

CHANNEL SEA MANAGEMENT COMPANY

(MAURITIUS) LIMITED

Audited Financial Statements

31 December 2018

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED

Audited Financial Statements

For the year ended 31 December, 2018

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CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED
Corporate Information

DIRECTORS	: Jantina Catharina Van De Vreede Devananda Naraido Bhoomija Juwaheer Rishal Tanee	Date of Appointment 26 November, 2010 14 February, 2011 27 March, 2013 01 December, 2017
ADMINISTRATOR AND SECRETARY	: Ocorian Corporate Services (Mauritius) Limited (Previously known as Abax Corporate Services Ltd.) 6th Floor, Tower A 1 Cybercity Ebene Mauritius	
REGISTERED OFFICE	: 6th Floor, Tower A 1 Cybercity Ebene Mauritius	
BANKER	: HSBC Bank (Mauritius) Limited 6th Floor, HSBC Centre 18, Cybercity Ebene Reduit 72201 Mauritius	
AUDITOR	: Deloitte 7th Floor, Standard Chartered Tower 19-21 Bank Street, Cybercity Ebene Republic of Mauritius	

**CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED
COMMENTARY OF DIRECTORS**

The Directors present their commentary, together with the audited financial statements of Channel Sea Management Company (Mauritius) Limited (the 'Company') for the year ended December 31, 2018.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding.

RESULTS AND DIVIDENDS

The Company's loss for the year ended 31 December 2018 is USD 18,330 (2017 Loss: USD 33,432).

The directors do not recommend the payment of a dividend for the year under review (2017 - Nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

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

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

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

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

AUDITOR

Deloitte has been appointed as auditor and has indicated its willingness to remain in office and will be automatically re-appointed at the Annual Meeting.

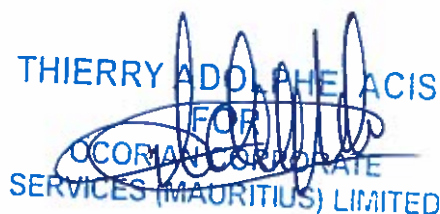
By Order of the Board

SECRETARY

OCORIAN CORPORATE SERVICES (MAURITIUS) LIMITED

Dated 24 June 2019

THIERRY ADOLPHE ACIS
FOR
OCORIAN CORPORATE
SERVICES (MAURITIUS) LIMITED



SECRETARY'S CERTIFICATE


Channel Sea Management Company (Mauritius) Limited

SECRETARY'S CERTIFICATE UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT

In accordance with section 166 (d) of the Mauritius Companies Act, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies Act 2001 for the Audited Financial Statements for the year ended 31 December 2018.

Dated 24 June 2019

THIERRY ADOLPHE ACIS
FOR
OCORIAN CORPORATE
SERVICES (MAURITIUS) LIMITED



**Ocorian Corporate Services (Mauritius) Limited
Secretary**

Independent auditor's report to the Shareholder of Channel Sea Management Company (Mauritius) Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Channel Sea Management Company (Mauritius) Limited** (the "Company") set out on pages 7 to 25, which comprise the statement of financial position as at 31 December 2018, and 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and 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 in so far as applicable to Category 1 Global Business Licence companies.

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 Company in accordance with the ethical requirements of the *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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Commentary of the Directors and Certificate from the Secretary, but does not include the financial statements and our auditor's report thereon.

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

Responsibilities of directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Company's financial reporting process.

**Independent auditor's report to the Shareholder of
Channel Sea Management Company (Mauritius) Limited (Cont'd)**

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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 management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

This report is made solely to the Company's shareholder, as a body, in accordance with section 205 of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to the shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.


Deloitte

Chartered Accountants

25 June 2019


Vishal Agrawal, FCA
Licensed by FRC

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED
Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018
(All amounts are in United States Dollars - 'USD')


	Notes	<u>For the year ended December 31, 2018</u>	<u>For the year ended December 31, 2017</u>
Expenses			
License and registration fees		1,800	1,370
Secretarial and administration fees		3,463	875
Directors' fees		1,500	2,575
Domiciliation fees		800	800
Accountancy fees		1,000	15,953
Audit fees		9,919	6,959
Legal and professional fees		1,533	-
Taxation fees		250	-
Share of loss in associate		-	4,900
Total Expenses		<u>20,265</u>	<u>33,432</u>
Loss before tax		(20,265)	(33,432)
Income tax expense	6	<u>1,935</u>	<u>-</u>
Loss for the year		(18,330)	(33,432)
Other comprehensive profit for the year		-	-
Total comprehensive loss for the year		<u>(18,330)</u>	<u>(33,432)</u>

