



# FINANCIAL STATEMENTS

Independent Auditor's Report

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“ BrandActiv's digitally-enabled sales and merchandising functions have brought about significant operational efficiencies, while empowering the outdoor workforce: they can now access real-time stock information, place orders using mobile devices and provide management with real-time sales dashboards for the 135 brands BrandActiv represents and distributes.



# Independent Auditor's Report to the members of IBL Ltd

## REPORT ON THE AUDIT OF 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 178 to 360 which comprise the consolidated and separate statements of financial position as at 30 June 2019, 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 2019 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 Companies Act 2001 and the Financial Reporting Act 2004.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standard Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
<p><b>Valuation of unquoted investments</b></p> <p>Both the Group and the Company hold unquoted investments which are carried at fair value through OCI and are classified as level 3 financial instruments in the fair value hierarchy. As at 30 June 2019, the fair value of these unquoted investments which comprised investments in subsidiaries, associates, joint ventures and other financial assets amounted to Rs 14.0 billion at the Company's separate financial statements. At Group level, investments at fair value through OCI amounted to Rs 215 million as at 30 June 2019.</p>	<p>Our procedures in relation to assessing the fair values of included the following:</p> <p>We evaluated the design and implementation of the controls over the valuation process.</p> <p>We reviewed the appropriateness of the valuation methodology and models used and whether they are in line with generally acceptable valuation guidelines and principles.</p> <p>We performed an independent comparative analysis on the unquoted investments to assess the reasonableness of values arrived at by management. Where market multiples were used, we evaluated the assessments made by management with respect to the selection of appropriate comparable listed companies and adjustments to the valuation multiples.</p>

**REPORT ON THE AUDIT OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)**

**Key Audit Matters (Continued)**

Key Audit Matter	How the matter was addressed in the audit
<p>The investments are valued using different methods ranging from price to earnings multiple, EBITDA multiple or discounted cash flow techniques. Valuation techniques for these underlying investments can be subjective in nature and require significant management estimates including financial forecast, discount factors, growth rates and market multiples amongst others. The actual results could therefore differ from the estimates.</p> <p>Management has disclosed the judgments and estimates used for the fair valuation of investments in Note 3 to the financial statements. The disclosures relating to the valuation of unquoted investments have been provided in Notes 11, 12, 13 and 37 to the financial statements.</p> <p>Due to the significance of this balance in the consolidated and separate financial statements, and the significant judgments applied by management in the fair value assessment, the valuation of unquoted investments was considered as a key audit matter.</p>	<p>Where cash flow techniques were used, we reviewed the value in use obtained from these cash flow forecasts and performed the following procedures:</p> <ul style="list-style-type: none"> <li>- Reviewed the Group's controls relating to the preparation and approval of cash flow forecasts;</li> <li>- Verified the mathematical accuracy of the cash flow model used and checked the internal inconsistency of the models;</li> <li>- Considered the accuracy of historical forecasts prepared by management in the prior year and compared the assumptions used in previous forecasts against actual realised amounts, thereby testing management's ability to reliably estimate such assumptions;</li> <li>- Assessed the reasonableness of the significant inputs and assumptions used in the discounted cash flow such as growth rates and discount rates, also considering illiquidity and size of holdings. Challenged the key judgments by management with reference to historical trends, our own expectations based on management's strategic plans and our industry knowledge.</li> </ul> <p>In addition, we performed sensitivity analysis of a reasonable possible changes in growth rates and discount rates to evaluate the impact on the value in use calculations.</p> <p>We reviewed the appropriateness of the disclosures provided in accordance with IFRS 9 Financial Instruments.</p>
<p><b>Assessment of impairment of goodwill</b></p> <p>The carrying amount of goodwill recognised at Group level amounted to Rs 2.35 billion as at 30 June 2019 and an impairment loss of Rs 146.9 million was charged during the year under review.</p> <p>A cash generating unit ("CGU") to which goodwill has been allocated must be tested for impairment at least annually in accordance with IAS 36 Impairment of Assets, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the unit. The determination of recoverable amount, being the higher of value-in-use and fair value less costs to sell, requires judgment on the part of management in both identifying and then valuing the relevant CGUs.</p>	<p>We evaluated the appropriateness of management's identification of the Group's CGUs and tested the operation of the Group's controls over the impairment assessment process.</p> <p>Our audit procedures included challenging management on the appropriateness of the impairment model and reasonableness of the assumptions used through performing the following:</p> <ul style="list-style-type: none"> <li>- Reviewing the Group's controls relating to the preparation and approval of cash flow forecasts;</li> <li>- Verifying the mathematical accuracy of the cash flow model used and checking the internal inconsistency of the models;</li> <li>- Assessing the reliability of cash flow forecasts through a review of actual past performance compared to previous forecasts;</li> <li>- Assessing the reasonableness of the significant inputs and assumptions used in the discounted cash flow such as growth rates and discount rates, also considering illiquidity and size of holdings. Challenged the key judgments by management with reference to historical trends, our own expectations based on management's strategic plans and our industry knowledge.</li> </ul>

# Independent Auditor's Report to the members of IBL Ltd

## REPORT ON THE AUDIT OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

### Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in the audit
<p>The value-in-use calculations use discounted cash flow (DCF) projections based on financial budgets approved by the Board which involve judgment by management, such as determining the appropriate weighted average cost of capital (WACC), revenue growth rates, gross margins and operating margins.</p> <p>Management has disclosed the accounting judgments and estimates relating to goodwill impairment review in Note 3 to the financial statements. The disclosures relating to the assumptions used to determine the recoverable amount of the goodwill has been provided in Note 6.</p> <p>These assumptions and estimates can have a material impact on the impairment figure reflected in the consolidated financial statements of the Group. Accordingly, the impairment test of goodwill was considered as a key audit matter.</p>	<p>We also assessed the appropriateness and completeness of the related disclosures in Note 6 of the Group financial statements.</p>
<p><b>Expected credit loss under IFRS 9</b></p> <p>IFRS 9 Financial Instruments was effective for the year ended 30 June 2019. IFRS 9 requires the recognition of expected credit loss (ECL) rather than incurred credit losses under IAS 39 Financial Instruments: Recognition and Measurement and is therefore a fundamentally different approach. Management is required to determine the expected credit loss and has made several interpretations and assumptions when designing and implementing models that are compliant with the new standard. The calculation of ECLs in accordance with IFRS 9 is complex and involves several judgmental assumptions.</p>	<p><b>Procedures performed on trade and other receivables at Group and Company level:</b></p> <p>We have obtained an understanding of the Company's and the Group's implementation process for determining the impact of adoption of the new standard, including understanding of the changes to the Company's and the Group's systems, processes and controls.</p> <p>We verified whether the ECL model developed by management for trade and other receivables and loans receivable from related parties are consistent with the requirements of IFRS 9.</p> <p>We tested management's key assumptions and judgments used in the models to determine the expected credit loss such as the loss rate by comparing these to historical data. We also ensured the completeness and internal consistency of data and its mathematical accuracy by testing the age buckets of the balances due for the relevant periods, ensuring proper allocation of payments, agreeing the balances at year end to source data such as the general ledger and verifying that the formulas was properly applied throughout to obtain the expected credit loss.</p>

## REPORT ON THE AUDIT OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

### Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in the audit
<p>Management decided to use the modified retrospective approach when recording the impact of IFRS 9 and the Company's and Group's opening retained earnings at 1 July 2018 were reduced by Rs 155 million and Rs 229 million respectively. The current year results were also affected by ECL charges of Rs 17.7 million and Rs 39 million at Company and Group level respectively.</p> <p>Note 2(A) in the consolidated financial statements discloses the accounting policies whilst Note 18 provides the relevant detailed disclosures respectively.</p> <p>Given the complexity of the requirements of IFRS 9 and significance of the disclosure of the impact of the new standard on the Company's and the Group's financial position as at 1 July 2018, it has been identified as a key audit matter.</p>	<p><b>Procedures performed on loans receivable from related parties at Company level:</b></p> <p>At stand-alone financial statements, we checked whether the subsidiaries can repay their debts (current account and shareholder's loan) based on their unrestricted cash position at year end. If the full amount cannot be repaid, the recovery period of the balances is determined based on cash flow forecast of the borrower. We tested the underlying assumptions used in the cashflow forecasts and underlying information to source data such as budgets to ensure that amount due is fully recoverable over management's assessed recovery period. We verified that expected credit losses are booked in the instance where there is a shortfall of the discounted cash flow against the amount receivable at year end.</p> <p>We also considered the appropriateness of forward-looking information (macroeconomic factors) used to determine the expected credit losses.</p> <p>We reviewed the adequacy of the Group's and Company's disclosures with respect to the adoption of IFRS 9 as per Notes 2A and 18.</p>
<p><b>Implementation of IFRS 15 "Revenue from Contracts with Customers"</b></p> <p>The Group's revenue from contract with customers for the financial year ended 30 June 2019 amounted to Rs 38.0 billion, contract assets (non-current and current) were Rs 703.7 million and contract liabilities totalled Rs 313.2 million. The Company's revenue from contracts with customers was Rs 4.2 billion.</p> <p>Following the first-time application of the new revenue recognition standard (IFRS 15, Revenue from Contracts with Customers), the Group adopted its accounting policies and adjusted its opening balances as at 1 July 2019, applying the cumulative effect method with no restatement of the comparative period.</p> <p>Under IFRS 15 revenue is recognised when a performance obligation is satisfied by transferring control over a promised good or service. The agent versus principal considerations have also been revised under IFRS 15 as compared to the old accounting standard.</p> <p>The revenue recognition is complex since the Group is diversified in several industries and there are different types of customer contracts and arrangements in place.</p> <p>Revenue recognition under IFRS 15 was identified as a key audit matter as it involves significant estimates and judgments made by management including: whether contracts contain multiple performance obligations which should be accounted separately and the most appropriate revenue recognition for the performance obligation and whether the different entities are acting as a principal or as an agent for some more complex arrangements.</p> <p>Refer to Notes 2(A) and 29(a) to the consolidated financial statements for the accounting policies and the relevant detailed disclosures respectively in respect of IFRS 15 adoption.</p>	<p>We have obtained an understanding of the Group's implementation process for determining the impact of adopting IFRS 15, including understanding of the changes to the Group's systems, processes and controls to support correct revenue recognition.</p> <p>We reviewed and tested management's workings on impact assessment of IFRS 15 by performing the following procedures:</p> <ul style="list-style-type: none"> <li>- Obtaining an understanding of the different revenue streams and reading significant contracts in place to understand the terms and conditions and their impact on revenue recognition.</li> <li>- Identifying the different performance obligations and their impact on revenue recognition. Where a contract contained multiple elements, we considered and challenged management judgments as to whether the performance obligations should be accounted separately under any relevant timing (over time or at a point in time) and the allocation of consideration to each performance obligation.</li> <li>- Reading the significant contracts in place to determine whether the Group is acting as an agent or a principle (especially in the logistics cluster) and checking whether the revenues were properly accounted for.</li> <li>- Assessing the accuracy of management's assessment of revenue recognised at year end where there is a right of return by checking historical trends and considering the existence of variable considerations such as rebates.</li> </ul> <p>We reviewed the adequacy of the disclosures in the Group's financial statements with the implementation of IFRS 15.</p>

