

NEW FUTURES LTD

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019**

NEW FUTURES LTD

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

TABLE OF CONTENTS	Pages
REPORT OF THE DIRECTORS	1
SECRETARY'S CERTIFICATE	2
INDEPENDENT AUDITORS' REPORT	3 - 3(b)
FINANCIAL STATEMENTS	4 - 23

NEW FUTURES LTD

REPORT OF THE DIRECTORS FOR THE YEAR ENDED JUNE 30, 2019

The directors have pleasure in submitting the Annual Report of New Futures Ltd together with the audited financial statements for the year ended June 30, 2019 as set out on pages 4 to 23.

All shareholders agree that in conformity with Section 221 (4) of The Companies Act 2001 ("Act"), the Annual Report of the Company need not comply with paragraphs (a) and (d) to (i) of Section 221 (1) of the Act.

This report was approved by the Board of Directors on September 25, 2019.



Director



Director

Junaid Haroon Salemohamed Rony Lam

NEW FUTURES LTD

SECRETARY'S CERTIFICATE FOR THE YEAR ENDED JUNE 30, 2019

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 in terms of section 166(d).



SECRETARY *

For and on behalf of

MCB Group Corporate Services Ltd

Date: 25 SEP 2019

NEW FUTURES LTD

3

INDEPENDENT AUDITORS' REPORT

To the Shareholder New Futures Ltd

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of New Futures Ltd (the "Company"), on pages 4 to 23 which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 4 to 23 give a true and fair view of the financial position of the Company as at June 30, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, 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.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



NEW FUTURES LTD

INDEPENDENT AUDITORS' REPORT

To the Shareholder of New Futures Ltd

3(a)

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

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



NEW FUTURES LTD

INDEPENDENT AUDITORS' REPORT

To the Shareholder of New Futures Ltd

3(b)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all 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.

Other Matter

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

BDO & CO

Chartered Accountants

Port Louis,
Mauritius.

Ameenah Ramdin FCCA, ACA
Licensed by FRC

25 SEP 2019

NEW FUTURES LTD

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	2019 EUR	2018 EUR
ASSETS			
Non-current asset			
Development costs	6	17,865,861	5,989,662
Current assets			
Other receivables	10	1,944,545	-
Cash and cash equivalents	15(c)	9,721,059	22,346,737
		11,665,604	22,346,737
Total Assets	EUR	29,531,465	28,336,399
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	7	3,478,979	3,478,979
Revenue deficit		(194,673)	(97,277)
Total equity and reserves		3,284,306	3,381,702
LIABILITIES			
Non-current liability			
Borrowings	8	24,025,035	23,859,195
Current liability			
Trade and other payables	9	2,222,124	1,095,502
Total liabilities		26,247,159	24,954,697
Total equity and liabilities	EUR	29,531,465	28,336,399

These financial statements have been approved for issue by the Board of Directors on: 25 SEP 2019



Junaid Haroon Saleemchamed

DIRECTORS



Rony Lam

The notes on pages 8 to 23 form an integral part of these financial statements.
Auditors' report on pages 3 to 3(b).

NEW FUTURES LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 EUR	2018 EUR
INCOME			
Revenue		-	-
Cost of operations		-	-
		-	-
Other income	11	1,816	400,000
Other operating costs	12	(138,250)	(199,576)
		(136,434)	200,424
Net Finance income / (costs)	13	39,038	(57,298)
(Loss) / Profit before taxation		(97,396)	143,126
Income tax expense	14	-	-
(Loss) / Profit for the year		(97,396)	143,126
Other comprehensive income		-	-
Total comprehensive income for the year		(97,396)	143,126

The notes on pages 8 to 23 form an integral part of these financial statements.

Auditors' report on pages 3 to 3(b).

NEW FUTURES LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	<u>Note</u>	<u>Stated capital</u>	<u>Revenue deficit</u>	<u>Total</u>
		EUR	EUR	EUR
Balance as at July 1, 2017		25	(240,403)	(240,378)
Issue of shares	7	3,478,954	-	3,478,954
Total comprehensive income for the year		-	143,126	143,126
Balance as at June 30, 2018		<u>3,478,979</u>	<u>(97,277)</u>	<u>3,381,702</u>
Balance as at July 1, 2018		3,478,979	(97,277)	3,381,702
Total comprehensive income for the year		-	(97,396)	(97,396)
Balance as at June 30, 2019		<u>3,478,979</u>	<u>(194,673)</u>	<u>3,284,306</u>

The notes on pages 8 to 23 form an integral part of these financial statements.

