ASL
AUTOMATIC SYSTEMS LTD.

Annual Report 2020

The Company at a Glance

	Tote	Football
	Rs (Million)	Rs (Million)
Turnover	928.5	356.2
Payment to Winners	670.4	244.9
Income	258.1	111.3
National Solidarity Fund	14.8	
CSR Responsible Gambling Program	2.5	
Licence Fees GRA	16.4	
Government Tax & Duty	134.1	
Profit After Tax	36.5	

	Rs
Earnings per Share	10.34
Dividend per Share	5

2020 Biggest Payouts

SUPERTOTE	SUPERSCORE
Rs 2,592,843	Rs 3,104,433

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Board & Committees Management

BOARD OF DIRECTORS

- **Chairperson and Non-Executive Director**
  M. A. Eric Espitalier-Noël

- **Executive Director**
  M. L. Jean Hardy
  J. O. Guillaume Hardy (*up to 31 July 2020*)

- **Non-Executive Directors**
  Ravindra Chetty
  J. O. Guillaume Hardy (*as from 1 August 2020*)
  Sarah A. M. Heller
  O. Farouk A. A. Hossen
  Michel J. L. Nairac
  M.A. Eric Espitalier-Noël
  John A. Stuart

- **Independent Directors**
  Arvind Lall Dookun
  Mushtaq M. O. N. Oosman

- **Alternate Director**
  To O. Farouk A. A. Hossen: M. L. Jean Hardy

AUDIT AND RISK COMMITTEE

Mushtaq M. O. N. Oosman - *Chairperson*
O. Farouk A. A. Hossen
Arvind Lall Dookun

CORPORATE GOVERNANCE (NOMINATION AND REMUNERATION) COMMITTEE

Ravindra Chetty - *Chairperson*
M. A. Eric Espitalier-Noël
M. L. Jean Hardy

SENIOR MANAGEMENT

Robert Ah Yan - *General Manager*

ADMINISTRATION

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

REGISTRY AND TRANSFER OFFICE

ECS Secretaries Ltd
3rd Floor, Labama House, Sir William Newton Street, Port Louis

EXTERNAL AUDITORS

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

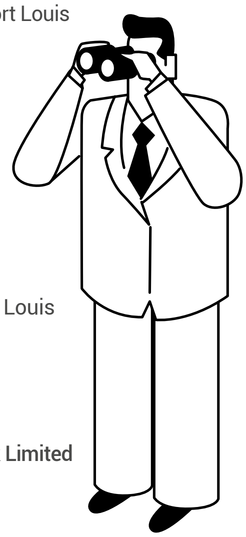
INTERNAL AUDITORS

Ernst & Young
NeXTeracom Tower 1,
9th Floor NeXTeracom Tower 1 Cybercity, 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

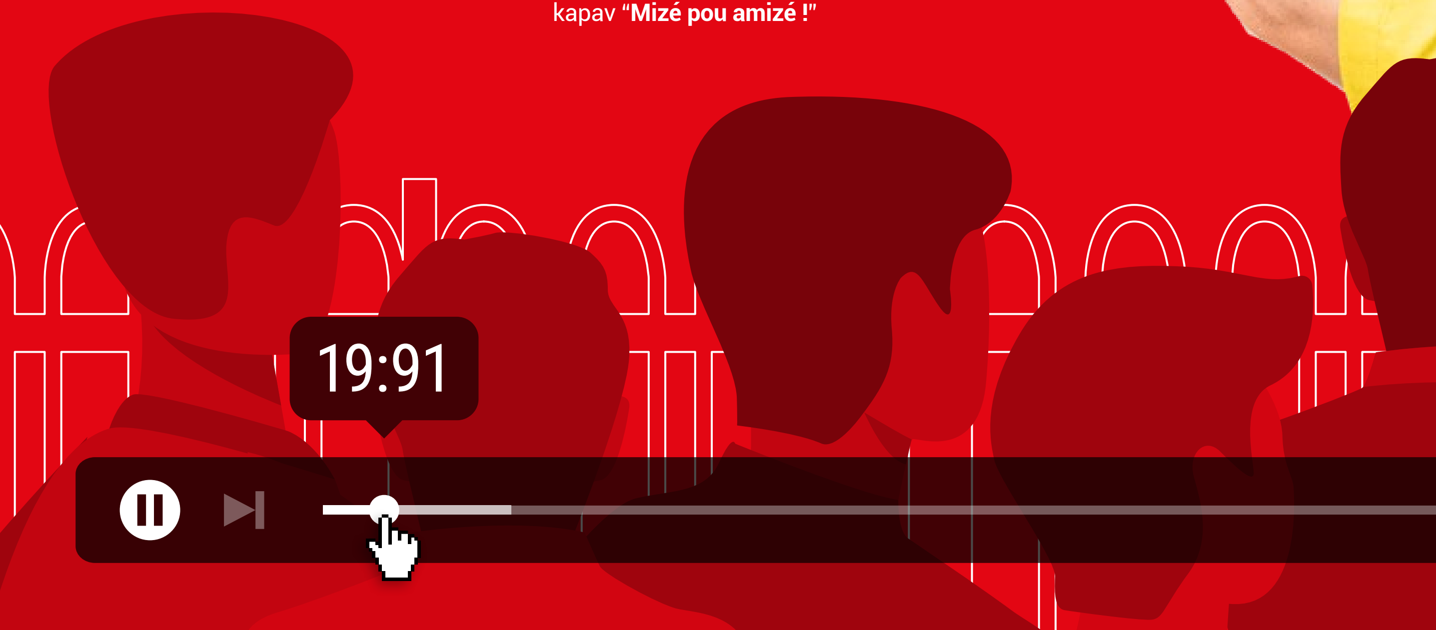
The Mauritius Commercial Bank Limited
SBM Bank (Mauritius) Ltd
Afrasia Bank Limited

CLOSE

Lamizman larqué

1991 - Lané kot tou inn koumansé !

Ala **30 ans** déza dépi ki **ASL** finn prémié pou introdwir **TOTE SYSTEM** dan Moris pou *horse betting*. Enn zoli dépar ek enn gran vizion : propoz enn nouvo fason zwé ek plis swa pou rann spor favori bann morisien ankor plis pasionan, kot tou dimounn, mem ek enn “ti kas”, kapav “**Mizé pou amizé !**”



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 subsidiary Megawin Ltd (collectively referred to as the "Group") for the year ended 31 December 2020. The annual report is published in its entirety on the Company's website: https://automaticsystemsltd.mu/

Notwithstanding the Covid-19 and the three months' lockdown just before the beginning of the horse racing season, the results for the year under review have nevertheless remained somewhat encouraging. The Company recorded a turnover (bets struck gross of dividends to winners) of Rs 1.285 billion (2019: Rs 1.469 billion) whilst profit after tax attributable to shareholders of the Company improved from Rs 29.4 million to Rs 36.5 million.

Overall, an improvement has been noted on average turnover per horse-racing meeting, standing at Rs 29 million against Rs 27.8 million for the previous year. This improvement can partly be explained by the fact that there were no bookmakers operating off-course. Also, the betting mobile application is showing a significant growth and the number of accounts opened have similarly improved.

The financial statements of the Group and the Company are set out on pages 52 to 92. The auditors' report on these consolidated and separate financial statements is on pages 46 to 49.

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 controversial claims against the Company, the Mauritius Turf Club ("MTC") 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 was then listed on the official market of the Stock Exchange of Mauritius in 1994 and has, at 31 December 2020, 1,638 shareholders in its register.

Since its incorporation, the Company runs a totalisator system (Tote) of betting on races in Mauritius organised by the Mauritius Turf Club, under the brand Supertote.

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, with the Tamarin outlet successfully relocated to Souillac in 2020. 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, where the Company holds a 51% stake, for operations in Africa. The first countries of operation were Kenya and Nigeria. Operations are presently being held in Ivory Coast, only.

In 2020, the Company invested in RPGG Media Ltd, a start up licensed by the UK Gambling commission offering Totalisator betting on esports.

MANAGEMENT AND BOARD OF DIRECTORS

The year 2020 saw a change to the Company's Management with the resignation of Mr Guillaume Hardy as Managing Director as from 31st July 2020 and the consequent appointment of Mr Robert Ah Yan as General Manager of the Company on 1st August 2020.

In order to ensure continuity of the Company's business activities and operations, Mr. Guillaume Hardy remains as Non-Executive Director and advisor to the General Manager on a renewable contract until 31st July 2021 to cater for a smooth transition and handing over of operations.

CHALLENGES AND RISKS: IMPLICATIONS OF COVID-19

The Company experienced a significant drop in turnover during the first quarter due to the impact of the lockdown and the complete cessation of its activites as from the 19th March 2020.

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 MTC. The Covid-19 pandemic delayed the horse racing season and placed the MTC in a difficult financial position. Moreover, with South African Airways in receivership, the cost of bringing horses over to Mauritius from South Africa increased, adding further difficulties to the horse racing industry.

In response to the Covid-19 pandemic the Company benefitted from the Government Wage Assistance Scheme for March, April and May. This Wage Assistance Scheme is an economic measure by the Government of Mauritius to provide a Government wage subsidy to employers to ensure that all employees are duly paid their salary.

In light of the Company's profitability at year-end, the amount that the Company benefitted under the Wage Assistance Scheme has been refunded in full.

YEAR IN REVIEW

The 2020 Racing season started on 20th June 2020 and consisted of 32 meetings compared to 38 for 2019. For the first three meetings of the year, the public was not allowed at the racecourse and bookmakers were unable to operate. Bets were accepted at our off-course outlets, by sms, telephone and through mobile application. Tote counters at the Champ de Mars could not operate on raceday during that time. The tote income for the year decreased from Rs 283.7 million to Rs 258.1 million.

Football betting resumed on the 15th June 2020 and, despite the implications of the pandemic, income was at par with 2019 and reached Rs 111.3 million for the year. The abolition of the football levy had a positive impact on results and mitigated the introduction of an additional 2% betting tax on football turnover.

The Group's operating profit for the year reached Rs 56.4 million. The Group's income for the first six-months period ended 30 June 2020 reached Rs 62.5 million compared to Rs 161.0 million for the same period ended 30 June 2019. In the second semester ended 31 December 2020 the performance was more than satisfactory with a Group's income of Rs 334.3 milllion compared to Rs 252.9 million for the same period ended 31 December 2019.

YEAR IN REVIEW (CONT'D)

Expenses were well contained throughout the year. Profits amounted to Rs 43.3 million compared to Rs 32 million at 31 December 2019.

The table below illustrates the Company's performance from its local operation for the past three years.

		2020 Rs Million	2019 Rs Million	2018 Rs Million
Income*	Horse Racing	258.1	283.7	271.5
	Football	111.3	111.3	107.5
Total Income		**369.4**	**395.0**	**379.0**
NSF		14.8	17.7	16.3
Government Tax and Duty		134.1	153.9	152.4
GRA Licenses		16.4	17.6	18.5
Responsible Gambling Levy		2.5	2.9	3.3
Trade Fees		-	-	3.8
Total contribution to Government & Local Authorities		**167.8**	**192.1**	**194.3**
Commission to MTC		48	55	52.8
Profit for the Year		**36.5**	**29.4**	**14.5**

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

Despite the challenges and the Covid-19 pandemic, the Company performed well and managed, through its dividend declaration of Rs 5.00 per share in December 2020, to provide to its shareholders the same return as the two previous years.

Year	2016	2017	2018	2019	2020
Share price at 31 December (Rs)	**55.75**	**72.00**	**94.50**	**100.25**	**87.00**
Total dividend per share declared during the year (Rs)	**4.00**	**4.00**	**5.00**	**5.00**	**5.00**

Totalisator

The decision to allow 32 race meetings in 2020, only due to the Covid-19 pandemic, compared to 38 in 2019 led to a 16% decrease in the number of race meetings and a 12% decrease in turnover to reach Rs 928.5 million compared to Rs 1,057 million in 2019. We noted a 4% increase in turnover per meeting as illustrated in the table that follows:

Turnover Comparison

	Total Turnover		Variance	Turnover per Meeting		Variance
	2019	2020		2019	2020	
On Course	146,127,738	85,946,810	-41%	3,845,467	2,685,838	-30%
Off-Course	622,111,543	542,009,675	-13%	16,371,356	16,937,802	3%
Teletote	171,243,697	150,670,137	-12%	4,506,413	4,708,442	4%
SMS	117,958,262	149,909,387	27%	3,104,165	4,684,668	51%
Total	**1,057,441,241**	**928,536,010**	**-12%**	**27,827,401**	**29,016,750**	**4%**

ON COURSE

With a reduction in number of meetings from 38 to 32 and the first three race meetings being conducted behind closed doors, attendance in the main stand at the racecourse quite expectedly decreased in 2020 to reach 57,306 (see table below). As a result, the oncourse turnover also decreased by 41% as illustrated above. The average turnover per meeting also decreased significantly by 30% as average attendance per meeting decreased as well.

Attendance at Champs de Mars

	2015	2016	2017	2018	2019	2020
Total	89,727	92,025	99,336	100,042	93,280	**57,306**
Average per meeting	2,564	2,487	2,685	2,704	2,455	**1,791**

OFF-COURSE

The fact that only 32 meetings were organised in 2020 impacted the total turnover off-course which dropped by 13%. On a positive note, (1) the average turnover per meeting increased slightly by 3% and (2) the Company managed to relocate its Tamarin outlet by opening a new outlet at Souillac, bringing the number of outlets to 24.