# Independent Auditor's Report to the members of IBL Ltd

## REPORT ON THE AUDIT OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

### Other information

The Directors are responsible for the other information. The other information comprises the Corporate Governance Report, Statement of Directors, Statement of Compliance, Statutory disclosures, List of Directors of Subsidiaries and Certificate from the Company Secretary which we obtained prior to the date of this auditor's report. Management Discussions and Analysis and the Annual Report are expected to be made available to us after the date of this auditor's report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available 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 Management Discussions and Analysis and the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Corporate Governance Report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance ("the Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Group has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

### Responsibilities of Directors for the 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 the requirements of the Companies Act 2001 and the Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatements 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.

## REPORT ON THE AUDIT OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

### Auditor's responsibilities for the audit of the financial statements (continued)

- 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or 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 and the Company to express an opinion on the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law 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.

### Use of our report

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

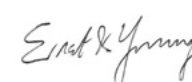
## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Companies Act 2001

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

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Group and Company as far as it appears from our examination of those records.



**Ernst & Young**  
Ebène, Mauritius



**Roger de Chazal, A.C.A.**  
Licensed by FRC

27 September 2019

## Statements of Financial Position as at 30 June 2019

	Notes	THE GROUP			THE COMPANY	
		2019 Rs'000	2018 (Restated) Rs'000	2017 (Restated) Rs'000	2019 Rs'000	2018 Rs'000
<b>ASSETS</b>						
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	4	26,266,524	26,532,127	23,631,857	471,603	555,047
Investment properties	5	3,029,417	2,446,108	395,950	-	-
Intangible assets	6	3,668,387	3,561,951	3,204,630	41,185	71,893
Non-current receivables	17	176,347	4,541	-	946,655	-
Deferred tax assets	7	170,115	359,277	241,304	87,228	60,563
Bearer biological assets	8	-	3,541	8,411	-	-
Employee benefit assets	24	4,894	5,179	5,525	-	-
Non-current contract assets	29	91,007	-	398,198	-	-
Investment in:						
- Subsidiaries	11	-	-	-	20,591,541	22,077,283
- Associates	12	9,132,381	8,970,920	9,192,879	5,323,601	5,893,567
- Joint ventures	13	113,333	202,897	208,861	347,679	347,002
- Other financial assets	14	573,364	980,593	1,025,384	122,294	161,465
		9,819,078	10,154,410	10,427,124	26,385,115	28,479,317
		43,225,769	43,067,134	38,312,999	27,931,786	29,166,820
<b>CURRENT ASSETS</b>						
Consumable biological assets	9	49,664	34,627	31,998	-	-
Finance lease receivables	10	-	-	287,444	-	-
Other current financial assets	14	518,466	173,452	40,000	-	-
Inventories	15	4,933,829	4,306,854	4,075,571	874,000	827,955
Contract assets	29	612,736	-	-	-	-
Trade and other receivables	18	6,813,114	7,023,433	7,938,064	1,094,535	1,808,102
Reinsurance assets - Gross outstanding claim	44	1,159,943	894,616	397,718	-	-
Reinsurance assets - General insurance fund	45	227,600	260,175	228,946	-	-
Current tax assets	26	72,404	67,683	34,111	4,694	3,266
Notes issued		-	-	242,400	-	-
Cash and cash equivalents		2,124,154	1,799,943	1,457,418	323,752	68,430
		16,511,910	14,560,783	14,733,670	2,296,981	2,707,753
Assets classified as held for sale	20	699,384	1,845,878	-	-	174,926
<b>TOTAL ASSETS</b>		<b>60,437,063</b>	<b>59,473,795</b>	<b>53,046,669</b>	<b>30,228,767</b>	<b>32,049,499</b>

## Statements of Financial Position as at 30 June 2019

	Notes	THE GROUP			THE COMPANY	
		2019 Rs'000	2018 (Restated) Rs'000	2017 (Restated) Rs'000	2019 Rs'000	2018 Rs'000
<b>EQUITY AND LIABILITIES</b>						
Stated capital	21(a)	1,361,941	1,361,941	1,361,941	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		5,211,994	5,519,993	5,333,882	12,394,823	14,732,855
Retained earnings		9,672,518	10,075,254	9,464,809	6,211,475	6,404,575
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>16,251,453</b>	<b>16,962,188</b>	<b>16,165,632</b>	<b>19,973,239</b>	<b>22,504,371</b>
<b>NON-CONTROLLING INTERESTS</b>		<b>11,522,589</b>	<b>11,452,714</b>	<b>10,631,629</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>27,774,042</b>	<b>28,414,902</b>	<b>26,797,261</b>	<b>19,973,239</b>	<b>22,504,371</b>
<b>NON-CURRENT LIABILITIES</b>						
Borrowings	22	11,009,912	11,285,303	6,177,921	3,341,820	4,450,702
Employee benefit liabilities	24	2,069,088	1,840,025	1,742,039	793,006	851,887
Government grants	27	40,477	50,688	59,734	-	-
Deferred tax liabilities	7	920,785	1,183,246	1,108,036	-	-
Other payables	23	100,170	54,957	-	62,992	37,641
		14,140,432	14,414,219	9,087,730	4,197,818	5,340,230
<b>CURRENT LIABILITIES</b>						
Borrowings	22	8,702,179	6,724,051	8,193,254	5,143,800	3,367,698
Trade and other payables	25	6,564,709	6,548,199	7,478,344	913,910	837,200
Gross outstanding claims	44	1,709,892	1,318,702	775,041	-	-
General insurance fund	45	576,605	582,718	590,125	-	-
Contract liabilities	29	313,159	-	-	-	-
Dividend payable	19	74,088	84,531	-	-	-
Current tax liabilities	26	146,072	82,565	115,172	-	-
Government grants	27	10,037	10,069	9,742	-	-
		18,096,741	15,350,835	17,161,678	6,057,710	4,204,898
Liabilities associated with assets classified as held for sale	20	425,848	1,293,839	-	-	-
<b>TOTAL LIABILITIES</b>		<b>32,663,021</b>	<b>31,058,893</b>	<b>26,249,408</b>	<b>10,255,528</b>	<b>9,545,128</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>60,437,063</b>	<b>59,473,795</b>	<b>53,046,669</b>	<b>30,228,767</b>	<b>32,049,499</b>

Approved by the Board of Directors and authorised for issue on 27 September 2019.



Jan Boullé  
Chairman of the Board of Directors



Jason Harel  
Director



## Statements of Profit or Loss for the year ended 30 June 2019

	Notes	THE GROUP		THE COMPANY	
		2019 Rs'000	2018 (Restated) Rs'000	2019 Rs'000	2018 (Restated) Rs'000
<b>CONTINUING OPERATIONS</b>					
Revenue from contracts with customers	29 (a)	38,007,451	35,653,260	4,227,173	4,487,314
Gross insurance premiums	29 (b)	1,156,984	1,142,160	-	-
Rental income	29 (c)	69,895	33,779	-	-
Dividend income	29 (d)	24,283	22,291	879,116	803,732
<b>Revenue</b>	29	<b>39,258,613</b>	36,851,490	<b>5,106,289</b>	5,291,046
Cost of sales		(26,949,766)	(25,378,583)	(3,254,739)	(3,585,086)
Reinsurance premiums ceded		(625,579)	(597,128)	-	-
Release (to)/ from general insurance fund		(26,462)	38,638	-	-
<b>Gross profit</b>		<b>11,656,806</b>	10,914,417	<b>1,851,550</b>	1,705,960
Other income	30	669,552	526,189	222,385	264,777
Administrative expenses		(9,688,991)	(8,716,293)	(1,444,917)	(1,393,001)
Gross claims paid	46	(963,379)	(1,000,333)	-	-
Claims recovered from reinsurers	46	545,988	672,245	-	-
<b>Operating profit</b>		<b>2,219,976</b>	2,396,225	<b>629,018</b>	577,736
Finance income	31	22,382	34,503	52,488	25,964
Finance costs	32	(931,545)	(787,588)	(326,046)	(271,015)
Other gains and losses	33	(15,202)	777,016	166,708	149,216
Share of results of associates	12	455,492	300,369	-	-
Share of results of joint ventures	13	30,369	26,711	-	-
<b>Profit before tax</b>		<b>1,781,472</b>	2,747,236	<b>522,168</b>	481,901
Tax expense	26	(427,748)	(343,927)	(20,164)	9,659
<b>Profit for the year from continuing operations</b>		<b>1,353,724</b>	2,403,309	<b>502,004</b>	491,560
<b>Discontinued operations</b>					
Profit /(loss) for the year from discontinued operations	20	41,931	(20,437)	-	-
<b>Profit for the year</b>	28	<b>1,395,655</b>	2,382,872	<b>502,004</b>	491,560

