CM DIVERSIFIED CREDIT LTD

ANNUAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2025

CM DIVERSIFIED CREDIT LTD

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

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NOTICE

Unless otherwise stated, all references to Acts and Regulations in this Annual Report relate to legislations issued in the Republic of Mauritius.

CM DIVERSIFIED CREDIT LTD

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED JUNE 30, 2025

The Directors are pleased to present the Annual Report of CM Diversified Credit Ltd (the "Company") for the year ended June 30, 2025.

This report was approved by the Board of Directors on September 23, 2025.

....	....
MR VIMAL ORI	MR KRISHEN PATTEN
Director	**Director**

CM DIVERSIFIED CREDIT LTD

SECRETARY'S CERTIFICATE
FOR THE YEAR ENDED JUNE 30, 2025

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.

MCB Group Corporate Services

For and on behalf of
MCB Group Corporate Services Ltd
Company Secretary

Date: September 23, 2025

CM DIVERSIFIED CREDIT LTD

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2025

CM Diversified Credit Ltd has not prepared a Corporate Governance Report for the year ended June 30, 2025, as per Section 75 of the Financial Reporting Act 2004, given that MCB Group Limited already complies with the Code of Corporate Governance (the "Code") by providing a full and comprehensive Corporate Governance Report in its Annual Report and makes the disclosures required by the said Code.

....

Chairperson Director

Date: September 23, 2025

CM DIVERSIFIED CREDIT LTD

STATUTORY DISCLOSURES – Section 221 of the Companies Act 2001
FOR THE YEAR ENDED JUNE 30, 2025

1. Principal activity

The Company was incorporated in Mauritius on March 19, 2019 as a public company, limited by shares with a limited life of 50 years. Its main activity consists of structuring, engineering and offering structured products through the issue of debt or equity securities (or otherwise). The notes issued by the Company are listed on the official market of the Stock Exchange of Mauritius Ltd. The Company has no employees. Administrative matters have been outsourced to subsidiaries of the MCB Group through management and service level agreements.

2. Composition of the board

Ms AUMEERALLY Feriel (up to April 2025)
Mr IP MIN WAN Robert
Mr LAM YAN FOON Ronald
Mr ORI Vimal
Mr PATTEN Krishen
Mr YEN Bernard (as from December 2024)
Ms JOWAHEER Anbar (as from July 2025)

3. Directors' interests in shares

The following table displays the interests of the Directors in the Credit Linked Notes of CMDC as at June 30, 2025:

Name of Directors	Number of Credit Linked Notes	
	Direct	Indirect
Mr IP MIN WAN Robert	-	1,780
Mr LAM YAN FOON Ronald	8,750	-
Mr ORI Vimal	-	-
Mr PATTEN Krishen	-	-
Mr YEN Bernard	-	-

4. Directors' service contracts

There are no fixed term contracts or service contracts between the Company and the Directors.

5. Contract of significance

The Directors have no contract of significance with the Company.

6. Directors' remuneration

Amount paid to Directors during the year ended June 30, 2025 and June 30, 2024 are as follows:

Non-Executive Directors	2025	2024
	Rs. '000	Rs.'000
Ms AUMEERALLY Feriel	**69**	16
Mr IP MIN WAN Robert	**81**	16
Mr LAM YAN FOON Ronald	-	-
Mr ORI Vimal	-	-
Mr PATTEN Krishen	-	-
Mr YEN Bernard	**44**	-

Non-Executive Directors who also hold an executive position within the MCB Group do not receive additional remuneration as Board members, in line with group policy. The Non-Executive Directors of the Company are therefore not remunerated and have not received remuneration in the form of share options or bonuses associated with organisational performance.

7. Contract of significance

The Directors have no contract of significance with the Company.

8. Major transaction

No major transaction as defined under section 130(2) of the Act was undertaken.