The performance of each outlet is closely monitored and scrutinized. A performance appraisal based on critera 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. The three best agents are also rewarded with an award and a cash prize in recognition of their achievement.

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.

Teletote

Like the other segments of revenue, the total turnover of the Teletote for the year has been impacted by the decrease in the number of race meetings organised by the MTC. The total turnover was Rs 150.7 million compared to Rs 171.2 million in 2019. On a positive note, as stated above, the average turnover per meeting improved by 4%.

The Teletote activity and trend over the last 7 years:

Year	Turnover Rs	Accounts Opened	No of Meetings	Average Turnover per Meeting Rs
2014	207,491,878	1,137	43	4,825,393
2015	177,131,700	1,480	35	5,060,620
2016	184,907,158	1,754	37	4,997,491
2017	190,841,802	2,461	37	5,157,887
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**

TELETOTE AND SMS (CONT'D)

SMS Betting

SMS betting turnover was Rs 149.9 million compared to Rs 117.9 million from the previous year representing an increase of 27%. This resulted in an exceptional growth in the average turnover per race meeting which increased by 51%.

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 dowloadable 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 and has been improving significantly as demonstrated in the table below. In 2020 SMS betting represented 16 % of the Tote turnover.

Turnover - SMS Betting (Rs)

2015	2016	2017	2018	2019	2020
20,782,195	28,813,732	38,611,898	82,916,039	117,958,262	**149,909,387**

Percentage of Total Turnover

2.58%	3.47%	4.31%	8.18%	11.16%	**16.14%**

FOOTBALL

Turnover for fixed odd betting on football was Rs 356.4 million in 2020 compared to Rs 411.5 million in 2019. This performance represents a decrease of 13.42% over 2019 as the company did not operate for a period of three months due to the Covid-19 pandemic. On a positive note, the turnover for the last six months of the year grew by 16% compared to 2019.

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 new software offers more possibilities such as online booking of bets. Customers can book their bets on https://superscore.mu/ and obtain a code that is then tendered to the teller in any Superscore outlet for the bet to be validated. These innovations have contributed to maintain the Company's market share in a very competitive environment.

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 18	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**	**11,095,364**	**356,375,940**	**37%**

FOOTBALL (CONT'D)

In the fixed odds business, the Company has to offer competitive odds to maintain its market share. The Company offers attractive bonuses on pay outs ranging from 7% to 25%.

The gross profit margin (bets struck net of winnings) increased from 16.1% in 2018 to 18.9% in 2019 and 23.0 % in 2020. Football income was at par with 2019 and reached Rs 111.3 million for the year.

The chart below illustrates the Gross Gaming Revenue (Turnover after tax and winnings) realised on football, clearly showing that an increase in turnover does not necessarily lead to an increase in gross gaming revenue and consequently of income. In the fixed odds business, income is dependent on match results and outcome.

Gross Gaming Revenue Football Betting (Rs)

	2017	2018	2019	2020
Turnover after tax	375,230,602	396,776,193	374,124,436	320,995,386
Payment to winners	295,445,939	332,530,764	303,460,794	247,163,160
Gross Gaming Revenue	**79,784,663**	**64,024,652**	**70,663,642**	**73,832,226**
GGR Margin	**21.3%**	**16.1%**	**18.9%**	**23.0%**

DEVELOPMENT IN AFRICA

The Company holds 51% of Megawin Ltd ('Megawin') which, in 2020, reached its sixth year of operation. Megawin is a commission agent for Mohio Gaming which is engaged in sports betting in Africa and particularly in Ivory Coast.

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 within Africa.

Megawin's turnover is composed of commission on sales. The table below illustrates the turnover and the total commission received and the profit realized in MUR. The improvement of year on year profits is attributable to an increase in commission received and the appreciation of the Euro against the Mauritian Rupee in 2020.

Megawin

	2017 €	2018 €	2019 €	2020 €
Turnover of Operators	10,631,600	18,555,078	18,999,237	27,374,098
Commission received	338,725	460,401	471,245	613,418
	Rs	Rs	Rs	Rs
Operational Profit	**4,848,801**	**5,787,198**	**6,807,613**	**14,351,519**

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 platform which is PCI DSS compliant. Credit card deposits online amounted to Rs 14.7 million in 2020 compared to Rs 12.3 million in 2019, representing an increase of nearly 20%.

  This website is very popular with an average of more than 113,000 visitors per month during the 2020 racing season, compared to 90,000 and 80,000 in 2019 and 2018 respectively. www.supertote.mu remains the top ranked website for horse racing in Mauritius on Google search engine.

  The content on the website will be further improved in 2021 by offering comprehensive analysis of each races and horse forms.

- www.superscore.mu - exclusively covers football betting. The website proposes new features such as online booking of bets and live news. The number of visitors for the last six months of the year increased from 19,300 on average per month in 2019 to 26,100 in 2020.

- www.automaticsystemsltd.mu - 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 17,900 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 2.5 million in 2020 for the running of a National Responsible Gambling Program.

The objective of the program, which is still at an incipient stage 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 Mauritius Turf Club has requested 39 race meetings for 2021. With an additional 7 meetings coupled with the quality and number of horses imported for the racing season 2021, the Company expects the turnover in 2021 to increase. However, this outlook has been dampened as the country is experiencing a second wave of Covid-19 since the 10th of March 2021 necessitating a second lockdown. Thus the MTC has been compelled to postpone the first race meeting of the season which was scheduled on 20 March 2021.

Football
Turnover for the last six months of 2020 has increased by 16% compared to 2019. If this trend is maintained, and if there is no cancellation of leagues or major competitions due to the Covid-19 pandemic, the Company's result for 2021 will be better than 2020. Additionally, the European Nations Cup scheduled for June 2021 will have a positive impact on turnover.

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.

In 2020 the Company paid, until August, a duty of Rs 24,000 per outlet per week representing a yearly figure of Rs 26 million. This duty has been cancelled in the 2020 budget and a 2% tax on winnings has been imposed. This has had a positive effect on profits.

Africa
Megawin operates only in Ivory Coast for the moment and has maintained its turnover in 2020 as commissions received increased by 44% in 2020 compared to 2019 with a realisation of better gross gaming margins. An increase in turnover can be expected in 2021 as there was only a partial lockdown due to the Covid-19 in the Ivory Coast and this did not slow down operations.

The objective remained to expand cautiously. The development of betting in Africa is a slow process with a good potential but high risks, in particular as regards payments of contributions, attributed to strict exchange control policies in some countries. Megawin continues prospecting opportunities for online gaming in Western African countries. In 2020 the travel restrictions have slowed its expansion as it was impossible to travel and prospect other markets.

Overseas Investment
The Company has invested the equivalent of £180,275 representing an equity stake of 7.09% in RPGG Media Ltd, a start up licensed by the UK Gambling Commission. The latter will be launching a Tote betting platform for esports with the objective to embed itself at the heart of the esports community by offering a unique product. The platform is designed to provide a unique esports betting experience and to be flexible enough to adapt to new opportunities quickly.

The directors are aware that an investment in a start up is a risky process but are confident that this investment is an opportunity considering that esports betting is predicted to grow significantly in the next few years. However, the launch of the Company's activities has been seriously impacted by the pandemic as it could not raise the necessary funds to further improve its betting software and scale up its activities in other betting jurisdictions. RPGG Media Ltd is confident that normal business should resume in the third quarter of 2021 and that it will be able to raise the necessary funds for its expansion.

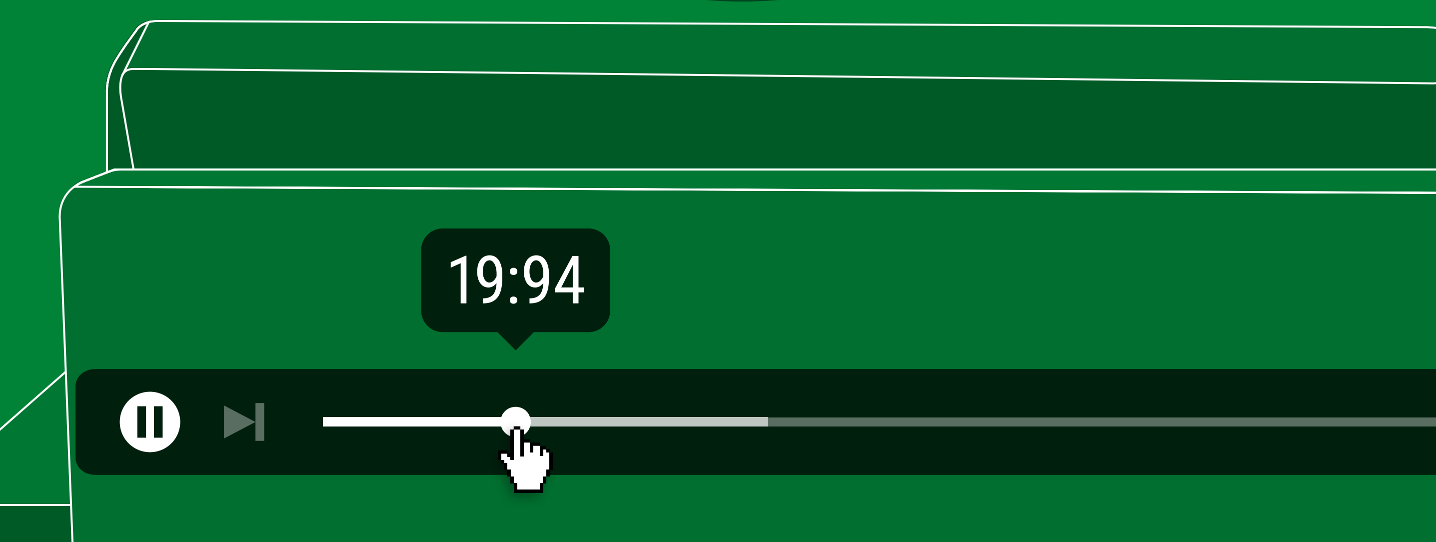
Financial Outlook
Mauritius is under a second lockdown due to the Covid-19 crisis since early March 2021 thus delaying the beginning of the 2021 racing season and affecting the football betting. Despite the same situation in 2020, the Company managed to bring satisfactory results. The directors remain optimistic on the company's performance for 2021.

Lamizman dan lakaz

1994 - Enn lané mémorab !

Anplis ki li listé sa lané la lor **Stock Exchange of Mauritius**, **ASL** propoz ankor enn fwa enn nouvoté : **TELETOTE - Mizé pou amizé par téléphone !**

Enn nouvo servis ki permet bann turfist, sirtou bann ki pa kapav ou pa anvi déplasé pou al Champ de Mars, viv lékours dépi kot zot. Kréasyon **TELETOTE** démontré ki li ténir a ker byenet ek sékirité tou so bann klyan.



Pursuant to Section 221 of the Mauritius Companies Act 2001, the Corporate Governance Report makes the following statutory disclosures.

The Company was incorporated on the 18th March 1991. The Company is listed on the official market of the Stock Exchange of Mauritius since 12th October 1994 and is 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 Govenance (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. The Constitution 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.

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.

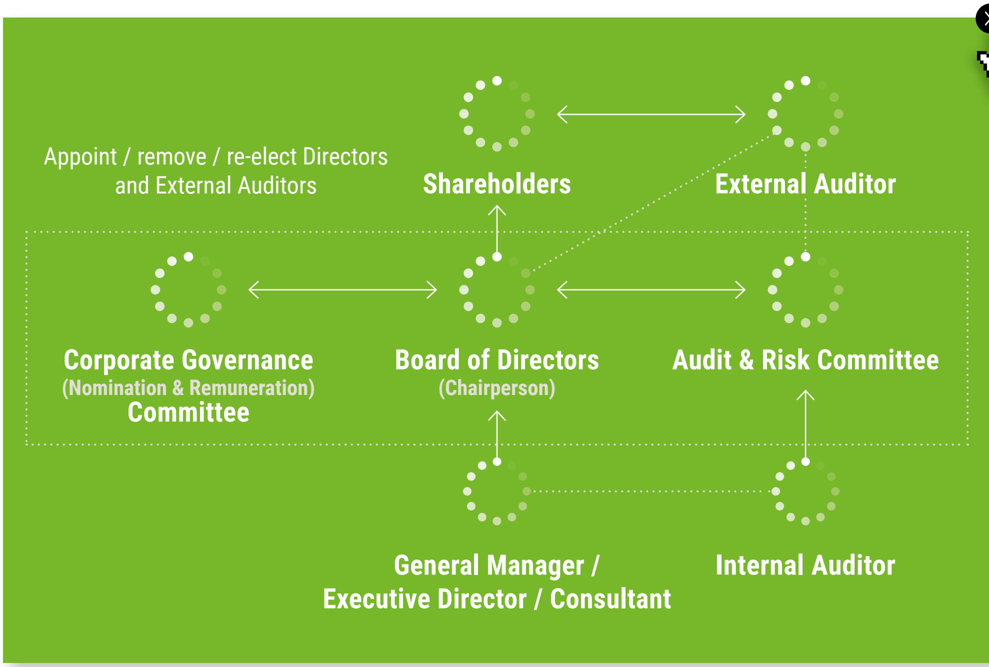
The Company operates within a defined governance framework, as explained in the chart below, through delegation of authorities and clear lines of responsibility and accountability.