Auditors' report on pages 3 to 3(b).

NEW FUTURES LTD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 EUR	2018 EUR
Cash flows from operating activities			
Cash (used in) /generated from operations	15 (d)	(3,105,487)	335,289
Cash flows from investing activity			
Development costs		(9,520,191)	(5,844,995)
Net cash used in investing activity		(9,520,191)	(5,844,995)
Cash flows from financing activities			
Issue of shares		-	3,099,100
Receipts from bonds		-	24,700,000
Loan received from shareholder		-	119,626
Net cash generated from financing activities		-	27,918,726
Net (decrease)/increase in cash and cash equivalents		(12,625,678)	22,409,020
Movement in cash and cash equivalents			
Balance at the beginning of the reporting period		22,346,737	(20)
Net (decrease)/increase in cash and cash equivalents		(12,625,678)	22,409,020
Effect of foreign exchange rate changes		-	(62,263)
Balance at the end of the reporting period	15 (c)	9,721,059	22,346,737

The notes on pages 8 to 23 form an integral part of these financial statements.

Auditors' report on pages 3 to 3(b).

NEW FUTURES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. GENERAL INFORMATION

New Futures Ltd, the 'Company' is a public limited company incorporated and domiciled in Mauritius. Its registered office is C/O MCB Capital Markets Ltd, Sir William Newton Street, Port Louis, Mauritius. The Company is involved in development of senior serviced residences. The Company has succeeded in raising debt finance from investors to fund its project in form of secured bonds, convertible bonds and a senior-ranked loan facility. The development is in progress and is expected to be operational in 2020. The senior serviced residences shall be rented and managed by an international operator.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These principles have been consistently applied since last year, unless otherwise stated.

(a) Basis of preparation

The financial statements of New Futures Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are that of an individual entity. The financial statements are presented in Euro and all values are rounded to the nearest Euro (EUR), except when otherwise stated.

The financial statements are prepared under the historical cost convention except that:

- (i) Relevant financial assets and liabilities are stated at their fair value; and
- (ii) Relevant financial assets and financial liabilities are stated at amortised cost.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from July 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. This has fundamentally changed the Company's accounting for loss impairment of its financial assets by replacing IAS 39 incurred loss approach with a forwardlooking expected credit loss (ECL) approach. The new accounting policies are set out below. The Company has elected to apply the exemption in IFRS 9 paragraph 7.2.15 not to restate prior periods in the year of initial application of the Standard. The Company has chosen to adopt the simplified expected credit loss model for trade receivables in accordance with IFRS 9 paragraph 5.5.15.

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The amendment has no impact on the Company's financial statements.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

The amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The amendment has no impact on the Company's financial statements.

NEW FUTURES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The amendment has no impact on the Company's financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

- IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant.
- IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. The amendment has no impact on the Company's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The amendment has no impact on the Company's financial statements.

Transfers of Investment Property (Amendments to IAS 40). The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The amendment has no impact on the Company's financial statements.

Standards, Amendments to published Standards and Interpretations Issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2019 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- IFRIC 23 Uncertainty over Income Tax Treatments
- Prepayment Features with negative compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Annual Improvements to IFRSs 2015-2017 Cycle
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

IFRS 16 - Leases will replace the existing lease standards, IAS 17 Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. There is no impact on the Company's financial statements.

Where relevant, the Company is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statement.

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

(b) Financial Instruments

(i) Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

NEW FUTURES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments (cont'd)

(i) Financial assets (cont'd)

The Company's financial assets measured at amortised cost comprise other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

Derecognition of financial assets

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(ii) Classification as debt or equity

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

(iii) Equity instruments

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

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

NEW FUTURES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments (cont'd)

(iv) Financial liabilities

The Company classifies its financial liabilities into the "other financial liabilities" category, depending on the purpose for which the liability was acquired.

Other financial liabilities

Other financial liabilities include the following items:

Debentures are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

-Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or they expire.

(c) Revenue recognition

Revenue shall represent income derived from sales and rental of properties under construction and shall be stated net of value added tax and discounts. Revenue shall be recognised when control of the goods or services are transferred to the customer.

Other revenues earned by the Company are recognised on the following bases:

- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(d) Development costs

These costs are associated with property development and are capitalised when incurred.

All borrowing costs and foreign exchange gains or losses that are directly attributable to the development, are capitalised from the commencement of the development work until the date of practical completion, i.e. when substantially all of the development work is completed.