9. Auditor's fees

The fees paid to the auditor, for audit and other services were:

	2025	2024
	Rs.'000	Rs.'000
Audit fees - BDO & Co:	**306**	291

The auditors did not carry out non-audit services for the Company during the financial year under review.

10. Charitable donation

No donation was made by the Company during the year under review.

11. Political donation

The Company did not make any political donations during the year ended June 30, 2025.

STATUTORY DISCLOSURES – Section 221 of the Companies Act 2001
FOR THE YEAR ENDED JUNE 30, 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors collectively as a Board acknowledge their responsibilities for the following and state that:

(i) the financial statements fairly present the state of affairs of the Company as at the end of the financial year and the result of operations and cash flows for the period;
(ii) adequate accounting records and effective internal control systems and risk management have been maintained;
(iii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
(iv) the financial statements have been prepared in accordance with the IFRS Accounting Standards, International Accounting Standard (IAS), the Companies Act 2001 and the Financial Reporting Act 2004;
(v) the financial statements have been prepared on a going concern basis;
(vi) they are responsible for safeguarding the assets of the Company;
(vii) they are responsible for leading and controlling the organisation and meeting all legal and regulatory requirements;
(viii) they have taken reasonable steps for the prevention and detection of fraud and other irregularities;
(ix) they regularly reassess the requirements of the Code to ensure that the Company remains compliant thereto in all material aspects.

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

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.

Signed for and on behalf of the Board of Directors.

………………………………	………………………………
Director	**Director**

Date: September 23, 2025.

CM DIVERSIFIED CREDIT LTD

STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2025

As per Section 75(3) of the Financial Reporting Act

Name of Public Interest Entity : CM Diversified Credit Ltd

Reporting Period : July 01, 2024 to June 30, 2025

We, the Directors of CM Diversified Credit Ltd (the "Company"), hereby confirm that, to the best of our knowledge that the Company has complied with all of its obligations and requirements under the Code of Corporate Governance.

The Company has not prepared a Corporate Governance Report for the year ended June 30, 2025, as per Section 75 of the Financial Reporting Act 2004, given that MCB Group Limited already complies with the Code of Corporate Governance (the "Code") by providing a full and comprehensive Corporate Governance Report in its Annual Report and makes the disclosures required by the said Code.

Signed for and on behalf of the Board of Directors on September 23, 2025.

....

Chairperson **Director**

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P.O. Box 799

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of CM Diversified Credit Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CM Diversified Credit Ltd (the "Company"), set out on pages 9 to 26 which comprise the statement of financial position as at June 30, 2025, 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 material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at June 30, 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and comply with the Mauritian 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' *International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code").* We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report including Report of the Directors, Secretary's Certificate, Corporate Governance Report, Statutory Disclosures and Statement of Compliance, 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.

BDO & Co, a firm of Chartered Accountants in Mauritius, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholder of CM Diversified Credit Ltd (Continued)

Responsibilities of Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and in compliance with the requirements of the Mauritian 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholder of CM Diversified Credit Ltd (Continued)

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

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

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report on the following matters. We confirm that:

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

BDO & Co

BDO & Co
Chartered Accountants

Didier Dabydin, FCA
Licensed by FRC

Port Louis,
Mauritius

September 23, 2025

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CM DIVERSIFIED CREDIT LTD

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2025

	Notes	2025	2024
		Rs. '000	Rs. '000
ASSETS			
Non current asset			
Financial assets at amortised cost	5	**3,033,054**	2,888,071
Current assets			
Prepayments and other receivables	6	**545**	670
Financial assets at amortised cost	5	**114,428**	168,496
Cash and cash equivalents	15(c)	**298,665**	24,575
		413,638	193,741
Total assets		**3,446,692**	3,081,812
EQUITY AND LIABILITIES			
Capital & reserves			
Share capital	7	**193,000**	181,000
Retained earnings		**88,702**	66,379
Total equity		**281,702**	247,379
Non current liability			
Other financial liabilities	10	**3,163,657**	2,833,073
Current liabilities			
Other payables	8	**1,083**	936
Current tax liability	9(a)	**250**	424
		1,333	1,360
Total liabilities		**3,164,990**	2,834,433
Total equity and liabilities		**3,446,692**	3,081,812

These financial statements have been approved for issue by the Board of Directors on September 23, 2025.

