AUTOMATIC SYSTEMS LTD
ANNUAL REPORT | 2022

CONTENT

THE COMPANY **AT A GLANCE**

	2022 (Rs) Million	
	Tote	Football
Turnover	776.7	508.6
Payment to Winners	537.7	370.0
Income	238.9	138.6
National Solidarity Fund	14.4	
CSR Responsible Gambling Program	2.7	
License Fees to GRA	13.9	
Government Tax & Duty	157.8	
Profit After Tax	30.2	
Earnings Per Share	8.54	
Dividend Per Share	6	

BOARD COMMITTEES AND MANAGEMENT

BOARD of DIRECTORS

CHAIRPERSON AND NON-EXECUTIVE DIRECTOR

M. A. Eric **ESPITALIER NOËL**

EXECUTIVE DIRECTORS

M.L. Jean **HARDY**
(up to 31 December 2022)
J. O. Guillaume **HARDY**
(as from 01 January 2023)

NON-EXECUTIVE DIRECTORS

Ravindra **CHETTY**
M. L. Jean **HARDY**
(as from 01 January 2023)
Sarah A. M. **HELLER**
O. Farouk A. A. **HOSSEN**
Michel J. L. **NAIRAC**
M. A. Eric **ESPITALIER NOËL**
John A. **STUART**
Arvind Lall **DOOKUN**

INDEPENDENT DIRECTORS

Mushtaq M. O. N. **OOSMAN**
Angelique Anne **COQUET-DESVAUX DE MARIGNY**
(appointed on 08 August 2022, resigned on 11 November 2022 and appointed on 10 February 2023)

ALTERNATE DIRECTOR

To O. Farouk A. A. **HOSSEN** :
M. L. Jean **HARDY**

AUDIT & RISK COMMITTEE

MEMBERS

Mushtaq M. O. N. **OOSMAN**
Chairperson
O. Farouk A. A. **HOSSEN**
Arvind Lall **DOOKUN**

CORPORATE GOVERNANCE (NOMINATION AND REMUNERATION) COMMITTEE

MEMBERS

Ravindra **CHETTY**
Chairperson
M. A. Eric **ESPITALIER NOËL**
M. L. Jean **HARDY**

SENIOR MANAGEMENT

Robert C. Y. F. **AH YAN**
General Manager

ADMINISTRATION AND CORPORATE INFORMATION

REGISTERED OFFICE

C/o Box Office Ltd
2nd Floor, Palm Square, 90906 La Mivoie, Tamarin

COMPANY SECRETARY

Box Office Ltd
2nd Floor, Palm Square, 90906 La Mivoie, Tamarin
Tel: 4834309

REGISTRY AND TRANSFER OFFICE

ECS Secretaries Ltd (up to 04 January 2022)
3rd Floor Labama House
Sir William Newton Street Port Louis
Tel: 2121998

MCB Registry & Securities Ltd (as from 05 January 2022)
Sir William Newton Street, Port Louis, Mauritius
Tel: 2025000

EXTERNAL AUDITORS

Deloitte
7th- 8th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity, Ebène

INTERNAL AUDITORS

Ernst & Young
6th Floor, Icon Ebène, Rue de L'institut, Ebène

LEGAL ADVISORS

Me Hervé DUVAL S.C
River Court, 6 St Denis Street, Port Louis

ENS Africa
19 Church Street, Port Louis

NOTARY

Me Didier MAIGROT
1st Floor, Labama House, Sir William Newton Street, Port Louis

BANKERS

The Mauritius Commercial Bank Limited
SBM Bank (Mauritius) Ltd
Afrasia Bank Limited

DIRECTORS' REPORT

The Directors are pleased to present to the Company's stakeholders the annual report together with the audited financial statements of Automatic Systems Ltd. (the "Company" or "ASL") and its wholly owned subsidiary Megawin Ltd (collectively referred to as the "Group") for the year ended 31 December 2022. The annual report is published on the Company's website: https://automaticsystemsltd.mu/

The results of the Company for the year under review have dropped slightly compared to 2021. Football betting produced better results while the Tote turnover decreased significantly.

The Company recorded a turnover of Rs 1.286 billion (2021: Rs 1.484 billion) whilst profit after tax attributable to shareholders of the Company decreased from Rs 31.4 million to Rs 30.2 million.

The main factors that affected the Tote turnover were:

- The high betting tax;
- The decrease in number of runners per race; and
- The uncertainties and challenges faced by the horse racing industry.

The first race meeting for the 2022 season was organised by the new horse-racing organiser, People's Turf PLC (PTP) on the 5th of June 2022 (2021: 15 May). The turnover for the year decreased by 26% from Rs 1.048 billion in 2021 with 38 meetings to Rs 776.66 million in 2022 for 39 meetings in total; the first 5 meetings were held in-camera. A decrease of 28% has been noted in the average turnover per horse-racing meeting, from Rs 27.6 million in 2021 to Rs 19.9 million in 2022. Although the public was allowed at the racecourse as from the 1st of July 2022, a decrease in turnover has been noted for Off course, Teletote and SMS betting.

The financial statements of the Group and the Company are set out on pages 44 to 87. The auditors' report on these consolidated and separate financial statements is on pages 39 to 41.

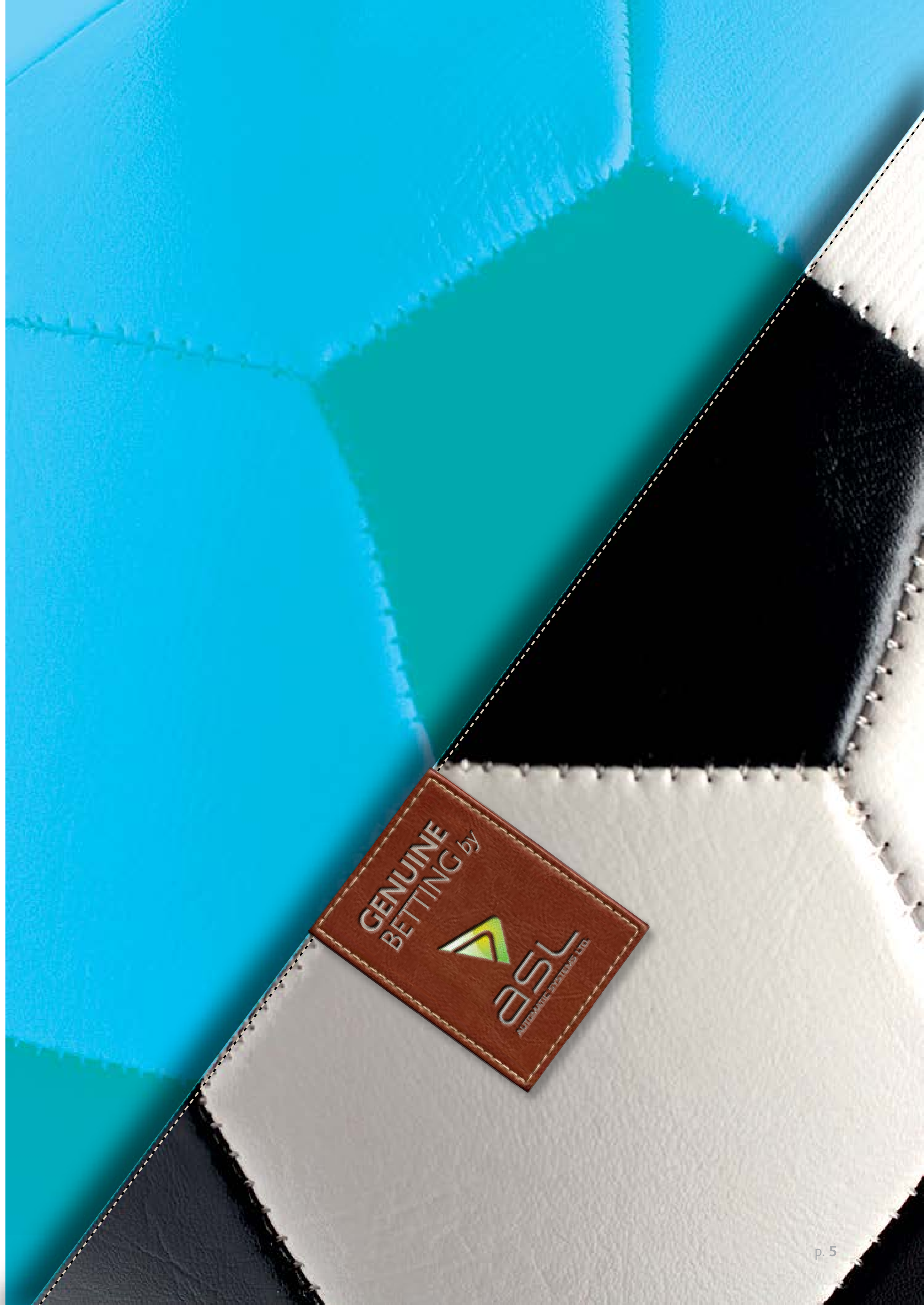
BACKGROUND AND NATURE OF THE GROUP'S OPERATIONS

The Company was incorporated in 1991 for the purpose of operating the Tote System, a betting platform that is transparent, reliable and auditable. The Tote is a pool betting system where all the stakes money placed on a particular type of bet on a particular race gets pooled together and is then divided out to the winners after deductions are made. The final payout is calculated by a software at the closure of bets, leaving no room for dispute or controversial claims against the Company, the Horse Racing Organisers namely MTC Sports and Leisure Ltd ("MTCSL") and People's Turf PLC ("PTP") or the Government. All punters having a similar winning combination receive the same amount of dividend, irrespective of the time at which the bet is placed. The Company receives a fixed commission, irrespective of which horse comes first. This system is operated in all major racing jurisdictions such as the United States, France, Hong Kong, Australia, Singapore and South Africa and has an international recognition.

"The Company receives a fixed commission, irrespective of which horse comes first".

The Company is listed on the official market of the Stock Exchange of Mauritius since 1994 and has, at 31 December 2022, 1,651 shareholders on its register.

Since its incorporation, the Company runs a totalisator system (Tote) of betting on races in Mauritius organised by the MTCSL and as from 2022, by both MTCSL and PTP, under the brand Supertote.



DIRECTORS' REPORT *(Continued)*

In 2004, as a measure to move away from the existing illegal betting operations which has a very negative impact on the horse racing industry, the Regulatory Authorities authorised off course betting. To date, the Company operates 24 outlets, spread across the Island. The Company's continuous challenge remains finding alternative locations and obtaining permits to replace closing outlets, which may occur due to unforeseen circumstances. Therein lies a risk for the Company, as a reduction in number of off-course outlets would have a direct impact on its turnover.

In 2008, the Company started to organise fixed-odds betting on foreign football matches under the brand Superscore, in accordance with the provisions of the Gambling Regulatory Authority (GRA) Act 2007.

The Company was also the pioneer in SMS betting on the Tote in 2008 and a new more user-friendly application was launched in 2017 to facilitate betting by SMS. The number of account holders for telephone and SMS betting is constantly increasing.

As an illustration of the Board and Management's innovation and sustainability mindset and as a measure of diversification, the Company incorporated Megawin Ltd in 2014, for its operations in Africa. The first countries of operation were Kenya and Nigeria. Operations are presently being held in Ivory Coast, only.

MANAGEMENT AND BOARD OF DIRECTORS

Mr Robert Ah Yan acts as General Manager of the Company since the resignation of Mr Guillaume Hardy as Managing Director in July 2020.

At the end of 2022, Mr M.L. Jean Hardy submitted his resignation as Executive Director effective as from 01 January 2023 and remains as Non-Executive Director. The Board wishes to thank Mr Jean Hardy for his commitment and his invaluable contribution to the Company which he founded in 1991.

Mr Guillaume Hardy was acting as consultant and has been appointed as Executive Director as from the 1st of January 2023.

CHALLENGES AND RISKS

Although the public was allowed at the racecourse as from the 6th race meeting, the Company still experienced a significant drop in its turnover which can be attributed to many uncertainties surrounding the horse racing industry, the increase of betting tax by 2% in September 2021, the introduction of a third Tote Organiser in November 2022 and post COVID-19 effects.

The Directors are well aware that one of the major risks for the Company's activities is its dependence on the horse racing industry and the capacity of horse racing organisers to be sustainable. The Horse Racing Division (HRD) delivered a licence of Horse Racing Organiser to a new entity, People's Turf PLC (PTP) in 2022. The start of the racing season was delayed in 2022 and started in June as the MTCSL did not obtain its licence while the other horse racing organiser was not ready to start its operations. Both racing organisers shared the organisation of 39 meetings. The integrity of the racing industry is very important to bring public confidence. The uncertainty that surrounded the organisation of horse racing had a negative impact on the Tote turnover as illustrated below:

YEAR IN REVIEW

HORSE RACING OPERATIONS AT A GLANCE :

Year	1st race day	Number of race meetings	On course operations	Total Tote turnover	Total payment to punters	Average Tote turnover per meeting	Payment to Government through various taxes and licences
2021	15 May 2021	38	Only in camera	Rs 1,047.5M	Rs 737.9M	Rs 27.6M	Rs 180.9M
2022	05 Jun 2022	39	First 5 meetings in camera	Rs 776.7M	Rs 537.7M	Rs 19.9M	Rs 171.7M

FOOTBALL OPERATIONS AT A GLANCE :

Year	Turnover (Rs)	Income (Rs)	GGR (Rs)	GGR %
2021	436.8 M	105.6 M	53.2 M	13.7
2022	508.6 M	138.6 M	72.7 M	16.3

The horse racing season started in-camera on the 5th of June 2022 and for the first 5 race meetings during which period the Tote counters at the Champ de Mars did not operate and bets were accepted only at our off-course outlets, by telephone and by sms through the Supertote mobile application. The 2022 Racing season consisted of 39 meetings compared to 38 in 2021. The public was allowed at the racecourse as from the 6th race meeting. On-course turnover has been impacted in 2022 during meetings organised by PTP since there are no terminals onsite at PTP.

The Tote income for the year decreased from Rs 309.6 million to Rs 238.9 million although with one additional race meeting.

Football betting operations ran throughout the whole year and income for the year in review reached Rs 138.6 million compared to Rs 105.6 million in 2021. Betting tax remained 14% on gross stakes with a direct impact on payouts to clients.

There was a slight increase in operating expenses due to inflation and the appreciation of the US Dollar and Euro against the Mauritian Rupee in 2022, but in general, expenses were well contained throughout the year.

Profits for the Company amounted to Rs 30.2 million compared to Rs 31.4 million at 31 December 2021 while Group profits for the year reached Rs 31.2 million compared to Rs 41.3 million in 2021. The table below illustrates the Company's performance derived from its local operation for the past three years.

		2022	2021	2020
		Rs Million	Rs Million	Rs Million
Income*	Horse racing	238.9	309.6	258.1
	Football	138.6	105.6	111.3
Total Income		377.5	415.2	369.4
NSF		14.4	14.9	14.8
Government Tax and Duty		157.8	167.5	134.1
GRA Licenses		13.9	13.4	16.4
Responsible Gambling Levy		2.7	2.6	2.5
Total contribution to Government and Local Authorities		188.8	198.4	167.8
Commission to Horse Racing Organisers		40.6	62.0	48.1
Profit for the year		30.2	31.4	36.5

**Income is composed of bets struck net of winnings.*

Despite having 39 race meetings held compared to 38 in 2021, income from horse racing decreased from Rs 309.6 million to Rs 238.9 million. Football income increased from Rs 105.6 million to Rs 138.6 million. Government Tax and Duty decreased from Rs 167.5 million in 2021 to Rs 157.8 million in 2022 explained by the drop on horse racing turnover.

Despite the challenges, the Company maintained a dividend payment of Rs 6.00 per share to its shareholders in December 2022 (2021: Rs 6.00 per share). The Dividend was paid in January 2023.

Year	2018	2019	2020	2021	2022
Share price at 31 December (Rs)	94.50	100.25	87.00	105.00	98.0
Total dividend per share declared during the year (Rs)	5.00	5.00	5.00	6.00	6.00

DIRECTORS' REPORT *(Continued)*

Totalisator

Despite 39 race meetings in 2022 compared to 38 in 2021, the Company's turnover decreased by 26% from Rs 1.048 billion in 2021 to Rs 776.7 million in 2022 as illustrated in the table below. The average turnover per horse-racing meeting decreased by 28% from Rs 27.6 million to Rs 19.9 million.

Turnover comparison						
	Total Turnover (Rs)		Variance	Turnover per meeting (Rs)		Variance
	2021	2022		2021	2022	
On Course	4,183,301	44,556,626	965%	110,087	1,142,478	938%
Off Course	627,366,173	448,121,742	-29%	16,509,636	11,490,301	-30%
Teletote	178,642,166	112,220,777	-37%	4,701,110	2,877,456	-39%
SMS	237,278,019	171,760,800	-28%	6,244,158	4,404,123	-29%
TOTAL	**1,047,469,659**	**776,659,945**	**-26%**	**27,564,991**	**19,914,358**	**-28%**

On Course

The first 5 race meetings were held in-camera and the public was allowed at the racecourse as from the 6th race meeting. As a result, the oncourse turnover reached Rs 44.6 million in 2022.

Off Course

Despite the fact that there was one additional meeting in 2022, the Company's Off Course turnover for its 24 outlets decreased significantly by 29% and the average turnover per meeting decreased significantly by 30%.

The performance of each outlet is closely monitored and scrutinized. A performance appraisal based on criteria such as customer service, cleanliness and maintenance, turnover performance, innovative measures for punters and staff rating is carried year in year out to identify the best-managed outlet.

TELETOTE AND SMS

The website offers a user-friendly process for the opening of accounts; the number of accounts opened online from the Company's website has increased significantly from 1,137 in 2014, to reach 6,528 in 2020 and 5,824 in 2021. For the year in review, 3,400 new accounts were opened.

Teletote

Like the other segments of revenue, the total turnover of the Teletote for the year was Rs 112.2 million, representing a significant decrease of 37% compared to 2021. The average turnover per meeting for the year in review (Rs 2.9 million) decreased significantly by 30% (Rs 4.7 million in 2021). The Teletote activity and trend over the last 5 years:

Year	Tunover (Rs)	Accounts Opened	No of Meetings	Average Turnover per Meeting (Rs)
2018	194,999,121	4,627	37	5,270,247
2019	171,243,697	4,082	38	4,506,413
2020	150,670,137	6,528	32	4,708,442
2021	178,642,166	5,824	38	4,701,110
2022	112,220,777	3,400	39	2,877,456

SMS betting

The SMS betting turnover for the year in review decreased by 28% (2022: Rs 171.8 million) compared to Rs 237.3 million in 2021. The average turnover per race meeting also decreased by 29%.

SMS betting operates by having the bet placed via a mobile application ('the App'). The App is a bet builder launched in 2017 which covers all the bets offered by the Company. It uses the latest Progressive Web App (PWA) technology downloadable from www.supertote.mu; all bets are placed by SMS. The PWA technology enables automatic upgrade when a new version of the App is released.