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.

Governance Structure and Major Accountabilities (Cont'd)

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 make the necessary recommendations where applicable.



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.

Role of the Board

The primary function of the Board is to provide effective leadership and direction to the Company and its 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.

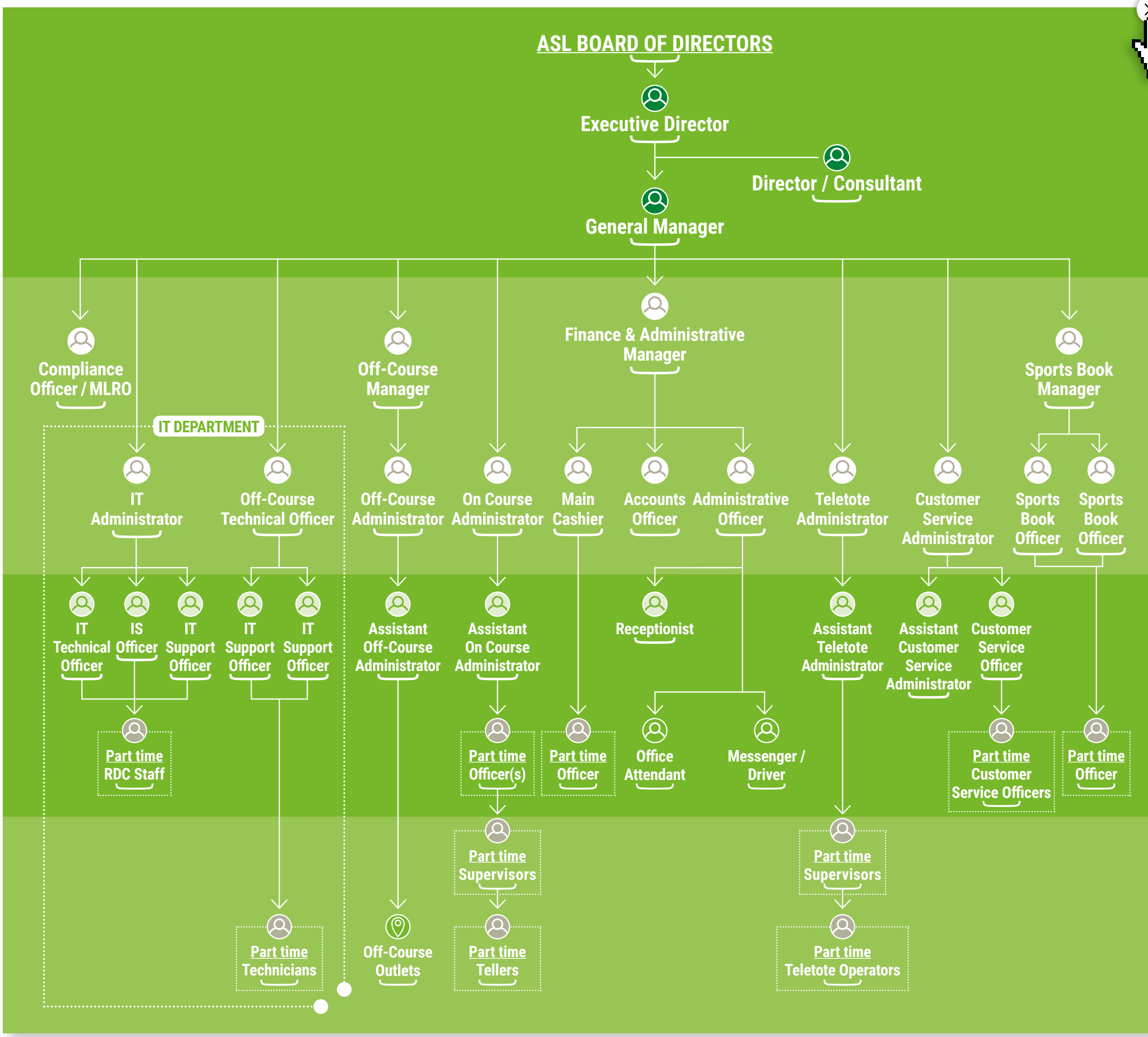
Succession Planning

The Board assumes the responsibilities for succession planning and for the induction of new directors and ensures that there is a strong team assisting the General Manager.

PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONT'D)

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 23rd of March 2021 and the latest version is on the website.



The structure is regularly reviewed at Management level and the latest version has been reviewed by the Corporate Governance Committee on 23rd of March 2021.

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 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 ten Directors, with a suitable mix of one Executive Director, seven Non-Executive and two Independent Directors. The Chairperson is a Non-Executive Director. In terms of gender balance, Mrs Sarah Heller is the first woman Director on the Board.

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 satisfied that it is currently of a size and level of diversity that is commensurate with the sophistication and scale of the Company.

The Board is conscious that it should have two Executive Directors on the Board but believes that, with one Executive Director, with Mr Guillaume Hardy as Consultant on the Board 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. This point will be reviewed by the Board in the next financial year.

Board Composition

The Board is composed of independently minded directors and there is an appropriate combination of executive directors, non-executive directors and independent 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.

Board Structure and Size

The Board is also satisfied that its composition is adequately balanced with the current Directors having the range of skills, expertise and experience required to carry out their duties properly and to have well balanced sub committees.

Name	Gender	Country of Residence	Status of Directorship	Other Information
Mr M. A. Eric Espitalier-Noël	M	Mauritius	Non-Executive Director	Chairperson 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	Independent Director	Member of the Audit and Risk Committee
Mr J. O. Guillaume Hardy	M	Mauritius	Non-Executive Director	Also acting as Consultant - consultancy contract extended to 31st July 2022
Mr M. L. Jean Hardy	M	Mauritius	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	
Box Office Ltd		Domestic Company incorporated in Mauritius	Company Secretary	Company with two qualified chartered Secretaries as partners - Mrs Sophie Gellé and Sylvia Maigrot, offering secretarial services to a portfolio of clients

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

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 unlisted companies, the Registry can be consulted with the Company's Secretary.

Directors Profiles

M. A. Eric Espitalier-Noël (61 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. He is currently the CEO of ENL Commercial Limited. He is also a Director of the following listed companies: Rogers & Company Limited, ENL Limited, Livestock Feed Limited (DEM) and Les Moulins de la Concorde Ltée (DEM).

M. L. Jean Hardy (72 years)
Executive Director
Appointed as Director at incorporation in 1991
Appointed 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.

J. O. Guillaume Hardy (46 years)
Non-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 now acts as non-executive director and consultant on a contractual basis.

Sarah A. M. Heller (48 years)
Non - Executive Director
Appointed as Director in July 2018

Sarah Heller, born in 1973, holds a Bachelor in Business & Administration - option Finance with 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 2020, as part of her continuing professional development, she completed the Director Development Program offered by the Mauritius Institute of Directors and Open University of Mauritius.

Ravindra Chetty S.C (58 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. Mr. Ravindra Chetty does not hold any directorship in other listed companies.

O. Farouk A. A. Hossen (76 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).

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Profiles of Directors and Details of External Appointments (Cont'd)

Directors Profiles (Cont'd)

John A. Stuart (64 years)
Non-Executive Director
Appointed as Director in 2008

John Stuart, born in 1956, holds a B. Com and is the International Executive Director of Phumelela Gaming and Leisure Ltd. 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 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.

Michel J. L. Nairac (66 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 then 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.

Arvind Lall Dookun (57 years)
Independent Director
Appointed as Director in 2013

Arvind Lall Dookun, born in 1963, holds a Textile Technology Diploma from the UMIST (Textile Dept. BIHE Bolton, UK), HND in Clothing Technology and an Institute Diploma BA Hons academic equivalent in Clothing & Fashion 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 (ESC Import & Export Company) and the Executive Director Co-founder of A-Brokers Ltd established in the Insurance industry as a local Insurance Broker registered and licensed by the FSC.

Mushtaq M. O. N. Oosman (64 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. He is also a Member of the Board of Directors of ENL Limited, Rey and Lenferna Limited, The Mauritius Union Assurance Co Ltd, United Docks Ltd and La Prudence Life Assurance Ltd. He has recently been appointed to the Board of Les Moulins de la Concorde Ltée.

General Manager's Profile

Robert Ah Yan (51 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 is 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.

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Role and Function of the Chairperson

Mr M. A. Eric Espitalier-Noël is an Independent 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 and 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 decisions, and maintain sound relations with the Company's shareholders;
- Chair annual and special meetings of shareholders; and
- Maintain a close working relationship with the Executive Directors.

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 close collaboration with both the Executive Director and Consultant. The General Manager reports to the Board of Directors.

Role of Executive Directors

The sole Executive Director, Mr Jean Hardy is involved in the day-to-day activities of the Group and, his experience in the field and as founder of the Company is of relevant contribution to the Company.

Role of the Non-Executive and Independent Directors

The Board acknowledges the recommendations of the Code to determine the independence of Directors. However, the Board will not insist that all of the recommended criteria be cumulatively met if it is satisfied that a Director is able to - and in fact exercises - independence of mind and judgment in his/her duties as a Director, even though any one or more of the recommended criteria from the code is not met.

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 has been carried in 2019 by way of a Directors' self appraisal. 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 the Board.

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 2021.

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 2000. 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 2020, the Directors' respective category, direct and indirect interests, and number of other directorships in listed companies:

	Category	Direct Interest		Indirect Interest	Number of Other Directorships in Listed Companies
Directors/Alternates		Shares	%	%	
Ravindra Chetty	NED	100	0.0%	Nil	-
M. A. Eric Espitalier Noel	NED	Nil	Nil	Nil	6
M. L. Jean Hardy* (Also alternate to Farouk Hossen)	ED	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	Nil	Nil	Nil	
Arvind Lall Dookun	IND	12,550	0.36%	1.1%	-
Mushtaq M. O. N. Oosman	IND	Nil	Nil	Nil	3

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

**Mr M. L. Jean Hardy is the 'Gerant' of Société L'inité and holds 99.9% of its shareholding in Usufruct; Société L'inité itself holds 14.73% of the Company.*

PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Board Committees

As reported, the Board has delegated certain functions to two Committees, 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 ensure 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 28 and 29 for disclosures in respect of internal control and risk management.

Corporate Governance (Nomination and Remuneration) Committee

The objectives of the Corporate Governance (Nomination and Remuneration) Committee 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;
- 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 Executive Directors in discharging their 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 three times and the Coporate Governance (Nomination and Remuneration) Committee met twice, the attendance by members can be viewed at page 27.

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 19 to 21.

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 Directors and Senior Officers to benefit from a better insight into the operations of the Company.

All new Directors have attended and participated in an induction and orientation process.

Directors' Training

Despite the Company not providing in house Director Training and Development, as it does not have the resources for such training, Directors are encouraged to avail training from service providers offering such services. The Board reviews the professional development and ongoing education of Directors on an annual basis. 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 recognises the importance of succession planning to provide for continuity in the smooth functioning of the Company. There are certain positions in the Company that are key to the proper functioning and future growth and it is critical to fill up such positions well in time to avoid any leadership gap.

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 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. 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. 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.

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

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.

The Company nominated a team of employees and a Data Protection Officer together with the expertise of Ernst & Young (EY) for the implementation of Data Protection policies within the organisation during the course of 2019. 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 Data Protection Policy can be viewed on the Company's website.

PRINCIPLE 4 - DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

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.

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 2017 and comprises two components, namely, a basic yearly fee and an attendance fee as follows:

	Board		Audit and Risk Committee		Corporate Governance Committee	
	Fixed Fee (Rs)	Attendance Fee (Rs)	Fixed Fee (Rs)	Attendance Fee (Rs)	Fixed Fee (Rs)	Attendance Fee (Rs)
Chairperson	90,000	17,500	60,000	15,000	60,000	12,500
Members	45,000	12,500	30,000	7,500	30,000	7,500

The table below sets out the details of attendance of Directors at meetings during 2020 and Directors' remuneration perceived:

	Attendance at Meetings during 2020			
Directors/Alternates	Board	Audit and Risk Committee	Corporate Governance Committee	Total Directors' remuneration Rs
M. A. Eric Espitalier-Noël	4/4	-	2/2	205,000
M. L. Jean Hardy	4/4	-	2/2	2,090,000
O. Farouk A. A. Hossen	3/4	1/3	-	120,000
Sarah A. M. Heller	4/4	-	-	95,000
Ravindra Chetty	4/4	-	2/2	180,000
John A. Stuart	3/4	-	-	82,500
Michel J. L. Nairac	3/4	-	-	82,500
J. O. Guillaume Hardy	4/4	-	-	2,736,000
Arvind Lall Dookun	3/4	3/3	-	135,000
Mushtaq M. O. N. Oosman	4/4	3/3	-	200,000

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

PRINCIPLE 4 - DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

Code of Ethics

The Company 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 on a yearly basis and has inserted a new clause on whistleblowing to the code.

PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL

The Board is ultimately responsible for risk governance and internal control system and 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 subjected to regular foolproof tests.

Risk Management

The Board has the overall responsibility 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 and 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 to 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 47% of the Company's income. The Company communicates its concern regarding current tax legislations to the authorities on a regular basis.

PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Risk Management (Cont'd)

Market
The Company is operating is 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, such as: 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 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 so as to contain as far as possible, any adverse impact on profitability.

The Company activities being much regulated, moving outlets or expanding its activities is a challenge.