)
) **DIRECTORS**
)

The notes on pages 13 to 26 form an integral part of these financial statements.
Independent Auditor's report on pages 8 to 8(b).

CM DIVERSIFIED CREDIT LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	Notes	2025	2024
		Rs. '000	Rs. '000
Interest income	11	**183,316**	177,033
Interest expense	12	**(123,105)**	(120,603)
Net interest income		**60,211**	56,430
Operating expenses	13	**(33,466)**	(31,203)
Operating profit		**26,745**	25,227
Administrative expenses		**(3,377)**	(2,671)
Profit before tax		**23,368**	22,556
Income tax	9(b)	**(1,045)**	(808)
Profit after tax		**22,323**	21,748
Other comprehensive income		-	-
Total comprehensive income for the year		**22,323**	21,748
Earnings per share	14	**Rs.119.68**	Rs.122.72

The notes on pages 13 to 26 form an integral part of these financial statements.
Independent Auditor's report on pages 8 to 8(b).

CM DIVERSIFIED CREDIT LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2025

	Note	Share Capital	Retained Earnings	Total
		Rs. '000	Rs. '000	Rs. '000
Balance at July 01, 2024		**181,000**	**66,379**	**247,379**
Issue of shares	7	**12,000**	-	**12,000**
Profit for the year		-	**22,323**	**22,323**
Other comprehensive income for the year		-	-	-
Balance at June 30, 2025		**193,000**	**88,702**	**281,702**
Balance at July 01, 2023		173,282	44,631	217,913
Issue of shares	7	7,718	-	7,718
Profit for the year		-	21,748	21,748
Other comprehensive income for the year		-	-	-
Balance at June 30, 2024		181,000	66,379	247,379

The notes on pages 13 to 26 form an integral part of these financial statements.
Independent Auditor's report on pages 8 to 8(b).

CM DIVERSIFIED CREDIT LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Notes	2025	2024
		Rs. '000	Rs. '000
Cashflow from operating activities			
Cash used in operations	15(a)	**(36,571)**	(33,979)
Interest received		**185,967**	177,725
Interest paid	10	**(123,105)**	(120,989)
Tax paid	9(a)	**(1,219)**	(498)
Net cash generated from operating activities		**25,072**	22,259
Cashflow from investing activities			
Purchase of financial assets	5	**(783,787)**	(304,821)
Redemption of financial assets	5	**690,221**	204,218
Net cash used in investing activities		**(93,566)**	(100,603)
Cashflow from financing activities			
Issue of notes	10	**330,584**	92,076
Issue of ordinary shares	7	**12,000**	7,718
Net cash generated from financing activities		**342,584**	99,794
Net increase in cash and cash equivalents		**274,090**	21,450
Movement in cash and cash equivalents			
At the beginning of the year		**24,575**	3,125
Increase		**274,090**	21,450
At the end of the year	15(c)	**298,665**	24,575

The notes on pages 13 to 26 form an integral part of these financial statements.
Independent Auditor's report on pages 8 to 8(b).

1 GENERAL INFORMATION

The Company was incorporated in Mauritius on March 19, 2019 as a public company, limited by shares with a limited life of 50 years. Its main activity consists of structuring, engineering and offering structured products through the issue of debt or equity securities (or otherwise). Its registered address is 9 - 15 Sir William Newton Street, Port Louis.

The financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

2 ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the Company comply with the Companies Act 2001 and have been prepared in accordance with IFRS Accounting Standards. The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs. '000), except where otherwise indicated. The financial statements are prepared under the historical cost convention.

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

IAS 1 Presentation of Financial Statements

Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The amendments have no impact on the Company's financial statements.