The App offers a convenient way to bet and is being used more and more by Teletote account holders as demonstrated in the table below. In 2022, SMS betting represented 22% of the Tote turnover.

Turnover - SMS Betting (Rs)				
2018	2019	2020	2021	2022
82,915,899	117,958,262	149,909,387	237,278,019	171,760,800
Percentage of total turnover (%)				
2018	2019	2020	2021	2022
8.18%	11.16%	16.14%	22.65%	22.12%

Online booking of bets is more and more popular as demonstrated in the table below:

Year	Number of Booked Bets	Average Booked Bets per Month	Amount Rs	Average per Month Rs	Total Turnover Rs	% of Turnover
Jul - Dec 2018	420,697	70,116	32,453,794	5,408,966	216,454,683	15%
2019	1,352,054	112,671	113,637,612	9,469,801	411,536,698	28%
2020	1,493,416	124,451	133,144,366	14,793,818	356,375,940	37%
2021	2,194,232	219,423	221,019,564	22,101,956	436,780,704	51%
2022	2,595,432	216,286	282,888,173	23,574,014	508,555,581	56%

In the fixed odds business, competitive odds is key to maintain or gain market share. The betting tax remained at 14% and the Company continued to offer attractive bonuses on pay outs ranging from 7% to 25%.

The gross profit margin (being bets struck net of winnings) constantly increased over the past years, from 16.2% in 2018 to 18.9% in 2019, to 23.0% in 2020 but dropped to 13.7 % in 2021 and increased to 16.3% in 2022.

FOOTBALL

Football betting operations ran all year round with no COVID-19 restrictions in 2022. The 2022 FIFA World Cup tournament was exceptionally played in November and December, the turnover increased by 16.4% to reach Rs 508.6 million in 2022 compared to Rs 436.8 million in 2021. This was the best ever turnover realised by the Company since the start of football betting in 2008. The Company constantly strives to innovate and offers very competitive odds along with a variety of appealing bets. In that context, the Company changed its betting software in July 2018. The football betting software offers more possibilities such as online booking of bets. Customers can book their bets on https://superscore.mu/ where they receive a code which is then tendered to the teller in any Superscore outlet for the bet to be placed and validated. These innovations have contributed to maintain the Company's market share in a very competitive environment.

The football income increased from Rs 105.6 million in 2021 to Rs 138.6 million in 2022.

The chart below illustrates the Gross Gaming Revenue (Turnover after tax less winnings) realised on football betting. In the fixed odds business, the Gross Gaming Revenue is dependent on the outcome of matches.

DIRECTORS' REPORT *(Continued)*

Gross Gaming Revenue Football Betting					
	2018	2019	2020	2021	2022
Turnover after tax	396,776,193	374,124,436	320,995,386	387,270,490	446,101,388
Payment to winners	332,530,764	303,460,794	247,163,160	334,070,431	373,397,148
Gross Gaming Revenue	**64,245,429**	**70,663,642**	**73,832,226**	**53,200,059**	**72,704,240**
GGR Margin	**16.2%**	**18.9%**	**23.0%**	**13.7%**	**16.3%**

DEVELOPMENT IN AFRICA

Megawin Ltd ('Megawin'), involved in sports betting in Africa, more particularly in Ivory Coast through Mohio Gaming, reached its eighth year of operation in 2022. During 2021, the Company acquired the 49% shares held by Mr Andrew Weeks in Megawin Ltd which is now a wholly owned subsidiary. Megawin has a contract with LONACI the National Lottery of Ivory Coast to offer virtual dog racing through its retail network and is continuously on the watch for new opportunities in Africa. Its turnover is composed of commission on sales.

The table below illustrates the turnover, the total commission received and the profit realised in MUR. The improvement of profits year on year is attributable to an increase in commission and turnover:

Megawin					
	2018	2019	2020	2021	2022
Turnover of Operators (€)	17,277,406	15,833,556	16,308,808	19,889,492	21,758,648
Commission received (€)	460,401	471,245	613,418	740,024	923,757
	MUR	MUR	MUR	MUR	MUR
Operational Profit	**5,787,198**	**6,807,613**	**14,351,519**	**16,855,358**	**20,216,411**

WEBSITE

The Company operates three websites as follows:
• **www.supertote.mu** – main website for Tote Betting and featuring live racing, training and race videos as well as comprehensive horse forms. Teletote accounts can be opened online and accounts can be funded by credit card directly through a secured PCI DSS compliant platform. Credit card deposits online amounted to Rs 13.0 million in 2022 compared to Rs 17.8 million in 2021, representing a decrease of nearly 27%.
This Supertote website is very popular, the total number of Visitors decreased from 569,863 in 2021 to 552,613 in 2022. The number of Page Views also decreased from 62.6 million in 2021 and to 53.3 million in 2022.
www.supertote.mu remains the top ranked website for horse racing in Mauritius on Google search engine.
• **www.superscore.mu** – exclusively covers football betting. The website proposes features such as online booking of bets and live news. The total number of Visitors increased from 165,352 in 2019 to 217,153 in 2020 to 266,818 in 2021 and to 303,612 in 2022.
• **www.automaticsystemsltd.com** – conveys information on the Company's corporate structure, its Management and Administration, corporate events and financials.

SOCIAL MEDIA

The Company strongly believes in new technologies and uses social media as a communication tool and to promote its brands. Social media is also used to interact with customers and attend to their requests. Supertote has its own Facebook page with approximately 21,900 followers. Valuable information such as training videos, carry forwards, short movie adverts and big payouts amongst others are posted on the Facebook page. The Company also organises contests, where Company's branded gifts are offered to winners. The popularity of such contest is rapidly increasing.

CORPORATE SOCIAL RESPONSIBILITY ('CSR')

In line with the provisions of the current Gambling Regulatory Authority Act which caters for the totality of CSR funds to be remitted to the Gambling Regulatory Authority (the 'GRA'), the Company has contributed an amount of Rs 2.7 million in 2022 representing 2% of the gross gambling yield for the running of a National Responsible Gambling Program.

The objective of the program is to institute responsible gambling and to provide professional support to compulsive gamblers. Gambling must remain a leisure and compulsive gamblers can get free counselling and support for their addiction by calling a toll-free number provided by the GRA. This number is conspicuously displayed in all our betting outlets.

The first part of the program has been implemented in 2018. The Company fully supports this program and has expressed its commitment to work with the GRA for the implementation of the remaining phases of the program.

OUTLOOK

Tote
The introduction of a third Tote organiser at the end of the horse racing season 2022 will have an impact on the Company's Tote turnover. The main attribute of Totalisator is the size of the betting pools. A third Tote Organiser and two separate pools will further dilute the size of the betting pools and will affect the dividends paid to the punters. The betting tax rate of 14% introduced in 2021 already impacted the Tote turnover in 2022 and will continue to do so if not reviewed.

The directors remain very cautious about the future of Totalisator betting on local horse racing due to the numerous uncertainties surrounding the racing industry. The future of the historic racing organiser is also a major concern since they will not operate in 2023.

Football
The total turnover has been on an upward trend for the last three years and an increase in turnover may be expected for 2023.

The Company operates in a very competitive market and, to increase or at least maintain its market share, it keeps innovating through new offers, competitive odds as well as bonuses. Higher bonuses result in lower margins for the Company.

Africa
Megawin operates only in Ivory Coast for the moment. With an increase in turnover of 9% compared to 2021, commission received improved by 25%. The Company expects the 2023 performance to remain on par with 2022 as the number of betting terminal is not expected to grow further this year.

Megawin continues prospecting opportunities for online gaming in Western African countries. Megawin has a contract with FRANCI, a company based in Ivory Coast to prospect other markets within the region of Western Africa.

Overseas Investment
In 2020, the Company invested the equivalent of £180,275 representing an equity stake of 7.09% in RPGG Media Ltd. At the reporting date, the fair value of the investments held in RPGG Media Ltd has been determined as nil given that the investee had surrendered its licence to the UK Gambling Commission and has no intention to operate. However, the founders are currently looking to sell the technology which will trigger the partial reimbursement of the initial investment made by ASL.

Financial Outlook
With the confirmation that the MTCSL, the founder of the horse racing industry in Mauritius will not operate in 2023, the directors believe that this will have an impact on the horse racing industry. The MTCSL boasted an international recognition in the organisation of Horse Racing since 1812 and its closure can only have a negative impact on the horse racing industry for the future. Although the HRD confirmed that 36 race meetings will be organised in 2023, the directors, however, do not expect any growth for 2023.

Football turnover is expected to increase this year as the trend for the first three months of the year is very encouraging.

Megawin should maintain the same profit level as 2022. Taking into consideration these various factors, the financial results for the coming year will depend on the performance of the Totalisator betting on horse racing.

CORPORATE GOVERNANCE REPORT

The Company was incorporated on the 18th March 1991.

Automatic Systems Ltd (The "Company") is listed on the official market of the Stock Exchange of Mauritius since 12th October 1994 and qualifies as a public interest entity, as defined by the Financial Reporting Act 2004.

The Board is fully committed to attaining and sustaining the highest standards of Corporate Governance and ensures that the eight principles of good Corporate Governance from the National Code of Corporate Governance (the 'Code'), as applicable in Mauritius, are fully adhered to and form an integral part of the Company's business practices. It is also committed to fair financial disclosure to its shareholders and all the stakeholders at large.

Constitution of the Company

The Company has adopted a new Constitution on 22nd June 2007 which is in conformity with the Mauritius Companies Act 2001 and the Listing Rules.

The Constitution of the Company does not provide for any ownership restrictions of shares.

Save and except where the terms of issue of any class of shares – as may be determined by the Board - specifically provide otherwise, all new shares are, before issue, offered to existing holders in proportion to their existing shareholdings.

The Constitution of the Company can be viewed on its website in the Corporate Governance Section - **https://automaticsystemsltd.mu/**

PRINCIPLE 1 - GOVERNANCE STRUCTURE

• Governance structure and major accountabilities

The Board is the focal point of the Corporate Governance System and is ultimately accountable and responsible for leading and controlling the Company and observing all legal and regulatory requirements.

The Board ensures that relevant laws, regulations and codes of best business practices are adhered by the Company and the Group.

As shown in the chart below, the Company operates within a defined governance framework through delegation of authorities and clear lines of responsibility and accountability while enabling the Board to retain effective control.

Shareholders have the power to appoint, re-elect and/or remove Directors and External Auditors.

The Management of the Company is vested in the Board which has all the powers necessary for managing, and for directing and supervising the management of the business and affairs of the Company. The Directors are accountable to Shareholders.

The Board has created 2 sub committees; the Corporate Governance (Nomination and Remuneration) Committee and the Audit and Risk Committee. Each committee operates within approved terms of reference and present their reports to the Board. The Chairperson of each subcommittee is invited to brief the Board on the matters discussed at the committees and makes the necessary recommendations where applicable.

CORPORATE GOVERNANCE REPORT *(Continued)*

The governance structure and major accountabilities are monitored by the Corporate Governance (Nomination and Remuneration) Committee and reviewed yearly (or earlier if considered appropriate). Any proposed change is subject to the approval of the Board.

The governance structure and major accountabilities, including the review process, can be viewed on the Company's website.

PRINCIPLE 1 - **GOVERNANCE STRUCTURE** *(CONTINUED)*

• Role of the Board

The primary function of the Board is to provide effective leadership and direction to the Company and its wholly owned subsidiary, for setting up the strategy and policies, overseeing its activities by monitoring performance and risk and supervising management to ensure accountability to its stakeholders.

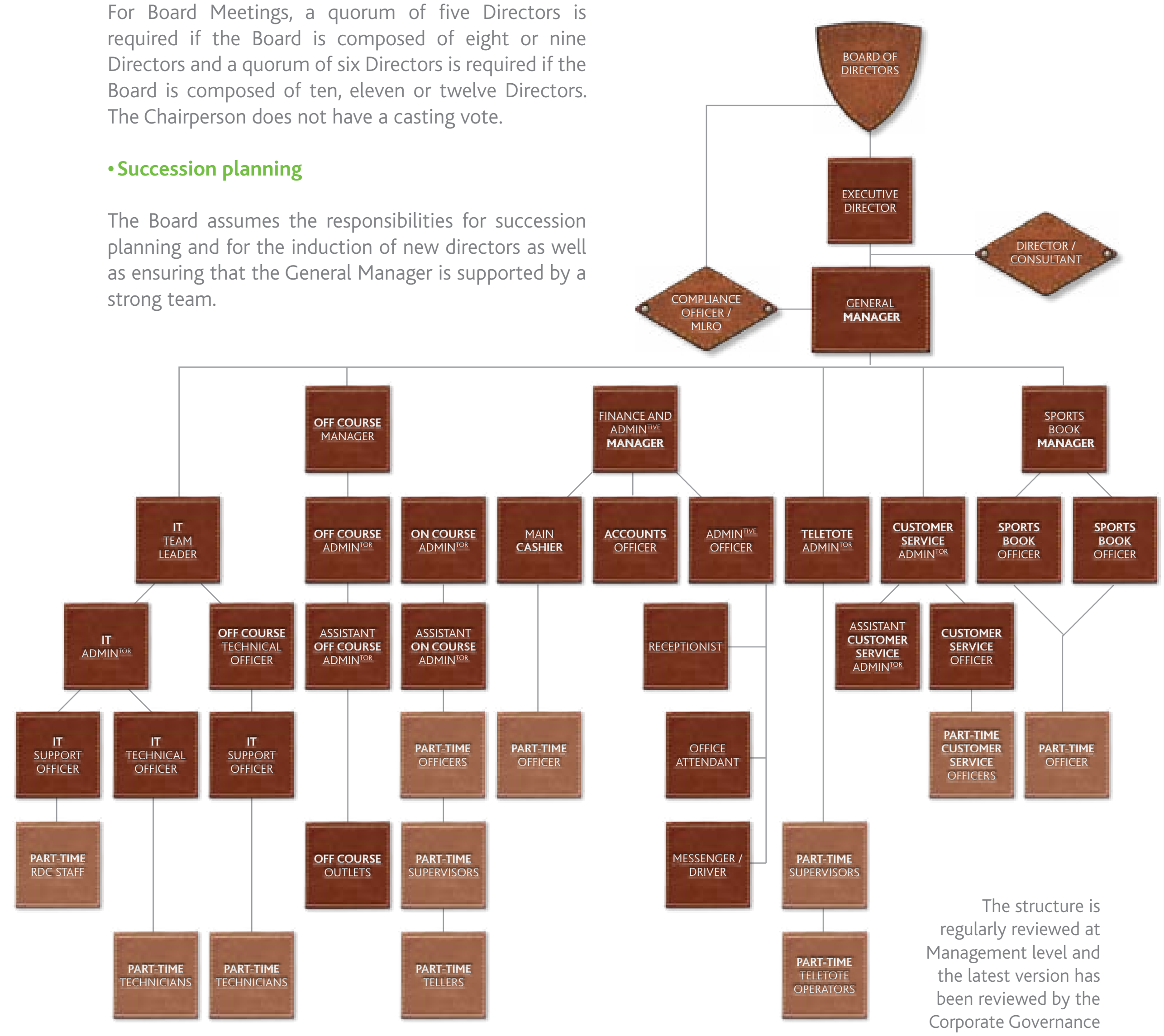
For Board Meetings, a quorum of five Directors is required if the Board is composed of eight or nine Directors and a quorum of six Directors is required if the Board is composed of ten, eleven or twelve Directors. The Chairperson does not have a casting vote.

• Succession planning

The Board assumes the responsibilities for succession planning and for the induction of new directors as well as ensuring that the General Manager is supported by a strong team.

• Organisational Chart

The organisational chart displays a reporting hierarchy and structure of the Company and can be viewed on the Company's website. The structure is regularly reviewed and updated at Management level and the latest version has been reviewed by the Corporate Governance (Nomination and Remuneration) Committee on the 16th March 2023. The updated version is available on the website.



The structure is regularly reviewed at Management level and the latest version has been reviewed by the Corporate Governance Committee on 15th of March 2022.

CORPORATE GOVERNANCE REPORT *(Continued)*

• Board Charter

A Board charter has the objective of identifying the specific responsibilities of the Board and thereby enhancing coordination and communication between the Board and its committees and the Board and Management. The Board charter will be reassessed every three years, or earlier if considered appropriate. The charter, including the review process, has been approved on 16th March 2020 and will be reviewed in 2023. The document can be viewed on the Company's website.

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

• Board structure and size

The Company has a unitary Board composed of eleven Directors: one Executive Director, 8 Non-Executive and 2 Independent Directors. In terms of gender balance, the Company now has two women Directors on the Board. The Chairperson is a Non-Executive Director. All directors are expected to objectively discharge their duties and responsibilities in the best interest of the Company. Directors are expected to do their utmost to avoid conflicts of interests or situations which can be perceived as conflicting. To determine its current size and composition, the Board has considered (a) the size, complexity and diversity of its operations, (b) the various qualifications and experience of its members, and (c) the recommendations of the Code. The Board is conscious that it should have 2 Executive Directors on the Board but believes that, with one Executive Director and with the General Manager attending Board meetings, there is no requirement for the time being to recommend to the Shareholders the appointment of a second Executive Director on the Board. The Board is satisfied that its size and level of diversity commensurates with the sophistication and scale of the Company.

• Board Composition, structure and size

The Board is composed of independently minded directors. The Directors come from diverse business backgrounds and possess the necessary knowledge, skills, objectivity, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Company, independent of management. The Board's composition is adequately balanced with the current Directors having the range of skills, expertise and experience required to effectively discharge its duties and to have well balanced sub committees.

Name	Gender	Country of residence	Status of directorship	Other information
Mr M. A. Eric ESPITALIER NOEL	M	Mauritius	Non-Executive Director	Chairperson of the Board and Member of the Corporate Governance Nomination and Remuneration Committee
Mr Ravindra CHETTY	M	Mauritius	Non-Executive Director	Chairperson of the Corporate Governance Nomination and Remuneration Committee
Mr Arvind Lall DOOKUN	M	Mauritius	Non-Executive Director	Member of the Audit and Risk Committee
Mr J. O. Guillaume HARDY	M	Mauritius	Executive Director	
Mr M. L. Jean HARDY	M	Mauritius	Non-Executive Director	Also, alternate Director to Mr O. Farouk A.A. HOSSEN and Member of the Corporate Governance Nomination and Remuneration Committee
Mrs Sarah A. M. HELLER	F	Mauritius	Non-Executive Director	
Mr O. Farouk A. A. HOSSEN	M	Mauritius	Non-Executive Director	Member of the Audit and Risk Committee
Mr Michel J. L. NAIRAC	M	South Africa	Non-Executive Director	
Mr Mushtaq M. O. N. OOSMAN	M	Mauritius	Independent Director	Chairperson of the Audit and Risk Committee
Mr John A. STUART	M	South Africa	Non-Executive Director	
Mrs Angelique A. COQUET-DESVAUX DE MARIGNY	F	Mauritius	Independent Director	
Box Office Ltd		Domestic Company incorporated in Mauritius	Company Secretary	Company with two qualified chartered Secretaries as partners – Mrs Sophie Gellé and Mrs Sylvia Maigrot, offering secretarial services to a portfolio of clients.

