

**AFRINEX Limited**

**ANNUAL CONSOLIDATED AND SEPARATE FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2020**

**AFRINEX Limited**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2020**

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**AFRINEX Limited****CORPORATE DATA**

CORPORATE DATA

		Date of appointment	Date of resignation	
DIRECTORS	:	Krishna Gangopadhyay	30 March 2018	-
		Amit Mahajan	30 March 2018	07 May 2020
		Sunil Chadda	24 August 2018	-
		Shateeaum Sewpaul	18 July 2019	-
		Sandip Baroness Verma	18 July 2019	-
		Arun Tiwari	14 December 2019	-
		Abdul Sattar Adam Ali		
		Mamode Hajee Abdoula	18 August 2020	-
		Sanjay Banerji	10 September 2020	-
		Rajendra Bhatt	10 September 2020	-
CORPORATE SECRETARY	:	<i>As from 26 February up to 10 January 2020</i> BIT SECRETARIAL SERVICES LTD 1 <sup>st</sup> Floor, Office Number 121, Gateway Building, St Jean Road, Quatre Bornes, Mauritius		
		<i>As from 10 January 2020 up to 13 October 2020</i> APPLEBY GLOBAL SERVICES (MAURITIUS) LTD 37, Sir William Newton Street, 7 <sup>th</sup> Floor, Happy World House, Port Louis 11328, Mauritius		
		<i>As from 13 October 2020 up to present</i> ASHTON FINANCIAL PARTNERS LTD Suites 1203 & 1205, 12 <sup>th</sup> Floor, The CORE, No.62, ICT Avenue, Cybercity 72201, Ebène, Republic of Mauritius		
REGISTERED OFFICE	:	<i>As from 15 May 2019 up to 06 October 2020</i> C/o PSA Advisors Ltd Suite 401, 4 <sup>th</sup> Floor, The Catalyst, Cybercity, Ebène, Republic of Mauritius		
		<i>As from 07 October 2020 up to present</i> Office A11-01, Level 11, Tower A, 1 CyberCity Wall Street, Ebène 72201, Republic of Mauritius		
AUDITORS	:	KPMG KPMG Centre, 31 Cybercity, Ebène		
BANKERS	:	SBI (Mauritius) Ltd 7th Floor SBI Tower Mindspace, Bhumi Park, 45, Ebène, Cybercity, Mauritius	SBM Bank (Mauritius) Ltd Corporate Office, SBM Tower, 1 Queen Elizabeth II Avenue, Port-Louis, Republic of Mauritius	
		AfrAsia Bank Ltd 3 <sup>rd</sup> Floor, Nexteracom Tower III, Ebène, Mauritius		
COMPANY REGISTRATION NUMBER	:	C18154381		

## AFRINEX Limited

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are pleased to present their report together with consolidated and separate audited financial statements of **AFRINEX Limited** (the “Company”) for the year ended 31 December 2020, which disclose the results of the Company and its subsidiary, AFRINEX Clearing House Ltd (the “Subsidiary”) (together referred to as the “Group”).

#### Principal activity

The principal activity of the Company is to operate and maintain a securities exchange in accordance with the law and provide the facilities for the trading of securities and derivatives. The Company holds a Securities Exchange Licence and a Trading Securities System Licence as issued by the Mauritius Financial Services Commission. The activity of the Subsidiary is to provide clearing and settlement services to AFRINEX Limited.

#### Corporate Governance

##### Introduction

The Board of Directors is pleased to present the third (3<sup>rd</sup>) Annual Report of AFRINEX Limited (the “Company”) for the year ended on 31 December 2020. This Annual Report comprises of the consolidated and separate audited financial statements of the Company and the Directors' Report which includes the Corporate Governance Report and other statutory disclosures under the Companies Act, 2001.

##### Compliance with Governance Standards

The Board of the Company is accountable to its shareholders for the overall direction and control of the Company. It is committed to high standards of governance designed to protect the interests of its shareholders while promoting the highest standards of integrity, transparency, and accountability.

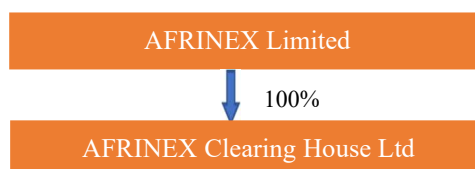
The Board of the Company is committed to ensuring that its policies and practices in the critical areas of financial reporting and corporate governance, meet high levels of disclosure and comply with the principles of the National Code of Corporate Governance for Mauritius (2016), the Securities Act 2005, the Financial Services Act 2007 and with the relevant regulations and rules framed thereunder.

##### Principle 1 - Governance Structure

*“All organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly identified.”*

##### Structure of the AFRINEX Group

The Company, being a public company, was incorporated on 09 March 2018 under the Companies Act 2001 and holds a Securities Exchange Licence and a Trading Securities System Licence, as issued by the Financial Services Commission of Mauritius (“FSC”). AFRINEX Clearing House Ltd, being a wholly owned subsidiary of the Company is a company incorporated in Mauritius on 12 September 2018 and holds a Clearing and Settlement Facility Licence, as issued by the FSC.



##### Governance Framework and Role of the Board

The Company's Board has the overall responsibility for leading and providing effective Corporate Governance over the Company and its activities and ensures compliance with all applicable legal and regulatory requirements. The management team of the Company is responsible for the day-to-day operations and functions of the Company and reports to the Board on the operational and functional performance of the Company. The Board approves all the key guiding documents and policies of the Company and affirms each key governance role.

## AFRINEX Limited

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

## Corporate Governance (continued)

**Principle 1 - Governance Structure (continued)**

The managing director performs the following main duties as may be empowered to exercise or required to perform by the Board:

- (a) Have the management of the whole of the business of the Company and of all its affairs;
- (b) Exercise all powers and perform all duties and in relation to management of the affairs;
- (c) Lead the management team;
- (d) Make recommendations to the Board regarding strategic issues;
- (e) Be responsible for overall operations, cost control, risk management and development of the company;
- (f) Manage legal and regulatory issues;
- (g) Be responsible for the implementation of Board decisions and policies; and
- (h) Promote the Company on the international scene.

**Principle 2 - Structure of the Board and its Committees**

*“The Board should contain independently minded directors. It should include an appropriate combination of executive directors, independent directors, and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board's decision taking. The Board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duties.”*

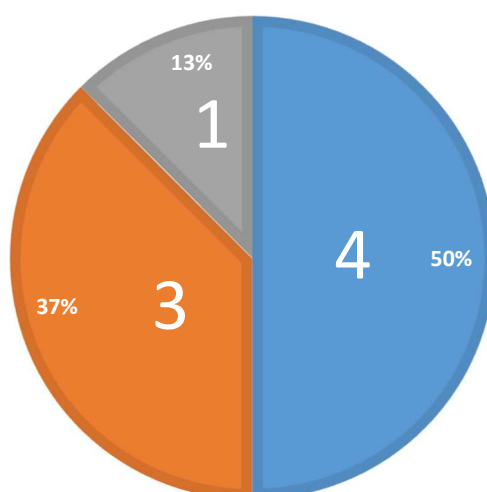
**Size and Composition of the Board**

The Board has the right balance in its composition which includes an appropriate combination of executive directors, independent directors and non-independent non-executive directors. The Company has a unitary Board which has an appropriate mix of experience, diversity and skills which complement with each other in forming appropriate judgments in Board's decisions.

The below chart represents the board structure of the Company in terms of number of directors and % of directors under each class.

**COMPANY'S BOARD STRUCTURE**

■ Non-executive Non-independent Director ■ Non-executive Independent Director ■ Executive Director



**AFRINEX Limited****DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****Corporate Governance (continued)****Principle 2 - Structure of the Board and its Committees (continued)****Size and Composition of the Board (continued)**

As per the existing provisions of the Company's Constitution, the Board of Directors consists of a total of eight (8) directors, which includes one (1) executive director and seven (7) non-executive directors who are independent of the management of the Company. The seven (7) non-executive directors include three (3) independent directors and four (4) directors representing the shareholders of the Company. The directors are classified as follows:

NAME	STATUS	APPOINTED DATE	RESIDENCY
Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula	Non-Executive Non-Independent Director	18 August 2020	Mauritius
Mr. Arun Tiwari	Non-Executive Non-Independent Director	14 December 2019	India
Mr. Rajendra Bhatt	Non-Executive Independent Director	10 September 2020	United Kingdom
Baroness Sandip Verma	Non-Executive Independent Director	18 July 2019	United Kingdom
Professor Sanjay Banerji	Non-Executive Independent Director	10 September 2020	United Kingdom
Mr. Shateeaum Sewpaul	Non-Executive Non-Independent Director	18 July 2019	Mauritius
Dr. Sunil K. Chadda	Non-Executive Non-Independent Director	24 April 2018	Mauritius
Ms. Krishna Gangopadhyay	Executive Director, Managing Director and CEO	30 March 2018	Mauritius

The Board considers that its current size and composition of the Board are appropriate for effective discharge of the Board's responsibilities. The Board is in the process of adopting a suitable Board Charter and shall adopt the same in the year 2021.

The Independent Directors performs the following broad duties:

- (a) Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- (b) Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
- (c) Strive to attend all meetings of the Board of Directors and of the Board committees of which they are members;
- (d) Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (e) Strive to attend the general meetings of the Company;
- (f) Where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (g) Keep themselves well informed about the Company and the external environment in which it operates;
- (h) Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (i) Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
- (j) Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;

**AFRINEX Limited****DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****Corporate Governance (continued)****Principle 2 - Structure of the Board and its Committees (continued)****Size and Composition of the Board (continued)**

- (k) Report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy; and
- (l) Acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees.

**Company Secretary**

The Company Secretary is appointed by the Board in accordance with the provisions of the Company's Constitution. Appleby Global Services (Mauritius) Ltd was appointed as Secretary of the Company on 09 January 2020 and was replaced by Ashton Financial Partners Limited on 13 October 2020. Each of the Company Secretaries are licensed by the Financial Services Commission ("FSC").

**Board Committees**

As at 31 December 2020, the Board is in the process of setting up an Audit Committee. The Board shall assess the requirement of additional committee or sub-committee (as the case may be), from time to time.