NEW FUTURES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Taxation

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

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(f) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using Euro, the currency of the primary economic environment in which the entity operates ('functional currency').

(ii) Transactions and balances

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(g) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources, that can be reasonably estimated, will be required to settle the obligation. No provisions were made during the year under review.

(h) Related Party Transaction

For the purpose of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or to exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company is subject to common control or common significant influence.

NEW FUTURES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The company's activities expose it to a variety of financial risks, including:

- Credit risk.
- Currency risk; and
- Liquidity risk.

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions whereby only independently rated parties are accepted.

(b) Currency risk

The company is exposed to foreign exchange risk arising from currency exposures in Mauritian Rupees, given that its development contracts are in Mauritian Rupees. However, the company seeks to mitigate its exposure to foreign exchange risk via forward contracts where possible.

(c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The company aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the company's liquidity reserve on the basis of expected cash flow and does not foresee any major liquidity risk over the next two years.

NEW FUTURES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

(c) Liquidity risk (cont'd)

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
	EUR	EUR	EUR
<u>At June 30, 2019</u>			
Trade and other payables	2,222,124	-	-
Borrowings	-	-	24,025,035
	<u>2,222,124</u>	<u>-</u>	<u>24,025,035</u>
<u>At June 30, 2018</u>			
Trade and other payables	1,095,502	-	-
Borrowings	-	-	23,859,195
	<u>1,095,502</u>	<u>-</u>	<u>23,859,195</u>

3.2 Capital risk management

The company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets to reduce debt.

The company monitors capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt to capital. Net debt is calculated as total borrowings (as shown on the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital and revenue deficit).

The debt-to-adjusted capital ratio at 30 June 2019 and 30 June 2018 was as follows:

	2019	2018
	EUR	EUR
Total debt	24,025,035	23,859,195
Less: Cash at bank	(9,721,059)	(22,346,737)
Net debt	<u>14,303,976</u>	<u>1,512,458</u>
Shareholders' interests	<u>3,284,306</u>	<u>3,381,702</u>
Debt-to-adjusted capital ratio	<u>4.4:1</u>	<u>0.4:1</u>

There were no changes in the company's approach to capital risk management during the year.

NEW FUTURES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Fair value estimation

The fair values of those financial assets and liabilities not presented on the company's statement of financial position at their fair values are not materially different from their carrying amounts.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and the other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risks that only represent the company's view of possible near-term market changes that cannot be predicted with any certainty.

(b) Determination of functional currency

Functional currency is the currency of the primary economic environment in which the company operates. When indicators of the primary economic environment are mixed, management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Management has determined that the functional currency of the company is the Euro as the income stream will be denominated in Euro and the fund from financing activities are generated in Euro.

5. FUNCTIONAL CURRENCY

The following exchange rates applicable during the current and previous financial years were as follows:

	2019	2018
	MUR/EUR	MUR/EUR
Year / Period to	39.48	40.70
As at 30 June	40.32	40.47

The mid-closing EUR/MUR rate as provided by the Bank of Mauritius at 30 June 2019 was MUR 40.32 (30 June 2018: MUR 40.47).

NEW FUTURES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

6. DEVELOPMENT COSTS		2019	2018
		EUR	EUR
Build to rent	(a)	14,723,760	4,773,498
Build to sell	(b)	3,142,101	1,216,164
		<u>17,865,861</u>	<u>5,989,662</u>
(a) <u>Build to rent</u>			
At July 1,		4,773,498	122,244
Development costs incurred		8,852,825	4,651,254
Interest capitalised		998,649	-
Foreign exchange differences capitalised		(41,347)	-
Issue Cost on borrowings		140,135	-
At June 30,		<u>14,723,760</u>	<u>4,773,498</u>
(b) <u>Build to sell</u>			
At July 1,		1,216,164	22,423
Development costs incurred		1,724,632	1,193,741
Interest capitalised		183,184	-
Foreign exchange differences capitalised		(7,584)	-
Issue Cost on borrowings		25,705	-
At June 30,		<u>3,142,101</u>	<u>1,216,164</u>
7. STATED CAPITAL		2019	2018
<u>Issued and fully paid share capital</u>		EUR	EUR
Class A shares		25	25
Class B shares		3,477,454	3,477,454
Convertible Class C shares		1,500	1,500
Total		<u>3,478,979</u>	<u>3,478,979</u>
SHARE CAPITAL		2019	2018
<u>Issued share capital</u>		Number	Number
Class A shares		100	100
Class B shares		4,100,000	4,100,000
Convertible Class C shares		750,000	750,000
Total		<u>4,850,100</u>	<u>4,850,100</u>

The class of shares have the rights set out hereunder:

(a) **Class A Shares**

- right to one vote per share at any meeting of the company on any resolution;
- no right whatsoever to any dividend ; and
- no right whatsoever to any distribution of surplus assets of the Company.

