Financial Statements

Independent Auditor's Report

Independent Auditor's Report to the Shareholders of IBL Ltd

Report on audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of IBL Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 192 to 324, which comprise the consolidated and separate statements of financial position as at 30 June 2018, 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 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 the Company as at 30 June 2018, 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 Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements of the IESBA Code of Ethics for Professional Accountants. 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, in our professional judgement, were of most significance in our audit of the consolidated and separate 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. The key audit matters noted below relate to the consolidated and separate financial statements.

Independent Auditor's Report

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of properties	
The Group and the Company's carrying value of land and buildings amounted to Rs 20.36 billion and Rs 372 million and investment properties amounted to Rs 841 million and Nil respectively. The Group and the Company's revaluation adjustments in respect of land and buildings recorded in other comprehensive income for the year was Rs 296 million and Nil while the fair value adjustments in respect of investment property recorded in loss for the year was Rs 3.5 million and Nil respectively. The disclosures are provided in Notes 4 and 5 to the financial statements. Significant judgment is required by management in determining the fair value of properties. Accordingly the valuation of properties is considered to be a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the judgment associated with determining the fair value. The properties of the Group and the Company comprise of owner-occupied land and buildings and investment properties. The models used to determine the fair values for each of the categories differ due to the different nature of each of these categories. The Company uses an independent valuer to determine the fair values for all of the properties held in these categories. The inputs with the most significant impact on these valuations include comparable market data, discount rates, capitalisation rates, depreciation rates, and replacement costs.	We assessed the competence, capabilities and objectivity of management's independent valuer, and verified the qualifications of the valuer. In addition, we discussed the scope of his work with management and reviewed his terms of engagement to determine that there were no matters that affected his objectivity or imposed scope limitations upon him. We confirmed that the approaches used were consistent with IFRS and industry norms. We evaluated management's judgments, in particular: · The models used by management; and · The significant assumptions including comparable market data, discount rates, capitalisation rates, depreciation rates and replacement costs. We compared these inputs to market data and entity-specific historical information to confirm the appropriateness of these judgments. Furthermore, we tested a selection of data inputs underpinning the valuation against appropriate supporting documentation to assess the accuracy, reliability and completeness thereof. The carrying values and disclosures pertaining to the revaluation of properties were found to be appropriate.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted investments	
Fair values of unquoted investments are determined by using valuation techniques including third party transactions values, earnings, net asset value or discounted cash flow, whichever is considered to be appropriate. The disclosures of fair values of unquoted investments have been provided in Notes 11, 12, 13, 14 and 38 to the financial statements. Such valuation exercise, as applied in the current year, requires that management makes estimates of discount factors and price earnings ratio as applicable to the relevant market. Changes in assumptions about these factors could affect the reported fair values of the unquoted investments. Determining whether the unquoted investments held at cost are impaired requires an estimation of the value in use of the unquoted investments. In considering the value in use, the directors and management have taken into consideration the management accounts, approved budgets and comparable transactions. The actual results could however differ from the estimates. The disclosures relating to impairment of unquoted investments have been provided in Notes 11, 12, 13 and 14 to the financial statements. Management has disclosed the accounting judgements and estimates used for fair valuation and impairment of investments in Note 3 to the financial statements. Accordingly the valuation of unquoted investments is considered to be a key audit matter.	In evaluating the fair values and impairment of unquoted investments, we reviewed the valuation calculations prepared by management. We performed various procedures, including the following: · Evaluated the appropriateness of the valuation methodology and models used. · Reviewed the entity's controls relating to the preparation of the cash flow forecasts. · Reviewed the inputs used in the cash flow forecast against historical performance and in comparison to the directors' and management's strategic plans. · Assessed the reasonableness of the valuation assumptions and tested the underlying source information of the significant valuation assumptions. · Reviewed appropriateness of discount factors used, including any illiquidity, size and lack of control factors. · Verified the mathematical accuracy of the valuation. · Performed sensitivity analyses on the growth rates and discount rates to evaluate the extent of impact on the value in use and the appropriateness of the directors' and management's disclosures. We considered the assumptions and disclosures in the financial statements to be appropriate.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill	
The Group has goodwill amounting to Rs 2.5 billion at 30 June 2018. Significant judgement is required by management in assessing the impairment of goodwill, which is determined using discounted cash flows for each Cash Generating Units (CGU) for which goodwill has been allocated. Management has disclosed the accounting judgment and estimate used in the above in Notes 3 and 6. The value in use is extremely sensitive to changes in the weighted average cost of capital (WACC) rate and growth rate. Accordingly, for the purposes of our audit, we identified the impairment of goodwill as representing a key audit matter.	In evaluating the impairment of goodwill, we reviewed the value in use calculations prepared by management. We performed various procedures, including the following: · Reviewed the entity's controls relating to the preparation of the cash flow forecasts. · Reviewed the inputs used in the cash flow forecast against historical performance and in comparison to the directors' and management's strategic plans. · Compared the growth rates used to historical data regarding economic growth rates in the cash generating units. · Reviewed appropriateness of discount factors used, including any illiquidity and size factors. · Verified the mathematical accuracy of the valuation · Performed sensitivity analyses on the growth rates and discount rates to evaluate the extent of impact on the value in use. We considered the assumptions and disclosures in the financial statements to be appropriate.
Retirement benefits	
The Group and the Company operate final salary defined benefit plans and have recognized a retirement benefit asset of Rs 5.2 million and retirement benefit obligations of Rs 1.8 billion and Rs 852 million respectively at 30 June 2018. Management has applied judgement in determining the retirement benefits and has involved an actuary to assist with the IAS 19 provisions and disclosures. Retirement benefit assets and obligations are considered a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the judgment associated with determining the amount of provision. The significant assumptions used in respect of the retirement benefits assets and obligations have been disclosed in Note 24.	We assessed the competence, capabilities and objectivity of management's independent actuary and verified the qualifications of the actuary. The procedures performed included the following: · We assessed and challenged the assumptions that management made in determining the present value of the liabilities and fair value of plan assets. · We compared the assumptions used such as discount rate and annual salary increment with industry and historical data. · We verified the data used by the actuary with the payroll report for completeness and accuracy We found the assumptions and disclosures in the financial statements to be appropriate.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Loans and Advances – Allowance for credit impairment	
One of the Company's associated companies has recognised in their financial statements an allowance for credit impairment on loans and advances at 30 June 2018. The Group's share of the above represent Rs386 million and Rs241 million which are reflected in the Group's financial statements when applying the equity accounting as part of the investment in associates and share of results of associates at 30 June 2018 respectively. Due to the substantial amount of the loans and advances outstanding on the statement of financial position and the significance of the judgements applied, allowance for credit impairment on loans and advances is considered a key audit matter. The determination of assumptions for the measurement of impairment is highly subjective due to the level of judgement applied by Management. Changes in the assumptions and the methodology applied may have a major impact on the measurement of allowance for credit impairment. The judgement and assumptions used in determining allowance for credit impairment are disclosed in Note 3 to the financial statements. The most significant judgments are: · If impairment events have occurred. · Valuation of collateral and future cash flows. · Management judgements and assumptions used.	We have discussed with the component auditor and the audit procedures performed included among others: · Obtaining audit evidence in respect of key controls over the processes for impairment events identification and collateral valuation. · Inspecting the minutes of Credit Committee and Board to ensure that there are governance controls in place in relation to assessment of allowance for credit impairment. · Challenging the methodologies applied by using our industry knowledge and experience. · Assessing the key changes in the assumptions against industry standards and historical data. · Obtaining audit evidence of management judgments and assumptions, especially focusing on the consistency of the approach. · Performing a risk-based test of loans and advances to ensure timely identification of impairment and for impaired loans to ensure appropriate allowance for credit impairment. We found the assumptions used in determining the allowance for credit impairment and disclosures in the financial statements to be appropriate.

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Report on other legal and regulatory requirements

The 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.

The Financial Reporting Act 2004
The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the Corporate Governance Report is consistent with the requirements of the Code.

Other information

The directors are responsible for the other information. The other information comprises the, Statutory Disclosures, List of directors of the Group and Certificate from Company Secretary which we obtained prior to the date of this auditor's report. It also includes other reports to be included in the Annual Report which are expected to be made available after that date. The other information, does not include the consolidated and separate financial statements, the Corporate Governance Report and our auditor's report thereon.

Our opinions on the consolidated and separate financial statements as well as the Corporate Governance Report do not cover the other information and we do not express any form of assurance or 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 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.

When we read the other reports which are expected to be made available to us after the date of the auditor's report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Independent Auditor's Report

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

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

- Identify and assess the risks of material misstatement of the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year 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.

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

Deloitte
Chartered Accountants

Jacques de C. Du Mée, ACA
Licensed by FRC

24 September 2018

Statements of Financial Position as at 30 June 2018

	Notes	THE GROUP 2018 Rs'000	THE GROUP 2017 (Restated) Rs'000	THE GROUP 2016 (Restated) Rs'000	THE COMPANY 2018 Rs'000	THE COMPANY 2017 Rs'000
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	4	**26,532,127**	23,631,857	22,385,829	**555,047**	993,307
Investment properties	5	**841,310**	395,950	487,891	**-**	145,400
Intangible assets	6(a)	**3,543,327**	3,186,419	3,118,692	**71,893**	51,032
Deferred expenditure	6(b)	**18,624**	18,211	-	**-**	-
Land and related development costs	16	**1,604,798**	-	-	**-**	-
Non current receivables	17	**4,541**	-	-	**-**	-
Deferred tax assets	7	**359,277**	241,304	145,156	**60,563**	58,907
Bearer biological assets	8	**3,541**	8,411	13,779	**-**	-
Retirement benefit assets	24	**5,179**	5,525	-	**-**	-
Finance lease receivables	10	**-**	398,198	424,047	**-**	-
Investment in:						
- Subsidiaries	11	**-**	-	-	**22,077,283**	17,843,383
- Associated companies	12	**8,970,920**	9,192,879	8,441,886	**5,893,567**	7,292,910
- Joint ventures	13	**202,897**	208,861	162,985	**347,002**	395,821
- Other financial assets	14	**980,593**	1,025,384	1,183,822	**161,465**	246,513
		10,154,410	10,427,124	9,788,693	**28,479,317**	25,778,627
		43,067,134	38,312,999	36,364,087	**29,166,820**	27,027,273
CURRENT ASSETS						
Consumable biological assets	9	**34,627**	31,998	35,894	**-**	-
Finance lease receivables	10	**-**	287,444	417,998	**-**	-
Held to maturity investments	14	**173,452**	40,000	-	**-**	-
Inventories	15	**4,206,695**	4,075,571	4,212,720	**827,955**	833,837
Land and related development costs	16	**100,159**	-	-	**-**	-
Trade and other receivables	18	**7,780,260**	8,243,541	6,317,163	**1,808,102**	3,328,871
Tax assets	26	**67,683**	34,111	37,272	**3,266**	-
Notes issued	19	**-**	242,400	254,900	**-**	-
Cash and cash equivalents		**1,799,943**	1,457,418	1,592,862	**68,430**	24,820
		14,162,819	14,412,483	12,868,809	**2,707,753**	4,187,528
Assets classified as held for sale	20	**1,845,878**	-	1,647,436	**174,926**	-
TOTAL ASSETS		**59,075,831**	52,725,482	50,880,332	**32,049,499**	31,214,801

Statements of Financial Position as at 30 June 2018

	Notes	THE GROUP 2018 Rs'000	THE GROUP 2017 (Restated) Rs'000	THE GROUP 2016 (Restated) Rs'000	THE COMPANY 2018 Rs'000	THE COMPANY 2017 Rs'000
EQUITY AND LIABILITIES						
Stated capital	21(a)	**1,361,941**	1,361,941	897,883	**1,361,941**	1,361,941
Restricted redeemable shares	21(b)	**5,000**	5,000	5,000	**5,000**	5,000
Revaluation and other reserves		**5,000,195**	4,814,084	4,834,867	**14,732,855**	14,413,432
Retained earnings		**10,595,052**	9,984,607	9,871,495	**6,404,575**	5,624,908
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**16,962,188**	16,165,632	15,609,245	**22,504,371**	21,405,281
NON CONTROLLING INTERESTS		**11,452,714**	10,631,629	10,248,309	**-**	-
TOTAL EQUITY		**28,414,902**	26,797,261	25,857,554	**22,504,371**	21,405,281
NON-CURRENT LIABILITIES						
Borrowings	22	**11,285,303**	6,177,921	6,229,888	**4,450,702**	1,258,430
Retirement benefit obligations	24	**1,840,025**	1,742,039	1,581,813	**851,887**	765,028
Government grants	27	**50,688**	59,734	73,217	**-**	-
Deferred tax liabilities	7	**1,183,246**	1,108,036	928,603	**-**	-
Other payables	23	**54,957**	-	20,000	**37,641**	-
		14,414,219	9,087,730	8,833,521	**5,340,230**	2,023,458
CURRENT LIABILITIES						
Borrowings	22	**6,656,060**	8,193,254	7,997,962	**3,319,049**	6,060,445
Trade and other payables	25	**8,119,646**	8,522,323	6,945,520	**885,849**	1,720,720
Dividend proposed	34	**84,531**	-	577,625	**-**	-
Tax liabilities	26	**82,565**	115,172	135,930	**-**	4,897
Government grants	27	**10,069**	9,742	6,627	**-**	-
		14,952,871	16,840,491	15,663,664	**4,204,898**	7,786,062
Liabilities associated with assets classified as held for sale	20	**1,293,839**	-	525,593	**-**	-
TOTAL EQUITY AND LIABILITIES		**59,075,831**	52,725,482	50,880,332	**32,049,499**	31,214,801

Approved by the Board of Directors and authorised for issue on 24 September 2018.

Jan Boulé
Chairman

San T. Singaravelloo
Director

The accounting policies set out on pages 204 to 225 and the notes on pages 226 to 324 form an integral part of these financial statements.
The auditor's report is on pages 184 to 190.

Statements of Profit or Loss for the year ended 30 June 2018

		THE GROUP		THE COMPANY	
		2018	2017 (Restated)	**2018**	2017
	Notes	**Rs'000**	Rs'000	**Rs'000**	Rs'000
CONTINUING OPERATIONS					
Revenue	28	**37,074,403**	33,670,136	**5,291,046**	5,261,436
Cost of sales		**(26,424,111)**	(23,466,419)	**(3,585,086)**	(3,452,894)
Gross profit		**10,650,292**	10,203,717	**1,705,960**	1,808,542
Other income	30	**526,146**	614,187	**264,777**	168,346
Administrative expenses		**(8,831,351)**	(8,073,623)	**(1,393,001)**	(1,225,766)
Operating profit		**2,345,087**	2,744,281	**577,736**	751,122
Finance income	31	**34,503**	20,749	**25,964**	113,457
Finance costs	32	**(791,656)**	(721,577)	**(271,015)**	(355,776)
Other gains and losses	33	**780,296**	(155,036)	**149,216**	75,243
Share of results of associated companies	12	**297,703**	438,679	**–**	–
Share of results of joint ventures	13	**65,842**	55,896	**–**	–
Profit before tax		**2,731,775**	2,382,992	**481,901**	584,046
Tax expense/(income)	26	**(345,886)**	(406,264)	**9,659**	(5,360)
Profit for the year from continuing operations		**2,385,889**	1,976,728	**491,560**	578,686
Discontinued operations					
(Loss) / profit for the year from discontinued operations	20	**(3,017)**	29,031	**–**	–
Profit for the year	29	**2,382,872**	2,005,759	**491,560**	578,686

Statements of Profit or Loss for the year ended 30 June 2018

		THE GROUP		THE COMPANY	
		2018	2017 (Restated)	**2018**	2017
	Notes	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Attributable to:					
– Owners of the Company		**1,508,967**	1,093,106	**491,560**	578,686
– Non-controlling interests		**873,905**	912,653	**–**	–
		2,382,872	2,005,759	**491,560**	578,686
Earnings per share (Rs)					
– From continuing and discontinued operations	44	**2.22**	1.61		
– From continuing operations	44	**2.22**	1.56		

The accounting policies set out on pages 204 to 225 and the notes on pages 226 to 324 form an integral part of these financial statements.
The auditor's report is on pages 184 to 190.

Statements of Comprehensive Income for the year ended 30 June 2018

	THE GROUP		THE COMPANY	
	2018	2017 (Restated)	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit for the year	**2,382,872**	2,005,759	**491,560**	578,686
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Revaluation of land and buildings	**296,245**	375,358	**–**	51,399
Deferred tax on revaluation of land and buildings	**(14,522)**	(82,152)	**–**	(8,738)
Remeasurement of retirement benefits obligations	**(16,245)**	(129,527)	**(64,213)**	(69,343)
Deferred tax on remeasurement of retirement benefits obligations	**5,349**	12,038	**10,916**	11,788
Remeasurement of retirement benefits obligations – share of associates and joint ventures	**(12,823)**	(30,134)	**–**	–
	258,004	145,583	**(53,297)**	(14,894)
Items that may be reclassified subsequently to profit or loss				
Available for sale investments				
Increase in fair value of available for sale investments (Note (a))	**35,562**	51,195	**1,772,941**	3,951,858
Fair value adjustment realised on disposal	**31,623**	(136,149)	**(615,550)**	(335,557)
	67,185	(84,954)	**1,157,391**	3,616,301
Exchange differences on translating foreign operations	**39,950**	(62,573)	**–**	–
Deferred tax relating to components of other comprehensive income	**7,146**	(13,045)	**–**	–
Other movements in reserves	**–**	(13,952)	**–**	–
Other movements in reserves of associates and joint ventures	**176,373**	6,051	**–**	–
Total other comprehensive income	**548,658**	(22,890)	**1,104,094**	3,601,407
Total comprehensive income for the year	**2,931,530**	1,982,869	**1,595,654**	4,180,093

Statements of Comprehensive Income for the year ended 30 June 2018

	THE GROUP		THE COMPANY	
	2018	2017 (Restated)	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Attributable to:				
– Owners of the Company	**1,883,227**	1,112,645	**1,595,654**	4,180,093
– Non-controlling interests	**1,048,303**	870,224	**–**	–
	2,931,530	1,982,869	**1,595,654**	4,180,093
Total comprehensive income for the year analysed as follows:				
– Continuing operations	**2,934,547**	1,953,838	**1,595,654**	4,180,093
– Discontinued operations	**(3,017)**	29,031	**–**	–
	2,931,530	1,982,869	**1,595,654**	4,180,093

Note (a): The increase in fair value is analysed as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Subsidiaries (Note 11)	**–**	–	**2,405,059**	2,757,186
Associates (Note12)	**–**	–	**(621,258)**	1,084,095
Joint ventures (Note 13)	**–**	–	**(8,769)**	98,771
Other financial assets (Note 14)	**35,562**	51,195	**(2,091)**	11,806
	35,562	51,195	**1,772,941**	3,951,858

The accounting policies set out on pages 204 to 225 and the notes on pages 226 to 324 form an integral part of these financial statements.
The auditor's report is on pages 184 to 190.

Statements of Changes in Equity for the year ended 30 June 2018

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THE GROUP	ATTRIBUTABLE TO OWNERS OF THE COMPANY									Non controlling interests	Total equity
	Stated capital	Restricted redeemable shares	Revaluation reserves	Currency translation reserves	Fair value reserves	(Note (a)) Other reserves	Capital contribution reserve	Retained earnings	Total		
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2016											
– As previously stated	897,883	5,000	2,170,524	67,969	30,229	271,863	2,639,269	9,762,100	15,844,837	10,248,309	26,093,146
– Prior year adjustment (Note 46)	–	–	(343,083)	–	(1,904)	–	–	109,395	(235,592)	–	(235,592)
– As restated	897,883	5,000	1,827,441	67,969	28,325	271,863	2,639,269	9,871,495	15,609,245	10,248,309	25,857,554
Profit for the year	–	–	–	–	–	–	–	1,093,106	1,093,106	912,653	2,005,759
Other comprehensive (loss)/income for the year	–	–	279,453	(76,243)	(64,404)	(6,421)	–	(112,846)	19,539	(42,429)	(22,890)
Total comprehensive income for the year	–	–	279,453	(76,243)	(64,404)	(6,421)	–	980,260	1,112,645	870,224	1,982,869
Changes in percentage holding of subsidiaries	–	–	–	–	–	–	–	(10,456)	(10,456)	(23,350)	(33,806)
Recycling of reserves following disposal of property	–	–	(76,712)	–	–	–	–	76,712	–	–	–
Other movements in reserves and retained earnings	–	–	(6,536)	4,333	52	–	–	43,644	41,493	(41,493)	–
Other movements in non controlling interests	–	–	(170,089)	–	1,926	353,172	207,176	(534,902)	(142,717)	52,571	(90,146)
Share based payment (Note 42)	–	–	–	–	–	(2,432)	–	–	(2,432)	(3,761)	(6,193)
Shares issued to non controlling interests	–	–	–	–	–	–	–	–	–	11,863	11,863
Issue of redeemable shares	–	–	–	–	–	–	–	–	–	–	–
Dividends paid to non controlling interests	–	–	–	–	–	–	–	–	–	(482,734)	(482,734)
Dividends (Note 34)	–	–	–	–	–	–	–	(442,146)	(442,146)	–	(442,146)
Issue of shares	464,058	–	–	–	–	–	(464,058)	–	–	–	–
At 30 June 2017	1,361,941	5,000	1,853,557	(3,941)	(34,101)	616,182	2,382,387	9,984,607	16,165,632	10,631,629	26,797,261
At 1 July 2017											
– As previously stated	1,361,941	5,000	2,198,381	(3,941)	(32,197)	616,509	2,382,387	9,895,970	16,424,050	10,631,629	27,055,679
– Prior year adjustment (Note 46)	–	–	(344,824)	–	(1,904)	(327)	–	88,637	(258,418)	–	(258,418)
– As restated	1,361,941	5,000	1,853,557	(3,941)	(34,101)	616,182	2,382,387	9,984,607	16,165,632	10,631,629	26,797,261
Profit for the year	–	–	–	–	–	–	–	1,508,967	1,508,967	873,905	2,382,872
Other comprehensive (loss)/income for the year	–	–	298,889	38,946	63,871	(10,451)	–	(16,995)	374,260	174,398	548,658
Total comprehensive income for the year	–	–	298,889	38,946	63,871	(10,451)	–	1,491,972	1,883,227	1,048,303	2,931,530
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	1,691,895	1,691,895
Changes in percentage holding of subsidiaries	–	–	–	–	–	(133)	–	(608,388)	(608,521)	(1,484,461)	(2,092,982)
Other movements in non controlling interests	–	–	–	–	–	–	–	–	–	4,809	4,809
Reclassification of reserves	–	–	(5,909)	1,055	119,912	(334,556)	–	170,631	(48,867)	48,867	–
Other movements in reserves and non controlling interests	–	–	(22,168)	1,075	(834)	37,505	–	52,794	68,372	(68,372)	–
Share based payment (Note 42)	–	–	–	–	–	(1,091)	–	–	(1,091)	(1,123)	(2,214)
Shares issued to non controlling interests	–	–	–	–	–	–	–	–	–	1,511	1,511
Dividends paid to non controlling interests	–	–	–	–	–	–	–	–	–	(417,081)	(417,081)
Dividends (Note 34)	–	–	–	–	–	–	–	(496,564)	(496,564)	–	(496,564)
Disposal of subsidiary	–	–	–	–	–	–	–	–	–	(3,263)	(3,263)
At 30 June 2018	**1,361,941**	**5,000**	**2,124,369**	**37,135**	**148,848**	**307,456**	**2,382,387**	**10,595,052**	**16,962,188**	**11,452,714**	**28,414,902**

Note (a): Other reserves include profits transferred from retained earnings for appropriation purpose, cash flow hedge movement, share based payment movement as well as reserve adjustments following changes in shareholding of subsidiaries without loss of control.

The accounting policies set out on pages 204 to 225 and the notes on pages 226 to 324 form an integral part of these financial statements.
The auditor's report is on pages 184 to 190.

Statements of Changes in Equity for the year ended 30 June 2018

FINANCIAL STATEMENTS

THE COMPANY	Stated capital Rs'000	Restricted redeemable shares Rs'000	Fair value reserve Rs'000	Revaluation reserve Rs'000	Translation reserve Rs'000	Capital contribution reserve Rs'000	Retained earnings Rs'000	Total Rs'000
At 1 July 2016	897,883	5,000	7,765,721	–	–	–	5,444,651	14,113,255
Profit for the year	–	–	–	–	–	–	578,686	578,686
Other comprehensive income for the year	–	–	3,616,301	42,661	–	–	(57,555)	3,601,407
Total comprehensive income for the year	–	–	3,616,301	42,661	–	–	521,131	4,180,093
Issue of shares	464,058	–	–	–	–	(464,058)	–	–
Amalgamation adjustment (Note 45)	–	–	(3,383,413)	988,410	38,969	5,847,810	62,302	3,554,078
Movement in reserves	–	–	–	–	(38,969)	–	38,969	–
Dividend (Note 34)	–	–	–	–	–	–	(442,145)	(442,145)
At 30 June 2017	1,361,941	5,000	7,998,609	1,031,071	–	5,383,752	5,624,908	21,405,281
At 1 July 2017	1,361,941	5,000	7,998,609	1,031,071	–	5,383,752	5,624,908	21,405,281
Profit for the year	–	–	–	–	–	–	491,560	491,560
Other comprehensive income for the year	–	–	1,157,391	–	–	–	(53,297)	1,104,094
Total comprehensive income for the year	–	–	1,157,391	–	–	–	438,263	1,595,654
Movement in reserves	–	–	–	(837,968)	–	–	837,968	–
Dividend (Note 34)	–	–	–	–	–	–	(496,564)	(496,564)
At 30 June 2018	**1,361,941**	**5,000**	**9,156,000**	**193,103**	**–**	**5,383,752**	**6,404,575**	**22,504,371**

The accounting policies set out on pages 204 to 225 and the notes on pages 226 to 324 form an integral part of these financial statements.
The auditor's report is on pages 184 to 190.

Statements of Cash Flows
for the year ended 30 June 2018

	THE GROUP		THE COMPANY	
	2018	2017 (Restated)	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
OPERATING ACTIVITIES				
Profit before tax from continuing operations	**2,731,775**	2,382,992	**481,901**	584,046
Loss before tax from discontinued operations	**8,024**	29,275	**–**	–
	2,739,799	2,412,267	**481,901**	584,046
Adjustments for:				
Share of profits from associated companies	**(336,593)**	(548,404)	**–**	–
Share of profits from joint ventures	**(65,842)**	(55,896)	**–**	–
Depreciation of property, plant and equipment	**1,672,240**	1,588,539	**74,064**	79,798
Assets written off	**20,249**	19,186	**282**	17
(Profit)/loss on disposal of property, plant and equipment and intangible assets	**(4,469)**	(164,089)	**819**	(130)
Adjustments of property, plant and equipment	**–**	–	**(35,605)**	–
Amortisation of intangible assets	**67,750**	80,428	**11,852**	11,414
Amortisation of grants	**(8,911)**	(10,309)	**–**	–
Impairment of goodwill	**143,692**	123,978	**–**	–
Gain on bargain purchase	**(460,401)**	–	**–**	–
Profit on disposal of investments	**(1,014,599)**	(92,739)	**(1,156,738)**	(347,228)
Impairment loss on investments	**178,215**	21,091	**203,937**	271,985
Exchange differences	**19,813**	(11,318)	**–**	–
Reversal of provisions	**(37,583)**	–	**(30,172)**	–
Share based payment	**(2,214)**	(6,193)	**–**	–
Dividend income	**–**	(45)	**–**	–
Interest income	**(40,454)**	(20,749)	**(25,964)**	(113,457)
Interest expense	**799,209**	721,657	**271,015**	355,776
Movement in retirement benefits obligations	**55,897**	26,992	**22,944**	(17,945)
Profit on deemed disposal of associated companies resulting from dilution	**42,784**	–	**–**	–
Amortisation of biological assets	**3,161**	2,217	**–**	–
Impairment loss on biological assets	**1,709**	6,915	**–**	–
Fair value movement on consumable biological assets	**12,010**	8,091	**–**	–
Fair value of investment property	**3,543**	72,395	**–**	–
Loss on remeasurement on acquisition	**50,004**	–	**–**	–
	3,839,009	4,174,014	**(181,665)**	824,276
Working capital adjustments:				
Movement in consumable biological assets	**(14,639)**	(4,195)	**–**	–
Net investment in finance leases	**109,764**	156,403	**–**	–
Movement in inventories	**(22,175)**	192,767	**5,882**	17,095
Movement in trade and other receivables	**797,350**	(1,926,040)	**2,048,378**	(649,672)
Movement in trade and other payables	**(1,092,434)**	1,554,908	**(743,778)**	273,547
CASH GENERATED FROM OPERATIONS	**3,616,875**	4,147,857	**1,128,817**	465,246
Interest paid	**(799,209)**	(721,657)	**(271,015)**	(355,776)
Tax paid	**(437,420)**	(426,348)	**(12,821)**	(35,647)
NET CASH FLOW FROM OPERATING ACTIVITIES	**2,380,246**	2,999,852	**844,981**	73,823

The accounting policies set out on pages 204 to 225 and the notes on pages 226 to 324 form an integral part of these financial statements.
The auditor's report is on pages 184 to 190.