• Profiles of Directors and details of external appointments

The Board has decided to only disclose directorship in companies listed on the Stock Exchange of Mauritius. For directorship in public and subsidiaries of unlisted companies, the information may be requested from the Company Secretary.

DIRECTORS PROFILES

M. A. Eric ESPITALIER-NOEL (63 years)
Chairperson – Non-Executive Director
Appointed as Director in 2004

Appointed Director in 2004, Chairperson of the Company since July 2004, Eric Espitalier-Noël, born in 1959, holds a Bachelor's degree in Social Sciences from the University of Natal in South Africa and a Master degree in Business Administration from the University of Surrey (UK). In 1986, he joined ENL Limited of which he is today an Executive Director.

Directorship in listed companies: Eric is currently the CEO of ENL Commercial Limited. He is also a Director of the following listed companies: Rogers and Company Limited, ENL Limited, Livestock Feed Limited (DEM), Les Moulins de la Concorde Ltée (DEM), Swan General Ltd, Swan Life Ltd (DEM) and Tropical Paradise Co Ltd (Alternate Director) (DEM).

M. L. Jean HARDY (74 years)
Non-Executive Director
Appointed as Director at incorporation in 1991 and as Alternate Director to Farouk Hossen in 2002

Jean HARDY, born in 1948, is the promoter of the Tote Betting System in Mauritius. He was one of the co-founders of Hardy Henry & Cie Limitée in 1976 and is a director of Hardy Henry & Cie Limitée and its affiliated companies.

Directorship in other listed companies: Nil

J. O. Guillaume HARDY (48 years)
Executive Director
Appointed as Director in 2013 and Managing Director in 2014

Guillaume Hardy, born in 1974, holds a BA (Hons) Business Administration from South Bank University – London. He worked 2 years in London as Financial Analyst from 1998 to 2000. Then he started his career in Mauritius at PriceWaterhouseCoopers as Project Coordinator to afterwards move to Barclays Bank PLC in the Premier Banking Department as Personal Banker for 2 years. He joined the Tote in September 2003 as Off-Course Manager and was nominated General Manager of Automatic Systems Ltd. in 2012 and Managing Director in 2014. He resigned as Managing Director in August 2020 and acted as a Consultant until the 31st December 2022. He has been appointed as Executive director of the Company as from 1st January 2023.

Directorship in other listed Companies: Nil

Sarah A. M. HELLER (50 years)
Non - Executive Director
Appointed as Director in July 2018

Sarah HELLER, born in 1973, holds a Bachelor degree in Business & Administration with a specialisation in Finance from INSEEC Paris. She is also an investment dealer on Stock Exchange of Mauritius.

She is currently Director and Project Manager at Senior Homes Ltd, the promoter, developer, and operator of an assisted living facility. Her non-profit activities include being a member on the Board of Le Lyceen Ltd. In 2022, as part of her continuing professional development, she obtained a diploma in Corporate Governance under the Directors' Development Program offered by the Mauritius Institute of Directors and Open University of Mauritius.

Directorship in listed Companies: Nil

Ravindra CHETTY S.C (60 years)
Non-Executive Director
Appointed as Director in 1997

Ravindra Chetty, born in 1962, read Law at Balliol College, Oxford University. He was called to the bar in Middle Temple, England and in Mauritius in 1987. Since then he is practising as a barrister at law in Mauritius. His practice involves various areas such as civil, commercial, tax and insurance law. He took silk in 2010.

Directorship in listed companies: Nil

CORPORATE GOVERNANCE REPORT *(Continued)*

• **Profiles of Directors and details of external appointments *(Continued)***

Farouk A. A. HOSSEN (78 years)
Non-Executive Director
Appointed as Director in 1991

Farouk HOSSEN, born in 1945, holds the Fellowship of the Association of British Opticians and Masters for practice in contact lenses. He practised the profession in England for three years before settling in Mauritius where he established practice as an optician since 1972 and founded F. Hossen Opticians Ltd, F. Hossen Optical Manufacture Ltd and F. Hossen Medic Optics Ltd. He is a Director of a number of companies and sat on the Board of the State Bank of Mauritius for two years. He is also the Chairperson of Viva Voce Ltd (Radio1).

Directorship in listed Companies: Nil

John A. STUART (66 years)
Non-Executive Director
Appointed as Director in 2008

John Stuart, born in 1956, holds a Bachelor of Commerce degree. He has worked in the totalisator industry since 1979 when he joined the then TAB KwaZulu-Natal as Internal Auditor. He filled various roles in that organisation and then joined Phumelela and Leisure Ltd in 1997 as Business Development Manager with his primary focus on alternative forms of gambling. After occupying various roles in the organisation, he took responsibility for the International Division in May 2006 with specific focus on simulcasting and commingling. In September 2018 he was appointed Chief Executive Officer of Phumelela. Since leaving Phumelela in May 2020 he now consults to various businesses in the horse racing and betting industry.

Directorship in listed Companies: Nil

Michel J. L. NAIRAC (68 years)
Non-Executive Director
Appointed as Director in 2012

Michel NAIRAC was born in Mauritius in 1954 and completed his Articles of Clerkship with Coopers and Lybrand in Durban South Africa. He started his own agency business, Michel Nairac Bloodstock in 1986, which continues to operate in the Equine Industry. He became a Director of the KZN Owners and Trainers Association, a membership entity for Owners and Trainers in KwaZulu-Natal, and was elected its Chairperson in 2000. With the amalgamation of the Racing Clubs in KwaZulu-Natal he became a Director of Gold Circle (Pty) Limited, the company that operates thoroughbred horseracing and totalisator betting in the province of KwaZulu-Natal in South Africa. In 2001 he was appointed as CEO of Gold Circle, a position he currently holds.

Directorship in listed Companies: Nil

Arvind Lall DOOKUN (59 years)
Non-Executive Director
Appointed as Director in 2013

Arvind Lall DOOKUN, born in 1963, holds a Textile Technology Diploma from the University of Bolton (Textile Technology Dept.) formerly known as Bolton Institute of Higher Education, Bolton, Greater Manchester, UK; a Higher National Diploma in Clothing Technology and an Institute Diploma BA Hons in Fashion & Clothing Business Management from the London College of Fashion part of the University of the Arts, London UK. He is an Associate member of the Textile Institute (TI) Manchester, UK with an Associateship (CText ATI) Chartered Professional Qualification and a Fellow of the Mauritius Institute of Directors (FMioD). He is the Managing Director of General Export and Economic Development Services Ltd, an Export Service Company (ESC) and the Executive Director & Co-founder of A-Brokers Ltd, an FSC registered and licensed Insurance Broker operating in the Insurance sector.

Directorship in listed companies: Nil

Mushtaq M. O. N. OOSMAN (68 years)
Independent Director
Appointed as Director in 2016

Mushtaq OOSMAN, born in 1954, trained and qualified as a Chartered Accountant with Sinclairs in the UK, before returning to Mauritius in 1983, when he joined the audit department of De Chazal Du Mée. He then joined Roger de Chazal & Partners (founders of Price Waterhouse in 1988 in Mauritius). He was a Partner in PwC Mauritius from July 1991 up to November 2015. He is a fellow of the Institute of Chartered Accountants in England and Wales. He served on the Africa Central Governance Board and is well versed with the working and responsibilities of a Governance Board.

Directorship in listed Companies: Mushtaq is a Member of the Board of Directors of ENL Limited, The Mauritius Union Assurance Co Ltd, United Docks Ltd, Forges Tardieu Limited, La Prudence Life Assurance Ltd, Les Moulins de la Concorde Ltée and Happy World Properties Ltd.

Angelique Anne COQUET-DESVAUX DE MARIGNY (47 years) – *Independent Director*
Appointed as Director in 2023

Angélique Anne Coquet-Desvaux de Marigny is a barrister having been admitted to the Bar of England and Wales in 2000 and to the Mauritian Bar in 2001 after graduating from King's College London and Université de Paris I (Panthéon-Sorbonne) with an LLB (First Class Honours) and a "Maîtrise en Droit Privé (Droit des Affaires) respectively. She focuses on advisory work and litigation in civil law, general commercial law, employment law, private international law, corporate law and family law. She has appeared in numerous complex cases at all levels, including before the Judicial Committee of the Privy Council.

Directorship in listed Companies: Rogers and Company Limited.

GENERAL MANAGER'S PROFILE

Robert C.Y.F. AH YAN (53 years) – *General Manager*

Robert AH YAN, born in 1969, holds an IATA/UFTAA Diploma since 1992 and a Diploma in Management from Cambridge Tutorial College, Jersey, Britain since 1994.

He joined Hardy Henry & Cie Limitée as Administrative Officer in 1992. He was promoted Assistant Manager in 1995 and as Manager in 2002 when the Company was awarded ISO 9001. He was the Tote and Sports Systems Manager of Automatic Systems Ltd. since 2002 and has been appointed as General Manager of the Company, effective as from 1st August 2020. Over his years of service, he followed numerous Management and IT courses and workshops and is continuously updating his skills, knowledge and professional competence.

He is a Professional Member of ISACA (Information Systems Audit and Control Association) since February 2013 and is a Certified Information Systems Auditor (CISA) and a Certified Information Security Manager (CISM).

COMPANY SECRETARY'S PROFILE

Box Office Ltd is a domestic Company offering corporate and secretarial as well as business facilitation services to a portfolio of domestic companies. The two directors and shareholders of Box Office Ltd, Mrs. Sylvia Maigrot and Mrs. Sophie Gellé are both qualified chartered secretaries with more than 20 years' experience in the corporate secretarial practice. As qualified Secretaries, Mrs. Sylvia Maigrot and Mrs. Sophie Gellé have to and do acquire continuing professional development with a minimum of 20 CPD hours, per year.

• **Role and function of the Chairperson**

Mr M. A. Eric ESPITALIER NOEL is a non-executive Chairperson; he has no executive or management responsibilities. He acts as Chairperson of meetings of the Board and shareholders. The Chairperson's primary function is to:
- Chair the meetings of Directors as well as annual and special meetings;
- Ensure the smooth functioning of the Board in the interests of good governance;
- Provide overall leadership and encourage active participation of all Directors;
- Ensure that all the relevant information and facts are placed before the Board to enable the Directors to reach informed and timely decisions, and maintain sound relations with the Company's shareholders; and
- Maintain a close working relationship with the Executive Director and General Manager.

• **Role and function of the General Manager**

Mr. Robert Ah Yan, the General Manager, is responsible for the day-to-day management of the Company and its subsidiary and works in collaboration with the Executive Director. The General Manager reports to the Board of Directors.

• **Role of the Executive Director**

Mr Jean Hardy acted as Executive Director until the 31st of December 2022. As from 1st January 2023 Mr Guillaume Hardy has been appointed as Executive Director and is involved in the day-to-day activities of the Group. Mr Guillaume Hardy was, up to 31st of July 2020 the Company's Managing Director and acted thereafter as Consultant up to 31 December 2022.

He has been the key person responsible to develop Megawin Ltd and his experience in the Company's field is of relevant contribution to the Company. He has an open communication with the General Manager and assists him in his daily tasks. The Executive Director reports to the Board.

CORPORATE GOVERNANCE
REPORT *(Continued)*

• Role of the Non-Executive and Independent Directors

The composition of the Board is such that there is an appropriate balance of power and authority between Executive, Non-Executive and Independent Directors.

Non-Executive and Independent Directors play a vital role in providing judgement independent from management on issues of strategy, performance, resources, risks and evaluation of performance.

• Board Evaluation

A Board evaluation is carried by way of a directors' self-appraisal every two years and has been carried out in 2022. The Directors were invited to fill in a questionnaire. The results were summarised by the Company Secretary and analysed and discussed at the Corporate Governance (Nomination and Remuneration) Committee and at the next Board meeting.

The last evaluation process indicated that directors consider the Board to be effective and well-balanced. The Board is of opinion that the current assessment of the Board and Individual Directors is sufficient for the Company and the next evaluation is scheduled for 2024.

• Dealing in shares of the Company

During the year under review, there were no share dealings by Directors.

The Directors endeavour to follow the principles of the Model Code for Securities Transactions by Directors of Listed Companies as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules. In terms of the Company's internal procedure any Director purporting to deal in the shares of the Company should inform the Chairperson accordingly.

In terms of the Mauritius Companies Act 2001 and the Securities Act 2005, the Company keeps an updated Interests Register and Insiders Register respectively. These registers are regularly updated with the information submitted by the Directors and/or other insiders as applicable. The table below sets out, as at 31 December 2022, the Directors' respective category, direct and indirect interests, and number of other directorships in listed companies:

Directors/ Alternates	Category	Direct Interest		Indirect Interest	Number of Other Directorships in Listed Companies
		Shares	%	%	
Ravindra CHETTY	NED	100	0.0%	nil	-
M. A. Eric ESPITALIER NOEL	NED	nil	nil	nil	7
M. L. Jean HARDY* (Also alternate to Farouk HOSSEN)	ED until 31/12/2022 and NED as from 01/01/2023)	nil	nil	14.73	-
Sarah A. M. HELLER	NED	nil	nil	nil	-
O. Farouk A. A. HOSSEN	NED	22,049	0.6%	nil	-
Michel J. L. NAIRAC	NED	nil	nil	nil	-
John A. STUART	NED	nil	nil	nil	-
J. O. Guillaume HARDY	NED until 31/12/2022 and ED as from 01/01/2023	nil	nil	nil	
Arvind Lall DOOKUN	NED	12,550	0.36%	1.1%	-
Mushtaq M. O. N. OOSMAN	IND	Nil	Nil	Nil	7

ED - Executive Director / IND - Independent Director / NED - Non-Executive Director

*Mr M. L. Jean Hardy is the 'Gerant' of Société L'inité with all powers and also holds 99% of its shareholding in Usufruct; the voting powers of the Société vest with the Usufruct. Societe L'Inité itself holds 14.73% of the Company.

• Board Committees

As reported, the Board has two standing committees to assist in the discharge of its duries, namely the Audit & Risk Committee (ARC) and the Corporate Governance (Nomination and Remuneration) Committee (CGC). Given the nature, size and moderate complexity of the business, the functions that would have normally devolved to the remuneration committee and to a nomination committee are discharged by the Corporate Governance Committee, which submits its recommendations to the Board for approval. The terms of reference of the Committees can be viewed on the Company's website.

Audit and Risk Committee

The Audit and Risk Committee assists the Board, among other things, in:

• Overseeing the quality and integrity of financial statements and public announcements related thereto;
• Overseeing the Company's compliance with legal and regulatory requirements;
• Reviewing the scope and effectiveness of the internal and external audit function as well as the qualifications, experience and independence of the internal and external auditors;
• Evaluating the overall effectiveness of the internal control and risk Management frameworks;
• Reviewing the policies and procedures established to minimize business risks, including the risk of money laundering through the tote system;
• Overviewing the integrity and effectiveness of the automated system managing the bets on Supertote and Superscore;
• Overviewing the adequacy of the insurance cover subscribed to by the Company;
• Reviewing regularly the risk register and ensuring that the Company is adequately insured;
• Ensuring that the Company has an appropriate internal and external audit function and making recommendations to the Board in relation to the appointment, termination and remuneration of internal and external auditors;
• Reviewing the proposed internal and external audit plans; and
• Reviewing the internal audit reports.

Please refer to pages 25 to 27 disclosures in respect of internal control and risk management.

Corporate Governance (Nomination and Remuneration) Committee

The Corporate Governance (Nomination and Remuneration) Committee shall assist the Board in ensuring that the corporate governance activities are consistent with the eight principles of the Code of Corporate Governance. Its objectives are as follows:

Corporate Governance
• Review the Constitution and structure of the Company in the light of the Code of Corporate Governance;
• Assist the Board in the implementation of the Code of Corporate Governance and review all governance documents before submission to the Board for approval;
• Lead the self appraisal of Directors' process; and
• Ensure that the Company's Annual Report complies with the provisions of the Code of Corporate Governance.

Nomination
• Ascertain whether potential new Directors are fit and proper and are not disqualified from being Directors;
• Ensure that potential new Directors are fully cognisant of what is expected from a Director;
• Ensure that the right balance of skills, expertise and independence is maintained on the Board;
• Ensure that there is a clearly defined and transparent procedure for shareholders to recommend potential new Directors; and
• Ensure that potential new Directors are free from material conflict of interests and not likely to simply act in the interests of a major shareholder, substantial creditor or significant supplier of the Company.

Remuneration
• Determine, develop and agree on the Company's general policy on executive and senior management remuneration; and
• Determine specific remuneration packages for Executive Directors of the Company, including but not limited to basic salary, benefits in kind, annual bonuses, performance-based incentives, pensions and other benefits;
• Determine any criteria necessary to measure the performance of the Executive Director in discharging his functions and responsibilities; and
• Recommend to the Board the appropriate level of Directors' fees.

During the year under review, the Audit and Risk Committee members met four times and the Corporate Governance (Nomination and Remuneration) Committee met three times, the attendance by members can be viewed on page 24.

CORPORATE GOVERNANCE REPORT *(Continued)*

PRINCIPLE 3 - DIRECTORS' APPOINTMENT PROCEDURES

• Election and re-election of Directors

The Corporate Governance (Nomination & Remuneration) Committee reviews all new appointments to the Board and committees prior to recommending same to the Board for approval until submission to the shareholders for approval at the Annual Meeting. In line with the Code and the Constitution of the Company, all Directors stand for re-election and/or re-appointment on an annual basis.

The names of all present Directors, their profile, categories and directorships in other listed companies as well as the Company Secretary's profile are set out at pages 16 to 19.

The appointment process as defined above as well as the Directors' profile and the Company Secretary's profile are not presented separately on the website and can be viewed in the present annual report, which is posted on the Company's website.

• Directors' Induction

The Board assumes the responsibilities for the induction of new Directors. New Directors are given an induction pack upon their appointment in order to get acquainted with the Company, its policies and procedures. They are also encouraged to meet with the Company's Executive Director and Senior Officers to benefit from a better insight into the operations of the Company.

• Directors' Training

As the Company does not have the resources for in house Director Training and Development, Directors are encouraged to avail training from service providers offering such services. According to the Board Charter, each Director shall ensure that he/she has the knowledge and training he/she considers appropriate to be able to perform his/her role as Director in an efficient manner.

• Succession Planning

The Board assumes the responsibility of succession planning and recognises the importance to provide for continuity in the smooth functioning of the Company. The Corporate Governance (Nomination and Remuneration) Committee shall oversee the succession planning and shall from time to time make recommendations to the Board. The objectives of the succession planning are outlined as per below:

- To identify and nominate suitable candidates for the Board's approval to fill the vacancies which arises in the Board of the Company from time to time;
- To identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives; and
- To ensure the systematic and long-term development of individuals in the senior management level to replace when the need arises due to death, disabilities, retirements and unexpected occurrence.