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.

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 only known by Falcon Wagering Solutions Pty Ltd. Thus, users cannot make changes thereto but can only generate reports from the system.

Satisfactory procedures are in place to mitigate the risks related to money laundering.

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.

Compliance
The Company operates in a much-regulated environment. To ensure that the Company complies with regulatory and legal requirement applicable to its activities as well as its internal policies, a Compliance Officer joined the Company in February 2020. He also acts as Data Protection Officer and Money Laundering Reporting Officer.

Other 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.

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.

The Company is aware of the risk that punters shift to other products due to lack of confidence in the racing industry. 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 wishes to thank its shareholders who agreed to contribute to this endeavour by accepting to support the Board's decision to provide the annual report of the Automatic Systems Ltd in electronic format. Other shareholders are encouraged to follow the same path. Shareholders wishing to encourage this initiative are invited to contact the Share Registry and Transfer Office.

Furthermore, the Company is 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 2020 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 who collects paper waste for recycling.

Future commitments

The Company is committed to continuously:

- Reduce paper and ink cartridge consumption;
- Consider the factor of energy-efficient when acquiring new equipment;
- Replace fluorescent lamps by low energy LED lamps; and
- Continue to add more booking terminals (kiosk) in outlets.

Donations/CSR

In line with the dispositions of the current Gambling Regulatory Authority Act which provide for the totality of CSR funds to be remitted to the GRA, the Company has contributed an amount of Rs 2.5 million (Rs 2.9 million in 2019) for the setting up of a national responsible gambling program.

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. Employees followed a training on the usage of firefighting equipment and staff evacuation in case of emergency. Furthermore, four employees are qualified first aiders.

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.

PRINCIPLE 6 - REPORTING WITH INTEGRITY (CONT'D)

Social Issues

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

Annual Meeting

The notice of the next Annual Meeting scheduled for 27 September 2021, 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 2021 Annual Meeting will be available to shareholders as from 27 October 2021.

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 Internal Audit reports made during 2020 were:

- Compliance Audit and Information Technology General Controls ("ITGC") Review - all aspects of compliance in relation to the various applicable legislation were reviewed;
- ITCG - the Company's activity being highly reliant on IT in general, controls and procedures were reviewed;
- Cybersecurity review; and
- Bookmaker Management and operations review.

The Internal Audit reports made during 2020 were:

- Procurement to Payment Process
- Human Resources and Payroll Management Review
- Follow up on findings reported in prior year Internal Audit Reports and Review of Fixed Asset Management
- Review of Cost Containment and Cash Flow Optimisation

The Internal Audit reports were discussed at the ARC in the presence of the Internal Auditors and a report was presented at the following Board.

PRINCIPLE 7 - AUDIT (CONT'D)

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.

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 5 of the financial statements.

External Audit

Deloitte Mauritius was appointed as the new auditors of the Company at its 2020 Annual Meeting in accordance with section 195 (1) of the Mauritius Companies Act 2001.

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 31 December 2020 the ARC has met three times in which the Executive Director was in attendance during all of those 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 46. Management letter points were also brought to the attention of the ARC or 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. Dividends are declared subject to the solvency test being satisfied, as required by the Mauritius Companies Act 2001.

For the year ended 31 December 2020, the Directors have approved the distribution of a final dividend of Rs 5.00 per share (which is on par with 2019: Rs 5.00).

PRINCIPLE 8 - RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

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, 30 persons who are involved in the daily operations of the Company. 226 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 2020, the share price of the Company was Rs 87.00 (Rs 100.25 at 31 December 2019). An updated share price can be viewed on the Company's website or on the website of the Stock Exchange of Mauritius.

Shareholders' Agreement

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

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
August	Sending of Annual Report and notice of Annual Meeting to Shareholders
September	Annual Meeting
May, August, November	Publication of quarterly financial reports
December/ January	Declaration/payment of dividend (if applicable)

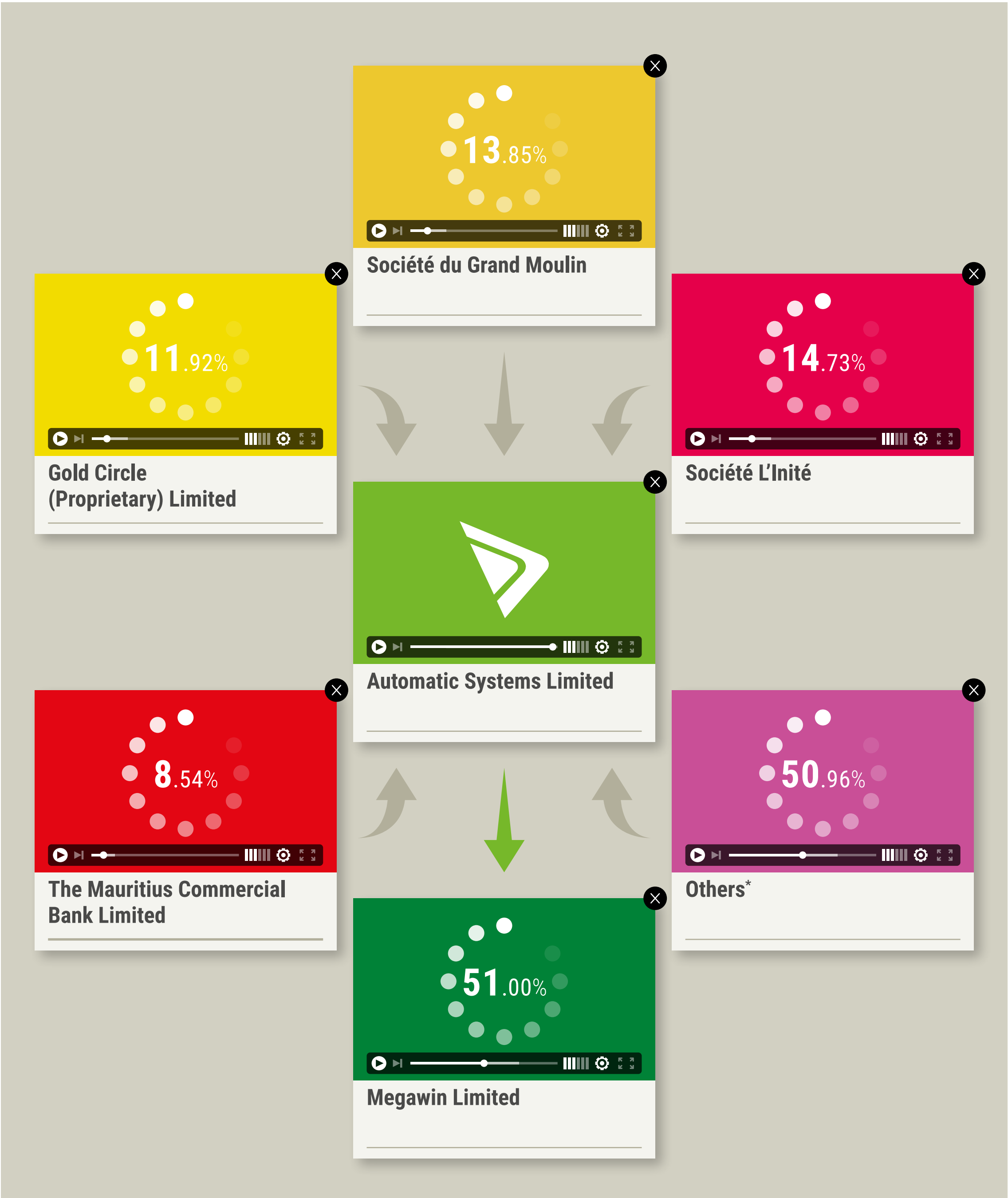
PRINCIPLE 8 - RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

Shareholding

At 31 December 2020, the Company's share capital amounted to Rs 24,745,000 divided into 3,535,000 ordinary shares of Rs 7 each. There were 1,638 shareholders on the registry compared to 1,624 in 2019.

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.

PRINCIPLE 8 - RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

Shareholding (Cont'd)

On 31 December 2020, 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
Société du Grand Moulin	489,686	13.85
Gold Circle (Proprietary) Limited	421,324	11.92
The Mauritius Commercial Bank Limited	302,000	8.54

Common Directorships of the Company holding structure:

	SLI	GCPL	ML
M. L. Jean Hardy	* (Gerant)		*
M. A. Eric Espitalier-Noël			*
Michel J. L. Nairac		*	*
J. O. Guillaume Hardy			*

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

PRINCIPLE 8 - RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

Shareholding (Cont'd)

The Company's shareholding profile as at 31 December 2020 was as follows:

Number of Shares Held (Range)	Number of Shareholders	Total Number of Shares for the Range	Percentage Held
1 - 500	1,269	202,329	5.72
501 - 1,000	183	126,233	3.57
1,001 - 5,000	133	306,676	8.68
5,001 - 10,000	21	144,697	4.09
10,001 - 50,000	23	503,008	14.23
50,001 - 100,000	1	56,900	1.61
100,001 - 250,000	4	461,480	13.06
250,001 - 500,000	3	1,213,010	34.31
500,001 - 99,999,999	1	520,667	14.73
	1,638	3,535,000	100

Summary of Shareholder category at 31 December 2020:

	Number of Shareholders	Total Number of Shares Held	Percentage Held
Individual	1,549	1,232,149	34.86
Insurance & Assurance Companies	3	2,557	0.07
Pension & Providence Funds	29	531,315	15.03
Investment & Trust Companies	5	26,961	0.76
Other Corporate Bodies	52	1,742,018	49.28
	1,638	3,535,000	100

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

Following his resignation as Managing Director of the Company on the 31st July 2020, the Company has entered into a Service Agreement with Mr. Jean Octave Guillaume Hardy for the duration of one year commencing on the 1st of August 2020 – or for any other period, which may subsequently be agreed to by the parties in writing. Mr Jean Octave Guillaume Hardy will remain on the Company's Board as Non-Executive Director and act as Advisor to the Company to ensure an efficient and smooth transition in the management and 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 23 of this report.

Profile of Senior Officers

Please refer to page 21 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 19.

Directors' Emoluments

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

	2020	2019
Non-Executive Directors	3,836,000	1,040,000
Executive Directors	2,090,000	6,445,910

Auditors' Remuneration

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

	2020	2019
Audit fees	1,179,575	984,000
Tax services fees	126,400	186,000

Tax Services were provided by PriceWaterhouseCoopers. No other non-audit services were availed during the reporting financial year.

Ravindra Chetty
Chairman of the Corporate Governance Committee

M. A. Eric Espitalier-Noël
Chairperson

Box Office Ltd
Secretary

OTHER STATUTORY DISCLOSURES (CONT'D)

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) Affirm that the Board and the Audit and Risk Committee regularly monitor and evaluate the Company's operational risk; and

ix) Affirm that the Board acknowledges its responsibility to monitor and evaluate the Company's compliance risk.

OTHER STATUTORY DISCLOSURES (CONT'D)

Statement of Directors' Responsibilities in Respect of the Financial Statements at 31 December 2020.

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 2020, 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;

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.

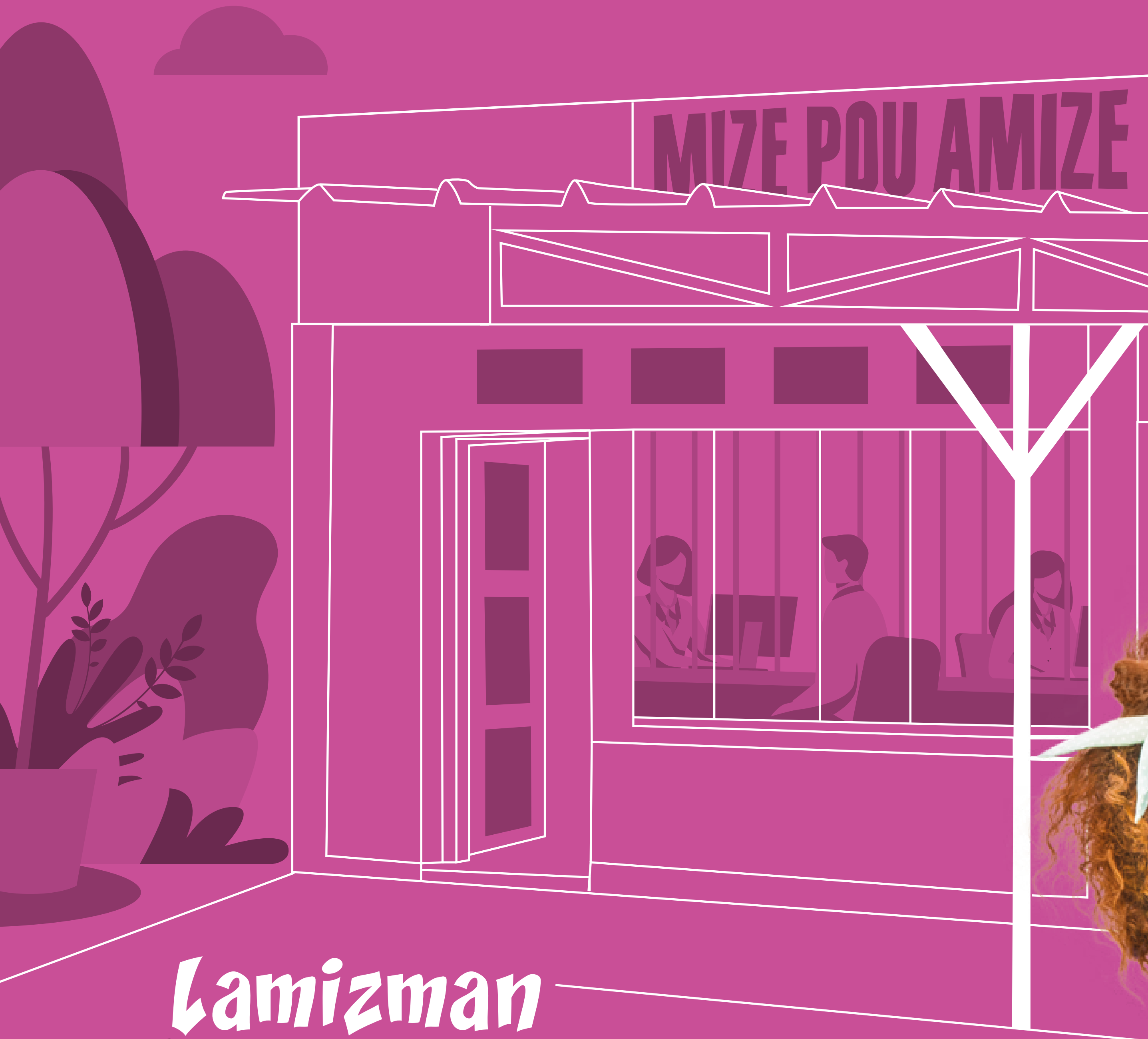
Approved by the Board of Directors on 08 April 2021 and signed on its behalf by:

By Order of the Board

M. A. Eric Espitalier-Noël
Chairperson

Mushtaq M. O. N. Oosman
Director

Date: 08 April 2021



Lamizman dan landrwa

2004 - Lané kot nou al ankor pli loin !