Non-current Liabilities with Covenants: Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current. The amendments have no impact on the Company's financial statements.

IAS 7 Statement of Cash Flows & IFRS 7 Financial Instruments: Disclosures

Supplier Finance Arrangements: The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments have 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, 2025 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:

2 ACCOUNTING POLICIES

(a) Basis of preparation

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

Effective date January 1, 2026

IFRS 9 Financial Instruments & IFRS 7 Financial Instruments: Disclosures

Classification and Measurement of Financial Instruments: The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. Other clarifications include the classification of financial assets with ESG linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments. Also, additional disclosures have been introduced for financial instruments with contingent features and equity instruments designated at fair value through other comprehensive income.

Contracts Referencing Nature-dependent Electricity: The amendments clarify how IFRS 9 should be applied to power purchase agreements with specific characteristics. The amendments include clarification on the application of the 'own-use' requirements and permitting hedge accounting if these contracts are used as hedging instruments. New disclosure requirements have also been included to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

Effective date January 1, 2027

IFRS 18 Presentation and Disclosure in Financial Statements

Presentation and disclosure in financial statements: IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals presented within the statement of profit or loss within one of the following five categories – operating, investing, financing, income taxes, and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, it brings about consequential amendments to other accounting standards. This standard replaces IAS 1 - Presentation of Financial Statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

Subsidiaries without Public Accountability: Disclosures: IFRS 19 is a non-mandatory standard. It specifies the disclosure requirements that eligible subsidiaries are permitted to apply instead of the disclosure requirements in other IFRS accounting standards. It allows eligible entities to benefit from reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability and their parent, intermediate parent or ultimate parent company produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

The effective date of this amendment has been deferred indefinitely until further notice

IFRS 10 Consolidated Financial Statements

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

2 ACCOUNTING POLICIES

(b) Revenue recognition

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).

(c) Financial Instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument.

(i) Financial assets

Categories of financial assets

The Company classifies financial assets at amortised cost. The classification depends on the purpose for which the investments were acquired. The Company determines the classification of investments at initial recognition.

Amortised cost

These assets arise principally from 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 expected credit losses.

Provisions for expected credit losses, using the general approach, on financial assets at amortised cost 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.

Impairment of financial assets

In assessing whether the credit risk on financial instruments has increased significantly since initial recognition, the Company compares the risk of default occurring on the financial instruments at the reporting date with the risk of default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the counterparty's ability to meet its debt obligations.
- An actual or expected significant deterioration in the operating results of the counterparty.
- Significant increases in credit risk on other financial instruments of the same counterparty.
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the counterparty that results in a significant decrease in the tenant's ability to meet its debt obligations.

2 ACCOUNTING POLICIES

(c) Financial Instruments

(i) Financial assets

Categories of financial assets

Amortised cost

Impairment of financial assets

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

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

- The financial instrument has a low risk of default.
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Internal credit risk rating grade of the Company is as follows:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime-ECL not credit impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime-ECL credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The Company determines that 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 debtor;
- a breach of contract such as a default or being past due the agreed credit term; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

The Company's financial assets measured at amortised cost comprise of financial assets at amortised cost 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.

2 ACCOUNTING POLICIES

(c) Financial Instruments

(i) Financial assets

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.

(ii) Financial liabilities

Other financial liabilities - The Company's credit-linked notes issued 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.

Payables and Other Short Term Monetary Liabilities 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.

(iii) Equity Instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

(d) Current Income Tax

The tax expense for the period comprises of current tax, corporate social responsibility (CSR) levy and corporate climate responsibility (CCR) levy. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly to equity.

In line with the definition within the Income Tax Act 1995, CSR and CCR are regarded as a tax and are therefore subsumed into income tax shown in profit or loss and the income tax liability on the statement of financial position. The CSR and CCR charge for the current period is measured at the amount expected to be paid to the Mauritian Tax Authorities.

Current Tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

The Company is subject to the Advanced Payment System whereby it pays income tax on a quarterly basis.