FINANCIAL STATEMENTS

Statements of Cash Flows
for the year ended 30 June 2018

	THE GROUP		THE COMPANY	
	2018	2017 (Restated)	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
NET CASH FLOW FROM OPERATING ACTIVITIES	**2,380,246**	2,999,852	**844,981**	73,823
INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment, investment property and intangible assets	**106,836**	1,439,507	**644,441**	6,339
Proceeds from sale of investments	**1,676,528**	161,254	**1,481,692**	147,679
Purchase of property, plant and equipment	**(2,774,574)**	(2,758,640)	**(98,147)**	(66,409)
Purchase of intangible assets	**(145,353)**	(282,072)	**(33,794)**	(7,660)
Acquisition of investments	**(2,511,154)**	(665,760)	**(2,774,726)**	(1,553,426)
Purchase of investment properties	**(5,070)**	(6,546)	**–**	–
Movement in notes issued	**242,400**	12,500	**–**	–
Additions to land development costs	**67,220**	–	**–**	–
Additions to deferred expenditure	**(413)**	(18,211)	**–**	–
Movement in non current receivables	**(2,971)**	–	**–**	–
Expenditure on bearer biological assets	**–**	(3,764)	**–**	–
Net cash outflow on acquisition of subsidiaries (Note 39(a))	**(854,275)**	(3,500)	**–**	–
Net cash inflow on disposal of subsidiaries (Note 39(b))	**3,571**	–	**–**	–
Net cash outflow on winding up of subsidiaries	**(7,265)**	–	**–**	–
Net cash outflow on amalgamation (Note 45)	**–**	–	**–**	(3,607,158)
Dividend received from associated companies and joint ventures	**272,782**	323,791	**–**	–
Dividend received	**–**	45	**–**	–
Interest received	**40,454**	20,749	**25,964**	113,457
NET CASH FLOW USED IN INVESTING ACTIVITIES	**(3,891,284)**	(1,780,647)	**(754,570)**	(4,967,178)
FINANCING ACTIVITIES				
Net movement in borrowings	**4,891,860**	(489,723)	**2,821,501**	1,180,395
Movement in deposits from customers	**(88,952)**	(163,251)	**–**	–
Shares issued to non controlling shareholders	**1,511**	11,863	**–**	–
Dividend paid to non controlling shareholders	**(332,550)**	(482,734)	**–**	–
Dividend paid to owners of the Company	**(496,564)**	(442,146)	**(496,564)**	(442,145)
NET CASH FLOW GENERATED FROM / (USED IN) FINANCING ACTIVITIES	**3,975,305**	(1,565,991)	**2,324,937**	738,250
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,464,267**	(346,786)	**2,415,348**	(4,155,105)
CASH AND CASH EQUIVALENTS AS AT 1 JULY	**(3,622,187)**	(3,275,401)	**(4,189,093)**	(33,988)
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	**(1,157,920)**	(3,622,187)	**(1,773,745)**	(4,189,093)
Represented by :				
Cash in hand and at bank	**1,799,943**	1,457,418	**68,430**	24,820
Bank overdrafts (Note 22)	**(3,206,322)**	(5,079,605)	**(1,842,175)**	(4,213,913)
Assets classified as held for sale (Note 20)	**248,459**	–	**–**	–
	(1,157,920)	(3,622,187)	**(1,773,745)**	(4,189,093)

The accounting policies set out on pages 204 to 225 and the notes on pages 226 to 324 form an integral part of these financial statements.
The auditor's report is on pages 184 to 190.

1. CORPORATE INFORMATION

IBL Ltd (the "Company") is a public company incorporated in Mauritius and its main activities are that of investment holding and trading in consumables and healthcare products. Its registered office and principal place of business is situated on the 4th, Floor, IBL House, Caudan Waterfront, Port Louis, Mauritius.

2(A). APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

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 were relevant to the Group and the Company's operations and effective for accounting periods beginning on 1 July 2017.

New and revised IFRSs applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Except for IAS 7, their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 7 Statement of Cash Flows - Amendments as result of the Disclosure initiative

The Group and the Company have applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash charges.

The liabilities of the Group and the Company arising from financing activities consist of borrowings. A reconciliation between the opening and closing balances of these items is provided in note 22.

IAS 12 Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses

IFRS 12 Disclosure of Interests in Other Entities - Amended by Annual Improvements to IFRS Standards 2014 - 2016 Cycle (Clarification of the scope of the Standard)

New and revised IFRSs and IFRICs in issue but not yet effective

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

IAS 12 Income Taxes - Amendments resulting from Annual Improvements 2015-2017 cycle (income tax consequences of dividends) (effective 1 January 2019)

IAS 19 Employee Benefits - Amendments regarding plan amendments, curtailments or settlements (effective 1 January 2019)

IAS 23 Borrowing Costs - Amendments resulting from Annual Improvements 2015-2017 cycle (borrowings costs eligible for capitalisation) (effective 1 January 2019)

IAS 28 Investment in Associates and Joint Ventures - Amendments by Annual Improvements to IFRS Standards 2014-2016 Cycle (clarifying certain fair value measurements) (effective 1 January 2018)

IAS 28 Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution between an investor and its associates or joint ventures (deferred indefinitely)

IAS 28 Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures (effective 1 January 2019)

IAS 39 Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied and to extend the fair value option to certain contracts that meet the 'own case' scope exception (applies when IFRS 9 is applied)

IAS 40 Investment Property - Amendments to clarify transfers or property to, or from, investment property (effective 1 January 2018)

IFRS 2 Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions (effective 1 January 2018)

IFRS 3 Business Combinations - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest) (effective 1 January 2019)

2(A). APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

New and revised IFRSs and IFRICs in issue but not yet effective (continued)

IFRS 4 Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9 (effective 1 January 2018)

IFRS 7 Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)

IFRS 7 Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)

IFRS 9 Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9 – (effective 1 January 2018)

IFRS 9 Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition of financial assets and financial liabilities (effective 1 January 2018)

IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective 1 January 2018)

IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)

IFRS 11 Joint Arrangements - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest) (effective 1 January 2019)

IFRS 15 Revenue from contracts with customers – Original issue (effective 1 January 2018)

IFRS 15 Revenue from contracts with customers – Amendments to defer the effective date to 1 January 2018 (effective 1 January 2018)

IFRS 15 Revenue from contracts with customers – Clarifications to IFRS 15 (effective 1 January 2018)

IFRS 16 Leases - Original issue (effective 1 January 2019)

IFRS 17 Insurance Contracts - Original issue (effective 1 January 2021)

IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)

IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)

The directors anticipate that these IFRSs will be applied on their effective dates in the Group's and the Company's financial statements in future periods. Except for the impact of IFRS 9 and IFRS 15 which are as detailed below, the directors have not yet assessed the potential impact of the application of these amendments.

IFRS 9 Financial Instruments - 1 January 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and in November 2013 to include the new requirement for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are sole payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrecoverable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2(A). APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

New and revised IFRSs and IFRICs in issue but not yet effective (continued)

IFRS 9 Financial Instruments – 1 January 2018 (continued)

Key requirements of IFRS 9 (continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Classification and measurement

- Quoted and unquoted securities and units are classified as available for sale under IAS 39 are expected to be measured at either FVOCI under the business model whose objective is achieved both by collecting contractual cash flows and selling the assets in the open market or designated at FVOCI for equity instruments. For designation at FVOCI, the accumulated fair value gains and losses will no longer be subsequently reclassified to profit or loss under IFRS 9, which is different from the current treatment.
- Financial investments classified as held to maturity, are carried at amortised cost. These are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of IFRS 9;
- All other financial assets and financial liabilities will continue to be measured on the same basis as is currently adopted under IAS 39.

Impairment of financial assets

Financial assets measured at amortised cost, amounts due from customer under construction contracts, and financial guarantee contracts will be subject to the impairment provision of IFRS 9.

The Group and the Company expect to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables, finance lease receivables and amounts due from customer under construction contracts as required or permitted by IFRS 9.

The directors anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for the respective items and will increase the amount of loss allowance recognised for these items.

IFRS 15 Revenue from contracts with customers – 1 January 2018

IFRS 15 In 2014, the International Accounting Standards Board ("IASB") issued IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"), replacing IAS 18, "Revenue", IAS 11, "Construction Contracts", and related interpretations. IFRS 15 provides a comprehensive framework for the recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the accounting standards on leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual periods beginning on or after 1 January 2018. The Group's and the Company's fiscal year ended on 30 June 2018, therefore the corresponding effective date for IFRS 15 adoption is 1 July 2018. The Group and the Company intend to adopt the standard on 1 July 2018 by applying the modified retrospective approach with adjustment to the opening retained earnings on 1 July 2018 and prior periods are not restated.

Notes to the Financial Statements
for the year ended 30 June 2018

FINANCIAL STATEMENTS

2(A). APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

New and revised IFRSs and IFRICs in issue but not yet effective (continued)

IFRS 15 Revenue from contracts with customers – 1 January 2018 (continued)

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Based on the preliminary assessment done by the Group, the potential accounting implications on different sectors are as follows:

Building and engineering

The contractual agreement with the customer may involve multiple performance obligations (e.g. demolition and MEP (Mechanical, Engineering and Plumbing) services, flooring and furniture & fittings etc.). In the current practice, all the components are recognised as single performance obligation and revenue is recognised on milestone basis measured by claims certified. However, in Manser Saxon Contracting Limited, revenue is recognised on proforma basis (i.e. work uncertified) in last month of the reporting period which is reversed in the next reporting period. The claim certified may not correspond to actual cost incurred as on date on the project. These services are provided on customers' premises and accordingly the customer control the work in progress as and when it is being created.

Also, the Group enters into contractual agreement for repairs of vessels as per customer specifications. In the current practice, revenue is recognised based on type of contracts. For large contracts, revenue is recognised on milestone basis measured by claims certified and for small contracts, revenue is recognised after completion of work. However, the claim certified may not correspond to actual cost incurred as on date on the project. These services are provided under the guidance of customer who monitors the progress on a real time basis and accordingly the customer control the work in progress as and when it is being created.

Under the principles of IFRS 15, an input (i.e. cost) based recognition would appropriately reflect the performance obligations delivered under the contract at any point in time. On changeover to percentage completion method based on cost, the difference between the revenue recognised and the invoice amount would be recognised as a contract asset or a contract liability for unbilled or overbilled revenue respectively. The transaction price would be allocated to identify performance obligations based on their standalone selling prices. On transition date the Group has assessed the impact on open contracts which is estimated to be in the range of Rs 70M to Rs 80M, net (ignoring the revenue recognised on proforma basis) that would be adjusted in opening retained earnings with a corresponding impact on contract asset or contract liability on the balance sheet. However, under IAS 18, Manser Saxon Contracting Limited has recognised revenue on proforma basis accordingly the incremental impact on retained earnings will be Rs90m to Rs 95M. An accounting policy change would be required post transition to align the revenue recognition policy based on percentage of completion under the principles of IFRS 15.

The Group also enters into contractual agreement with the customer for construction of vessels as per customer specifications. In the current practice, revenue is recognised on milestone basis based on work certified by the customer. Under IFRS 15 principles, all the services provided in constructing the vessel will be considered as one performance obligation as all the services are integrated and act as input to give the combined output which is the constructed vessel. The Group does the construction of the vessel in its dockyard and till the time construction is complete, customer do not control the work in progress of the construction. However, vessel constructed do not have an alternative use to the Group as it is highly customised. Accordingly, enforceability of payment which is defined as cost of work in progress plus reasonable profit margin needs to be evaluated to ensure a percentage completion method based on cost. If the enforceability of payment is not there throughout period of the contract, revenue will be recognised on completion of work. On transition date, the Group has assessed the impact on open contracts on construction of vessel is immaterial.

The Group also sells air conditioner with installation services to retail customers for which revenue is recognised upon completion of installation. Under IFRS 15 principles, sale of air conditioner including installation is considered as one performance obligation as installation is considered to be perfunctory to the sale of the air conditioner. Accordingly, revenue would be recognised when the control of the air conditioner is transferred to the customer. On transition date the Group has assessed that the impact on open contracts on sale of air conditioner and installation is immaterial.

Notes to the Financial Statements for the year ended 30 June 2018

2(A). APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

New and revised IFRSs and IFRICs in issue but not yet effective (continued)

IFRS 15 Revenue from contracts with customers – 1 January 2018 (continued)

Commercial

The potential impacted areas are around variable consideration and accounting for the loyalty points. Group offers different type of discount schemes to customers like volume rebates, discounts to super market for advertisement and discounts for sale of near expiry goods which are currently recognised as cost of sales. Under IFRS 15 principles, any discounts and rebates offered to the customer qualify as variable consideration, which are required to be adjusted from transaction price. The Group also offers loyalty points to customers under fidelity card programmes, which are currently recognised as cost of sales, but should be netted off against revenue as variable consideration and assessed at contract inception.

The Group also provides sale and installation services of boiler for which revenue is recognised upon completion of installation services under the current practice. However, under IFRS 15 principles, sale of boiler and installation services are seen as separate performance obligations and accordingly revenue would be recognized for the sale of boiler on transfer of control and revenue from installation services would be recognized upon completion of installation.

The impact on transition date from these adjustments are not considered to be material but would result in a change in accounting policy post implementation of this standard.

Logistics

Group is acting as a principal in rendering the transportation service for its business customers. The Group is primary obligor in delivering the transportation service, also has the discretion in pricing the service by negotiating the contract with end customer and bears the associated credit risk as well. In the current practice, the Group is recognising the revenue as an agent on a net basis. There is no resultant impact on the opening retained earnings on the transition date, but post implementation of IFRS 15, the revenue and the cost of sales would be disclosed on gross basis.

Financial and other services

The Group performance obligation under annual responsibility services is to provide registered office services, Secretarial services and Directors services. Each performance obligations is distinct service that have a similar pattern of transfer to the customer. The transaction price is generally a fixed amount charged for each of the service. Currently, revenue is recognised on the date of issue of invoices i.e. in advance. Under IFRS 15 principles, revenue would be recognized over time as the customer simultaneously receives and consumes the benefits of the service as it is performed. Revenues recognized will represent the proportion of the service completed as of the balance sheet date. On transition date the Group has assessed the impact on open contracts which is estimated an amount in the range of Rs 30M to Rs 40M would be adjusted in retained earnings with a corresponding impact on contract liability on the statements of financial position.

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in IFRS 15 are new. The Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made. In addition, as required by IFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared on a historical cost basis, except for:

- land and buildings which are carried at revalued amounts;
- investment properties which are carried at fair value;
- available for sale investments which are stated at fair value ;
- biological assets except for bearer plants which are stated at fair value less estimated point of sale costs.

The financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

FINANCIAL STATEMENTS

Notes to the Financial Statements for the year ended 30 June 2018

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Mauritian rupees and all values are rounded to the nearest thousand (Rs'000) except when otherwise indicated.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at June 30 each year. The Company controls an entity when it has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its power to affect those returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that the decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other of the Group.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Notes to the Financial Statements for the year ended 30 June 2018

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(c) Business combinations

Acquisition method

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values, (at the date of exchange), of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. Contingent consideration that is classified as an asset or liability is remeasured at subsequently reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets,* as appropriate, with the corresponding gain or loss being recognised in profit or loss. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net if the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net if the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Notes to the Financial Statements for the year ended 30 June 2018

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Business combinations (continued)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if the results in the non-controlling interests have a deficit balance.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Business combination under common control

A business combination involving entities or businesses in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination is considered as business combination under common control.

In case of any acquisitions which meet the criteria of business combinations under common control the assets and liabilities are recorded at their previous carrying values and the difference between the purchase consideration and share of net assets transferred are accounted for as an adjustment to equity as common control reserve in the retained earnings.

(d) Investment in subsidiaries

In the Company's financial statements, investments in subsidiary companies are carried at fair value. The gains and losses in fair value are recognised in other comprehensive income and accumulated under the heading of fair value reserves. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is recognised in profit or loss.

(e) Investment in associates

Associated companies are entities in which the Company or the Group has significant influence but which are neither a subsidiary nor a joint venture of the Company or the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Financial statements of the Company

Investments in associates are carried at fair value. Gains and losses on fair valuation of associates are recognised directly in equity. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is recognised in profit or loss.

Consolidated financial statements

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.* Under the equity method, investments in associates are carried in the consolidated statement of financial position at initially cost and adjusted for post-acquisition changes in the Group's share of the profit or loss and other comprehensive income of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Notes to the Financial Statements for the year ended 30 June 2018

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) *Investment in associates (continued)*

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date of equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

The accounting policies of the associates are in line with those used by the Group.

(f) *Foreign currency translation*

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Mauritian rupees, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated into the entity's functional currency at the rates of exchange prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Mauritian rupee using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. The exchange differences arising from translation of the foreign operations are recognised in other comprehensive income and accumulated in equity (Group's translation reserve), and attributed to non-controlling interests as appropriate.

On the disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of the associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

Notes to the Financial Statements for the year ended 30 June 2018

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) *Property, plant and equipment*

Subsequent to the initial recognition at cost, land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount at the reporting date.

Any revaluation surplus is credited in other comprehensive income and accumulated in equity to the property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss in which case the increase is recognised in profit or loss to the extent of the decrease previously charged. A revaluation deficit is recognised in profit or loss, to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

An annual transfer from the property revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets' original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

On the subsequent sale or retirement of a revalued property, the revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Other plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method to write off the cost of assets, or the revalued amounts, to their estimated residual values over their estimated useful life as follows:

Buildings	-	1% - 10% p.a.
Plant and equipment	-	1% - 33.3% p.a.
Motor vehicles	-	6.7% - 25% p.a.
Office furniture and equipment	-	5% - 33.3% p.a.
Computer and security equipment	-	14.3% - 50% p.a.
Containers	-	10% - 20% p.a.

Land and assets in progress are not depreciated.

Asset held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

(h) *Investment property*

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in the profit or loss in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Notes to the Financial Statements for the year ended 30 June 2018

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangible assets

(i) Goodwill

Goodwill arising in a business combination is recognised as an asset at cost as established at the date that control is acquired (the acquisition date) less any accumulated impairment losses, if any. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the related amount of goodwill is included in the determination of the profit or loss on disposal. The Group's policy for goodwill arising on the acquisition of an associate is described in note 2B(e) above.

(ii) Other intangible assets

Other intangible assets include trademarks and computer software. Intangible assets acquired separately are measured on initial recognition at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised but are recognised as expenses in the period in which they are incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis 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 an intangible asset with a finite useful life are reviewed at each financial year-end with the effect of any changes in estimate being accounted for on a prospective basis. The intangible assets excluding leasehold rights are amortised over a period of 2 to 10 years. Leasehold rights are amortised over the period of the leases.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised.

(j) Impairment of non-financial assets excluding goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Notes to the Financial Statements for the year ended 30 June 2018

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of non-financial assets excluding goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) Financial assets

Financial assets are classified as "financial assets at fair value through profit or loss" ("FVTPL"), "loans and receivables", "held-to-maturity investments", or "available-for-sale financial assets" ("AFS"), as appropriate. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss (FVTPL) (continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the recoverable amount. The trade receivables are written off when they are identified as being irrecoverable.

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial assets (continued)

Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. After initial measurement held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Available for sale financial assets (AFS)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans and receivables or held-to-maturity investments or financial assets at fair value through profit or loss.

Unlisted shares and listed securities held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. Fair value is determined in the manner described in note 36. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Available for sale financial assets (AFS) (continued)

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income and accumulated in equity.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Derivatives financial instruments

The Group uses derivatives such as forward foreign exchange contracts, cross currency swaps and options on foreign currencies, commodities and equities. The classification of derivatives at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics.

Derivatives financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently measured to their fair value at each reporting date. They are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives held for trading are included in 'Net trading income'.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Derivatives embedded in other financial instruments are treated as separate derivatives if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at fair value through profit or loss. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in profit or loss.

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

(l) Impairment of financial assets

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of financial assets (continued)

For all other financial assets classified as AFS, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

(m) Reclassification of financial assets

The Group may reclassify, in certain circumstances, non-derivative financial assets out of the 'Held-for-trading' category into the 'Available-for-sale', 'Loans and receivables', or 'Held-to-maturity' categories. From this date it may also reclassify, in certain circumstances, financial instruments out of the 'Available-for-sale' category and into the 'Loans and receivables' category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost.

The Group may reclassify a non-derivative trading asset out of the Held-for-trading category and into the loans and receivables category if it meets the definition of loans and receivables and the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the effective interest rate from the date of the change in estimate.

For a financial asset reclassified out of the 'Available-for-sale' category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to profit or loss.

Reclassification is at the election of management, and is determined on an instrument-by-instrument basis. The Group does not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

(n) Cash and cash equivalents

Cash comprises cash at bank and in hand and demand deposits or deposits with an original maturity of three months or less net of bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Accounts payable

Accounts payable are stated at amortised cost.

(q) Equity instruments

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

(r) Derecognition of financial assets and liabilities

Financial assets

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

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(s) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory. Purchase cost is calculated on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(t) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(u) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessee is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Leases (continued)

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(v) Taxation

The income tax expense represents the current tax provision and the movement in deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets, tax losses carried forward and on retirement benefit obligations.

Deferred income tax liabilities are recognised for all taxable temporary differences and deferred income tax assets are recognised for all deductible temporary differences, to the extent that it is probable that sufficient taxable profit will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recorded if the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(w) Retirement benefit obligations

Defined contributions schemes

Payments to defined contribution retirement plans are charged as an expense when employees have rendered service entitling them to the contributions.

Defined benefits schemes

Actuarial valuations are carried out at each reporting date. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Retirement benefit obligations (continued)

Defined benefits schemes

The Group presents the first two components of defined benefit costs in profit or loss in the line item administrative expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Other retirement benefits

The present value of other retirement benefits as provided under The Employment Rights Act 2008 is recognised in the statement of financial position as a non-current liability and is not funded. The recognition and presentation of the components of the retirement gratuities are similar to the defined benefit plan (as above).

State plan

Contributions to the National Pension Scheme are expensed to profit or loss in the period in which they fall due.

(x) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group or the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods and rendering of services

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue is net of value added tax, discounts and excludes inter-company charges and dividends.

Other revenues

Other revenues earned are recognised on the following basis:

Interest income – as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Dividend income – when the shareholder's right to receive payment is established.

Rental income, management fee and commission receivable

Rental income, management fee and commission receivable are recognised on an accrual basis.

Construction contracts

Revenue and costs from construction contracts, the outcome of which can be reliably estimated, are recognised by the percentage of completion method. The stage of completion of a contract is determined by surveys of work performed. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of construction contracts is uncertain, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable on contracts. Contract costs are recognised as expenses in the period in which they are incurred. Revenue is recognised net of Value Added Tax and discounts but gross of tax deducted at source.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work.

Insurance contracts and insurance premiums

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expired.

Insurance premiums from general insurance business are recognised on a pro-rata basis over the terms of the policy coverage. Life Insurance premiums are recognised on a received basis.

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Biological assets

(i) Bearer biological assets

Bearer biological assets comprising of sugar cane ratoons and plantation costs are capitalised and amortised over the period during which the Group expects to benefit from the asset, usually seven years.

(ii) Consumable biological assets

Consumable biological assets represent standing cane and plants and are stated at fair value. The fair value is measured as the expected net cash flows from the sale of the cane and plants discounted at the relevant market determined pre-tax rate.

(z) Related parties

Related parties include individuals and companies where the individual or company has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Affiliates are related parties of the company which cannot be considered as parent or subsidiary as defined by IAS 27, as associate and joint venture as defined by IAS 28, or as key management personnel as defined by IAS 24.

(aa) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(ab) Interest in joint ventures

The Group has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The Group recognises its interest in the joint venture using the equity method.

Under the equity method, the interest in joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss and other comprehensive income reflects the share of the results of operations of the joint venture. Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

(ac) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

(ad) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of the assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit or loss in the period in which they are incurred.

(ae) Hedge accounting

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

Notes to the Financial Statements for the year ended 30 June 2018

2(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ae) Hedge accounting (continued)

- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. The Group currently has only cash flow hedges which are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while any ineffective portion is recognised immediately in profit or loss.

Amounts taken to other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remains separately in equity until the forecast transaction or firm commitment affects profit or loss.

(af) Share based payment

Executives of the Group receive remuneration in the form of share-based payments, whereby they render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transaction for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

(ag) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Notes to the Financial Statements for the year ended 30 June 2018

(B). SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ag) Government grants (continued)

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

(ah) Land and related development costs

Land and related development costs consist of cost of land, infrastructural and other development expenditures. These land and related development costs are released to profit or loss as and when sale or disposal is being effected, that is, when risks and reward pass on to buyers.

Land and related development costs are classified under current assets when completion is imminent and the assets are likely to be disposed of within the next financial year. Otherwise, it is classified under non-current assets.

The Group uses the 'percentage of completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the costs incurred up to the end of the reporting period as a percentage of total estimated costs for each project (or by reference to surveys of work performed or completion of a physical proportion of the contract work). Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for work in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Progress billings not yet paid by customers and retention are included within 'trade and other receivables'.

The Group presents as a liability the gross amount due to customers for all work in progress for which progress billings exceed costs incurred plus recognised profits/(losses).

(ai) Comparative figures

Where necessary, comparative figures have been restated or reclassified to conform to the current year's presentation.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Going concern assessment

Directors and management have made an assessment of the Group's and the Company's ability to continue as a going concern and is satisfied that the Group and the Company have the resources to continue in business for the foreseeable future. Furthermore, directors and management are not aware of any material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Hence, the financial statements continue to be prepared on the going concern basis.

Determination of functional currency of the group entities

As described in note 2(B)(f), the determination of the functional currency of each group entity is critical since the way in which every transaction is recorded and whether exchange differences arise are dependent on the functional currency selected. In making this judgement, the directors and management have considered the currencies in which revenue is received, the currency of the country whose competitive forces and regulations matter, the currencies in which labour, material and other costs are settled, the currencies in which the funds from financing activities are generated and the currency in which receipts from operating activities are usually retained. The directors and management have determined that the functional currency of the Company as well as that of most subsidiaries is the Mauritian rupee, except for the foreign subsidiaries.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Classification as subsidiaries

The Group considers certain entities over which it controls less than 50% of the voting rights as subsidiaries. The remaining ownership interests of these entities, where most of them are listed on the Stock Exchange of Mauritius, are held by several widely dispersed shareholders not related to the Group. The directors and management have assessed whether or not the Group has control over these entities based on whether the Group has the practical ability to direct the relevant activities. In making their judgement, the directors and management considered the Group's absolute size of holding and the relative size and dispersion of the shareholdings owned by the other investors. After assessment, the directors and management concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities and therefore has control over these entities.

With respect to one of the subsidiaries where the Company has less than 50% shareholding and thus voting rights, based on the contractual arrangements between the Company and the other investors, the Company has the power to appoint and remove the majority of the board of directors that has the power to direct the relevant activities of the entity. Therefore, the directors and management concluded that the Company has the practical ability to direct the relevant activities and thus has control over the entity.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is determined based on the higher of its fair value less cost to sell and value in use, calculated on the basis of management's assumptions and estimates. Changing the key assumptions, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the value-in-use calculations.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the 'value in use' of the cash generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Property, plant and equipment: estimations of the useful lives and residual value of the assets

The Group makes significant estimates to determine the useful lives and residual value of its property, plant and equipment. Management will revise the depreciation charge where useful lives are different to previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Property valuation

The Group measures land and buildings and investment properties at fair value based on periodic valuations by external independent valuers and as estimated by the directors and management based on reference to their knowledge on the current market evidence of transaction prices for similar properties. In arriving at the valuation, assumptions and economic estimates have to be made. The actual results could differ from their estimates and the directors and management consider they have used their best estimates to arrive at fair value of the properties.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Valuation of biological assets

The fair value of biological assets is based on the estimated net present value of future cash flows for the coming crop. Standing cane and plants valuation has been arrived based on an estimate of the future cash flows arising on a normal crop with sugar proceeds being adjusted for the drop in sugar price as well as estimated foreign currency movements and budgeted costs and applying a suitable discount rate in order to calculate the net present value:

The actual results could differ from the related accounting estimates and the directors and management consider they have used their best estimates to arrive at the value of the biological assets.

Fair value of unquoted investments

Where there is no active market, the fair value of unquoted investments have been determined using valuation techniques including comparisons to similar recent transactions, reference to price earnings ratios of similar quoted investments, discounted cash flow and other valuation models. Such valuation exercises require that the Group makes estimates of future cash flows, discount rates and price earnings ratio as applicable to the relevant markets.

Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of the receivables, continuing credit evaluation of the customer's financial conditions. Also, specific provisions for individual accounts are recorded when the Group becomes aware of the customer's inability to meet its financial obligations such as in the case of deterioration in the customer's operating results or financial position.

Provision for impairment of finance lease receivables

The calculation of specific provision for impairment of finance lease receivables requires management to estimate the recoverable amount for each impaired asset, which is the estimated future cash flows discounted at the original effective interest rate of the lease where cash flows for large credits include the realisable value of collateral securing the credit, the value such collateral is based on the opinion of independent and qualified appraisers and/or management judgement.

The portfolio provision is estimated based upon historical patterns of losses in each component of the portfolio of lease as well as management estimate of the impact of current economic and other relevant conditions on the recoverability of the lease portfolio.

Impairment losses on loans and advances

When applying the equity accounting in one of the associated companies, the Group has recognised a share of the impairment losses on loans and advances for an amount of Rs 386 million and Rs 230 million as part of the investment in associates and share of results of associates at 30 June 2018 respectively.