The notes on pages 11 to 25 form an integral part of these financials statements.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED
Statement of Financial Position as at December 2018
(All amounts are in United States Dollars - 'USD')


	Notes	<u>As at December 31, 2018</u>	<u>As at December 31, 2017</u>
ASSETS			
Non-current assets			
Investment in associates	7	-	-
Current assets			
Other receivables and prepayments	8	498,739	520,909
Cash and cash equivalents		1,772	1,772
		<u>500,511</u>	<u>522,681</u>
Total assets		<u>500,511</u>	<u>522,681</u>
EQUITY AND LIABILITIES			
Shareholders' funds			
Stated capital	9	10,000	10,000
Retained earnings		482,174	500,504
Total equity		<u>492,174</u>	<u>510,504</u>
Current liabilities			
Other payables and accrued expenses	10	8,337	12,177
Total liabilities		<u>8,337</u>	<u>12,177</u>
Total equity and liabilities		<u>500,511</u>	<u>522,681</u>

Approved by the Board of directors on 24 June 2019 and signed on its behalf by:



Rishal Tanee

Director



Devananda Naraidoo

Director

The notes on pages 11 to 25 form an integral part of these financials statements.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED
Statement of Changes in Equity for the year ended 31 December 2018
(All amounts are in United States Dollars - 'USD')

	Stated capital		Retained earnings	Total equity
	No of shares	Amount		
As of January 1, 2017	100	10,000	533,936	543,936
Loss for the year	-	-	(33,432)	(33,432)
Other comprehensive loss	-	-	-	-
Total comprehensive loss			(33,432)	(33,432)
As of December 31, 2017	100	10,000	500,504	510,504
Loss for the year	-	-	(18,330)	(18,330)
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	(18,330)	(18,330)
As of December 31, 2018	100	10,000	482,174	492,174

The notes on pages 11 to 25 form an integral part of these financials statements.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED
Statement of Cash Flows for the year ended 31 December 2018
(All amounts are in United States Dollars - 'USD')

	<u>For the year ended December 31, 2018</u>	<u>For the year ended December 31, 2017</u>
Cash flow from Operating activities		
Loss before tax	(20,265)	(33,432)
Adjustments for:		
Expenses paid by other related party on behalf of the Company	21,913	29,415
Share of loss in associates	-	4,900
Operating cash flows before changes in working capital	<u>1,648</u>	<u>883</u>
Changes in working capital :		
Decrease in Other receivables and prepayments	257	2,010
Decrease in Other payables and accrued expenses	(1,905)	(2,893)
Net cash flows from operating activities	<u>-</u>	<u>-</u>
Net movement in cash and cash equivalents during the year	-	-
Cash and Cash Equivalents as at beginning of the year	1,772	1,772
Cash and cash equivalents as at end of the year	<u><u>1,772</u></u>	<u><u>1,772</u></u>

The notes on pages 11 to 25 form an integral part of these financials statements.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED

Notes to Financial Statements

(All amounts are in United States Dollars - 'USD'; unless stated otherwise)

1. CORPORATE INFORMATION

Channel Sea Management Company (Mauritius) Limited (the "Company") is a private limited company incorporated in Mauritius, holds a Category 1 Global Business Licence under the Financial Services Act 2007 and is regulated by Financial Services Commission. The Company's registered office is 6th Floor, Tower A, 1 Cyber City, Ebene, Republic of Mauritius.

The principal activity of the Company is investment holding.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 New and revised IFRSs applied with no material effect on the financial statements

In the current year, the company has applied new and revised standards and interpretations issued by International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") of the IASB are relevant to its operations and effective for accounting periods beginning on 01 January 2018.