**Board Meetings**

Since its inception and up to 31 December 2020, the Company has convened a total of four (4) board meetings. Details of the same are as follows:

NAME OF DIRECTORS	2020		2019	
	NUMBER OF MEETINGS HELD	TOTAL ATTENDED	NUMBER OF MEETINGS HELD	TOTAL ATTENDED
Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula*	2	-	2	-
Professor Sanjay Banerji*	2	-	2	-
Mr. Rajendra Bhatt*	2	-	2	-
Mr. Ricardo Louis Caillou**	2	-	2	2
Dr. Sunil K. Chadda	2	2	2	2
Ms. Krishna Gangopadhyay	2	2	2	2
Mr. Amit Mahajan**	2	-	2	2
Mr. Shatecaum Sewpaul	2	2	2	1
Mr. Arun Tiwari	2	2	2	-
Baroness Sandip Verma	2	1	2	-
<p>Notes:</p> <p>* Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula, Professor Sanjay Banerji and Mr. Rajendra Bhatt were appointed to the Board of the Company on 18 August 2020, 10 September 2020 and 10 September 2020 respectively. Similarly, Baroness Sandip Verma and Mr Arun Tiwari joined the Board on 18 July 2019 and 14 December 2019 respectively.</p> <p>** Mr Ricardo Louis Caillou was removed from the Board of the Company by the Shareholders on 12 August 2019 and Mr. Amit Mahajan has resigned as a Director of the Board on 07 May 2020.</p>				

## AFRINEX Limited

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

## Corporate Governance (continued)

Principle 2 - Structure of the Board and its Committees (continued)

## Profiles of the Board of Directors

The profile of each member of the Board of Directors of AFRINEX Limited is as follows:

## Non-Executive Directors

**Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula**

*Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula founded Grant Thornton, Mauritius. Currently, he holds the position of Chairman at SBM Holdings Limited, Chairman of SBM NBFC Holdings Limited and Chief Executive Officer for Grant Thornton, Mauritius. In the past he occupied the position of Partner at Grant Thornton International Limited.*

*With more than 35 years of professional experience, he also acts as advisor to many large corporates. Mr. Hajee Abdoula is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA, ICAEW). He is a member of the Mauritius Institute of Professional Accountants and INSOL International, an international association of restructuring and insolvency professionals. He holds an Auditor's Licence from the Financial Reporting Council of Mauritius, an Insolvency Practitioner's Licence of Mauritius, and the ICAEW Insolvency and Practicing Licences.*

**Mr. Arun Tiwari**

*A career banker with over thirty-nine years of experience across various sectors including strategic planning, project finance, risk management, HR, IT, credit operations. Mr. Arun Tiwari served as CMD of Union Bank of India from December 2013 to June 2017. Prior to that he was an Executive Director of Allahabad Bank. At his parent organisation - Bank of Baroda, he has worked for 33 years at various centres in India and abroad, across various functions.*

*Mr. Tiwari has also served as Chairman and Non-Executive Director on the Board of Union Asset Management Company and Star Union Dai-ichi Life Insurance Company Limited. In his long career, he has been appointed to the Boards of New India Assurance Co. Ltd., General Insurance Corporation Ltd and Export Credit Guarantee Corporation Ltd. and as a Deputy Chairman of Indian Banks' Association. Mr Tiwari has also served on some National Level Committees, like Chairman of FICCI Banking and Financial Institution committee, Co-chairperson, CII's Committee on Banking & Finance etc.*

**Mr. Rajendra Bhatt**

*Rajendra Bhatt has over three decades of senior management experience working in complex and multi-cultural organizations in seven different locations spread over three continents. He has an outstanding track record in financial re-engineering, including restructuring, mergers and acquisitions and also in raising equity and debt in international markets. He is a member of the Institute of Chartered Accountants of India and also a member of the Institute of Company Secretaries of India in addition to being a corporate finance representative registered with the FCA.*

*Rajendra founded Elara Capital Plc ("Elara") in 2002 and is currently the founder and vice-chairman of the group. Elara was established primarily as a capital markets business, raising funds for Indian corporates through GDRs, FCCBs and the London AIM market.*



AFRINEX Limited

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****Corporate Governance (continued)****Principle 2 - Structure of the Board and its Committees (continued)****Profiles of the Board of Directors (continued)****Non-Executive Directors (continued)**

<b>Baroness Sandip Verma</b>	
	<p><i>Since entering the House of Lords in 2006, Baroness Sandip Verma has held several key Ministerial appointments and has had an active and advisory role in policy formation and development.</i></p> <p><i>Baroness Verma has been a sitting MP, House of Lords, British Parliament and has been the Minister for Energy &amp; Climate Change, UK from 2012 – 2015. She has also been the Minister for International Development, UK from 2015-2016. She is currently the Global Chairman of WWG (World Wide Generation), Chairman Nexus Green (Solan Co), Managing Director – Domiciliary Cre Services UK, Global Advisor to Amity University, Chairman Define Fitness, Chairman - European External Affairs Committee, House of Lords, Chairman Oakstone Partners, Global Chairman – Institute of Directors, India.</i></p>
<b>Professor Sanjay Banerji</b>	
	<p><i>Professor Sanjay Banerji is a Professor of Finance at the Finance, Risk and Banking Division of the Nottingham University Business School. Prior to this, he had held a position at McGill University, Canada and University of Essex in UK.</i></p> <p><i>Professor Sanjay Banerji holds BA (Hons) (University of Calcutta), MA (University of Calcutta), PhD (State University of New York at Buffalo). He was also senior Fulbright fellow at Boston University. His research areas focus on Financial Markets and its relationship to governance of financial and non-financial Institutions and have published several research papers in top journals in Financial Economics.</i></p>
<b>Mr. Shateeaum Sewpaul</b>	
	<p><i>Mr. Shateeaum Sewpaul is General Manager of Harel Mallac Technologies leading 5 business units amalgamated under one roof and expanding further into Africa as a Key Regional Technology Integrator. Shateeaum also serves on the executive and non-executive committees and boards of several organisations amongst which are OTAM, MITIA, MIOD, and La Chartreuse.</i></p> <p><i>An MBA holder from Herriot Watt University, Shateeaum was recently awarded CIO of the year 2019 by the British Computer Society (BCS) for the Mauritius Section. He also holds a Post Graduate Diploma in Business Administration from the same institution.</i></p>
<b>Dr. Sunil Chadda</b>	
	<p><i>Dr. S. K. Chadda is an international strategic adviser and economist with more than 25 years of experience in the fields of International Economics, Relationship Management, Private banking and Financial Engineering, International Project Management and Merger and Acquisitions.</i></p> <p><i>S.K. Chadda holds a M.B.A. from Institute of Alternative Development and Research, Open University, Oslo, Norway in the field of Strategic &amp; Project Management. He has been awarded Honorary Doctorate by Montreux Business University, Switzerland for his contribution in the fields of 'Economics and International Relationship'.</i></p> <p><i>He has received the Best Strategic Adviser Award in November 2018 at House of Lords, United Kingdom, at an event hosted by the European Business and Economic Forum.</i></p>

## AFRINEX Limited


## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

## Corporate Governance (continued)

**Principle 2 - Structure of the Board and its Committees (continued)**

## Profiles of the Board of Directors (continued)

## Executive Director

Ms. Krishna Gangopadhyay	
	<i>Ms. Krishna Gangopadhyay holds the position of Managing Director and CEO at AFRINEX Limited.</i>
	<i>She has more than two decades of experience across banking, NBFC, capital markets and telecommunications and has worked in the areas of business transformation, strategy, risk management, product development and new business development. Ms. Krishna was one of the founder members of India International Exchange, India's first and leading international exchange at GIFT IFSC and set up the primary market at IFSC. She is also one of the founder members of AFRINEX Exchange and AFRINEX Clearing House.</i>
	<i>Ms. Krishna holds a M.B.A. from the Indian Institute of Management, Calcutta and is a rank holder from Jawaharlal Nehru University, New Delhi in postgraduate in Economics.</i>

**Principle 3 – Directors Appointment Procedures**

*“There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. The search for Board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders.”*

The Board assumes responsibility for succession planning of the key officeholders and for the appointment and induction of new directors to the Board. The non-executive directors are appointed for such term as determined in the ordinary resolution passed by the Board for such appointment or are re-elected each year at the Annual Meeting, pursuant to the provisions of the Constitution of the Company. All the non-executive Directors will submit themselves to re-election by the member at the Company's forthcoming Annual Meeting.

**Appointment of Directors in the Year 2020**

Three (3) directors were appointed on the Board of the Company during the year 2020. Details of the same are as follows:

Name of Directors	Date of Appointment
Mr Abdul Sattar Adam Ali Mamode Hajee Abdoula	18 August 2020
Mr Sanjay Banerji	10 September 2020
Mr Rajendra Bhatt	10 September 2020

**Principle 4 - Directors' Duties, Remuneration and Performance**

*“Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organisation's information, information technology and information security. The Board, committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality in order to perform to required standards. The Board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives.”*

**AFRINEX Limited****DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****Corporate Governance (continued)****Principle 4 - Directors' Duties, Remuneration and Performance (continued)**

In the year 2020, the Board was re-constituted to include Independent Directors while participation of Shareholders was strengthened. The Board has already adopted a Code of Ethics for its Directors, Independent Directors, Senior Management and the employees of the Company. The Board proposes to establish additional committees in 2021, commensurate with the requirements of the Company. For 2020, the non-executive Directors were not in receipt of any remuneration.

**Supply of and Access to Information**

The Directors have individual and independent access to seek any advice from the management of the Company as may be required, on issues under their respective purview.

**Legal Duties**

All the Directors on the Board are fully apprised of their legal duties as laid out under the applicable laws, including the Companies Act 2001.

**Code of Ethics for Directors, Senior Management and Employees of the Company**

As a matter of holding high standards of corporate governance, the Company has adopted a Code of Ethics, in line with the principles of the National Code of Corporate Governance for Mauritius (2016), for its Directors, senior management and employees for observance of good governance and corporate practices in the Company.

**Information Security**

With a view to ensure information security and confidentiality, as a first step, the Company has devised a Sharing of Information policy on ensuring security, confidentiality and non-disclosure of Company's information, assets, information technology systems and sensitive data and documents.

**Board Evaluation**

The Board is in the process of putting in place a formal and regular evaluation of its own performance and that of the Board Committees and sub-committees.

**IT Governance Policy**

The Board is responsible for the governance of the Company's information strategy, information technology and information security. Any and all software procurements, enhancements, modifications and additions are subject to thorough testing, before its implementation in the live environment.

**Directors' Remuneration**

The Board of the Company shall at a later stage consider, discuss and if deemed fit, approve the payment of Directors' remuneration for the services rendered by the non-executive directors and the independent director to the Board. Presently, the non-executive Directors are not entitled to receive share options or bonuses associated with organisational performance of the Company.

**Conflict of Interest**

The Directors make best efforts to avoid any potential conflict of interest or situations where others might reasonably perceive there to be a conflict of interest. Where a conflict of interest arises or may arise, Directors ensure disclosure of the conflict or potential conflict to the Board. The Directors of the Company shall be required to declare the nature of their interest(s), in the following circumstances:

**AFRINEX Limited****DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****Corporate Governance (continued)****Principle 4 - Directors' Duties, Remuneration and Performance (continued)**

- (a) at the meeting of the Directors at which the question of entering into any contract or arrangement is first taken into consideration;
- (b) if the Director is not at the date of the meeting interested in the proposed contract or arrangement, then at the next meeting held after he becomes interested; or
- (c) in a case where the Directors becomes interested in a contract or arrangement after it is made, then at the first meeting of the Directors held after he becomes so interested.

The Code of Ethics also addresses the requirements on avoidance of conflicts of interest or situations where others might reasonably perceive a conflict. In any instances of an actual or potential conflict of interest, the Directors concerned are not present as part of the meeting in which the conflict or potential conflict is discussed and also do not participate in the debate or vote on the matter in any Board meeting.

The Board adopted a transparent and unambiguous procurement policy prior to initiation of key procurements that were initiated in the FY 2020 as part of either capital or operational expenditure.