PRINCIPLE 4 - DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

All Directors are aware of their fiduciary and legal duties and are expected to objectively discharge their duties and responsibilities in the best interest of the Company. Directors are aware that they should, in their position, act with care, skill and diligence and do their utmost to avoid conflicts of interests or situations which can be perceived as being conflicting.

• Conflict of Interest

The Board is conscious that transactions between the Company and its Management, Directors or Shareholders may be a source of conflict of interest and ensures that transactions are disclosed in the interest register. The Board Charter, which can be viewed on the website, includes a guideline on conflict of interests and related party transactions and on the Directors' duty to disclose.

An interest register is maintained at the offices of the Company Secretary and is available for consultation to shareholders upon written request to the Company Secretary.

• Related party transactions

Related party transactions are set out at note 33 on page 86. No related party transactions were outside the scope of the Company's Board Charter.

• Information, Information Technology ('IT') and Information Security Governance

Information management is an essential part of good IT governance, which in turn is a cornerstone in corporate governance. An integral part of the IT governance is information security, in particular pertaining to personal information.

The Board is responsible for overseeing information governance within the Company and ensures that performance of information and IT systems are adequate. During the year the Internal Auditors reviewed the IT and non-IT risk and submitted an assessment to the Audit and Risk Committee. An IT Risk Register is reviewed by the Audit and Risk Committee twice a year – or earlier if required, and a report made to the Board thereafter.

Considering the Company's line of business and its reliance on IT, the Company has Information Technology (IT) Policies which identify the rules and procedures for all individuals accessing and using an organisation's IT assets and resources.

Users of the information system may only access those information system assets for which they have been explicitly authorized by the asset owner. Users may use the information system only for purposes for which they have been authorized, i.e. for which they have been granted access rights.

Effective IT Security Policy is of essence to the Company and part of the organisation's culture which combines the legal requirements and current best practice for an information security management policy for the Company.

Core principles for information security management, as defined in ISO/IEC 27002, are adapted to the local situation for the following areas:

- Risk assessment;
- Organising information security;
- Frequent monitoring of the capital and IT expenditures in line with budgets;
- Asset management;
- Human resources security;
- Physical security and restrictions to access in some cases;
- Communications and operations Management;
- Access control;
- System development and Maintenance;
- Information security incident Management;
- Business continuity management; and
- Compliance.

The Board and Management are involved in information and IT governance to the extent that they:

- Oversee the realised total capital expenditures for IT in line with budget at Board meetings;
- Regularly evaluate the information security systems; and
- Assess the need for independent evaluation from external experts on IT governance.

The IT Policies can be viewed on the Company's website.

• General Data Protection Regulation and compliance

The Company held a workshop in 2018 for all employees organised by Ahnee Duval Chambers. The aim of the workshop was to brief the employees about Data Protection in Mauritius, its legal perspective and practical application. During the course of 2019, Ernst & Young (EY) implemented a Data Protection framework within the organisation. As per the Company's internal Audit Plan, a Data Protection Audit has been scheduled for the year 2023 along with a refresher training for all employees. The Board is confident that following the recommendations of EY and the adoption of an internal Data Protection Policy that it is duly compliant with all the principles of the Data Protection Act. The Privacy Notice can be viewed on the Company's website.

For continuous development and to keep her knowledge up to date, the Data Protection Officer of the Company has participated in an Advanced Data Protection workshop in 2021.

• Remuneration of Directors

The Corporate Governance (Nomination & Remuneration) Committee which also includes the Remuneration Committee reviews Directors' remuneration annually and if considered appropriate, the Committee then makes the necessary recommendation for review to the Board. The Board shall act on the recommendation from the Corporate Governance Committee and either, if it considers it fair to the Company, determine the appropriate remuneration or compensation, or bring the relevant recommendation to shareholders at the Annual Meeting for a decision by ordinary resolution of shareholders.

CORPORATE GOVERNANCE REPORT *(Continued)*

• Remuneration of Directors *(Continued)*

The Corporate Governance (Nomination & Remuneration) Committee which also includes the Remuneration Committee reviews Directors' remuneration annually and if considered appropriate, the Committee then makes the necessary recommendation for review to the Board. The Board shall act on the recommendation from the Corporate Governance Committee and either, if it considers it fair to the Company, determine the appropriate remuneration or compensation, or bring the relevant recommendation to shareholders at the Annual Meeting for a decision by ordinary resolution of shareholders.

The Corporate Governance and Remuneration Committee also reviews the remuneration packages of the Senior Managers and Executive Director, including but not limited to basic salary, benefits in kind, annual bonuses, performance-based incentives, share incentives, pensions and other benefits.

The remuneration structure with regards to Directors' fees has been last reviewed at the Annual Meeting of 2021 and comprises two components, namely, a basic yearly fee and an attendance fee as follows:

	Board		Audit and Risk Committee and Corporate Governance Committee	
	Fixed Fee (Rs)	Attendance Fee (Rs)	Fixed Fee (Rs)	Attendance Fee (Rs)
Chairperson	135,000	26,250	90,000	18,750
Members	67,500	18,750	45,000	11,250

The table below sets out the details of attendance of Directors at meetings during 2022 and Directors' remuneration perceived:

	Attendance at Meetings during 2022			
Directors/Alternates	Board	Audit and Risk Committee	Corporate Governance Committee	Total Directors' remuneration (MUR)
M. A. Eric ESPITALIER NOEL	4/4	-	3/3	318,750
M. L. Jean HARDY	4/4	-	3/3	4,171,250
O. Farouk A. A. HOSSEN	4/4	4/4	-	232,500
Sarah A. M. HELLER	3/4	-	-	123,750
Ravindra CHETTY	4/4	-	3/3	288,750
John A. STUART	4/4	-	-	142,500
Michel J. L. NAIRAC	4/4	-	-	142,500
J. O. Guillaume HARDY	4/4	-	-	1,642,500
Arvind Lall DOOKUN	4/4	4/4	-	232,500
Mushtaq M. O. N. OOSMAN	4/4	4/4	-	307,500

Non-executive Directors have not received remuneration in the form of share options or bonuses associated with the Company's performance.

• Code of Ethics

The Company has adopted a Code of Ethics and is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. This commitment, which is actively endorsed by the Board, is based on the fundamental belief that business should be conducted honestly, fairly and legally.

The Company's Code of Ethics has been approved by the Board and has been circulated to all employees and agents. It can be viewed on the Company's website (www.automaticsystemsltd.mu). New employees joining the Company are given a copy of the Code of Ethics and are apprised thereof during their induction session.

The Company's Compliance Officer monitors the Code of Ethics which also includes a clause on whistleblowing. For the year in review, the Compliance officer included important aspects of the Company's Code of Ethics in the annual compliance training for employees.

PRINCIPLE 5 - **RISK GOVERNANCE AND INTERNAL CONTROL**

The Board has the overall responsibility for the Company's risk governance and internal control system as well as for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. A Risk Register as well as an IT Risk Register are regularly reviewed and monitored by management and by the Audit and Risk Committee and are presented to the Board with recommendations where applicable.

• Internal Control and Risk Management

Amtote International Inc continues to provide a line monitoring of the automated system whereby its engineers can analyse the operations in real time and can intervene if need be from their base in the USA. The automated system cannot be tampered with and it is subject to regular foolproof tests.

• Risk Management

The Board is ultimately responsible for the Group's governance of risk and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

The Board has delegated to the Audit and Risk Committee the responsibility of implementing structures and processes to help identify, assess and manage risks. Risk reviews are regularly conducted, and mitigating measures are implemented accordingly. The Audit and Risk Committee works closely with the Management, the Internal Auditors and the External Auditors to ensure that the Company's system of control effectively enables the Company to mitigate the risks inherent to its activity. The Company is aware that its major risks are beyond its control.

The main risks faced by the Company are as follows:

Taxes and levies

The Company is tributary to Government decisions as regards taxes and levies. The impact of taxes and levies on the cost structure of the Company is considerable and not necessarily linked to performance. The taxes and licences paid to Authorities represent about 50% of the Company's income. The Company communicates its concern regarding current tax legislations to the authorities on a regular basis.

Market

The Company is operating in a highly competitive and challenging environment and has to face unfair competition from illegal betting. In this difficult environment the Company's know-how and experience coupled with well spread outlets contribute to keep up its competitive edge.

Numerous factors directly affect the Company's revenue and are often beyond the Company's control:

- the challenges faced by the industry;
- the government's policy on horse racing;
- the number of race meetings held annually;
- the number and quality of horses participating in a race;
- the number of Off-Course betting shops allowed to operate;
- the relocation of outlets;
- the performance of the Mauritian economy; and
- the betting licences allocated to other operators.

Changes in the Company's business environment are regularly assessed by Management to contain as far as possible, any adverse impact on its operations.

The Company is operating in a highly regulated sector making potential development very limited. Moving of outlets or expanding its activities remains a challenge.

CORPORATE GOVERNANCE REPORT *(Continued)*

• Risk Management *(Continued)*

IT & Operational
The operational risks relate to internal processes which are regulated by Information Technology systems and software controlling the betting operations of the Company. These systems are closely monitored at management level with cash reconciliations done daily and further reconciliation are prepared and verified on a weekly basis.

The integrity of the betting system provided and tested by AmTote International Inc. which is based in the USA, represents the main operational risk for horse racing betting. However, all software changes concerning the AmTote Betting System are made only by AmTote International Inc and are secured with proper controls at different levels. The database belongs to AmTote International Inc. and users cannot make changes thereto but can only generate reports from the system.

In terms of potential viruses and hacking, the firewalls are constantly reviewed and upgraded to ensure security of the system.

Similarly, the integrity of the betting system provided by Falcon Wagering Solutions Pty Ltd which is based in Melbourne, Australia and tested by iTech Labs Australia also represents another operational risk for sports (football) betting. All software changes concerning the Falcon Wager Betting System are made only by Falcon Wagering Solutions Pty Ltd and are secured with proper controls at different levels. The betting engine belongs to Falcon Wagering Solutions Pty Ltd and the database is secured with passwords which are only known by Falcon Wagering Solutions Pty Ltd. Thus, users cannot make changes thereto but can only generate reports from the system.

Following the recommendation of its internal auditors, the Company has implemented an automated system to monitor transactions to facilitate the task of the Compliance Officer/Money Laundering Reporting Officer in the combat against money laundering and terrorism financing. IT operations and business processes are regularly audited, monitored, improved and updated wherever possible. IT and Security policies, standards and guidelines have been implemented. As a security for the business continuity, the Company has a secondary site with the redundant AmTote equipment and necessary infrastructure. The secondary site is running live with real-time data. It is intended to use a BCP (business continuity plan) to respond to disruptions of critical business processes whereby a faster recovery can take place.

A disruption or failure of the communication network is a major risk for the Company. The Company opted for a segregation of services and works with different suppliers for different services to reduce the impact of any failure of communication.

Compliance
The Company has appointed an in-house Compliance Officer (CO) who also acts as Money Laundering Reporting Officer (MLRO) and oversees the Data Protection framework as well.

The role of the Compliance Officer is to monitor all operational processes and procedures and ensure that the Company complies with all legal regulations, including FIAMLA and the GRA regulations, and operates within the expected ethical standards.

During the reporting year, the CO/MLRO received the certification of Anti-Money Laundering Specialist and now forms part of the Association of Certified Anti-Money Laundering Specialists (ACAMS).

After attending the mandatory AML-CFT compliance training organised by the CO/MLRO, employees of the Company were required to pass a compliance test to ensure that they are all aware of the suspicious transaction monitoring process put in place by the CO/MLRO.

A Compliance/MLRO report from the Compliance Officer is tabled and reviewed at the Audit and Risk Committees.

Other risks

Reputational Risks
Other risks relate to the reputation of the Company and physical disasters and accidents. The Board of the Company ensures that the Company operates according to a high standard of ethics and fairness with regards to the horse racing industry, regulators, punters and the public.

Social media is very present in the day to day life and if misused, may be prejudicial to the Company. A Communications Policy and Procedure manual has been drafted during the year 2022 outlining the roles and responsibilities and protocols to follow for communication with the public, media and other stakeholders, which will allow timely and effective communication to safeguard the reputation of the Company.

Physical disasters
Physical disasters and accidents are insurable risks which are covered through insurance policies upon advice from insurance brokers. These policies have also been reviewed by the Audit and Risk Committee which considers such insurance covers to be adequate.

Horse racing industry
The Company is aware of the risks that may be related to a loss of confidence in the racing industry in general. To mitigate that risk, permanent communication is maintained with the relevant authorities.

PRINCIPLE 6 - **REPORTING WITH INTEGRITY**

The Board is responsible for the preparation of financial statements that fairly present the state of affairs of the Company and the Group. The Annual Report includes financial statements that are prepared in accordance with International Financial Reporting Standards and the Mauritius Companies Act 2001. The Annual report is published in full on the Company's website.

• Carbon Reduction Commitment

The Company's activities do not have a major impact on the environment. Nevertheless, being conscious that every step, even small ones, matter, the Company permanently tries to reduce its carbon footprint over time.

In that respect, the Company invites and encourages its shareholders to join in its commitment to reduce carbon footprint by opting to receive the annual report in digital format. The shareholders who have not yet opted for the digital format, are encouraged to fill in the form which is included in this report. This choice will allow you, as shareholder to receive by e-mail, future notice of shareholders' meetings, proxy form, annual reports, accounts, credit advices and other shareholder documents made available to you in your capacity as shareholder of the Company.

The Company is also committed to a green type of sustainability and to a reduction of adverse environmental impact, as part of its long-term strategy for sustained growth.
The Company has taken the following measures in 2022 to reduce its power consumption:

- The Company promotes online paperless betting and works with Topco for the production of thermal paper rolls for physically placed bets. Topco imports their raw materials from the Koehler Paper Group (ISO14001) based in Germany and the Koehler group is committed to environment protection;
- DC drive Air Conditioning units with lower power consumption have replaced the previous models;
- Some mercury based fluorescent lamps have been replaced by LED low energy lamps across the offices;
- InkJet Printers with Refillable Ink Tanks have been installed in several outlets and at the head office;
- Implementation of online bet booking for football betting further promotes online paperless betting. This can be done through the superscore.mu website or at booking terminals (kiosk) placed in a few outlets;
- Mass mailing letters and Newsletter are now sent by e-mail instead of by post. This considerably reduces paper-based letters and newsletters. Clients are encouraged to register to our online newsletter in order to reduce paper consumption; and
- The Company recycles most of its paper consumption at its head office through Paper Link Ltd which collects paper waste for recycling.

Future commitments

The Company is committed to continuously:

- Reduce paper and ink cartridge consumption;
- Further reduction of paper usage by implementing web-based applications;
- Consider the factor of energy-efficient when acquiring new equipment;
- Replace fluorescent lamps by low energy LED lamps; and
- Add more booking terminals (kiosk) in outlets.

• Donations/CSR

In line with the dispositions of the current Gambling Regulatory Authority Act which provides for the totality of CSR funds to be remitted to the GRA, the Company has contributed an amount of Rs 2.7 million (Rs 2.6 million in 2021) for the setting up of a national responsible gambling program.

CORPORATE GOVERNANCE REPORT *(Continued)*

• Health and Safety

The Company endeavours to provide a safe environment to its employees and other stakeholders. The Company has engaged a health and safety Consultant to ensure compliance with the relevant prescribed health and safety norms and existing legal and regulatory frameworks pertaining thereto. Regular reports of the visits carried out in the different outlets/head office of the Company by the health and safety Consultant are provided to the management for review and action. Employees who have been designated to act as fire wardens followed a training on the usage of firefighting equipment and staff evacuation in case of emergency. Furthermore, a refresher first aiders training has been scheduled for designated employees during 2023.

The Company continuously strives at instilling a safety culture among its employees and is committed to providing a Healthy and Safe environment at work. The Company has adopted a general statement of health and safety policy.

The Company continuously carries out risk assessments and implements appropriate measures to eliminate health and safety hazards.

The Company has the following measures in place to prevent accidents and work-related injuries, namely:

• Training of employees;
• Regular Risk assessment;
• Safety Audit;
• Training to enable supervisors to carry out Task Risk Evaluation;
• Empowering its supervisors to take decisions in the face of dangers and hazards at work;
• Encouraging employees to report potential hazards, accidents or unsafe conditions; and
• Ensuring that contractors are fully compliant with health and safety issues.

• Social Issues

In the recruitment and promotion of its team members, the Company practices fair policies, based on merit.

• Annual Meeting

The notice of the next Annual Meeting, as well as the two-way voting proxy form are included in the present Annual Report. The notice will also be available on the Company's website.

The list of shareholders' meeting's questions and answers and votes are not published on the website as shareholders can have access to the minutes of the said meetings in accordance with section 226 of the Mauritius Companies Act 2001. The minutes of the 2023 Annual Meeting will be available to shareholders one month after the Annual Meeting.

PRINCIPLE 7 - AUDIT

• Internal Audit

EY are the Internal Auditors of the Company.

The Internal Audit team has unrestricted access to the records, management and employees of the Company. The Internal Auditor is expected to maintain an open and constructive line of communication with Management and reports to the Audit and Risk Committee (ARC).

The Company has an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management.

The below Internal Audit visits were made during 2022:
• Compliance with Regulations;
• Work From Home (WFH) Cybersecurity Assessment; and
• Follow up on previous Internal Audit Reports.

The findings and recommendations of the Internal Audit reports are discussed at the ARC in the presence of the Internal Auditors and the Chairperson of the ARC presents reports to the Directors at the following Board.

• Internal Control and Risk Management

The Board acknowledges that it has overall responsibility for the Company's systems of risk management and internal control and for ensuring their effectiveness. The risk register is a dynamic document that is regularly reviewed by the ARC and the Board.

Some of the most significant risks facing the Company pertain to the economic, social, environmental, technological and political factors affecting the countries from where the Company derives business. Reputational, foreign exchange and interest rates risks also have a direct impact on the Company and the Group's business. For the financial risk factors, refer to note 6 of the financial statements.

• External Audit

Deloitte Mauritius was re-appointed as the auditors of the Company at its 2023 Annual Meeting.

The ARC is responsible for reviewing with the external auditors the letter of engagement, terms and nature of the audit scope and approach and for ensuring that no restrictions or limitations have been placed on the scope. The external auditors report directly to the ARC which is also responsible for monitoring the external auditors' independence, objectivity and compliance with ethical, professional and regulatory requirements.

During the financial year ended December 2022, the ARC has met 4 times and the Finance and Administrative Manager was in attendance during all of those meetings while the General Manager attended 3 out of 4 meetings.

Auditors are expected to observe the highest standards of business and professional ethics and, in particular, that their independence is not impaired in any manner. They have the duty to maintain their independence and objectivity at all times, especially when providing other than audit service to the Company or the Group. Any conflicts or potential conflict of any kind are expected to be reported to the ARC or the Chairperson of the Board without delay.