## Statements of Profit or Loss for the year ended 30 June 2019

	Notes	THE GROUP		THE COMPANY	
		2019 Rs'000	2018 (Restated) Rs'000	2019 Rs'000	2018 (Restated) Rs'000
<b>Attributable to:</b>					
- Owners of the Company		428,420	1,508,967	502,004	491,560
- Non-controlling interests		967,235	873,905	-	-
		<b>1,395,655</b>	2,382,872	<b>502,004</b>	491,560
<b>Earnings per share (Rs)</b>					
<u>Basic and diluted:</u>					
- From continuing and discontinued operations	43	<b>0.63</b>	2.22		
- From continuing operations	43	<b>0.57</b>	2.25		
- From discontinuing operations	43	<b>0.06</b>	(0.03)		

The accounting policies set out on pages 190 to 231 and the notes on pages 232 to 360 form an integral part of these financial statements.  
The auditor's report is on pages 172 to 177.

## Statements of Comprehensive Income for the year ended 30 June 2019

	THE GROUP		THE COMPANY		
	Notes	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Profit for the year		1,395,655	2,382,872	502,004	491,560
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Share of OCI of associates / joint ventures		283	-	-	-
Net gain/(loss) on equity instruments at FVTOCI (Note (a))		42,134	-	(2,301,176)	-
Revaluation of land and buildings	4	88,639	296,245	-	-
Deferred tax on revaluation of land and buildings		36,093	(14,522)	-	-
Reversal of revaluation reserve		(392,864)	-	-	-
Remeasurement of employee benefit liabilities (Note 24)		(339,761)	(16,245)	(63,660)	(64,213)
Deferred tax on remeasurement of employee benefit liabilities		75,912	5,349	10,822	10,916
Remeasurement of employee benefit liabilities - share of associates and joint ventures		(3,750)	(12,823)	-	-
		(493,314)	258,004	(2,354,014)	(53,297)
<i>Items that may be reclassified subsequently to profit or loss</i>					
<b>Available for sale investments</b>					
Increase in fair value of available for sale investments (Note (a))		-	35,562	-	1,772,941
Fair value adjustment realised on disposal		(163)	31,623	(163)	(615,550)
		(163)	67,185	(163)	1,157,391
Exchange differences on translating foreign operations		58,634	39,950	-	-
Deferred tax relating to components of other comprehensive income		(297)	7,146	-	-
Other movements in reserves		(39,557)	-	-	-
Other movements in reserves of associates		1,969	176,373	-	-
Total other comprehensive income		(472,728)	548,658	(2,354,177)	1,104,094
Total comprehensive income for the year		922,927	2,931,530	(1,852,173)	1,595,654

## Statements of Comprehensive Income for the year ended 30 June 2019

	THE GROUP		THE COMPANY		
	Notes	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
<b>Attributable to:</b>					
- Owners of the Company		174,179	1,883,227	(1,852,173)	1,595,654
- Non-controlling interests		748,748	1,048,303	-	-
		922,927	2,931,530	(1,852,173)	1,595,654
Total comprehensive income for the year analysed as follows:					
- Continuing operations		880,996	2,951,967	(1,852,173)	1,595,654
- Discontinued operations		41,931	(20,437)	-	-
		922,927	2,931,530	(1,852,173)	1,595,654

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

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Subsidiaries (Note 11)	-	-	(1,762,258)	2,405,059
Associates (Note 12)	-	-	(530,799)	(621,258)
Joint ventures (Note 13)	-	-	677	(8,769)
Other financial assets (Note 14)	41,971	35,562	(11,879)	(2,091)
	41,971	35,562	(2,304,259)	1,772,941



## Statements of Changes in Equity for the year ended 30 June 2019

THE GROUP	ATTRIBUTABLE TO EQUITY HOLDERS OWNERS				ATTRIBUTABLE TO EQUITY HOLDERS OWNERS						
	Issued capital	Restricted redeemable shares	Revaluation reserves	Currency translation reserves	Fair value reserves	(Note (a)) Other reserves	Capital contribution reserve	Retained earnings	Total	Non controlling interests	Total equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>At 1 July 2017</b>											
- As previously stated	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
- Prior year adjustments (Note 47)	-	-	519,798	-	-	-	-	(519,798)	-	-	-
- As restated	<b>1,361,941</b>	<b>5,000</b>	<b>2,373,355</b>	<b>(3,941)</b>	<b>(34,101)</b>	<b>616,182</b>	<b>2,382,387</b>	<b>9,464,809</b>	<b>16,165,632</b>	<b>10,631,629</b>	<b>26,797,261</b>
Profit for the year	-	-	-	-	-	-	-	1,508,967	1,508,967	873,905	2,382,872
Other comprehensive income/loss for the year	-	-	298,889	38,946	63,871	(10,451)	-	(16,995)	374,260	174,398	548,658
<b>Total comprehensive income for the year</b>	-	-	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 41)	-	-	-	-	-	(1,091)	-	-	(1,091)	(1,123)	(2,214)
Shares issued to non-controlling interests	-	-	-	-	-	-	-	-	-	1,511	1,511
Dividends to non-controlling interests (Note 19)	-	-	-	-	-	-	-	-	-	(417,081)	(417,081)
Dividends (Note 19)	-	-	-	-	-	-	-	(496,564)	(496,564)	-	(496,564)
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	(3,263)	(3,263)
<b>At 30 June 2018</b>	<b>1,361,941</b>	<b>5,000</b>	<b>2,644,167</b>	<b>37,135</b>	<b>148,848</b>	<b>307,456</b>	<b>2,382,387</b>	<b>10,075,254</b>	<b>16,962,188</b>	<b>11,452,714</b>	<b>28,414,902</b>
<b>At 1 July 2018</b>											
- As previously stated	1,361,941	5,000	2,644,167	37,135	148,848	307,456	2,382,387	10,075,254	16,962,188	11,452,714	28,414,902
- Effect of adopting of new accounting standards (Note 49)	-	-	-	-	(167,659)	-	-	(131,464)	(299,123)	(44,621)	(343,744)
- As restated	<b>1,361,941</b>	<b>5,000</b>	<b>2,644,167</b>	<b>37,135</b>	<b>(18,811)</b>	<b>307,456</b>	<b>2,382,387</b>	<b>9,943,790</b>	<b>16,663,065</b>	<b>11,408,093</b>	<b>28,071,158</b>
Profit for the year	-	-	-	-	-	-	-	428,420	428,420	967,235	1,395,655
Other comprehensive (loss)/income for the year	-	-	(130,400)	14,474	21,555	36,426	-	(196,296)	(254,241)	(218,487)	(472,728)
<b>Total comprehensive income for the year</b>	-	-	(130,400)	14,474	21,555	36,426	-	232,124	174,179	748,748	922,927
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	191	191
Changes in percentage holding of subsidiaries	-	-	-	-	-	-	-	68,736	68,736	(206,369)	(137,633)
Transfer of excess revaluation reserve on impairment of property	-	-	(49,157)	-	-	-	-	49,157	-	-	-
Revaluation surplus realised on depreciation	-	-	(4,514)	-	-	-	-	4,514	-	-	-
Other movements in reserves and retained earnings	-	-	(28,830)	767	-	(661)	-	28,724	-	-	-
Other movements in reserves and non-controlling interests	-	-	-	-	-	-	-	2,996	2,996	(2,996)	-
Shares issued to non-controlling interests	-	-	-	-	-	-	-	-	-	167,410	167,410
Dividends to non-controlling interests (Note 19)	-	-	-	-	-	-	-	-	-	(581,314)	(581,314)
Dividends (Note 19)	-	-	-	-	-	-	-	(523,773)	(523,773)	-	(523,773)
Loss on share buy-back of NCI in subsidiary	-	-	-	-	-	-	-	(134,305)	(134,305)	-	(134,305)
Disposal of subsidiary	-	-	-	-	-	-	-	555	555	(11,174)	(10,619)
<b>At 30 June 2019</b>	<b>1,361,941</b>	<b>5,000</b>	<b>2,431,266</b>	<b>52,376</b>	<b>2,744</b>	<b>343,221</b>	<b>2,382,387</b>	<b>9,672,518</b>	<b>16,251,453</b>	<b>11,522,589</b>	<b>27,774,042</b>

Note (a): Other reserves include 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 190 to 231 and the notes on pages 232 to 360 form an integral part of these financial statements. The auditor's report is on pages 172 to 177.

