatives financial instruments.

Credit risk relating to unsettled transactions in listed securities is considered to be minimal as the Fund only use approved brokers. By the way, all transactions in listed securities are settled or paid for only upon delivery.

Credit risk represents the potential loss that the Fund would incur if counter parties fail to perform pursuant to the terms of their obligations to the Fund. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The maximum exposure to credit risk at the reporting date was as follows:

	2018	2017
	Rs'000	Rs'000
Cash and cash equivalents	<u>4,106</u>	<u>3,265</u>
	<u>4,106</u>	<u>3,265</u>

At reporting date, cash and cash equivalents are not significant. Accordingly, the Fund does not have any significant concentration of credit risk with respect to bank balances.

Market risk

Market risk is the risk that the changes in market prices, such as foreign exchange rates and interest rates will affect the Fund'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.

AAMIL Mauritius Fund

**Notes to the financial statements
For the year ended 31 December 2018 (continued)**

14. Financial instruments (continued)

Financial risk management (continued)

Interest rate risk

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

The Fund's financial assets and liabilities are principally non-interest bearing except for cash and cash equivalents which are of fixed interest rate. As a result, the Fund is not subject to significant amount of risks due to fluctuations in market interest rates.

Sensitivity analysis

No sensitivity analysis has been disclosed since the Fund was not exposed to interest rate risk at 31 December 2018.

Price risk

The Fund's securities are susceptible to market price risk arising from uncertainties about future prices of the investments. The Fund's market price risk is managed through diversification of its investment portfolio.

15. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party making financial or operational decisions.

The following related party transactions were carried out during the year under review:

	Volume of transactions during the year 2018 Rs'000	Volume of transactions during the year 2017 Rs'000
<i>Transactions made during the year:</i>		
AAMIL Asset Management Ltd	184	176
AAMIL Trustees Ltd	29	27
	<u>213</u>	<u>203</u>

AAMIL Mauritius Fund

Notes to the financial statements
For the year ended 31 December 2018 (continued)

16. Contingent liability

No events were noted after the reporting date that would require disclosures or adjustments to the financial statements for the year ended 31 December 2018.

17. Events after the reporting date

No events were noted after the reporting date that would require disclosures or adjustments to the financial statements for the year ended 31 December 2018.