ASL kontinié grandi. Sann fwa la, li pran lambians lékours é amen li pli pré ek bann morisien : ouvertir **5 lazans off-course** pou koumansé é azordi, li prézan dan sak kwin Moris. So l'obzektif, sé donn ankor plis posibilité ek fasilité bann amater lékours pou viv zot pasyon plin plin.


TOTE
MIZE P

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 2020

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, with Mr Guillaume Hardy as Consultant on the Board and with the newly appointed 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:

M. A. Eric Espitalier-Noël
Director

Ravindra Chetty
Director

Date: 08 April 2021

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 Gellé
Box Office Ltd
Company Secretary

Date: 08 April 2021

CERTIFIED

Lamizman grandi

2008 - Nouvo lané, nouvo challenge !

Kouma nou koné, morisien kontan so lékours mé li oussi extra kontan so football ! Touzour a lékout, **ASL** désid propoz *fixed odd betting* lor football.

Pou sa, li kréé **SUPERSCORE** avek touzour mem filozofi : donn lokazion dimounn pou mizé pou amizé. Et pa fini ! Sa mem lané la, **ASL** lans so **SMS BETTING** pou lékours. 2 zoli goal kinn mété, ek zordi lékip **ASL** kapav fier dé zot parkour. Match ganyé !


20:08

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 subsidiaries (the "Group") set out on pages 52 to 92, which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and 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 2020, 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' 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
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 estimation of management on the potential case of the MRA is Rs 95,914,000 as at 31 December 2020. 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. Should the case materialise against the Company, the net assets will become negative and the going concern assumption will have to be reconsidered. 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. We found management's assessment to be reasonable.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Other Matter

The financial statements for the year ended 31 December 2019 were audited by another auditor, who on 16 March 2020 expressed an unqualified opinion thereon.

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.

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.

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.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

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.

- 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.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Cont'd)

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 subsidiaries 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.

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 Accountant

Ah Hee Aline
Licensed by FRC

Date: 08 April 2021


Lamizman
bouzé
avek ou
2016 - Lané sanzé é ASL kontigné bouz ek nou létan !
Pandan 30 ans, inovasyon finn touzour dan so ADN. Après **TELETOTE** ek **SMS BETTING**, tinn ler pou introdwir **SUPERTOTE BET BUILDER** : enn aplikasion mobil ki donn ou tou séki ou bizin pou ou mizé ek amizé kot ou été, kot ou anvi.
Apré 30 ans, ki sanla ti pou dir ki lambians lékours ti pou finalman vinn dan ou pos ek swiv ou kot ou alé.
20:16

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Notes	Rs 000	Rs 000	Rs 000	Rs 000
Income	8	396,772	413,999	369,398	395,000
Government taxes and duties		(136,608)	(156,821)	(136,608)	(156,821)
Payment to National Solidarity Fund		(14,767)	(17,665)	(14,767)	(17,665)
Net income		**245,397**	**239,513**	**218,023**	**220,514**
Other income		1,507	3,112	3,461	6,172
Selling expenses		(40,521)	(44,512)	(27,461)	(32,072)
Operating expenses		(102,108)	(104,095)	(102,046)	(104,095)
Loss allowance on trade receivables	20	233	(59)	223	(59)
Payments to The Mauritius Turf Club		(48,070)	(55,063)	(48,070)	(55,063)
Operating profit	9	**56,438**	**38,896**	**44,130**	**35,397**
Finance income		-	249	-	-
Finance costs		(1,000)	(958)	(1,000)	(958)
Net finance costs	11	(1,000)	(709)	(1,000)	(958)
Profit before income tax		**55,438**	**38,187**	**43,130**	**34,439**
Income tax expense	12	(12,093)	(6,192)	(6,587)	(5,035)
Profit for the year		**43,345**	**31,995**	**36,543**	**29,404**
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	(42)	106	(42)	106
Re-measurements of post-employment benefit obligations	27	(930)	249	(930)	249
Deferred tax charge relating to re-measurements of post employment benefits	28	158	(42)	158	(42)
Re-measurements of post-employment benefit obligations – net of tax		(772)	207	(772)	207
Total other comprehensive (loss)/income for the year		(814)	313	(814)	313
Total comprehensive income for the year		**42,531**	**32,308**	**35,729**	**29,717**
Profit for the year attributable to:					
Owners of the Company		39,010	29,226	36,543	29,404
Non-controlling interests		4,335	2,769	-	-
		43,345	31,995	36,543	29,404
Total comprehensive income attributable to:					
Owners of the Company		38,196	29,539	35,729	29,717
Non-controlling interests		4,335	2,769	-	-
		42,531	32,308	35,729	29,717
Earnings per share	13	**11.04**	**8.27**	**10.34**	**8.32**

The notes on pages 57 to 92 form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Notes	Rs 000	Rs 000	Rs 000	Rs 000
ASSETS					
Non-current assets					
Plant and equipment	15	21,646	23,683	21,646	23,338
Right-of-use assets	16	10,208	4,973	10,208	4,973
Intangible asset	36	4,992	5,470	4,992	5,470
Goodwill	17	73,514	73,514	73,514	73,514
Investment in subsidiary	18	-	-	1,020	1,020
Financial assets at fair value through other comprehensive income	19	10,509	1,702	10,509	1,702
Deferred income tax asset	28	3,371	1,937	3,299	1,924
Total non-current assets		**124,240**	**111,279**	**125,188**	**111,941**
Current assets					
Inventories	21	399	544	399	544
Trade and other receivables	20	32,375	21,553	23,341	20,866
Cash and cash equivalents	14	39,437	31,114	33,273	20,243
Restricted cash	25	17,296	14,152	17,296	14,152
Total current assets		**89,507**	**67,363**	**74,309**	**55,805**
Total assets		**213,747**	**178,642**	**199,497**	**167,746**
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		(589)	183	(589)	183
Fair value reserve		1,560	1,602	1,560	1,602
Retained earnings		81,178	59,689	76,667	57,645
		108,062	87,387	103,551	85,343
Non-controlling interests		**5,315**	**2,940**	**-**	**-**
Total equity		**113,377**	**90,327**	**103,551**	**85,343**
LIABILITIES					
Non-current liabilities					
Post-employment benefits	27	4,540	3,400	4,540	3,400
Lease liabilities	16	7,577	2,615	7,577	2,615
Total non-current liabilities		**12,117**	**6,015**	**12,117**	**6,015**
Current liabilities					
Trade and other payables	29	41,941	38,779	37,233	36,344
Provision	26	17,257	14,050	17,257	14,050
Lease liabilities	16	2,512	2,069	2,512	2,069
Dividend payable	31	17,675	20,615	17,675	17,675
Current income tax liability	12	8,868	6,787	9,152	6,250
Total current liabilities		**88,253**	**82,300**	**83,829**	**76,388**
Total liabilities		**100,370**	**88,315**	**95,946**	**82,403**
Total equity and liabilities		**213,747**	**178,642**	**199,497**	**167,746**

Approved by the Board of Directors and authorised for issue on 08 April 2021

Mushtaq M. O. N. Oosman
Director

M. A. Eric Espitalier-Noël
Chairperson

Ravindra Chetty
Chairman of the Corporate Governance Committee

The notes on pages 57 to 92 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

		Attributable to Owners of the Parent							
		Share Capital	Share Premium	Post-Employment Benefits Reserve	Fair Value Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	Notes	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
GROUP									
Balance as at 1 January 2019		**24,745**	**1,168**	**(24)**	**1,496**	**47,974**	**75,359**	**3,111**	**78,470**
Profit for the year		-	-	-	-	29,226	29,226	2,769	31,995
Other comprehensive income for the year		-	-	207	106	-	313	-	313
Total comprehensive income for the year		**-**	**-**	**207**	**106**	**29,226**	**29,539**	**2,769**	**32,308**
Transactions with owners									
Dividends	31	-	-	-	-	(17,675)	(17,675)	(2,940)	(20,615)
Transfer of unclaimed dividends	31	-	-	-	-	164	164	-	164
Total transactions with owners		**-**	**-**	**-**	**-**	**(17,511)**	**(17,511)**	**(2,940)**	**(20,451)**
Balance as at 31 December 2019		**24,745**	**1,168**	**183**	**1,602**	**59,689**	**87,387**	**2,940**	**90,327**
Profit for the year		-	-	-	-	39,010	39,010	4,335	43,345
Other comprehensive income for the year		-	-	(772)	(42)		(814)	-	(814)
Total comprehensive income for the year		**-**	**-**	**(772)**	**(42)**	**39,010**	**38,196**	**4,335**	**42,531**
Transactions with owners									
Dividends	31	-	-	-	-	(17,675)	(17,675)	(1,960)	(19,635)
Transfer of unclaimed dividends	31	-	-	-	-	154	154	-	154
Total transactions with owners		**-**	**-**	**-**	**-**	**(17,521)**	**(17,521)**	**(1,960)**	**(19,481)**
Balance as at 31 December 2020		**24,745**	**1,168**	**(589)**	**1,560**	**81,178**	**108,062**	**5,315**	**113,377**

The notes on pages 57 to 92 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONT'D)

	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
COMPANY							
Balance as at 1 January 2019		**24,745**	**1,168**	**(24)**	**1,496**	**45,752**	**73,137**
Profit for the year		-	-	-	-	29,404	29,404
Other comprehensive income for the year		-	-	207	106	-	313
Total comprehensive income for the year		**-**	**-**	**207**	**106**	**29,404**	**29,717**
Transactions with owners							
Dividends	31	-	-	-	-	(17,675)	(17,675)
Transfer of unclaimed dividends	31	-	-	-	-	164	164
Total transactions with owners		**-**	**-**	**-**	**-**	**(17,511)**	**(17,511)**
Balance as at 31 December 2019		**24,745**	**1,168**	**183**	**1,602**	**57,645**	**85,343**
Profit for the year		-	-	-	-	36,543	36,543
Other comprehensive income for the year		-	-	(772)	(42)	-	(814)
Total comprehensive income for the year		**-**	**-**	**(772)**	**(42)**	**36,543**	**35,729**
Transactions with owners							
Dividends	31	-	-	-	-	(17,675)	(17,675)
Transfer of unclaimed dividends	31	-	-	-	-	154	154
Total transactions with owners		**-**	**-**	**-**	**-**	**(17,521)**	**(17,521)**
Balance as at 31 December 2020		**24,745**	**1,168**	**(589)**	**1,560**	**76,667**	**103,551**

The notes on pages 57 to 92 form part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Notes	Rs 000	Rs 000	Rs 000	Rs 000
Cash flows from operating activities					
Profit before income tax		55,438	38,187	43,130	34,439
Adjustments for:					
Depreciation of plant and equipment	15	7,792	6,131	7,447	5,750
Depreciation of right of use assets	16	2,962	1,770	2,962	1,770
Amortization of intangible assets	36	1,872	2,928	1,872	2,928
Gain on disposal of plant and equipment	9	(90)	(675)	(90)	(675)
Loss allowance on trade receivables	20	(233)	59	(223)	59
Dividend income	9	(158)	(148)	(2,198)	(3,208)
Interest income	11	-	(249)	-	-
Interest expense	11	1,000	958	1,000	958
Net post-employment benefit charge	27	210	215	210	215
Operating profit before working capital changes		68,793	49,176	54,110	42,236
Working capital changes					
Decrease/(increase) in inventories		145	(194)	145	(194)
Increase in trade and other receivables		(10,589)	(5,001)	(2,252)	(8,828)
Increase in restricted cash		(3,144)	(4,797)	(3,144)	(4,797)
Decrease in trade and other payables		3,162	(6,336)	889	(5,820)
Increase in provision		3,207	3,493	3,207	3,493
Cash generated from operations		**61,574**	**36,341**	**52,955**	**26,090**
Interest received		-	249	-	-
Net income tax paid	12	(11,288)	(2,812)	(4,902)	(1,469)
Interest paid		(1,000)	(958)	(1,000)	(958)
Net cash from operating activities		**49,286**	**32,820**	**47,053**	**23,663**
Cash flows from investing activities					
Payments for purchase of plant and equipment	15	(5,755)	(11,800)	(5,755)	(11,800)
Payments for intangibles assets	36	(1,394)	(444)	(1,394)	(444)
Proceeds from sales of plant and equipment		90	675	90	675
Acquisition of financial assets	19	(8,849)	-	(8,849)	-
Dividends received		158	148	2,198	3,208
Net cash used in investing activities		**(15,750)**	**(11,421)**	**(13,710)**	**(8,361)**
Cash flows from financing activities					
Dividends paid	31	(22,421)	(19,961)	(17,521)	(17,511)
Repayment of lease liabilities	16	(2,792)	(2,425)	(2,792)	(2,425)
Net cash used in financing activities		**(25,213)**	**(22,386)**	**(20,313)**	**(19,936)**
Net increase/(decrease) in cash and cash equivalents		**8,323**	**(987)**	**13,030**	**(4,634)**
Cash and cash equivalents at 1 January		31,114	32,101	20,243	24,877
Cash and cash equivalents at 31 December	14	**39,437**	**31,114**	**33,273**	**20,243**

The notes on pages 57 to 92 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

1. GENERAL INFORMATION

The principal activities of Automatic Systems Ltd. (the "Company") and its subsidiary's (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 Mauritius Turf Club, 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.
- 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 off-course outlets located throughout the island. The financial statements were authorised for issue by the Board of Directors on the date stamped on page 53.