## Statements of Changes in Equity for the year ended 30 June 2019

THE COMPANY	Stated capital Rs'000	Restricted redeemable shares Rs'000	Fair value reserve Rs'000	Revaluation reserve Rs'000	Capital contribution reserve Rs'000	Retained earnings Rs'000	Total Rs'000
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
<b>Total comprehensive income for the year</b>	-	-	1,157,391	-	-	438,263	1,595,654
Movement in reserves	-	-	-	(837,968)	-	837,968	-
Dividend (Note 19)	-	-	-	-	-	(496,564)	(496,564)
<b>At 30 June 2018</b>	<b>1,361,941</b>	<b>5,000</b>	<b>9,156,000</b>	<b>193,103</b>	<b>5,383,752</b>	<b>6,404,575</b>	<b>22,504,371</b>
<b>At 1 July 2018</b>							
- As previously stated	1,361,941	5,000	9,156,000	193,103	5,383,752	6,404,575	22,504,371
- Effect of adopting of new accounting standards (Note 49)	-	-	-	-	-	(155,186)	(155,186)
- As restated	1,361,941	5,000	9,156,000	193,103	5,383,752	6,249,389	22,349,185
Profit for the year	-	-	-	-	-	502,004	502,004
Other comprehensive income for the year	-	-	(2,301,339)	-	-	(52,838)	(2,354,177)
Total comprehensive income for the year	-	-	(2,301,339)	-	-	449,166	(1,852,173)
Transfer of fair value reserve of equity instruments designated at FVTOCI	-	-	(36,693)	-	-	36,693	-
Dividend (Note 19)	-	-	-	-	-	(523,773)	(523,773)
<b>At 30 June 2019</b>	<b>1,361,941</b>	<b>5,000</b>	<b>6,817,968</b>	<b>193,103</b>	<b>5,383,752</b>	<b>6,211,475</b>	<b>19,973,239</b>



## Statements of Cash Flows for the year ended 30 June 2019

	Notes	THE GROUP		THE COMPANY	
		2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
<b>OPERATING ACTIVITIES</b>					
Profit before tax from continuing operations		1,781,472	2,747,236	522,168	481,901
Profit before tax from discontinued operations		41,931	(7,437)	-	-
Profit before tax		1,823,403	2,739,799	522,168	481,901
<b>Adjustments to reconcile profit before tax to net cash flows:</b>					
Share of profits from associates	12(a)	(455,492)	(336,593)	-	-
Share of profits from joint ventures	13	(80,244)	(65,842)	-	-
Depreciation and impairment of property, plant and equipment	4	1,679,761	1,672,240	93,547	74,064
Assets written off		19,408	20,249	11,582	282
(Profit)/Loss on disposal of property, plant and equipment and intangible assets		(13,827)	(4,469)	(347)	819
Adjustments of property, plant and equipment		-	-	-	(35,605)
Amortisation and impairment of intangible assets	6	82,105	67,750	13,956	11,852
Amortisation of grants	27	(10,243)	(8,911)	-	-
Impairment of goodwill	6	155,637	143,692	-	-
Gain on bargain purchase		-	(460,401)	-	-
Profit on disposal of investments		-	(1,014,599)	-	(1,156,738)
Gain on disposal of associates		(22,238)	-	-	-
Gain on disposal of joint ventures		(140,791)	-	-	-
Loss on disposal of subsidiaries		24,621	-	-	-
Impairment loss on associates and joint ventures		24,712	178,215	-	203,937
Net loss on debt instruments at FVTPL		22,056	-	-	-
Exchange differences		33,061	185,668	12,722	5,978
Reversal of provisions		-	(37,583)	-	(30,172)
Share based payment expense		-	(2,214)	-	-
Dividend received in specie		-	-	(155,626)	-
Finance income	31	(22,386)	(40,454)	(52,488)	(25,964)
Finance costs	32	952,021	787,588	326,046	271,015
Movement in employee benefit liabilities		(110,549)	55,897	(122,541)	22,944
Profit on deemed disposal of associates resulting from dilution		(4,523)	42,784	-	-
Amortisation of biological assets	8	506	3,161	-	-
Impairment adjustment of biological assets	8	3,035	1,709	-	-
Fair value movement on consumable biological assets	9	(19,396)	12,010	-	-
Fair value of investment property	5	(50,483)	3,543	-	-
Net general insurance fund (Note (v))	45	26,462	(38,638)	-	-
Loss on remeasurement on acquisition		-	50,004	-	-
		3,916,616	3,954,605	649,019	(175,687)
<b>Working capital adjustments:</b>					
Movement in consumable biological assets		4,359	(14,639)	-	-
Net investment in finance leases		(38,713)	109,764	-	-
Movement in inventories		(637,150)	45,615	(46,045)	5,882
Movement in contract assets and right of return assets		(703,743)	-	-	-
Movement in trade and other receivables		(458,333)	1,301,657	547,146	2,048,378
Movement in Reinsurance assets – General insurance fund (Note (v))		(265,327)	(496,898)	-	-
Movement in gross outstanding claims (Note (v))		391,189	543,661	-	-
Movement in non-current receivables		(170,306)	(2,971)	(1,020,155)	-
Movement in trade and other payables		921,067	(1,597,723)	148,599	(743,778)
Movement in contract liabilities and refund liabilities		313,159	-	-	-
		3,272,818	3,843,071	278,564	1,134,795
<b>CASH GENERATED FROM OPERATIONS</b>		3,272,818	3,843,071	278,564	1,134,795
Interest paid		(952,021)	(787,588)	(326,046)	(271,015)
Tax paid		(302,284)	(437,420)	2,957	(12,821)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		2,018,513	2,618,063	(44,525)	850,959

The accounting policies set out on pages 190 to 231 and the notes on pages 232 to 360 form an integral part of these financial statements.  
The auditor's report is on pages 172 to 177.

## Statements of Cash Flows for the year ended 30 June 2019

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	2,018,513	2,618,063	(44,525)	850,959
<b>INVESTING ACTIVITIES</b>				
Proceeds from sale of property, plant and equipment, investment property and intangible assets	387,415	106,836	42,350	644,441
Proceeds from held for sale assets	8,400	-	177,846	-
Proceeds from sale of investments	577,161	1,676,528	40,806	1,481,692
Purchase of property, plant and equipment	(2,466,113)	(2,774,574)	(36,865)	(98,147)
Purchase of intangible assets	(320,276)	(145,353)	(10,070)	(33,794)
Acquisition of investments	(533,718)	(2,511,154)	(50,896)	(2,774,726)
Purchase of investment properties	(43,472)	(5,640)	-	-
Movement in notes issued	-	242,400	-	-
Additions to land development costs	-	-	-	-
Additions to deferred expenditure	-	(413)	-	-
Consideration paid to acquire subsidiaries (Notes (ii) and 38(a))	(5,000)	(825,240)	-	-
Cash on acquisition of subsidiaries (Notes (ii) and 38(a))	3,347	(29,035)	-	-
Consideration received on disposal of subsidiaries (Notes (iii) and 38(b))	206,950	4,000	-	-
Cash in subsidiaries disposed of (Notes (iii) and 38(b))	(118,939)	(429)	-	-
Net cash flow on winding of subsidiaries	-	(14,407)	-	-
Dividend received from associates and joint ventures	221,012	272,782	-	-
Interest received	22,386	40,454	52,488	25,964
<b>NET CASH FLOW USED IN INVESTING ACTIVITIES</b>	(2,060,847)	(3,963,245)	215,659	(754,570)
<b>FINANCING ACTIVITIES</b>				
Loss on share buy-back of NCI in subsidiary	(134,305)	-	-	-
Proceeds from borrowings (Note (i))	3,462,280	8,784,016	45,180	4,000,000
Repayment of borrowings (Note (i))	(4,110,045)	(4,051,883)	(1,568,283)	(1,178,499)
Movement in deposits from customers	-	(88,952)	-	-
Shares issued to non-controlling shareholders	22,640	1,511	-	-
Dividend paid to non-controlling shareholders	(591,757)	(332,550)	-	-
Dividend paid to owners of the Company	(523,773)	(496,564)	(523,773)	(496,564)
<b>NET CASH FLOW (USED IN) / GENERATED FROM FINANCING ACTIVITIES</b>	(1,874,960)	3,815,578	(2,046,876)	2,324,937
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,917,294)	2,470,396	(1,875,742)	2,421,326
<b>NET FOREIGN EXCHANGE DIFFERENCE (Note (iv))</b>	(2,318)	(6,129)	(12,722)	(5,978)
<b>CASH AND CASH EQUIVALENTS AS AT 1 JULY</b>	(1,157,920)	(3,622,187)	(1,773,745)	(4,189,093)
<b>CASH AND CASH EQUIVALENTS AS AT 30 JUNE</b>	(3,077,532)	(1,157,920)	(3,662,209)	(1,773,745)
<b>Represented by:</b>				
Cash in hand and at bank	2,124,154	1,799,943	323,752	68,430
Bank overdrafts (Note 22)	(5,293,253)	(3,206,322)	(3,985,961)	(1,842,175)
Assets classified as held for sale (Note 20)	2,986	248,459	-	-
	(3,166,113)	(1,157,920)	(3,662,209)	(1,773,745)

- (i) 'Proceeds from borrowings' and 'Repayment of borrowings' were previously presented as one line item termed as 'Net movement in borrowings' in the prior year's statement of cash flows.  
(ii) 'Consideration paid to acquire subsidiary' and 'Cash on acquisition of subsidiaries' were previously presented as one line item termed as 'Net cash outflow on acquisition of subsidiaries' in the prior year's statement of cash flows.  
(iii) 'Consideration received on disposal of subsidiary' and 'Cash in subsidiary disposed of' were previously presented as one line item termed as 'Net cash inflow on disposal of subsidiaries' in the prior year's statement of cash flows.  
(iv) 'Net foreign exchange difference' relates to the effects of exchange rate changes on the foreign currency cash balances for the Group and the Company respectively. This line item was added in the current year to be in line with IAS 7 'Statement of Cash Flows' and comparative figure has been re-stated accordingly.  
(v) Reinsurance assets – gross outstanding claims previously included in trade and other receivables is now presented on a separate line. Also, the Group previously presented gross outstanding claims and general insurance fund (net balance) in the trade and other payables. Additionally, general insurance fund is now represented on a gross basis and split between current assets and current liabilities. These items have been shown as separate line items in the cash flow statement.