During the FY 2020, the Company procured hardware from Harel Mallac Technologies which was approved by the Board with recusal of Mr. Shateeaum Sewpaul (General Manager at Harel Mallac Technologies) from any evaluation, deliberation and decisioning process to avoid conflict of interest.

**Directorships in other companies**

The number of other directorships which the directors of the Company's Board hold in listed companies and the number of shares held by them, both directly and indirectly, are disclosed in the Table 1 below:

**Table 1: Directorships in Listed Companies**

<b>Names of Directors</b>	<b>Number of Directorship in Listed Companies</b>	<b>Number of Shares held in directly in Listed Companies</b>	<b>Number of Shares held indirectly in Listed Companies</b>
Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula	1	2,860	Nil
Mr. Arun Tiwari	1	Nil	Nil
Ms. Krishna Gangopadhyay	Nil	Nil	Nil
Mr. Rajendra Bhatt	Nil	Nil	Nil
Baroness Sandip Verma	Nil	Nil	Nil
Professor Sanjay Banerji	Nil	Nil	Nil
Mr. Shateeaum Sewpaul	Nil	Nil	Nil
Dr. Sunil Chadda	Nil	Nil	Nil

## AFRINEX Limited

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

## Corporate Governance (continued)

**Principle 4 - Directors' Duties, Remuneration and Performance (continued)**

Table 2 below discloses the directorships held in other organisations by each Director of the Company during the year 2020:

**Table 2: Directorships in Other Companies**

Names of the Directors	Directorship in Other Companies	Type of Directorship Held (Executive / Non-Executive Director)
Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula	SBM Holdings Ltd	Independent Non-Executive Director
	SBM (NBFC) Holdings Ltd	Non-Executive Director
	SBM Capital Markets Ltd	Non-Executive Director
	SBM Leasing Co. Ltd	Non-Executive Director
	SBM Factors Ltd	Non-Executive Director
	SBM 3S Ltd	Non-Executive Director
	SBM eBusiness Ltd	Non-Executive Director
	SBM Africa Holdings Ltd	Non-Executive Director
	SBM Infrastructure General Partner Limited (In process of winding up)	Non-Executive Director
	Africa Infrastructure Investment Holdings Company Ltd (In process of winding up)	Non-Executive Director
	SBM Bank (Seychelles) Limited (In process of winding up)	Non-Executive Director
	SBM Bank (India) Limited	Non-Executive Director
	SBM Bank (Kenya) Limited	Non-Executive Director
	Banque SBM Madagascar S.A	Non-Executive Director
Mr. Arun Tiwari	Hinduja Energy (India) Limited	Non-Executive Director
	Hinduja National Power Corporation Ltd	Non-Executive Director
	India Infradebt Limited	Non-Executive Director
	Acuite Ratings & Research Limited	Non-Executive Director
	IndusInd Bank Ltd	Non-Executive Chairman
Ms. Krishna Gangopadhyay	AFRINEX Clearing House Ltd	Non-Executive

AFRINEX Limited

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****Corporate Governance (continued)****Principle 4 - Directors' Duties, Remuneration and Performance (continued)****Directorships in other companies (continued)****Table 2: Directorships in Other Companies (continued)**

<b>Names of the Directors</b>	<b>Directorship in Other Companies</b>	<b>Type of Directorship Held (Executive / Non-Executive Director)</b>
Mr. Rajendra Bhatt	Elara Capital PLC	Executive Director & Chairman
	Trishul Investments Limited	Executive Director
	Myton Enterprises Limited	Executive Director
	Reliance Business Consultants Limited	Executive Director
	Elara Properties Development Limited	Executive Director
	Elara Capital (Singapore) Pte. Ltd	Executive Director
	Elara Capital (Asia) Pte. Ltd	Executive Director
	Elara Capital Inc.	Executive Director
	Elara Securities Inc	Executive Director
	Elara Capital (India) Private Limited	Executive Director
	Elara Securities (India) Private Limited	Executive Director
	Elara Finance (India) Private Limited	Executive Director
	Elara Wealth Investment Advisers (India) Private Limited	Executive Director
	Elara Story Tellers Advisory Private Limited	Executive Director
	Elara Global Funds – Elara Emerging Markets Fund	Executive Director
	Elara Capital (Mauritius) Ltd	Executive Director
	Elara Asset Management Limited	Executive Director
	Elara India Opportunities Fund Ltd	Executive Director
	Vespera Fund Limited	Executive Director
	Elara Diversified Income Fund PCC	Executive Director
	Pangaea Fund Limited	Executive Director
	Amalthea Global Fund Limited	Executive Director
	Elara Fixed Income Fund Limited	Executive Director
Baroness Sandip Verma	Nil	Nil
Professor Sanjay Banerji	Nil	Nil
Mr. Shateeaum Sewpaul	Harel Mallac Technologies	Non-Executive Director
	La Chartreuse Groupe	Non-Executive Director
Dr. Sunil Chadda	PSA Advisers Ltd	Executive Director
	PSA Consultants Private Ltd	Executive Director

**AFRINEX Limited****DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****Corporate Governance (continued)****Principle 4 - Directors' Duties, Remuneration and Performance (continued)**

A Register of interests is also maintained and updated on a regular basis. The Register of Interests is placed before the Board and any related party transaction is placed for Board for approval. The Register of Interests is also available to the shareholders of the Company upon written request to the Secretary of the Company.

**Dealing in Shares by the Directors**

There was no dealing in the shares of the Company by the Directors under the review period.

**Related Party Transaction**

Wherever applicable, the Company enters into a written agreement with the concerned related parties for any such related party transactions and requisite approvals from the Shareholders and the Board of the Company is obtained for the same.

During the year under review the Company has entered into transactions with related parties the details of which are provided in Note 16 of the consolidated and separate financial statements of the Group and Company.

**Software License and Technology Services Support from BSE Technologies Private Limited**

BSE Technologies Private Limited ("BTPL") has been a strategic technology partner of the Company since inception of the Company and provides *inter alia* licensing and installation of necessary software and technology support services required by the Company. BTPL provides its skill, technical know how and experience in the capital markets, to assist the Company in launch and operation of its exchange and clearing & settlement platforms. For the same, the Company has entered into a Software License and Technology Services Agreement with BTPL.

**Principle 5 - Risk Governance and Internal Control**

*"The Board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system."*

The Board of Directors has the overall and ultimate responsibility for the Company's system of internal control and risk management and for reviewing the adequacy and integrity of the system. The Board determines the nature and extent of the principal risks it is willing to take in achieving the Company's objectives.

**Risk Management Mechanism**

Risk Management is an enterprise-wide function at the Company which covers major business and functional areas including strategy, operations, technology and compliance. For the reporting period, even though the Company had not launched and was not operational, major risks are identified on an ongoing basis as part of the processes set up by the business functions and are systematically addressed through mitigating actions on a continuing basis.

Several risks can impact the achievement of a particular business objective. Similarly, a single risk can impact the achievement of several business objectives. The focus of risk management is to assess risks, deploy mitigation measures and review them, including the risk management policy on a periodic basis. This is done through periodic review meetings. The risk in relation to internal control over financial recording and reporting is reviewed by the Board. The Company's internal control systems for 2020 are commensurate with the nature of its business and the size and complexity of operations involved prior to launch of operations. The Board reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

**AFRINEX Limited****DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****Corporate Governance (continued)****Principle 5 - Risk Governance and Internal Control (continued)****Risk Management Mechanism (continued)**

The risk that the organization carries regarding the threat to its information is the result of a combination of factors. Change to any of these factors will alter the risk profile. Reviewing of Information Security on a regular basis is vital to ensure that the safeguards employed continue to offer the appropriate level of protection. Several policies at par with international standards are in the process of being adopted and much of FY 2020 provided the groundwork to enable the same.

The main risks to which the Company is exposed are financial risks. Please refer to Note 15 of the consolidated and separate financial statements for the measures devised to manage those risks.

**Internal Financial Controls and its Adequacy**

The Company has maintained adequate internal financial controls over financial reporting. These includes policies and procedures –

- (a) Pertaining to the maintenance of records that is reasonably detailed, accurately and fairly reflects the transactions and dispositions of the assets of the Company;
- (b) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards ('IFRS') standards as notified under the Companies Act, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and
- (c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material impact on the financial statements.

Such internal financial controls over financial reporting were operating effectively as of December 31, 2020.

**Whistle-blowing Mechanism**

The Company was not operational in the year 2020. Considering the size and nature of the Company in the year under consideration, the Company had not adopted a whistle-blowing policy and all matters and concerns, if any, were addressed by the Board of Directors. The Company proposes to adopt a suitable whistle-blowing policy in future if the need be.

**Principle 6 – Reporting with Integrity**

*“The Board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its annual report and on its website.”*

The Board of Directors affirms its responsibility for the preparation of consolidated and separate financial statements which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit and loss and cash flow for the financial year.

Directors acknowledge and understand their responsibilities for:

- (a) adequate accounting records and maintenance of effective internal control systems;
- (b) the preparation of consolidated and separate financial statements which fairly present the state of affairs of the fund as at the end of the financial year and the cash flows for that period and which comply with IFRS; and
- (c) the use of appropriate accounting policies supported by reasonable and prudent judgements and estimates.



**AFRINEX Limited****DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****Corporate Governance (continued)****Principle 6 – Reporting with Integrity (continued)**

In observation of their responsibilities towards preparation of financial statements, the Directors have ensured that appropriate accounting policies are used, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

The Directors have ensured that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company enabling them to ensure that the financial statements comply with the Companies Act 2001.

The Directors have taken such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**Human Resource Policies**

The Company is in the process of adopting suitable Equal Opportunity Policy and Anti-Sexual Harassment Policy, in line with the applicable laws including the Equal Opportunities Act 2008 and Workers Rights Act, 2019. During the year ended 31 December 2020, no complaints pertaining to the aforesaid matters have been received.

The Company shall in due course of time during FY 2021 assess the requirement of additional and suitable human resources policies for the growth and welfare of its workforce.

**Political donations**

No political donation was made by the Company during the financial year 2020.

**Website**

The annual report of the Company for the year ended 2020 is published on the website of the Company in full.

**Assessment of the Company's financial, environmental, social and governance position, performance, and outlook**

Given the current scale of operations of the Company, there is no significant impact on the environmental and social position, performance and outlook of the Company. The Company was not operational for the year 2020 and hence there was no profit that was generated for it to spend on Corporate Social Responsibility.

Having taken all the matters considered by the Board and brought to the attention of the Board during the year into account, we are satisfied that the annual report and accounts taken as a whole are fair, balanced and understandable.

**Principle 7 — Audit**

*“Organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation's internal and external auditors.”*

**External Audit**

The external auditors are responsible for reporting on whether the consolidated and separate financial statements are fairly presented. After evaluating the independence and effectiveness of the external auditors, KPMG was re-appointed as the statutory auditors for the financial year ended 31 December 2020 at the Board's meeting held on 30 June 2020.

The total duration of the audit assignment is for a period of one year with the possibility of reappointment subject to approval at the annual meeting of the members of the Company.