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 Company and the Group 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 a separate reserve within equity attributable to owners of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation and statement of compliance *(Cont'd)*

iii) *Basis of consolidation (Cont'd)*

Changes in ownership interests (Cont'd)

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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%
Off-course equipment	20%
Electrical installation and equipment	20%
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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 *Summary of significant accounting policies (Cont'd)*

c) *Intangible assets (Cont'd)*

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.

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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 *Summary of significant accounting policies (Cont'd)*

e) *Financial assets (Cont'd)*

- ***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 Companys business model for managing the asset and the cash flow characteristics of the asset. The Group and the Companys financial assets consist of trade receivables and cash and cash equivalents which are classified into 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, 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 measures 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 continue to be recognised in profit or loss as other income when the right to receive payments is established.

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 2020, 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 0.78% (2019: 0.95%) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 *Summary of significant accounting policies (Cont'd)*

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) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

l) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 *Summary of significant accounting policies (Cont'd)*

m) *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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the year ended, 31 December 2020. 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.

n) *Employee benefits*

The Company has changed its post-employment scheme from defined benefit plan to a defined contribution plan since 1 January 2013. 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. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation 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 defined benefit obligation 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. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 *Summary of significant accounting policies (Cont'd)*

n) *Employee benefits (Cont'd)*

Pension obligations (Cont'd)
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.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

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.

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.

o) *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.

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 Soidarity 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.

Interest income
Interest income is recognised using the effective interest method. When a receivable is impaired, the Group and the Company reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

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.

p) *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 Company's Board Of Directors.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 *Summary of significant accounting policies (Cont'd)*

q) *Leases*

The Group and the Company lease various retails outlets. Rental contracts are typically made for fixed periods of 1-10 years but may have extension options as described in below.

Contracts may contain both lease and non-lease components. The Company and the Group 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 Company and the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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 Company and the Group:

- 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 *Summary of significant accounting policies (Cont'd)*

q) *Leases (Cont'd)*

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.

r) *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.

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 2020.

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.

Amendments to Conceptual Framework	The IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.
IFRS 7 and IFRS 9	Financial Instruments: Disclosures & Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform
IAS 1 and IAS 8	Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material

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 classification of liabilities (effective 1 January 2023)
IAS 1	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective 1 January 2023)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective 1 January 2023)
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 (effective 1 January 2022)
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
IFRS 3	Business Combinations - Amendments updating a reference to the Conceptual Framework (effective 1 January 2022)
IFRS 7	Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONT'D)

Relevant new and revised Standards in issue but not yet effective (Cont'd)

IFRS 9	Financial Instruments: Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
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) (effective 1 January 2022)
IFRS 16	Leases: Amendment provides lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification (effective 1 June 2020)
IFRS 16	Leases: Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)

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

Most extension options in offices and vehicles leases have not been included in the lease liability, because the Company and the Group could replace the assets without significant cost or business disruption.

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. During the current financial year, no revision of lease terms were made by the Group and the Company.

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.

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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

b) *Key sources of estimation uncertainty (Cont'd)*

***Pension benefits** (Cont'd)*

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 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.

Discount rate used to determine the carrying amount of the Group's and the Company's lease liabilities

The determination of the Group's and the Company's lease liabilities depends on certain assumptions, which include selection of the discount rate. The discount rate is the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. The Group has applied an Incremental Borrowing Rate (IBR) set by reference to market rate that would be offered by commercial banks in Mauritius over similar terms of the lease and secured through the identifiable asset in the lease agreement. Further information are provided in note 16.

5. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group and Company's activities expose it 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.

- ***Market risk***

a) *Foreign exchange risk*

The transactions of the Group and 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 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 0.78% (2019: 0.95%) of the Group's total assets, the impact on equity is not considered significant.

c) *Interest rate risk*

The Group's and Company's interest rate risk arise from cash at bank. The Group and Company do not use financial instruments to hedge interest rate risk.

Based on the simulations performed, at 31 December 2020, the impact on pre-tax profit of 50 basis points increase/decrease in interest rate would be a maximum increase/decrease of **Rs 158,000** (2019: Rs 89,000) respectively at Company level and **Rs 188,000** (2019: Rs 144,000) at Group level.

The directors consider a 50 basis point shift as being reasonable to determine the sensitivity analysis as the changes in the repo rate over the past year has not exceeded 50 basis point.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

- ***Credit risk***

Receivables

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

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

Bank

Credit risk also arises from cash at bank.

The Group and the Company do not have significant concentration of credit risk due to the fact that the customer base is large and unrelated. The Group and Company have appropriate risk assessment policies in place. Credit risk is managed by regular monitoring of the credit quality of agents, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. For banks, the Group and the Company only banks with institutions that are of good repute.

The amount that best represents the Group's and Company's maximum exposure to credit risk at 31 December 2020 is the carrying value of the financial assets in the statement of financial position, as table below:

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
Trade and other receivables (Note 20)	20,274	18,223	11,240	17,536
Financial assets at fair value through other comprehensive income (Note 19)	10,509	1,702	10,509	1,702
Cash and cash equivalents (Note 14)	39,437	31,114	33,273	20,243
	70,220	51,039	55,022	39,481

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:

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
Trade and other receivables (neither past due nor impaired)				
Counterparties without external credit rating (group 1)	10,461	8,786	2,128	5,039
Dividend receivable from Megawin Ltd	-	-	-	3,060
Other receivables	9,813	9,437	9,112	9,437

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.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

- ***Credit risk (Cont'd)***

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.

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 after their specified credit term. The ageing analysis of these trade receivables is as follows:

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
Trade and other receivables (past due but not impaired)				
Greater than 365 days	-	-	-	-
Trade and other receivables (individually determined to be impaired)				
Greater than 365 days	2,780	2,944	2,780	2,944
Less than 365 days	3,071	3,140	2,657	2,716

In disclosing trade and other receivables as a financial instrument for the Group and Company, an amount of Rs 12,101,000 (2019: Rs 3,330,000) 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.

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
Cash at bank and short-term bank deposits				
Baa2	37,686	28,765	31,522	17,894

- ***Liquidity risk***

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

Management monitors rolling forecasts of the Group 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 so, that the Group does not breach borrowing limits or covenants where applicable on its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal statement of financial position ratios/targets.

The Group and 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.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

- ***Liquidity risk (Cont'd)***

	31 December 2020		31 December 2019	
	Group	Company	Group	Company
	Rs 000	Rs 000	Rs 000	Rs 000
Less than 1 year				
Trade and other payables	41,941	37,233	38,779	36,344
Lease liabilities	2,512	2,512	2,069	2,069
Dividend payable	17,675	17,675	20,615	17,675
	62,128	57,420	61,463	56,088
More than 1 year				
Lease liabilities	7,577	7,577	2,615	2,615

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 Company have no long term external borrowings as at 31 December 2020 and 2019.

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.

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

- **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.

- **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.

- **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.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

- ***Liquidity risk (Cont'd)***

Fair value estimation (Cont'd)
Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Group and Company

	Level 1 Rs 000	Level 2 Rs 000	Level 3 Rs 000	Total Rs 000
2020				
Assets				
Financial assets at fair value through other comprehensive income	-	-	10,509	10,509
2019				
Assets				
Financial assets at fair value through other comprehensive income	-	-	1,702	1,702

As at 31 December 2020, the Group and 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 0.78% (2019: 0.95%) 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.

6. FINANCIAL INSTRUMENTS BY CATEGORY

GROUP	At 31 December 2020 Financial assets at amortised cost Rs 000	At 31 December 2020 Financial assets at fair value through other comprehensive income Rs 000	At 31 December 2020 Total Rs 000	At 31 December 2019 Financial assets at amortised cost Rs 000	At 31 December 2019 Financial assets at fair value through other comprehensive income Rs 000	At 31 December 2019 Total Rs 000
Assets						
Financial assets at fair value through other comprehensive income (Note 19)	-	10,509	10,509	-	1,702	1,702
Trade and other receivables (Note 20)	20,274	-	20,274	18,223	-	18,223
Restricted cash (Note 25)	17,296	-	17,296	14,152	-	14,152
Cash and cash equivalents (Note 14)	39,437	-	39,437	31,114	-	31,114
	77,007	10,509	87,516	63,489	1,702	65,191

	2020 Financial liabilities at amortised cost Rs 000	2020 Total Rs 000	2019 Financial liabilities at amortised cost Rs 000	2019 Total Rs 000
Liabilities				
Trade and other payables (Note 29)	41,941	41,941	38,779	38,779
Lease liabilities (Note 16)	10,089	10,089	4,684	4,684
Dividend payable (Note 31)	17,675	17,675	20,615	20,615
	69,705	69,705	64,078	64,078

COMPANY	2020 Financial assets at amortised cost Rs 000	2020 Financial assets at fair value through other comprehensive income Rs 000	2020 Total Rs 000	2019 Financial assets at amortised cost Rs 000	2019 Financial assets at fair value through other comprehensive income Rs 000	2019 Total Rs 000
Assets						
Financial assets at fair value through other comprehensive income (Note 19)	-	10,509	10,509	-	1,702	1,702
Trade and other receivables (Note 20)	11,240	-	11,240	17,536	-	17,536
Restricted cash (Note 25)	17,296	-	17,296	14,152	-	14,152
Cash and cash equivalents (Note 14)	33,273	-	33,273	20,243	-	20,243
	61,809	10,509	72,318	51,931	1,702	53,633

	2020 Financial liabilities at amortised cost Rs 000	2020 Total Rs 000	2019 Financial liabilities at amortised cost Rs 000	2019 Total Rs 000
Liabilities				
Trade and other payables (Note 29)	37,233	37,233	36,344	36,344
Lease liabilities (Note 16)	10,089	10,089	4,684	4,684
Dividend payable (Note 31)	17,675	17,675	17,675	17,675
	64,997	64,997	58,703	58,703

In disclosing trade and other receivables as a financial instrument for the Group and the Company, an amount of Rs 12,101,000 representing prepayments, has been excluded.

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 Mauritius Turf Club;

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 2020 is as follows:

	Totalisator	Fixed Odds	All other Segments	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Income from external customers	**258,112**	**111,286**	**27,374**	**396,772**
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	27,521	26,855	14,688	69,064
Depreciation and amortization	(9,825)	(2,456)	(345)	(12,626)
Net finance costs	(800)	(200)	-	(1,000)
Income tax	(5,270)	(1,317)	(5,506)	(12,093)
Total assets	**154,458**	**38,614**	**20,675**	**213,747**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	5,719	1,430	-	7,149
Total liabilities	**(76,838)**	**(19,210)**	**(4,322)**	**(100,370)**

The segment information provided to the executive directors for the reportable segments of the Group for the year ended 31 December 2019 is as follows:

	Totalisator	Fixed Odds	All other Segments	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Income from external customers	**283,721**	**111,279**	**18,999**	**413,999**
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	28,377	14,408	6,940	49,725
Depreciation	(8,358)	(2,089)	(382)	(10,829)
Net finance costs	(766)	(192)	249	(709)
Income tax	(4,028)	(1,007)	(1,157)	(6,192)
Total assets	**130,943**	**32,736**	**14,963**	**178,642**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	9,795	2,449	-	12,244
Total liabilities	**(64,410)**	**(16,102)**	**(7,803)**	**(88,315)**

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.

7. SEGMENT INFORMATION (CONT'D)

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

	Group	
	2020	2019
	Rs 000	Rs 000
EBITDA	**69,064**	49,725
Depreciation	**(12,626)**	(10,829)
Net finance costs	**(1,000)**	(709)
Profit before income tax	**55,438**	38,187

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 2020 or 2019.