(e) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of the new shares are shown in equity as deduction, net of tax, from proceeds.

3 FINANCIAL RISK MANAGEMENT

(a) Financial Risk Factors

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

(I) Liquidity risk
(II) Interest rate risk
(III) Credit risk

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

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

(I) ***Liquidity risk***

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

Prudent liquidity risk management implies maintaining sufficient cash to enable the Company to meet its liabilities. Management monitors the liquidity situation to ensure that the Company meets its obligations when required.

The table below show the maturity analysis of the financial assets and financial liabilities of the Company:

Maturity of assets and liabilities	Within 1 year	Between 1 to 5 years	More than 5 years	On demand	2025 Total
ASSETS	**Rs. '000**	**Rs. '000**	**Rs. '000**	**Rs. '000**	**Rs. '000**
Financial assets at amortised cost	**114,428**	**1,529,055**	**1,503,999**	**-**	**3,147,482**
Cash and cash equivalents	**-**	**-**	**-**	**298,665**	**298,665**
Total assets	**114,428**	**1,529,055**	**1,503,999**	**298,665**	**3,446,147**
LIABILITIES					
Other financial liabilities	**-**	**-**	**3,163,657**	**-**	**3,163,657**
Other payables	**1,083**	**-**	**-**	**-**	**1,083**
Total liabilities	**1,083**	**-**	**3,163,657**	**-**	**3,164,740**

Maturity of assets and liabilities	Within 1 year	Between 1 to 5 years	More than 5 years	On demand	2024 Total
ASSETS	**Rs. '000**	**Rs. '000**	**Rs. '000**	**Rs. '000**	**Rs. '000**
Financial assets at amortised cost	168,496	722,648	2,165,423	-	3,056,567
Cash and cash equivalents	-	-	-	24,575	24,575
Total assets	168,496	722,648	2,165,423	24,575	3,081,142
LIABILITIES					
Other financial liabilities		-	2,833,073	-	2,833,073
Other payables	936	-	-	-	936
Total liabilities	936	-	2,833,073	-	2,834,009

3 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial Risk Factors (Cont'd)

(II) Interest Rate Risk

The Company is exposed to interest rate risk through financial assets at amortised cost, cash and cash equivalents and other financial liabilities.

Interest rate sensitivity analysis

If interest rates had been 25 basis points higher, the effect on profit would have been as follows:

	2025	2024
	Rs. '000	Rs. '000
Increase in Profit after tax	**706**	620

(III) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. It arises principally from financial assets at amortised cost and cash and cash equivalents.

The Company's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties having good credit standards. The credit ratings of the investments are monitored for credit deterioration. The Company has investment in listed companies with default rate being near to zero.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

The table below shows the Company's financial instruments by category:

Financial Instruments by category	Amortised cost	
	2025	2024
Financial assets	Rs. '000	Rs. '000
Financial assets at amortised cost	**3,147,482**	3,056,567
Cash and cash equivalents	**298,665**	24,575
Total financial assets	**3,446,147**	3,081,142
Financial liabilities		
Other financial liabilities	**3,163,657**	2,833,073
Other payables	**1,083**	936
Total financial liabilities	**3,164,740**	2,834,009

(b) Capital Risk Management

The Company's objective is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for the shareholder and benefits for other stakeholders.

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.

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 material adjustment to this carrying amounts of assets and liabilities within the next financial year are discussed in appropriate notes.

Impairment Testing of Financial Assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

There were no other major estimates and assumptions made during the year that have a significant risk of causing material adjustments to the carrying amounts of the Company's assets and liabilities within the next financial year.

Limitation of sensitivity analysis

Sensitivity analysis in respect of interest risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a corelation 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.