**AFRINEX Limited****DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****Corporate Governance (continued)****Principle 7 — Audit (continued)****Audit fees**

Fees payable to the external auditors for audit services for the year are as follows:

<b>Year</b>	<b>2020</b>	<b>2019</b>
<b>External Auditor Name</b>	KPMG	KPMG
<b>AFRINEX Limited Audit Fees</b>	USD 5,800	USD 2,608

**Internal Audit**

A separate internal audit function was not established as the Exchange was not operational and there were not enough transactions that happened for most part of the year. Internal controls were set in place around procurement through a procurement policy that was approved by the Board. Checks and balances for each transaction were in place commensurate to the volume of transactions that happened in 2020. The Company also started the process to implement systems for internal control in 2021.

**Non-Audit Services**

KPMG has not provided any non-audit services to the Company, as of date.

**Principle 8 — Relations with the Member and Other Key Stakeholders**

*“The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose.*

**Shareholders' Agreement**

The Company has entered into a shareholders' agreement with its Shareholders. The Company has not entered into any management agreement with any third parties.

**General Meetings**

Annual meetings are held within six (6) months from the end of the financial year and the notice of the Annual Meeting and related documents are sent to the shareholders of the Company at least twenty-one (21) days before the meeting. The notice clearly explains the procedures on proxy voting and includes the deadline for receiving proxies. The financial statements of the Company are tabled and the shareholders take note of the financial position and performance.

**Shareholders and the Percentage Shareholdings**

As at 31 December 2020, the stated capital of the Company comprised of 469,563 ordinary shares of No Par value each. The table below summarises the list of shareholders of the Company and the relative number of ordinary shares held by them as at 31 December 2020:

## AFRINEX Limited

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

## Corporate Governance (continued)

## Principle 8 — Relations with the Member and Other Key Stakeholders (continued)

## Shareholders and the Percentage Shareholdings (continued)

List of Shareholders	Total number of shares as at 31 December 2020	% Holding as at 31 December 2020
Hinduja Capital Limited	50,000	10.65%
Indusind International Holdings Limited	50,000	10.65%
Marketplace Technologies Private Limited	69,563	14.81%
Proden Investments Limited	50,000	10.65%
PSA Advisers Limited	50,000	10.65%
Royalty Corporation	50,000	10.65%
SBM (NBFC) Holdings Limited	100,000	21.29%
The State Investment Corporation Limited	50,000	10.65%

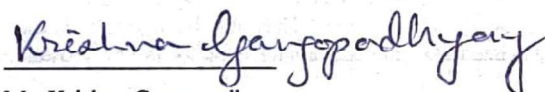
Subsequent to the reporting period, investment by new and existing investors have resulted in changes to percentage holdings, as described in further detail in Note 19 of the consolidated and separate financial statements of the Company.

## Dividend Payment

No dividend has been declared and paid during the financial year ended 31 December 2020.

## Annual General Meeting

The previous Annual General Meeting of the Shareholders of the Company was held on 03 July 2020.



Ms. Krishna Gangopadhyay  
Managing Director and CEO  
AFRINEX Limited

**AFRINEX Limited****DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****Results and dividends**

The results for the year are shown in the consolidated and separate financial statements and related notes.

The directors do not recommend the payment of any dividend for the year under review (2019: Nil).

**Directors**

The membership of the Board is set out on page 1.

**Statement of directors' responsibilities in respect of the consolidated and separate financial statements**

Company law requires the directors to prepare consolidated and separate financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those consolidated and separate 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 and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the consolidated and separate financial statements comply with IFRS and the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment of the Group's and the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

Pursuant to Section 190(2) of the Mauritius Companies Act 2001, the Company shall maintain a register of interest. The table below discloses the directorship held in other organisations by each director during the year ended 31 December 2020:

**Directors' Shareholdings and Interests**

<b>Name of director</b>	<b>Directorship in other companies</b>
Shateaum Sewpaul	Harel Mallac Technologies La Chartreuse Groupe
Sunil Chadda	PSA Advisers Ltd PSA Consultants Private Ltd
Arun Tiwari	India Infradebt Co Ltd Hinduja National Power Corp Ltd Hinduja Energy (India) Ltd Acuite Ratings and Research Limited
Krishna Gangopadhyay	AFRIENX Clearing House Ltd

## AFRINEX Limited

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

## Directors' Shareholdings and Interests (continued)

Mr. Abdul Sattar Adam Ali Mamode Hajee Abdoula	SBM Holdings Ltd SBM (NBFC) Holdings Ltd SBM Capital Markets Ltd SBM Leasing Co. Ltd SBM Factors Ltd SBM 3S Ltd SBM eBusiness Ltd SBM Africa Holdings Ltd SBM Infrastructure General Partner Limited (In process of winding up) Africa Infrastructure Investment Holdings Company Ltd (In process of winding up) SBM Bank (Seychelles) Limited (In process of winding up) SBM Bank (India) Limited SBM Bank (Kenya) Limited Banque SBM Madagascar S.A
Mr. Rajendra Bhatt	Elara Capital PLC Trishul Investments Limited Myton Enterprises Limited Reliance Business Consultants Limited Elara Properties Development Limited Elara Capital (Singapore) Pte. Ltd Elara Capital (Asia) Pte. Ltd Elara Capital Inc. Elara Securities Inc Elara Capital (India) Private Limited Elara Securities (India) Private Limited Elara Finance (India) Private Limited Elara Wealth Investment Advisers (India) Private Limited Elara Story Tellers Advisory Private Limited Elara Global Funds – Elara Emerging Markets Fund Elara Capital (Mauritius) Ltd Elara Asset Management Limited Elara India Opportunities Fund Ltd Vespera Fund Limited Elara Diversified Income Fund PCC Pangaea Fund Limited Amalthea Global Fund Limited Elara Fixed Income Fund Limited
Baroness Sandip Verma	Nil
Professor Sanjay Banerji	Nil

## Auditors

The auditors, KPMG, have been appointed during the year and have indicated their willingness to continue in office and will be automatically re-appointed at the next Annual Meeting.

In accordance with Section 221(1)(h) of the Mauritius Companies Act 2001, the remuneration of the Auditors is USD 5,800 (equivalent to Rs 220,500) for the Company for the year then ended.

## For and on Behalf of the Board

*Bishwa Gangopadhyay*  
Director

Date: 17/06/2021

*[Signature]*  
Director

17/06/2021

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**SECRETARY'S CERTIFICATE TO THE MEMBERS OF AFRINEX Limited UNDER SECTION 166 (d)  
OF THE MAURITIUS COMPANIES ACT 2001**

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of "AFRINEX Limited" under Section 166(d) of the Mauritius Companies Act 2001 during the financial year ended 31 December 2020.



ASHTON FINANCIAL PARTNERS LTD

*Corporate Secretary*

***Registered Office***

Suites 1203 & 1205, 12th Floor,  
The CORE, No.62 ICT Avenue Cybercity 72201,  
Ebene, Republic of Mauritius

**Date:** ..... 17 June 2021 .....





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KPMG Centre  
31, Cybercity  
Ebène  
Mauritius  
Telephone +230 406 9999  
Telefax +230 406 9988  
BRN No. F07000189  
Website [www.kpmg.mu](http://www.kpmg.mu)

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF AFRINEX LIMITED**

**Report on the Audit of the Consolidated and Separate Financial Statements**

*Opinion*

We have audited the consolidated and separate financial statements of AFRINEX Limited (the Group and Company), which comprise the consolidated and separate statements of financial position as at 31 December 2020 and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies, as set out on pages 25 to 56.

In our opinion, these consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of AFRINEX Limited as at 31 December 2020, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act.

*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 Auditors' Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF AFRINEX LIMITED**

**Report on the Audit of the Consolidated and Separate Financial Statements  
(continued)**

*Other Information*

The directors are responsible for the other information. The other information comprises the Corporate Data, Directors' Report and Secretary's Certificate, but does not include the consolidated and separate financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 Consolidated and Separate Financial Statements*

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and Company or to cease operations, or have no realistic alternative but to do so.

*Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated and separate financial statements.



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF AFRINEX LIMITED**

**Report on the Audit of the consolidated and separate Financial Statements  
(continued)**

*Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial  
Statements (continued)*

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group and Company internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and 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 auditors' report to the related disclosures in the consolidated and separate 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 auditors' report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF AFRINEX LIMITED**

**Report on the Audit of the Consolidated and Separate Financial Statements  
(continued)**

*Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial  
Statements (continued)*

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

*Use of Our Report*

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's shareholders, as a body, those matters that we are required to state to them in an 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 Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**Report on Other Legal and Regulatory Requirements**

*Mauritius Companies Act*

We have no relationship with or interests in the Group and Company other than in our capacity as auditors.

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

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

*Financial Services Act Circular letter CL280218*

Our responsibility under the Financial Services Act Circular letter CL280218 is to report on the compliance with the Code of Corporate Governance disclosed in the Corporate Governance Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Directors' Report, the Company has complied with the requirements of the Code.

  
**KPMG**  
Ebène, Mauritius

  
**Reesan Emrith**  
Licensed by FRC

Date: 17 June 2021

## AFRINEX Limited

## CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		2020		2019	
	Note	Group USD	Company USD	Group USD	Company USD
<b>ASSETS</b>					
<b>Non-current assets</b>					
Right-of-use assets	9	648,353	518,683	-	-
Investment in subsidiaries	5	-	3	-	3
Property, plant & equipment	10	4,821	4,821	-	-
Intangible assets	11	1,770	1,770	-	-
<b>Total non-current assets</b>		<b>654,944</b>	<b>525,277</b>	<b>-</b>	<b>3</b>
<b>Current assets</b>					
Prepayments and other receivables	12	172,015	172,902	102,145	95,785
Cash and cash equivalents		3,114,584	3,114,584	549,999	549,999
<b>Total current assets</b>		<b>3,386,599</b>	<b>3,287,486</b>	<b>652,144</b>	<b>645,784</b>
<b>Total assets</b>		<b>3,941,543</b>	<b>3,812,763</b>	<b>652,144</b>	<b>645,787</b>
<b>Equity</b>					
Stated capital	13	4,069,563	4,069,563	383,102	383,102
Share application money		-	-	250,000	250,000
Accumulated losses		(966,523)	(915,719)	(653,258)	(622,202)
<b>Total equity</b>		<b>3,103,040</b>	<b>3,153,844</b>	<b>(20,156)</b>	<b>10,900</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Lease liabilities	9	569,382	455,508	-	-
<b>Total non-current liabilities</b>		<b>569,382</b>	<b>455,508</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Other payables and accruals	14	189,211	139,485	672,300	634,887
Lease liabilities	9	79,910	63,926	-	-
<b>Total current liabilities</b>		<b>269,121</b>	<b>203,411</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>838,503</b>	<b>658,919</b>	<b>672,300</b>	<b>634,887</b>
<b>Total equity and liabilities</b>		<b>3,941,543</b>	<b>3,812,763</b>	<b>652,144</b>	<b>645,787</b>

These consolidated and separate financial statements have been authorised and approved for issue by the Board of directors on 17/06/2021 and signed on its behalf by:

*Krishna Gangopadhyay*  
Director

*[Signature]*  
Director

*[Signature]*  
17/06/2021

The notes on pages 30 to 56 form an integral part of these consolidated and separate financial statements.