The accounting policies set out on pages 190 to 231 and the notes on pages 232 to 360 form an integral part of these financial statements.  
The auditor's report is on pages 172 to 177.

## Notes to the Financial Statements for the year ended 30 June 2019

### 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 4<sup>th</sup> 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 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 2018.

#### New and revised IFRSs applied on the financial statements

The following relevant revised Standards have been applied in these financial statements. Except for IFRS 9 and 15, their application has not had any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

IAS 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 use' scope exception
IAS 40	Investment Property – Amendments to clarify transfers or property to, or from, investment property
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRIC 22	Foreign Currency Transactions and Advance Consideration issued

#### Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Group and the Company have applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 July 2018. In accordance with the transition provisions of IFRS 9, the Group and the Company have not restated comparative information, which continues to be reported under IAS 39. Therefore, the information for 2018 is not comparable to that of 2019. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 01 July 2018.

Additionally, the Group and the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied for 2019.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Group's and the Company's financial statements are described below.

#### (a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group and the Company have assessed their existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 July 2018. Accordingly, the Group and the Company have applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 July 2018 and have not applied the requirements to instruments that have already been derecognised as at 1 July 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 July 2018 have not been restated.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, specifically:

- debt instruments 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 and interest on the principal amount outstanding, are measured subsequently at amortised cost;

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### Impact of initial application of IFRS 9 Financial Instruments (Continued)

#### (a) Classification and measurement of financial assets (Continued)

- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the entity may make the following irrevocable election/designation at initial recognition of a financial asset:

- the entity may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the entity may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch

In the current year, the Group and the Company have not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. See (b) below.

The directors reviewed and assessed the Group's and the Company's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's and the Company's financial assets with regards to their classification and measurement:

- The Company has equity investments in subsidiaries, associates and joint ventures which were measured at fair value under IAS 39. These investments are not held for trading but rather as long-term strategic investments and have been designated at FVTOCI;
- The Group's and the Company's investments in other equity securities (neither held for trading nor a contingent consideration arising from a business combination) that were classified as available-for-sale financial assets under IAS 39 which were measured at fair value at each reporting date have been designated at FVTOCI. The change in fair value on the equity investment continues to be accumulated in the investment revaluation reserve;
- The Company's investments in other securities (equity, units and preference shares) were previously classified as available for sale investments and were measured at cost less impairment. These investments, which are neither held within the business model of held to collect or held to collect and sell and do not have contractual cash flows that are solely payments of principal and interest, are now being reclassified to FVTPL;
- The Group's investments in convertible preference shares which were previously measured as available for sale, is now measured at FVTPL as they do not meet the contractual cash flows of solely payment of principal and interest;
- The Group has investments in foreign securities which are managed by an investment manager and where the investment decisions are based on fair value consideration hence indicating that these investments are managed on a fair value basis as one portfolio. These investments were previously classified and measured as available for sale at FVTOCI. These will be reclassified at FVTPL;
- Except as explained below, the Group's financial assets classified as held to maturity that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding;



## Notes to the Financial Statements for the year ended 30 June 2019

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

#### Impact of initial application of IFRS 9 Financial Instruments (Continued)

#### (a) Classification and measurement of financial assets (Continued)

- One of the subsidiaries has reclassified its available for sale investment measured at FVTOCI and held to maturity investment measured at amortised cost to FVTPL as the subsidiary's portfolio of financial assets is managed and performance is evaluated on a fair value basis. The subsidiary is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions;

In summary, upon adoption of IFRS 9, the Group and the Company had the following reclassifications as at 1 July 2018:

THE GROUP	IFRS 9 measurement category*			
	IAS 39 carrying amount Rs'000	Amortised cost Rs'000	Fair value through OCI Rs'000	Fair value through profit or loss Rs'000
IAS 39 measurement category				
<b>Loans and receivables:</b>				
Trade receivables (Refer to Note 18 in the notes to the financial statements)	4,538,732	4,538,732	-	-
Other receivables (Refer to Note 18 in the notes to the financial statements)	3,380,136	3,380,136	-	-
Loan receivable from related parties (Refer to Note 18 in the notes to the financial statements)	11,536	11,536	-	-
Cash and cash equivalents	1,799,943	1,799,943	-	-
<b>Available for sale</b> (Refer to Note 14 in the notes to the financial statements)				
	855,576	31,304	332,639	491,633
<b>Held to Maturity</b> (Refer to Note 14 in the notes to the financial statements)				
	298,469	296,795	1,674	-

- Financial assets classified as "loans and receivables" under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

There were no financial assets or financial liabilities which the Group and the Company had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Group and the Company has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Group and the Company have elected to designate as at FVTPL at the date of initial application of IFRS 9.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### Impact of initial application of IFRS 9 Financial Instruments (Continued)

#### (a) Classification and measurement of financial assets (Continued)

THE COMPANY	IFRS 9 measurement category*			
	IAS 39 carrying amount Rs'000	Amortised cost Rs'000	Fair value through OCI Rs'000	Fair value through profit or loss Rs'000
IAS 39 measurement category				
<b>Loans and receivables*:</b>				
Trade receivables (Refer to Note 18 in the notes to the financial statements)	620,923	620,923	-	-
Other receivables (Refer to Note 18 in the notes to the financial statements)	376,212	376,212	-	-
Amount due from related parties (Refer to Note 18 in the notes to the financial statements)	842,259	842,259	-	-
Cash and cash equivalents	68,430	68,430	-	-
<b>Available for sale:</b>				
Investment in subsidiaries (Refer to Note 11 in the notes to the financial statements)	22,077,283	-	22,077,283	-
Investment in associates (Refer to Note 12 in the notes to the financial statements)	5,893,567	-	5,893,567	-
Investment in joint ventures (Refer to Note 13 in the notes to the financial statements)	347,002	-	347,002	-
Other financial assets (Refer to Note 14 in the notes to the financial statements)	161,465	-	149,390	12,075

\* The figures presented above exclude any adjustment for remeasurement of fair value and expected credit losses. The impact on the figures at 1 July 2018 have been provided in Note (d) below.

#### (b) Impairment of financial assets

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 the 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 of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the entity to recognise a loss allowance for expected credit losses on:

- (1) Debt investments measured subsequently at amortised cost or at FVTOCI;
- (2) Lease receivables;
- (3) Trade receivables and contract assets; and
- (4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### Impact of initial application of IFRS 9 Financial Instruments (Continued)

##### (b) Impairment of financial assets (Continued)

IFRS 9 requires the entity to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the entity is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The Group and the Company have the following types of financial assets that are subject to IFRS 9's new ECL model and the impact of the change in impairment methodology are as follows:

Items that existed at 1 July 2018 that are subject to impairment provisions of IFRS 9	Credit risk attributes at 1 July 2018	The Group	The Company
		Rs'000	Rs'000
Trade receivables	The Group and the Company apply the simplified approach and recognised lifetime ECL for these assets.	4,538,732	620,923
Other receivables	The practical expedient is used in terms of the determination of the credit risk of these balances on their respective dates of initial recognition. Accordingly, the directors have concluded that it would require undue cost and effort to determine the credit risk of these balances on their respective dates of initial recognition. These balances are also assessed to have credit risk other than low. Accordingly, the Group and the Company recognise lifetime ECL until they are derecognised.	3,380,136	376,212
Amount due from related companies	These balances are mainly receivable on demand and the directors have assessed that they have credit risk other than low. The assessment on whether the related parties can repay their debts was based on their unrestricted cash position at year end and cash flow forecasts. Appropriateness of forward-looking information (macroeconomic factors) has also been considered by the Group and the Company in recognising lifetime ECL until they are derecognised.	11,536	842,259
Cash and bank balances	All bank balances are assessed to have low credit risk at reporting date since they are held with reputable banking institutions. The identified impairment loss was immaterial.	1,799,943	68,430
Corporate bonds and deposits	The corporate bonds and deposits are held mainly with local banks and listed entities. The directors have assessed that the credit risk on these financial instruments has not increased significantly since initial recognition and recognises 12-month ECL for these assets. The directors have determined the credit ratings of these instruments to be between BBB to BB+ based on the sovereign rating and external rating for main local banks.	-	-

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### Impact of initial application of IFRS 9 Financial Instruments (Continued)

##### (b) Impairment of financial assets (Continued)

The reconciliation between the ending provision for impairment in accordance with IAS 39 to the opening loss allowance determined in accordance with IFRS 9 for the above financial instruments on 1 July 2018 is as follows:

Loans and receivables and Held to Maturity under IAS 39/ Financial assets at amortised cost under IFRS 9	Allowance for impairment under IAS 39 as at 30 June 2018	Remeasurement adjustment	ECL under IFRS 9 as at 1 July 2018
	Rs'000	Rs'000	Rs'000
The Group	442,336	749,555	307,219
The Company	43,853	239,807	195,954

The consequential amendments to IFRS 7 have also resulted in more extensive disclosures about the Company's exposure to credit risk in the financial statements (Refer to Note 18)

##### (c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

The application of IFRS 9 has had no impact on the classification and measurement of the Group's and the Company's financial liabilities which continue to be measured at amortised cost.