The key audit matter is reported in the External Auditor's report on page 39. Management letter points were also brought to the attention of the ARC and to the Board.

PRINCIPLE 8 - RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

• Shareholder Information

The Board of Directors places great importance on an open and transparent communication with all the stakeholders of the Company. In line with the Listing Rules, it also endeavours to inform the shareholders on matters affecting the Company by communiques in the press and disclosures in the Annual Report.

• Dividend Policy

The Board has not adopted a formal dividend policy and distributes dividends subject to the Company's profitability, capital expenditure requirements and investment plan. As required by the Mauritius Companies Act 2001, dividends are declared subject to the solvency test being satisfied.

For the year ended 31 December 2022, the Directors have approved the distribution of a final dividend of Rs 6.00 per share (2021: Rs 6.00).

• Relationship with Shareholders and stakeholders

The Company maintains a close relationship with its shareholders. Through publications of quarterly results, Shareholders are informed of material events affecting the Company. The Secretary is also available to provide any information or advice upon request.

The Board acknowledges its responsibility of ensuring that an appropriate dialogue takes place among the Company, its shareholders and other key stakeholders. Shareholders are invited and encouraged to attend the Annual Meeting which is a forum for exchange with Directors.

• Employees

The Company recognises the importance of its workforce which is key to the Company's performance. The Company currently employs, on a full-time basis, 27 persons who are involved in the daily operations of the Company. 195 casual workers were recruited during the racing season. Furthermore, for its off-course operation, the Company has a working arrangement with 18 agents/supervisors, each employing an average of 8 casual workers during the racing season.

• Share Price Information

At 31 December 2022, the share price of the Company was on the market was trading at Rs 98.00 (Rs 105.00 at 31 December 2021). An updated share price can be viewed on the Company's website **www.automaticsystemsltd.mu** or on the website of the Stock Exchange of Mauritius.

• Shareholders' Agreement

No Shareholders' Agreement exists between the Company and related parties.

CORPORATE GOVERNANCE REPORT *(Continued)*

• Shareholders communication and events

The Company communicates with its Shareholders, investment community and other Stakeholders via press releases, publication of quarterly results, dividend declarations and the Annual Report which is also available on the Company's website www.automaticsystemsltd.mu. The website also provides interesting information on the Company's activites, financials and governance.

The key events and shareholder communications of the Company are set out below:

Month	Event
March	Abridged end-of-year results and approval of Annual Report
May	Sending of Annual Report and notice of Annual Meeting to Shareholders
June	Annual Meeting
May, August, November	Publication of quarterly financial reports
December/ January	Declaration/payment of dividend (if applicable)

• Shareholding

At 31 December 2022, the Company's share capital amounted to Rs 24,745,000 divided into 3,535,000 ordinary shares of Rs 7 each. There were 1,651 shareholders on the registry compared to 1,646 in 2021.

Cascade Holding Structure

The Company's shareholding structure is as follows:

(*) None of the other shareholders have more than 5% effective shareholding in the Company.

On 31 December 2022, the following shareholders held directly and indirectly more than 5% of the ordinary share capital of ASL.

	Direct Interest	
	No. of ordinary shares	% holding
Société L'Inité	520,667	14.73
Petit Moulin Investment Ltd (wholly owned by Société du Grand Moulin)	489,686	13.85
Gold Circle (Proprietary) Limited	421,324	11.92
The Mauritius Commercial Bank Ltd Superannuation Fund	291,900	8.26

Common Directorships of the Company holding structure:

	SLI	GCPL	ML
M. L. Jean HARDY	*(Gerant)		*
M. A. Eric ESPITALIER NOEL			*
Michel J. L. NAIRAC		*	*
J. O. Guillaume HARDY			*

SLI Société L'Inité
GCPL Gold Circle (Proprietary) Limited
ML Megawin Ltd

The Company's shareholding profile as at 31 December 2022 was as follows:

Number of shares held (range)	Number of shareholders	Total number of Shares for the range	Percentage held
1-500	1,294	202,668	5.7332
501-1,000	183	128,488	3.6347
1,001-5,000	123	266,805	7.5475
5,001-10,000	17	123,795	3.5020
10,001-50,000	24	525,587	14.8681
50,001-100,000	2	107,600	3.0438
100,001-250,000	4	456,480	12.9132
250,001-500,000	3	1,202,910	34.0286
500,001-99,999,999	1	520,667	14.7289
	1,651	**3,535,000**	**100**

Summary of Shareholder category at 31 December 2022:

	Number of shareholders	Total number of Shares Held	Percentage held
Individual	1,524	1,181,940	33.4354
Insurance & Assurance Companies	5	139,615	3.9495
Investment & Trust Companies	22	681,401	19.2758
Pension & Providence Funds	20	423,400	11.9774
Other Corporate Bodies	80	1,108,644	31.3619
	1,651	**3,535,000**	**100**


GENUINE
BETTING by
asl

OTHER STATUTORY DISCLOSURES

• Contract of significance

There was no contract of significance to which Automatic Systems Ltd was party to and in which a Director of the Company was materially interested either directly or indirectly.

• Directors service contract

The Service Agreement with Mr. J. O. Guillaume Hardy ended at 31 December 2022. With Mr M. L. Jean Hardy ceasing to act as Executive Director as from 31 December 2022, the Corporate Governance Committee recommended to the Board, and the Board approved, that Mr J. O. Guillaume Hardy be appointed as Executive Director and continues to assists the General Manager in the daily operations to ensure an efficient and smooth running in the management, a continuity in the reporting and compliance obligations as well as for the continuous development of the activities of the Company.

• Directors share interest

The interests of the Directors are disclosed on page 20 of this report.

• Profile of Senior Officers

Please refer to page 19 of the report.

• Interests of Senior Officer – excluding Directors

The Senior Officer does not hold any interests in the shares of the Company whether directly or indirectly.

• Management Agreement

The Company does not have a Management Agreement.

• Directors

A list of Directors of the Company is given on page 16.

• Directors' Emoluments

Remuneration and benefits (including bonuses and commissions) received and receivable from the Company were as follows:

	2022 Rs	2021 Rs
Non-Executive Directors	3,656,250	3,326,250
Executive Directors	4,171,250	2,160,000

• Auditors' Remuneration

The audit fees are as follows:

	2022 Rs	2021 Rs
Audit fees	1,150,000	1,170,000

No non-audit services were availed during the reporting financial year.

Approved by the Board on 30th of March 2023.

Ravindra CHETTY
Chairperson of the Corporate Governance Committee

M. A. Eric ESPITALIER NOEL
Chairperson

Box Office Ltd
Secretary

• Statement of Directors' responsibilities

The Directors acknowledge their responsibilities for:

a) Leading and controlling the Company and meeting all legal and regulatory requirements;
b) Succession planning;
c) Approving the Charters of the two sub committees – namely the Audit and Risk Committee Charter and the Corporate Governance (Nomination and Remuneration) Committee Charter;
d) Adequate accounting records and the maintenance of effective internal control systems;
e) Approving the Code of Ethics;
f) The preparation of the Group's and the Company's financial statements to fairly state the affairs of the Company and the Group. (The said financial statement adhere to International Financial Reporting Standards. There has been no departure from these International Financial Reporting Standards to report and not material uncertainties have been identified);
g) A fair, balanced and understandable assessment of the Company's financial, environmental, social and governance position, performance and outlook;
h) The use of appropriate accounting policies supported by reasonable and prudent judgments and estimates;
i) The Company's adherence to the New Code of Corporate Governance (2016); and
j) The governance of risk and for determining the nature and extent of the principal risks the Company is willing to take in achieving its strategic objectives, and for ensuring that the Company develops and executes a comprehensive and robust system of risk management; and
k) Ensuring that an appropriate dialogue takes place among the Company, its shareholder and other key stakeholders.

The Directors affirm that:

(i) The Company is a public interest entity as defined by law;
(ii) The Company is headed by an effective Board, and responsibilities and accountabilities within the Company (including at the level of Senior Management) are known to all parties;
(iii) Appropriate Board committees, namely the Audit & Risk Committee and the Corporate Governance Committee (Nomination and Remuneration Committee) have been set up to assist the Board in the effective performance of its duties;
(iv) Adequate accounting records and an effective system of risk management have been maintained;
(v) Appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;
(vi) International Financial Reporting Standards, the Financial Reporting Act 2004 and the Mauritius Companies Act 2001 have been adhered to. Any departure has been disclosed, explained and quantified in the consolidated and separate financial statements;
(vii) They have assessed the Company as a going concern and have a reasonable expectation that the Company will continue to operate for the foreseeable future and meet its liabilities as they fall due;
(viii) The Board and the Audit and Risk Committee regularly monitor and evaluate the Company's operational risk; and
(ix) The Board acknowledges its responsibility to monitor and evaluate the Company's compliance risk.

OTHER STATUTORY DISCLOSURES *(Continued)*

• Statement of Directors' Responsibilities in Respect of the Financial Statements at 31 December 2022.

The Company's Directors are responsible for the preparation and fair presentation of the financial statements, comprising the statements of financial position at 31 December 2022, the statements of profit or loss and other comprehensive income, the statements of changes in equity, and statement of cash flows, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and Financial Reporting Act 2004.

The Director's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting judgments and estimates that have been used consistently.

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

The Directors report that the External Auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors confirm that:

(i) adequate accounting records and an effective system of internal controls and risk management have been maintained;

(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently; and

(iii) International Financial Reporting Standards have been adhered to. There was no departure in fair.

The Directors confirm that the Code of Corporate Governance has been adhered to.

Approved by the Board of Directors on 30th of March 2023 and signed on its behalf by:

By Order of the Board

Mr M. A. Eric ESPITALIER NOEL
Chairperson

Mr Ravindra CHETTY
Director

STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity (PIE): AUTOMATIC SYSTEMS LTD. ('ASL')

Reporting Period: Financial year ended 31 December 2022

We, the Directors of Automatic Systems Ltd, confirm to the best of our knowledge, that the PIE has complied with all of its obligations and requirements under the Code of Corporate Governance 2016 except for the following, for which reasons for non-compliance are stated.

Areas of non-application of the Code	Explanation for Non-Application
Principle 2 – Board structure and size	The Board believes that, with one Executive Director and with the General Manager attending Board meetings, there is no requirement for the time being to recommend to the Shareholders the appointment of a second Executive Director on the Board.

SIGNED BY :

Mr M. A. Eric ESPITALIER NOEL
Chairperson

Mr Ravindra CHETTY
Director

SECRETARY'S REPORT

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

Sophie GELLE ACG (CS)
Box Office Ltd
Company Secretary

Date: 30th of March 2023

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the consolidated and separate financial statements.

Opinion

We have audited the consolidated and separate financial statements of Automatic Systems Ltd. (the "Company" and the "Public Interest Entity") and its subsidiary (the "Group") set out on pages 44 to 87, which comprise the consolidated and separate statements of financial position as at 31 December 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Company as at 31 December 2022, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standard Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Mauritius Revenue Authority ('MRA') Claim	
In December 2014, the Company received a claim of Rs 21,571,308 from the MRA in respect of racing seasons 2012, 2013 and 2014 following the examination of the Company's books and records in relation to betting tax. In June 2015, an additional amount of Rs 4,188,453 inclusive of penalty and interest in respect of racing seasons 2012, 2013 and 2014 has been claimed. In June 2019, the MRA sent another assessment notice claiming Rs 60,994,000 in respect of racing seasons 2016, 2017 and 2018. The MRA claims that betting tax on "All for All" bets placed with the Company in respect of the above race meetings has not been properly calculated. The Company has made an appeal against this claim and an amount of Rs 8,940,000 was paid to the MRA to appeal for the case (refer to note 32). No provision in relation to this claim has been recognised in the financial statements, as the directors are of the opinion that, based on legal advice, it is possible but not probable that a significant liability will arise. This is a key audit matter as the outcome of the dispute with the MRA is uncertain and the impact of an unfavourable outcome is so significant to the Company and the Group.	The procedures performed included the following: •Reviewed all communications between the MRA and the Company, including the tax assessments raised by the MRA; •Discussed with the directors on the possibility of this liability to crystallise. We have also circularised and discussed with the Company's legal advisor on the merits of this claim; and •Assessed the adequacy of the disclosures in respect of this contingent liability in the financial statements.

INDEPENDENT AUDITOR'S REPORT *(Continued)*

Other information

The directors are responsible for the other information. The other information comprises the Board, Committees and Management, Administration, Directors' Report, Corporate Governance Report, Statement of Compliance and Secretary's Report, but, does not include the consolidated and separate financial statements and our auditor's report thereon.

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

Responsibilities of directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 Group and/or the Company to cease to continue as a going concern.

Auditor's responsibilities for the audit of the consolidated and separate financial statements *(Continued)*

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless laws or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

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

Financial Reporting Act 2004

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Use of this report

This report is made solely to the Company's shareholders, as a body, in accordance with section 205 of the Mauritius 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.

Deloitte
Chartered Accountants

LLK Ah Hee, FCCA
Licensed by FRC

30 March 2023

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

STATEMENTS OF **PROFIT OR LOSS**
AND OTHER COMPREHENSIVE INCOME
DECEMBER 31, 2022

	Notes	THE GROUP 2022 Rs 000	THE GROUP 2021 Rs 000	THE COMPANY 2022 Rs 000	THE COMPANY 2021 Rs 000
Income	8	**420,032**	451,019	377,519	415,161
Government taxes and duties		**(160,513)**	(170,053)	(160,513)	(170,053)
Payment to National Solidarity Fund		**(14,444)**	(14,956)	(14,444)	(14,956)
Net income		**245,075**	266,010	202,562	230,152
Other income		**1,095**	3,791	13,695	7,441
Selling expenses		**(44,027)**	(48,047)	(29,885)	(34,254)
Operating expenses		**(118,295)**	(113,413)	(110,741)	(107,382)
Gain allowance on trade receivables	20	**-**	506	-	92
Payments to Horse Racing Organisers		**(40,621)**	(61,968)	(40,621)	(61,968)
Operating profit	9	**43,227**	46,879	35,010	34,081
Finance costs	11	**(468)**	(514)	(468)	(514)
Profit before income tax		**42,759**	46,365	34,542	33,567
Income tax expense	12	**(14,582)**	(5,057)	(4,355)	(2,120)
Profit for the year		**28,177**	41,308	30,187	31,447
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Changes in the fair value of equity instruments measured at FVTOCI	19	**90**	(8,690)	90	(8,690)
Re-measurements of post-employment benefit obligations	27	**(3,449)**	1,398	(3,449)	1,398
Deferred tax charge relating to re-measurements of post employment benefits	28	**586**	(238)	586	(238)
Re-measurements of post-employment benefit obligations – net of tax		**(2,863)**	1,160	(2,863)	1,160
Total other comprehensive loss for the year		**(2,773)**	(7,530)	(2,773)	(7,530)
Total comprehensive income for the year		**25,404**	33,778	27,414	23,917
Profit for the year attributable to:					
Owners of the Company		**28,177**	35,417	30,187	31,447
Non-controlling interests		**-**	5,891	-	-
		28,177	41,308	30,187	31,447
Total comprehensive income attributable to:					
Owners of the Company		**25,404**	27,887	27,414	23,917
Non-controlling interests		**-**	5,891	-	-
		25,404	33,778	27,414	23,917
Earnings per share	13	**7.97**	10.02	8.54	8.90

The notes on pages 49 to 87 form part of these financial statements.

STATEMENTS OF **FINANCIAL POSITION**
AS AT DECEMBER 31, 2022

	Notes	THE GROUP 2022 Rs 000	THE GROUP 2021 Rs 000	THE COMPANY 2022 Rs 000	THE COMPANY 2021 Rs 000
ASSETS					
Non-current assets					
Plant and equipment	15	16,703	19,706	16,703	19,706
Right-of-use assets	16	5,484	8,326	5,484	8,326
Intangible asset	35	2,482	5,764	2,482	5,764
Goodwill	17	73,514	73,514	73,514	73,514
Investment in subsidiary	18	-	-	11,320	11,320
Financial assets at fair value through other comprehensive income	19	1,909	1,819	1,909	1,819
Deferred income tax asset	28	6,873	4,254	6,872	4,253
Total non-current assets		106,965	113,383	118,284	124,702
Current assets					
Inventories	21	249	222	249	222
Trade and other receivables	20	42,126	32,503	33,012	27,215
Cash and cash equivalents	14	45,384	35,112	36,223	26,978
Restricted cash	25	25,264	20,890	25,264	20,890
Income tax asset	12	-	2,571	-	-
Total current assets		113,023	91,298	94,748	75,305
Total assets		219,988	204,681	213,032	200,007
EQUITY					
Equity attributable to owners of the Company					
Share capital	22	24,745	24,745	24,745	24,745
Share premium	23	1,168	1,168	1,168	1,168
Post-employment benefits reserve		(2,292)	571	(2,292)	571
Fair value reserve		(7,040)	(7,130)	(7,040)	(7,130)
Retained earnings		99,562	92,371	96,105	86,904
Total equity		116,143	111,725	112,686	106,258
LIABILITIES					
Non-current liabilities					
Post-employment benefits	27	7,126	3,447	7,126	3,447
Lease liabilities	16	4,093	5,230	4,093	5,230
Total non-current liabilities		11,219	8,677	11,219	8,677
Current liabilities					
Trade and other payables	29	40,462	38,777	37,214	35,700
Provision	26	25,211	20,845	25,211	20,845
Lease liabilities	16	1,758	3,447	1,758	3,447
Dividend payable	31	21,210	21,210	21,210	21,210
Income tax liability	12	3,985	-	3,734	3,870
Total current liabilities		92,626	84,279	89,127	85,072
Total liabilities		103,845	92,956	100,346	93,749
Total equity and liabilities		219,988	204,681	213,032	200,007

Approved by the Board of Directors and authorised for issue on 30th March 2023.

Mr M. A. Eric ESPITALIER NOEL, Chairperson)
Mr Ravindra CHETTY, Director) **DIRECTORS**

The notes on pages 49 to 87 form part of these financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

DECEMBER 31, 2022

THE GROUP

		Attributable to owners of the parent							
	Notes	Share capital Rs 000	Share premium Rs 000	Post-employment benefits reserve Rs 000	Fair value reserve Rs 000	Retained earnings Rs 000	Total Rs 000	Non-controlling interests Rs 000	Total equity Rs 000
Balance as at 1 January 2021		24,745	1,168	(589)	1,560	81,178	108,062	5,315	113,377
Profit for the year		-	-	-	-	35,417	35,417	5,891	41,308
Other comprehensive loss for the year		-	-	1,160	(8,690)	-	(7,530)	-	(7,530)
Total comprehensive income for the year		-	-	1,160	(8,690)	35,417	27,887	5,891	33,778
Transactions with owners									
Dividends	31	-	-	-	-	(21,210)	(21,210)	(3,920)	(25,130)
Change in percentage holding of subsidiary	37	-	-	-	-	(3,014)	(3,014)	(7,286)	(10,300)
Total transactions with owners		-	-	-	-	(24,224)	(24,224)	(11,206)	(35,430)
Balance as at 31 December 2021		24,745	1,168	571	(7,130)	92,371	111,725	-	111,725
Profit for the year		-	-	-	-	28,177	28,177	-	28,177
Other comprehensive loss for the year		-	-	(2,863)	90	-	(2,773)	-	(2,773)
Total comprehensive income for the year		-	-	(2,863)	90	28,177	25,404	-	25,404
Transactions with owners									
Dividends	31	-	-	-	-	(21,210)	(21,210)	-	(21,210)
Transfer of unclaimed dividends	29	-	-	-	-	224	224	-	224
Total transactions with owners		-	-	-	-	(20,986)	(20,986)	-	(20,986)
Balance as at 31 December 2022		24,745	1,168	(2,292)	(7,040)	99,562	116,143	-	116,143

The notes on pages 49 to 87 form part of these financial statements.