**AFRINEX Limited****CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>Note</u>	2020 <u>Group</u> USD	<u>Company</u> USD	2019 <u>Group</u> USD	<u>Company</u> USD
<b>Income</b>					
Revenue		-	-	-	-
Other income		-	6,031	-	-
Total income		-	6,031	-	-
<b>Expenses</b>					
General and administrative expenses	6 (a)	(312,308)	(297,522)	(616,597)	(599,545)
Operating expenses	6 (b)	(415)	(332)	-	-
Depreciation on right-of-use asset	9	(1,748)	(1,398)	-	-
Total operating expenses		(314,471)	(299,252)	(616,597)	(599,545)
<b>Total operating loss</b>		(314,471)	(293,221)	(616,597)	(599,545)
<b>Finance income/(cost)</b>					
Finance cost	7	(3,280)	(3,033)	(1,107)	(1,610)
Finance income	7	4,486	2,737	-	-
<b>Net finance income /(cost)</b>		1,206	(296)	(1,107)	(1,610)
<b>Loss before taxation</b>		(313,265)	(293,517)	(617,704)	(601,155)
Taxation	8	-	-	-	-
<b>Loss for the year</b>		(313,265)	(293,517)	(617,704)	(601,155)
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income for the year</b>		(313,265)	(293,517)	(617,704)	(601,155)

The notes on pages 30 to 56 form an integral part of these consolidated and separate financial statements.

**AFRINEX Limited****CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020****The Group**

	<b><u>Stated capital</u></b>	<b><u>Share application money</u></b>	<b><u>Retained earnings/ (Accumulated losses)</u></b>	<b><u>Total</u></b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Balance as at 1 January 2019	83,102	-	(35,554)	47,548
	-----	-----	-----	-----
<b>Total comprehensive income for the year</b>				
Loss for the year	-	-	(617,704)	(617,704)
	-----	-----	-----	-----
<b>Total comprehensive income</b>	-	-	(617,704)	(617,704)
	-----	-----	-----	-----
<b>Transactions with owners recorded directly in equity</b>				
<i>Contributions</i>				
Issue of ordinary shares	300,000	-	-	300,000
Share application money	-	250,000	-	250,000
	-----	-----	-----	-----
	300,000	250,000	-	550,000
	-----	-----	-----	-----
Balance as at 31 December 2019	383,102	250,000	(653,258)	(20,156)
	=====	=====	=====	=====
<b>Balance as at 1 January 2020</b>	<b>383,102</b>	<b>250,000</b>	<b>(653,258)</b>	<b>(20,156)</b>
	-----	-----	-----	-----
<b>Total comprehensive income for the year</b>				
Loss for the year	-	-	(313,265)	(313,265)
	-----	-----	-----	-----
<b>Total comprehensive income</b>	-	-	(313,265)	(313,265)
	-----	-----	-----	-----
<b>Transactions with owners recorded directly in equity</b>				
<i>Contributions</i>				
Issue of ordinary shares	3,769,563	-	-	3,769,563
Forfeiture of ordinary shares	(83,102)	-	-	(83,102)
Share application money	-	(250,000)	-	(250,000)
	-----	-----	-----	-----
	3,686,461	(250,000)	-	3,436,461
	-----	-----	-----	-----
<b>Balance as at 31 December 2020</b>	<b>4,069,563</b>	<b>-</b>	<b>(966,523)</b>	<b>3,103,040</b>
	=====	=====	=====	=====

The notes on pages 30 to 56 form an integral part of these consolidated and separate financial statements.

**AFRINEX Limited****CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****The Company**

	<b><u>Stated capital</u></b>	<b><u>Share application money</u></b>	<b><u>Retained earnings/ (Accumulated losses)</u></b>	<b><u>Total</u></b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Balance as at 1 January 2019	83,102	-	(21,047)	62,055
	-----	-----	-----	-----
<b>Total comprehensive income for the year</b>				
Loss for the year	-	-	(601,155)	(601,155)
	-----	-----	-----	-----
<b>Total comprehensive income</b>	-	-	(601,155)	(601,155)
	-----	-----	-----	-----
<b>Transactions with owners recorded directly in equity</b>				
<i>Contributions</i>				
Issue of ordinary shares	300,000	-	-	300,000
Share application money	-	250,000	-	250,000
	-----	-----	-----	-----
	300,000	250,000	-	550,000
	-----	-----	-----	-----
Balance as at 31 December 2019	383,102	250,000	(622,202)	10,900
	=====	=====	=====	=====
<b>Balance as at 1 January 2020</b>	<b>383,102</b>	<b>250,000</b>	<b>(622,202)</b>	<b>10,900</b>
	-----	-----	-----	-----
<b>Total comprehensive income for the year</b>				
Loss for the year	-	-	(293,517)	(293,517)
	-----	-----	-----	-----
<b>Total comprehensive income</b>	-	-	(293,517)	(293,517)
	-----	-----	-----	-----
<b>Transactions with owners recorded directly in equity</b>				
<i>Contributions</i>				
Issue of ordinary shares	3,769,563	-	-	3,769,563
Forfeiture of ordinary shares	(83,102)			(83,102)
Share application money	-	(250,000)	-	(250,000)
	-----	-----	-----	-----
	3,686,461	(250,000)	-	3,436,461
	-----	-----	-----	-----
<b>Balance as at 31 December 2020</b>	<b>4,069,563</b>	<b>-</b>	<b>(915,719)</b>	<b>3,153,844</b>
	=====	=====	=====	=====

The notes on pages 30 to 56 form an integral part of these consolidated and separate financial statements.

**AFRINEX Limited****CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>2020</u>		<u>2019</u>	
	<u>Group</u> USD	<u>Company</u> USD	<u>Group</u> USD	<u>Company</u> USD
<b><i>Cash flows from operating activities</i></b>				
Loss for the year	(313,265)	(293,517)	(617,704)	(601,155)
<i>Adjustments for:</i>				
Depreciation and amortisation	1,988	1,638	-	-
Finance cost	1,237	990	-	-
	-----	-----	-----	-----
	(310,040)	(290,889)	(617,704)	(601,155)
<i>Changes in working capital:</i>				
Increase in trade and other receivables	(151,391)	(158,638)	(1,730)	(564)
Decrease in trade and other payables	(483,089)	(495,402)	619,433	601,718
	-----	-----	-----	-----
<b>Net cash used in operating activities</b>	<b>(944,520)</b>	<b>(944,929)</b>	<b>(1)</b>	<b>(1)</b>
	-----	-----	-----	-----
<b><i>Cash flows from investing activities</i></b>				
Payments for purchases of property, plant and equipment	(5,031)	(5,031)	-	-
Payments for purchases of intangible asset	(1,800)	(1,800)	-	-
	-----	-----	-----	-----
<b>Net cash used in investing activities</b>	<b>(6,831)</b>	<b>(6,831)</b>	<b>-</b>	<b>-</b>
	-----	-----	-----	-----
<b><i>Cash flows from financing activities</i></b>				
Proceed from issue of ordinary shares	3,519,563	3,519,563	300,000	300,000
Proceed from share application money	-	-	250,000	250,000
Payment of lease liabilities	(1,894)	(1,894)	-	-
	-----	-----	-----	-----
<b>Net cash from financing activities</b>	<b>3,517,669</b>	<b>3,517,669</b>	<b>550,000</b>	<b>550,000</b>
	-----	-----	-----	-----
<b>Net increase in cash and cash equivalents</b>	<b>2,566,318</b>	<b>2,565,909</b>	<b>549,999</b>	<b>549,999</b>
Cash and cash equivalents at start of year	549,999	549,999	-	-
Effect of exchange rate on cash and cash equivalents	(1,733)	(1,324)	-	-
	-----	-----	-----	-----
<b>Cash and cash equivalents at end of year</b>	<b>3,114,584</b>	<b>3,114,584</b>	<b>549,999</b>	<b>549,999</b>
	=====	=====	=====	=====

***Non-cash transactions:***

During the year under review, unpaid share capital by PSA Advisors Ltd amounting to USD 83,102 were forfeited. The equivalent balance receivable of USD 81,521 as at 1 January 2020 was adjusted within working capital changes as part of the movement in trade and other receivables.



## AFRINEX Limited

### NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 1 GENERAL INFORMATION

AFRINEX Limited (the "Company") was incorporated in Mauritius under the Mauritius Companies Act 2001 on 09 March 2018 as a private company with liability limited by shares. The Company changes its legal regime to a public company on 27 March 2018. It holds a Securities Exchange Licence and a Trading Securities System Licence as issued by the Financial Services Commission in Mauritius. The address of the Company's registered office is at Office A11-01, Level 11, Tower A, 1 CyberCity, Wall Street, Ebène 72201.

The principal activity of the Company is to operate and maintain a securities exchange in accordance with the law and provide the facilities for the trading of securities and derivatives. The Company holds a Securities Exchange Licence and a Trading Security System Licence as issued by the Mauritius Financial Services Commission. The Company holds investment in subsidiary, AFRINEX Clearing House Ltd (the "Subsidiary"), a company incorporated in Mauritius and the principal activity of which is to operate as a clearing and settlement house for its shareholder AFRINEX Limited.

The consolidated financial statements consist of the consolidated results of the Company and the Subsidiary (together the "Group") as at and for the year ended 31 December 2020. The separate financial statements refer to the Company's financial statements on a stand-alone basis. The consolidated and separate financial statements of the Group and the Company are expressed in United States Dollar ("USD") which is the Company's functional and presentation currency. The consolidated and separate financial statements throughout this report are with reference to the Group and the Company respectively.

#### 2 BASIS OF PREPARATION

##### (a) *Statement of compliance*

The consolidated and separate financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Board ("IASB") and Mauritius Companies Act, 2001.

##### (b) *Basis of measurement*

The consolidated and separate financial statements have been prepared using the going concern principle under the historical cost basis.

##### (c) *Functional and presentation currency*

These consolidated and separate financial statements have been presented in USD, which is the Company's functional and presentation currency. All financial information presented in USD have been rounded to the nearest dollar unless otherwise stated.

##### (d) *Use of estimates and judgements*

The preparation of the consolidated and separate financial statements in conformity with IFRSs requires management 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 prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, as well as critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are provided in Note 4.

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****2 BASIS OF PREPARATION (CONTINUED)****(e) *New standards, amendments and interpretations adopted during the year******Definition of Material (Amendments to IAS 1 and IAS 8)***

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments:

"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."

The IASB has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Adoption of the amendments have not significantly impacted the consolidated and separate financial statements.

***Amendments to References to Conceptual Framework in IFRS Standards***

The IASB decided to revise the Conceptual Framework because certain important issues were not covered, and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2019, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

The adoption of the standard did not have a significant impact on the consolidated and separate financial statements when it was adopted.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in the consolidated and separate financial statements except for new standards, amendments and interpretations adopted during the year as disclosed in notes 2(e).

**(a) *Basis of consolidation***

The consolidated and separate financial statements include the financial statements of the Company and its subsidiary, AFRINEX Clearing House Ltd, a company incorporated in Mauritius.

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of consolidation (continued)**

The financial statements of the subsidiary are included in the consolidated financial statements from the date on which control commences until the date that control ceases. In preparing the consolidated financial statements, intercompany transactions and balances are eliminated.

*Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interests and other components of entity. Any resulting gain or loss is recognised in the profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising on intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currency translation**

The consolidated and separate financial statements are presented in USD. Transactions in foreign currencies are translated into the respective functional currency company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in profit or loss within 'finance cost'.

**(c) Expenses**

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

**(d) Leases**

At inception of a contract, the Group and Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*As a lessee*

At commencement or on modification of a contract that contains lease component, the Group and Company allocate the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group and Company recognise a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Leases (continued)***As a lessee (continued)*

and Company by the end of the lease term or the cost of the right of use asset reflects that the Group and Company will exercise a purchase option. In that case the right of use asset will be depreciated over its useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group and Company's incremental borrowing rates. Generally, the Group and Company use their incremental borrowing rates as the discount rate.

Lease payments included in the measurements of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate if there is a change in the Group and the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Group and the Company change their assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

*Short-term leases and leases of low-value assets*

The Group and the Company have elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**(e) Taxation**

Tax expense comprises of current income tax, deferred tax and withholding tax. Current income tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Income tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior periods. Current tax payable also includes any tax liability arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

## AFRINEX Limited

### NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (e) *Taxation (continued)*

- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

##### (f) *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group and the Company have the following non-derivative financial assets: Other receivables and cash and cash equivalents.

##### (i) *Recognition and initial measurement*

Financial assets at FVOCI (debt instruments) are recognised initially when they are originated. Other financial assets and liabilities are recognised initially on the trade date at which the Group and the Company become a party to the contractual provisions of the instrument.

Financial assets and financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs recognised in profit or loss. Financial assets or financial liabilities not at fair value through profit or loss are measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

##### (ii) *Financial assets: classification and subsequent measurement*

On initial recognition, the Group and the Company can classify financial assets as measured at amortised cost. The Group and the Company do not have financial assets at fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI").

Financial assets are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

The Group and the Company have determined that they have one business model:

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(f) Financial instruments (continued)****(ii) Financial assets: classification and subsequent measurement (continued)**

- Held-to-collect business model: this includes other receivables and cash and cash equivalents. These financial assets are held to collect contractual cash flow.

*Financial assets: Assessment of whether contractual cash flows are solely payments of principal and interest*

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group and the Company consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group and the Company consider:

- contingent events that would change the amount and timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's and the Company's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

At the reporting date, the Group and the Company's financial assets were classified as follows:

- At amortised cost.

*Financial assets: Subsequent measurement*

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**(iii) Financial liabilities: Classification and subsequent measurement**

The Group and the Company initially recognise debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group and the Company become a party to the contractual provisions of the instrument.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(f) Financial instruments (continued)****(iii) Financial liabilities: Classification and subsequent measurement (continued)**

interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. At the reporting date, the Group and the Company classify their other payables and accruals as financial liabilities at amortised cost.

**(iv) Derecognition***Financial assets*

The Group and the Company derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire, or they transfer the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Company neither transfer nor retain substantially all of the risks and rewards of ownership and they do not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit or loss and other comprehensive income. Any interest in such transferred financial assets that is created or retained by the Group and the Company is recognised as a separate asset or liability.

The Group and the Company enter into transactions whereby they transfer assets recognised in the consolidated and separate statements of financial position but retain either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

*Financial liabilities*

The Group and the Company derecognise a financial liability when its contractual obligations are discharged, cancelled, or expire. The Group and the Company also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**(v) Offsetting**

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

**(g) Property, plant and equipment****(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(g) Property, plant and equipment (continued)****(i) Recognition and measurement (continued)**

When parts of an item of plant or equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

**(ii) Subsequent costs**

The cost of replacing part of an item of plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

**(iii) Depreciation**

Depreciation is based on the cost of items of property, plant and equipment less their estimated residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment.

The depreciation rates for the current and comparative periods are as follows:

Furniture and office equipment	5 years
--------------------------------	---------

Depreciation methods, depreciation rates and residual values are reviewed at each reporting date and adjusted if appropriate, at each financial period end.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the assets is included in profit or loss in the year the asset is derecognised.

**(h) Intangible asset**

Intangible assets that are acquired by the Group and Company are stated at cost less accumulated amortisation and impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss when incurred. Amortisation is charged to profit or loss on a straight-line basis over the useful lives of the individual intangible assets.

**Computer software**

The estimated useful life of the intangible asset is:

Computer software	5 years
-------------------	---------

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate at each financial period end.

**(i) Impairment****(i) Non-derivative financial assets**

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.



**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) *Impairment (continued)*****(i) *Non-derivative financial assets (continued)***

The Group and the Company measure loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if its repayment terms has lapsed.

The Group and the Company consider a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group and Company in full, without recourse by the Group and Company to actions such as realising security (if any held).

The Group and the Company consider a financial asset to have a low risk when the amount receivable is with related parties.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company is exposed to credit risk.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group and the Company expect to receive).

ECLs are discounted at the effective interest rate of the financial asset.

*Credit impaired financial assets*

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Impairment (continued)****(i) Non-derivative financial assets (continued)***Credit impaired financial assets (continued)**Presentation of allowance for ECLs in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

*Write-off*

The gross carrying amount of a financial asset is written off when the Group and the Company have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

**(ii) Non-financial assets**

At each reporting date, the Group and the Company review the carrying amount of their non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group and the Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

**(j) Investment in subsidiary**

In the separate financial statements, investment in subsidiary is carried at cost. The carrying amount is reduced to recognise any impairment in the value of the investment. The investment in subsidiary has not suffered any impairment. (Refer to Note 5 for further details).

**(k) Stated Capital**

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect.

**(l) New standards, interpretations and amendments to published standards not yet effective**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2021 and have not been applied in preparing these consolidated and separate financial statements. Those which may be relevant to the Group and the Company are set out below. The Group and the Company do not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated. The assessments below are based on currently available

## AFRINEX Limited

### NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (l) *New standards, interpretations and amendments to published standards not yet effective (continued)*

information and may be subject to changes from further reasonable and supportable information being made available to the Group and the Company when the Group and the Company will adopt the standards.

##### *Annual Improvements to IFRS Standards 2018-2020*

IFRS 9 Financial Instruments - The amendment clarifies that for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

The amendments are effective from 1 January 2021 but may be applied earlier. No significant impact is expected on the consolidated and separate financial statements on adoption of the amendment.

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

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management’s intentions or expectations for settling a liability when determining its classification is unchanged. The amendment is effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. The amendments are to be applied retrospectively from the effective date.

The amendments are not expected to have significant impact on the consolidated and separate financial statements.

##### *COVID-19 Related rent concessions (Amendments to IFRS 16)*

The practical expedient will only apply if:

- The revised consideration is substantially the same or less than the original consideration;
- The reduction in lease payments relates to payments due on or before 30 June 2021; and
- No other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose:

- That fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- The amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. A lessee applies the amendments retrospectively and recognises the cumulative effect of initially applying them in the opening retained earnings of the reporting period in which they are first applied. The amendments are not expected to have a significant impact on the consolidated and separate financial statements.

## AFRINEX Limited

### NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgements in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition, therefore, often differ from the related accounting estimates.

Where applicable, the notes to the consolidated and separate financial statements set out areas where management has applied a higher degree of judgements that have a significant effect on the amounts recognised in the consolidated and separate financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### *Critical judgement areas*

##### *Determination of functional currency*

'Functional currency' is the currency of the primary economic environment in which the Group and the Company operate. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

Accordingly, management has to exercise significant judgement in determining the functional currency.

AFRINEX Limited, the Company, and AFRINEX Clearing House Ltd, the Company's subsidiary, will operate as an exchange and a clearing and settlement house respectively offering a platform to traders and brokers across the globe. It will offer listing of various types of securities and financial instruments. The USD is a currency which is more suitable for such an exchange and a clearing house will have worldwide investors to list their securities, commodities, and other financial instruments on the AFRINEX exchange. Therefore, USD has been used as the functional currency as it is aligned with its future business strategy.

As from 21 August 2019, the Group and the Company's objectives were re-assessed, and their objective is now to generate strong USD returns to its investors. Financing of the Group and the Company, mostly in the form of equity, has changed denomination from MUR to USD for issuance of shares and the Group and the Company's performance are now being measured and evaluated in USD. Given these factors, the directors had determined the change of functional currency to USD as appropriate in the prior year.

During 2019, the Group and the Company changed their functional currency from MUR to USD effective 21 August 2019 since the majority of the Group and the Company's transactions are to be denominated in USD once the Group and the Company start their operations.

The directors have determined that these consolidated and separate financial statements be presented in USD. The Group and the Company had obtained approval from the Registrar of Companies for presenting the consolidated and separate financial statements of the Group and the Company in USD.

##### *Going concern*

The directors are of the opinion that the Group and the Company have adequate resources to continue operations for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the Group and the Company's consolidated and separate financial statements. The directors have satisfied themselves that the Group and the Company are in a sound financial position and that they have access to sufficient funding facilities to meet their foreseeable cash requirements. COVID-19 did not impact the Group and the Company significantly. Refer to Note 18 for further details.

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****5 INVESTMENT IN SUBSIDIARIES**

	<b>2020</b>	2019
	<b>USD</b>	USD
<b>At cost</b>		
Equity investments at cost	3	3
Additions during the year	-	-
Less: Accumulated impairment losses	-	-
	-----	-----
<b>Carrying amount</b>	<b>3</b>	<b>3</b>
	=====	=====

Details of the significant subsidiaries are as follows:

Name of subsidiary	Type of shares	Principal place of business	Percentage of equity held	
			2020	2019
AFRINEX Clearing House Ltd	Equity	Mauritius	100%	100%

The directors are of the opinion that the investment in subsidiary has not suffered any impairment at the reporting date.

**6 (a) GENERAL AND ADMINISTRATIVE EXPENSES**

	2020		2019	
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Salaries and benefits	105,192	105,192	-	-
Travel and accommodation (Refer to note below)	25,269	25,269	10,043	10,043
Professional and consultancy fees	74,748	72,837	9,079	6,794
Recharge of operating expenses (Refer notes below)	66,107	66,107	567,085	567,085
License fees	26,697	13,515	24,219	12,100
Audit and accountancy fees	7,788	8,095	6,171	3,523
Depreciation of property, plant and equipment	210	210	-	-
Amortisation of intangible assets	30	30	-	-
Others	6,267	6,267	-	-
	-----	-----	-----	-----
Total general and administrative expenses	<b>312,308</b>	<b>297,522</b>	616,597	599,545
	=====	=====	=====	=====

Note 1: Travel and accommodation expenses include recharge of travel and accommodation costs amounting to USD 18,834 (2019: USD 10,043) incurred by BSE Technologies Private Limited (formerly known as "Marketplace Technologies Private Limited") on behalf of the Company.

Note 2: The recharge costs include the licence fee for 2020-2021 paid by PSA Advisers Ltd on behalf of the Company. However, the Company amortises the licence fee on a monthly basis. Hence, licence fee for the period July 2020 to December 2020 only has been expensed off in the statement of profit or loss. The balance will be amortised during the next year.

Note 3: PSA Advisers Ltd has incurred certain bank charges amounting to USD 127 on payments made on behalf of the Company. The same have been included under Finance Cost in Note 7(a) below.