##### (d) Hedge accounting

The Group determined that all existing hedge relationships that are currently designated as effective hedging relationships continue to qualify for hedge accounting under IFRS 9 and has had no impact on the results, equity and financial position of the Group.

##### (e) Impact on the financial assets as a result of transition to IFRS 9

THE GROUP	IAS 39 Carrying amount at 30 June 2018	Reclassification	Remeasurement Adjustments	IFRS 9 Carrying amount at 1 July 2018
	Rs'000	Rs'000	Rs'000	Rs'000
<b>Amortised cost:</b>				
Trade receivables	4,096,469	-	(146,461)	3,950,008
Other receivables	3,380,136	-	-	3,380,136
Loan receivable from related parties	11,536	-	-	11,536
Non-Current Receivables	3,850	-	(1,507)	2,343
Financial assets – Long term debt instruments:				
Investment in other financial assets	328,772	328,772	-	328,772



## Notes to the Financial Statements for the year ended 30 June 2019

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

#### Impact of initial application of IFRS 9 Financial Instruments (Continued)

##### (e) Impact on the financial assets as a result of transition to IFRS 9 (Continued)

FVTOCI				
Financial assets – Equity instruments:				
Investment in other financial assets	333,640	333,640	(18,586)	315,054
FVTPL				
Financial assets – Other securities	491,633	491,633	(10,575)	481,058

##### (f) Impact on investment in associates as a result of transition to IFRS 9

#### THE GROUP

Retained earnings	Associate Rs'000
Additional credit loss	(450,603)
Impact of deferred tax	21,122
<b>Net impact on retained earnings at 1 July 2018</b>	<b>(429,481)</b>
<b>Group share of impact on retained earnings at 1 July 2018</b>	<b>(130,090)</b>

##### (g) Impact on other financial assets as a result of transition to IFRS 9

#### THE GROUP

Retained earnings	Other financial assets Rs'000
Fair value adjustments	167,659
<b>Net impact on fair value reserve at 1 July 2018</b>	<b>(167,659)</b>
<b>Net impact on retained earnings at 1 July 2018</b>	<b>167,659</b>

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### Impact of initial application of IFRS 9 Financial Instruments (Continued)

##### (g) Impact on other financial assets as a result of transition to IFRS 9 (Continued)

#### THE COMPANY

	IAS 39 Carrying amount at 30 June 2018 Rs'000	Reclassification Rs'000	Remeasurement Adjustments Rs'000	IFRS 9 Carrying amount at 1 July 2018 Rs'000
<b>Amortised cost:</b>				
Trade receivables	577,069	-	(27,481)	549,588
Other receivables	376,212	-	-	376,212
Loan receivable from related companies	842,259	-	(139,312)	702,947
<b>FVTOCI</b>				
Financial assets – Equity instruments:				
Investment in subsidiaries	22,077,283	-	-	22,077,283
Financial assets – Equity instruments:				
Investment in associates	5,893,567	-	-	5,893,567
Financial assets – Equity instruments:				
Investment in joint ventures	347,002	-	-	347,002
Financial assets – Equity instruments:				
Investment in other financial assets	149,390	149,390	(18,585)	130,805
<b>FVTPL</b>				
Financial assets – Other securities	12,075	12,075	(10,575)	1,500

	THE GROUP Rs'000	THE COMPANY Rs'000
<b>Retained earnings</b>		
- Additional credit losses	(263,476)	(195,954)
- Fair value adjustment	167,659	-
- Impact of deferred tax	34,313	40,767
<b>Net impact on retained earnings at 1 July 2018</b>	<b>(61,504)</b>	<b>(155,187)</b>
<b>Non-Controlling Interest</b>		
- Additional credit losses	(43,744)	-
- Fair value adjustment	-	-
- Impact of deferred tax	-	-
<b>Net impact on retained earnings at 1 July 2018</b>	<b>(43,744)</b>	<b>-</b>
<b>Fair value reserves</b>		
- Fair value adjustment	(167,659)	-
<b>Net impact on fair value reserves at 1 July 2018</b>	<b>(167,659)</b>	<b>-</b>

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### *Impact of application of IFRS 15 Revenue from Contracts with Customers*

In the current year, the Group and the Company have applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018 and which resulted in changes in accounting policies and adjustments to the amount recognised in the financial statements. The Company's accounting policies for recognition of revenue are disclosed in Note 2B.

IFRS 15 introduced a 5-step approach to revenue recognition and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue'; however, the Standard does not prohibit an entity using alternative descriptions in the statement of financial position. The Group and the Company have adopted the terminology used in IFRS 15 to describe such balances.

The Group and the Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 July 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group and the Company elected to apply the standard to open contracts as at 1 July 2018.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The accounting policies for the revenue streams are disclosed in detail in Note 2B. The nature of the adjustments required on implementing IFRS 15 is described below:

#### **Revenue from building and engineering**

The contractual agreement with the customer may involve multiple performance obligations (e.g. demolition and MEP (Mechanical, Engineering and Plumbing) services, installation of air conditioners and elevators, flooring and furniture & fittings etc.). Under IAS 18, all the components are recognised as single performance obligation and revenue is recognised on milestone basis measured by claims made to the customers over the lifetime of the construction agreement. For some of the subsidiaries, claims made in the last month of the reporting year are conditional to the approval by the customers and a contract asset is recognised in this respect. Once the claim has been certified by the customer, a VAT invoice is issued, and the amount is classified to trade receivables.

These services are provided on customers' premises and accordingly, the customer controls the work in progress as and when it is being created. The Group concludes that revenue for the construction contracts is to be recognised over time because:

- (i) the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another Company would not need to re-perform the work completed by the Group demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.
- (ii) the Group's performance creates an asset that the customer controls as the asset is created.
- (iii) the Group's performance does not create an asset with an alternative use to the Group and as per the contract terms the Group has an enforceable right to payment for the performance completed to date.

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. Revenues from these contracts are therefore recognised over time on an input method, i.e. based on cost incurred to date (excluding costs incurred but do not depict the progress towards completion). Management considers this method to be an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15. The Company becomes entitled to invoice customers for the above based on achieving a series of performance-related milestones.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### *Impact of application of IFRS 15 Revenue from Contracts with Customers (Continued)*

When a particular milestone is reached, the customer is sent a relevant statement of work signed by a third-party assessor and an invoice for the related milestone payment. 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 that would be adjusted in opening retained earnings with a corresponding impact on contract asset or contract liability on the balance sheet. These open contracts amounted to Rs 345,055,000. The adoption of IFRS 15 did not result in any adjustments on these contracts. Processes and procedures in place were already in line with the requirements of IFRS 15. The only impact will be in respect of the classification of the last month uncertified claims to contract assets in line with IFRS 15 requirements.

The Group also enters into contractual agreement with the customer for construction of vessels as per customer specifications. Under IAS 18, 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 does not control the work in progress of the construction. However, vessel constructed does 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 the 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 to be immaterial.

The Group also sells air conditioner and lifts with installation services to retail customers for which revenue is recognised upon completion of installation. Under IFRS 15 principles, sale of air conditioner and lifts including installation is considered as one performance obligation as installation are considered to be perfunctory to the sale of these equipment. Accordingly, revenue would be recognised when the control of the equipment is transferred to the customer. On transition date, there is no impact on the revenue arising on sale of air conditioners and lifts.

#### **Revenue from Commercial**

The impacted areas are around variable consideration. The Group and the Company offer 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 and the Company also have trade agreements with some of its customers where payments are made to them in order to have their products prominently displayed (slotting fees) and for co-operative advertising (advertising by the customers of the company's products). The services provided are not sufficiently separable from the customers' purchases of the company's products to be regarded as distinct and the payments have been accounted as a deduction from revenue. On transition date, there has been no impact on retained earnings at 1 July 2018.

The Group and the Company also sell or rent medical equipment and the related consumables. Some contracts cater for maintenance services in the pricing. On transition date, the Group and the Company have assessed the allocation of transaction price between the different performance obligations to be insignificant.

#### **Revenue from Logistics**

The 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 a principal. There is no resultant impact on the opening retained earnings on the transition date and on transition to IFRS 15, revenue and the cost of sales are still disclosed on gross basis.

The Group also provides training courses in aviation and currently, the registration fee and student pack fees (training materials) are amortised based on course duration. Under IFRS 15, these fees should be recognized at a point in time (i.e. upfront) as performance obligation is completed on registration and delivery of the materials to the students. On transition date, the impact is an increase in opening retained earnings of Rs 628,000 (impact of income tax and deferred tax are insignificant).



## Notes to the Financial Statements for the year ended 30 June 2019

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

#### Impact of application of IFRS 15 Revenue from Contracts with Customers (Continued)

Some of the Group's contracts on clearing and forwarding services requires goods to be delivered at port of disembarkation or to final customers. Under IAS 18, revenue is being recognized at time of shipment. Under IFRS 15, performance obligations will be completed when goods are delivered to final customers or at port of disembarkation. In addition, revenue from freight collect on import of goods should be recognized net as the Group is acting as a principal in these contracts. On transition date, the impact is a decrease in opening retained earnings of Rs 774,000 (impact of income tax and deferred tax are insignificant).