The associated company reviews the individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statements of profit or loss and other comprehensive income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the company make judgements about the borrower's financial situation and the net realisable value of collaterals. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually (and found not to be impaired) are assessed together with all individually insignificant loans and advances in groups of assets with similar risk characteristics. This is to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan-to-collateral ratios, etc.), and judgements on the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

Notes to the Financial Statements for the year ended 30 June 2018

4. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Land and buildings Rs'000	Plant and equipment Rs'000	Motor vehicles Rs'000	Office furniture and equipment Rs'000	Computer and security equipment Rs'000	Containers Rs'000	Assets in progress Rs'000	Total Rs'000
COST/VALUATION								
At 1 July 2016	17,264,680	9,278,574	1,298,475	2,305,880	418,390	1,060,748	1,134,027	32,760,774
Adjustments	(61,276)	96,225	20,576	(1,616)	7,385	–	–	61,294
Reclassification	(576,148)	390,867	–	(64,107)	249,388	–	–	–
Additions	518,549	752,413	221,761	206,054	80,647	12,090	995,449	2,786,963
Disposals	(8,484)	(479,393)	(156,233)	(153,996)	(24,537)	(270)	–	(822,913)
Write offs	(15,605)	(121,771)	(7,255)	(68,584)	(17,498)	–	–	(230,713)
Revaluation surplus	(478,725)	–	–	–	–	–	–	(478,725)
Transfer to investment properties (Note 5)	26,092	–	–	–	–	–	–	26,092
Transfer to intangible assets (Note 6)	–	(13,152)	–	–	(564)	–	–	(13,716)
Transfer to inventories	–	(61,169)	–	–	–	–	–	(61,169)
Transfer from assets in progress	1,447,876	197,496	–	1,917	–	–	(1,647,289)	–
Exchange differences	(53,506)	(28,659)	(882)	(3,503)	(841)	–	(6,620)	(94,011)
At 30 June 2017	18,063,453	10,011,431	1,376,442	2,222,045	712,370	1,072,568	475,567	33,933,876
At 1 July 2017	18,063,453	10,011,431	1,376,442	2,222,045	712,370	1,072,568	475,567	33,933,876
Opening balance of subsidiaries acquired (Note 39(a))	1,569,381	320,947	3,881	43,352	14,842	–	–	1,952,403
Transfer from assets in progress	283,585	86,333	–	6,731	221	–	(376,870)	–
Additions	1,184,490	716,361	315,279	334,645	108,398	40,293	225,013	2,924,479
Disposals	(43,339)	(112,387)	(142,084)	(21,821)	(4,096)	–	–	(323,727)
Reclassification	4,256	12,499	–	81,234	(97,989)	–	–	–
Write offs	(6,508)	(101,653)	(52,491)	(21,605)	(13,689)	–	–	(195,946)
Revaluation adjustments	103,893	–	–	–	–	–	–	103,893
Transfer from investment properties (Note 5)	(35,452)	–	–	–	–	–	(27,128)	(62,580)
Transfer to inventories	–	7,283	–	–	–	–	–	7,283
Transfer to assets classified as held for sale (Note 20)	(142,797)	(131,617)	(502,603)	(30,841)	(3,568)	–	–	(811,426)
Disposal of subsidiaries (Note 39(b))	–	–	(94)	(1,164)	(2,806)	–	–	(4,064)
Exchange differences	20,634	6,852	(573)	(5,717)	(831)	–	(2,204)	18,161
At 30 June 2018	**21,001,596**	**10,816,049**	**997,757**	**2,606,859**	**712,852**	**1,112,861**	**294,378**	**37,542,352**

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Notes to the Financial Statements for the year ended 30 June 2018

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

THE GROUP	Land and buildings Rs'000	Plant and equipment Rs'000	Motor vehicles Rs'000	Office furniture and equipment Rs'000	Computer and security equipment Rs'000	Containers Rs'000	Assets in progress Rs'000	Total Rs'000
DEPRECIATION								
At 1 July 2016	921,823	5,857,925	769,214	1,608,237	349,150	868,596	–	10,374,945
Adjustments	(8,618)	63,343	(4,558)	7,151	3,976	–	–	61,294
Charge for the year	395,979	726,638	156,566	179,475	58,900	70,981	–	1,588,539
Disposals	(12,825)	(346,407)	(106,258)	(129,129)	(23,082)	(140)	–	(617,841)
Write offs	(3,178)	(121,525)	(5,965)	(66,569)	(17,505)	–	–	(214,742)
Reclassification	(36,504)	26,936	–	(163,927)	173,495	–	–	–
Transfer to intangible assets (Note 6)	–	(6,576)	–	–	(352)	–	–	(6,928)
Transfer to inventories	–	(5,551)	–	–	–	–	–	(5,551)
Revaluation adjustment	(854,083)	–	–	–	–	–	–	(854,083)
Exchange differences	(5,430)	(14,584)	(1,554)	(1,484)	(562)	–	–	(23,614)
At 30 June 2017	397,164	6,180,199	807,445	1,433,754	544,020	939,437	–	10,302,019
At 1 July 2017	397,164	6,180,199	807,445	1,433,754	544,020	939,437	–	10,302,019
Charge for the year	449,239	738,937	172,567	172,355	76,536	62,606	–	1,672,240
Disposals	(2,170)	(91,857)	(106,848)	(17,855)	(3,763)	–	–	(222,493)
Write offs	(3,090)	(94,044)	(47,614)	(17,998)	(13,539)	266	–	(176,019)
Revaluation adjustment	(192,352)	–	–	–	–	–	–	(192,352)
Transfer to inventories	–	(61)	–	–	–	–	–	(61)
Transfer to assets classified as held for sale (Note 20)	(17,217)	(123,284)	(208,009)	(26,628)	(3,024)	–	–	(378,162)
Reclassification	4,257	3,703	–	75,805	(83,765)	–	–	–
Disposal of subsidiaries (Note 39(b))	–	–	(33)	(290)	(2,161)	–	–	(2,484)
Exchange differences	8,592	1,634	151	(2,376)	(464)	–	–	7,537
At 30 June 2018	**644,423**	**6,615,227**	**617,659**	**1,616,767**	**513,840**	**1,002,309**	**–**	**11,010,225**
NET BOOK VALUE								
At 30 June 2018	**20,357,173**	**4,200,822**	**380,098**	**990,092**	**199,012**	**110,552**	**294,378**	**26,532,127**
At 30 June 2017	17,666,289	3,831,232	568,997	788,291	168,350	133,131	475,567	23,631,857

Notes to the Financial Statements for the year ended 30 June 2018

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

THE COMPANY	Land and buildings Rs'000	Plant and equipment Rs'000	Motor vehicles Rs'000	Office furniture and equipment Rs'000	Computer and security equipment Rs'000	Total Rs'000
COST/VALUATION						
At 1 July 2016	–	–	–	–	–	–
Amalgamation adjustments (Note 45)	1,607,267	168,932	89,849	242,368	115,903	2,224,319
Adjustments	(3)	(1,094)	(14,492)	(6,398)	(791)	(22,778)
Additions	783	2,675	13,890	25,338	23,723	66,409
Disposals	(833,865)	(625)	(8,953)	(5,031)	(3,891)	(852,365)
Write offs	–	(1,468)	(1,135)	(16,582)	(8,051)	(27,236)
Revaluation adjustments	37,020	–	–	–	–	37,020
Transfer from investment properties (Note 5)	54,800	–	–	–	–	54,800
At 30 June 2017	866,002	168,420	79,159	239,695	126,893	1,480,169
At 1 July 2017	866,002	168,420	79,159	239,695	126,893	1,480,169
Released to profit or loss	35,605	208	–	323	1,227	37,363
Additions	3,969	24,191	2,312	59,739	9,049	99,260
Disposals	(495,135)	(27,028)	(7,921)	(123)	(11,919)	(542,126)
Write offs	–	–	–	(360)	(39)	(399)
At 30 June 2018	**410,441**	**165,791**	**73,550**	**299,274**	**125,211**	**1,074,267**
DEPRECIATION						
At 1 July 2016	–	–	–	–	–	–
Amalgamation adjustments (Note 45)	55,599	90,917	67,618	206,240	89,620	509,994
Adjustments	(3)	(1,094)	(14,492)	(6,398)	(791)	(22,778)
Charge for the year	17,451	29,755	6,685	13,887	12,020	79,798
Disposals	(22,074)	–	(8,102)	(5,019)	(3,359)	(38,554)
Write offs	–	(1,468)	(1,135)	(16,582)	(8,034)	(27,219)
Revaluation adjustments	(14,379)	–	–	–	–	(14,379)
At 30 June 2017	36,594	118,110	50,574	192,128	89,456	486,862
At 1 July 2017	36,594	118,110	50,574	192,128	89,456	486,862
Adjustment to profit or loss	–	208	–	323	1,227	1,758
Charge for the year	11,860	22,397	7,248	18,993	13,566	74,064
Disposals	(9,947)	(22,064)	(6,388)	(41)	(4,907)	(43,347)
Write offs	–	–	–	(105)	(12)	(117)
At 30 June 2018	**38,507**	**118,651**	**51,434**	**211,298**	**99,330**	**519,220**
NET BOOK VALUE						
At 30 June 2018	**371,934**	**47,140**	**22,116**	**87,976**	**25,881**	**555,047**
At 30 June 2017	829,408	50,310	28,585	47,567	37,437	993,307

Notes to the Financial Statements for the year ended 30 June 2018

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) *Assets held under finance leases*

Included in property, plant and equipment are assets held under finance leases with the following carrying values:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	**2018 Rs'000**	2017 Rs'000
Net book value				
Plant and equipment	**95,102**	64,175	**–**	–
Motor vehicles	**85,848**	35,221	**1,140**	20,638
Computer and security equipment	**14,878**	9,127	**–**	–
	195,828	108,523	**1,140**	20,638

The Group's and the Company's obligations under finance leases are secured by the lessors' title to the leased assets.

(b) *Historical costs of revalued land and buildings:*

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	**2018 Rs'000**	2017 Rs'000
Cost	**11,986,498**	11,349,049	**223,363**	223,363
Accumulated depreciation	**(2,656,790)**	(2,497,383)	**(151,959)**	(149,093)
Net book value	**9,329,708**	8,851,666	**71,404**	74,270

The land and buildings were revalued by the directors based on the reports of accredited independent valuers namely Société d'Hotman de Speville, Noor Dilmahomed & Associates, Gexim Real Estate Ltd. These revaluations were done between 2017 and 2018 in accordance with the "RICS Valuation standards". The fair value of the land and buildings have been assessed on the basis of its market value, being the estimated amount for which the property could be exchanged between knowledgeable willing parties in an arm's length transaction and taking into account the current market conditions and similar transactions undertaken by the group in recent years. In arriving at the market value, the sales comparison approach has been used for the land, which is based on recent transactions for similiar properties, and the depreciated replacement cost approach has been used for the buildings which estimates the value by computing the current cost of replacing a property less any depreciation resulting from physical, functional and economic obsolescence factors. Certain land and buildings have been fair valued using the income approach by reference to the capitalisation rate on net operating income.

The significant inputs include the estimated price per square meter and capitalisation rates. An increase in the estimated price will result in an increase in the fair value of the buildings while an increase in the capitalisation rate will result in a decrease in the fair value of the properties and vice versa.

The directors have estimated that the carrying values of land and buildings approximate their fair values at 30 June 2017 and 2018.

Notes to the Financial Statements for the year ended 30 June 2018

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Borrowings are secured by fixed and floating charges on the property, plant and equipment of the Group and the Company.

(d) Details of the Group's and the Company's land and buildings measured at fair value and information about the fair value hierarchy as at 30 June are as follows:

	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
THE GROUP				
2018				
Land and buildings	**–**	**6,448,026**	**13,909,147**	**20,357,173**
2017				
Land and buildings	–	3,649,256	14,015,450	17,664,706
THE COMPANY				
2018				
Land and buildings	**–**	**371,934**	**–**	**371,934**
2017				
Land and buildings	–	829,408	–	829,408

(e) Additions during the year include assets acquired under finance leases amounting to Rs 149,905,770 (2017: Rs 28,322,846).

(f) Borrowing costs capitalised during the year with respect to the renovation of Lux Grand Gaube amounted to Rs 16.6 million (2017: Rs 0.9 million).

5. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2018 **Rs'000**	2017 Rs'000	**2018** **Rs'000**	2017 Rs'000
At 1 July	**395,950**	487,891	**145,400**	–
Amalgamation adjustments (Note 45)	**–**	–	**–**	200,200
Opening balance of subsidiaries acquired (Note 39(a))	**953,562**	–	**–**	–
Additions	**4,865**	6,546	**–**	–
Disposal	**–**	–	**(145,400)**	–
Transfer from/(to) property, plant and equipment (Note 4)	**62,580**	(26,092)	**–**	(54,800)
Transfer to assets classified as held for sale (Note 20)	**(572,309)**	–	**–**	–
Assets in progress	**205**	–	**–**	–
Fair value loss	**(3,543)**	(72,395)	**–**	–
At 30 June	**841,310**	395,950	**–**	145,400
– Rental income	**42,560**	35,132	**–**	25,485
– Direct operating expenses	**5,133**	1,174	**–**	1,174

Notes to the Financial Statements for the year ended 30 June 2018

5. INVESTMENT PROPERTIES (CONTINUED)

The investment properties are stated at fair value which has been determined by directors, based on valuations performed by accredited independent valuers, namely Société d'Hotman de Speville, Broll Indian Ocean Ltd and Gexim Real Estate Ltd. These valuers are specialists in valuing these types of investment properties and the revaluations were done at 30 June 2018. The fair value is determined on open market value by reference to market evidence of transaction prices for similar properties, the residual method of valuation as well as the capitalisation of net income method. The revaluations were based on market economic conditions and active market prices existing at the reporting date, adjusted for any difference in the nature, location or condition of the specific property. Where the net income method is used, the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The significant inputs used are the discounte rate used on estimated development costs and the capitalisation rates which is made by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the directors' knowledge of the factors specific to the respective properties. An increase in the capitalisation rate will result in a decrease in the fair value of properties.

The directors have assessed the fair value of the investment properties and have estimated that their carrying values approximate their fair value as at 30 June 2017 and 2018.

Banking facilities of some subsidiaries have been secured by charges on their investment properties.

Details of the Group's and the Company's investment properties measured at fair value and information about the fair value hierarchy as at 30 June 2017 and 2018 are as follows:

	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
THE GROUP				
2018				
Investment properties	**–**	**150,471**	**690,839**	**841,310**
2017				
Investment properties	–	57,100	338,850	395,950
THE COMPANY				
2017				
Investment properties	–	–	145,400	145,400

Notes to the Financial Statements for the year ended 30 June 2018

6. (a) INTANGIBLE ASSETS

THE GROUP	Goodwill Rs'000	Others Rs'000	Total Rs'000
COST			
At 1 July 2016	2,634,503	1,281,507	3,916,010
Acquisition of subsidiaries (Note 39(a))	3,550	–	3,550
Transfer from property, plant and equipment (Note 4)	–	13,716	13,716
Additions	–	282,072	282,072
Impairment loss	(123,978)	–	(123,978)
Write offs	–	(21,557)	(21,557)
Disposals	–	(5,006)	(5,006)
Exchange differences	(11,182)	(7,349)	(18,531)
At 30 June 2017	2,502,893	1,543,383	4,046,276
At 1 July 2017	**2,502,893**	**1,543,383**	**4,046,276**
Acquisition of subsidiaries (Note 39(a))	**85,610**	**94,148**	**179,758**
Assets in progress	**–**	**2,465**	**2,465**
Additions	**246,952**	**142,888**	**389,840**
Transfer to assets classified as held for sale (Note 20)	**(2,588)**	**(4,448)**	**(7,036)**
Disposal of subsidiaries (Note 39b)	**–**	**(93)**	**(93)**
Impairment loss	**(143,198)**	**–**	**(143,198)**
Write offs	**–**	**(2,132)**	**(2,132)**
Disposals	**–**	**(2,696)**	**(2,696)**
Exchange differences	**5,217**	**(7,487)**	**(2,270)**
At 30 June 2018	**2,694,886**	**1,766,028**	**4,460,914**

Notes to the Financial Statements for the year ended 30 June 2018

6. (a) INTANGIBLES ASSETS (CONTINUED)

THE GROUP	Goodwill Rs'000	Others Rs'000	Total Rs'000
AMORTISATION / IMPAIRMENT			
At 1 July 2016	212,180	585,138	797,318
Charge for the year	–	80,428	80,428
Write offs	–	(18,342)	(18,342)
Transfer from property, plant and equipment (Note 4)	–	6,928	6,928
Disposals	–	(4,471)	(4,471)
Difference on exchange	–	(2,004)	(2,004)
At 30 June 2017	212,180	647,677	859,857
At 1 July 2017	212,180	647,677	859,857
Charge for the year	–	67,750	67,750
Write off	–	(1,810)	(1,810)
Transfer to assets classified as held for sale (Note 20)	–	(4,384)	(4,384)
Disposals	–	(1,563)	(1,563)
Disposal of subsidiary (Note 39(b))	–	(64)	(64)
Impairment loss	–	494	494
Difference on exchange	22	(2,715)	(2,693)
At 30 June 2018	**212,202**	**705,385**	**917,587**
NET BOOK VALUE			
At 30 June 2018	**2,482,684**	**1,060,643**	**3,543,327**
At 30 June 2017	2,290,713	895,706	3,186,419

Notes to the Financial Statements for the year ended 30 June 2018

6. (a) INTANGIBLES ASSETS (CONTINUED)

THE COMPANY	Computer software 2018 Rs'000	Marketing Rights 2018 Rs'000	Total 2018 Rs'000
COST			
At 1 July 2016	–	–	–
Amalgamation adjustments (Note 45)	109,217	8,000	117,217
Additions	7,660	–	7,660
Disposals	(194)	–	(194)
At 30 June 2017	116,683	8,000	124,683
At 1 July 2017	116,683	8,000	124,683
Additions	33,794	–	33,794
Disposals	(2,133)	–	(2,133)
At 30 June 2018	**148,344**	**8,000**	**156,344**
AMORTISATION			
At 1 July 2016	–	–	–
Amalgamation adjustments (Note 45)	62,431	–	62,431
Charge for the year	11,414	–	11,414
Disposals	(194)	–	(194)
At 30 June 2017	73,651	–	73,651
At 1 July 2017	73,651	–	73,651
Charge for the year	11,852	–	11,852
Disposals	(1,052)	–	(1,052)
At 30 June 2018	**84,451**	**–**	**84,451**
NET BOOK VALUE			
At 30 June 2018	**63,893**	**8,000**	**71,893**
At 30 June 2017	43,032	8,000	51,032

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Notes to the Financial Statements for the year ended 30 June 2018

6. (a) INTANGIBLES ASSETS (CONTINUED)

The other intangible assets consist of leasehold rights, rights to publishing titles, marketing rights, trademarks and computer software. Leasehold rights have a net book value of Rs 625,226,400 as at 30 June 2018 (2017: Rs 563,464,000).

The directors have considered the relevant factors in determining the useful life of the marketing rights and trademarks. As there is no foreseeable limit to the period over which these are expected to generate net cash inflows for the Group, the marketing rights and trademarks have been assessed as having an indefinite useful life.

The recoverable amount of marketing rights with a carrying value of Rs 8 million and which arise on Cipla have been based on its value-in-use calculation. The calculation use cash flow projections based on financial budgets approved by management. Value-in-use was determined by discounting the future cash flows generated from the continuing use of marketing rights using a pre-tax discount rate of 13.1%.

The directors are of the opinion that the marketing rights have not been impaired and believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount of marketing rights to exceed their aggregate recoverable amount.

The recoverable amounts of trademarks and goodwill of Edena S.A. and its subsidiaries (Edena Group), have been determined based on their value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. Value-in-use was determined by discounting the future cash flows generated from the continuing use of trademarks and the cash generating unit of Edena Group respectively using a pre-tax discount rate with a carrying amount of Rs 193 million.

The key assumptions used for preparing the cash flow forecasts are based on management's past experience of the industry and the ability of trademarks to at least maintain their respective market share. An annual growth rate of 4% has been used for a period of 5 years and a perpetual growth rate of 2% has been used to calculate the terminal value.

Goodwill acquired through business combinations have indefinite lives and have been allocated to the following cash-generating units for impairment testing as follows:

	CARRYING VALUE	
	2018	2017
	Rs'000	Rs'000
Agro	**–**	5,432
Building & Engineering	**29,656**	24,224
Commercial	**128,597**	32,997
Financial & Other Services	**38,669**	993
Logistics	**12,606**	12,606
Manufacturing & Processing	**595,770**	659,815
Corporate Services	**46,792**	51,444
Hospitality	**1,387,623**	1,393,254
Life	**109,949**	109,948
Property	**133,022**	–
	2,482,684	2,290,713

6. (a) INTANGIBLES ASSETS (CONTINUED)

The recoverable amounts of these cash-generating units have been determined based on their value in use calculation using cash flow projections based on financial budgets established by senior management. The pre-tax discount rates applied to cash flow projections vary between 6% to 18% (2017: 9% to 14%) and the growth rates range from 2% to 3% (2017: 3% to 5%).

Impairment losses amounting to Rs 143.2 million (2017: Rs 140 million) for 2018 and 2017 are attributable to the cash generating units of Commercial, Manufacturing & Processing, Property and Corporate Services to reflect the loss in value of the CGU. These were done for certain non-operating and loss making units. The impairment losses are recognised in profit or loss for year ended 30 June 2017 and 2018 in other gains and losses.

The directors have reviewed the carrying values of goodwill at 30 June 2017 and 2018 and are of the opinion that no additional impairment losses need to be recognised.

6. (b) DEFERRED EXPENDITURE

Voluntary Retirement Scheme (VRS) costs

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
COST		
At 1 July	18,211	–
Cash compensation paid	–	20,386
Infrastructure	413	5,319
Pension cost release	–	(7,494)
At 30 June	**18,624**	18,211

The Voluntary retirement scheme costs comprise of compensation payments, provision of land infrastructure and other costs. The project is still on-going at year end with costs being incurred with respect to the development of the land. Once completed, the costs will be amortised on a period as determined by management.

7. DEFERRED TAXATION

Deferred tax is calculated on all temporary differences under the liability method at the rate of 17% (2017: 17%).

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Deferred tax liabilities	1,183,246	1,108,036	–	–
Deferred tax assets	(359,277)	(241,304)	(60,563)	(58,907)
Net deferred tax at 30 June	**823,969**	866,732	**(60,563)**	(58,907)

The movement in deferred tax during the year is as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	866,732	783,447	(58,907)	–
Acquisition of subsidiaries (Note 39(a))	(36,405)	–	–	–
Disposal of subsidiaries (Note 39(b))	(153)	–	–	–
Amalgamation adjustment (Note 45)	–	–	–	(23,051)
Transfer to assets classified as held for sale (Note 20)	(12,853)	–	–	–
Exchange differences	(727)	2,564	–	–
Other movement	24,147	–	23,577	–
Amounts recognised in profit or loss				
Charge for the year (Note 26(b))	(18,799)	(2,438)	(14,317)	(32,806)
Amounts recognised in other comprehensive income				
Income tax relating to components of other comprehensive income	(7,146)	13,045	–	–
Deferred tax on revaluation of land and buildings	14,522	82,152	–	8,738
Deferred tax relating to remeasurement of retirement benefit obligations	(5,349)	(12,038)	(10,916)	(11,788)
At 30 June	**823,969**	866,732	**(60,563)**	(58,907)

Notes to the Financial Statements for the year ended 30 June 2018

7. DEFERRED TAXATION (CONTINUED)

Deferred tax assets and liabilities and movement in deferred tax are attributable to the following items:

THE GROUP	Accelerated tax depreciation Rs'000	Provisions Rs'000	Revaluation of property, plant and equipment Rs'000	Retirement benefit obligations Rs'000	Tax losses Rs'000	Total Rs'000
At 1 July 2016	652,660	(28,128)	530,379	(242,708)	(128,756)	783,447
Exchange difference	1,992	–	–	–	572	2,564
Disposal of subsidiary	–	–	–	–	–	–
Charge to other comprehensive income	–	–	82,152	(12,038)	13,045	83,159
Charge to profit or loss	119,707	4,891	–	(16,727)	(110,309)	(2,438)
At 30 June 2017	774,359	(23,237)	612,531	(271,473)	(225,448)	866,732
At 1 July 2017	774,359	(23,237)	612,531	(271,473)	(225,448)	866,732
Acquisition of subsidiaries	2,531	–	22,311	(1,987)	(59,260)	(36,405)
Other movement	43,711	10,385	(54,548)	(240)	24,839	24,147
Disposal of subsidiary	(153)	–	–	–	–	(153)
Charge to other comprehensive income	–	(7,146)	14,522	(5,349)	–	2,027
Transfer to asset classified as held for sale (Note 20)	11,628	(11,774)	–	(178)	(12,529)	(12,853)
Charge to profit or loss	50,553	(17,587)	(43,448)	(14,484)	6,167	(18,799)
Exchange difference	44	(1,678)	907	–	–	(727)
At 30 June 2018	**882,673**	**(51,037)**	**552,275**	**(293,711)**	**(266,231)**	**823,969**

THE COMPANY	Accelerated tax depreciation Rs'000	Revaluation of property, plant and equipment Rs'000	Retirement benefit obligations Rs'000	Total Rs'000
At 1 July 2016	–	–	–	–
Amalgamation adjustment (Note 45)	20,782	70,710	(114,543)	(23,051)
Charged to other comprehensive income	–	8,738	(11,788)	(3,050)
Charged to profit or loss	(29,715)	–	(3,091)	(32,806)
At 30 June 2017	(8,933)	79,448	(129,422)	(58,907)
At 1 July 2017	(8,933)	79,448	(129,422)	(58,907)
Charged to other comprehensive income	–	–	(10,916)	(10,916)
Other movement	23,577	–	–	23,577
Charged to profit or loss	(10,467)	–	(3,850)	(14,317)
At 30 June 2018	**4,177**	**79,448**	**(144,188)**	**(60,563)**

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8. BEARER BIOLOGICAL ASSETS

THE GROUP	2018 Rs'000	2017 Rs'000
Plant canes		
At 1 July	**8,411**	13,779
Expenditure during the year	**–**	3,764
Impairment adjustment	**(1,709)**	(6,915)
Amortisation for the year	**(3,161)**	(2,217)
At 30 June	**3,541**	8,411
Area harvested (Arpents)	**353**	411
Cost per Arpent (Rs)	**54,292**	50,599

At June 30, 2018, the directors have made an assessment of the carrying value of the bearer plants and have concluded that an impairment of Rs 1.7M was required (2017: Rs 6.9M) based on their forecasts. This assessment was based on an average sugar price of Rs 13,000 per ton over the projected period (2017: Rs 15,000). The main factor that led to the impairment was the decreasing harvested area from 343 Arpents to 291 Arpents by 2023. The value in use model has been used and discount rate is 6.26% (2017: 6.12%).

9. CONSUMABLE BIOLOGICAL ASSETS

THE GROUP	Standing cane Rs'000	Plants Rs'000	Vegetables Rs'000	Total Rs'000
At 1 July 2016	7,339	18,504	10,051	35,894
Production	32,251	25,004	20,796	78,051
Sales	(24,270)	(27,635)	(21,951)	(73,856)
Fair value movement	(11,286)	3,874	(679)	(8,091)
At 30 June 2017	**4,034**	**19,747**	**8,217**	**31,998**
Production	19,182	28,078	27,489	74,749
Sales	(15,149)	(25,522)	(19,439)	(60,110)
Fair value movement	(3,070)	1,214	(10,154)	(12,010)
At 30 June 2018	**4,997**	**23,517**	**6,113**	**34,627**

Notes to the Financial Statements for the year ended 30 June 2018

9. CONSUMABLE BIOLOGICAL ASSETS (CONTINUED)

The main assumptions for estimating the fair values are as follows:

	2018	2017
Standing cane		
Expected area to harvest (ha)	**149**	173
Estimated yields (%)	**10.4**	10.4
Estimated price of sugar - Rs (per ton)	**13,000**	15,000
Plants		
Expected area to harvest (ha)	**9**	12
Maximum maturity of plants at 30 June	**1 year**	1 year
Vegetables		
Expected area to harvest (ha)	**24**	32
Discount factor (%)	**12.5**	5.0

Description of significant unobservable inputs to valuation:

	Valuation technique	**Significant unobservable inputs**	**Sensitivity of the input to value**
Standing cane	Discounted cash flows	Cane yield per Ha.: Rs 14,133 (2017: Rs 14,644)	0.1% point increase/(decrease) in cane yield per Ha would result in increase/(decrease) in fair value by Rs 134,957 (2017: Rs 155,440).
		Price of sugar	5% increase/(decrease) in the price of sugar would result in increase/(decrease) in fair value by Rs 674,784 (2017: Rs 777,198).
		WACC: 6.26% (2017: 6.34%)	0.1% point increase/(decrease) in WACC would result in (decrease)/increase in fair value by Rs 3,139 (2017: Rs 8,289).
Plants	Discounted cash flows	Average price of plants	5% increase/(decrease) in price of plants would result in increase/(decrease) in fair value by Rs 2,019,267 (2017: Rs 1,535,485).
		Mortality rate: 6% (2017: 7%)	5% increase/(decrease) in mortality rate would result in (decrease)/increase in fair value by Rs 1,486,745 (2017: Rs 65,245).
		WACC: 20% (2017: 20%)	0.1% point increase/(decrease) in WACC would result in (decrease)/increase in fair value by Rs 227,003 (2017: Rs 35,811).
Vegetables	Discounted cash flows	Discount factor: 12.5% (2017: 8%)	1% point increase/(decrease) in discount factor would result in (decrease)/increase in fair value by Rs 13,498 (2017: Rs 1,522).
		Price of vegetables	5% increase/(decrease) in price of vegetables would result in increase/(decrease) in fair value by Rs 485,758 (2017: Rs 742,324).

Notes to the Financial Statements for the year ended 30 June 2018

10. FINANCE LEASE RECEIVABLES

THE GROUP

(a) Movement during the year

	2018 Rs'000	2017 Rs'000
At 1 July	**932,729**	1,091,693
Leases granted during the year	**198,236**	183,183
Amounts written off	**(182,033)**	(824)
Capital movement during the year	**(310,847)**	(341,323)
	638,085	932,729
Interest on finance lease receivable	**6,373**	31,771
Less: Allowance for credit losses	**(68,580)**	(278,858)
Transfer to assets classified as held for sale (Note 20)	**(575,878)**	-
At 30 June	**-**	685,642
Present value of minimum lease payments	**638,085**	932,729

All finance lease receivables are secured over the assets leased and in some cases additional guarantees are taken from the clients for the facility availed. The average lease term is between 5 to 7 years and the effective interest rate on finance leases is 7.61% (2017: 8.6%) and is fixed at the contract date for the entire lease term. The lessee has the option to purchase the asset at the end of the lease period.