8. INCOME

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
Betting income				
Bets struck net of betting dividends paid, refunds and rebates				
- Totalisator	258,112	283,721	258,112	283,721
- Fixed odds	111,286	111,279	111,286	111,279
Commission income	27,374	18,999	-	-
	396,772	413,999	369,398	395,000

9. OPERATING PROFIT

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
Operating profit is stated after charging/(crediting) the following:				
Depreciation of plant and equipment	7,792	6,131	7,447	5,750
Depreciation of right-of-use assets	2,962	1,770	2,962	1,770
Amortisation of intangle assets	1,872	2,928	1,872	2,928
Gain on disposal of plant and equipment	(90)	(675)	(90)	(675)
Loss allowance on trade receivables	(233)	59	(223)	59
Provision for copyright fees	3,207	3,493	3,207	3,493
Commission to off-course agents	24,169	28,896	24,169	28,896
Repairs and maintenance	3,395	3,633	3,395	3,633
Licences and municipality taxes	22,492	25,377	16,463	17,597
Staff costs	32,354	35,060	32,354	35,060
Auditors' remunerations:				
- external audit services	1,180	984	1,180	984
- internal audit services	1,105	737	1,105	737
- tax services	126	186	126	141
Dividend income	158	148	2,198	3,208

10. STAFF COSTS

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
Wages and salaries	26,453	28,517	26,453	28,517
National Pension Fund contribution	1,051	1,053	1,051	1,053
Transport costs	1,751	2,131	1,751	2,131
Net post-employment benefit charge	1,559	1,509	1,559	1,509
Staff welfare and other costs	1,540	1,850	1,540	1,850
	32,354	35,060	32,354	35,060

11. NET FINANCE COSTS

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
Finance income				
Interest income from bank	-	249	-	-
	-	249	-	-
Finance costs				
Interest expense	(539)	(593)	(539)	(593)
Interest on leases	(461)	(365)	(461)	(365)
	(1,000)	(958)	(1,000)	(958)
Net finance costs	(1,000)	(709)	(1,000)	(958)

12. INCOME TAX

The Company is liable to income tax on its profits, as adjusted for income tax purposes, at the rate of 17% (2019: 17%). The 17% tax rate consists of 15% corporate income tax and 2% Corporate Social Responsibility.

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
Income tax expense:				
Current income charge for the year	13,369	6,733	7,804	5,512
Deferred income tax credit (note 28)	(1,276)	(541)	(1,217)	(477)
Income tax charge	12,093	6,192	6,587	5,035
Current income tax liability:				
At 1 January	(6,787)	(2,866)	(6,250)	(2,207)
Paid during the year	11,288	2,812	4,902	1,469
Charge for the year	(13,369)	(6,733)	(7,804)	(5,512)
At 31 December	(8,868)	(6,787)	(9,152)	(6,250)

12. INCOME TAX (CONT'D)

The reconciliation of the effective income tax rate of 21.81% for the Group (2019: 16.21%) and 15.27% (2019: 14.62%) for the Company and the applicable rate of 17% (2019: 17%) is as follows:

	Group		Company	
	2020	2019	2020	2019
	%	%	%	%
(As a percentage of profit before tax)				
Applicable income tax rate	17.00	17.00	17.00	17.00
Effect of:				
Non-allowable expenses	6.13	1.63	0.29	0.52
Non-taxable income	(1.32)	(2.33)	(2.02)	(2.79)
Underprovision of deferred tax in previous year	-	(0.09)	-	(0.11)
Effective income tax rate	21.81	16.21	15.27	14.62

13. EARNINGS PER SHARE

Earnings per share of Rs 11.04 (2019: Rs 8.27) and Rs 10.34 (2019: Rs 8.32) for the Group and Company are calculated on the profit for the year attributable to owners of the Company of Rs 41,802,000 (2019: Rs 29,226,000) and Rs 36,543,000 (2019: Rs 29,404,000) respectively and on the 3,535,000 issued ordinary shares for the two years under review. The Group and 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:

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
Cash at bank	37,686	28,765	31,522	17,894
Cash in hand	1,751	2,349	1,751	2,349
Cash and cash equivalents as disclosed in the statement of cash flows	39,437	31,114	33,273	20,243

15. PLANT AND EQUIPMENT

GROUP	Equipment Rs 000	Teletote Rs 000	Off-course equipment Rs 000	Electrical installation and equipment Rs 000	Office equipment and furniture Rs 000	Asset in progress Rs 000	Motor vehicles Rs 000	Total Rs 000
Cost								
At 1 January 2019	49,586	16,063	3,765	8,206	29,380	-	2,344	109,344
Additions	1,157	1,667	-	1,597	3,721	-	3,658	11,800
Disposal	(957)	(20)	-	(80)	(395)	-	(2,938)	(4,390)
Transfer	-	-	(2,989)	-	-	-	2,989	-
At 31 December 2019	49,786	17,710	776	9,723	32,706	-	6,053	116,754
Additions	719	-	-	339	3,486	364	847	5,755
Disposal	-	-	-	-	-	-	(635)	(635)
At 31 December 2020	50,505	17,710	776	10,062	36,192	364	6,265	121,874
Accumulated depreciation								
At 1 January 2019	45,066	14,563	3,765	6,797	19,471	-	1,668	91,330
Charge for the year	1,142	278	-	662	3,393	-	656	6,131
Disposal	(957)	(20)	-	(80)	(395)	-	(2,938)	(4,390)
Transfer	-	-	(2,989)	-	-	-	2,989	-
At 31 December 2019	45,251	14,821	776	7,379	22,469	-	2,375	93,071
Charge for the year	1,117	970	-	753	3,924	-	1,028	7,792
Disposal	-	-	-	-	-	-	(635)	(635)
At 31 December 2020	46,368	15,791	776	8,132	26,393	-	2,768	100,228
Net book value								
At 31 December 2020	4,137	1,919	-	1,930	9,799	364	3,497	21,646
At 31 December 2019	4,535	2,889	-	2,344	10,237	-	3,678	23,683

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 (2019: nil).

15. PLANT AND EQUIPMENT (CONT'D)

COMPANY	Equipment Rs 000	Teletote Rs 000	Off-course equipment Rs 000	Electrical installation and equipment Rs 000	Office equipment and furniture Rs 000	Asset in progress Rs 000	Motor vehicles Rs 000	Total Rs 000
Cost								
At 1 January 2019	47,385	16,063	3,765	8,207	29,380	-	2,344	107,144
Additions	1,157	1,667	-	1,597	3,721	-	3,658	11,800
Disposal	(957)	(20)	-	(80)	(395)	-	(2,942)	(4,394)
Transfer	-	-	(2,989)	-	-	-	2,989	-
At 31 December 2019	47,585	17,710	776	9,724	32,706	-	6,049	114,550
Additions	719	-	-	339	3,486	364	847	5,755
Disposal	-	-	-	-	-	-	(635)	(635)
Transfer	-	-	-	-	-	-	-	-
At 31 December 2020	48,304	17,710	776	10,063	36,192	364	6,261	119,670
Accumulated depreciation								
At 1 January 2019	43,593	14,563	3,765	6,797	19,472	-	1,666	89,856
Charge for the year	760	278	-	662	3,392	-	658	5,750
Disposal	(957)	(20)	-	(80)	(395)	-	(2,942)	(4,394)
Transfer	-	-	(2,989)	-	-	-	2,989	-
At 31 December 2019	43,396	14,821	776	7,379	22,469	-	2,371	91,212
Charge for the year	772	970	-	753	3,924	-	1,028	7,447
Disposal	-	-	-	-	-	-	(635)	(635)
Transfer	-	-	-	-	-	-	-	-
At 31 December 2020	44,168	15,791	776	8,132	26,393	-	2,764	98,024
Net book value								
At 31 December 2020	4,136	1,919	-	1,931	9,799	364	3,497	21,646
At 31 December 2019	4,189	2,889	-	2,345	10,237	-	3,678	23,338

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 (2019: 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 off-course outlets across the island; namely in Terre Rouge, Port Louis, Vacoas, Palma, Petite Riviere, Curepipe and Quatre Bornes. 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:

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
Right-of-use assets - buildings				
Cost				
At 1 January	6,743	6,743	6,743	6,743
Additions	8,197	-	8,197	-
At 31 December	14,940	6,743	14,940	6,743
Depreciation				
At 1 January	1,770	-	1,770	-
Charge for the year	2,962	1,770	2,962	1,770
At 31 December	4,732	1,770	4,732	1,770
Net book value	10,208	4,973	10,208	4,973

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 (2019: nil).

Lease liabilities				
Current	2,512	2,069	2,512	2,069
Non-current	7,577	2,615	7,577	2,615
At 31 December	10,089	4,684	10,089	4,684

Additions to the right-of-use assets during the year were Rs 8,197,000 (2019: Nil).

Maturity analysis:				
Year 1	3,128	2,439	3,128	2,439
Year 2	2,390	1,944	2,390	1,944
Year 3	1,769	1,094	1,769	1,094
Year 4	1,025	500	1,025	500
Year 5	1,013	60	1,013	60
Onwards	3,753	-	3,753	-
	13,078	6,037	13,078	6,037
Less: unearned interest	(2,989)	(1,353)	(2,989)	(1,353)
	10,089	4,684	10,089	4,684

ii) ***Amounts recognised in profit or loss***

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
Depreciation expense on right-of-use assets	2,962	1,770	2,962	1,770
Interest expense on lease liabilities	461	365	461	365
Expense relating to short-term leases	497	492	497	492

The total cash outflow for leases under IFRS 16 in 2020 was Rs 2,792,000 (2019: Rs 2,425,000).

17. GOODWILL

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
At 1 January and 31 December	73,514	73,514	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 amalgamation 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 (2019: 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 2020, the equity of the Company has a fair value of Rs 307,545,000 (2019: Rs 354,383,750) based on the closing share price of Rs 87.00 (2019: Rs 100.25) 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 2,767,905 (2019: Rs 3,189,454).

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 304,777,095** (2019: Rs 351,194,296) exceeds the carrying amount of net assets as at 31 December 2020.

17. GOODWILL (CONT'D)

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 2020, if the quoted share price of the Company falls by **Rs 57.44** (2019: Rs 75.39) per share (i.e. falls to **Rs 29.56** (2019: Rs 24.36) 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

	Company	
	2020	2019
	Rs 000	Rs 000
Cost:		
Balance at 1 January and 31 December	1,020	1,020

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

Name of subsidiary	Cost 2020 Rs 000	Cost 2019 Rs 000	Country of Incorporation	% Holding	Principal Activity
Megawin Ltd	1,020	1,020	Mauritius	51%	Commission agent

i) The above shares are ordinary shares and denominated in Mauritian Rupees ('Rs').

ii) Megawin Ltd was incorporated as a subsidiary on the 3 March 2014. As such, no assets and liabilities were acquired and no goodwill arose in relation to this transaction.

iii) All the undertakings of the subsidiary are included in the consolidation. The proportion of voting rights in the subsidiary undertakings held directly by the parent does not differ from the proportion of ordinary shares held.

Set out below is summarised financial information (unaudited) for Megawin Ltd that has a non-controlling interest that is material to the Group. The amounts disclosed are before inter-company eliminations.

Summarised statement of financial position

	2020	2019
	Rs 000	Rs 000
Current assets	15,200	14,618
Current liabilities	(4,322)	(8,974)
Net current assets	10,878	5,644
Non-current assets	-	359
Non-current liabilities	-	-
Net non-current assets	-	359
Net assets	10,878	6,003
Accumulated non-controlling interests	5,315	2,940
Revenue	27,374	18,999
Profit for the period	8,875	5,651
Other comprehensive income	-	-
Total comprehensive income	8,875	5,651
Profit allocated to non-controlling interests	4,335	2,769
Dividends declared and payable to non-controlling interests	1,960	2,940

18. INVESTMENT IN SUBSIDIARY (CONT'D)

Summarised cash flows

	2020 Rs 000	2019 Rs 000
Cash inflows from operating activities	5,293	3,398
Cash inflows from investing activities	-	249
Cash outflows from financing activities	(10,000)	-
Net (decrease)/increase in cash and cash equivalents	(4,707)	3,647

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	2020 Rs 000	2019 Rs 000	2020 Rs 000	2019 Rs 000
At 1 January	1,702	1,596	1,702	1,596
Additions	8,849	-	8,849	-
Changes in fair value of financial assets recognised in other comprehensive income	(42)	106	(42)	106
At 31 December	10,509	1,702	10,509	1,702

During the year, 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 represented a total equity stake of 7.09% of RPGG Media Ltd. In view of recent acquisition, the directors consider the cost to reflect its fair value at the reporting date.

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.

All financial assets at fair value through other comprehensive income are denominated in Mauritian Rupees ('Rs').

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 Rs 000	2019 Rs 000	2020 Rs 000	2019 Rs 000
Trade receivables	16,312	14,870	7,565	10,699
Less: Loss allowance on trade receivables	(5,851)	(6,084)	(5,437)	(5,660)
	10,461	8,786	2,128	5,039
Prepayments	12,101	3,330	12,101	3,330
Other receivables	9,813	9,437	9,112	9,437
Dividend receivable	-	-	-	3,060
	32,375	21,553	23,341	20,866

20. TRADE AND OTHER RECEIVABLES (CONT'D)

Included in the Group's and the Company's trade receivables is an amount of **Rs 6,361,800** (2019: Rs 6,872,000) receivable from six off-course agents. This amount is set off against the amount payable to Sociètè du Grand Moulin and Sociètè L'Inité as the Company intends to realise the asset and settle the liability simultaneously further to the acquisition of HHM by the Company.