#### Revenue from manufacturing and processing

The Group's contractual agreement with the customer may involve multiple performance obligations like sale of goods and insurance service. Under IAS 18, revenue is recognised when bill of lading is generated. Under the principles of IFRS 15, sale of goods and insurance service are seen as separate performance obligations. Accordingly, revenue from sale of goods will be recognised upon transfer of control at the point when bill of lading is generated. The customer can sell the goods in transit with a negotiable bill of lading and continues to control the goods throughout the period of shipment while revenue from insurance service will be recognised over the period of insurance. The Company is acting as an agent in rendering the insurance service to its customers as the insurance company is the primary obligor in case of settlement of insurance claims. The transaction price would be allocated to identified performance obligations based on their standalone selling prices. On transition date, these have no impact on retained earnings.

#### Revenue from financial and other services

The Group's performance obligation under annual responsibility services is to provide registered office services, Secretarial services and Directors services. Each performance obligation is a distinct service that has a similar pattern of transfer to the customer. The transaction price is generally a fixed amount charged for each of the service. Previously, under IAS 18, revenue relating to annual fees and nominee fees is recognised on the date of issue of invoices. Under IFRS 15 principles, revenue is 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 and adjustment to retained earnings to be Rs 59,826,000 (impact of income tax and deferred tax are insignificant).

#### Revenue from Hospitality

The Group derives package revenue (room revenue and food and beverage revenue) via tour operators ("TO"). The TO receives or retains a percentage of the package revenue – usually called a commission – collected from the guests. Previously, the commission paid to the TO was accounted as an expense under the caption 'commission to'. Under IFRS 15, the notion of Agent and Principal has been re-defined, and it has been concluded that the TO is acting as a principal as they are selling a package to the end customer. Revenue from packages sales should therefore be recognised net of commission. The impact of the above has brought a reduction in the Group's revenue for an amount of Rs 95 million in 2019 with a similar reduction in other operating expense and hence no impact on EBITDA. Comparative figures have been amended with a reduction in the Group's revenue and other operating expenses by Rs 99 million in 2018.

#### Revenue from Life

The Group derives revenue from cosmetic and pharmaceutical trials. Initially, revenue was recognised upfront at date of issue of invoices. Under IFRS 15, for cosmetic trials, where there is only 1 deliverable, revenue is recognised at the end of the trials. If there are more deliverables, revenue will be recognised as and when obligation is performed in various stages. For pharmaceutical trials, revenue is recognised on an equal monthly basis over a specified time period since the tasks are repetitive. On transition date, the impact is a decrease in retained earnings of Rs 9,981,000 (impact of income tax and deferred tax are insignificant).

#### Other income

Some of the subsidiaries received income from suppliers as marketing incentives and these are recognised in other income. Under IFRS 15, these incomes should be recognised as a deduction in cost of sales as there are no distinct services being provided by the Group. On transition date, the consideration received from suppliers amounted to Rs 20,017,000 would be reclassified from other income to cost of sales with no impact on opening retained earnings.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### Impact of application of IFRS 15 Revenue from Contracts with Customers (Continued)

The following table summarises the impact, net of tax, of transition of IFRS 15 on the Group's retained earnings and non-controlling interest at 1 July 2018. The Company's impact of IFRS 15 relates mainly to volume discount and consideration payable to customers which have no resultant impact on retained earnings at 1 July 2018.

	Rs'000
<b>Retained earnings</b>	
Revenue from building and engineering – Delivery of machinery	-
Revenue from Logistics – Fees recognized at a point in time	(146)
Financial and other services – Fees recognised over time	(59,834)
Life – Research and development	(9,981)
<b>Impact at 1 July 2018</b>	<b>(69,961)</b>
<b>Non- controlling interests</b>	
Revenue from building and engineering – Delivery of machinery	120
Revenue from Logistics – Fees recognized at a point in time	-
Financial and other services – Fees recognised over time	(998)
<b>Impact at 1 July 2018</b>	<b>(878)</b>

Set out below the impacts of adopting IFRS 15 on the Group's statement of financial position as at 30 June 2019 and its statement of profit or loss and OCI for the year ended for each of the line items affected. There was no material impact on the Group's and the Company's statement of cash flows for the year ended 30 June 2019.

#### Impact on the statement of financial position

THE GROUP	Amount under previous IFRS	Adjustment	As reported under IFRS 15
	Rs'000	Rs'000	Rs'000
<b>Liabilities</b>			
Contract liabilities	304,735	8,434	313,169

#### Impact on the statement of profit or loss and OCI

THE GROUP	Amount under previous IFRS	Adjustment	As reported – under IFRS 15
	Rs'000	Rs'000	Rs'000
Revenue	39,515,641	(257,029)	39,258,612
Cost of sales	28,273,528	(254,330)	(28,019,198)
Other income	675,277	(5,725)	669,552
Profit for the year	1,404,080	(8,424)	1,395,656

## Notes to the Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### Impact on the statement of profit or loss and OCI (Continued)

THE COMPANY	Amount under	Adjustment	As reported –
	previous IFRS		under IFRS 15
	Rs'000	Rs'000	Rs'000
Revenue	4,591,295	103,982	4,487,313

#### 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 not yet effective on annual periods beginning on or after the respective dates as indicated:

- IAS 1 Presentation of Financial Statements – Amendments regarding the definition of material (effective 1 January 2020)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendments regarding the definition of material (effective 1 January 2020)
- IAS 12 Income Taxes – Amendments resulting from Annual Improvements 2015–2017 cycle (income tax consequences of payments on financial instruments classified as equity) (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 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)
- IFRS 3 Business Combinations – Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest) (effective 1 January 2019)
- Definition of a business – Amendments to IFRS 3
- IFRS 9 Financial Instruments – Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective 1 January 2019)
- 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 16 Leases – Original issue (effective 1 January 2019)
- IFRS 17 Insurance Contracts – Original issue (effective 1 January 2021)
- IFRIC 23 Uncertainty over Income Tax Treatments (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)

The directors anticipate that these Standards and Interpretation will be applied on their effective dates in future periods. Except as detailed below, the directors have not yet had an opportunity to consider the potential impact of the application of these amendments.

#### IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Company will be 1 July 2020.

Under the new standard, an asset (the right to use the leased item) and a lease liability to pay rentals are recognised. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The only exceptions are short-term and low-value leases.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 *Impairment of Assets*. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

Under IFRS 16, a lessor continues to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. A lessor will therefore account for those two types of leases differently.

The Group does not expect any significant impact on the financial statements based on its activities as a lessor. The Group and the Company intends to adopt a retrospective modified approach in relation to IFRS 16. The impact of it is still being assessed. Additional disclosures will be considered by the Company once the Standard becomes effective.

### 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 for 2018 and then corresponding FVTPL & FVOCI investments for 2019;
- 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.

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.



## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (a) Basis of preparation (Continued)

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.

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.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (c) Business combinations (Continued)

##### Acquisition method (Continued)

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 IFRS 9 Financial Instruments, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss in accordance with IFRS 9. 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 interests 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.

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.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (c) Business combinations (Continued)

##### *Business combination under common control (Continued)*

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

##### **Policy effective from 1 July 2018 (IFRS 9)**

Under IFRS 9, investment in subsidiary companies are classified as financial assets at FVTOCI and 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.

##### **Policy effective before 1 July 2018 (IAS 39)**

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*

##### **Policy effective from 1 July 2018 (IFRS 9)**

Under IFRS 9, investment in associates are classified as financial assets at FVTOCI and 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.

##### **Policy effective before 1 July 2018 (IAS 39)**

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 initially carried in the consolidated statement of financial position at 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.

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 IFRS 9. 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.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (e) Investment in associates (Continued)

##### *Consolidated financial statements (Continued)*

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.

In relation to one of the subsidiaries of the Group, differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity

are not taken to profit or loss. These are taken to other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in other comprehensive income.

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 is 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.

#### (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 (3 to 4 years) 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.



## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (g) Property, plant and equipment (Continued)

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.

Assets 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.

#### (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.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (i) Intangible assets (Continued)

##### (i) Goodwill (Continued)

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, computer software and land conversion rights. 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.

Land conversion rights are in relation to the reform of the Sugar Industry in the years 2000, which necessitated redundancy payments in the form of cash and serviced land, as well as capital expenditure for capacity expansion and optimisation. These capital expenditure investments and expenses have been financed by debt. To assist the repayment of these debts, Government granted a tax exemption to the Sugar Industry when converting agricultural land into residential land in the form of Land Conversion Rights ("LCRs"). These LCRs are granted by the Mauritius Cane Industry Authority (MCIA) based on the qualifying costs incurred by an entity. An LCR is recognised as a non-current asset and is initially measured at fair value at the date on which the Company is entitled to receive those rights, that is when there is reasonable assurance that the LCR will be received and all the attached conditions will be complied with. When the LCR relates to capital expenditure, the related grant is recognised as a deferred income in non-current liabilities and is released on a straight-line basis over the expected useful life of the related asset.

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.

LCRs are tested annually for impairment. When the carrying amount of the asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. LCRs are derecognised upon disposal (i.e. the date the recipient obtains control), used internally for converting agricultural land into residential land for land projects or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the LCR is included in profit or loss.

#### (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.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (j) Impairment of non-financial assets excluding goodwill (Continued)

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.

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 instruments

##### (i) Financial Assets

In the current year, the Group and Company have adopted IFRS 9 Financial Instruments. The impact following the adoption of IFRS 9 by the Group and Company are shown in Note 2(A). Comparative figures for the year ended 30 June 2018 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

#### Policy effective from 1 July 2018 (IFRS 9)

##### Classification of financial assets

In accordance with IFRS 9, the classification of financial assets at initial recognition depends on the

financial asset's contractual cash flow characteristics and the Group's business model for managing them. Accordingly, the Group and Company classify their financial assets at initial recognition into financial assets at amortised cost (debt instruments), financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments), financial assets at fair value through profit or loss.