THE COMPANY

	Notes	Share capital Rs 000	Share premium Rs 000	Post employment benefits reserve Rs 000	Fair value reserve Rs 000	Retained earnings Rs 000	Total equity Rs 000
Balance as at 1 January 2021		24,745	1,168	(589)	1,560	76,667	103,551
Profit for the year		-	-	-	-	31,447	31,447
Other comprehensive loss for the year		-	-	1,160	(8,690)	-	(7,530)
Total comprehensive income for the year		-	-	1,160	(8,690)	31,447	23,917
Transactions with owners							
Dividends	31	-	-	-	-	(21,210)	(21,210)
Total transactions with owners		-	-	-	-	(21,210)	(21,210)
Balance as at 31 December 2021		24,745	1,168	571	(7,130)	86,904	106,258
Profit for the year		-	-	-	-	30,187	30,187
Other comprehensive loss for the year		-	-	(2,863)	90	-	(2,773)
Total comprehensive income for the year		-	-	(2,863)	90	30,187	27,414
Transactions with owners							
Dividends	31	-	-	-	-	(21,210)	(21,210)
Transfer of unclaimed dividends	29	-	-	-	-	224	224
Total transactions with owners		-	-	-	-	(20,986)	(20,986)
Balance as at 31 December 2022		24,745	1,168	(2,292)	(7,040)	96,105	112,686

The notes on pages 49 to 87 form part of these financial statements.

STATEMENTS OF **CASH FLOWS**

DECEMBER 31, 2022

	Notes	THE GROUP		THE COMPANY	
		2022	2021	**2022**	2021
		Rs 000	Rs 000	**Rs 000**	Rs 000
Cash flows from operating activities					
Profit before income tax		42,759	46,365	34,542	33,567
Adjustments for:					
Depreciation of plant and equipment	15	7,925	7,591	7,925	7,591
Depreciation of right of use assets	16	3,690	3,029	3,690	3,029
Amortization of intangible assets	35	3,485	3,471	3,485	3,471
Loss/(gain) on disposal of plant and equipment	9	53	(336)	53	(336)
Decrease in loss allowance on trade receivables	20	-	(506)	-	(92)
Dividend income	9	(133)	(106)	(12,133)	(4,186)
Interest expense	11	468	514	468	514
Loss on remeasurement of lease liabilities		-	535	-	535
Net post-employment benefit charge	27	230	305	230	305
Operating profit before working capital changes		58,477	60,862	38,260	44,398
Working capital changes					
(Increase)/decrease in inventories		(27)	177	(27)	177
Decrease/(increase) in trade and other receivables		(9,623)	378	(5,797)	(3,782)
Increase in restricted cash		(4,374)	(3,594)	(4,374)	(3,594)
Increase/(decrease) in trade and other payables		1,909	(3,164)	1,738	(1,533)
Increase in provision		4,366	3,588	4,366	3,588
Cash generated from operations		50,728	58,247	34,166	39,254
Net income tax paid	12	(10,059)	(17,617)	(6,524)	(8,594)
Interest paid		(32)	(2)	(32)	(2)
Net cash from operating activities		40,637	40,628	27,610	30,658
Cash flows from investing activities					
Payments for purchase of plant and equipment	15	(4,987)	(5,651)	(4,987)	(5,651)
Payments for purchase of intangibles assets	35	(203)	(4,243)	(203)	(4,243)
Proceeds from disposal of plant and equipment		12	336	12	336
Acquisition of non-controlling interest	37	-	(10,300)	-	(10,300)
Dividends received		133	106	12,133	4,186
Net cash (used in)/from investing activities		(5,045)	(19,752)	6,955	(15,672)
Cash flows from financing activities					
Dividends paid	31	(21,210)	(21,595)	(21,210)	(17,675)
Repayment of lease liabilities	16	(4,110)	(3,606)	(4,110)	(3,606)
Net cash used in financing activities		(25,320)	(25,201)	(25,320)	(21,281)
Net increase/(decrease) in cash and cash equivalents		10,272	(4,325)	9,245	(6,295)
Cash and cash equivalents at 1 January		35,112	39,437	26,978	33,273
Cash and cash equivalents at 31 December	14	45,384	35,112	36,223	26,978

The notes on pages 49 to 87 form part of these financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**

DECEMBER 31, 2022

1 GENERAL INFORMATION

The principal activities of Automatic Systems Ltd. (the "Company") and its subsidiary (collectively referred to as the "Group") are as follows:

- The Company runs a totalisator system (Tote) of betting on horse races in Mauritius organised by the MTC Sports and Leisure Ltd and the People's turf PLC, under the brand name "Supertote", and organises fixed odds betting on foreign football matches under the brand name "Superscore", both are in accordance with the provision of the Gambling Regulatory Authority (GRA) Act 2007.

- The subsidiary, Megawin is a commission agent.

The Company is a public company with limited liability, incorporated and domiciled in Mauritius, and is listed on the Stock Exchange of Mauritius. The address of its registered office is c/o Box Office Ltd, 2nd Floor, Palm Square, 90906, La Mivoie, Tamarin, Republic of Mauritius. Its main place of business is situated at Champ de Mars, Port Louis. It also operates through several offcourse outlets located throughout the island. The financial statements were authorised for issue by the Board of Directors on the date stamped on page 45.

2 SIGNIFICANT 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.

2.1 Basis of preparation and statement of compliance

(i) Compliance with IFRS

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of financial assets at fair value through other comprehensive income.

(iii) Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Acquisitions of businesses are accounted for using the acquisition method.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in retained earnings within equity attributable to owners of the Company.

When the Group ceases to consolidate because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the
- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity, over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(iv) *Segmental reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM).

The executive director, who has been identified as the CODM, assesses the financial performance and position of the Group and makes strategic decision.

2.2 Summary of significant accounting policies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and separate financial statements are presented in thousands of Mauritian Rupees ('Rs 000'), which is the Company's functional currency.

Transactions and balances

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

(b) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Equipment	12.50%
Teletote	20%
Electrical installation and equipment	20%
Off-course and Office equipment and furniture	20%
Motor vehicles	20%

No depreciation is provided on asset in progress.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised in profit or loss and is included in 'other income' line item.

(c) Intangible assets

Goodwill

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Computer software

Computer software acquired separately is measured on initial recognition at cost. The cost of computer software acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, computer software carried at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for a computer software are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on computer software is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation is calculated on the straight-line basis over a period of 5 - 8 years. Gains or losses arising from derecognition of a computer software are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

(d) Impairment of non-financial assets

Intangible assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting period.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

DECEMBER 31, 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets (other than goodwill) that suffered impairment are reviewed for possible reversal of the impairment at each reporting period.

(e) Financial assets

• Classification

The Group and the Company classify their financial assets in the following categories:
– those measured subsequently at fair value (either through OCI or through profit or loss), and
– those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group and the Company have made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

• Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

• Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group's and the Company's financial assets consist of trade receivables and cash and cash equivalents which are classified as debt instruments at amortised cost. These assets are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest and are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses, if any, are presented as separate line item in profit or loss. Debt instruments at amortised cost are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified in non-current assets.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit or loss as other income when the right to receive payments is established.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(e) Financial assets (cont'd)

Changes in the fair value of financial assets at FVPL, if any, are recognised in profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group and Company establish fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing model, making maximum use of market inputs and relying as little as possible on entity specific inputs.

As at 31 December 2022, the Group and Company have taken into account the net asset values of Central Depository & Settlement Co. Ltd as a proxy to determine the fair value of the investment. Given that the above financial assets comprise only 0.86**%** (2021: 0.89%) of total assets of the Group, the directors do not consider it material to determine the fair value of the investments using a more sophisticated valuation technique.

• Impairment

For trade receivables, the Group and the Company apply the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

• Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group and Company or the counterparty.

(f) Inventories

Inventories consist of ticket rolls and are stated at cost.

(g) Trade receivables

Trade receivables are amounts due from off course betting agents in the ordinary course of business. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

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

(h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(i) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

(j) Trade payables

These amounts represent liabilities for goods and services provided to the Group and the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

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

(k) Current and deferred income tax

The income tax expense for the year is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses and includes the Corporate Social Responsibility contribution.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the year ended, 31 December 2022. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, income tax is also recognised in other comprehensive income or directly in equity, respectively.

(l) Employee benefits

The Company has changed its post-employment scheme from defined benefit plan to a defined contribution plan since 1 January 2013. The obligations arising under this item are not funded. The employees are also entitled to a gratuity payment on retirement under the terms of The Workers' Rights Act 2019. Accordingly, the Company has calculated and provided for the gratuity payment in the financial statements.

Pension obligations

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The liability for gratuity payment is calculated annually by independent actuaries using the projected unit credit method and is recognised on the statement of financial position.

The present value of the liability for gratuity payment is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included as 'post-employment benefits reserve' in the statements of changes in equity and in the statement of financial position.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(l) Employee benefits (cont'd)

Changes in the present value of the liability for gratuity payment resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at year end is recognised as an expense accrual. The Group and the Company recognise a provision where contractually obliged or where there is past practice that has created a constructive obligation.

Termination benefits

Termination benefits are payable when employment is terminated by the Group and the Company before the normal retirement age, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits at the earlier of the following dates: (a) when the Group and the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in relation to horse racing and football bets. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Betting Income

Income represents bets struck net of betting dividends paid to customers.

Betting dividends comprise punters' winnings. Unclaimed betting dividends are recognised in the statement of financial position as betting dividends payable under current liabilities. Betting dividends not claimed within 30 (thirty) days for racing and 30 (thirty) days for football from date of declaration become due to the National Solidarity Fund.

Commission income

The Group also acts as an agent to facilitate online sports betting in the Republic of Ivory Coast and derives commission income. Commission income is recognised at the point when the performance obligation which gives rise to the commission income is satisfied.

Dividend income

Dividend income is recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. Dividend income is included in 'other income' line item.

(n) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are declared by the Board of Directors.

(o) Leases

The Group and the Company lease various retails outlets. Rental contracts are typically made for fixed periods of 1-10 years.

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group and the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group and the Company under residual value guarantees;
- the exercise price of a purchase option if the Group and the Company are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group and the Company:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing; and
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(p) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(q) Related parties

Individuals and companies are considered to be related to the Group and the Company if they have the ability, directly or indirectly to control the Group or the Company or exercise significant influence over the Group and the Company in making financial and operating decisions, or vice versa, or where the Group and the Company is subject to common control or common significant influence.

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current year, the Group and the Company have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2022.

New and revised standards that are effective for the current year

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

IAS 16	Property, Plant and Equipment: Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS standards 2018 - 2020 (Fees in the '10 per cent' test for derecognition of financial liabilities)
IFRS 16	Leases - Amendment to extend the exemption from assesing whether a Covid-19 related rent concession is a lease modification

Relevant new and revised Standards in issue but not yet effective

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

IAS 1	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective 1 January 2023)
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective 1 January 2024)
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of debt with covenants (effective 1 January 2024)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective 1 January 2023)
IAS 12	Income taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective 1 January 2023)
IFRS 10	Consolidated financial statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)
IFRS 16	Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions (effective 1 January 2024)

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Critical judgements in applying the Group's and the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's and the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of retail outlets, the following factors are normally the most relevant:

If there are significant penalties to terminate (or not extend), the Group and the Company are typically reasonably certain to extend (or not terminate).

If any leasehold improvements are expected to have a significant remaining value, the Company and the Group is typically reasonably certain to extend (or not terminate).

Otherwise, the Group and the Company consider other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group and the Company become obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may 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.

(i) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group's actuary determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group and the Company consider the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 27.

5 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's and the Company's activities expose them to a variety of financial risks: market risk (including foreign exchange risk, equity securities price risk and cash flow interest rate risk), credit risk and liquidity risk. The Group and Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance. Risk management remains the responsibility of the Board of directors to whom the Audit and Risk Committee reports.

5 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (cont'd)

• Market risk

(a) Foreign exchange risk

The transactions of the Group and the Company are carried out mainly in Mauritian Rupees with very few transactions in United States Dollar and Euro. Hence, there is no significant exposure to foreign exchange risk.

(b) Equity securities price risk

The Group and the Company are exposed to equity securities price risk because of investment held by the Company and classified on the statement of financial position as financial assets at fair value through other comprehensive income. Given that the investment comprises only 0.86 **%** (2021: 0.89%) of the Group's total assets, the impact on equity is not considered significant.

(c) Interest rate risk

The Group and Company are not exposed to interest rate risk since they do not have variable interest bearing financial assets or financial liabilities.

• Credit risk

Below is a summary of the credit risk, the Group and the Company are exposed to at the end of the reporting period.

Receivables

The Group and the Company only accept bets on a cash basis and is therefore not exposed to credit risk.

The Group and the Company is exposed to credit risk on its trade receivables from off-course agents as the off-course agents have the responsibility to remit the proceeds from betting to the Group and the Company on a weekly basis. The expected loss rates are based on the payment profiles of sales over a period of 12 months respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors. The amounts presented in the statements of financial position are net of allowances for expected credit losses estimated by the Group's and Company's management based on prior experience, the current economic environment and forecasted GDP. The Group's and Company's management make a monthly analysis of the aged debtors listing for off course agents and determine the appropriate level of specific impairment to be provided for long outstanding trade receivables from agents. The impairment is determined on a case by case basis based on response and follow-ups made with the off-course agents.

Bank

Credit risk also arises from cash at bank. The Group and the Company only bank with institutions that are of good repute and where the risk of default is assessed to be low and expected allowance for impairment is deemed to be not material.

5 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (cont'd)

• Market risk (cont'd)

The amount that best represents the Group's and the Company's maximum exposure to credit risk at 31 December 2022 is the carrying value of the financial assets in the statement of financial position, as tabled below:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
Trade and other receivables (Note 20)	25,511	17,284	16,397	11,996
Financial assets at fair value through other comprehensive income (Note 19)	1,909	1,819	1,909	1,819
Restricted cash (Note 25)	25,264	20,890	25,264	20,890
Cash and cash equivalents (Note 14)	45,384	35,112	36,223	26,978
	98,068	75,105	79,793	61,683

• Credit risk (cont'd)

The credit quality of financial assets that is neither past due nor impaired can be assessed by historical information about counterparty default rates as follows:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
Trade and other receivables (neither past due nor impaired)				
Counterparties without external credit rating (group 1)	-	7,592	-	2,304
Other receivables	18,194	9,125	14,662	9,125

Group 1 refers to existing off course agents with no defaults in the past.

No other collateral is held in respect of trade and other receivables as disclosed on statement of financial position.

All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated, and management does not expect any credit losses from non-performance by these parties since its impact is not material.

5 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (cont'd)

• Credit risk (cont'd)

None of the Group and the Company's financial assets are either past due or impaired except for the following amounts in trade receivables. The trade receivables which were past due but not impaired relate to a number of independent off course agents for whom there is no history of default even though they settle their debts with the Group and the Company after their specified credit term. The ageing analysis of these trade receivables is as follows:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
Trade and other receivables (past due but not impaired)				
Greater than 365 days	83	567	83	567
Trade and other receivables (individually determined to be impaired)				
Greater than 365 days	5,345	5,345	5,345	5,345

In disclosing trade and other receivables as a financial instrument for the Group and the Company, an amount of Rs 16,615,000 (2021: Rs 15,219,000) representing prepayments, has been excluded respectively.

The individually impaired receivables mainly relate to off course agents, which are in unexpected difficult economic situations which have been fully provided for.

5 FINANCIAL RISK MANAGEMENT (CONT'D)

• Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

Management monitors rolling forecasts of the Group's and Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.

5 FINANCIAL RISK MANAGEMENT (CONT'D)

• Liquidity risk (Cont'd)

The Group's and the Company's financial liabilities comprise of trade and other payables, lease liabilities and dividend payable. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
Less than 1 year				
Trade and other payables	40,462	38,777	37,214	35,700
Lease liabilities	1,758	3,447	1,758	3,447
Dividend payable	21,210	21,210	21,210	21,210
	63,430	63,434	60,182	60,357
More than 1 year				
Lease liabilities	4,093	5,230	4,093	5,230

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company have no long term external borrowings as at 31 December 2022 (2021: Nil).

Fair value estimation

The carrying value of trade and other receivables, cash at bank and in hand and trade and other payables are assumed to approximate their fair values.

5 FINANCIAL RISK MANAGEMENT (CONT'D)

• Liquidity risk (Cont'd)

Fair value estimation (cont'd)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Ø **Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Ø **Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Ø **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

THE GROUP AND THE COMPANY

	Level 1	**Level 2**	**Level 3**	**Total**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**
2022				
Assets				
Financial assets at fair value through other comprehensive income	-	-	1,909	1,909
2021				
Assets				
Financial assets at fair value through other comprehensive income	-	-	1,819	1,819

As at 31 December 2022, the Group and the Company have taken into account the net asset value of Central Depository & Settlement Co. Ltd as a proxy to determine the fair value of the investment. Given that this financial asset comprises of only 0.86% (2021: 0.89%) of total assets of the Group, the directors do not consider it material to determine the fair value of the investment using a more sophisticated valuation technique in line with requirements of IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

6 FINANCIAL INSTRUMENTS BY CATEGORY

THE GROUP
At 31 December 2022

	Financial assets at amortised cost Rs 000	Financial assets at fair value through other comprehensive income Rs 000	Total Rs 000
Assets			
Financial assets at fair value through other comprehensive income (Note 19)	-	1,909	1,909
Trade and other receivables (Note 20)	25,511	-	25,511
Restricted cash (Note 25)	25,264	-	25,264
Cash and cash equivalents (Note 14)	45,384	-	45,384
	96,159	1,909	98,068

	Financial liabilities at amortised cost Rs 000	Total Rs 000
Liabilities		
Trade and other payables (Note 29)	40,462	40,462
Lease liabilities (Note 16)	5,851	5,851
Dividend payable (Note 31)	21,210	21,210
	67,523	67,523

THE COMPANY
At 31 December 2022

	Financial assets at amortised cost Rs 000	Financial assets at fair value through other comprehensive income Rs 000	Total Rs 000
Assets			
Financial assets at fair value through other comprehensive income (Note 19)	-	1,909	1,909
Trade and other receivables (Note 20)	16,397	-	16,397
Restricted cash (Note 25)	25,264	-	25,264
Cash and cash equivalents (Note 14)	36,223	-	36,223
	77,884	1,909	79,793

	Financial liabilities at amortised cost Rs 000	Total Rs 000
Liabilities		
Trade and other payables (Note 29)	37,214	37,214
Lease liabilities (Note 16)	5,851	5,851
Dividend payable (Note 31)	21,210	21,210
	64,275	64,275

In disclosing trade and other receivables as a financial instrument for the Group and the Company, an amount of Rs 16,615,000 representing prepayments, has been excluded.