5 FINANCIAL ASSETS AT AMORTISED COST

	Note	2025	2024
		Rs. '000	Rs. '000
At the beginning of the year		**3,056,567**	2,956,656
Additions		**783,787**	304,821
Redemptions		**(690,221)**	(204,218)
Interest income	11	**182,781**	176,546
Less interest received		**(185,432)**	(177,238)
At the end of the year		**3,147,482**	3,056,567

Financial assets at amortised cost consist of the following instruments denominated in Mauritian Rupees:

Instruments	Interest Rate	Maturity
Corporate bonds	4.50% to 6.90%	Oct-26 to Dec-38
Government of Mauritius treasury bills	2.57% to 4.35%	Sep-25

The counterparty has a low risk of default and does not have any past due amounts. The internal credit risk rating grade of the above financial assets has therefore been categorised as performing.

The carrying amounts of the financial assets approximate to their fair value.

	2025	2024
Analysed as:	Rs. '000	Rs. '000
Current	**114,428**	168,496
Non-current	**3,033,054**	2,888,071
	3,147,482	3,056,567

6 PREPAYMENTS AND OTHER RECEIVABLES

	2025	2024
	Rs. '000	Rs. '000
Prepayments	**545**	670

Prepayments are due and payable within 1 year from the end of the reporting period. Due to the short-term nature of prepayments, their carrying amount is considered to be the same as their fair value.
Prepayments are denominated in Mauritian Rupees and as a result, there is no exposure to foreign currency risk.

7 SHARE CAPITAL

	2025	2024
	Rs. '000	Rs. '000
At the beginning of the year	**181,000**	173,282
Issued during the year	**12,000**	7,718
At the end of the year	**193,000**	181,000

Issued and fully paid ordinary shares of no par value	2025	2024
	Number of Shares	
At the beginning of the year	**181,000**	173,282
Issued during the year	**12,000**	7,718
At the end of the year	**193,000**	181,000

The board may issue shares at any time and there is no limit on the number of shares to be issued at no par value.
The shares have no par value, carry one vote per share and the right to dividend.

8 OTHER PAYABLES

	Note	2025	2024
		Rs. '000	Rs. '000
Accruals		**346**	317
Amount due to the group companies	16(g)		
Entities under common control		**148**	59
Fellow subsidiaries		**589**	560
		1,083	936

The carrying amounts of other payables and accruals approximate their fair values.

9 INCOME TAX

(a) In the Statement of Financial Position

	2025 Rs. '000	2024 Rs. '000
Current tax liability at the beginning of the year	**424**	114
Income tax on the adjusted profit for the year at 15% (2024 : 15%)	**750**	713
Income tax paid	**(1,219)**	(498)
Corporate climate responsibility levy FY2024	**95**	-
Corporate climate responsibility levy FY2025	**100**	-
Corporate social responsibility levy	**100**	95
Current tax liability at the end of the year	**250**	424

(b) In the Statement of Profit or Loss

	2025 Rs. '000	2024 Rs. '000
Current tax on the adjusted profit for the year at 15% (2024 : 15%)	**750**	713
Corporate climate responsibility levy FY2024	**95**	-
Corporate climate responsibility levy FY2025	**100**	-
Corporate social responsibility levy	**100**	95
Charge for the year	**1,045**	808

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the company as follows:

	2025 Rs. '000	2024 Rs. '000
Profit before taxation	**23,368**	**22,556**
Tax calculated at a rate of 15% (2024: 15%)	**3,505**	3,383
Corporate climate responsibility levy FY2024	**95**	-
Corporate climate responsibility levy FY2025	**100**	-
Corporate social responsibility levy	**100**	95
Tax effect on:		
Income not subject to tax	**(21,998)**	(21,243)
Expenses not deductible for tax purposes	**19,243**	18,573
Tax charge	**1,045**	808

10 OTHER FINANCIAL LIABILITIES

	Note	2025 Rs. '000	2024 Rs. '000
At the beginning of the year		**2,833,073**	2,741,383
Additions		**330,584**	92,076
Interest expense	12	**123,105**	120,603
Less interest paid		**(123,105)**	(120,989)
At the end of the year		**3,163,657**	2,833,073

Analysed as:	2025 Rs. '000	2024 Rs. '000
Non-current	**3,163,657**	2,833,073

The financial liability of the notes issued by the Company has been classified under other financial liabilities and is amortised at cost using the effective interest rate method.