Before granting lease to clients, the subsidiary uses a credit scoring system to assess the potential client's credit quality and profile. The Client Acceptance Committee reviews the client's application and upon satisfactory scoring and submission of all necessary documents, the lease is granted.

The maximum exposure to credit risk of finance lease receivables for the current and prior periods is the carrying amount net of allowance for credit losses.

	2018 RS'000	2017 Rs'000
Ageing of past due debt but not impaired		
90 days-180 days	**-**	-
Over 180 days	**-**	5,222
	-	5,222
Ageing of impaired past due debt		
30 days - 180 days	**1,411**	7,022
Over 180 days	**88,398**	390,413
	89,808	397,435

Notes to the Financial Statements for the year ended 30 June 2018

10. FINANCE LEASE RECEIVABLES (CONTINUED)

(b) Gross and net investment in finance leases:

	2018 Rs'000	2017 Rs'000
– Within one year	334,124	602,537
– Between one and five years	396,692	457,689
– Over 5 years	17,268	22,845
	748,084	1,083,071
Less Unearned finance income	(103,626)	(118,571)
Less Allowance for credit losses	(68,580)	(278,858)
Net investment in finance lease before allowance for credit losses	575,878	685,642

(c) Movement in the allowance for credit losses

In determining the recoverability of a debt, the subsidiary considers each client on a case by case basis, taking into account any change in the credit quality of the client from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Management is of the opinion that there is no further credit provision required in excess of the allowance for credit losses.

	2018			2017
	Specific provision Rs'000	Portfolio provision Rs'000	Total provision Rs'000	Total Rs'000
Balance at beginning of the year	270,236	8,622	278,858	287,004
Amount utilised/reclassified	(205,295)	(2,445)	(207,740)	–
Write off	–	–	–	(495)
(Reversal)/additional provision during the year	(2,538)	–	(2,538)	(7,651)
Balance at end of the year	62,403	6,177	68,580	278,858

As at 30 June 2018, all finance lease receivables have been transferred to assets classified as held for sale (Note 20).

Notes to the Financial Statements for the year ended 30 June 2018

11. INVESTMENT IN SUBSIDIARIES

THE COMPANY	Listed Rs'000	Secondary market Rs'000	Unquoted Rs'000	Total Rs'000
At 1 July 2016	8,353,944	310,433	1,048,277	9,712,654
Amalgamation adjustment (Note 45)	(3,946,781)	–	7,860,672	3,913,891
Additions	–	573	1,689,864	1,690,437
Transfer from AFS financial assets	–	–	1,200	1,200
Impairment loss	–	–	(231,985)	(231,985)
Fair value adjustment	379,534	101,134	2,276,518	2,757,186
At 30 June 2017	4,786,697	412,140	12,644,546	17,843,383
At 1 July 2017	4,786,697	412,140	12,644,546	17,843,383
Additions	2,270,684	132,454	221,602	2,624,740
Reduction of capital	–	–	(527,781)	(527,781)
Transfer from associates (Note 12)	–	–	26,016	26,016
Transfer from/(to) AFS financial assets (Note 14)	80,942	–	(1,245)	79,697
Assets reclassified to held for sale (Note 20)	–	–	(174,927)	(174,927)
Impairment loss	–	–	(198,904)	(198,904)
Fair value adjustment	1,137,437	190,145	1,077,477	2,405,059
At 30 June 2018	8,275,760	734,739	13,066,784	22,077,283

The acquisition has been financed as follows:

	2018 Rs'000	2017 Rs'000
Cash	2,624,740	882,835
Transfer of properties	–	807,602
	2,624,740	1,690,437

The Group and the Company have pledged their investments to secure the banking facilities obtained.

At 30 June 2018 and 2017, the Company recognised impairment losses with respect to Ugandan subsidiaries, Mauritian Eagle Leasing Co Ltd as well as some non-operating entities as these entities have recurring losses. These impairment losses were recognised in other gains and losses. The directors believe that investments in subsidiaries have not suffered additional impairment loss.

Notes to the Financial Statements for the year ended 30 June 2018

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2018 % held Direct	2018 % held Indirect	2017 % held Direct	2017 % held Indirect
Chantier Naval de l'Océan Indien Limited	Mauritius	Ordinary	Construction and repair of ships	60.00	-	60.00	-
CNOI Investments Ltd	Mauritius	Ordinary	Investment	-	60.00	-	60.00
Industrie et Services de l'Océan Indien Limitée	Mauritius	Ordinary	Maritime Transport	-	60.00	50.00	10.00
Construction & Material Handling Company Ltd	Mauritius	Ordinary	Handling equipment	100.00	-	100.00	-
DieselActiv Co Ltd	Mauritius	Ordinary	Mechanical	100.00	-	100.00	-
Engineering Support Services Ltd (formerly called Riche Terre Development Limited)	Mauritius	Ordinary	Property	100.00	-	100.00	-
Engitech Ltd	Mauritius	Ordinary	Engineering	100.00	-	100.00	-
IBL Madagasikara S.A.	Madagascar	Ordinary	Commerce	90.00	-	90.00	-
Manser Saxon Contracting Limited	Mauritius	Ordinary	Contracting & engineering	92.50	-	85.00	-
Manser Saxon Interiors Ltd	Mauritius	Ordinary	Commerce	-	92.50	-	85.00
Manser Saxon Elevators Ltd	Mauritius	Ordinary	Commerce & maintenance services	-	92.50	-	85.00
Manser Saxon Environment Ltd**	Mauritius	Ordinary	Inactive	-	92.50	-	85.00
Manser Saxon Plumbing Ltd	Mauritius	Ordinary	Manufacturing	-	92.50	-	85.00
Manser Saxon Openings Ltd**	Mauritius	Ordinary	Inactive	-	92.50	-	85.00
Manser Saxon Training Services Ltd	Mauritius	Ordinary	Training services	-	92.50	-	85.00
Fit-Out (Mauritius) Ltd	Mauritius	Ordinary	Manufacture of furniture	-	69.84	-	64.18
Kuros Company Ltd (formerly Instyle by MS Ltd)	Mauritius	Ordinary	Commerce	-	92.50	-	85.00
Systems Building Contracting Ltd	Mauritius	Ordinary	Contracting & engineering	-	59.66	-	54.83
Tornado Limited	Mauritius	Ordinary	Assembling & sale of air conditioners	-	92.50	-	85.00
Saxon International Ltd	Mauritius	Ordinary	Investment holding	-	92.50	-	85.00
Manser Saxon Dubai LLC	Dubai	Ordinary	Contracting & engineering	-	92.50	-	85.00
Manser Saxon Interiors LLC	Dubai	Ordinary	Manufacturing of doors & shutters	-	92.50	-	85.00
Engineering Services Ltd	Seychelles	Ordinary	Outsourcing	-	69.38	-	63.75
Servequip Ltd	Mauritius	Ordinary	Rental & servicing of equipment	100.00	-	100.00	-
Scomat Limitée	Mauritius	Ordinary	Industrial & Mechanical	100.00	-	100.00	-
Société de Transit Aérien et Maritime SARL**	Madagascar	Ordinary	Clearing & forwarding	-	85.50	-	85.50
The United Basalt Products Ltd	Mauritius	Ordinary	Manufacture of building materials	33.14	-	33.14	-
Espace Maison Ltée	Mauritius	Ordinary	Commerce	-	33.14	-	33.14
La Savonnerie Creole Ltée	Mauritius	Ordinary	Commerce	-	33.14	-	-
Compagnie de Gros cailloux Limitée	Mauritius	Ordinary	Agriculture	-	33.14	-	33.14
Société d'Investissement Rodriguais	Mauritius	Ordinary	Investment holding	-	33.14	-	-
Welcome Industries Limited	Mauritius	Ordinary	Manufacture of building materials	-	25.15	-	25.15
UBP International Ltd	Mauritius	Ordinary	Investment	-	33.14	-	33.14
UBP Madagascar	Madagascar	Ordinary	Manufacture of building materials	-	33.14	-	33.14
United Granite Products (Pvt) Ltd	Sri-Lanka	Ordinary	Manufacture of building materials	-	25.52	-	25.52

Notes to the Financial Statements for the year ended 30 June 2018

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2018 % held Direct	2018 % held Indirect	2017 % held Direct	2017 % held Indirect
DHK Metal Crusher (Pvt) Ltd	Sri-Lanka	Ordinary	Manufacture of building materials	-	33.14	-	33.14
Sheffield Trading(Pvt) Ltd	Sri-Lanka	Ordinary	Manufacture of building materials	-	33.14	-	33.14
Sainte Marie Crushing Plant Ltd	Mauritius	Ordinary	Manufacture of building materials	-	25.35	-	25.35
Société des Petits Cailloux	Mauritius	Ordinary	Investment	-	25.35	-	25.35
Dry Mixed Products Ltd	Mauritius	Ordinary	Manufacture of building materials	-	16.90	-	16.90
Land Reclamation Limited**	Mauritius	Ordinary	Manufacture of building materials	-	33.14	-	33.14
Stone and Bricks Co Ltd	Mauritius	Ordinary	Manufacture of building materials	-	33.14	-	33.14
The Stonemasters Company Limited	Mauritius	Ordinary	Manufacture of building materials	-	33.14	-	33.14
Pricom Ltd	Mauritius	Ordinary	Manufacture of building materials	-	33.14	-	33.14
Blychem Ltd	Mauritius	Ordinary	Manufacturing of chemical products	100.00	-	100.00	-
Escape Outdoor & Leisure Ltd	Mauritius	Ordinary	Commerce	100.00	-	100.00	-
HealthActiv Ltd	Mauritius	Ordinary	Healthcare	100.00	-	100.00	-
Medical Trading Company Ltd	Mauritius	Ordinary	Healthcare	100.00	-	100.00	-
Medical Trading International Ltd	Mauritius	Ordinary	Healthcare	51.00	-	51.00	-
New Cold Storage Company Limited*	Mauritius	Ordinary	Inactive	100.00	-	100.00	-
Winhold Limited	Mauritius	Ordinary	Investment holding	100.00	-	100.00	-
Pick and Buy Limited	Mauritius	Ordinary	Supermarkets	-	100.00	-	100.00
Compagnie des Magasins Populaires Limitée	Mauritius	Ordinary	Hypermarket	-	100.00	-	-
CMPL (Cascavelle) Limitée	Mauritius	Ordinary	Hypermarket	-	100.00	-	-
CMPL (Bagatelle) Limitée	Mauritius	Ordinary	Hypermarket	-	100.00	-	-
CMPL (Mont Choisy) Limitée	Mauritius	Ordinary	Hypermarket	-	100.00	-	-
Intergraph Ltée	Mauritius	Ordinary	Trading in printing equipment and consumables	100.00	-	100.00	-
Heilderberg Océan Indien Limitée	Mauritius	Ordinary	Investment	-	100.00	-	100.00
Intergraph Réunion	Reunion	Ordinary	Trading in printing equipment and consumables for printing	-	100.00	-	100.00
Intergraph Reunion SAV	Reunion	Ordinary	After sales service	-	100.00	-	100.00
SCI Les Alamandas	Reunion	Ordinary	Real Estate	-	100.00	-	100.00
Intergraph Réunion Papier	Reunion	Ordinary	Trading in papers	-	100.00	-	100.00
Intergraph Editions Ltée	Mauritius	Ordinary	Editing of books	-	100.00	-	100.00
Intergraph Africa Ltd	Mauritius	Ordinary	Trading in printing equipment and consumables	-	100.00	-	-
Les Classiques Africains du Cameroun SARL	Cameroun	Ordinary	Sale and promotion of books	-	100.00	-	100.00
Les Classiques du Sénégal	Senegal	Ordinary	Sale and promotion of books	-	100.00	-	100.00
Adam and Company Limited*	Mauritius	Ordinary	Inactive	-	100.00	-	100.00
Blyth Brothers & Company Limited*	Mauritius	Ordinary	Inactive	100.00	-	100.00	-
Cassis Limited*	Mauritius	Ordinary	Inactive	100.00	-	100.00	-
Equip and Rent Company Ltd	Mauritius	Ordinary	Rental of equipment	100.00	-	100.00	-
Fondation Joseph Lagesse	Mauritius	Ordinary	Charitable institution	100.00	-	100.00	-
IBL Africa Investment Ltd	Mauritius	Ordinary	Investment	100.00	-	100.00	-
IBL Biotechnology International Ltd	Mauritius	Ordinary	Research and Development	100.00	-	100.00	-

Notes to the Financial Statements for the year ended 30 June 2018

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)

				2018 % held		2017 % held	
	Country of incorporation	Type of shares	Principal activity	Direct	Indirect	Direct	Indirect
IBL Loyalty Ltd (fomerly IBL Corporate Services Ltd)	Mauritius	Ordinary	Loyalty card management	100.00	–	100.00	–
IBL Entertainment Holding Limited*	Mauritius	Ordinary	Inactive	100.00	–	100.00	–
IBL Entertainment Limited*	Mauritius	Ordinary	Inactive	–	100.00	–	100.00
IBL Treasury Management Ltd*	Mauritius	Ordinary	Inactive	100.00	–	100.00	–
Les Cuisines Solidaires Ltée	Mauritius	Ordinary	Charitable institution	100.00	–	100.00	–
IBL International Limited	Mauritius	Ordinary	Investment	100.00	–	100.00	–
IBL Training Services Limited*	Mauritius	Ordinary	Training services	100.00	–	100.00	–
GML Immobilier Ltée	Mauritius	Ordinary	Inactive	100.00	–	100.00	–
IMV Services Ltd	Mauritius	Ordinary	Rental of equipment	100.00	–	100.00	–
I-Consult Limited	Mauritius	Ordinary	IT Services	100.00	–	100.00	–
I-Telecom Ltd	Mauritius	Ordinary	IT Services	100.00	–	100.00	–
Ireland Blyth (Seychelles) Ltd*	Seychelles	Ordinary	Inactive	100.00	–	100.00	–
Ireland Fraser and Company Limited*	Mauritius	Ordinary	Inactive	100.00	–	100.00	–
Printvest Holding Ltd	Mauritius	Ordinary	Investment	100.00	–	100.00	–
IBL Management Ltd	Mauritius	Ordinary	Management Services	100.00	–	100.00	–
IBL Treasury Ltd	Mauritius	Ordinary	Treasury	100.00	–	100.00	–
Société de Traitement et d'Assainissement des Mascareignes Limitée*	Mauritius	Ordinary	Inactive	100.00	–	100.00	–
SPCB Ltée	Mauritius	Ordinary	Investment holding	100.00	–	100.00	–
Ze Dodo Trail Ltd	Mauritius	Ordinary	Organiser of trails	100.00	–	100.00	–
IBL Financial Services Holding Ltd	Mauritius	Ordinary	Investment	100.00	–	100.00	–
Beach International Company Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
DTOS Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
DTOS International Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
DTOS Trustees Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
DTOS Outsourcing Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
DTOS Registry Services Ltd	Mauritius	Ordinary	Provider of Services	–	100.00	–	–
DTOS East Africa Company Limited	Uganda	Ordinary	Global business	–	100.00	–	–
DTOS International East Africa (K) Limited	Kenya	Ordinary	Global business	–	100.00	–	100.00
Interface International Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
Interface Management Services Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
IPSE (Nominees) Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
ITA EST (Nominees) Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
Knights & Johns Management Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
Pines Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
Pines Nominees Ltd	Mauritius	Ordinary	Global business	–	100.00	–	100.00
Mauritian Eagle Insurance Company Limited	Mauritius	Ordinary	General Insurance	60.00	–	60.00	–
Specialty Risk Solutions Ltd	Mauritius	Ordinary	General Insurance	–	42.00	–	42.00
MEI Investment Property Limited	Mauritius	Ordinary	Property	–	60.00	–	–

Notes to the Financial Statements for the year ended 30 June 2018

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)

				2018 % held		2017 % held	
	Country of incorporation	Type of shares	Principal activity	Direct	Indirect	Direct	Indirect
Mauritian Eagle Leasing Company Ltd	Mauritius	Ordinary	Leasing & deposit taking	86.43	8.14	86.43	8.14
Equity Spectrum Ltd	Mauritius	Ordinary	Investment	70.00	–	70.00	–
The Bee Equity Partners Ltd	Mauritius	Ordinary	Investment	34.95	–	34.95	–
Flacq Associated Stonemasters Limited	Mauritius	Ordinary	Production and sale of aggregates and bricks	–	28.15	–	28.15
Alentaris Ltd	Mauritius	Ordinary	Investment	75.51	–	75.51	–
Alentaris Recruitment Ltd	Mauritius	Ordinary	Recruitment services	–	75.51	–	75.51
Alentaris Consulting Ltd	Mauritius	Ordinary	Human resource consulting	–	75.51	–	75.51
Alentaris Management Ltd	Mauritius	Ordinary	Management company	–	75.51	–	75.51
International Development Partners (E.A) Limited	Kenya	Ordinary	Recruitment services and human resource management	–	74.00	–	74.00
LCF Holdings Ltd	Mauritius	Ordinary	Investment dealer/advisor	60.00	–	25.00	–
LCF Registry & Advisory Ltd	Mauritius	Ordinary	Investment dealer/advisor	–	60.00	–	25.00
LCF Securities Ltd	Mauritius	Ordinary	Investment dealer/advisor	–	60.00	–	25.00
LCF Wealth Ltd	Mauritius	Ordinary	Investment dealer/advisor	–	60.00	–	25.00
Y Generation Diversified Investments Ltd	Mauritius	Ordinary	Investment dealer/advisor	–	60.00	–	25.00
IBL Link Ltd	Mauritius	Ordinary	Investment	100.00	–	100.00	–
Universal Media Ltd	Mauritius	Ordinary	Media	–	55.00	–	34.00
The ConcreAte Agency Ltd	Mauritius	Ordinary	Advertising	–	–	–	80.00
The Ground Collaborative Space Ltd	Mauritius	Ordinary	Collaborative workspace	84.20	2.03	84.20	2.03
Lux Island Resorts Ltd	Mauritius	Ordinary	Hospitality and Tourism	56.47	–	39.27	–
Lux Island Resort Seychelles Ltd	Seychelles	Ordinary	Hospitality and Tourism	–	51.95	–	37.70
LIRTA Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	51.95	–	37.70
Holiday & Leisure Resorts Limited	Mauritius	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
Merville Beach Hotel Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
Merville Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
Blue Bay Tokey Island Limited	Mauritius	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
Beau Rivage Co Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
Lux* Resorts Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
Les Pavillons Resorts Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
LTK Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
FMM Ltée	Mauritius	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
MSF Leisure Company Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
Hotel Prestige Reunion SAS	Reunion	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
Le Recif	Reunion	Ordinary	Hospitality and Tourism	–	55.97	–	39.21
Les Villas du Lagon SA	Reunion	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
Naiade Holidays (Pty) Ltd	South Africa	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
Lux* Island Resorts UK Limited	UK	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
Island Light Vacations Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	51.95	–	37.70
Lux* Island Resort Foundation	Mauritius	Ordinary	Charitable institution	–	56.47	–	39.27

Notes to the Financial Statements for the year ended 30 June 2018

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2018 % held Direct	2018 % held Indirect	2017 % held Direct	2017 % held Indirect
Lux* Island Resort Maldives Ltd	Seychelles	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
White Sand Resorts & Spa Pvt Ltd	Maldives	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
Lux* Hospitality Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	51.78	–	37.70
Salt Hospitality Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	56.47	–	–
Palm Boutique Hotel Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	56.47	–	–
The Lux* Collective Pte Ltd	Singapore	Ordinary	Hospitality and Tourism	–	56.47	–	37.70
Cafe Lux* Ltd	Mauritius	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
Lux* Hotel Management (Shanghai) Co ltd	China	Ordinary	Hospitality and Tourism	–	51.95	–	39.27
Oceanide Limited	Mauritius	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
Nereide Limited	Mauritius	Ordinary	Hospitality and Tourism	–	56.47	–	39.27
Ari Atoll Investment Ltd	Seychelles	Ordinary	Hospitality and Tourism	–	51.95	–	37.70
Bloomage Ltd	Mauritius	Ordinary	Real Estate & Property Management	100.00	–	100.00	–
Southern Investments Ltd	Mauritius	Ordinary	Real Estate	–	62.70	–	–
BlueLife Limited	Mauritius	Ordinary	Property Development & investment holding	48.99	–	8.46	–
Haure Rive Holdings Limited	Mauritius	Ordinary	Property Development	–	48.99	–	8.46
Azuri Suites Ltd	Mauritius	Ordinary	Property Development	–	48.99	–	8.46
Azuri Watch Ltd	Mauritius	Ordinary	Property Development	–	48.99	–	8.46
Azuri Services Ltd	Mauritius	Ordinary	Property Development	–	48.99	–	8.46
Azuri Estate Management Ltd	Mauritius	Ordinary	Property Development	–	48.99	–	8.46
Haute Rive Ocean Front Living Ltd	Mauritius	Ordinary	Property Development	–	48.99	–	8.46
Haute Rive IRS Company Limited	Mauritius	Ordinary	Property Development	–	48.99	–	8.46
Haute Rive PDS Company Ltd	Mauritius	Ordinary	Property Development	–	48.99	–	8.46
HR Golf Holding Ltd	Mauritius	Ordinary	Property Development	–	48.99	–	8.46
Azuri Golf Management Ltd	Mauritius	Ordinary	Property Development	–	48.99	–	8.46
Circle Square Holding Company Limited	Mauritius	Ordinary	Property Development	–	48.99	–	8.46
Life in Blue Limited	Mauritius	Ordinary	Property Development	–	48.99	–	8.46
Ocean Edge Property Management Company Ltd	Mauritius	Ordinary	Property Development	–	48.99	–	8.46
Les Hauts Champs 2 Ltd	Mauritius	Ordinary	Property Development	–	48.99	–	8.46
PL Resort Ltd	Mauritius	Ordinary	Property Development	–	43.37	–	19.06
Haute Rive Azuri Hotel Company Ltd	Mauritius	Ordinary	Property Development	–	38.13	–	7.34
IBL Life Ltd	Mauritius	Ordinary	Biotechnologies	100.00	–	100.00	–
Rouclavier Ltée	Mauritius	Ordinary	Research and Biotechnology	–	90.00	–	80.00
Services Gestion des Compagnies Ltée	Mauritius	Ordinary	Management Services	–	90.00	–	80.00
CIDP Preclinical Ltd	Mauritius	Ordinary	Clinical testing	–	90.00	–	80.00
CIDP India Ltd	Mauritius	Ordinary	Clinical testing of pharmaceutical and cosmetic products	–	90.00	–	80.00
CIDP Biotech India Private Limited	India	Ordinary	Clinical testing	–	89.10	–	79.99

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Notes to the Financial Statements for the year ended 30 June 2018

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2018 % held Direct	2018 % held Indirect	2017 % held Direct	2017 % held Indirect
CIDP International	Mauritius	Ordinary	Clinical research and investment	–	89.10	–	79.20
CIDP Biotechnology SRL	Romania	Ordinary	Clinical testing of pharmaceutical and cosmetic products	–	89.10	–	79.20
CIDP Brasil Ltd	Mauritius	Ordinary	Clinical research and investment	–	90.00	–	80.00
CIDP Do Brasil Pesquisas Clinicas Ltda	Brasil	Ordinary	Clinical testing of pharmaceutical and cosmetic products	–	89.10	–	79.99
Centre de Phytotherapie et de Recheche Ltée	Mauritius	Ordinary	Testing and analysis of plants	–	84.50	–	79.00
CIDP Singapore Ltd	Mauritius	Ordinary	Clinical research and investment	–	90.00	–	80.00
CIDP Biotech Singapore (Centre International de Development Pharmaceutique) PTE. Ltd	Singapore	Ordinary	Clinical testing of pharmaceutical and cosmetic products	–	90.00	–	80.00
Air Mascareignes Limitée	Mauritius	Ordinary	Tourism	50.00	–	50.00	–
Arcadia Travel Madagascar	Madagascar	Ordinary	Travel agency	–	50.00	–	50.00
Arcadia Travel Comores SARL	Comoros	Ordinary	Travel agency	–	50.00	–	50.00
Australair General Sales Agency Ltd	Mauritius	Ordinary	Tourism and Travel	–	25.00	–	25.00
Australair GSA Comores SARL	Comoros	Ordinary	Tourism and Travel	–	25.00	–	25.00
Australair GSA Mada s.a.	Madagascar	Ordinary	Tourism and Travel	–	25.00	–	25.00
Catovair Comores sarl*	Mauritius	Ordinary	Tourism and Travel	–	50.00	–	50.00
Compagnie Thonière de l'Ocean Indien Ltée	Mauritius	Ordinary	Rental of fishing boats	100.00	–	100.00	–
Ground 2 Air Ltd (formerly named Equity Aviation Indian Ocean Limited)	Mauritius	Ordinary	Ground handling	100.00	–	100.00	–
Equity Aviation Comores sarl	Mauritius	Ordinary	Ground handling	–	100.00	–	100.00
G2A Camas Ltd	Mauritius	Ordinary	Training	–	50.00	–	50.00
IBL Aviation SARL	Madagascar	Ordinary	Tourism and Travel	–	100.00	–	100.00
IBL Aviation Comores SARL	Comoros	Ordinary	Tourism and Travel	–	100.00	–	100.00
IBL Cargo Village Ltd	Mauritius	Ordinary	Tourism and Travel	100.00	–	100.00	–
IBL Comores SARL	Comoros	Ordinary	Tourism	100.00	–	100.00	–
IBL Comores GSA Anjouan SARL	Comoros	Ordinary	Tourism	–	100.00	–	100.00
IBL Fishing Company Ltd	Mauritius	Ordinary	Shipping	100.00	–	100.00	–
IBL Regional Development Limited	Mauritius	Ordinary	Investment	100.00	–	100.00	–
Arcadia Travel Limited (formerly called IBL Travel Limited)	Mauritius	Ordinary	Travel agency	100.00	–	100.00	–
IBL Travel SARL**	Mauritius	Ordinary	Travel agency	–	100.00	–	100.00
Indian Ocean Dredging Ltd**	Mauritius	Ordinary	Inactive	100.00	–	100.00	–
IBL Shipping Company Ltd (formerly: Indian Ocean Logistics Limited)	Mauritius	Ordinary	Import-Export	100.00	–	100.00	–
I World Ltd	Mauritius	Ordinary	Commerce	100.00	–	100.00	–
Ireland Fraser (Madagascar) SARL**	Madagascar	Ordinary	Commerce	100.00	–	100.00	–
Logidis Limited	Mauritius	Ordinary	Warehousing	100.00	–	100.00	–

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2018 % held Direct	2018 % held Indirect	2017 % held Direct	2017 % held Indirect
Mad Courrier SARL	Madagascar	Ordinary	Courier service	**92.50**	**–**	92.50	–
Mada Aviation SARL	Madagascar	Ordinary	GSA	**100.00**	**–**	100.00	–
Reefer Operations (BVI) Limited	British Virgin Island	Ordinary	Shipping	**100.00**	**–**	100.00	–
Seaways Marine Supplies Limited	Mauritius	Ordinary	Shipping	**100.00**	**–**	100.00	–
Société Mauricienne de Navigation Ltée*	Mauritius	Ordinary	Service provider	**100.00**	**–**	100.00	–
Somatrans SDV Ltd	Mauritius	Ordinary	Import-Export	**75.00**	**–**	75.00	–
Somatrans SDV Logistics Ltd	Mauritius	Ordinary	Import-Export	**–**	**75.00**	–	75.00
Southern Seas Shipping Company Limited	Mauritius	Ordinary	Shipping	**100.00**	**–**	100.00	–
Tourism Services International Limited	Mauritius	Ordinary	Inactive	**100.00**	**–**	100.00	–
IBL Biotechnology Investment Holdings Ltd	Mauritius	Ordinary	Investment	**100.00**	**–**	100.00	–
IBL Biotechnology (Mauritius) Ltd	Mauritius	Ordinary	Research and Development	**90.00**	**–**	90.00	–
IBL India Investments Ltd	Mauritius	Ordinary	Investment	**100.00**	**–**	100.00	–
Aquatic Proteins Private Limited	India	Ordinary	Manufacturing	**–**	**70.00**	–	70.00
IBL Gabon Investments Limited	Mauritius	Ordinary	Investment	**100.00**	**–**	100.00	–
IBL Ugandan Holdings 1 Limited	Mauritius	Ordinary	Investment	**100.00**	**–**	100.00	–
IBL Ugandan Holdings 2 Limited	Mauritius	Ordinary	Investment	**100.00**	**–**	100.00	–
Fresh Cuts (Uganda) Ltd	Uganda	Ordinary	Meat processing	**–**	**100.00**	–	100.00
La Tropicale Mauricienne Ltée	Mauritius	Ordinary	Manufacturing	**100.00**	**–**	100.00	–
Seafood Hub Limited	Mauritius	Ordinary	Investment	**85.00**	**–**	85.00	–
Marine Biotechnology Products Ltd	Mauritius	Ordinary	Manufacturing	**–**	**70.36**	–	70.36
Marine Biotechnology International Ltd	Mauritius	Ordinary	Investment	**–**	**85.00**	–	85.00
Marine Biotechnology Products (Cote d'Ivoire)	Cote d'Ivoire	Ordinary	Manufacturing	**–**	**43.35**	–	–
Cervonic Ltd	Mauritius	Ordinary	Manufacturing	**–**	**85.00**	–	82.17
Froid des Mascareignes Ltd	Mauritius	Ordinary	Storage	**–**	**59.50**	–	59.50
Transfroid Ltd	Mauritius	Ordinary	Import-Export	**–**	**59.50**	–	59.50
Tuna Mascarene S.l.	Spain	Ordinary	Commerce	**–**	**–**	–	85.00
Camp Investment Company Limited	Mauritius	Ordinary	Investment	**49.60**	**–**	49.60	–
Phoenix Management Company Ltd	Mauritius	Ordinary	Management	**–**	**49.56**	–	49.56
Phoenix Investment Company Limited	Mauritius	Ordinary	Investment	**26.17**	**11.25**	20.99	11.25
Phoenix Beverages Limited	Mauritius	Ordinary	Production of Beer and Bottles and distribution of beverages	**3.21**	**20.07**	3.21	18.46
MBL Offshore Ltd	Mauritius	Ordinary	Investment	**–**	**23.28**	–	21.66
SCI Edena	Reunion	Ordinary	Real Estate	**–**	**23.28**	–	21.66
Phoenix Beverages Overseas Ltd	Mauritius	Ordinary	Export of beverages	**–**	**23.28**	–	21.65
The (Mauritius) Glass Gallery Ltd	Mauritius	Ordinary	Production and sale of glasswares	**–**	**16.46**	–	16.46
Mauritius Breweries International Ltd	British Virgin Islands	Ordinary	Investment	**–**	**23.28**	–	21.66
Phoenix Distributors Limited	Mauritius	Ordinary	Distribution of beverages	**–**	**21.09**	–	21.09
Phoenix Camp Minerals Offshore Limited	Mauritius	Ordinary	Investment	**–**	**23.28**	–	21.66