**6 (b) OPERATING EXPENSES**

Operating expenses comprise of VAT and TDS on rent.

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****7 NET FINANCE COST / INCOME****7 (a) FINANCE COST**

	2020		2019	
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Bank charges	(2,043)	(2,043)	(137)	(137)
Net foreign exchange loss	-	-	(970)	(1,473)
Interest expense on lease liabilities	(1,237)	(990)	-	-
	-----	-----	-----	-----
Total finance costs	<u>(3,280)</u>	<u>(3,033)</u>	<u>(1,107)</u>	<u>(1,610)</u>

**7 (b) FINANCE INCOME**

	2020		2019	
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Net foreign exchange gain	4,486	2,737	-	-
	-----	-----	-----	-----
Total finance income	<u>4,486</u>	<u>2,737</u>	<u>-</u>	<u>-</u>

**8 TAXATION**Income Tax

Under the current laws and regulations, the Group and the Company is liable to pay income tax on its taxable profits at a rate of 15%. The Group and the Company is also liable to 2% Corporate Social Responsibility (CSR) tax on chargeable income.

Capital Gains Tax

No Mauritian capital gains tax is payable on profits arising from sale of securities, and any dividends and redemption proceeds paid by the Group and the Company to its shareholder will be exempt in Mauritius from any withholding tax.

At 31 December 2020, the Group and the Company had accumulated tax losses amounting to USD 968,061 (2019: USD 652,294) and USD 915,347 (2019: USD 620,727) respectively, which are available for net off against income arising in the forthcoming five years only.

	2020		2019	
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Tax charge for the year	-	-	-	-
	=====	=====	=====	=====

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****8 TAXATION (CONTINUED)**

A reconciliation of the actual income tax based on accounting profit and the actual income tax expense is as follows:

	2020		2019	
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Current tax expense	-	-	-	-
Loss before taxation	(313,265)	(293,517)	(617,704)	(601,155)
Income tax using tax rate of 15%	(46,990)	(44,028)	(92,656)	(90,173)
Unrealised foreign exchange gain	(689)	(411)	(140)	(51)
Unrealised foreign exchange loss	15	-	285	272
Depreciation and amortisation	299	246	-	-
Deferred tax not recognised	47,365	44,193	92,511	89,952
<b>Tax charge for the year</b>	-	-	-	-

The Group and the Company were not liable to CSR charge as they have not generated chargeable income (2019: no chargeable income).

<b>Group</b>		Gross	Tax
		Amount	effect
		USD	USD
Tax losses	2020	(315,767)	(47,365)
Tax losses	2019	(616,740)	(92,511)

<b>Company</b>		Gross	Tax
		Amount	effect
		USD	USD
Tax losses	2020	(294,620)	(44,193)
Tax losses	2019	(599,680)	(89,952)

There was no capital gain tax for the year ended 2020 and 2019.

The tax losses available for set off against future profits are analysed as follows:

The Group:

Financial Year	Expiry year	USD
2018	2023	35,554
2019	2024	616,740
2020	2025	315,767
		-----
		968,061
		=====

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****8 TAXATION (CONTINUED)**The Company:

Financial Year	Expiry year	USD
2018	2023	21,047
2019	2024	599,680
2020	2025	294,620
		-----
		915,347
		=====

**9 LEASES**

The Group and the Company leases office space and the office space facilities. The leases typically run for a period of 5 years, with an option renew the lease after that date for another 5 years.

Information about leases for which the Group and the Company is a lessee is presented below:

Right-of-use assets

Office space	2020		2019	
	USD	USD	USD	USD
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Additions during the year	650,101	520,081	-	-
Depreciation charge for the year	(1,748)	(1,398)	-	-
	-----	-----	-----	-----
	648,353	518,683	-	-
	=====	=====	=====	=====

Lease liabilities**Maturity analysis – contractual undiscounted cash flows**

	2020		2019	
	USD	USD	USD	USD
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Less than one year	79,904	63,923	-	-
One to five years	452,511	362,009	-	-
More than five years	378,584	302,867	-	-
	-----	-----	-----	-----
<b>Total undiscounted lease liabilities at 31 December</b>	<b>910,999</b>	<b>728,799</b>	<b>-</b>	<b>-</b>
	=====	=====	=====	=====

**Lease liabilities included in the consolidated and separate statements of financial position at 31 December**

	2020		2019	
	USD	USD	USD	USD
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Current	79,910	63,926	-	-
Non-current	569,382	455,508	-	-
	-----	-----	-----	-----
<b>Balance at 31 December</b>	<b>649,292</b>	<b>519,434</b>	<b>-</b>	<b>-</b>
	=====	=====	=====	=====



## AFRINEX Limited

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2020

## 9 LEASES (CONTINUED)

Amount recognised in profit or loss

	2020		2019	
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Interest on lease liabilities	1,237	990	-	-

Amount recognised in the statement of cash flows

	2020		2019	
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Total cash outflow for leases	(1,894)	(1,894)	-	-

## 10 PROPERTY PLANT AND EQUIPMENT

Group and Company

	<b>Furniture and office equipment</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>
<i>Cost</i>		
At 01 January 2019	-	-
Additions during the year	5,031	5,031
<b>At 31 December 2020</b>	<b>5,031</b>	<b>5,031</b>
<i>Accumulated depreciation</i>		
At 01 January 2019	-	-
Charge for the year	210	210
<b>At 31 December 2020</b>	<b>210</b>	<b>210</b>
<i>Carrying amounts</i>		
<b>At 31 December 2020</b>	<b>4,821</b>	<b>4,821</b>

## 11 INTANGIBLE ASSETS

Group and Company

	<b>Computer Software</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>
<i>Cost</i>		
At 01 January 2019	-	-
Additions during the year	1,800	1,800
<b>At 31 December 2020</b>	<b>1,800</b>	<b>1,800</b>
<i>Accumulated depreciation</i>		
At 01 January 2019	-	-
Charge for the year	30	30
<b>At 31 December 2020</b>	<b>30</b>	<b>30</b>
<i>Carrying amounts</i>		
<b>At 31 December 2020</b>	<b>1,770</b>	<b>1,770</b>

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****12 PREPAYMENT AND OTHER RECEIVABLES**

	2020		2019	
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Other receivables from related parties	-	25,824	81,521	82,086
Prepayments	12,574	6,316	13,831	6,906
Advance to suppliers	139,606	124,922	-	-
Other receivables	19,835	15,840	6,793	6,793
	-----	-----	-----	-----
<b>At the end of the year</b>	<b>172,015</b>	<b>172,902</b>	<b>102,145</b>	<b>95,785</b>
	=====	=====	=====	=====

**13 STATED CAPITAL AND RESERVES****Ordinary shares**

	2020		2019	
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
<i>Authorised, issued and fully paid up</i>				
At start of the year	383,102	383,102	83,102	83,102
Issued during the year	3,769,563	3,769,563	300,000	300,000
Forfeiture of shares	(83,102)	(83,102)	-	-
	-----	-----	-----	-----
<b>At the end of the year</b>	<b>4,069,563</b>	<b>4,069,563</b>	<b>383,102</b>	<b>383,102</b>
	=====	=====	=====	=====

The holders of ordinary shares are entitled to receive dividends as declared as from time to time and is entitled to one vote per share at meetings of the Group and the Company. The share of the Group and the Company has no par value.

**14 OTHER PAYABLES**

	2020		2019	
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Payable to related parties	142,754	107,814	636,774	613,000
Other payables and accruals	46,457	31,671	35,526	21,887
	-----	-----	-----	-----
<b>At the end of the year</b>	<b>189,211</b>	<b>139,485</b>	<b>672,300</b>	<b>634,887</b>
	=====	=====	=====	=====

**15 FINANCIAL RISK MANAGEMENT**

The Group and the Company have exposure to the following risks during the course of its normal business:

- credit risk
- liquidity risk
- market risk

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****15 FINANCIAL RISK MANAGEMENT (CONTINUED)**

This note presents information about the Group's and the Company's exposure to each of the above risks, the Group's and the Company's objectives, policies and processes for measuring and managing risk, and the Group's 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 Group's and the Company's risk management framework.

The Group's and the Company's risk management policies are established to identify and analyse the risks faced by the Group and the Company, 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 Group's and the Company's activities. The Board of Directors oversees how management monitors compliance with the Group's and the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and the Company.

*Credit Risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Group and the Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating risk of financial loss from defaults.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Group and the Company limit their exposure to credit risk by investing through reputable institutions.

Financial assets that potentially expose the Group and the Company to credit risk consist principally of cash and cash equivalents and receivables. The credit risk for the cash and cash equivalents amounting to USD 3,114,584 (2019: 549,999) is considered minimal since the Group and the Company transact with reputable banking institutions namely SBI (Mauritius) Ltd, SBM Bank (Mauritius) Ltd, and AfrAsia Bank Ltd.

The maximum exposure to credit risk at end of the reporting period was:

	2020		2019	
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Other receivables	19,835	41,664	6,793	7,358
Unpaid stated capital	-	-	81,521	81,521
Cash and cash equivalents	3,114,584	3,114,584	549,999	549,999
	-----	-----	-----	-----
	<b>3,134,419</b>	<b>3,156,248</b>	638,313	638,878
	=====	=====	=====	=====

There was no expected credit loss on the balances above.

*Liquidity risk*

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's approach to managing liquidity is to ensure, as far as possible, that they will always have sufficient liquidity to meet their liabilities when they become due without incurring unacceptable losses or risking damage to the Group's and the Company's reputation.

During the current year, the Group and the Company have not experienced any liquidity issues as a result of the COVID-19 pandemic. The Group and the Company have had the financial support of their shareholders.

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****15 FINANCIAL RISK MANAGEMENT (CONTINUED)***Liquidity risk (continued)*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted payments:

The Group

	<b>Total USD</b>	<b>Contractual cash flows Repayable on demand USD</b>	<b>Within one year USD</b>	<b>After one year USD</b>	<b>Total carrying amount USD</b>
<b>2020</b>					
Payable to related parties	-	142,754	-	-	142,754
Other payables and accruals	-	-	46,457	-	46,457
	-	142,754	46,457	-	189,211

	<b>Total USD</b>	<b>Contractual cash flows Repayable on demand USD</b>	<b>Within one year USD</b>	<b>After one year USD</b>	<b>Total carrying amount USD</b>
<b>2019</b>					
Payable to related parties	-	636,774	-	-	636,774
Other payables and accruals	-	3,408	32,118	-	35,526
	-	640,182	32,118	-	672,300

The Company

	<b>Total USD</b>	<b>Contractual cash flows Repayable on demand USD</b>	<b>Within one year USD</b>	<b>After one year USD</b>	<b>Total carrying amount USD</b>
<b>2020</b>					
Payable to related parties	-	107,814	-	-	107,814
Other payables and accruals	-	-	31,671	-	31,671
	-	107,814	31,671	-	139,485

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****15 FINANCIAL RISK MANAGEMENT (CONTINUED)***Liquidity risk (continued)*

<u>The Company</u>	<b>Contractual cash flows</b>				<b>Total carrying amount USD</b>
	<b>Total USD</b>	<b>Repayable on demand USD</b>	<b>Within one year USD</b>	<b>After one year USD</b>	
<b>2019</b>					
Payable to related parties	-	613,000	-	-	613,000
Other payables and accruals	-	3,408	18,479	-	21,887
	-----	-----	-----	-----	-----
	-	616,408	18,479	-	634,887
	=====	=====	=====	=====	=====

*Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's and the Company's income or the value of its holdings of financial instruments. The Group's and the Company's exposure to market risk is determined by a number of factors, including interest rates and foreign currency exchange rates.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's and the Company's risk management framework. The Group's and the Company's risk management policies are established to identify and analyse the risks faced by the Group and 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 Group's and the Company's activities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

*(i) Currency risk*

The Group and the Company have investments in financial instruments and entered into transactions denominated in currencies other than its functional currency. Consequently, the Group and the Company are exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Group's and the Company's assets or liabilities denominated in currencies other than USD.