NEW FUTURES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

7. STATED CAPITAL (CONT'D)

(b) Class B Shares

- right to one vote per share at any meeting of the Company on any resolution;
- right to an equal share in dividends authorised by the Board in respect of Class B Shares and
- right to an equal share in the distribution of surplus assets of the Company.

(c) Convertible Class C shares

- no right to vote at any meeting of the Company on any resolution;
- no right whatsoever to any dividend; and
- entitled to an aggregate amount of EUR 1,000 in the distribution of surplus assets of the Company, which shall be distributed proportionately among them.

8. BORROWINGS

Non-current

Debentures:

Convertible bonds

9,600,000

9,600,000

Secured bonds

15,100,000

15,100,000

Issue costs

(674,965)

(840,805)

24,025,035

23,859,195

Shareholders' loan

At 1 July,

-

382,854

Additional

-

119,626

Conversion

-

(502,400)

Exchange difference

-

(80)

At 30 June,

-

-

24,025,035

23,859,195

(a) Debentures:

In the financial year 2018, the Company issued 9,600 convertible bonds at an issue price of EUR 1000 each, totalling EUR 9,600,000 and 15,100 secured bonds at an issue price of EUR 1000 each, totalling EUR 24,700,000.

Salient features of the debentures are as follows:

A coupon rate of 3 months EURIBOR (floored at 0%)+4% per annum in respect of each financial year over 5 consecutive years, will be paid to Secured Bondholders out of the profits of the Company. Coupon payments for Secured bondholders shall be paid quarterly in arrears on June 30, September 30, December 30 and March 30.

A coupon rate of 6% per annum in respect of each financial year over 5 consecutive years, will be paid to Convertible Bondholders out of the profits of the Company. Coupon payments for Convertible bondholders shall be paid semi-annually in arrears on June 30 and December 30.

NEW FUTURES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

8. BORROWINGS (CONT'D)

Salient features of the debentures are as follows: (cont'd)

The interest amounts on the secured bonds are secured by a pledged account and an assignment agreement. The amount outstanding on the secured bonds is secured on the freehold land of the Company.

Bonds shall mature automatically 5 years after the issue date. The issue costs will be amortised over the lifetime of the bonds.

- (b) The loan from shareholder was interest free, unsecured and repayable within one year. It was converted into Class B and Class C shares during the year ended June 30, 2018.
- (c) In September 2018, a bank loan facility of EUR 30.6m was signed but not yet drawn at the end of June 2019.

9. TRADE AND OTHER PAYABLES

	2019	2018
	EUR	EUR
Audit and tax fees	11,246	7,113
Debenture representative fees	2,480	2,471
Development suppliers	2,190,168	-
Interest on convertible bonds	-	3,200
Interest on secured bonds	-	3,356
Issue costs	-	963,351
Legal Fees	-	98,962
Licenses & permits	-	2,471
Management charge	2,139	-
Marketing fees	2,725	-
Professional fees	-	13,764
Registrar fees	1,284	-
Secretarial fees	951	-
Sundry expenses	10	814
Tax deduction at source	11,121	-
	<u>2,222,124</u>	<u>1,095,502</u>

The carrying amounts of the other payables approximate their fair values.

NEW FUTURES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

10. OTHER RECEIVABLES

	2019	2018
	EUR	EUR
Other Receivables	2,054	-
Prepayments	1,189,749	-
VAT Refunds	752,742	-
	<u>1,944,545</u>	<u>-</u>

These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. Other receivables are due and payable within 1 year from the end of the reporting period.

Due to the short-term nature of other receivables, their carrying amount is considered to be the same as their fair value. For the majority of the other receivables, the fair values are also not significantly different to their carrying amounts.

All of the other receivables are denominated in MUR.