IAS 39 - Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception

IAS 28 - Investment in Associates and Joint Ventures – Amendments resulting from *Annual Improvements 2014-2016 Cycle* (clarifying certain fair value measurements)

IFRS 7-Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9

IFRS 7-Financial Instruments: Disclosures- Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures

IFRS 9 - Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9

IFRS 9 - Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and de-recognition

IFRIC 22- Foreign Currency Transactions and Advance Consideration

2.2 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards 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 (effective 1 January 2020)

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material (effective 1 January 2020)

IAS 12 - Income Taxes - Amendments resulting from Annual Improvements 2015–2017 Cycle (income tax consequences of dividends) (effective 1 January 2019)

IAS 28 - Investment in Associates and Joint Ventures – Amendments regarding long- term interests in associates and joint ventures (effective 1 January 2019)

IFRS 9 - Financial Instruments - Amendments regarding prepayment features with negative compensation and modification of financial liabilities (effective 1 January 2019)

IFRIC 23 - Uncertainty over Income Tax Treatments issued (effective 1 January 2019)

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED
Notes to Financial Statements
(All amounts are in United States Dollars - 'USD'; unless stated otherwise)

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

2.2 New and revised Standards in issue but not yet effective (continued)

The directors anticipate that these amendments will be applied in the Company's financial statements at the above effective dates in future periods. The directors have not yet assessed the potential impact of the application of these amendments.

2.3 New and revised Standards affecting the financial statements

In the current year, the Company has applied IFRS 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities; and
- 2) Impairment of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 January 2018 have not been restated as the impact has been deemed to be insignificant.

(a) Classification and measurement of financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments 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 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.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment.

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

2.3 New and revised Standards affecting the financial statements (continued)

(a) Classification and measurement of financial assets (continued)

The directors of the Company reviewed and assessed the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had an insignificant impact on the Company's financial assets as regards their classification and measurement.

Financial assets classified as "loans and receivables" under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(b) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer. The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of presentation

The financial statements have been prepared in accordance with and in compliance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations. The financial statements have been prepared under the historical cost convention except that relevant financial assets and liabilities are stated at fair value, or carried at amortised cost as appropriate.

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

Going concern

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence in the foreseeable future.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States dollars (USD), which is also the functional currency of the Company.

(b) Transactions and balances

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

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED
Notes to Financial Statements
(All amounts are in United States Dollars - 'USD'; unless stated otherwise)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current and deferred income tax

The tax expense for the year comprises of current tax only. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Investment in associate

Associates are all entities over which the Company has significant influence but no control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or jointly control over those policies.

Investment in associates are accounted for by the equity method of accounting. Under the equity method, investments in associates are carried out in the statement of financial position at cost as adjusted for post acquisition changes in the share of net assets of the associate, less any impairment in the value of the individual investments. The goodwill is included within the carrying amount of the investment.

The Company's share of its associates' post acquisition profits or losses is recognised in the statement of profit and loss and its share of post acquisition movements in reserves is recognised in reserves. Where the Company transacts with an associate, profits and losses are eliminated to the extent of the Company's interest in the relevant associate.

Financial instruments

The Company initially recognises financial instruments on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value plus transaction costs.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortized cost and effective interest method (Continued)

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), 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 losses, 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 interest 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.

Financial instruments carried on the statement of financial position include other receivables, cash and cash equivalents and other payables and accrued expenses. The particular recognition methods adopted are disclosed below:

Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Company's cash and cash equivalents comprise of cash at bank.

Other payables and accrued expenses

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

Stated capital

Stated capital is determined using the nominal values of shares that have been issued and classified as equity.

Impairment of non-financial assets

The carrying amount of assets is assessed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset being the higher of the asset's net selling price and its value in use, in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for any excess of the asset's carrying amount over its recoverable amount and is taken directly to profit and loss.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Specifically, IFRS 9 requires the Company to recognize a loss allowance for expected credit losses on:

- (1) Debt investments measured subsequently at amortised cost or at FVTOCI; and
- (2) Trade receivables and contract assets;

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

For the purpose of assessing whether there has been a significant increase in credit risk since initial recognition of financial instruments that remain recognised on the date of initial application of IFRS 9 (i.e. 1 January 2018), the directors have compared the credit risk of the respective financial instruments on the date of their initial recognition to their credit risk as at 1 January 2018.

The result of the assessment is as follows:

Items existing as at 01/01/18 that are subject to the impairment provisions of IFRS 9	Credit risk attributes at 1 January 2018
Amount due from related parties (Other receivables)	Amounts due from related parties are assessed regarding credit risk at each reporting date. As the same are closely monitored and controlled by the same management, there is no provision matrix being followed on ageing basis. There have been no instances observed in the past where collection are assumed to be at risk for such related party receivable
Cash and bank	The bank balance has been assessed to have low credit risk at each reporting date as it is held with a reputable international banking institution.

Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Interest income is recognised using the effective interest method.

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

Interest and dividend income are recognised gross of withholding taxes.

Expense recognition

Expenses are accounted for in profit and loss on accrual basis.

Provisions

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Determination of functional currency

The directors consider the USD as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The USD is the currency in which the Company measures its performance and reports its results.

Impairment assessment

The directors have assessed the recoverable amount of the associate at 31 December 2018. The impairment assessment is based on the discounted cash flows of the investee company.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the said risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company'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 Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures 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 in the Company's activities.

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Notes to Financial Statements
(All amounts are in United States Dollars - 'USD'; unless stated otherwise)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Company's exposure to the various types of risks associated to its activity and financial instruments is detailed below.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rate. The Company has no exposure to foreign exchange risk as it does not have any assets or liabilities which are denominated in foreign currencies.

(ii) 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. As at reporting date, the Company is not exposed to interest rate risk as it does not hold any interest bearing financial assets or financial liabilities.

(b) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company's exposure to credit risk is monitored by management on an ongoing basis. The Company limits its risk by carrying out transactions through companies within the group and by banking with reputable financial institutions.

Amounts due from related parties are assessed regarding credit risk at each reporting date. As the same are closely monitored and controlled by the same management, there is no provision matrix being followed on ageing basis. There have been no instances observed in the past where collection are assumed to be at risk for such related party receivable.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter financial difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through funding from its parent.

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2018 based on contractual undiscounted payments:

	On Demand	Within 1 year	More than 1 year	Total
December 31, 2018				
Other payables and accrued expenses	1,533	6,804	-	8,337
	<u>1,533</u>	<u>6,804</u>	<u>-</u>	<u>8,337</u>
December 31, 2017				
Other payables and accrued expenses	-	12,177	-	12,177
	<u>-</u>	<u>12,177</u>	<u>-</u>	<u>12,177</u>

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Notes to Financial Statements
(All amounts are in United States Dollars - 'USD'; unless stated otherwise)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Fair values

The carrying amounts of the other receivables, cash and cash equivalents and other payables and accrued expenses approximate their fair values.

(e) Capital risk management

The Company's objectives when managing capital are to raise sufficient funds for its investing activities and to safeguard the Company's ability to pay its debts as they fall due in order to continue as going concern and provide returns for the shareholder. Capital comprises equity and retained earnings. In order to maintain or adjust the capital structure, the Company may issue new shares or have recourse to its parent for funding, sell its investment or vary the amount of dividends or return capital to the shareholder.

(f) Financial instruments by category

Financial Assets	As of 31 December, 2018	As of 31 December, 2017
<i>Amortised cost:</i>		
Other Receivables	498,739	519,119
Cash & Cash Equivalents	1,772	1,772
	500,511	520,891
Financial Liabilities	As of 31 December, 2018	As of 31 December, 2017
<i>Amortised cost:</i>		
Other payables and accrued expenses	8,337	12,177
	8,337	12,177

6. INCOME TAX

The Company is subject to income tax in Mauritius on its net income at 15% (2017 - 15%). However, the Company is entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% (2017 - 80%) of the Mauritius tax on its foreign source income, thereby giving an effective tax rate of 3% (2017 - 3%). Gains or profits from the sale of units of securities by a company holding a Category 1 Global Business License under the Financial Services Act 2007 are exempt in Mauritius.

The foregoing is based on current interpretation and practice and is subject to any future changes in the Mauritian tax laws. At 31 December 2018, the Company had accumulated tax losses of USD 157,323 (2017 - USD 172,210).

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CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED
Notes to Financial Statements
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6. INCOME TAX (CONTINUED)

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

Upto the year ending	<u>As of</u> <u>31 December, 2018</u>
31 December 2019	36,256
31 December 2020	36,300
31 December 2021	35,970
31 December 2022	28,532
31 December 2023	20,265
	<u>157,323</u>

A reconciliation between the accounting loss and the tax charge is as follows:

	<u>As of</u> <u>31 December, 2018</u>	<u>As of</u> <u>31 December, 2017</u>
Loss before taxation	(20,265)	(33,432)
Income tax @ 15%	(3,040)	(5,015)
Impact of:		
Reversal of income tax provision	1,935	-
Share of Loss of associates	-	735
Unutilized tax loss	3,040	4,280
Income tax reversal	<u>1,935</u>	<u>-</u>

Deferred tax asset, amounting to USD 4,720 (2017: USD 5,166) has not been recognised in the financial statements as it is not probable that the Company will have sufficient taxable profit against which the unused tax losses could be utilized in the foreseeable future.