6 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

THE GROUP
At 31 December 2021

	Financial assets at amortised cost Rs 000	Financial assets at fair value through other comprehensive income Rs 000	Total Rs 000
Assets			
Financial assets at fair value through other comprehensive income (Note 19)	-	1,819	1,819
Trade and other receivables (Note 20)	17,284	-	17,284
Restricted cash (Note 25)	20,890	-	20,890
Cash and cash equivalents (Note 14)	35,112	-	35,112
	73,286	1,819	75,105

	Financial liabilities at amortised cost Rs 000	Total Rs 000
Liabilities		
Trade and other payables (Note 29)	37,239	37,239
Lease liabilities (Note 16)	8,677	8,677
Dividend payable (Note 31)	21,210	21,210
	67,126	67,126

THE COMPANY
At 31 December 2021

	Financial assets at amortised cost Rs 000	Financial assets at fair value through other comprehensive income Rs 000	Total Rs 000
Assets			
Financial assets at fair value through other comprehensive income (Note 19)	-	1,819	1,819
Trade and other receivables (Note 20)	11,996	-	11,996
Restricted cash (Note 25)	20,890	-	20,890
Cash and cash equivalents (Note 14)	26,978	-	26,978
	59,864	1,819	61,683

	Financial liabilities at amortised cost Rs 000	Total Rs 000
Liabilities		
Trade and other payables (Note 29)	34,162	34,162
Lease liabilities (Note 16)	8,677	8,677
Dividend payable (Note 31)	21,210	21,210
	64,049	64,049

In disclosing trade and other receivables as a financial instrument for the Group and the Company, an amount of Rs 15,219,000 representing prepayments, has been excluded.

NOTES TO THE
FINANCIAL STATEMENTS *(Continued)*

7 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. The executive directors, the chief operating decision makers, have identified three reportable segments:

a) **Totalisator:** This part of the business runs a totalisator system of betting on horse races in Mauritius organised by the MTC Sports and Leisure Ltd and the People's Turf PLC;
b) **Fixed odds:** This part of the business organises fixed odd betting on foreign football matches in Mauritius;
c) **All other segments:** The Company has incorporated the subsidiary called 'Megawin Ltd' during the year 2014 to operate foreign football betting on the African continent. Megawin Ltd has not been classified as a new reporting segment since it does not satisfy the quantitative thresholds of IFRS 8. The results of these operations are included in the 'all other segments' column.

The reportable operating segments derived their income primarily from betting by punters on course, off course and through the telephone.

The executive directors assess the financial performance of the operating segments based on Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA). The segment information provided to the executive directors for the reportable segments of the Group for the year ended 31 December 2022 is as follows:

	Totalisator Rs 000	Fixed odds Rs 000	All other segments Rs 000	Total Rs 000
Income from external customers	238,920	138,599	42,513	420,032
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	30,009	7,502	20,816	58,327
Depreciation and amortisation	(12,080)	(3,020)	-	(15,100)
Finance costs	(374)	(94)	-	(468)
Income tax	(3,484)	(871)	(10,227)	(14,582)
Total assets	161,370	40,343	18,275	219,988
Additions to non-current assets (other than financial instruments and deferred income tax assets)	4,152	1,038	-	5,190
Total liabilities	(80,478)	(20,120)	(3,247)	(103,845)

The segment information provided to the executive directors for the reportable segments of the Group for the year ended 31 December 2021 is as follows:

	Totalisator Rs 000	Fixed odds Rs 000	All other segments Rs 000	Total Rs 000
Income from external customers	309,605	105,556	35,858	451,019
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	36,116	9,029	15,825	60,970
Depreciation and amortisation	(11,273)	(2,818)	-	(14,091)
Finance costs	(411)	(103)	-	(514)
Income tax	(1,696)	(424)	(2,937)	(5,057)
Total assets	147,941	36,985	19,755	204,681

7 SEGMENT INFORMATION (CONT'D)

	Totalisator Rs 000	Fixed odds Rs 000	All other segments Rs 000	Total Rs 000
Additions to non-current assets (other than financial instruments and deferred income tax assets)	7,915	1,979	-	9,894
Total liabilities	(72,048)	(18,012)	(2,896)	(92,956)

Income is the actual income of the reportable segments. Except for directly attributable expenses, all other segmental information are apportioned to betting on horse racing and foreign football using a ratio (80:20) which, in the directors' view, reflect a fair estimation of the costs associated with the two segments.

A reconciliation of EBITDA to profit before income tax is provided as follows:

	THE GROUP	
	2022 Rs 000	2021 Rs 000
EBITDA	**58,327**	60,970
Depreciation and amortisation	**(15,100)**	(14,091)
Finance costs	**(468)**	(514)
Profit before income tax	**42,759**	46,365

Geographical information and information about major customers

The operations of the Group are carried out locally except for Megawin which is carried out in Ivory Coast. There are no single customer which contributes 10% or more to the Group's revenue in either 2022 or 2021.

8 INCOME

	THE GROUP		THE COMPANY	
	2022 Rs 000	2021 Rs 000	**2022 Rs 000**	2021 Rs 000
Betting income				
Bets struck net of betting dividends paid, refunds and rebates				
- Totalisator	238,920	309,605	238,920	309,605
- Fixed odds	138,599	105,556	138,599	105,556
Commission income	42,513	35,858	-	-
	420,032	451,019	377,519	415,161

NOTES TO THE
FINANCIAL STATEMENTS *(Continued)*

9 OPERATING PROFIT

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
Operating profit is stated after charging/ (crediting) the following:				
Depreciation of plant and equipment	7,925	7,591	7,925	7,591
Depreciation of right-of-use assets	3,690	3,029	3,690	3,029
Amortisation of intangible assets	3,485	3,471	3,485	3,471
Loss/(gain) on disposal of plant and equipment	53	(336)	53	(336)
Decrease in loss allowance on trade receivables	-	(506)	-	(92)
Provision for copyright fees	4,366	3,588	4,366	3,588
Commission to off-course agents	26,621	28,253	26,621	28,253
Repairs and maintenance	3,193	3,385	3,193	3,385
Licences and municipality taxes	14,168	13,571	14,168	13,571
Staff costs (included in operating expenses) (note 10)	35,727	30,924	35,727	30,924
Auditors' remunerations:				
– external audit services	1,367	1,350	1,367	1,350
– internal audit services	663	737	663	737
– tax services	129	90	129	90
Dividend income	(133)	(106)	(12,133)	(4,186)

10 STAFF COSTS

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
Wages and salaries	29,513	24,972	29,513	24,972
National Pension Fund contribution	1,264	1,168	1,264	1,168
Transport costs	1,909	1,700	1,909	1,700
Net post-employment benefit charge	1,634	1,463	1,634	1,463
Staff welfare and other costs	1,407	1,621	1,407	1,621
	35,727	30,924	35,727	30,924

11 FINANCE COSTS

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
Interest expense on bank overdraft	32	2	32	2
Interest on leases	436	512	436	512
Total finance costs	468	514	468	514

12 INCOME TAX

The Company is liable to income tax on its profits, as adjusted for income tax purposes, at the rate of 17% (2021: 17%). The 17% tax rate consists of 15% corporate income tax and 2% Corporate Social Responsibility.

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
Income tax expense:				
Current income charge for the year	9,005	9,145	5,700	6,279
Under/(over)provision of tax expense in prior years	5,672	(2,967)	688	(2,967)
Withholding tax suffered overseas	1,938	-	-	-
Overprovision of deferred tax in prior years	-	71	-	-
Deferred income tax credit (note 28)	(2,033)	(1,192)	(2,033)	(1,192)
Income tax charge	14,582	5,057	4,355	2,120

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
Income tax asset/(liability):				
At 1 January	2,571	(8,868)	(3,870)	(9,152)
Paid during the year	11,712	17,617	6,524	8,594
Withholding tax suffered overseas	(1,938)	-	-	-
Refund from MRA	(1,653)	-	-	-
(Under)/overprovision of tax expense in prior years	(5,672)	2,967	(688)	2,967
Charge for the year	(9,005)	(9,145)	(5,700)	(6,279)
At 31 December	(3,985)	2,571	(3,734)	(3,870)

12 INCOME TAX (CONT'D)

The reconciliation of the effective income tax rate of 34.10% for the Group (2021: 10.91%) and 12.61% (2021: 6.32%) for the Company and the applicable rate of 17% (2021: 17%) is as follows:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	%	%	**%**	%
(As a percentage of profit before tax)				
Applicable income tax rate	17.00	17.00	17.00	17.00
Effect of:				
Non-allowable expenses	1.54	2.79	1.54	2.11
Non-taxable income	(7.92)	(2.63)	(7.92)	(3.95)
Withholding tax suffered overseas	10.21	-	-	-
Overprovision of deferred tax in prior years	-	0.15	-	-
Overprovision of tax expense in prior years	13.27	(6.40)	1.99	(8.84)
Effective income tax rate	34.10	10.91	12.61	6.32

13 EARNINGS PER SHARE

Earnings per share of Rs 7.97 (2021: Rs 10.02) and Rs 8.54 (2021: Rs 8.90) for the Group and the Company are calculated on the profit for the year attributable to owners of the Company of Rs 28,177,000 (2021: Rs 35,417,000) and Rs 30,187,000 (2021: Rs 31,447,000) respectively and on the 3,535,000 issued ordinary shares for the two years under review. The Group and the Company have no dilutive potential ordinary shares as at the end of reporting period.

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
Cash at bank	44,071	33,625	34,910	25,491
Cash in hand	1,313	1,487	1,313	1,487
Cash and cash equivalents as disclosed in the statement of cash flows	45,384	35,112	36,223	26,978

15 PLANT AND EQUIPMENT

THE GROUP	Equipment Rs 000	Teletote Rs 000	Electrical installation and equipment Rs 000	Off-course & Office equipment and furniture Rs 000	Asset in progress Rs 000	Motor vehicles Rs 000	Total Rs 000
Cost							
At 1 January 2021	50,504	17,710	10,063	36,968	364	6,265	121,874
Additions	86	-	330	4,156	-	1,079	5,651
Disposal	-	-	-	-	-	(909)	(909)
Transfer	-	-	-	364	(364)	-	-
Scrapped	(41,161)	(12,909)	(6,375)	(15,541)	-	-	(75,986)
At 31 December 2021	9,429	4,801	4,018	25,947	-	6,435	50,630
Additions	-	946	826	2,455	760	-	4,987
Disposal	-	(11)	-	(115)	-	(56)	(182)
At 31 December 2022	9,429	5,736	4,844	28,287	760	6,379	55,435
Accumulated depreciation							
At 1 January 2021	46,368	15,791	8,132	27,169	-	2,768	100,228
Charge for the year	798	821	627	4,109	-	1,236	7,591
Disposal	-	-	-	-	-	(909)	(909)
Scrapped	(41,161)	(12,909)	(6,375)	(15,541)	-	-	(75,986)
At 31 December 2021	6,005	3,703	2,384	15,737	-	3,095	30,924
Charge for the year	800	647	896	4,307	-	1,275	7,925
Disposal	-	(6)	-	(67)	-	(44)	(117)
At 31 December 2022	6,805	4,344	3,280	19,977	-	4,326	38,732
Net book value							
At 31 December 2022	2,624	1,392	1,564	8,310	760	2,053	16,703
At 31 December 2021	3,424	1,098	1,634	10,210	-	3,340	19,706

The directors have reviewed the carrying amount of the Group's plant and equipment and are of the opinion that no impairment is required at the reporting date (2021: Nil).

15 PLANT AND EQUIPMENT

THE COMPANY

	Equipment Rs 000	Teletote Rs 000	Electrical installation and equipment Rs 000	Off-course & Office equipment and furniture Rs 000	Asset in progress Rs 000	Motor vehicles Rs 000	Total Rs 000
Cost							
At 1 January 2021	48,304	17,710	10,063	36,968	364	6,261	119,670
Additions	86	-	330	4,156	-	1,079	5,651
Disposal	-	-	-	-	-	(909)	(909)
Transfer	-	-	-	364	(364)	-	-
Scrapped	(41,161)	(12,909)	(6,375)	(15,541)	-	-	(75,986)
At 31 December 2021	7,229	4,801	4,018	25,947	-	6,431	48,426
Additions	-	946	826	2,455	760	-	4,987
Disposal	-	(11)	-	(115)	-	(56)	(182)
At 31 December 2022	7,229	5,736	4,844	28,287	760	6,375	53,231
Accumulated depreciation							
At 1 January 2021	44,168	15,791	8,132	27,169	-	2,764	98,024
Charge for the year	798	821	627	4,109	-	1,236	7,591
Disposal	-	-	-	-	-	(909)	(909)
Scrapped	(41,161)	(12,909)	(6,375)	(15,541)	-	-	(75,986)
At 31 December 2021	3,805	3,703	2,384	15,737	-	3,091	28,720
Charge for the year	800	647	896	4,307	-	1,275	7,925
Disposal	-	(6)	-	(67)	-	(44)	(117)
At 31 December 2022	4,605	4,344	3,280	19,977	-	4,322	36,528
Net book value							
At 31 December 2022	2,624	1,392	1,564	8,310	760	2,053	16,703
At 31 December 2021	3,424	1,098	1,634	10,210	-	3,340	19,706

The directors have reviewed the carrying amount of the Company's plant and equipment and are of the opinion that no impairment is required at the reporting date (2021: Nil).

16 LEASES

(i) Amounts recognised in the statement of financial position

The Company's main place of business is situated at Champ de Mars, Port Louis. It also operates through 7 offcourse outlets across the island; namely in Terre Rouge, Port Louis, Vacoas, Palma, Petite Riviere, Curepipe, Quatre Bornes and St Pierre. The Company entered into lease agreements ranging from 1 to 10 years with the landlord of the above mentioned outlets for which IFRS 16 has been applied. The statement of financial position shows the following amounts relating to leases:

	THE GROUP AND THE COMPANY	
	2022	2021
	Rs 000	Rs 000
Right-of-use assets - buildings		
Cost		
At 1 January	16,087	14,940
Additions	848	2,128
Re-measurement	-	(981)
At 31 December	16,935	16,087
Depreciation		
At 1 January	7,761	4,732
Charge for the year	3,690	3,029
At 31 December	11,451	7,761
Net book value	5,484	8,326

16 LEASES (CONT'D)

(i) Amounts recognised in the statement of financial position (cont'd)

The directors have reviewed the carrying amount of the right of use assets and are of the opinion that no impairment is required at the reporting date (2021: Nil).

	THE GROUP AND THE COMPANY	
	2022	2021
	Rs 000	Rs 000
Lease liabilities		
Current	1,758	3,447
Non-current	4,093	5,230
At 31 December	5,851	8,677

Additions to the right-of-use assets during the year were Rs 848,000 (2021: Rs 2,128,000).

Maturity analysis:		
Year 1	2,048	3,860
Year 2	1,085	1,748
Year 3	740	785
Year 4	690	690
Year 5	690	690
Onwards	1,668	2,358
	6,921	10,131
Less: unearned interest	(1,070)	(1,454)
	5,851	8,677

(ii) Amounts recognised in profit or loss

	THE GROUP AND THE COMPANY	
	2022	2021
	Rs 000	Rs 000
Depreciation expense on right-of-use assets	3,690	3,029
Interest expense on lease liabilities	436	512
Expense relating to short-term leases	508	499

The total cash outflow for leases under IFRS 16 in 2022 was Rs 3,674,000 (2021: Rs 3,094,000).

17 GOODWILL

	THE GROUP AND THE COMPANY	
	2022	2021
	Rs 000	Rs 000
At 1 January and 31 December	**73,514**	73,514

Automatic Systems Ltd. ('ASL'), acquired 100% shareholding of HH Management Limited ('HHM') on 1 January 2011 pursuant to a share purchase agreement entered into between ASL and the shareholders of HHM.

The amalgamation of HHM fell within the scope of IFRS 3, 'Business Combinations' and the acquisition method of accounting was applied. The goodwill resulting from the acquisition of HHM represents the excess of the aggregate amount of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets and liabilities acquired as well as contingent liabilities assumed.

The directors have identified the skilled workforce of HHM which cannot be recognised separately as intangible assets as being the major element of goodwill arising on the acquisition of HHM.

The directors have assessed that there is no impairment of goodwill during the year (2021: Nil).

Goodwill does not generate cash flows independently from other assets or groups of assets and so the recoverable amount of goodwill as an individual asset cannot be determined. However, goodwill often contributes to the cash flows of CGUs. Therefore, goodwill acquired in a business combination must be allocated from the acquisition date to each of the acquirer's CGUs or groups of CGUs that are expected to benefit from the business combination.

The combined entity (i.e., the Company and HHM) has the following characteristics:

(i) it operates a main frame system based on which both horse racing and football betting take place;
(ii) there are terminals (points of sale) all over the island but which are not able to operate independently of the main frame; and
(iii) skilled workforce are required to operate the system.

Identification of CGUs involves judgement. Based on the above, management is not able to identify any single asset or sub-group of assets that will generate cash inflows from external parties largely independently from other assets or groups of assets. Therefore there is only one CGU (in occurrence ASL) comprising all equipment of the merged entity to which goodwill will be allocated and tested.

Management reviews the business performance based on operating segments. Goodwill is monitored by management at the cash generating unit (CGU) level. It has identified both the horse racing and football betting operating segments of the entity as being one CGU as elaborated above. Goodwill is allocated and tested annually for impairment based on the CGU level.

The recoverable amount of the CGU, in occurrence ASL, has been determined based on fair value less cost to sell calculation as the Company is quoted on the Stock Exchange of Mauritius and for which there is a quoted price for the equity shares of the Company.

As at 31 December 2022, the equity of the Company has a fair value of Rs 346,430,000 (2021: Rs 371,175,000) based on the closing share price of Rs 98 (2021: Rs 105) per share traded on the Stock Exchange of Mauritius.

The cost to sell off the shares of the Company is brokerage fees of 0.9% claimed by investment dealers on the value of shares being sold amounting to a total of Rs 3,117,870 (2021: Rs 3,340,575).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

17 GOODWILL (CONT'D)

In light of the above assessment performed by management, there is no impairment of goodwill based on fact that the fair value less cost to sell off the equity shares of the Company of Rs 343,312,130 (2021: Rs 367,834,425) exceeds the carrying amount of net assets as at 31 December 2022.