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****15 FINANCIAL RISK MANAGEMENT (CONTINUED)***Market risk (continued)**(i) Currency risk (continued)*

The currency profile of the Group's and the Company's financial assets and liabilities are as follows:

The Group

	<b>Financial assets 2020 USD</b>	<b>Financial liabilities 2020 USD</b>	<b>Financial assets 2019 USD</b>	<b>Financial liabilities 2019 USD</b>
Mauritian Rupees (MUR)	19,895	67,385	88,423	56,255
United States Dollar (USD)	3,114,524	92,949	549,890	606,002
Indian Rupee (INR)	-	28,877	-	10,043
	<b>3,134,419</b>	<b>189,211</b>	<b>636,313</b>	<b>672,300</b>

The Company

	<b>Financial assets 2020 USD</b>	<b>Financial liabilities 2020 USD</b>	<b>Financial assets 2019 USD</b>	<b>Financial liabilities 2019 USD</b>
Mauritian Rupees (MUR)	41,724	23,008	88,423	21,842
United States Dollar (USD)	3,114,524	87,600	550,455	603,002
Indian Rupee (INR)	-	28,877	-	10,043
	<b>3,156,248</b>	<b>139,485</b>	<b>638,878</b>	<b>634,887</b>

The following table indicates the approximate change in the Group's and the Company's loss in response to reasonable possible changes in the foreign exchange rates to which the Group and the Company has significant exposure at the reporting date. The Group and the Company is mainly exposed to MUR.

An 8% increase or decrease in MUR against USD (2019: 6%) is the sensitivity rate used when assessing the reasonable possible change in foreign exchange rates.

The Group

	<b>Increase / (decrease) in foreign exchange rate 2020</b>	<b>Increase/(decrease) in foreign exchange rate 2019</b>	<b>Effect on profit or loss/ equity 2020 USD</b>	<b>2019 USD</b>
MUR	<b>8%</b> <b>(8%)</b>	<b>6%</b> <b>(6%)</b>	<b>(3,799)</b> <b>3,799</b>	<b>1,930</b> <b>(1,930)</b>
INR	<b>2%</b> <b>(2%)</b>	<b>2%</b> <b>(2%)</b>	<b>(578)</b> <b>578</b>	<b>(201)</b> <b>201</b>

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****15 FINANCIAL RISK MANAGEMENT (CONTINUED)***Market risk (continued)**(i) Currency risk (continued)*

The Company

	<b>Increase / (decrease) in foreign exchange rate 2020</b>	<b>Increase/(decrease) in foreign exchange rate 2019</b>	<b>Effect on profit or loss/ equity</b>	
			<b>2020</b>	<b>2019</b>
			<b>USD</b>	<b>USD</b>
MUR	<b>8%</b> <b>(8%)</b>	<b>6%</b> <b>(6%)</b>	<b>1,497</b> <b>(1,497)</b>	<b>3,995</b> <b>(3,995)</b>
INR	<b>2%</b> <b>(2%)</b>	<b>2%</b> <b>(2%)</b>	<b>578</b> <b>(578)</b>	<b>(201)</b> <b>201</b>

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the reporting date and had been applied to the Group's and the Company's exposure to currency risk for financial instruments in existence at that date, and that all other variables remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. Results of the analysis as presented in the above table represent the effects on the Group's and the Company's profit or loss and retained earnings for any changes in the foreign exchange rate.

The following significant exchange rate has been applied.

	<b>2020</b>		<b>2019</b>	
	<b>Year-end rate</b>		<b>Year-end rate</b>	
	<b><u>Group</u></b>	<b><u>Company</u></b>	<b><u>Group</u></b>	<b><u>Company</u></b>
Mauritian Rupee	<b>39.80</b>	<b>39.80</b>	36.80	36.80
Indian Rupee	<b>73.15</b>	<b>73.15</b>	71.43	71.43

***Capital risk management***

The Group and the Company manage their capital to ensure that they will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. As part of its capital risk management policies, the Group and the Company review the capital structure to ensure that it has an appropriate portion of net debt to equity ratio. In order to maintain or adjust the capital structure, the Group and the Company may adjust the amounts of dividends paid to shareholders, issue new shares to reduce debt. In the event that the Group and the Company require additional capital, the shareholder will provide the appropriate financial support to the Group and the Company.

The capital structure of the Group and the Company consists of stated capital and retained earnings/accumulated losses.

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****16 RELATED PARTY DISCLOSURES**

During the year ended 31 December 2020, the Group and the Company transacted with related entities. Details of the nature, volume of transactions and balances with the related entities are as follows:

The Group

<b>Name of Related Party</b>	<b>Relationship</b>	<b>Nature of Transaction</b>	<b>Volume of transaction 2020</b>	<b>Volume of transaction 2019</b>	<b>Receivable/ (Payable) balance at 31 December 2020</b>	<b>Receivable/ (Payable) balance at 31 December 2019</b>
			<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
PSA Advisers Ltd	Shareholder	1. Recharge of operating costs	<b>69,277</b>	-	<b>(69,277)</b>	<b>(595,877)</b>
		2. Expenses incurred on behalf of the Company	<b>(95,877)</b>	-		
		3. Conversion of payable balance into share capital	-	14,942		
			<b>(500,000)</b>	-		
PSA Advisers Ltd	Shareholder	Unpaid Capital receivable	<b>(81,521)</b>	81,521	-	<b>81,521</b>
BSE Technologies Private Limited (formerly known as "Marketplace Technologies Private Limited")	Shareholder	Recharge of expenses incurred on behalf of the Company	<b>18,834</b>	10,043	<b>(28,877)</b>	<b>(10,043)</b>
Sailesh Sewpaul	Former shareholder	Administration fees	<b>3,712</b>	13,060	<b>(44,473)</b>	<b>(40,761)</b>
Rajiv Reemul	Former shareholder	Administration fees	-	136	<b>(127)</b>	<b>(136)</b>



**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****16 RELATED PARTY DISCLOSURES (CONTINUED)**The Company

Name of Related Party	Relationship	Nature of Transaction	Volume of transaction 2020 USD	Volume of transaction 2019 USD	Receivable/ (Payable) balance at 31 December 2020 USD	Receivable/ (Payable) balance at 31 December 2019 USD
PSA Advisers Ltd	Shareholder	1. Recharge of operating costs	69,277	-	(69,277)	(595,877)
		2. Expenses incurred on behalf of the Company	(95,877)	-		
		3. Conversion of payable balance into share capital	-	14,942		
			(500,000)	-		
PSA Advisers Ltd	Shareholder	Unpaid capital	(81,521)	81,521	-	81,521
BSE Technologies Private Limited (formerly known as "Marketplace Technologies Private Limited")	Shareholder	Recharge of expenses incurred on behalf of the Company	18,834	10,043	(28,877)	(10,043)
AFRINEX Clearing House Ltd	Subsidiary Company	Unpaid investment	-	-	(3)	(3)
AFRINEX Clearing House Ltd	Subsidiary Company	Recharge of expenses incurred on behalf of the Company	6,031	-	-	-
AFRINEX Clearing House Ltd	Subsidiary Company	Expenses incurred on behalf of subsidiary	*25,259	565	25,824	565
Sailesh Sewpaul	Former Shareholder	Administration fees	(7,454)	-	(9,530)	(16,984)
Rajiv Reemul	Former Shareholder	Administration fees	-	136	(127)	(136)

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

There has been no guarantee given or provided for any outstanding balance.

\* USD 25,259 includes the recharge of expenses incurred by the Company on behalf of the subsidiary.

## AFRINEX Limited

### NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 17 CONTINGENT LIABILITIES

At 31 December 2020, there were no contingent liability arising in the ordinary course of the business.

#### 18 IMPACT OF COVID-19

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe. The outbreak was identified first in China towards end December 2019 and on March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is dependent on a number of factors, including the formulation of a viable vaccine and governments' response to combat the spread of the virus in the intervening period. The governments of Mauritius (where the Group and the Company is domiciled) have introduced a variety of measures to contain the spread of the virus from restrictions on travel to complete lockdown.

As at the date of approval of these consolidated and separate financial statements, the COVID-19 crisis is still un-folding, and there will be some uncertainty remaining around the accurate assessment of the full impact of COVID-19 crisis or any prediction regarding the future course of events that would arise due to the COVID-19 crisis. The Directors have made an assessment of the going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but is not limited to, twelve months from the date of approval of these annual consolidated and separate financial statements and confirm that they have not identified events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

It is noted that the COVID-19 crisis did not had a direct impact on the Company. Whilst the time frame and economic impact of COVID-19 is still unknown, the Group and the Company have used the information they have available as of the date of this report to assess the likely impact on the underlying operations of the Group and the Company.

Hence, it is considered that there is no material adverse impact of COVID-19 on the consolidated and separate financial statements except that the launching of the operations has been delayed.

#### 19 EVENTS AFTER THE REPORTING DATE

##### *Injection of capital by shareholders*

The shareholders of the Company, SBI Mauritius Ltd and BSE Technologies Private Limited (*formerly known as 'Marketplace Technologies Private Limited'*) have invested amounts of USD 500,000 (on 12 March 2021) and USD 42,235 (on 19 April 2021) respectively towards share capital in the Company. This is to ensure that the Company is sufficiently funded to meet its ongoing financial obligations and to be prepared for launching its operations.

##### *Injection of capital into the subsidiary Company*

The Company has invested an amount of USD 253,420 on 26 April 2021 towards share capital in its subsidiary, AFRINEX Clearing House Ltd to ensure that the subsidiary, as its dedicated clearing and settlement facility, be sufficiently funded and prepared for launching its operations.

##### *Extension from regulator to launch operations*

On 06 May 2021, AFRINEX Limited applied for an extension for commencement of activities with the Financial Services Commission (the "FSC") as the launch of the Company was delayed due to COVID-19. The FSC has approved the Company's application and an extension of 6 months (up to 07 November 2021) was granted to the Company for it to commence its activities.

**AFRINEX Limited****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2020****19 EVENTS AFTER THE REPORTING DATE (CONTINUED)***Extension from regulator to launch operations (continued)*

On 06 May 2021, the subsidiary company AFRINEX Clearing House Ltd had also applied for an extension for commencement of activities with the Financial Services Commission (the “FSC”) as the launch of the subsidiary company was delayed due to COVID-19. The FSC has approved AFRINEX Clearing House Ltd’s application and an extension of 6 months (up to 07 November 2021) was granted to the subsidiary for it to commence its activities.