7. INVESTMENT IN ASSOCIATE

Name of associates	No. of Shares	Holding %	<u>As of</u> <u>31 December, 2018</u>	<u>As of</u> <u>31 December, 2017</u>
Celtel (Mauritius) Holding Limited	49	49%	-	4,900
Less: Share of loss in associate			-	(4,900)
			<u>-</u>	<u>-</u>

The investment consists of 49 ordinary shares of USD 100 each representing 49% of the issued share capital of Celtel (Mauritius) Holdings Limited ("CMHL"), an unquoted company incorporated in the Republic of Mauritius. CMHL holds a controlling interest in the issued share capital of Airtel Madagascar SA, a telecommunication company operating a GSM network in the Republic of Madagascar.

Upto 2016, the Company had taken advantage of paragraph 17 of International Accounting Standard ("IAS") 28, Investment in Associates and Joint Ventures, which dispensed it from need to account for Investment in associate under the equity method, as its step up parent company, Bharti Airtel Limited, incorporated in India prepared consolidated financial statements that complied with the International Financial Reporting Standards and which are available for public issue. In previous year 2017, the Company accounted for investment in its associate using equity method and absorbed its share of accumulated losses in associate restricted to its value of investment.

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7. INVESTMENT IN ASSOCIATE (CONTINUED)

Summarised financial information of the associate:

Particulars	Unaudited 31 December, 2018	Unaudited 31 December, 2017
Current Assets	23,900,952	23,088,169
Non-Current Assets	75,026,517	72,999,506
Current Liabilities	168,155,952	104,473,664
Non-Current Liabilities	1,610,021	60,077,374
Net Assets	(70,838,504)	(68,463,364)
Non controlling interest	(23,937,961)	(23,427,668)
Net Assets (including non controlling interest)	(46,900,543)	(45,035,695)
Share of Associate's Net Assets	(22,981,266)	(22,067,491)
Total Revenue for the year	52,095,611	61,543,959
Total loss for the year	(7,502,731)	(11,975,189)
Total losses - cumulative	(62,153,414)	(54,650,683)
Other comprehensive income / (loss) for the year	5,637,885	(1,844,642)
Cumulative Other comprehensive income	15,242,872	9,604,987
Total comprehensive loss for the year	(1,864,846)	(13,819,831)
Total comprehensive losses - cumulative	(46,910,542)	(45,045,696)
Share of Associate's loss for the year absorbed	-	4,900
Share of Unabsorbed losses - cumulative	(16,167,915)	(15,254,140)
Share of Unabsorbed loss for the year	(913,775)	(15,254,140)

Reconciliation of above summarised financial information to the carrying amount of the interest in Celtel (Mauritius) Holdings Limited recognised:

Particulars	Unaudited 31 December, 2018	Unaudited 31 December, 2017
Share in Net Asset of the associate	(22,981,266)	(22,067,491)
Percentage of Company's ownership interest in the associate	49.00	49.00
Goodwill	6,813,351	6,813,351
Share of Unabsorbed losses - cumulative	(16,167,915)	(15,254,140)
Carrying amount of the Company's interest in the associate	-	-

8. OTHER RECEIVABLES AND PREPAYMENTS

	As of 31 December, 2018	As of 31 December, 2017
Amount due from fellow subsidiaries (Note 11)	361,472	361,472
Amount due from associate (Note 11)	127,267	147,647
Unpaid share capital (Note 11)	10,000	10,000
Prepayments	-	1,790
	498,739	520,909

The directors consider that the carrying amount of related party receivables at 31 December 2018 are recoverable, and have not suffered any impairment.

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED
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9. STATED CAPITAL

	<u>As of</u> <u>31 December, 2018</u>	<u>As of</u> <u>31 December, 2017</u>
Issued capital:		
100 shares of USD 100 each	10,000	10,000

Shareholder

The Company's share is entirely held by Bharti Airtel Madagascar Holdings B.V and is unpaid.