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

Other receivables
Other receivables include **Rs 8,940,000 (2019: 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.

Group and Company
The Group and Company impairs all trade receivables due for more than one year. As of 31 December 2020, trade receivables of Rs 10,461,000 (2019: Rs 8,786,000) and Rs 2,128,000 (2019: Rs 5,039,000) were neither past due nor impaired for the Group and Company respectively. These relate to a number of independent agents for whom there is no recent history of default and dividend receivable from Megawin Ltd for the Company.

	Group		Company	
	2020	2019	2020	2019
Past due trade receivables	Rs 000	Rs 000	Rs 000	Rs 000
More than 365 days	2,780	2,944	2,780	2,944

As of 31 December 2020, the Group's and the Company's trade receivables of Rs 2,780,000 (2019: Rs 2,944,000) were past due for more than 365 days and provision for expected credit losses were fully recognised.

	Group		Company	
	2020	2019	2020	2019
Movement in loss allowance	Rs 000	Rs 000	Rs 000	Rs 000
At 1 January	6,084	6,025	5,660	5,601
Loss allowance on trade receivables	(233)	59	(223)	59
At 31 December	5,851	6,084	5,437	5,660

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

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
Ticket rolls	399	544	399	544

The net movement in inventories included as expense amounted to Rs 205,000 (2019: Rs 2,060,000).

22. SHARE CAPITAL

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	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 (2019: 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 4.60% per annum (2019: 6.10%).

The Company has not utilised the above mentioned facilities at 31 December 2020 (2019: 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 17,257,000 (2019: Rs 14,050,000) 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 3,207,000 (2019: Rs 3,493,000) was recognised in profit or loss for the year ended 31 December 2020.

27. POST EMPLOYMENT BENEFITS

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.

Description of assets

The assets of the plan are invested in the Secured Fund. The composition of the Fund is detailed out below:

	2020	2019
	%	%
Secured notes	15.50	14.00
Cash equivalents	10.40	4.00
Foreign investments	2.30	1.00
Foreign fixed deposits	0.20	1.00
Mortgage loans	16.90	7.00
Debenture stock	2.30	-
Treasury Bills	-	7.00
Local deposits	4.70	10.00
Government of Mauritius Bonds	47.70	56.00
	100.00	100.00

Maturity profile of the Defined Benefit Obligation

Pension benefits

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

	2020	2019
Group and Company	Rs 000	Rs 000
At 1 January	(3,400)	(3,434)
Total expense as below	(210)	(215)
Actuarial (losses)/gains recognised in other comprehensive income	(930)	249
At 31 December	(4,540)	(3,400)

The amounts recognised in profit or loss are as follows:

Service cost	37	101
Net interest cost	173	207
Transfer to post-employment benefits reserve	-	(93)
Net pension cost	210	215

The movement in present value of unfunded obligations is as follows:

At 1 January	(3,400)	(3,434)
Current service cost	(37)	(101)
Interest cost	(173)	(207)
Actuarial (losses)/gains	(930)	249
Transfer to reserve	-	93
At 31 December	(4,540)	(3,400)

The principal actuarial assumptions used were as follows:

	%	%
Discount rate	2.60	5.10
Future long-term salary increase	5.00	4.00
Future guaranteed pension increase	-	-
Post retirement mortality tables	Swan Annuity Rates	Swan Annuity Rates

27. POST EMPLOYMENT BENEFITS (CONT'D)

	2020 Rs 000	2019 Rs 000
Analysis of amount recognised in Other Comprehensive Income (OCI)		
Experience gains/losses on the liabilities	1,002	1,195
Changes in assumptions underlying the present value of the scheme	(1,932)	(946)
Actuarial (loss)/gain recognised in OCI	(930)	249
Analysis of amount recognised in other comprehensive income		
Balance as at 1 January	(2,119)	(2,368)
Actuarial (loss)/gain recognised during the year	(930)	249
Balance as at 31 December	(3,049)	(2,119)

At 31 December:

The Group and the Company expect to make a contribution of Rs 1,257,000 in 2021.

Sensitivity analysis	2020 Rs 000	2019 Rs 000
Decrease in Defined Benefit Obligation due to 1% increase in discount rate	916	866
Increase in Defined Benefit Obligation due to 1% increase in future long-term salary assumption	787	959
Increase in Defined Benefit Obligation due to 1% decrease in discount rate	826	918
Decrease in Defined Benefit Obligation due to 1% decrease in future long-term salary assumption	725	841

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. There are a few deferred members with defined benefit pension but the liabilities are not significant.

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.

28. DEFERRED INCOME TAX ASSET

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
At 1 January	(1,937)	(1,438)	(1,924)	(1,489)
Underprovision in previous year	-	(38)	-	(38)
Profit or loss credit	(1,276)	(503)	(1,217)	(439)
Deferred income tax (note 12)	(1,276)	(541)	(1,217)	(477)
Tax charge relating to re-measurements of post-employment benefits	(158)	42	(158)	42
At 31 December	**(3,371)**	**(1,937)**	**(3,299)**	**(1,924)**

Deferred tax assets/liabilities are attributable to the following items:

Group	At 1 January 2020	Credit to profit or loss	Debit to other comprehensive income	Under provision of deferred tax liabilities in prior year	At 31 December 2020
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Accelerated capital allowances	1,992	(662)	-	-	1,330
Loss allowance on trade receivables	(962)	(33)	-	-	(995)
Provision	(2,389)	(545)	-	-	(2,934)
Post-employment benefits	(578)	(36)	(158)	-	(772)
	(1,937)	(1,276)	(158)	-	(3,371)

	At 1 January 2019	Credit to profit or loss	Debit to other comprehensive income	Under provision of deferred tax liabilities in prior year	At 31 December 2019
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Accelerated capital allowances	1,958	72	-	(38)	1,992
Loss allowance on trade receivables	(1,019)	57	-	-	(962)
Provision	(1,795)	(594)	-	-	(2,389)
Post-employment benefits	(582)	(38)	42	-	(578)
	(1,438)	(503)	42	(38)	(1,937)

28. DEFERRED INCOME TAX ASSET (CONT'D)

Company	At 1 January 2020 Rs 000	Credit to profit or loss Rs 000	Debit to other comprehensive income Rs 000	Under provision of deferred tax liabilities in prior year Rs 000	At 31 December 2020 Rs 000
Accelerated capital allowances	2,005	(674)	-	-	1,331
Provision for impairment of trade receivables	(962)	38	-	-	(924)
Provision	(2,389)	(545)	-	-	(2,934)
Post-employment benefits	(578)	(36)	(158)	-	(772)
	(1,924)	(1,217)	(158)	-	(3,299)

	At 1 January 2019 Rs 000	Credit to profit or loss Rs 000	Debit to other comprehensive income Rs 000	Under provision of deferred tax liabilities in prior year Rs 000	At 31 December 2019 Rs 000
Accelerated capital allowances	1,835	208	-	(38)	2,005
Provision for impairment of trade receivables	(947)	(15)	-	-	(962)
Provision	(1,795)	(594)	-	-	(2,389)
Post-employment benefits	(582)	(38)	42	-	(578)
	(1,489)	(439)	42	(38)	(1,924)

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
Trade payables	7,813	6,238	3,150	3,934
Accruals	23,660	25,234	23,615	25,103
Other payables	1,479	598	1,479	598
Teletote deposits	7,609	5,403	7,609	5,403
Unclaimed dividends declared in prior years	1,380	1,306	1,380	1,306
	41,941	38,779	37,233	36,344

30. CAPITAL COMMITMENTS

The Group and the Company have capital commitments amounting to Rs 3,117,886 (2019: Nil) towards the updgrade of the AMTOTE System and the implementation of a web-based payroll system.

31. DIVIDENDS

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
At 1 January	20,615	20,125	17,675	17,675
Declared during the year by Company - Rs 5 (2019: Rs 5) per share	17,675	17,675	17,675	17,675
Declared during the year by Megawin Ltd - Rs 20 (2019: Rs 30) per share*	1,960	2,940	-	-
	19,635	20,615	17,675	17,675
Paid during the year – Rs 5 (2019: Rs 5) per share	(22,421)	(19,961)	(17,521)	(17,511)
Transfer to unclaimed dividend declared in prior years	(154)	(164)	(154)	(164)
At 31 December	17,675	20,615	17,675	17,675

*Dividend declared by Megawin Ltd during the year amounts to Rs 4,000,000 (2019: Rs 6,000,000) out of which Rs 2,040,000 (2019: Rs 3,060,000) is payable to the Company and Rs 1,960,000 (2019: Rs 2,940,000) 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 estimation of management on the potential case of the MRA is Rs 95,914,000 (2019: Rs 88,900,000) as at 31 December 2020.

The Company has made an appeal against this claim and an amount of Rs 8,940,000 (2019: 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.

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

Bank guarantee

At 31 December 2020, 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 from which it is anticipated that no material liabilities shall arise. At 31 December 2020, the bank guarantees having a maturity date of 31 December 2049 amounted to Rs 2,500,000 (2019: 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.

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:

	Group		Company	
	2020	2019	2020	2019
	Rs 000	Rs 000	Rs 000	Rs 000
Directors' emoluments:				
- Executive directors	4,826	6,446	4,826	6,446
- Non-executive directors	741	935	741	935
Post-employment benefits	359	433	359	433
Total	5,926	7,814	5,926	7,814

b) *Transaction with related parties*

Purchase of services

Entity controlled by key management personnel	569	591	569	991

c) *Amount payable to related parties*

Amount payable

Entity controlled by key management personnel	-	76	-	76

As at 31 December 2020 and 31 December 2019, services have been sought from entities controlled by key management personnel namely Mr Jean Hardy, Company's executive director, and Mr Hervé Henry, Company's non-executive director.

Year end balances arising from related party transactions.

Transaction with subsidiary.

	Company	
	2020	2019
	Rs 000	Rs 000
Dividend income and receivable from Megawin Ltd	2,040	3,060

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.

At 31 December 2020, an amount of Rs 6,361,800 (2019: Rs 6,872,000) representing amounts receivable from six off-course agents is included in 'trade and other receivables' simultaneously further to the acquisition of HHM by the Company.

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

Other than disclosed in note 35, 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. COVID-19

The global outbreak of Coronavirus ("Covid-19") has caused significant volatility within the economic markets, for which the duration and spread of the outbreak and the resultant economic impact is uncertain and cannot be predicted. This has directly or indirectly impacted the Group's and the Company's activities in material respects by interrupting and disrupting business and transactional activities. Covid-19 has not had a material impact on the results and affairs of the Group and the Company for the current year, however, there will be an impact on the future results and affairs of the Group and the Company.

36. INTANGIBLE ASSETS

	Group and Company	
	2020	2019
Software	Rs 000	Rs 000
Cost		
At 1 January	25,654	25,210
Additions during the year	1,394	444
At 31 December	27,048	25,654
Accumulated amortisation		
At 1 January	20,184	17,256
Charge for the year	1,872	2,928
At 31 December	22,056	20,184
Carrying amount at 31 December	**4,992**	**5,470**

The directors have reviewed the carrying amount of the Group's and Company's intangible assets and are of the opinion that no impairment is required at the reporting date (2019: nil).

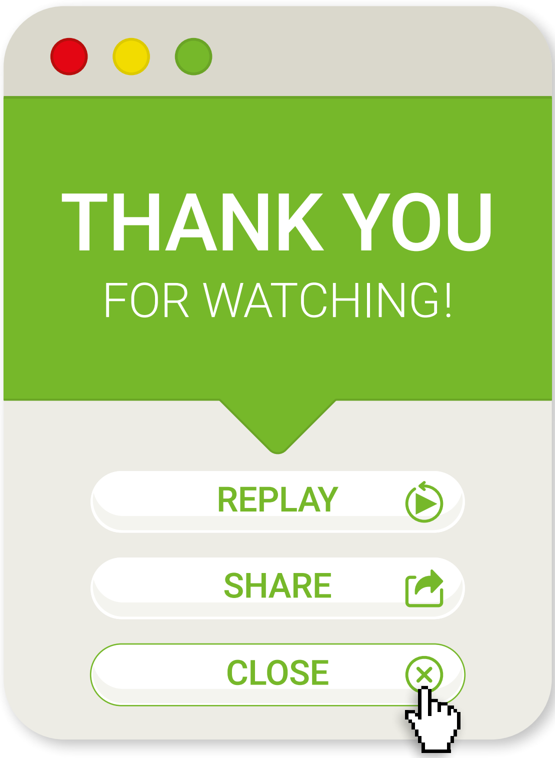
37. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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.

	At 1 January 2020	Financing cash flows*	New finance leases	At 31 December 2020
Group and Company	Rs 000	Rs 000	Rs 000	Rs 000
Lease liabilities	4,684	(2,792)	8,197	10,089

	At 1 January 2019	Financing cash flows*	New finance leases	At 31 December 2019
Group and Company	Rs 000	Rs 000	Rs 000	Rs 000
Lease liabilities	7,109	(2,425)	-	4,684

*The financing cash flows relates to repayments of lease liabilities in the statements of cash flows.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