Sensitivity of the recoverable amount of the CGU

The recoverable amount of the CGU is most sensitive to the quoted share price of the Company. As such, as at 31 December 2022, if the quoted share price of the Company falls by Rs 66.13 (2021: Rs 74.67) per share, i.e. falls to Rs 31.87 (2021: Rs 30.33) per share; the recoverable amount of the CGU will equal to the carrying amount of the net assets of the Company.

18 INVESTMENT IN SUBSIDIARY

	THE COMPANY	
	2022	2021
	Rs 000	Rs 000
Cost:		
Balance at 1 January	11,320	1,020
Acquisition of shares	-	10,300
Balance at 31 December	11,320	11,320

(i) Details of the Group's direct subsidiary are as follows:

Name of subsidiary	Cost 2022 Rs 000	Cost 2021 Rs 000	Country of incorporation	% holding 2022	% holding 2021	Principal activity
Megawin Ltd	11,320	11,320	Mauritius	100%	100%	Commission agent

During the year ended 31 December 2021, the Company acquired additional shares in Megawin Ltd for a total consideration of Rs 10,300,000 which therefore increased the Company's shareholding to 100%.

The directors have reviewed the carrying amount of the Company's investment in subsidiary and are of the opinion that no impairment is required at the reporting date (2021: Nil).

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
At 1 January	1,819	10,509	1,819	10,509
Changes in fair value of financial assets recognised in other comprehensive income	90	(8,690)	90	(8,690)
At 31 December	1,909	1,819	1,909	1,819

During the year 31 December 2020, the Company acquired 138,857 ordinary shares in RPGG Media Ltd, a company incorporated in the United Kingdom, for an amount of Rs 8,849,000. RPGG Media Ltd specialises in esports betting. The total number of shares held by the Company represents a total equity stake of 7.09% of RPGG Media Ltd. At 31 December 2021, the fair value of the investments held in RPGG Media Ltd had been determined as nil given that the investee had surrendered its licence to the UK Gambling Commission and had no intention to operate.

The other investment in unquoted shares consists of 1,000 ordinary shares of Rs 100 each in Central Depository & Settlement Co. Ltd which represents 0.67% equity stake in the latter.

20 TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
Trade receivables	12,662	13,504	7,080	8,216
Less: loss allowance on trade receivables	(5,345)	(5,345)	(5,345)	(5,345)
	7,317	8,159	1,735	2,871
Prepayments	16,615	15,219	16,615	15,219
Other receivables	18,194	9,125	14,662	9,125
	42,126	32,503	33,012	27,215

The fair value of trade and other receivables approximate their carrying amounts as the effect of discounting is not significant.

20 TRADE AND OTHER RECEIVABLES (CONT'D)

Other receivables

Other receivables include Rs 8,940,000 (2021: 8,940,000) relating to objection fees paid to the MRA following an assessment notice received on 26 June 2019 for claims over race meetings held in 2016, 2017 and 2018. Refer to note 32 - contingent liabilities for more details.

Past due trade receivables	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
More than 365 days	5,428	5,912	5,428	5,912

As of 31 December 2022, the Group's and the Company's trade receivables of Rs 2,484,000 (2021: Rs 2,968,000) were past due for more than 365 days and provision for expected credit losses were fully recognised.

Movement in loss allowance	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
At 1 January	5,345	5,851	5,345	5,437
Loss allowance on trade receivables	-	(506)	-	(92)
At 31 December	5,345	5,345	5,345	5,345

The maximum exposure to credit risk at the reporting period is the carrying value of each class of receivable mentioned above. The Group and the Company do not hold any collateral as security.

21 INVENTORIES

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
Ticket rolls	249	222	249	222

The net movement in inventories included as expense amounted to Rs 27,000 (2021: Rs 177,000).

22 SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	2022	2021	**2022**	2021
	Number	Number	**Rs 000**	Rs 000
Authorised:				
Ordinary shares of Rs 7 each	5,000,000	5,000,000	35,000	35,000
Issued and fully paid:				
Ordinary shares of Rs 7 each	3,535,000	3,535,000	24,745	24,745

The rights conferred are as follows:
- the right to one vote on a poll at a meeting of the Company on any resolution;
- the right to an equal share of dividends authorised by the Board; and
- the right to an equal share in the distribution of surplus assets of the Company.

23 SHARE PREMIUM

A share premium arises when the value of the consideration received for the issue of shares exceeds the nominal value of the shares issued. The share premium account is regarded as permanent capital of the Company and only certain expenses of a capital nature may be set-off against it, namely:
(i) the preliminary expenses of the Company; or
(ii) the expenses of, or the commission paid on, the creation or issue of any shares.

The share premium account may also be applied:
(i) in paying up shares of the Company to be issued to shareholders of the Company as fully paid shares;
(ii) to reflect the decrease in the share premium account arising from shares acquired or redeemed.

24 BANK FACILITIES

The Company has floating rate borrowing facilities of Rs 44 M (2021: Rs 44 M). The facilities are subject to review on a regular basis. The bank overdraft facilities of the Company are secured by a floating charge on all the assets of the Company. The applicable interest rate on the overdraft facilities is 7.25% per annum (2021: 4.60%)

The Company has not utilised the above mentioned facilities at 31 December 2022 (2021: Nil).

25 RESTRICTED CASH

Restricted cash relates to balance paid into an escrow account under the custody of the Company's legal counsel following the order of the Supreme Court of Mauritius on the 16 December 2016 in relation to the case between the Company and Sport Data Feed Ltd.

26 PROVISION

An amount of Rs 25,211,033 (2021: Rs 20,845,200) has been provided in relation to claims from Sport Data Feed Ltd with respect to the use and/or reproduction of "Fixture Lists" and "Football Data" of professional football leagues established in the United Kingdom without the proper licence taken up from Sport Data Feed, which is the sole licensee of these intellectual property rights in Mauritius. An amount of Rs 4,366,000 (2021: Rs 3,588,000) was recognised in profit or loss for the year ended 31 December 2022.

NOTES TO THE
FINANCIAL STATEMENTS *(Continued)*

27 POST EMPLOYMENT BENEFITS

THE GROUP AND THE COMPANY

The liabilities include provision for retirement gratuities payable under The Workers' Rights Act (WRA) 2019. The latter provides for a lump sum at retirement based on final salary and years of service. As the employees are members of a Defined Contribution plan, half of any lump sum and 5 years of pension (relating to Employer's share of contributions only) payable from the pension fund have been offset from the Retirement Gratuities.

Pension benefits

The amounts recognised in the statement of financial position are determined as follows:

	2022	2021
	Rs 000	Rs 000
At 1 January	(3,447)	(4,540)
Total expense as below	(395)	(305)
Actuarial (losses)/gains recognised in other comprehensive income	(3,449)	1,398
Benefits paid	165	-
At 31 December	(7,126)	(3,447)
The amounts recognised in profit or loss are as follows:		
Service cost	249	187
Net interest cost	146	118
Net pension cost	395	305
The movement in present value of unfunded obligations is as follows:		
At 1 January	(3,447)	(4,540)
Current service cost	(249)	(187)
Interest cost	(146)	(118)
Actuarial (losses)/gains recognised on other comprehensive income	(3,449)	1,398
Benefits paid	165	-
At 31 December	(7,126)	(3,447)
The principal actuarial assumptions used were as follows:	%	%
Discount rate	6.10	4.30
Future long-term salary increase	6.00	4.00
Future guaranteed pension increase	-	-
Post retirement mortality tables	Swan Annuity Rates	Swan Annuity Rates

27 POST EMPLOYMENT BENEFITS (CONT'D)

	2022	2021
	Rs 000	Rs 000
Analysis of amount recognised in Other Comprehensive Income (OCI)		
Experience (losses)/gains on the liabilities	(2,975)	48
Changes in assumptions underlying the present value of the scheme	(474)	1,350
Actuarial (loss)/gain recognised in OCI	(3,449)	1,398

At 31 December:

Sensitivity analysis	**2022**	2021
	Rs 000	Rs 000
Decrease in Post employment benefits due to 1% increase in discount rate	830	636
Increase in Post employment benefits due to 1% increase in future long-term salary assumption	885	668
Increase in Post employment benefits due to 1% decrease in discount rate	943	730
Decrease in Post employment benefits due to 1% decrease in future long-term salary assumption	794	593

The sensitivity analyses above have been determined based on reasonable possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

Risks associates with the plan

The pension plan has been converted to a defined contribution plan, thus eliminating the risks inherent in a defined benefit plan in respect of active members.

The bulk of the liabilities that we are valuing relates to the active employees who are entitled to retirement gratuities payable under The Workers' Rights Act 2019. The latter provides for a lump sum at retirement based on final salary and years of service. As the employees are members of a defined contribution plan, half of any lump sum and 5 years of pension (relating to Employer's share of contributions only) payable from the pension fund have been offset from the retirement gratuities.

As such, the risks associated to such liabilities are:

Interest rate risk: If the Bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.

Salary risk: If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

Defined contribution plan

The Group and the Company has contributed an amount of Rs 1,239,000 in the defined contribution scheme during the year (2021: Rs 1,158,000).

28 DEFERRED INCOME TAX ASSET

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
At 1 January	(4,254)	(3,371)	(4,253)	(3,299)
Overprovision in previous year	-	71	-	-
Profit or loss credit	(2,033)	(1,192)	(2,033)	(1,192)
Deferred income tax (note 12)	(2,033)	(1,121)	(2,033)	(1,192)
Tax charge relating to re-measurements of post-employment benefits	(586)	238	(586)	238
At 31 December	(6,873)	(4,254)	(6,872)	(4,253)

Deferred tax assets are attributable to the following items:

THE GROUP

	At 1 January 2022 Rs 000	Credit to profit or loss Rs 000	Debit to other comprehensive income Rs 000	Over provision of deferred tax assets in prior year Rs 000	At 31 December 2022 Rs 000
Accelerated capital allowances	784	(1,252)	-	-	(468)
Provision for impairment of trade receivables	(908)	-	-	-	(908)
Provision	(3,544)	(742)	-	-	(4,286)
Post-employment benefits	(586)	(39)	(586)	-	(1,211)
	(4,254)	(2,033)	(586)	-	(6,873)

	At 1 January 2021 Rs 000	Credit to profit or loss Rs 000	Debit to other comprehensive income Rs 000	Over provision of deferred tax assets in prior year Rs 000	At 31 December 2021 Rs 000
Accelerated capital allowances	1,330	(546)	-	-	784
Provision for impairment of trade receivables	(995)	16	-	71	(908)
Provision	(2,934)	(610)	-	-	(3,544)
Post-employment benefits	(772)	(52)	238	-	(586)
	(3,371)	(1,192)	238	71	(4,254)

28 DEFERRED INCOME TAX ASSET (CONT'D)

THE COMPANY

	At 1 January 2022 Rs 000	Credit to profit or loss Rs 000	Debit to other comprehensive income Rs 000	Over provision of deferred tax assets in prior year Rs 000	At 31 December 2022 Rs 000
Accelerated capital allowances	785	(1,252)	-	-	(467)
Provision for impairment of trade receivables	(908)	-	-	-	(908)
Provision	(3,544)	(742)	-	-	(4,286)
Post-employment benefits	(586)	(39)	(586)	-	(1,211)
	(4,253)	(2,033)	(586)	-	(6,872)

	At 1 January 2021 Rs 000	Charge/ Credit to profit or loss Rs 000	Credit to other comprehensive income Rs 000	Over provision of deferred tax assets in prior year Rs 000	At 31 December 2021 Rs 000
Accelerated capital allowances	1,331	(546)	-	-	785
Provision for impairment of trade receivables	(924)	16	-	-	(908)
Provision	(2,934)	(610)	-	-	(3,544)
Post-employment benefits	(772)	(52)	238	-	(586)
	(3,299)	(1,192)	238	-	(4,253)

29 TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
Trade payables	4,208	4,320	1,012	1,290
Accruals	21,512	24,686	21,460	24,639
Other payables	6,564	850	6,564	850
Teletote deposits	6,834	7,340	6,834	7,340
Unclaimed dividends declared in prior years	1,568	1,581	1,568	1,581
Transfer to unclaimed dividend declared in prior years	(224)	-	(224)	-
	40,462	38,777	37,214	35,700

30 CAPITAL COMMITMENTS

The Group and the Company do not have any capital commitments as at 31 December 2022 (2021: Rs Nil).

31 DIVIDENDS

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
At 1 January	21,210	17,675	21,210	17,675
Declared during the year by Company - Rs 6 (2021: Rs 6) per share	21,210	21,210	21,210	21,210
Declared during the year by Megawin Ltd - Rs 6 (2021: Rs 40) per share*	-	3,920	-	-
	21,210	25,130	21,210	21,210
Paid during the year	(21,210)	(21,595)	(21,210)	(17,675)
At 31 December	21,210	21,210	21,210	21,210

*Dividend declared by Megawin Ltd during the year amounts to Rs 12,000,000 (2021: Rs 8,000,000 out of which Rs 4,080,000 was payable to the Company and Rs 3,920,000 payable to non-controlling interests.)

32 CONTINGENT LIABILITIES

Tax claim from the Mauritius Revenue Authority

In December 2014, the Company received a claim of Rs 21,571,308 from the Mauritius Revenue Authority ("MRA") regarding race meeting No. 1 of racing season 2012 to race meeting No. 43 of racing season 2014 following the examination of the Company's books and records in relation to betting tax. The MRA claims that betting tax on "All for All" bets placed with the Company in respect of the above race meetings has not been properly calculated.

Over and above the assessment dated December 2014, another assessment has been raised in June 2015 pursuant to which, an additional amount of Rs 4,188,453 inclusive of penalty and interest in respect of racing seasons 2012, 2013 and 2014 has been claimed. Thus, as at 31 December 2015, the MRA is claiming total tax due amounting to Rs 25,759,761. In June 2019, the MRA sent another assessment notice claiming Rs 60,994,000 in respect of racing seasons 2016, 2017 and 2018.

The Company has made an appeal against this claim and an amount of Rs 8,940,000 (2021: Rs 8,940,000) had to be paid to the MRA to appeal for the case (Refer to note 20). No provision in relation to this claim has been recognised in these financial statements, as the directors are of the opinion that, based on legal advice, it is possible but not probable that a significant liability will arise.

32 CONTINGENT LIABILITIES (CONT'D)

Bank guarantee

At 31 December 2022, there were contingent liabilities in respect of bank guarantees given to the Gambling Regulatory Authority (Schedule 4 from GRA 2007 - last amended 2020) relative to totalisator licences, agent of foreign pool promoter and bookmaker conducting fixed odd betting. At 31 December 2022, the bank guarantees having a maturity date of 31 December 2049 amounted to Rs 2,500,000 (2021: Rs 2,500,000).

No provision has been made in the financial statements in respect of this guarantee since the directors consider that no liabilities will arise as the probability for default in respect of the guarantee is remote.

Terminal fee claim from Mauritius Turf Club

On the 15th February 2022, the Mauritius Turf Club lodged a case before the Supreme court against the Company claiming fees for Off-course and On-Course Terminals in the sum of Rs.18,992,250. The Company is defending the case. No provision in relation to this claim has been recognised in these financial statements, as the directors are of the opinion that, based on legal advice, it is possible but not probable that a significant liability will arise.

33 RELATED PARTY TRANSACTIONS

(a) Compensation to key management personnel

Key management includes directors (executive and non-executive), members of the Executive Committee and the Company Secretary. The compensation paid or payable to key management for employee services is shown below:

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs 000	Rs 000	**Rs 000**	Rs 000
Directors' emoluments:				
- Executive directors	4,171	2,160	4,171	2,160
- Non-executive directors	3,656	3,326	3,656	3,326
Total	7,827	5,487	7,827	5,487
(b) Transaction with related parties				
Purchase of services				
Entity controlled by key management personnel	276	522	276	522

(c) Transaction with subsidiary

	THE COMPANY	
	2022	2021
	Rs 000	Rs 000
Dividend income and receivable from Megawin Ltd	12,000	4,080

33 RELATED PARTY TRANSACTIONS (CONT'D)

(a) Compensation to key management personnel (cont'd)

Société du Grand Moulin and Société L'Inité are considered to be related parties since they are shareholders of the Company. They also have two common key management personnel.

During the year, no other transactions have occurred between ASL and Société du Grand Moulin and Société L'Inité.

34 EVENTS AFTER THE REPORTING PERIOD

There have been no material facts or circumstances that have occurred between the issuing date and the date of the financial statements that require disclosure in or adjustment to the financial statements.

35 INTANGIBLE ASSETS

	THE GROUP AND THE COMPANY	
Software	**2022**	2021
	Rs 000	Rs 000
Cost		
At 1 January	14,385	27,048
Scrapped	-	(16,906)
Additions during the year	203	4,243
At 31 December	14,588	14,385
Accumulated amortisation		
At 1 January	8,621	22,056
Scrapped	-	(16,906)
Charge for the year	3,485	3,471
At 31 December	12,106	8,621
Carrying amount at 31 December	2,482	5,764

The directors have reviewed the carrying amount of the Group's and the Company's intangible assets and are of the opinion that no impairment is required at the reporting date (2021: Nil).

36 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will, be classified in the Group's and the Company's cash flow statements as cash flows from financing activities.

THE GROUP AND THE COMPANY

	At 1 January 2022	Additions	Interest accrued	Financing cash flows*	Other non-cash changes	At 31 December 2022
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
Dividend payable	21,210	21,210	-	(21,210)	-	21,210
Lease liabilities	8,677	848	436	(4,110)	-	5,851
	29,887	22,058	436	(25,320)	-	27,061

THE GROUP AND THE COMPANY

	At 1 January 2021	Additions	Interest accrued	Financing cash flows*	Other non-cash changes	At 31 December 2021
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Dividend payable	17,675	21,210	-	(17,675)	-	21,210
Lease liabilities	10,089	2,128	512	(3,606)	(446)	8,677
	27,764	23,338	512	(21,281)	(446)	29,887

** The financing cash flows relates to repayment of capital portion and interest on lease liabilities in the statements of cash flows.*

37 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

THE GROUP

During the year ended 31 December 2021, the Group acquired the remaining 49% of the issued shares in Megawin Ltd for a consideration of Rs 10,300,000 following which Megawin Ltd became a wholly owned subsidiary for the Group. Immediately, post to the purchase, the carrying value of the non-controlling interests amounted to Rs 7,286,000. The Group recognised a decrease in non-controlling interests of Rs 7,286,000 and a decrease in equity attributable to owners of the Company of Rs 3,014,000. The effect of changes in ownership interest on equity attributable to owners of the Group is summarised as follows:

	2022	2021
	Rs 000	Rs 000
Cash consideration paid to non-controlling interest	-	10,300
Less: Carrying amount of non-controlling interests acquired	-	(7,286)
Adjustment recognised in retained earnings	-	3,014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