Rights and restrictions attached to ordinary shares:

Voting rights

Each ordinary share shall entitle its holder to receive notice of, to attend and vote at any meeting of the Company.

Rights relating to dividends

Each ordinary share shall entitle its holder the right of an equal share in dividends as authorised by the board.

Rights relating to repayment of capital

Upon winding-up, each ordinary share shall entitle its holder the right to an equal share in the distribution of the surplus assets of the Company.

10. OTHER PAYABLES AND ACCRUED EXPENSES

	<u>As of</u> <u>31 December, 2018</u>	<u>As of</u> <u>31 December, 2017</u>
Amount due to other related parties (Refer Note 11)	1,533	-
Accruals	6,804	12,177
	<u>8,337</u>	<u>12,177</u>

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CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED
Notes to Financial Statements
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11. RELATED PARTY TRANSACTIONS

During the year under review, the company entered into transactions with related parties. Amounts due to/from related parties are unsecured, interest free and repayable on demand. The nature, volume of transaction and the balances with the related parties are as follows:

Entity Name	Relationship
Bharti Airtel Africa B.V.	Intermediate Holding Company
Bharti Airtel Madagascar Holdings B.V.	Immediate Holding Company
Celtel (Mauritius) Holdings Limited	Associated Company
Montana International	Fellow Subsidiary Company
Societe Malgache de Telephone Cellulaire SA	Fellow Subsidiary Company
Bharti Airtel Rwanda Holdings Limited	Fellow Subsidiary Company

Key Management Services

	<u>As of</u> <u>31 December, 2018</u>	<u>As of</u> <u>31 December, 2017</u>
Ocorian Corporate Services (Mauritius) Limited - Administrator		
- Expense including directors fee incurred by the Company	8,813	29,415
Outstanding Balance	-	-

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CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED

Notes to Financial Statements

(All amounts are in United States Dollars - 'USD'; unless stated otherwise)

11. RELATED PARTY TRANSACTIONS (CONTINUED)

Related Party Transactions for the year ended December 31, 2018

Nature of transaction	Celltel (Mauritius) Holdings Limited	Montana International	Societe Malgache de Telephone Cellulaire S.A	Bharti Airtel Holdings Limited	Bharti Airtel Madagascar Holding B.V.	Bharti Airtel Africa BV
Opening Balance as on 01 January, 2018	147,647	96,040	134,089	131,343	10,000	-
Expenses incurred on behalf of the company	(20,380)	-	-	-	-	(1,533)
Expenses incurred by the company	-	-	-	-	-	-
Outstanding balance as at 31 December, 2018	147,647	96,040	134,089	131,343	-	-
Other receivables	(20,380)	-	-	-	-	(1,533)
Other Payables	-	-	-	-	10,000	-
Receivable-Unpaid Share Capital	-	-	-	-	-	-
Total	127,267	96,040	134,089	131,343	10,000	(1,533)

Related Party Transactions for the year ended December 31, 2017

Nature of transaction	Celltel (Mauritius) Holdings Limited	Montana International	Societe Malgache de Telephone Cellulaire S.A	Bharti Airtel Holdings Limited	Bharti Airtel Madagascar Holding B.V.	Bharti Airtel Africa BV
Opening Balance as on 01 January, 2017	177,062	96,040	134,089	131,343	10,000	-
Expenses incurred on behalf of the company	(29,415)	-	-	-	-	-
Expenses incurred by the company	-	-	-	-	-	-
Outstanding balance as at 31 December, 2017	147,647	96,040	134,089	131,343	-	-
Other receivables	-	-	-	-	10,000	-
Receivable-Unpaid Share Capital	-	-	-	-	-	-
Total	147,647	96,040	134,089	131,343	10,000	-

CHANNEL SEA MANAGEMENT COMPANY (MAURITIUS) LIMITED

Notes to Financial Statements

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12. PARENT COMPANY

The directors consider Bharti Airtel Madagascar Holdings B.V, incorporated in Netherlands, as the Company's parent and Bharti Airtel Limited, incorporated in India as the Company's step up parent.

Bharti Enterprises (Holding) Private Limited is the ultimate controlling entity. It is held by private trusts of Bharti family, with Mr Sunil Bharti Mittal's family trust effectively controlling the said company.

13. EVENT AFTER REPORTING DATE

There are no material events after the reporting date which require amendments to or additional disclosures in the financial statements for the year ended 31 December 2018.