11. OTHER INCOME

	2019	2018
	EUR	EUR
Non-Refundable Payments - ADCapital	-	400,000
Sale of soil	<u>1,816</u>	<u>-</u>

12. OTHER OPERATING COSTS

	2019	2018
	EUR	EUR
Application fees	256	-
Licence and permits	5,206	28,640
Marketing fees	24,881	401
Overseas travelling	32,509	2,477
Professional fees	70,761	123,173
Sundry fees	4,637	39,644
Project management fees	-	2,770
Debenture representative fees	-	2,471
	<u>138,250</u>	<u>199,576</u>

13. NET FINANCE INCOME / (COSTS)

	2019	2018
	EUR	EUR
Bank charges	(9,713)	(382)
Interest on convertible bonds at 6% p.a - 2 days	-	(3,200)
Interest on secured bonds at 4% p.a - 2 days	-	(3,356)
Loss on foreign exchange	-	(50,360)
Interest Income	<u>48,751</u>	<u>-</u>
	<u>39,038</u>	<u>(57,298)</u>

NEW FUTURES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

14. TAXATION

	2019	2018
	EUR	EUR
Income tax		
Current tax on the adjusted profit for the year at 15%	-	-
Total	-	-

The current tax charge is based on chargeable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income.

The Company does not have any current tax liability as it has tax losses which are available for offset against future taxable profits.

At 30 June 2019, the Company had accumulated tax losses of EUR 149,081 (30 June 2018: EUR 97,277).

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Non cash transactions

	2019	2018
	EUR	EUR
Conversion of shareholder's loan (i)	-	502,400
Issue costs (ii)	-	963,351

The principal non cash transactions are :

- (i) the conversion of the shareholder's loan of Euro 502,400 into equity class B and class C shares during the year ended June 30, 2018; and
- (ii) issue costs of Euro 963,351 relating to issue of Class B shares and proceeds from bonds during the year ended June 30, 2018.

(b) Reconciliation of liabilities arising from financing activities

	2018	Cashflows	Issue Costs	Conversion	Foreign exchange movement	2019
	EUR	EUR	EUR	EUR	EUR	EUR
Issue of shares	3,478,954	-	-	-	-	3,478,954
Proceeds from bonds	23,859,195	-	165,840	-	-	24,025,035
Loan received from shareholder	-	-	-	-	-	-
	27,338,149	-	165,840	-	-	27,503,989

	2017	Cashflows	Issue Costs	Conversion	Foreign exchange movement	2018
	EUR	EUR	EUR	EUR	EUR	EUR
Issue of shares	-	3,099,100	(122,546)	502,400	-	3,478,954
Proceeds from bonds	-	24,700,000	(840,805)	-	-	23,859,195
Loan received from shareholder	382,854	119,626	-	(502,400)	(80)	-
	382,854	27,918,726	(963,351)	-	(80)	27,338,149

NEW FUTURES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

15. NOTES TO THE STATEMENT OF CASH FLOWS (CONT'D)

(c) Cash and cash equivalents	2019	2018
	EUR	EUR
Cash at bank	3,040,321	22,346,737
Treasury bills	6,680,738	-
	<u>9,721,059</u>	<u>22,346,737</u>
(d) Cash (used in) / generated from operations	2019	2018
	EUR	EUR
(Loss) / Profit before taxation	(97,396)	143,126
Changes in working capital:		
- Increase in other receivables	(1,944,545)	-
- (Decrease)/ Increase in trade and other payables	(1,063,546)	129,980
	<u>(3,105,487)</u>	<u>273,106</u>
Exchange differences	-	62,183
Net cash (used) in / generated from operations	<u>(3,105,487)</u>	<u>335,289</u>

16. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subject to common control. The transactions of the Company with related parties during the period under review are as follows:

(a) Other operating costs	2019	2018
	EUR	EUR
Entities with significant influence	<u>29,005</u>	<u>382</u>
(b) Trade and other payables	2019	2018
	EUR	EUR
Entity under common control	66,395	-
Entities with significant influence	4,374	969,921
	<u>70,769</u>	<u>969,921</u>
(c) Borrowings	2019	2018
	EUR	EUR
Entities with significant influence	<u>19,768,000</u>	<u>21,100,000</u>

NEW FUTURES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

16. RELATED PARTY TRANSACTIONS (CONT'D)

	2019	2018
	EUR	EUR
(d) Development Costs		
Entity under common control	2,435,781	-
Entities with significant influence	1,266,122	-
	<u>3,701,903</u>	<u>-</u>

17. CAPITAL COMMITMENT

The company has a capital commitment of EUR 58.5 million excluding VAT for the construction of Le Domaine de Grand-Baie ("LDGB"), a 155 unit senior serviced residences located in Grand-Baie, Mauritius.