Notes to the Financial Statements
for the year ended 30 June 2018

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11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2018 % held Direct	2018 % held Indirect	2017 % held Direct	2017 % held Indirect
Phoenix Réunion SARL	Reunion	Ordinary	Commissioning agent	**–**	**23.28**	–	21.66
Helping Hands Foundation	Mauritius	Ordinary	Charitable institution	**–**	**18.96**	–	18.96
Phoenix Foundation	Mauritius	Ordinary	Foundation	**–**	**23.28**	–	21.66
Edena S.A.	Reunion	Ordinary	Distribution of beverages	**–**	**23.28**	–	21.66
Espace Solution Reunion SAS	Reunion	Ordinary	Other Services	**–**	**23.28**	–	21.66

* Companies are inactive

** Companies are inactive and in process of de-registration

Details of non-wholly owned subsidiaries of the Group that have material non-controlling interest:

	Percentage of voting rights held by non-controlling interests		Net profit/(loss) attributable to non-controlling interest		Accumulated non-controlling interests		Dividend paid to non-controlling interests	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
			Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Lux* Island Resorts Ltd	**43.53%**	60.73%	**231,758**	305,341	**2,616,941**	3,517,611	**(74,613)**	(104,080)
Camp Investment Company Limited	**50.40%**	50.40%	**394,213**	328,362	**3,171,181**	2,844,624	**(159,734)**	(150,198)
The United Basalt Products Ltd	**66.86%**	66.86%	**108,167**	120,130	**2,183,531**	2,261,105	**(76,047)**	(72,416)
Chantier Naval de l'Océan Indien Ltd	**40%**	40%	**109,123**	114,641	**808,572**	737,756	**(48,564)**	(54,029)
BlueLife Limited	**51.01%**	–	**(66,788)**	–	**1,189,064**	–	**–**	–
Individually immaterial subsidiaries with non-controlling interests	**–**	–	**97,432**	44,179	**1,483,425**	1,270,533	**(58,123)**	(102,011)
Total	**–**	–	**873,905**	912,653	**11,452,714**	10,631,629	**(417,081)**	(482,734)

Notes to the Financial Statements for the year ended 30 June 2018

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

LUX* ISLAND RESORTS LTD	2018 Rs'000	2017 Rs'000
Current assets	**1,240,492**	1,146,409
Non-current assets	**11,688,444**	10,391,750
Current liabilities	**2,615,976**	2,221,570
Non-current liabilities	**4,302,665**	3,522,532
Equity attributable to owners of the Company	**3,393,354**	2,276,446
Non-controlling interest	**2,616,941**	3,517,611

	2018 Rs'000	2017 Rs'000
Revenue	**5,925,409**	5,437,975
Expenses	**5,510,769**	4,930,239
Profit for the year	**414,640**	507,736
Profit for the year:		
– Profit attributable to owners of the Company	**182,882**	202,395
– Profit attributable to the non-controlling interests	**231,758**	305,341
	414,640	507,736
Other comprehensive loss for the year:		
– Other comprehensive loss attributable to owners of the Company	**(5,211)**	(220,550)
– Other comprehensive loss attributable to the non-controlling interests	**(15,960)**	(341,676)
	(21,171)	(562,226)
Total comprehensive income/(loss) for the year:		
– Total comprehensive income/(loss) attributable to owners of the Company	**177,671**	(18,155)
– Total comprehensive income/(loss) attributable to the non-controlling interests	**215,798**	(36,335)
	393,469	(54,490)
Net cash inflow from operating activities	**741,218**	848,010
Net cash outflow from investing activities	**(1,421,909)**	(43,106)
Net cash inflow/(outflow) from financing activities	**654,557**	(584,149)
Net cash (outflow)/inflow	**(26,134)**	220,755

Notes to the Financial Statements for the year ended 30 June 2018

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

CAMP INVESTMENT COMPANY LIMITED	2018 Rs'000	2017 Rs'000
Current assets	**1,774,766**	1,689,562
Non-current assets	**4,596,599**	4,405,413
Current liabilities	**1,178,957**	1,305,411
Non-current liabilities	**1,015,060**	1,160,988
Equity attributable to owners of the Company	**1,006,167**	783,952
Non-controlling interest	**3,171,181**	2,844,624

	2018 Rs'000	2017 Rs'000
Revenue	**7,295,027**	6,414,909
Expenses	**6,770,443**	5,981,264
Profit for the year	**524,584**	433,645
Profit for the year:		
– Profit attributable to owners of the Company	**130,371**	105,283
– Profit attributable to the non-controlling interests	**394,213**	328,362
	524,584	433,645
Other comprehensive income for the year:		
– Other comprehensive income attributable to owners of the Company	**29,381**	7,207
– Other comprehensive income attributable to the non-controlling interests	**216,881**	35,168
	246,262	42,375
Total comprehensive income for the year:		
– Total comprehensive income attributable to owners of the Company	**159,752**	112,490
– Total comprehensive income attributable to the non-controlling interests	**611,094**	363,530
	770,846	476,020
Net cash inflow from operating activities	**764,091**	611,831
Net cash outflow from investing activities	**(301,168)**	(383,216)
Net cash outflow from financing activities	**(407,479)**	(374,275)
Net cash inflow/(outflow)	**55,444**	(145,660)

Notes to the Financial Statements for the year ended 30 June 2018

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

THE UNITED BASALT PRODUCTS LTD	2018 Rs'000	2017 Rs'000
Current assets	**1,322,527**	1,280,198
Non-current assets	**3,671,284**	3,691,157
Current liabilities	**1,344,158**	791,867
Non-current liabilities	**517,030**	1,005,934
Equity attributable to owners of the Company	**949,092**	912,449
Non-controlling interest	**2,183,531**	2,261,105

	2018 Rs'000	2017 Rs'000
Revenue	**3,046,614**	2,651,466
Expenses	**2,891,348**	2,479,835
Profit for the year	**155,266**	171,631
Profit for the year:		
- Profit attributable to owners of the Company	**47,099**	51,501
- Profit attributable to the non-controlling interests	**108,167**	120,130
	155,266	171,631
Other comprehensive (loss)/income for the year:		
- Other comprehensive (loss)/income attributable to owners of the Company	**(27,051)**	141,105
- Other comprehensive (loss)/income attributable to the non-controlling interests	**(59,305)**	284,065
	(86,356)	425,170
Total comprehensive income for the year:		
- Total comprehensive income attributable to owners of the Company	**20,048**	192,606
- Total comprehensive income attributable to the non-controlling interests	**48,862**	404,195
	68,910	596,801
Net cash inflow from operating activities	**412,834**	244,225
Net cash outflow from investing activities	**(225,594)**	(276,378)
Net cash outflow from financing activities	**(102,151)**	(65,498)
Net cash inflow/(outflow)	**85,089**	(97,651)

Notes to the Financial Statements for the year ended 30 June 2018

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

CHANTIER NAVAL DE L'OCÉAN INDIEN LTD	2018 Rs'000	2017 Rs'000
Current assets	**718,048**	725,590
Non-current assets	**1,685,672**	1,628,555
Current liabilities	**215,736**	295,764
Non-current liabilities	**128,049**	212,129
Equity attributable to owners of the Company	**1,251,363**	1,108,496
Non-controlling interest	**808,572**	737,756

	2018 Rs'000	2017 Rs'000
Revenue	**1,172,323**	1,257,875
Expenses	**898,168**	971,981
Profit for the year	**274,155**	285,894
Profit for the year:		
- Profit attributable to owners of the Company	**165,032**	171,253
- Profit attributable to the non-controlling interests	**109,123**	114,641
	274,155	285,894
Other comprehensive income/(loss) for the year:		
- Other comprehensive income/(loss) attributable to owners of the Company	**35,006**	(11,180)
- Other comprehensive income/(loss) attributable to the non-controlling interests	**23,338**	(7,453)
	58,344	(18,633)
Total comprehensive income for the year:		
- Total comprehensive income attributable to owners of the Company	**200,038**	160,073
- Total comprehensive income attributable to the non-controlling interests	**132,461**	107,188
	332,499	267,261
Net cash inflow from operating activities	**111,885**	394,152
Net cash inflow/(outflow) from investing activities	**103,105**	(61,878)
Net cash outflow from financing activities	**(171,860)**	(289,435)
Net cash inflow	**43,130**	42,839

Notes to the Financial Statements for the year ended 30 June 2018

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

BLUELIFE LIMITED	2018 Rs'000
Current assets	971,917
Non-current assets	3,242,455
Current liabilities	1,244,018
Non-current liabilities	629,686
Equity attributable to owners of the Company	1,151,604
Non-controlling interest	1,189,064

	2018 Rs'000
Revenue	513,462
Expenses	620,660
Loss for the year	(107,198)
Loss for the year:	
- Loss attributable to owners of the Company	(40,410)
- Loss attributable to the non-controlling interests	(66,788)
	(107,198)
Other comprehensive income for the year:	
- Other comprehensive income attributable to owners of the Company	153
- Other comprehensive income attributable to the non-controlling interests	159
	312
Total comprehensive loss for the year:	
- Total comprehensive loss attributable to owners of the Company	(40,257)
- Total comprehensive loss attributable to the non-controlling interests	(66,629)
	(106,886)
Net cash inflow from operating activities	55,129
Net cash inflow from investing activities	41,224
Net cash outflow from financing activities	(74,650)
Net cash inflow	21,703

Notes to the Financial Statements for the year ended 30 June 2018

12. INVESTMENTS IN ASSOCIATED COMPANIES

(a) THE GROUP	2018 Rs'000	2017 Restated Rs'000
At 1 July		
- As previously reported	9,451,297	8,677,478
- Prior year adjustments (Note 46)	(258,418)	(235,592)
- As restated	9,192,879	8,441,886
Additions	150,192	554,591
Disposals	(409,457)	-
Impairment loss	(176,411)	(6,780)
Transfer to investment in joint ventures (Note 13)	(4,424)	-
Share of profits - Continuing	297,703	438,679
Share of profits - Discontinued	38,890	109,725
Dividend received	(232,782)	(288,441)
Movement in fair value reserves	5,204	(71)
Movement in revaluation reserves	152,768	(6,535)
Movement in currency translation reserves	(2,247)	(19,122)
Movement in other reserves	29,571	51,968
Movement in reserves of associated companies	8,599	33,677
Other movements in retained earnings	(36,781)	(123,195)
Loss on deemed disposal of associates resulting from dilution	(42,784)	-
Transfer to investment in subsidiaries	-	6,497
At 30 June	**8,970,920**	**9,192,879**

At 30 June 2018, the Group has recognised an impairment loss with respect to Princes Tuna (Mauritius) Ltd and Nutrifish SAS due to recoverable values being lower than the carrying values. At 30 June 2017, the Group has recognised an impairment loss with respect to PL Resorts Ltd and Haute Rive Azuri Ltd due to recurring losses incurred by these entities. These impairment losses were recognised in the profit or loss under other gains and other losses.

Notes to the Financial Statements for the year ended 30 June 2018

12. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

(b) THE COMPANY

	Listed Rs'000	Secondary market Rs'000	Unquoted Rs'000	Total Rs'000
At 1 July 2016	2,403,310	–	2,431,633	**4,834,943**
Amalgamation adjustment (Note 45)	–	–	862,264	**862,264**
Additions	–	–	646,591	**646,591**
Disposal	–	–	(134,983)	**(134,983)**
Fair value adjustments	611,831	–	472,264	**1,084,095**
At 30 June 2017	3,015,141	–	4,277,769	**7,292,910**
Additions	–	–	150,158	**150,158**
Disposal	–	–	(897,194)	**(897,194)**
Transfer to subsidiaries (Note 11)	–	–	(26,016)	**(26,016)**
Impairment loss	–	–	(5,033)	**(5,033)**
Fair value adjustments	(761,489)	–	140,231	**(621,258)**
At 30 June 2018	**2,253,652**	**–**	**3,639,915**	**5,893,567**

(c) Additions during the year have been financed as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash	**150,192**	554,591	**150,158**	646,591

(d) The Group and the Company have pledged their investments to secure the banking facilities obtained.

(e) The directors believe that investments in associated companies are fairly stated and have not suffered additional impairment losses.

Notes to the Financial Statements for the year ended 30 June 2018

12. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

(f) Details of associated companies

	Country of incorporation	Type of shares	**2018 % held Direct**	**2018 % held Indirect**	2017 % held Direct	2017 % held Indirect
Abax Holding Limited	Mauritius	Ordinary	**–**	**–**	47.00	–
AfrAsia Bank Limited	Mauritius	Ordinary	**30.29**	**–**	30.10	–
AfrAsia Investments Limited	Mauritius	Ordinary	**–**	**30.29**	–	30.10
AfrAsia Capital Management Ltd	Mauritius	Ordinary	**–**	**30.29**	–	30.10
Alteo Ltd	Mauritius	Ordinary	**27.64**	**–**	27.64	–
Australair GSA Seychelles Ltd	Seychelles	Ordinary	**–**	**49.00**	–	49.00
Compagnie des Travaux Maritimes des Mascareignes Ltee	Mauritius	Ordinary	**–**	**25.00**	–	25.00
Confido Holding Limited	Mauritius	Ordinary	**33.33**	**–**	33.33	–
Cosy Club Management Services Ltd	Mauritius	Ordinary	**–**	**44.67**	–	44.67
Crown Corks Industries Ltd	Mauritius	Ordinary	**–**	**6.58**	–	6.58
DDL Promotion Ltee	Mauritius	Ordinary	**–**	**40.00**	–	40.00
DPD Laser (Mauritius) Ltd	Mauritius	Ordinary	**25.00**	**–**	–	25.00
Energie des Mascareignes Limitée***	Mauritius	Ordinary	**30.00**	**–**	30.00	–
GWS Technologies Ltd	Mauritius	Ordinary	**–**	**45.00**	–	45.00
H. Savy Insurance Company Ltd	Seychelles	Ordinary	**–**	**12.00**	–	5.84
Island Management Ltd	Mauritius	Ordinary	**25.00**	**–**	25.00	–
LCF Holdings	Mauritius	Ordinary	**–**	**–**	25.00	–
LCF Securites Ltd	Mauritius	Ordinary	**–**	**–**	25.00	–
LCL Cynologics Ltd	Mauritius	Ordinary	**–**	**30.05**	–	30.05
Madalg SARL*	Madagascar	Ordinary	**40.00**	**–**	40.00	–
Mauritius Coal and Allied Services Co Ltd	Mauritius	Ordinary	**49.00**	**–**	49.00	–
Mer des Mascareignes Limitee	Mauritius	Ordinary	**–**	**42.50**	–	42.50
Nutrifish SAS	France	Ordinary	**–**	**24.97**	–	24.01
Princes Tuna (Mauritius) Ltd	Mauritius	Ordinary	**23.37**	**17.27**	23.37	17.27
Profilage Ocean Indien Ltee	Mauritius	Ordinary	**20.00**	**–**	20.00	–
Proxifresh Co Ltd***	Mauritius	Ordinary	**20.00**	**–**	–	–
QuantiLab Holding Ltd	Mauritius	Ordinary	**–**	**50.00**	–	50.00
Scimat SAS	Reunion	Ordinary	**50.00**	**–**	50.00	–
Quantis Corporation***	Mauritius	Ordinary	**40.00**	**–**	–	19.48
Societe Australe de Participations Ltee	Mauritius	Ordinary	**10.00**	**10.00**	10.00	10.00
Supintex Limited	Mauritius	Ordinary	**49.00**	**–**	49.00	–
Supinvest Ltd	Mauritius	Ordinary	**–**	**49.00**	–	49.00
Switch Energy Ltd	Mauritius	Ordinary	**–**	**33.33**	–	33.33
Tropical Holding SA	Mauritius	Ordinary	**–**	**60.00**	–	60.00
Trois Ilots Ltée	Mauritius	Ordinary	**33.33**	**–**	33.33	–
Sud Concassage Ltée	Mauritius	Ordinary	**–**	**8.28**	–	8.28
Terrarock Ltd	Mauritius	Ordinary	**–**	**15.24**	–	15.24
Tower Bridge Projects (Mauritius) Ltd	Mauritius	Ordinary	**–**	**–**	–	34.00

* Companies are inactive
** Companies are inactive and in process of de-registration
*** The above have not been equity accounted in the financial statements as they were inactive and not material to the Group.

All the above associated companies are accounted using the equity method in the consolidated financial statements.

Notes to the Financial Statements for the year ended 30 June 2018

12. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

(g) Information presented in aggregate for associated companies that are not individually significant:

	2018 Rs'000	2017 (Restated) Rs'000
The Group's share of profit from continuing operations	29,405	25,582
The Group's share of other comprehensive loss	(25,593)	(11,667)
The Group's share of profit and total comprehensive income	3,812	13,915
Carrying amount of the Group's total interest in its associates	496,176	974,111

(h) Details of significant associated companies

The table below presents a summary of financial information in respect of each of the significant associated companies of the Group. This summary represents the amounts reported in the financial statements of the respective associated companies prepared in accordance with IFRS.

AFRASIA BANK LIMITED	2018 Rs'000	2017 Rs'000
Current assets	87,318,865	67,516,987
Non current assets	34,642,574	33,881,635
Current liabilities	108,645,589	89,747,076
Non current liabilities	6,479,770	5,719,293
Equity attributable to other shareholders	907,713	1,047,687
Revenue	1,915,761	1,691,513
Profit for the year attributable to ordinary shareholders of the company	762,862	804,109
Other comprehensive income/(loss) attributable to ordinary shareholders of the company	544	(6,557)
Total comprehensive income for the year attributable to ordinary shareholders of the company	763,406	797,552
Group's share of profit for year of the associated company	229,621	195,337
Group's share of total comprehensive income of the associated company	229,785	194,361
Dividend received from associated company	48,216	24,809

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12. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

(h) Details of significant associated companies (continued)

Reconciliation of financial information summarized above and the carrying value of the investment in Afrasia Bank Limited recorded in the consolidated financial statements:

	2018 Rs'000	2017 Rs'000
Net assets of the associate	5,928,367	4,884,566
Percentage holding by the Group	30.29%	30.10%
Share of net assets	1,795,702	1,470,254
Goodwill	364,964	402,328
Carrying value of the Group's share	2,160,666	1,872,582

ALTEO LTD	2018 Rs'000	2017 (Restated) Rs'000
Current assets	6,616,133	5,398,753
Non-current assets	23,827,402	23,137,646
Current liabilities	5,169,584	4,533,721
Non-current liabilities	6,238,472	5,539,015
Equity attributable to other shareholders	2,257,974	2,427,763
Revenue	8,176,275	8,929,348
Profit for the year attributable to ordinary shareholders of the parent company	397,818	413,545
Other comprehensive income/(loss) attributable to ordinary shareholders of the parent company	592,212	(142,617)
Total comprehensive income attributable to ordinary shareholders of the parent company	990,030	263,036
Group's share of profit for year of the associated company	109,957	134,622
Group's share of total comprehensive income of the associated company	273,644	95,202
Dividend received from associated company	68,664	72,186

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12. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

(h) Details of significant associated companies (continued)

Reconciliation of financial information summarized above and the carrying value of the investment in Alteo Ltd recorded in the consolidated financial statements:

	2018 Rs'000	2017 (Restated) Rs'000
Net assets of associated company	**16,777,505**	16,035,900
Percentage holding by the Group	**27.64%**	27.64%
Share of net assets	**4,637,302**	4,432,323
Carrying value of the Group's share	**4,637,302**	4,432,323

PRINCES TUNA (MAURITIUS) LTD	2018 Rs'000	2017 Rs'000
Current assets	**3,931,741**	4,631,868
Non-current assets	**1,925,187**	1,967,967
Current liabilities	**1,872,709**	2,003,318
Non-current liabilities	**1,187,430**	1,577,162
Equity attributable to other shareholders	**(486)**	(1,907)
Revenue	**10,829,175**	9,870,481
(Loss)/profit for the year attributable to ordinary shareholders of the parent company	**(169,650)**	190,334
Other comprehensive income/(loss) attributable to ordinary shareholders of the parent company	**45,473**	(25,676)
Total comprehensive (loss)/income for the year attributable to ordinary shareholders of the parent company	**(124,177)**	164,658
Group's share of (loss)/profit for year of the associated company	**(71,280)**	83,138
Group's share of total comprehensive (loss)/income of the associated company	**(52,424)**	71,923
Dividend received from associated company	**54,662**	63,730

Notes to the Financial Statements for the year ended 30 June 2018

12. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

(h) Details of significant associated companies (continued)

Reconciliation of financial information summarized above and the carrying value of the investment in Princes Tuna (Mauritius) Ltd recorded in the consolidated financial statements:

	2018 Rs'000	2017 Rs'000
Net assets of the associated company	**2,797,275**	3,021,262
Percentage holding by the Group	**43.68%**	43.68%
Share of net assets	**1,224,473**	1,331,560
Goodwill	**452,303**	582,303
Carrying value of the Group's share	**1,676,776**	1,913,863

13. INVESTMENTS IN JOINT VENTURES

Details of joint ventures:	Type of shares	Country of incorporation		Percentage held 2018	Percentage held 2017
City Brokers Ltd	Ordinary	Mauritius	Direct	**50.00%**	50.00%
CBL Africa Ltd	Ordinary	Mauritius	Indirect	**50.00%**	50.00%
Manser Saxon Facilities Ltd	Ordinary	Mauritius	Indirect	**46.24%**	42.49%
Proximed Ltd	Ordinary	Mauritius	Indirect	**50.00%**	50.00%
Azur Medical Ltd	Ordinary	Mauritius	Indirect	**50.00%**	50.00%
Tower Bridge Projects (Mauritius) Ltd	Ordinary	Mauritius	Indirect	**47.16%**	43.35%
Volailles et Traditions Ltee	Ordinary	Mauritius	Direct	**–**	50.00%

13. INVESTMENTS IN JOINT VENTURES (CONTINUED)

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	**2018 Rs'000**	2017 Rs'000
At July 1	**208,861**	162,985	**395,821**	257,000
Amalgamation adjustments (Note 45)	**–**	–	**–**	56,050
Additions	**–**	24,000	**–**	24,000
Transfer from investment in associated companies	**4,424**	–	**–**	–
Share of results	**65,842**	55,896	**–**	–
Dividends	**(40,000)**	(35,350)	**–**	–
Fair value movement	**–**	–	**(8,769)**	98,771
Impairment loss	**(1,284)**	–	**–**	(40,000)
Share of other comprehensive income	**5,104**	1,330	**–**	–
Disposal	**(40,050)**	–	**(40,050)**	–
At 30 June	**202,897**	208,861	**347,002**	395,821

There are no contingent liabilities with respect to the joint ventures.

None of the joint ventures are individually significant to the Group.

Information presented in aggregate for the joint ventures that are not individually significant:

	2018 Rs'000	2017 Rs'000
Current assets	**428,858**	381,422
Non-current assets	**57,737**	192,731
Current liabilites	**190,862**	225,619
Non-current liabilities	**13,154**	50,673
Net assets	**282,579**	297,861
Share of net assets of the jointly controlled entities	**202,897**	208,861
Revenue	**713,493**	845,905
Profit for the year	**127,466**	118,186
Total comprehensive income for the year	**137,675**	122,746
Group's share of results for the year - continuing operations	**65,842**	55,896
Group's share of other comprehensive income for the year	**5,104**	1,330
Group's share of total comprehensive income for the year	**70,946**	57,226

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for the year ended 30 June 2018

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14. OTHER FINANCIAL ASSETS

	2018			2017		
THE GROUP	**Available for sale investments Rs'000**	**Held-to-maturity investments Rs'000**	**Total Rs'000**	Available for sale investments Rs'000	Held-to-maturity investments Rs'000	Total Rs'000
At 1 July	**898,108**	**167,276**	**1,065,384**	973,387	210,435	1,183,822
Additions	**100,565**	**171,193**	**271,758**	46,363	7,000	53,363
Disposals	**(98,468)**	**(40,000)**	**(138,468)**	(154,505)	(50,159)	(204,664)
Fair value adjustments	**35,562**	**–**	**35,562**	51,195	–	51,195
Impairment loss	**(520)**	**–**	**(520)**	(14,311)	–	(14,311)
Transfer to investment in subsidiaries	**(80,942)**	**–**	**(80,942)**	(3,700)	–	(3,700)
Transfer to other receivables	**–**	**–**	**–**	(319)	–	(319)
Exchange differences	**26**	**–**	**26**	(2)	–	(2)
Transfer from investment in subsidiaries	**1,245**	**–**	**1,245**	–	–	–
At 30 June	**855,576**	**298,469**	**1,154,045**	898,108	167,276	1,065,384
Analysed as follows:						
Current assets	**26,010**	**147,442**	**173,452**	–	40,000	40,000
Non-current assets	**829,566**	**151,027**	**980,593**	898,108	127,276	1,025,384
	855,576	**298,469**	**1,154,045**	898,108	167,276	1,065,384

THE COMPANY *Available for sale investments*	Listed Rs'000	Secondary market Rs'000	Unquoted Rs'000	Total Rs'000
At 1 July 2016	75,547	–	19,057	94,604
Amalgamation adjustment (Note 45)	24,613	5,709	112,006	142,328
Transfer to investment in subsidiary	–	–	(1,200)	(1,200)
Disposal	–	–	(1,025)	(1,025)
Fair value adjustments	12,075	1,331	(1,600)	11,806
At 30 June 2017	112,235	7,040	127,238	246,513
Transfer to investment in subsidiary	(80,942)	–	–	(80,942)
Transfer from investment in subsidiary	–	–	1,245	1,245
Addition	3,778	–	–	3,778
Disposal	–	(7,038)	–	(7,038)
Fair value adjustments	504	–	(2,595)	(2,091)
At 30 June 2018	**35,575**	**2**	**125,888**	**161,465**

Notes to the Financial Statements for the year ended 30 June 2018

14. OTHER FINANCIAL ASSETS (CONTINUED)

Held to maturity investments are unquoted and consist of debentures, treasury bills, bank bonds and structured notes, bearing interest varying between 3.7% to 8.0% (2017: 5.35% to 8.5%) with maturity between 2018 and 2024 respectively. The non-current held to maturity investments have maturity date varying from 2020 to 2024. The directors have reviewed the carrying amount on held to maturity investment and are of the opinion there is no objective evidence of impairment.

Available for sale financial assets comprise of quoted and unquoted securities and units. The fair value of quoted and unquoted securities is based on the Stock Exchange prices and the net asset value based on brokers' statement at the close of business at the end of the reporting period respectively.

The Group and the Company have pledged their investments to secure the banking facilities obtained.

The directors believe that the other investments have not suffered any additional impairment losses.

15. INVENTORIES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Raw materials	**966,392**	1,016,191	**–**	–
Spare parts	**162,662**	123,875	**–**	–
Work in progress	**169,160**	163,926	**907**	–
Finished goods	**2,701,127**	2,559,232	**755,279**	776,084
Goods in transit	**207,354**	212,347	**71,769**	57,753
	4,206,695	4,075,571	**827,955**	833,837

The trading stocks of some subsidiaries have been pledged as security for bank facilities granted to them.

The cost of inventories recognised as an expense includes an amount of Rs 68.3 million (2017: Rs 150.7 million) in respect of write downs of inventories to net realisable value.

16. LAND AND RELATED DEVELOPMENT COSTS

	2018		
	Rs'000	Rs'000	Rs'000
	Non Current	Current	Total
Opening balance on acquisition of subsidiary (Note 39(a))	1,604,228	167,949	1,772,177
Additions	570	100,688	101,258
Transfer to cost of sales	–	(168,478)	(168,478)
	1,604,798	**100,159**	**1,704,957**

Notes to the Financial Statements for the year ended 30 June 2018

16. LAND AND RELATED DEVELOPMENT COSTS (CONTINUED)

Land and related development costs comprise of land infrastructure and related development expenditures. The Group develops residential and IRS properties, which it sells in the ordinary course of business and has entered into agreement to sell these properties on completion of construction.

The Group has considered the application of IFRIC 15 to the land and related development costs. The percentage of completion method of revenue recognition has been applied and revenue recognised as work in progress. Development expenditure incurred in respect of work in progress dealt with under the percentage of completion method is recognised in profit or loss in the period incurred.

	2018
	Rs'000
Sales recognised on a percentage of completion basis	168,477

17. NON CURRENT RECEIVABLES

THE GROUP	**2018 Rs'000**
Opening balance of subsidiary acquired (Note 39(a))	1,570
Additions	3,291
Write offs during the year	(320)
At 30 June	**4,541**

The non current receivables relate to capitalised expenditure incurred with respect to future development of one of the subsidiaries. The carrying amount of non current receivables approximate their fair values. Non current receivables are denominated in Mauritian rupees and are neither past due nor impaired.

18. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Amounts receivable from related companies	**177,277**	147,676	**999,764**	1,757,249
Trade receivables	**3,930,729**	3,613,932	**419,637**	559,177
Other debtors and prepayments	**3,672,254**	4,481,933	**388,701**	1,012,445
	7,780,260	8,243,541	**1,808,102**	3,328,871

The trade receivables and amount due from related companies are unsecured and interest free. The average credit period of these receivables is between 30 to 90 days. The Group and the Company have provided fully for all receivables where recovery is expected to be remote.

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

Before accepting any new customer, the Group and the Company assess the credit worthiness of the customer and define the terms and credit limits with respect to the sector of activity in which they operate.

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Ageing of past due but not impaired				
30-60 days	**1,212,583**	657,690	**157,919**	125,822
60-90 days	**304,954**	317,631	**26,120**	45,249
90-120 days	**292,276**	227,584	**37,622**	17,092
>120 days	**2,297,060**	807,815	**91,251**	44,911
	4,106,873	2,010,720	**312,912**	233,074
Ageing of impaired receivables				
0-60 days	**43,246**	3,879	**27,085**	2,812
60-90 days	**1,570**	5,847	**161**	57
90-120 days	**5,517**	748	**15**	44
>120 days	**392,002**	374,188	**16,593**	37,374
	442,335	384,662	**43,854**	40,287

In determining the recoverability of trade receivables, the Group and the Company analyse the changes affecting the financial health of customers as from the date on which they were granted credit facilities up to year end. Credit risk concentration is limited due to the customer base being large and unrelated. Accordingly, the directors do not deem it necessary to make additional provision for irrecoverable debts.

Movement in the allowance for doubtful debts

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**384,662**	349,303	**40,287**	-
Opening balance of subsidiaries acquired	**20,472**	-	**-**	-
Amalgamation adjustments	**-**	-	**-**	39,501
Impairment losses recognised during the year	**77,674**	85,303	**3,466**	5,552
Amounts written off as uncollectible	**(26,884)**	(28,627)	**218**	(2,842)
Amounts recovered during the year	**(5,368)**	(3,139)	**(117)**	(691)
Impairment loss reversed	**(7,067)**	(18,090)	**-**	(1,233)
Exchange differences	**(1,154)**	(88)	**-**	-
At 30 June	**442,335**	384,662	**43,854**	40,287

Notes to the Financial Statements for the year ended 30 June 2018

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19. NOTES ISSUED

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Notes issued to non-related companies	**-**	242,400

Notes issued to related companies and non-related companies were guaranteed through a preferential right awarded to recoverable debts of these companies. The notes beared interest between 5.30% and 10.00% p.a. in the prior financial year.

20. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

A Share Purchase Agreement (SPA) has been signed by the Company and a potential buyer on 8 June 2018 for the disposal of Mauritian Eagle Leasing Company Limited (MELCO). The transaction will be concluded after year end subject to obtaining the relevant regulatory approvals and to the condition precedents as set out in the SPA. One of the subsidiaries, Mauritian Eagle Insurance Co Ltd (MEICO) is also part of this SPA for the disposal of its shares in MELCO. The Group and the Company have classified the assets and liabilities of MELCO as held for sale based at 30 June 2018. Management has assessed the recoverable amount of Rs 202 million and recognised an impairment loss of Rs 106 million at Company level. No impairment adjustment was required at Group level.

Following a board meeting held on 18 September 2017, The Board of MEICO approved the disposal of the freehold building situated at 1st floor, IBL House, Caudan and its related furniture, fixtures and equipment. A buyer has already been identified. No impairment loss was recognised on reclassification of the assets as held for sale as the directors of the Group and the Company expect that the fair value less costs to sell is higher than the carrying amount as at reporting period.

On 30 March 2018, the Board of Directors of one of the subsidiaries, BlueLife Limited, approved a share purchase agreement with a potential buyer for the disposal of its 100% stake in Circle Square Holding Co Ltd ("CSHL") for a total consideration of Rs 366 million (i.e. gross consideration of Rs 655 million net of the secured debt). CSHL owns bare land at Forbach and the Circle Square Retail Park. As at reporting date, the assets and liabilities of CSHL for the group has been classified as held for sales and investment in subsidiary for the company has been classified as held for sale. The operations of CSHL has been disclosed as discontinued operations in the statements of profit and loss for the Group for the six months ended 30 June 2018.

On 14 June 2018, the Board of Manser Saxon Contracting Limited approved the disposal of the freehold building situated at Grand Gaube, consisting of 2 storey house. The sale was concluded on 20 July 2018 for an amount of Rs 9,500,000.

One of the subsidiaries, IBL Link Ltd has dipsosed of its investment in subsidiary, ConcreAte Agency Ltd on 31 March 2018 for a consideration of Rs 5.6 million. The results for the period has been disclosed under discontinued operations.

The Company has disposed of its investment in Abax Holdings Ltd on 31 March 2018 for a consideration of Rs 1,450 million. The share of results for the period has been disclosed under discontinued operations.

Pursuant to agreement dated 29 September 2016 with Grit Real Estate Income Group Limited (formerly Mara Delta Property Holdings Limited), the hotel building of Tamassa Resort as well as its rights, title and interests in the lease agreement with the Government of Mauritius (the "Property"), were disposed in 2017 for a total consideration of USD 40M (approximately Rs 1,259 million).

Notes to the Financial Statements for the year ended 30 June 2018

20. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)

The assets and liabilities classified as held for sale are as follows:

	THE GROUP 2018 Rs'000	THE COMPANY 2018 Rs'000
Assets		
Investment in subsidiary	–	174,926
Property, plant and equipment (Note 4)	433,264	–
Investment property (Note 5)	572,309	–
Intangible assets	2,652	–
Finance lease receivables	575,878	–
Trade and other receivables	13,316	–
Cash and cash equivalents	248,459	–
	1,845,878	174,926
Liabilities		
Borrowings	1,200,923	–
Retirement benefit obligations	862	–
Deferred tax liabilities	12,853	–
Trade and other payables	79,201	–
	1,293,839	–

The results for the year ended 30 June 2018 for the assets disposed/ in process of being disposed are disclosed below. The comparative figures have been reclassified in accordance with IFRS 5.

	THE GROUP	
	2018 Rs'000	2017 Rs'000
Revenue	174,205	172,553
Cost of sales	(145,784)	(160,037)
Gross profit	28,421	12,516
Other income	534	(30,429)
Administrative expenses	(58,219)	(62,457)
Operating loss	(29,264)	(80,370)
Finance income	5,951	–
Finance costs	(7,553)	(80)
Share of results of associated companies	38,890	109,725
Profit before tax	8,024	29,275
Tax charge	(11,041)	(244)
(Loss)/profit for the year from discontinued operations	(3,017)	29,031

Notes to the Financial Statements for the year ended 30 June 2018

21. (a) STATED CAPITAL

THE GROUP AND THE COMPANY	2018 Rs'000	2017 Rs'000
Issued and fully paid		
At 1 July 2017: 680,224,040 ordinary shares of no par value (2016: 503,555,550 ordinary shares of no par value)	1,361,941	897,883
Issue of shares (176,668,490 ordinary shares of no par value) (Refer to Note 45)	–	464,058
At 30 June 2017: 680,224,040 ordinary shares of no par value	1,361,941	1,361,941

Each share confers to its holder the right to vote and a proportional right to dividends and in the distribution of the surplus assets of the Company on winding up.

At a Special Meeting dated 17 May 2016, the Shareholders have approved the following:

– the existing ordinary shares of Rs 10 each be converted into no par value shares.

– the existing ordinary shares each be subdivided into 25 fully paid up ordinary shares of no par value.

21. (b) RESTRICTED REDEEMABLE SHARES

At a Special Meeting dated 17 May 2016, the Shareholders have approved the issue of a new class of shares, namely the Restricted Redeemable Shares (RRS) of no par value to GML Ltée. The number of RRS issued is 3 for 1 ordinary shares of the Company following the share split.

1,510,666,650 RRS of no par value have been issued for a total amount of Rs 5 million at 30 June 2016.

Each RRS confer to the holder the right to vote at general meetings and right to participate in a rights issue together with the holders of the ordinary shares. The RRS holders have no right to dividend or distribution as well as any surplus of the Company in case of winding up.

Notes to the Financial Statements for the year ended 30 June 2018

22. BORROWINGS

(a) The borrowings are repayable as follows:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	**2018 Rs'000**	2017 Rs'000
Within one year				
Secured bank overdrafts	**1,352,664**	954,473	**100,000**	88,781
Unsecured bank overdrafts	**1,853,658**	4,125,132	**1,742,175**	4,125,132
Secured bank loans	**2,449,832**	2,119,048	**603,166**	727,481
Unsecured borrowings	**157,039**	485,900	**667,124**	1,111,818
Unsecured debentures	**560,000**	–	**–**	–
Deposits from customers	**–**	461,671	–	–
Convertible bonds	**–**	8,737	–	–
Bonds secured by floating charges	**200,000**	–	**200,000**	–
Obligations under finance leases (Note 22(d))	**82,867**	38,293	**6,584**	7,233
Borrowings – Current	**6,656,060**	8,193,254	**3,319,049**	6,060,445
After one year and before two years				
Secured bank loans	**1,132,550**	1,477,863	**107,782**	603,309
Unsecured borrowings	**30,981**	50,334	**–**	–
Deposits from customers	**–**	199,472	**–**	–
Bonds secured by floating charges	**1,284,000**	–	**1,284,000**	200,000
Unsecured debentures	**–**	560,000	**–**	–
Obligations under finance leases (Note 22(d))	**62,051**	63,211	**3,405**	3,457
	2,509,582	2,350,880	**1,395,187**	806,766
After two years and before five years				
Secured bank loans	**2,854,212**	2,006,520	**1,050,308**	158,506
Unsecured borrowings	**32,168**	34,170	**–**	–
Deposits from customers	**–**	253,465	**–**	–
Bonds secured by floating charges	**1,000,000**	484,000	**1,000,000**	284,000
Obligations under finance leases (Note 22(d))	**73,001**	56,254	**5,207**	8,491
	3,959,381	2,834,409	**2,055,515**	450,997
After five years				
Secured borrowings	**2,257,318**	942,335	**–**	–
Bonds secured by floating charges	**2,550,000**	–	**1,000,000**	–
Deposits from customers	**–**	48,212	**–**	–
Obligations under finance leases (Note 22(d))	**9,022**	2,085	**–**	667
	4,816,340	992,632	**1,000,000**	667
Borrowings – Non Current	**11,285,303**	6,177,921	**4,450,702**	1,258,430
TOTAL BORROWINGS	**17,941,363**	14,371,175	**7,769,751**	7,318,875

Notes to the Financial Statements for the year ended 30 June 2018

22. BORROWINGS (CONTINUED)

(b) Details of borrowings facilities:

The bank overdrafts and borrowings are secured by fixed and floating charges on the assets of the Group and of the Company.

The Company has issued bonds for an amount of Rs 834 million. These bonds, with a maturity of 3 to 7 years are guaranteed by floating charges on the Company's assets and are repayable at maturity ranging over 3, 5 and 7 years. Interest is calculated semi-annually and includes both fixed and variable rates. In 2016, the Company issued additional bonds for an amount of Rs 250 million with a maturity of one year. The Company has repaid Rs 350 million during the year ended 30 June 2017.

The Company has set up a multicurrency medium term secured and unsecured note programme of up to an aggregate nominal amount of Rs 10 billion and these will be issued in 5 series (each a 'Series') of notes with tenor periods ranging from 2 to 7 years. In September 2017 the Company has issued Notes for an aggregate nominal amount of Rs 3 billion (in Mauritian Rupee) which are secured by floating charges on the assets of the Company. Interests are calculated semi-annually and are at both fixed and floating rates. Notes issued under Series 2 to 5 aggregating to Rs 2 billion are listed on the Stock Exchange of Mauritius and the fair value of these Notes at 30 June 2018 amounts to Rs 2.056 billion. These would be classified as Level 1 in the fair value hierarchy.

One of its subsidiaries has issued bonds for an amount of Rs 1.55 billion secured by floating charges with maturity terms of 12 years. Interest is calculated on a monthly basis. The bonds may be fully recalled after 3 years.

One of the subsidiaries had issued 50 million units of unsecured convertible bonds for an aggregate amount of Rs 500 million. The convertible bonds are listed on the Stock Exchange of Mauritius and carry interest at the rate of 9% per annum. Interests on the convertible bonds are payable twice yearly in March and September.

The final exercise for the conversion was on 31 December 2016 and 983,802 bonds have converted into shares as at that date at a price of Rs 47.62. The remaining balance of convertible bonds has been repaid on 31 December 2017.

The unsecured debentures are repayable in November 2018 and bears interest at repo rate +1.20%. These debentures are quoted on the Stock Exchange of Mauritius and the fair value as at 30 June 2018 amounts to Rs 560 million (2017:Rs 564 million).

The unsecured borrowings bear interest ranging from 2.5% to 11.25% p.a (2017: 3.5% to 9% p.a.).

Term deposits relates to a subsidiary engaged in the deposit taking services. The deposits beared interest ranging from 2% to 8% (2.6% to 8% in 2017) p.a.

Notes to the Financial Statements for the year ended 30 June 2018

22. BORROWINGS (CONTINUED)

(c) The interest rate on borrowings are as follows :

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
Secured borrowings	**2.0% – 9.0%**	1.50% – 6.65%	**3.54% – 6.48%**	4.50% – 6.46%
	PLR + (0% – 2.00%)	PLR	**–**	–
	LIBOR + (2.00% – 5.00%)	PLR – 0.90%	**–**	–
	EURIBOR + (3.00% – 4.50%)	PLR + (0.10% – 1.5%)	**–**	–
	EURIBOR – 3.75%	LIBOR + (1.5% – 5%)	**–**	–
	Repo + 1.75%	EURIBOR + (1.3% – 4.50%)	**–**	–
Bonds and Notes	**3.54% – 5.5%**	5.35% – 6.48%	**3.54% – 6.48%**	5.35% – 6.48%
	Repo + (0.75% – 1.25%)	Repo + (1.35% – 1.65%)	**Repo + (0.75% – 1.65%)**	Repo + (1.35% – 1.65%)
Unsecured borrowings	**2.50% – 11.25%**	3.50% – 9%	**2.50% – 6.50%**	3.50% –7 %
	LIBOR + (1.00% – 3.00%)	LIBOR + (1% – 2.75%)	**LIBOR + (1% – 3%)**	–
	PLR + 0.25%	PLR – 1.5%		
	PLR – 0.25%	PLR + (0.25% – 2%)	**EURIBOR + (1% – 3%)**	–
	EURIBOR + (1% – 3%)	EURIBOR + 2%		–
Debentures	**Repo + 1.20%**	Repo + 1.20%	**–**	–
Obligations under finance leases	**2.75% – 9.75%**	2.75% – 9.75%	**7.50% – 9.00%**	–

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Notes to the Financial Statements for the year ended 30 June 2018

22. BORROWINGS (CONTINUED)

(d) Obligations under finance leases

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	**2018 Rs'000**	2017 Rs'000
Finance lease liabilities – minimum lease payments	**–**	–	**–**	7,135
– Not later than 1 year	**66,917**	59,682	**3,956**	13,169
– Later than 1 year and not later than 5 years	**102,724**	79,888	**11,757**	689
– After five years	**79,418**	37,339	**–**	–
	249,059	176,909	**15,713**	20,993
Less: Future finance charges	**(22,118)**	(17,066)	**(517)**	(1,145)
Present value of minumum lease payment	**226,941**	159,843	**15,196**	19,848
Representing lease liabilities				
– Not later than 1 year	**82,867**	38,293	**6,584**	7,233
– Later than 1 year and not later than 2 years	**62,051**	63,211	**3,405**	3,457
– Later than 1 year and not later than 5 years	**73,001**	56,254	**5,207**	8,491
– After five years	**9,022**	2,085	**–**	667
	226,941	159,843	**15,196**	19,848

Leasing arrangements

Finance leases relate to plant and equipment and motor vehicles with average lease term of 5 to 7 years. The Group has an option to purchase the assets for a nominal amount at the conclusion of the lease agreements. The obligations under finance leases are secured by the lessors' title to the leased assets.

Fair value

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

22. BORROWINGS (CONTINUED)

Reconciliation of liabilities arising from financing activities

The table 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 cash flows from financing activities in the statement of cash flows. In accordance with the transitional guidance, no comparatives have been presented.

			Non-cash changes				
THE GROUP	1 July 2017 Rs'000	Financing Cash Flows Rs'000	Acquisition of subsidiaries Rs'000	Cash flow hedge Rs'000	New finance leases Rs'000	Held for sale Rs'000	**At 30 June 2018 Rs'000**
Bank Loans	6,545,766	783,621	1,648,655	42,925	-	(327,055)	**8,693,912**
Other borrowings	570,404	(350,216)	-	-	-	-	**220,188**
Other deposits	101,491	(101,491)	-	-	-	-	**-**
Deposits from customers	861,329	12,539	-	-	-	(873,868)	**-**
Bonds and debentures	1,052,737	4,541,263	-	-	-	-	**5,594,000**
Finance lease	159,843	(82,808)	-	-	149,906	-	**226,941**
	9,291,570	4,802,908	1,648,655	42,925	149,906	(1,200,923)	**14,735,041**

			Non-cash changes				
THE COMPANY	1 July 2017 Rs'000	Financing Cash Flows Rs'000	Acquisition of subsidiaries Rs'000	Cash flow hedge Rs'000	New finance leases Rs'000	Held for sale Rs'000	**At 30 June 2018 Rs'000**
Bank Loans	1,489,296	271,960	-	-	-	-	**1,761,256**
Other borrowings	1,111,818	(444,694)	-	-	-	-	**667,124**
Bonds	484,000	3,000,000	-	-	-	-	**3,484,000**
Finance lease	19,848	(5,765)	-	-	1,113	-	**15,196**
	3,104,962	2,821,501	-	-	1,113	-	**5,927,576**

Notes to the Financial Statements
for the year ended 30 June 2018

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23. OTHER PAYABLES

IBL Ltd has implemented a Long Term Incentive scheme (LTI) as from 1 July 2017 which provides an opportunity for executives of IBL Ltd and certain subsidiaries to participate in the creation of value within the IBL Group.

The LTI is a Phantom Share Award Scheme and allocations to eligible executives may be made once a year on 1 July.

The LTI payment shall be made to participants who remain employees in Good Standing of IBL or relevant subsidiaries on the exercise date , and based on IBL shares vested and the Exercise Price.

The vesting periods for payments to be made under the scheme are based on a percentage of phantom shares allocated and start at end of third year from the allocation date up to the fifth year.

At 30 June 2018, the provision for the LTI amounted to Rs 54,957,450 for the Group and Rs 37,641,175 for the Company.

24. RETIREMENT BENEFIT OBLIGATIONS

THE GROUP AND THE COMPANY

The Group's pension fund comprise both final salary defined benefit plans and defined contribution plans. The pension fund, namely IBL Pension Fund, is operational since 1 July 2002 for the majority of the employees of the Group. Pension Consultants and Administrators Ltd is responsible for the management of this fund. The plans provide for a pension at retirement and a benefit on death or disablement in service before retirement.

The Company operates a group defined benefit plan for some of its employees within the Company and some of its subsidiaries and the plan is wholly funded. The benefits are based on final salary and the plan provides for a pension at retirement and a benefit on death or disablement in service before retirement. Though the risks are shared between the entities, there is no contractual agreement or stated policy for charging the defined benefit cost to the individual entities and the Company is the legal sponsoring employer of the plan. As from 1 July 1999, the defined benefit plan has been closed to new entrants and all new entrants joined a defined contribution plan.

Certain subsidiaries also have defined contribution plans. Furthermore, for one of the subsidiaries, some employees receive a guaranteed amount equal to a defined benefit scheme based on salary at retirement. The scheme is funded by the employer, through contributions to a fund administered separately.

The unfunded portion of the obligation concern employees who are entitled to retirement benefits payable under the "Employment Rights Act 2008" . This provides for a lump sum at retirement based on final salary and years of service.

The most recent actuarial valuation of the pension plans were carried out at 30 June 2018 by Swan Life Ltd.

The pension plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Longevity risk - The liabilities disclosed are based on mortality tables A and PA 67/70 (92). If the experience of the pension plan is less favorable than the standard mortality tables, the liability will increase.

Interest rate risk - If bond yields decline, the liability would be calculated using a lower discount rate and would therefore increase.

Investment risk - The present value of the liabilities of the plan are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.

Salary risk - If salary increases are higher than anticipated in our assumptions, the liabilities would increase giving rise to actuarial losses.

24. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Amounts recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Retirement benefit assets – under defined benefit plan (Note (i))	**(5,179)**	(5,525)	**–**	–
Retirement benefit under defined benefit plan (Note (i))	**1,078,148**	1,092,138	**736,680**	639,297
Retirement benefit under The Employment Rights Act 2008 (Note (ii))	**761,877**	649,901	**115,207**	125,731
	1,840,025	1,742,039	**851,887**	765,028

(i) Defined benefit plan

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Retirement benefit assets	**(5,179)**	(5,525)	**–**	–
Retirement benefit obligations	**1,078,148**	1,092,138	**736,680**	639,297
	1,072,969	1,086,613	**736,680**	639,297
Present value of funded obligation	**2,268,602**	2,163,516	**1,476,906**	1,320,436
Present value of unfunded obligation	**82,048**	94,169	**14,252**	9,425
Fair value of plan assets	**(1,277,681)**	(1,171,072)	**(754,478)**	(690,564)
Liability recognised in the statements of financial position	**1,072,969**	1,086,613	**736,680**	639,297

Movement in the liabilities recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**1,086,613**	1,081,692	**639,297**	–
Amalgamation adjustment	**–**	–	**–**	599,329
Amount recognised in profit or loss	**128,176**	124,595	**76,308**	66,786
Amount recognised in other comprehensive income	**5,569**	14,392	**89,608**	16,196
Transfer from subsidiary	**–**	–	**–**	49,280
Transfer from DC Reserve Account	**–**	(37,952)	**–**	(37,952)
Transfer to another entity	**–**	(1,826)	**–**	(1,826)
Contributions and direct benefit paid	**(147,389)**	(94,288)	**(68,533)**	(52,516)
At 30 June	**1,072,969**	1,086,613	**736,680**	639,297

24. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(i) Defined benefit plan (continued)

Amounts recognised in the statements of comprehensive income:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**54,275**	52,168	**26,978**	24,723
Net interest cost	**73,901**	72,427	**49,330**	42,063
Components of amount recognised in profit or loss	**128,176**	124,595	**76,308**	66,786
Remeasurement of the net defined benefit liability:				
Return on plan assets (excluding amounts included in net interest expense)	**(64,710)**	22,310	**(49,843)**	13,685
Actuarial loss arising from changes in financial assumptions	**62,941**	19,049	**20,832**	38,524
Actuarial (gain)/loss arising from experience adjustments	**7,338**	(26,967)	**118,619**	(36,013)
Components of amount recognised in other comprehensive income	**5,569**	14,392	**89,608**	16,196
Total	**133,745**	138,987	**165,916**	82,982
Actual return on plan assets	**119,147**	48,179	**77,974**	27,281

Movement in the present value of the defined benefit obligations were as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**2,257,685**	2,194,389	**1,329,861**	–
Amalgamation adjustment	**–**	–	**–**	1,202,961
Current service cost	**49,043**	46,439	**23,244**	21,979
Interest cost	**128,338**	142,916	**77,461**	83,029
Benefits paid	**(154,789)**	(115,411)	**(78,859)**	(61,818)
Actuarial (gain)/loss arising from experience adjustments	**7,338**	(26,967)	**118,619**	(36,013)
Actuarial loss arising from changes in financial assumptions	**62,941**	19,049	**20,832**	38,524
Transfer from subsidiary	**–**	–	**–**	84,000
Transfer to another entity	**–**	(2,801)	**–**	(2,801)
Employee's contribution	**94**	71	**–**	–
At 30 June	**2,350,650**	2,257,685	**1,491,158**	1,329,861

Notes to the Financial Statements for the year ended 30 June 2018

24. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(i) Defined benefit plan (continued)

Movements in the present value of the plan assets were as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**1,171,072**	1,112,697	**690,564**	–
Amalgamation adjustment	**–**	–	**–**	603,632
Interest received	**54,437**	70,489	**28,131**	40,966
Current service cost	**(1,300)**	(688)	**–**	–
Transfer from subsidiary	**–**	–	**–**	34,720
Transfer from DC Reserve Account	**–**	37,952	**–**	37,952
Return on plan assets excluding interest income	**64,710**	(22,310)	**49,843**	(13,685)
Employer contributions	**147,483**	94,359	**68,533**	52,516
Scheme expenses	**1,142**	(447)	**(595)**	(407)
Cost of insuring risk benefits	**(5,074)**	(4,594)	**(3,139)**	(2,337)
Transfer to another entity	**–**	(975)	**–**	(975)
Benefits paid	**(154,789)**	(115,411)	**(78,859)**	(61,818)
At 30 June	**1,277,681**	1,171,072	**754,478**	690,564

The fair value of the plan assets at the end of the reporting period for each category are as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash and cash equivalents	**101,511**	117,671	**61,490**	87,702
Equity investments categorised by industry type:				
– Banks & Insurance	**206,758**	114,891	**125,243**	85,630
– Industry	**19,680**	12,045	**11,921**	8,977
– Investment	**115,211**	75,007	**69,789**	55,936
– Leisure & Hotels	**66,386**	46,327	**40,214**	34,528
– Commerce	**60,938**	260,361	**19,918**	15,192
– Others	**7,589**	8,388	**2,113**	5,525
Fixed interest instruments	**357,589**	253,873	**216,611**	189,215
Properties	**45,711**	13,898	**27,689**	10,358
Commodities	**3,112**	2,072	**1,886**	2,072
Investment funds	**293,196**	241,472	**177,604**	176,784
Private equity	**–**	25,067	**–**	18,645
Total market value of assets	**1,277,681**	1,171,072	**754,478**	690,564

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24. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(i) Defined benefit plan (continued)

The principal actuarial assumptions used for accounting purposes are:–

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Discount rate	**4.7% – 6.8%**	5.0% – 6.5%	**6%**	6%
Future long term salary increase	**3.5% – 4.0%**	3.4% – 4.5%	**4%**	4% – 4.5%
Future pension increase	**1%**	1.0% – 1.5%	**1%**	1.5%
Average retirement age (ARA)	**60 – 65 years**	60 years	**60 years**	60 years

Sensitivity analysis on defined benefit obligations at end of the reporting date:

The sensitivity analysis below has been carried out by recalculating the present value of obligation at the year end after increasing or decreasing the actuarial assumptions below while leaving all other assumptions unchanged. The sensitivity analysis presented may not be representative of the actual change in the defined benefit liability as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	**369,847**	340,806	**175,691**	155,186
Increase in defined benefit obligation due to 1% increase in salary	**155,669**	156,725	**63,199**	58,884

Future cash flows:

The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.

The Group and the Company expect to make a contribution of Rs 98M and Rs 57M respectively to the defined benefit plan during the year 2019.

The average duration of the defined benefit obligation at 30 June 2018 was between 7 and 23 years.

24. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(ii) Retirement benefit under the The Employment Rights Act 2008

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of unfunded obligations	**761,877**	649,901	**115,207**	125,731

Movement in liability recognised in financial position:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**649,901**	500,121	**125,731**	–
Opening balance of subsidiaries acquired (Note 39(a))	**26,704**	–	**–**	–
Amalgamation adjustment	**–**	–	**–**	66,847
Transfer from subsidiaries	**44**	–	**890**	–
Transfer to subsidiary	**–**	–	**(1,188)**	–
Amount recognised in profit or loss	**101,640**	77,960	**16,231**	12,545
Amount recognised in other comprehensive income	**10,676**	115,135	**(25,395)**	53,147
Exchange difference	**304**	8	**–**	–
Transfer to liabilities associated with assets classified as held for sale (Note 20)	**(862)**	–	**–**	–
Retirement benefit paid	**(26,530)**	(43,323)	**(1,062)**	(6,808)
At 30 June	**761,877**	649,901	**115,207**	125,731

Amount recognised in the statement of comprehensive income:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**59,793**	51,932	**8,736**	7,907
Past service cost	**2,608**	–	**–**	–
Settlement cost	**–**	(7,601)	**–**	–
Net interest cost	**39,239**	33,629	**7,495**	4,638
Components of amount recognised in profit or loss	**101,640**	77,960	**16,231**	12,545
Remeasurement of the net defined benefit liability:				
Liability experience loss/(gain)	**38,155**	77,813	**(26,199)**	30,053
(Gain)/loss due to changes in financial assumptions	**(27,479)**	37,322	**804**	23,094
Components of amount recognised in other comprehensive income	**10,676**	115,135	**(25,395)**	53,147
At 30 June	**112,316**	193,095	**(9,164)**	65,692

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24. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(ii) Retirement benefit under the The Employment Rights Act 2008 (continued)

Movements in the present value of the defined benefit obligations in the current year were as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**649,901**	500,121	**125,731**	–
Opening balance of subsidiaries acquired	**26,704**	–	**–**	–
Amalgamation adjustment	**–**	–	**–**	66,847
Transfer from subsidiaries	**44**	–	**890**	–
Transfer to subsidiary	**–**	–	**(1,188)**	–
Current service cost	**59,793**	51,932	**8,736**	7,907
Settlement cost	**–**	(7,601)	**–**	–
Interest cost	**39,239**	33,629	**7,495**	4,638
Past service cost	**2,608**	–	**–**	–
Liability experience loss/(gain)	**38,155**	77,813	**(26,199)**	30,053
(Gain)/loss due to changes in financial assumptions	**(27,479)**	37,322	**804**	23,094
Retirement paid	**(26,530)**	(43,323)	**(1,062)**	(6,808)
Transfer to liabilities associated with assets classified as held for sale (Note 20)	**(862)**	–	**–**	–
Exchange difference	**304**	8	**–**	–
At 30 June	**761,877**	649,901	**115,207**	125,731

The principal actuarial assumptions used for accounting purposes are:–

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Discount rate	**4.5% – 7.0%**	6.0% – 6.5%	**5.8%**	6.0%
Future long term salary increase	**3.0% – 4.0%**	3.5% – 5.0%	**4.0%**	4.0%

Sensitivity analysis on defined benefit obligations at end of the reporting date:

The sensitivity analysis below has been carried out by recalculating the present value of obligation at the year end after increasing or decreasing the actuarial assumptions below while leaving all other assumptions unchanged. The sensitivity analysis presented may not be representative of the actual change in the defined benefit liability as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Notes to the Financial Statements for the year ended 30 June 2018

24. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(ii) Retirement benefit under the The Employment Rights Act 2008 (continued)

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	**104,638**	82,079	**13,471**	14,464
Increase in defined benefit obligation due to 1% increase in salary	**113,856**	104,678	**15,176**	15,916

(iii) Defined contribution plans

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Contributions for the defined contribution plans	**110,721**	146,283	**15,147**	14,365

(iv) State pension plan

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
National Pension Scheme contribution expensed	**275,140**	266,841	**8,074**	7,410

25. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Amounts payable to related companies	**53,316**	64,364	**58,136**	36,135
Trade payables	**2,571,586**	2,544,735	**458,838**	266,073
Other creditors and accruals	**5,494,744**	5,913,224	**368,875**	1,418,512
	8,119,646	8,522,323	**885,849**	1,720,720

The trade payables and amounts due to related companies are unsecured, interest free and the average credit period is 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

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26. TAXATION

Income tax is calculated at the rate of 15% (2017: 15%) on the profit for the year as adjusted for income tax purposes.