Unless redeemed earlier, the Notes shall be redeemed on the maturity date, December 18, 2038. The redemption proceeds will be paid to the noteholders.

The carrying amounts of the financial assets approximate to their fair value.

11 INTEREST INCOME

	Note	2025	2024
		Rs. '000	Rs. '000
Interest income on cash & cash equivalents		**535**	487
Interest Income on financial asset at amortised cost	5	**182,781**	176,546
		183,316	177,033

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).

12 INTEREST EXPENSE

	Note	2025	2024
		Rs. '000	Rs. '000
Interest payable to noteholders	10	**123,105**	120,603

Interest expense on financial liabilities measured at amortised cost is calculated using the effective interest rate method.

13 OPERATING EXPENSES

	Note	2025	2024
		Rs. '000	Rs. '000
Rating fee		**1,064**	936
Debentureholders' representative fee		**259**	241
Underwriting fee	16(c)	**29,906**	27,911
Annual registrar fee	16(c)	**2,237**	2,115
		33,466	31,203

14 EARNINGS PER SHARE

	2025	2024
Profit for the year (Rs. '000)	**22,323**	21,748
Weighted average number of shares in issue	**186,521**	177,215
Earnings per share (Rs.)	**119.68**	122.72

15 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of profit for the year to cash used in operations:

	2025	2024
	Rs. '000	Rs. '000
Profit before tax	**23,368**	22,556
Adjustments for:		
Interest income	**(183,316)**	(177,033)
Interest expense	**123,105**	120,603
	(36,843)	(33,874)
Changes in working capital:		
- Prepayments and other receivables	**125**	(140)
- Other payables	**147**	35
Cash used in operations	**(36,571)**	(33,979)

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

(b) Reconciliation of liabilities arising from financing activities:

		Net cash flows from		Non-cash transactions	
OTHER FINANCIAL LIABILITIES	**2024**	**Financing activities**	**Operating activities**	**Interest amortised**	**2025**
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**	**Rs. '000**
Other financial liabilities	**2,833,073**	**330,584**	**(123,105)**	**123,105**	**3,163,657**
	2,833,073	**330,584**	**(123,105)**	**123,105**	**3,163,657**

		Net cash flows from		Non-cash transactions	
OTHER FINANCIAL LIABILITIES	**2023**	**Financing activities**	**Operating activities**	**Interest amortised**	**2024**
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**	**Rs. '000**
Other financial liabilities	2,741,383	92,076	(120,989)	120,603	2,833,073
	2,741,383	92,076	(120,989)	120,603	2,833,073

(c) Cash & cash equivalents

	2025	**2024**
	Rs. '000	**Rs. '000**
Bank balances	**298,665**	24,575

The Company considers that its cash at bank have negligible credit risk based on the external credit ratings of the counterparties (2025: Baa3 and 2024 : Baa3). The resulting expected credit loss is considered as immaterial.

16 RELATED PARTY TRANSACTIONS

The transactions of the company with related parties during the year are as follows:

	Note	**2025**	**2024**
		Rs. '000	**Rs. '000**
(a) *Interest income*			
Ultimate holding company		**4,435**	2,208
(b) *Interest expense*			
Entities under common control		**449**	893
Fellow subsidiaries		**1,409**	24
		1,858	917
(c) *Operating expenses*	13		
Fellow subsidiaries		**32,143**	30,026
(d) *Administrative expenses*			
Entities under common control		**461**	382
Fellow subsidiaries		**1,655**	1,491
		2,116	1,873
(e) *Key management personnel compensation (including Directors)*		**195**	33

16 RELATED PARTY TRANSACTIONS (CONT'D)

Outstanding balances as at the end of the reporting year are as follows:

		Note	2025	2024
			Rs. '000	Rs. '000
(f)	*Financial assets at amortised cost*			
	Ultimate holding company		**119,611**	55,226
(g)	*Payables to related parties*	8		
	Entities under common control		**148**	59
	Fellow subsidiaries		**589**	560
			737	619
(h)	*Other Financial liabilities*			
	Entities under common control		-	47,700
	Fellow subsidiaries		**563**	568
			563	48,268
(i)	*Bank balances*			
	Entities under common control	15(c)	**298,665**	24,575

All the above transactions have been carried out at least under market terms and conditions. There have been no guarantees provided or received for any related party receivables or payables. At June 30, 2025, the amounts owed by related parties were not impaired.

Outstanding balances at year end, excluding financial assets at amortised cost and other financial liabilities, are unsecured and interest-free. Settlement occurs in cash. The Company has made an impairment assessment by considering the previous repayment behaviours and the future cash flow forecasts covering the contractual period of receivables from related parties. The Company does not expect any default from them and is certain of their ability to pay their debts as they become due in the normal course of business and/or in any adverse economic and business conditions. Consequently, the probability of default is therefore negligible and the Company has not accounted for any impairment loss.

The terms in respect of the outstanding balances at year end in financial assets at amortised cost and other financial liabilities are disclosed in note 5 and 10, respectively.

17 ULTIMATE HOLDING COMPANY

The holding company of CM Diversified Credit Ltd is MCB Capital Markets Ltd and the ultimate holding company is MCB Group Limited. Both companies are incorporated in Mauritius.

18 EVENTS AFTER REPORTING PERIOD

On August 09, 2025, subsequent to the reporting period, the Finance Act 2025 was promulgated into law and introduced significant amendments to the tax legislation, including but not limited to:

<u>Alternative Minimum Tax (AMT):</u>

A 10% minimum tax on adjusted book profits applicable to companies in specific sectors (e.g., hotels; insurance; financial intermediaries; real estate; and telecommunications) where the normal tax payable is less than 10% of adjusted book profit. The AMT will not be applicable to (i) companies holding a Global Business Licence; and (ii) companies exempt from payment of income tax or which have been granted tax holidays. Companies will not be allowed to offset any tax credits such as the foreign tax credit against the AMT payable.

18 EVENTS AFTER REPORTING PERIOD (CONT'D)

Qualified Domestic Minimum Top-up Tax (QDMTT):

Imposed on resident subsidiaries and holding companies of Multinational Enterprises (MNEs) resident in Mauritius with consolidated revenue of at least EUR 750 million. A minimum tax of 15% is levied on income derived as from July 01, 2025.

Fair Share Contribution for Companies:

A Fair Share Contribution ranging from 2% to 5% has been introduced under the Value Added Tax Act (VAT) and is applicable to companies with annual supplies exceeding MUR 24 million or those required to be VAT registered and having annual chargeable income exceeding MUR 24 million. This contribution is payable on a quarterly basis under a system similar to the Advance Payment System under corporate tax and is not deductible against other tax credits. Specific caps apply to banks and telecommunication companies to ensure the total tax burden does not exceed 35% of chargeable income. The contribution will be applicable to income derived as from the July 01, 2025 and will be imposed for 3 consecutive years, i.e., up to the June 30, 2028.

Payment of Tax in Foreign Currency:

Effective October 01, 2025, companies deriving more than 50% of their annual gross income in specified foreign currencies (e.g., USD; EUR; GBP) are required to pay income tax in that currency. Banks must also pay tax in foreign currency for income arising from transactions with non-residents and Global Business Entities.

These changes were enacted after the reporting period ending June 30, 2025 and therefore represent non-adjusting events in accordance with IAS 10.22(h). As such, the financial effects of these changes have not been reflected in the financial statements for the year ended June 30, 2025.

The Company is currently evaluating the potential impact of these legislative changes on its future financial performance and tax obligations.