The Company is required to set up a Corporate Social Responsibility ("CSR") fund equivalent to 2% of its chargeable income of the preceding year to implement a CSR programme in accordance with its own CSR framework. Where the amount paid out of the CSR fund is less than the amount provided under the fund, the difference shall be remitted to the Director-General at the time of submission of the income tax return of the year under review.

(a) Income tax - statements of financial position

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**81,061**	98,658	**4,897**	(687)
Opening balance on acquisition of subsidiaries (Note 39(a))	**10,578**	-	**-**	-
Amalgamation adjustment (Note 45)	**-**	-	**-**	3,065
(Under)/over provision in income tax in previous years	**(12,925)**	22,957	**(4,690)**	(2,076)
Provision for the year	**257,203**	305,526	**7,885**	15,665
Tax paid	**(382,001)**	(372,164)	**(7,454)**	(3,296)
Tax refunded	**3,822**	56,855	**-**	-
Provision for contribution CSR	**36,236**	-	**1,463**	-
CSR paid during the year	**(17,949)**	-	**(1,280)**	-
Tax deducted at source	**53,920**	(30,576)	**(4,087)**	(7,774)
Exchange difference	**829**	(195)	**-**	-
Other movements	**(15,892)**	-	**-**	-
At 30 June	**14,882**	81,061	**(3,266)**	4,897
Tax assets	**(67,683)**	(34,111)	**(3,266)**	-
Tax liabilities	**82,565**	115,172	**-**	4,897
	14,882	81,061	**(3,266)**	4,897

26. TAXATION (CONTINUED)

(b) Income tax – statements of profit or loss

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Provision for the year – continuing operations	**257,203**	305,526	**7,885**	15,665
TDS adjustment	**95,212**	46,342	**–**	23,577
Exchange difference	**–**	(240)	**–**	–
(Under)/over provision in income tax in previous years	**(12,925)**	22,957	**(4,690)**	(2,076)
Deferred tax movement (Note 7)	**(18,799)**	(2,438)	**(14,317)**	(32,806)
Contribution CSR	**36,236**	34,361	**1,463**	1,000
Tax expense/(income) for the year	**356,927**	406,508	**(9,659)**	5,360
Attributable to:				
– Continuing operations	**345,886**	406,264	**(9,659)**	5,360
– Discontinued operations (Note 20)	**11,041**	244	**–**	–
	356,927	406,508	**(9,659)**	5,360

(c) The total charge for the year can be reconciled to the accounting profit as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before tax from continuing operations	**2,731,775**	2,382,992	**481,901**	584,046
Profit before tax from discontinued operations (Note 20)	**8,024**	29,275	**–**	–
	2,739,799	2,412,267	**481,901**	584,046
Tax calculated at a rate of 17% (2017: 17%)	**465,766**	410,085	**81,923**	99,288
Adjustments for:–				
Non-deductible expenses	**88,405**	204,334	**66,538**	71,576
Exempt income	**(86,293)**	(126,285)	**(136,635)**	(164,307)
Tax losses utilised	**(83,183)**	33,989	**–**	–
Tax rate differential	**(92,534)**	(53,513)	**–**	–
Over/(under) provision of deferred tax in previous years	**(4,460)**	(681)	**(1,927)**	(571)
Over/(under) provision in income tax in previous years	**(12,925)**	22,957	**(4,690)**	(2,076)
Share of results of associates and joint ventures	**(4,096)**	(106,260)	**–**	–
Depreciation of assets not qualifying for capital allowances	**2,008**	5,565	**1,884**	2,539
Deferred tax not recognised	**85,499**	2,892	**–**	–
CSR adjustment	**10,149**	19,975	**412**	(1,089)
Others	**(11,409)**	(6,550)	**(17,164)**	–
Tax expense/(income)	**356,927**	406,508	**(9,659)**	5,360

27. GOVERNMENT GRANTS

THE GROUP	**2018**	2017
	Rs'000	Rs'000
At 1 July	**69,476**	79,844
Release against depreciation charge	**(8,911)**	(10,309)
Exchange differences	**192**	(59)
At 30 June	**60,757**	69,476
Non current	**50,688**	59,734
Current	**10,069**	9,742
	60,757	69,476

The grants are in respect of Government assistance to finance construction of hotel and acquisition of plant and equipment in Reunion Island and have been accounted under the income approach. The grants are being released to profit or loss against depreciation charge over the useful life of the assets.

28. REVENUE

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Commercial activities	**25,599,861**	25,002,200	**4,279,802**	4,297,547
Hospitality	**5,949,299**	5,199,439	**–**	–
Dividend income	**15,667**	22,290	**803,732**	870,363
Others	**5,683,781**	3,618,760	**207,512**	93,526
	37,248,608	33,842,689	**5,291,046**	5,261,436
Attributable to:				
– Continuing operations	**37,074,403**	33,670,136	**5,291,046**	5,261,436
– Discontinued operations (Note 20)	**174,205**	172,553	**–**	–
	37,248,608	33,842,689	**5,291,046**	5,261,436

29. PROFIT FOR THE YEAR

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit for the year is arrived at after charging/(crediting):				
Continuing operations				
Depreciation on property, plant and equipment	**1,564,131**	1,586,899	**74,064**	79,798
Amortisation of intangible assets	**67,689**	80,401	**11,852**	11,414
Cost of inventories recognised as expense	**17,594,861**	16,587,113	**3,308,874**	3,213,129
Staff costs	**4,466,425**	5,209,241	**611,153**	499,815
Loss on exchange	**199,186**	6,402	**126,929**	2,704
Assets written off	**19,927**	15,971	**282**	17
Impairment loss on investment in subsidiaries	**–**	–	**198,904**	231,985
Impairment loss on investment in associates	**3,280**	–	**–**	–
Impairment loss on joint ventures	**1,284**	–	**–**	40,000
Impairment loss on other financial assets	**520**	–	**–**	–
Cancellable operating lease	**123,656**	66,112	**–**	–
Impairment loss recognised on trade receivables	**77,674**	85,303	**3,466**	5,552
Reversal of impairment loss on receivables	**(7,067)**	(18,090)	**–**	(1,233)
Adjustment to impairment of goodwill	**–**	16,022	**–**	–
Discontinued operations				
Depreciation on property, plant and equipment	**108,109**	1,640	**–**	–
Amortisation of intangible assets	**61**	27	**–**	–
Cost of inventories recognised as expense	**8,953**	–	**–**	–
Staff costs	**26,005**	24,692	**–**	–

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30. OTHER INCOME

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Sundry income	**185,434**	128,845	**104,158**	64,178
Dividend income	**–**	45	**–**	–
Rental income	**20,619**	30,362	**1,213**	–
Transport income	**21,902**	81,465	**–**	10,075
Profit on disposal of property, plant and equipment	**4,469**	164,089	**(819)**	130
Commissions received	**36,466**	11,349	**3,410**	–
Management fees	**14,779**	19,301	**5,501**	9,698
Gain on exchange	**199,186**	125,042	**126,929**	66,144
Directors fee	**3,235**	1,912	**7,364**	1,912
Chairmanship fees	**–**	9,891	**–**	9,891
Secretarial fees	**2,330**	2,829	**10,045**	3,124
Profit on disposal of AFS investment	**24,814**	2,479	**6,976**	–
Income from investment	**–**	–	**–**	3,194
Interest on investment	**7,675**	1,973	**–**	–
Bad debts recovered	**5,771**	4,176	**–**	–
	526,680	583,758	**264,777**	168,346
Attributable to:				
– Continued operations	**526,146**	614,187	**264,777**	168,346
– Discontinued operations (Note 20)	**534**	(30,429)	**–**	–
	526,680	583,758	**264,777**	168,346

31. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest income	**40,454**	20,749	**25,964**	113,457
Attributable to:				
– Continuing operations	**34,503**	20,749	**25,964**	113,457
– Discontinued operations (Note 20)	**5,951**	–	**–**	–
	40,454	20,749	**25,964**	113,457

32. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest expense on:				
– Bank loans	**404,377**	308,302	**73,485**	84,731
– Bank overdrafts	**121,277**	205,216	**67,601**	153,978
– Other loans	**253,578**	195,016	**128,333**	115,726
– Finance leases	**19,977**	13,123	**1,596**	1,341
	799,209	721,657	**271,015**	355,776
Attributable to:				
– Continued operations	**791,656**	721,577	**271,015**	355,776
– Discontinued operations (Note 20)	**7,553**	80	**–**	–
	799,209	721,657	**271,015**	355,776

33. OTHER GAINS AND LOSSES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cost of issue of bonds and other costs	**(17,592)**	–	**(16,875)**	–
Impairment losses on other receivables and loans	**(107,832)**	–	**(672,107)**	–
Reversal of impairment loss on loans	**11,294**	–	**–**	–
Fair value adjustment on investment properties	**(3,543)**	(72,395)	**–**	–
Impairment loss on investment in subsidiaries	**–**	–	**(198,904)**	(231,985)
Impairment loss on investment in associates	**(173,131)**	(6,780)	**(5,033)**	–
Impairment loss on AFS investments	**–**	(14,311)	**–**	–
Impairment loss on investment in joint venture	**(1,284)**	–	**–**	(40,000)
Impairment of loans to associates	**(173,404)**	(11,810)	**(173,404)**	–
Loss on deemed disposal of subsidiary	**(3,142)**	–	**–**	–
Loss on dilution of associate	**(42,784)**	–	**–**	–
Loss on remeasurement on acquisition of subsidiary	**(50,004)**	–	**–**	–
Gain on disposal of associates	**1,007,880**	90,260	**1,161,744**	347,228
Loss on winding up of subsidiaries	**(5,253)**	–	**–**	–
Gain on bargain purchase of subsidiaries	**460,401**	–	**–**	–
Loss on disposal of joint venture	**(11,982)**	–	**(11,982)**	–
Impairment loss on goodwill	**(143,692)**	(140,000)	**–**	–
Reversal of provisions	**37,583**	–	**30,172**	–
Fixed assets released to profit and loss	**–**	–	**35,605**	–
Stock written off	**(5,501)**	–	**–**	–
Gain on disposal of subsidiary	**2,282**	–	**–**	–
	780,296	(155,036)	**149,216**	75,243

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34. DIVIDEND

On 13 November 2017, the Board of Directors declared an interim dividend of Rs 0.20 per share (2017: Rs 0.18 per share) and on 4 June 2018 a final dividend of Rs 0.53 per share (2017: Rs 0.47 per share). The total dividend paid amounted to Rs 496,563,549 (2017: Rs 442,145,626) and was paid on 20 December 2017 and 29 June 2018 respectively.

35. COMMITMENTS

(a) Capital commitments

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Authorised by the Board of Directors and:				
(i) Contracted for	**403,323**	506,955	**27,310**	12,828
(ii) Not contracted for	**1,582,662**	1,949,470	**36,320**	90,125
	1,985,985	2,456,425	**63,630**	102,953

One of the associated companies has undrawn commitments for loans and receivables amounting to Rs 1,102 million (2017: Rs 706 million).

(b) Operating lease arrangements

The Group as lessor

The operating lease arrangements of the Group was in one of its subsidiaries, namely Mauritian Eagle Leasing Company Limited. The Group has identified a potential buyer for the sale of its investments in Mauritian Eagle Leasing Company Limited and has classified its investment and the subsidiary as asset held of sale.

Minimum lease rental receivables under non cancellable leases

	2018	2017
	Rs'000	Rs'000
Within one year	**–**	48,205
Between two to five years	**–**	174,010
More than five years	**–**	852
	–	223,067

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35. COMMITMENTS (CONTINUED)

(b) Operating lease arrangements (continued)

The Group and the Company as lessee

Operating leases relate to warehouse facilities, offices and motor vehicles with lease terms of between 5 to 6 years, with an option to renew. All operating lease contracts contain market review clauses in the event that the lessees exercise their option to renew. The lessees do not have an option to purchase the leased assets at the expiry of the lease period.

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Payments recognised as an expense				
Minimum lease payments	**220,272**	148,775	**6,776**	4,710
Minimum lease rental payable under non cancellable leases				
Within one year	**208,845**	197,539	**4,852**	4,331
Between two to five years	**749,216**	695,270	**5,218**	5,632
More than five years	**7,705,562**	6,540,891	**–**	–
	8,663,623	7,433,700	**10,070**	9,963

36. CONTINGENT LIABILITIES

One of the subsidiaries, Lux*, is being sued for breach of termination of employment contract and the amount claimed is Rs 55.7 million (2017: Rs 56.95 million). The directors have been advised that some claims appear unfounded and that the severance allowance/damages claim appear grossly exaggerated. No provision has been made in the financial statements of the subsidiary.

Former employees of another subsidiary, UBP, have initiated legal action in respect of unpaid severance allowances. The estimated payout is Rs 57.5 million (2017: Rs 54.7 million), should the action be successful. Trials are ongoing and therefore it is not practicable to state the timing of payment, if any. The subsidiary has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in the financial statements.

The Competition Commission of Mauritius ("CCM") has opened an investigation into the affairs of all members of the Association of Private Health Plans and Administrators ("APHPA") for alleged collusive behaviour. Mauritius Eagle Insurance Co Ltd, a subsidiary, as a member of APHPA received a notice in this regard. After consultation of APHPA, the subsidiary will have a joint defence against CCM. The directors believe that it is too early to assess such investigation and the impact, thereon.

The Company and several subsidiaries have provided bank guarantees and other guarantees in the normal course of their activities. The directors consider that no liabilities will arise as the probability for default in respect of the guarantees is remote.

Notes to the Financial Statements for the year ended 30 June 2018

36. CONTINGENT LIABILITIES (CONTINUED)

The details of guarantees given are as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Bank guarantees	**949,782**	1,295,745	**110,819**	216,602
Guarantees provided by group companies to subsidiaries	**34,643**	47,664	**–**	47,664
Others	**602,058**	499,267	**–**	–
	1,586,483	1,842,676	**110,819**	264,266

Contingent liabilities of the associated companies of the Group for which no provision has been made are as follows:

THE GROUP	**2018**	2017
	Rs'000	Rs'000
Bank guarantees	**803,882**	147,212
Tax assessment and legal claims	**318,307**	178,000
Financial guarantees and letters of credit	**996,234**	939,264
	2,118,423	1,264,476

The associated companies have bank guarantees and other guarantees in the normal course of their activities. Management consider that no liabilities will arise as the probability for default in respect of the guarantees is remote. Certain associated companies are also subject to tax assessments by regulators and management of these companies are of the opinion that there will be no significant expenses following the settlement of these assessments.

37. RELATED PARTY TRANSACTIONS

	Associates and joint ventures	
THE GROUP	**2018**	2017
	Rs'000	Rs'000
Balances		
Cash at bank	**16,307**	46,390
Trade and other receivables	**177,277**	147,676
Trade and other payables	**53,316**	64,364
Bank overdrafts and borrowings	**338,011**	229,828

37. RELATED PARTY TRANSACTIONS (CONTINUED)

	Associates and joint ventures	
	2018	2017
	Rs'000	Rs'000
Transactions		
Sale of goods and services	**866,090**	433,671
Purchase of goods and services	**750,780**	760,862
Purchase of property, plant and equipment	**6**	-
Profit on disposal of property, plant and equipment	**197**	-
Interest income	**339**	18
Interest expense	**-**	10,583

The Group has not made any provision for doubtful debts with respect to amounts due from related companies at 30 June 2018 (2017: Nil). The review of the financial position of the related companies as well as the market in which they operate are done on a yearly basis.

	Subsidiaries		Associates and joint ventures	
THE COMPANY	**2018**	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Balances				
Cash at bank	**-**	-	**14,246**	2,817
Trade and other receivables	**970,834**	1,711,360	**28,930**	45,889
Trade and other payables	**46,801**	14,840	**11,336**	21,295
Borrowings	**328,258**	160,294	**160,000**	226,711

	Subsidiaries		Associates and joint ventures	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Transactions				
Sale of goods and services	**780,044**	-	**10,082**	-
Purchase of goods and services	**135,078**	-	**319,953**	-
Dividend income	**604,500**	604,532	**194,346**	260,489
Interest income	**-**	148,634	**665**	1,112
Interest expense	**-**	13,317	**4,234**	-
Gain on disposal of investments	**-**	-	**1,161,744**	347,228
Administrative expenses	**164,681**	-	**8,259**	-
Management fees	**5,444**	37,543	**40,777**	-

37. RELATED PARTY TRANSACTIONS (CONTINUED)

The Company has not made any provision for doubtful debts with respect to amounts due from related companies at 30 June 2018 (2017: Nil). The review of the financial position of the related companies as well as the market in which they operate are done on a yearly basis.

The terms and conditions of transactions with related party are presented in their respective notes.

Compensation paid to key management personnel

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Short term benefits	**611,740**	614,510	**177,845**	108,581
Post employment benefits	**41,773**	33,543	**9,360**	5,789
	653,513	648,053	**187,205**	114,370

38. FINANCIAL INSTRUMENTS

In its ordinary operations, the Group and the Company are exposed to various risks such as capital risk, foreign currency risks, interest rate risks, credit risks and liquidity risks. The Group and the Company have devised on a central basis a set of specific policies for managing these exposures.

Capital risk management

The Group and the Company manage their capital to ensure that they will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from 2017.

The capital structure of the Group and the Company consists of debt, which includes borrowings, net of cash and cash equivalents and equity, comprising stated capital, reserves, retained earnings and non-controlling interests as disclosed in the statements of changes in equity.

Gearing ratio

The Group and the Company monitor capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt over total equity. Net debt is calculated as total borrowings (as shown on the statement of financial position) less cash and cash equivalents. Total equity comprises all components of equity (i.e. stated capital, non-controlling interests, retained earnings and reserves).

Notes to the Financial Statements for the year ended 30 June 2018

38. FINANCIAL INSTRUMENTS (CONTINUED)

Gearing ratio (continued)

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Total debt	**17,941,363**	14,371,175	**7,769,751**	7,318,875
Less: Cash and cash equivalents	**(1,799,943)**	(1,457,418)	**(68,430)**	(24,820)
Net debt	**16,141,420**	12,913,757	**7,701,321**	7,294,055
Total equity	**28,414,902**	26,797,261	**22,504,371**	21,405,281
Debt to capital ratio	**57%**	48%	**34%**	34%

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability and equity instruments are disclosed in note 2(B) to the financial statements.

Categories of financial instruments

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets				
Investments in subsidiaries, associated companies and joint ventures	**-**	-	**28,317,852**	25,532,114
Available for sale financial assets	**855,576**	898,108	**161,465**	246,513
Held to maturity investments	**298,469**	167,276	**-**	-
Loans and receivables	**7,942,443**	8,569,207	**1,793,340**	3,324,432
Cash and cash equivalents	**2,048,402**	1,457,418	**68,430**	24,820
	11,144,890	11,092,009	**30,341,087**	29,127,879
Financial liabilities				
Amortised cost	**27,277,274**	22,399,133	**8,693,241**	9,034,725
	27,277,274	22,399,133	**8,693,241**	9,034,725

Notes to the Financial Statements for the year ended 30 June 2018

38. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value

Except where stated elsewhere, the carrying amounts of the Group's and the Company's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved.

The fair values of financial assets and liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.
- Where there is no active market, the fair value of available for sale investments have been determined using valuation techniques including comparisons to similar recent transactions, reference to price earnings ratios of similar quoted investments, discounted cash flow and other valuation models. Such valuation exercises require that the Group and the Company make estimates of future cash flows, discount rates and price earning ratio as applicable to the relevant markets.
- The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. The fair value of other financial assets and financial liabilities has been determined using the market interest rates.

The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	THE GROUP			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
2018				
Other financial assets	**335,165**	**244,923**	**158,018**	**738,106**
Assets classified as held for sale	**-**	**-**	**145,682**	**145,682**
	335,165	**244,923**	**303,700**	**883,788**
2017				
Other financial assets	430,862	244,680	166,562	842,104

38. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value (continued)

	THE COMPANY			
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
2018				
Investment in subsidiaries	**9,010,499**	**–**	**13,066,784**	**22,077,283**
Investment in associated companies	**2,253,652**	**–**	**3,639,915**	**5,893,567**
Investment in joint ventures	**–**	**–**	**347,002**	**347,002**
Other financial assets	**35,577**	**–**	**125,888**	**161,465**
	11,299,728	**–**	**17,179,589**	**28,479,317**
2017				
Investment in subsidiaries	5,198,837	–	12,644,546	17,843,383
Investment in associated companies	3,015,141	–	4,277,769	7,292,910
Investment in joint ventures	–	–	355,771	355,771
Other financial assets	119,275	–	100,418	219,693
Assets classified as held for sale	–	–	–	–
	8,333,253	–	17,378,504	25,711,757

There has been no transfer between Level 1 and Level 3 as at 30 June 2018 and 2017.

The reconciliation of Level 3 fair value financial instruments for the Company are detailed in notes 11, 12, 13 and 14.

Reconciliation of Level 3 for the Group

	2018 Rs'000	2017 Rs'000
Balance at 1 July	**166,562**	180,917
Amalgamation adjustment	**–**	84,000
Additions	**–**	–
Disposals	**(19,501)**	(93,493)
Impairment loss	**(520)**	(8,864)
Fair value adjustment	**10,225**	4,321
Transfer to other receivables	**–**	(319)
Transfer from investment in subsidiaries	**1,245**	–
Assets held for sale	**145,682**	–
Exchange difference	**7**	–
Balance at 30 June	**303,700**	166,562

The significant unobservable input data involved in the determination of fair value for Level 3 investments include discount rate used. An increase in the discount rate will result in a lower fair value.

38. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign exchange risk

The Group and the Company are exposed to the risk that the exchange rate of the Mauritian Rupee relative to foreign currencies may change in a manner which has a material effect on the reported values of the Group's and the Company's assets and liabilities. The Group and the Company undertake certain transactions denominated in foreign currencies and hence, exposures to exchange rate fluctuations arise. The Group and the Company are mainly exposed to the United States Dollar (USD), Euro (EUR) and Great Britain Pounds (GBP).

Currency Profile	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	**2018 Rs'000**	2017 Rs'000
Financial assets				
Mauritian Rupee	**8,494,710**	7,149,104	**30,219,580**	28,718,602
US Dollars	**929,590**	2,159,624	**36,580**	389,499
Euro	**854,551**	1,234,694	**8,771**	13,058
Great Britain Pounds	**137,170**	125,261	**3,634**	4,413
Others	**728,869**	423,326	**72,522**	2,307
	11,144,890	11,092,009	**30,341,087**	29,127,879
Financial liabilities				
Mauritian Rupee	**21,776,519**	15,681,258	**8,306,032**	8,073,608
US Dollars	**2,064,878**	3,571,134	**6,054**	658,101
Euro	**2,329,257**	2,559,254	**11,285**	247,609
Great Britain Pounds	**523,608**	16,146	**892**	6,451
Others	**583,012**	571,341	**368,978**	48,956
	27,277,274	22,399,133	**8,693,241**	9,034,725

Foreign currency sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the Mauritian Rupee against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the Mauritian Rupee appreciates 10% against the relevant currency. For a 10% weakening of the Mauritian Rupee against the relevant currency, there would be an equal and opposite impact on the profit.

38. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency sensitivity analysis (continued)

Impact of an appreciation of 10% of the Mauritian Rupee against the relevant currencies:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Impact – US Dollars				
Profit or loss	**(113,529)**	(141,151)	**3,053**	(26,860)
Impact – Euro				
Profit or loss	**(147,471)**	(132,456)	**(251)**	(23,455)
Impact – Great Britain Pounds				
Profit or loss	**(38,644)**	10,912	**274**	(204)

The profit or loss is mainly attributable to the exposure outstanding on foreign currency receivables, payables, borrowings and cash and cash equivalents at year end in the Group and the Company.

Interest rate risk

The Group and the Company are exposed to interest rate risk as entities in the group borrow funds at both fixed and floating interest rates.

The Group and the Company manage the risk by maintaining an appropriate mix between fixed and floating rate borrowings.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease is used and it represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 30 June 2018 would decrease/increase by Rs 113,044,030 (2017: Rs 77,804,800) and the Company's profit for the year ended 30 June 2018 would decrease/increase by Rs 29,605,500 (2017: Rs 33,014,100). This is mainly attributable to the Group's and the Company's exposure to interest rates on their variable rate borrowings.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are approved and reviewed by key management on regular basis.

The Group's and the Company's credit risk are primarily attributable to trade receivables. The amounts presented in the statements of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and represents the Group's and the Company's maximum exposure to credit risk.

38. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk management (continued)

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statements of financial position. In the case of credit derivatives, the Group is also exposed to or protected from the risk of default of the underlying entity referenced by the derivative.

Other price risks

The Group and the Company are exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group and the Company do not actively trade these investments.

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.
If the equity price had increased or decreased by 10%:

- there would be no impact on the net profit at 30 June 2017 and 2018 as equity investments are classified as available-for-sale.
- The other comprehensive income and fair value reserves included in equity would increase/decrease by Rs 34,181,600 (2017: Rs 43,086,000) for the Group and Rs 1,129,972,800 (2017: Rs 833,325,300) for the Company, as a result of the changes in fair value of available-for-sale investments.

Liquidity risk management

The Group and the Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below shows the maturity profile of the financial liabilities of the Group and the Company, based on undiscounted contracted payments:

	THE GROUP				
	At call	Less than one year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2018					
Finance lease liabilities	**–**	**82,867**	**135,052**	**9,022**	**226,941**
Non-interest bearing instruments	**–**	**8,018,388**	**54,957**	**–**	**8,073,345**
Variable interest rate instruments	**1,303,667**	**1,636,747**	**4,203,340**	**4,104,390**	**11,248,144**
Fixed interest rate instruments	**1,902,655**	**1,730,124**	**2,130,571**	**702,928**	**6,466,278**
	3,206,322	**11,468,126**	**6,523,920**	**4,816,340**	**26,014,708**
2017					
Finance lease liabilities	–	38,293	119,465	2,085	159,843
Non-interest bearing instruments	–	8,027,958	–	–	8,027,958
Variable interest rate instruments	2,600,925	1,212,224	3,117,408	804,703	7,735,260
Fixed interest rate instruments	2,478,680	1,863,132	1,948,416	185,844	6,476,072
	5,079,605	11,141,607	5,185,289	992,632	22,399,133

Notes to the Financial Statements for the year ended 30 June 2018

38. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk management (continued)

	THE COMPANY				
	At call Rs'000	Less than one year Rs'000	1 to 5 years Rs'000	> 5 years Rs'000	Total Rs'000
2018					
Finance lease liabilities	**–**	**6,584**	**8,612**	**–**	**15,196**
Non-interest bearing instruments	**–**	**885,848**	**37,641**	**–**	**923,489**
Variable interest rate instruments	**382,175**	**420,291**	**1,658,090**	**500,000**	**2,960,556**
Fixed interest rate instruments	**1,460,000**	**1,050,000**	**1,784,000**	**500,000**	**4,794,000**
	1,842,175	**2,362,723**	**3,488,343**	**1,000,000**	**8,693,241**
2017					
Finance lease liabilities	–	7,233	11,948	667	19,848
Non-interest bearing instruments	–	1,715,850	–	–	1,715,850
Variable interest rate instruments	2,128,913	426,971	745,527	–	3,301,411
Fixed interest rate instruments	2,085,000	1,412,328	500,288	–	3,997,616
	4,213,913	3,562,382	1,257,763	667	9,034,725

Financial guarantees and commitments

One of the subsidiaries has hedged its borrowings denominated in US dollars and Euros. The cash flow hedge recognises the effective portion of the gain or loss on the hedging instruments in cash flow hedge reserves and at 30 June 2018, there was a negative reserve of Rs 145,099,000 (2017: Rs 108,175,000). The amount included in "other reserves" is Rs 55,231,000 (2017: Rs 42,459,000) while amount attributable to non-controlling interests is Rs 89,867,000 (2017: Rs 65,626,000). The movement for the year amounting to Rs 42,924,000 in 2018 (2017: Rs 31,041,000) relates to exchange differences on translation of US Dollar and Euro at year end rate as well as the portion of exchange difference reserve realised on repayment of borrowings. An amount of Rs 18,683,000 (2017: Rs 12,212,000) is attributable to the Company and Rs 24,241,000 (2017: Rs 18,829,000) to non-controlling interests.

39. BUSINESS COMBINATIONS

(a) *Acquisition of subsidiaries*

In August 2017, one of the subsidiaries, Winhold Ltd acquired 90.96% of Compagnie des Magasins Populaires Limitée (CMPL) for a consideration of Rs 141,813,018.

In September 2017, the Group acquired a controlling stake in LCF Holdings Ltd for a consideration of Rs 22,060,350 hence increasing its shareholding to 60%.

In October 2017, LUX* repossessed hotel Le Recif in Ile de La Reunion. The buyer of hotel Le Recif has not been in a position to secure its financing to settle the amount due to LUX* following the sale of the hotel two years ago.

In May 2018, one of the wholly owned subsidiary of the Group, Bloomage acquired 62.7% of Southern Investments Ltd for a consideration of Rs 219,910,519.

Notes to the Financial Statements for the year ended 30 June 2018

39. BUSINESS COMBINATIONS (CONTINUED)

(a) *Acquisition of subsidiaries (continued)*

In February 2018, the Group acquired a controlling stake in Bluelife Ltd by for a consideration of Rs 372,095,445 following a right issue made by Bluelife in February 2018.

In July 2016, the Group has acquired two subsidiaries namely Ze Dodo Trail Ltd and Speciality Risk Solutions Ltd for a consideration of Rs 2.5 million and Rs 1 million respectively.

The identifiable assets acquired and liabilities assumed at fair value at date of acquisition are as follows:

	2018 Rs'000	2017 Rs'000
ASSETS		
Property, plant and equipment	**1,952,403**	–
Investment Properties	**953,562**	–
Intangible assets	**179,758**	–
Non current receivables	**1,570**	–
Inventories	**116,293**	–
Trade and other receivables	**425,766**	19
Land and related development costs	**1,772,177**	–
Tax assets	**972**	–
Deferred tax assets	**66,700**	–
Cash and cash equivalents	**336,735**	–
Held for sale	**62,000**	
	5,867,936	19
LIABILITIES		
Borrowings	**1,648,655**	–
Bank overdraft	**365,770**	–
Trade and other payables	**871,992**	69
Retirement benefit obligations	**26,704**	–
Tax payable	**11,550**	–
Deferred tax liabilities	**30,295**	–
	2,954,966	69
Fair value of net assets acquired	**2,912,970**	(50)
Consideration paid in cash	**900,765**	3,500
Non controlling interests	**1,691,895**	–
Fair value of previously held interests	**106,863**	–
	2,699,523	3,500
Goodwill	**246,952**	3,550
Negative goodwill	**(460,401)**	–

Notes to the Financial Statements for the year ended 30 June 2018

39. BUSINESS COMBINATIONS (CONTINUED)

(a) Acquisition of subsidiaries (continued)

	2018 Rs'000	2017 Rs'000
CASH FLOW		
Consideration paid	**900,765**	3,500
Non cash consideration paid (trade & other receivable)	**(75,525)**	–
Less cash and cash equivalents acquired in subsidiary	**29,035**	–
Net cash outflow on acquisition	**854,275**	3,500

Goodwill arose in the acquisition of LCF Holdings Ltd is mainly attributable to the access to a specialised partner in its field and the potential profitability to be reaped from this service in the long term.

Goodwill arose in the acquisition of Compagnie des Magasins Populaires Limitée (CMPL) is mainly to obtain the brandname of "Monoprix" and consolidate IBL position in the commercial sector.

The goodwill arising from the acquisition of Southern Investments Ltd is in relation to the benefit of expected synergies of services and products in the hotel sector.

Negative goodwill was recognised in respect of the acquisition of BlueLife Ltd and repossession of Le Recif Hotel.

The goodwill arising from the acquisition of Speciality Risk Solutions Ltd is mainly attributable to the access to a specialised partner which is the global leader in its field and the potential profitability to be reaped from this service in the long term. The acquistion of Ze Dodo Trail Ltd is mainly to obtain the brandname of 'Dodo Trail'.

Impact of the acquisitions on the results of the Group

The revenue and results for the year ended 30 June 2018 include an amount of Rs 1,796 million and a loss of Rs 149 million respectively attributable to the additional business generated by the acquired subsidiaries.

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Notes to the Financial Statements for the year ended 30 June 2018

39. BUSINESS COMBINATIONS (CONTINUED)

(b) Disposal of subsidiaries

IBL Link disposed of its 80% shareholding in The Concreate Agency Ltd on 31 March 2018

Analysis of assets and liabilities over which control was lost:

	2018 Rs'000
ASSETS	
Property, plant and equipment	**1,580**
Intangible assets	**29**
Trade and other receivables	**4,455**
Cash and cash equivalents	**429**
	6,493
LIABILITIES	
Trade and other payables	**2,194**
Deferred tax liabilities	**153**
	2,347
Net assets disposed	**4,146**
Share of net assets disposed	**3,318**
Profit/(loss) on disposal	**2,282**
	5,600
Consideration	
Consideration received in cash	**4,000**
Consideration receivable	**1,600**
	5,600
Net cash outflow on disposal	
Consideration received in cash	**4,000**
Cash and cash equivalents in subsidiary disposed of	**(429)**
	3,571

39. BUSINESS COMBINATIONS (CONTINUED)

(c) Change in percentage holding in subsidiaries without loss of control

On 8 March 2018, the Group acquired an additional 5.18% of the issued shares of Phoenix Investments Company Limited for a purchase consideration of Rs 132,453,900. The Group derecognised the non-controlling interests and recorded a decrease in equity attributable to owners of the Company of Rs 76,451,625. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2018 Rs'000
Cash consideration paid to non-controlling interests	132,454
Less: Carrying amount of non-controlling interests acquired	56,002
Adjustment recognised in retained earnings (Debit)	76,452

On 21 May 2018, the Group acquired an additional 14.51% of the issued shares of BlueLife Limited for a purchase consideration of Rs 212,903,607. The Group derecognised the non-controlling interests and recorded an increase in equity attributable to owners of the Company of Rs 135,078,551. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2018 Rs'000
Cash consideration paid to non-controlling interests	212,904
Less: Carrying amount of non-controlling interests acquired	347,982
Adjustment recognised in retained earnings (Credit)	(135,078)

On 29 June 2018, the Group acquired an additional 7.5% of the issued shares of Manser Saxon Contracting Ltd for a purchase consideration of Rs 38,325,000. The Group derecognised the non-controlling interests and recorded an increase in equity attributable to owners of the Company of Rs 5,037,844. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2018 Rs'000
Cash consideration paid to non-controlling interests	38,325
Less: Carrying amount of non-controlling interests acquired	43,363
Adjustment recognised in retained earnings (Credit)	(5,038)

39. BUSINESS COMBINATIONS (CONTINUED)

(c) Change in percentage holding in subsidiaries without loss of control (continued)

In December and June 2018, the Group acquired an additional 17.2% of the issued shares of Lux Island Resorts Ltd for a purchase consideration of Rs 1,685,684,858. The Group derecognised the non-controlling interests and recorded a decrease in equity attributable to owners of the Company of Rs 643,202,948. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2018 Rs'000
Cash consideration paid to non-controlling interests	1,685,685
Less: Carrying amount of non-controlling interests acquired	1,042,482
Adjustment recognised in retained earnings (Debit)	643,203

On 18 December 2017, Winhold Limited acquired an additional 9.04% of the issued shares of Compagnie des Magasins Populaires Limitée for a purchase consideration of Rs 15,566,684. The Group derecognised the non-controlling interests and recorded a decrease in equity attributable to owners of the Company of Rs 14,213,885. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2018 Rs'000
Cash consideration paid to non-controlling interests	15,567
Less: Carrying amount of non-controlling interests acquired	1,353
Adjustment recognised in retained earnings (Debit)	14,214

On 31 May 2018, Seafood Hub Limited acquired an additional 3.33% of the issued shares of Cervonic Ltd for a purchase consideration of Rs 6,047,000. The Group derecognised the non-controlling interests and recorded a decrease in equity attributable to owners of the Company of Rs 2,579,282. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2018 Rs'000
Cash consideration paid to non-controlling interests	6,047
Less: Carrying amount of non-controlling interests acquired	3,468
Adjustment recognised in retained earnings (Debit)	2,579

39. BUSINESS COMBINATIONS (CONTINUED)

(c) Change in percentage holding in subsidiaries without loss of control (continued)

On 26 June 2018, IBL Life Limited acquired an additional 10% of the issued shares of Rouclavier Ltée for a purchase consideration of Rs 2,000,000. The Group derecognised the non-controlling interests and recorded a decrease in equity attributable to owners of the Company of (Rs 10,186,200). The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2018
	Rs'000
Cash consideration paid to non-controlling interests	**2,000**
Less: Carrying amount of non-controlling interests acquired	**12,186**
Adjustment recognised in retained earnings (Debit)	**(10,186)**

On 20 December 2016, the Group acquired an additional 5% of the issued shares of Manser Saxon Contracting Ltd for a purchase consideration of Rs 25,673,185. The Group derecognised the non-controlling interests and recorded a decrease in equity attributable to owners of the Company of Rs 462,751. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2017
	Rs'000
Consideration paid to non-controlling interests	25,673
Less: Carrying amount of non-controlling interests acquired	25,210
Adjustment recognised in retained earnings (Debit)	463

On 31 March 2017, the Group acquired an additional 5% of the issued shares of Rouclavier Ltd for a purchase consideration of Rs 12,000,000. The Group derecognised the non-controlling interests and recorded a decrease in equity attributable to owners of the parent of Rs 11,607,728. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2017
	Rs'000
Consideration paid to non-controlling interests	12,000
Carrying amount of non-controlling interests acquired	392
Adjustment recognised in retained earnings (Debit)	11,608

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39. BUSINESS COMBINATIONS (CONTINUED)

(c) Change in percentage holding in subsidiaries without loss of control (continued)

Disposal of interest in subsidiaries without loss of control

Following the conversion of bonds by LUX* bond holders on 31 December 2016, the Company's shareholding in LUX* was diluted from 39.33% to 39.27%. This resulted in an increase in non-controlling interests of Rs 2,252,425 and an increase in equity to owners of the parent of Rs 1,615,287. The effect of changes in the ownership interest on the equity attributable to owners of the company is summarised as follows:

	2017
	Rs'000
Deemed consideration received from non-controlling interests	3,867
Less: Carrying amount of non-controlling interests acquired	2,252
Adjustment recognised in retained earnings (Credit)	1,615

	2018	2017
	Rs'000	Rs'000
Total adjustments recognised in equity	**(586,146)**	(10,456)
Attributable to:		
Owners of the Company	**(608,521)**	(10,456)
Non-controlling interests	**22,375**	-
	(586,146)	(10,456)

40. EVENTS AFTER THE REPORTING PERIOD

In June 2018, IBL Ltd together with the other minority shareholder of Mauritian Eagle Leasing Company Limited ("MELCO") signed an agreement with CIM Financial Services Ltd ("CIM") to sell to the latter the entire share capital of MELCO. Consequently MELCO has been accounted as a held for sale investment in the Group Financial Statements at 30 June 2018.

41. CONSTRUCTION CONTRACTS

The Group is making the following disclosures in respect of construction contracts:

	2018 Rs'000	2017 Rs'000
(i) Contract revenue	**2,571,830**	1,770,339
(ii) In respect of construction contracts in progress at reporting date:		
(a) Retentions held by customers (included in trade and other receivables)	**54,489**	118,066
(b) Advances received from customers (included in trade and other payables)	**140,443**	312,248
(c) Net amount due for contract works:		
Amount due from customers (included in trade and other receivables)	**512,896**	667,444
Amount due to customers (included in trade and other payables)	**(140,393)**	(356,827)
	372,503	310,617
Contract costs incurred plus recognised profits less recognised losses to date	**1,488,987**	1,619,249
Less: Progress billings	**(1,116,483)**	(1,308,632)
	372,504	310,617

42. SHARE BASED PAYMENT

Lux Island Resorts Ltd, through its subsidiary, Lux Hospitality Ltd (LHL), has implemented an Executive Share Scheme (ESS) as described below:

Executive share scheme

The type of share-based payment that LHL has opted is an "equity-settled" share-based payment. A shared understanding of the terms and conditions of the share based payment arrangements has been agreed between LHL and its senior management team. At grant date, LHL will confer to its executives the right to equity instruments in LHL subject to certain vesting conditions.

The executive team will be entitled to shares in LHL after a vesting period. Such vesting period is the period between the grant date and the date the shares are allotted. This period has been fixed by the board at three years during which the senior management team members have to remain in employment with LHL or other companies forming part of Lux Group of Companies. Therefore, these equity instruments started to vest during the financial year June 2017.

Once the shares are issued, they will rank 'pari passu' as to dividend, capital, voting rights and in all other respects with the existing shares of LHL.

The number of shares granted is calculated in accordance with a performance-based formula approved by the Remuneration Committee. The formula rewards executives to the extent of the Group's and the individual achievement judged against both qualitative and quantitative criteria from the following measures:

(i) improvement in Lux Island Resorts Ltd share price;

(ii) improvement in the Lux* group EBITDA and free cash flow; and

(iii) elevating guest experience.

42. SHARE BASED PAYMENT (CONTINUED)

The Board is reviewing the present ESS to replace it with another mechanism which as the reporting date has not yet been finalised. No options have been granted with respect to the year ended 30 June 2018 (2017: 1,102,314), and as at 30 June 2018 total options granted amounted to 3,520,462 out of which 2,418,148 will vest if the executives are still in continuous employment after the year ended 30 June 2018. During the year ended 30 June 2018, 2,507,241 shares (2017: 3,554,822 shares) have been issued pursuant to the share scheme, totalling Rs 4.2 million (2017: Rs. 5.9 million).

For the year ended 30 June 2018, a total charge of Rs 1.9M (2017: Rs 3.4M) has been recognised as share based payment expense in profit or loss for executive still in employment at year end based on the fair value of LHL shares awarded.

In 2014, the Board also awarded 6,707,922 shares to certain key executives vested in 3 equal instalments. Vesting of each tranche is conditional on the executive being in continuous service at the end of each relevant year. The last tranche vested under this scheme was 2,235,974 shares which has been issue during the financial year ended 30 June 2017 totalling Rs 3.7M.

LHL's equity instruments are not publicly traded, the fair value of the equity instrument granted was determined using the discounted cash flow method by an independent professional valuer.

Movement during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share option during the year:

	2018 Number	2018 WAEP	2017 Number	2017 WAEP
Outstanding at 1 July	**6,180,653**	**1.66**	9,159,352	1.66
Granted	**–**	**1.66**	1,102,314	1.66
Forfeited	**(152,950)**	**1.66**	(526,191)	1.66
Exercised*	**(2,507,241)**	**1.66**	(3,554,822)	1.66
Expired	**–**	**–**	–	–
Outstanding at 30 June	**3,520,462**	**1.66**	6,180,653	1.66
Excercisable at 30 June	**3,520,462**	**1.66**	6,180,653	1.66

*The weighted average share price at the date of exercise of these options was Rs 3 (2017: Rs 3).
The weighted average remaining contractual life for the share options outstanding as at 30 June 2018 was 1 year (2017: 2 years).
The weighted average fair value of options granted during the year was Nil (2017: Rs 1.8M).
The exercise price for options outstanding at the end of the year was Rs 1.66 (2017: Rs 1.66).

43. SEGMENTAL INFORMATION – GROUP

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Group's reportable segments under IFRS 8 are:

- Agro
- Building & Engineering
- Commercial
- Financial & Other Services
- Hospitality
- Logistics
- Manufacturing & Processing
- Property
- Life
- Corporate Services

The segment information reported below does not include any amounts for the Group's discontinued operations. More information is given in note 20.

Notes to the Financial Statements for the year ended 30 June 2018

43. SEGMENTAL INFORMATION – GROUP (CONTINUED)

(i) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reporting segment.

30 June 2018	Building & Engineering Rs'000	Commercial Rs'000	Financial & Other Services Rs'000	Hospitality Rs'000	Manufacturing & processing Rs'000	Logistics Rs'000	Property Rs'000	Life Rs'000	Corporate services Rs'000	Consolidation adjustments Rs'000	**Total Rs'000**
Revenue	8,644,788	13,070,140	1,716,957	5,850,491	8,421,714	1,587,426	707,966	179,278	222,953	(3,327,310)	**37,074,403**
Results											
Segment result	634,679	312,849	216,576	660,394	826,347	97,539	100,060	(41,383)	(386,973)	(75,001)	**2,345,087**
Finance costs											**(791,656)**
Finance income											**34,503**
Other gains and losses											**780,296**
Share of results of associates and joint ventures											**363,545**
Profit before taxation (continuing operations)											**2,731,775**
Taxation											**(345,886)**
Profit for the year											**2,385,889**

30 June 2017	Building & Engineering Rs'000	Commercial Rs'000	Financial & Other Services Rs'000	Hospitality Rs'000	Manufacturing & processing Rs'000	Logistics Rs'000	Property Rs'000	Life Rs'000	Corporate services Rs'000	Consolidation adjustments Rs'000	Total Rs'000
Revenue	7,718,059	11,280,600	1,682,756	5,199,439	7,688,266	1,568,704	75,193	123,614	309,114	(1,975,609)	33,670,136
Results											
Segment result	723,196	473,519	306,313	824,281	718,623	107,786	65,799	(87,526)	(311,913)	(75,797)	2,744,281
Finance costs											(721,577)
Finance income											20,749
Other gains and losses											(155,036)
Share of results of associates											494,575
Profit before taxation (continuing operations)											2,382,992
Taxation											(406,264)
Profit for the year											1,976,728

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2B. Segment profit represents the profit earned by each segment without allocation of finance costs, finance income, share of results of associates and income tax expense.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2B. Segment profit represents the profit earned by each segment without allocation of finance costs, finance income, share of results of associates and income tax expense.

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43. SEGMENTAL INFORMATION – GROUP (CONTINUED)

(ii) Segment assets and liabilities

30 June 2018	Building & Engineering Rs'000	Commercial Rs'000	Financial & Other Services Rs'000	Hospitality Rs'000	Manufacturing & Processing Rs'000	Logistics Rs'000	Property Rs'000	Life Rs'000	Corporate services Rs'000	Consolidation adjustments Rs'000	**Total Rs'000**
ASSETS											
Segment assets	10,056,294	3,931,633	2,823,995	12,736,522	8,061,479	860,268	7,225,025	232,804	1,648,200	(927,637)	**46,648,583**
Investments in associates, joint ventures and other financial assets											**10,154,410**
Deferred tax assets											**359,277**
Tax assets											**67,683**
Assets classified as held for sale											**1,845,878**
Consolidated total assets											**59,075,831**
LIABILITIES											
Segment liabilities	3,768,017	2,861,497	2,198,140	6,313,412	2,234,737	500,649	3,145,093	187,190	8,550,691	(1,658,147)	**28,101,279**
Deferred taxation											**1,183,246**
Tax payable											**82,565**
Liabilities associated with assets classified as held for sale											**1,293,839**
											30,660,929

30 June 2017	Building & Engineering Rs'000	Commercial Rs'000	Financial & Other Services Rs'000	Hospitality Rs'000	Manufacturing & Processing Rs'000	Logistics Rs'000	Property Rs'000	Life Rs'000	Corporate services Rs'000	Consolidation adjustments Rs'000	Total Rs'000
ASSETS											
Segment assets	10,192,697	3,775,803	3,577,577	11,426,009	7,844,336	791,989	3,605,195	280,476	2,822,320	(2,293,459)	42,022,943
Investments in associates, joint ventures and other financial assets											10,427,124
Deferred tax assets											241,304
Tax assets											34,111
Consolidated total assets											52,725,482
LIABILITIES											
Segment liabilities	3,938,624	1,995,432	2,704,091	5,168,287	2,675,354	433,381	639,263	379,461	9,617,850	(2,846,730)	24,705,013
Deferred taxation											1,108,036
Tax payable											115,172
											25,928,221

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43. SEGMENTAL INFORMATION – GROUP (CONTINUED)

(ii) Segment assets and liabilities (continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than taxes and investments in associates, joint ventures and other financial assets. Goodwill is allocated to reportable segments as described in note 6. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- all liabilities are allocated to reportable segments other than taxes. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(iii) Other segment information

Additions to non-current assets (include property, plant and equipment, investment properties, intangible assets and exclude investments, deferred tax assets and finance lease receivables) and depreciation and amortisation.

	Building & Engineering Rs'000	Commercial Rs'000	Financial & Other Services Rs'000	Hospitality Rs'000	Manufacturing & Processing Rs'000	Logistics Rs'000	Property Rs'000	Life Rs'000	Corporate services Rs'000	Total Rs'000
30 June 2018										
Additions to non-current assets	400,162	424,359	276,028	973,255	487,207	69,123	190,198	433,004	65,848	**3,319,184**
Depreciation and amortisation	397,470	112,564	114,955	503,166	419,557	53,418	48,422	16,274	74,164	**1,739,990**
30 June 2017										
Additions to non-current assets	506,736	167,739	134,738	1,317,919	453,996	68,903	374,693	28,734	22,123	**3,075,581**
Depreciation and amortisation	361,640	131,426	132,973	443,573	427,531	56,178	36,005	17,393	62,248	**1,668,967**

43. SEGMENTAL INFORMATION – GROUP (CONTINUED)

(iii) Other segment information (continued)

Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

		2018 Rs'000	2017 Restated Rs'000
Building & Engineering	– Contracting & equipment	**8,644,788**	7,718,059
Commercial	– Consumer goods & chain of supermarkets	**13,070,140**	11,280,600
Financial Services	– Insurance, leasing and management services	**1,716,957**	1,682,756
Hospitality	– Hotels operation	**5,850,491**	5,199,439
Manufacturing & processing	– Sale of beverages, marine services	**8,421,714**	7,688,266
Logistics	– Freight forwarding	**1,587,426**	1,568,704
Life	– Medical research	**179,278**	123,614
Others		**930,919**	384,307
Consolidation Adjustments		**(3,327,310)**	(1,975,609)
		37,074,403	33,670,136

Information about major customers

The Group does not have any one single external customer to whom sales of goods and services amounted to 10% or more of the Group's total turnover.

Geographical information

The Group's operations are located in the countries as described below.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	2018 Rs'000	2017 Restated Rs'000
Mauritius	**30,328,833**	28,883,438
Europe	**997,145**	119,917
USA	**56,901**	91,861
Madagascar, Comoros, Seychelles & Reunion	**2,945,077**	1,847,290
Dubai, Africa, Australia & others	**875,088**	1,711,217
Maldives	**1,871,359**	1,016,413
	37,074,403	33,670,136

44. EARNINGS PER SHARE

	2018 Rs'000	2017 Restated Rs'000
Earnings per share		
– From continuing and discontinued operations	**2.22**	1.61
– From continuing operations	**2.22**	1.56

The earnings and weighted average number of ordinary shares used in the calculation of earnings per share are as follows:

	2018 Rs'000	2017 (Restated) Rs'000
Earnings for the year attributable to owners of the Company used in calculation of earnings per share – From continuing and discontinued operations	**1,508,967**	1,093,106
Earnings for the year attributable to owners of the Company used in calculation of earnings per share – From continuing operations	**1,509,830**	1,059,638
Weighted average number of ordinary shares	**680,224,040**	680,224,040

45. AMALGAMATION

As of 1 July 2016, Ireland Blyth Limited was amalgamated with and into the Company by way of a share for share exchange. The shareholders of Ireland Blyth Limited has received 4.8277 shares of the Company for each share held in the entity. Following the amalgamation, the Company has issued 176,668,490 shares of no par value amounting to Rs 464,058,320.

The 2016 comparatives presented in the financial statements for Company represent the IBL Ltd (formerly GML Investissement Ltee) figures only.

45. AMALGAMATION (CONTINUED)

Details of the assets and liabilities of Ireland Blyth Limited amalgamated at 1 July 2016 are as follows:

	Rs'000
Non-current assets	
Property, plant and equipment	1,714,325
Investment property	200,200
Intangible assets	54,786
Investments in subsidiaries	8,262,672
Investments in associates	862,264
Investments in joint ventures	56,050
Investments in securities	142,328
Deferred tax assets	23,051
Current assets	
Inventories	850,932
Trade and other receivables	2,453,849
Cash and bank balances	74,874
Total assets	**14,695,331**
Non-current liabilities	
Obligations under finance leases	11,336
Long-term loans and deposits	489,758
Retirement benefit obligations	666,176
Current liabilities	
Bank overdrafts	3,682,032
Short-term loans and deposits	464,956
Obligations under finance leases	4,517
Tax payable	3,065
Trade and other payables	1,470,630
Total liabilities	**6,792,470**

Net cash flow

Consideration paid in cash	-
Less cash and cash equivalents received on amalgamation	(3,607,158)
Net cash inflow on amalgamation	**(3,607,158)**

Impact of the amalgamation on the Company's financial statements:

Consideration	
Issue of shares	(464,058)
Cancellation of the shares of Ireland Blyth Limited	906,480
Fair value of investments of Ireland Blyth Limited	5,861,400
Reversal of investment in Ireland Blyth Limited	(920,070)
Amalgamation reserves - Capital contribution	**5,383,752**

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46. PRIOR YEAR ADJUSTMENTS

Correction of error

One of the associated companies, Alteo Limited, has restated its financial statements in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, to correct certain errors identified during the year ended 30 June 2018. IBL Ltd has reflected these adjustments as a restatement in their financial statements as well.

The errors identified are in relation to the following:

- Valuation of land which was overstated due to wrong surface areas used
- Harmonisation of the classification, treatment and valuation of Land Conversion Rights in different companies of Alteo group
- Impairment of goodwill
- Deferred expenditure previously capitalised and amortised have been expensed in year incurred
- Derecognition of deferred tax assets due to uncertainty of future probable taxable profits
- Harmonisation of the approach in the fair valuation of consumable biological assets
- Deferred costs relating to repairs and maintenance have been expensed in year incurred
- Recognition of retirement gratuities under Employments Rights Act 2008
- Change of effective tax rate from 15% to 17% applied to calculate deferred tax
- Fair value of available for sale investments, previously carried at cost
- Adjustment of inventories to reverse consumables that were already in use and which should have been expensed.

Notes to the Financial Statements for the year ended 30 June 2018

46. PRIOR YEAR ADJUSTMENTS (CONTINUED)

The effect of the restatements on the financial statements of the Group are as follows:

	As previously reported Rs'000	PYA Rs'000	As restated Rs'000
Impact at 1 July 2016			
Investment in associates	8,677,478	(235,592)	8,441,886
Retained earnings	9,762,100	109,394	9,871,494
Revaluation reserves	2,170,524	(343,082)	1,827,442
Fair value reserves	30,229	(1,904)	28,325
	11,962,853	(235,592)	11,727,261
Impact on year ended 30 June 2017			
Share of profits of associates	569,162	(20,758)	548,404
Profit for the year	2,026,517	(20,758)	2,005,759
Other comprehensive income	(20,822)	(2,068)	(22,890)
Total comprehensive income for the year	2,005,695	(22,826)	1,982,869
Impact at 30 June 2017			
Investment in associates	9,451,297	(258,418)	9,192,879
Retained earnings	9,895,970	88,637	9,984,607
Revaluation reserves	2,198,381	(344,824)	1,853,557
Fair value reserves	(32,197)	(1,904)	(34,101)
Other reserves	616,509	(327)	616,182
	12,678,663	(258,418)	12,420,245
Earnings per share	1.64	(0.03)	1.61

Notes to the Financial Statements for the year ended 30 June 2018

47. SUMMARY OF THE PUBLISHED RESULTS AND OF THE ASSETS AND LIABILITIES OF THE GROUP

	Year ended 30 June 2018 Rs'000	Year ended 30 June 2017 (Restated) Rs'000	Year ended 30 June 2016 Rs'000
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Revenue	**37,074,403**	33,670,136	30,996,394
Share of results of associates and joint ventures	**363,545**	494,575	583,212
Profit before taxation	**2,731,775**	2,382,992	1,956,140
Income tax charge	**(345,886)**	(406,264)	(377,220)
Profit for the year from continuing operations	**2,385,889**	1,976,728	1,578,920
(Loss)/profit for the year from discontinued operations	**(3,017)**	29,031	(5,386)
Profit for the year	**2,382,872**	2,005,759	1,573,534
Other comprehensive income for the year, net of tax	**548,658**	(22,890)	158,360
Total comprehensive income for the year	**2,931,530**	1,982,869	1,731,894
Profit attributable to:			
- Owners of the parent	**1,508,967**	1,093,106	748,426
- Non-controlling interests	**873,905**	912,653	825,108
	2,382,872	2,005,759	1,573,534
Total comprehensive income attributable to:			
- Owners of the parent	**1,883,227**	1,112,645	797,031
- Non-controlling interests	**1,048,303**	870,224	934,863
	2,931,530	1,982,869	1,731,894
Dividend	**496,564**	442,146	753,869

Notes to the Financial Statements for the year ended 30 June 2018

47. SUMMARY OF THE PUBLISHED RESULTS AND OF THE ASSETS AND LIABILITIES OF THE GROUP (CONTINUED)

	2018	2017 (Restated)	2016 (Restated)
	Rs'000	Rs'000	Rs'000
STATEMENTS OF FINANCIAL POSITION			
Assets			
Non current assets	**43,067,134**	38,312,999	36,364,087
Current assets	**14,162,819**	14,412,483	12,868,809
Non-current assets classified as held for sale	**1,845,878**	–	1,647,436
Total assets	**59,075,831**	52,725,482	50,880,332
Equity and liabilities			
Share capital and reserves	**16,962,188**	16,165,632	15,609,245
Non-controlling interests	**11,452,714**	10,631,629	10,248,309
Total equity	**28,414,902**	26,797,261	25,857,554
Liabilities			
Non current liabilities	**14,414,219**	9,087,730	8,833,521
Current liabilities	**14,952,871**	16,840,491	15,663,664
Liabilities associated with assets classified as held for sale	**1,293,839**	–	525,593
Total liabilities	**30,660,929**	25,928,221	25,022,778
Total equity and liabilities	**59,075,831**	52,725,482	50,880,332