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 2B(r) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (k) Financial instruments (Continued)

##### (i) Financial Assets (Continued)

##### Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

##### Financial assets at amortised cost (debt instruments)

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the entity recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial assets subsequently improves so that the financial assets is no longer credit-impaired.

##### Financial assets at fair value through OCI (debt instruments)

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Financial assets designated at fair value through OCI (equity instruments)

On initial recognition, the entity may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.



## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (k) Financial instruments (Continued)

##### (i) Financial Assets (Continued)

Financial assets designated at fair value through OCI (equity instruments) (Continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Investment income' line item in profit or loss.

The Group and the Company have designated its investments in equity instruments that are not held for trading at FVTOCI on initial application of IFRS 9.

Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the entity designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates

or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different basis. The Group and the Company have not designated any debt instruments at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in manner described in note.

Despite the foregoing, the entity may make the following irrevocable election/designation at initial recognition of a financial asset:

- the entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
- the entity may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch

Derivatives financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Derivatives including separated embedded derivatives, are classified as held for trading unless they are designated as effective hedging instruments.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (k) Financial instruments (Continued)

##### (i) Financial Assets (Continued)

Derivatives financial instruments (Continued)

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investment revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve.

Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company apply the IFRS 9 simplified approach to measure expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the entity's historical credit loss experience, adjusted for factors that are specific to the

debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For corporate bonds and loans, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for the financial instrument at an amount equal to 12-month ECL.

For all the other financial instruments, the Group and the Company recognise lifetime ECL until they are derecognised due to short-term nature of the receivables and have been assessed to have credit risk other than low.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### (i) Significant increase in credit risk

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

#### (ii) Definition of default

The Group and the Company consider a trade receivable to be in default when contractual payments are past due for a period ranging from 90 to 360 days depending on the business environment in which each entity operates. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the entity.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (k) Financial instruments (Continued)

##### (i) Financial Assets (Continued)

##### Foreign exchange gains and losses (Continued)

##### (iii) Write off policy

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets written off may still be subject to enforcement activities under the Group's and the Company's recovery procedures. Any recoveries made are recognised in profit or loss.

##### Recognition of expected credit losses

The Group and the Company recognise an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

##### Policy effective before 1 July 2018 (IAS 39)

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.

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.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (k) Financial instruments (Continued)

##### (i) Financial Assets (Continued)

##### Loans and receivables (Continued)

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.

##### 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 investment 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 investment 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.

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 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.

##### 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.



## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (k) Financial instruments (Continued)

##### (i) Financial Assets (Continued)

##### 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.

##### 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 Loan 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.

##### (ii) Financial Liabilities

##### Policy effective from 1 July 2018 (IFRS 9)

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (k) Financial instruments (Continued)

##### (ii) Financial Liabilities (Continued)

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

##### Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 22.

##### Policy effective before 1 July 2018 (IAS 39)

##### 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.

##### Accounts payable

Accounts payable are stated at amortised cost.

##### Equity instruments

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

##### (iii) Derecognition of financial assets and financial Liabilities

##### Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in equity instrument which the entity has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (k) Financial instruments (Continued)

#### (iii) Derecognition of financial assets and financial Liabilities (Continued)

##### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### (l) 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.

#### (m) 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.

#### (n) 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.

#### (o) 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.

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.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (p) 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.

#### (q) 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

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.



## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (q) Retirement benefit obligations (Continued)

##### 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.

#### (r) Revenue recognition

##### Policy effective as from 1 July 2018 (IFRS 15)

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the entity expects to be entitled in exchange for transferring promised goods or services to a customer, net of taxes, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. Revenue recognised are net of Value Added Taxes and other taxes.

The Group and the Company recognise revenue from the following major sources:

##### Building and Engineering

- Revenue from construction of hotels as well as mechanical, electrical and plumbing (MEP)
- Revenue interior design including manufacture and sale of furniture
- Supply and installation of air conditioners and elevators
- Supply and installation of heavy machineries and generators

- Sale of parts for electro diesel and hydraulic equipment
- Sale of agrochemical products, detergents and fire retardant products
- Supply and installation of irrigation equipment
- Sale of electrical accessories, parts, power tools, furniture and water pumps
- Rental of handling equipment
- Servicing and maintenance services including after sales service
- Construction and repairs of ships and sale of related parts

The Group has mid to long term contracts with customers in relation to revenue from construction and MEP contracts, interior design, manufacture and sale of furniture including installation of air conditioners and elevators as well as repairs of ships. Construction contracts involving engineering services comprise multiple deliverables which are highly integrated and are therefore recognised as a single performance obligation. Under the terms of these contracts, the Group creates or enhances the assets that the customer controls and has an enforceable right to payment for work done.

Revenues from these contracts are therefore recognised over time on an input method, i.e. based on cost incurred to date (excluding costs incurred but do not depict the progress towards completion). Management consider this method to be an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS15.

The Group becomes entitled to invoice customers for the above based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third-party assessor and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the input cost method, then the Group recognises a contract liability for the difference. This is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the input method and the milestone payment is always less than one year. Advance received are included in contract liabilities.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (r) Revenue recognition (Continued)

##### Building and Engineering (Continued)

Sale of equipment, parts and other products are made directly to customers and revenue is recognised by the Group at a point in time when control of the goods has been transferred to the customers, i.e. delivered and accepted by the customers. Where installation service is not considered to be perfunctory to the sale of the equipment, a separate performance obligation is identified for the installation service and the Group allocate the transaction price based on the relative stand-alone selling prices of the equipment and installation services. Revenue is recognised upon completion of installation.

Revenue from maintenance, repairs and after sale service contracts are considered as distinct services and are invoiced separately for each service provided. Revenue from these are recognised over time when the services have been provided.

Receivables are recognised by the Group when the goods and services are delivered to the customers as this represent the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Warranty given on equipment are assurance type warranties and are accounted in accordance with IAS 37 *Provisions, Contingent liabilities and Contingent Assets*. There is no right of return on sale of goods and revenue is recognised net of any discounts granted.

##### Commercial

- Sale of FMCG goods (wholesale)
- Sale of FMCG goods (operate chain of supermarkets)
- Sale of pharmaceutical products and equipment (wholesale and export)
- Sale of pharmaceutical products (operate chain of pharmacies)
- Sale of printing equipment and related consumables

Revenue is recognised when control of the goods has been transferred, being when the products are delivered and accepted by the customers i.e. at a point in time. For wholesale, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

For exports, revenue is recognised when control of the goods has been transferred to the customers. In majority of the cases, this condition is met when the goods are loaded on the ship and customer receives the bill of lading (delivery). In certain cases, revenue is recognised when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has primary responsibility when onselling the goods and bears all the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered, as this represents the point in time at which the right to consideration becomes unconditional, because only passage of time is required before payment is due.

The goods are often sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the selling price net of the estimate volume discounts. The estimate for volume discount is based on the most likely amount method.

There is no right of return policy on the sale of goods. Warranty granted on the equipment are assurance type warranty and are accounted in accordance with IAS 37 *Provisions, Contingent liabilities and Contingent Assets*.

The Group and the Company have trade agreements with some of its customers where cash payments are made to them in order to have their products prominently displayed (slotting fees) and for co-operative advertising (advertising by the customers of the company's products). The consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity.

##### Logistics

- Revenue from shipping and aviation services
- Revenue from warehousing and related services
- Freight forwarding and custom clearing service
- Transport services – transport of cargo and passengers
- Travel related services – corporate and leisure

Revenue for providing these services is recognised in the period in which the services are rendered. Each service is considered as distinct and represent a performance obligation and price for each service are agreed with customers and defined in respective contracts.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (r) Revenue recognition (Continued)

##### Logistics (Continued)

A receivable is recognised when the services are rendered, as this represents the point in time at which the right to consideration becomes unconditional, because only passage of time is required before payment is due.

For some contract relating to freight forwarding and transport services, the Group has determined whether the nature of its promise is a performance obligation to provide the specified services itself (i.e. it is acting as a principal) or to arrange for those services to be provided by other party (i.e. it is acting as an agent). Main factors considered are control over fulfilling the promise to provide the specified service and discretion over establishing the pricing. The revenue contracts in relation to freight forwarding include factors indicating that the Group acts as either principal or agent depending on nature of promise and revenue has been recognised as either gross or net wherever applicable. With respect to transport services for passengers, the Group has determined that it is acting as principal and revenue has been recognised as gross.

##### Manufacturing and Processing

- Processing and sale of beverages (predominantly for local sale)
- Manufacturing and sale of seafood and associated products (predominantly for export)
- Handling and storage of seafood products
- Manufacturing and sale of consumer goods

Revenue is recognised when control of the goods has been transferred, being when the products are delivered and accepted by the customers i.e. at a point in time. The customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

For exports, revenue is recognised when control of the goods has been transferred to the customers. In majority of the cases, this condition is met when the goods are loaded on the ship and customer receives the bill of lading (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has primary responsibility when onselling the goods and bears all the risks of obsolescence and loss in relation to the goods.

Revenue from providing handling services for seafood products is recognised in the period in which the services are rendered.

A receivable is recognised when the goods and services are delivered, as this represents the point in time at which the right to consideration becomes unconditional, because only passage of time is required before payment is due.

The goods are often sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the selling price net of the estimate volume discounts. The estimate for volume discount is based on the most likely amount method.

There is no right of return policy on the sale of goods.

##### Financial and other services

- Management services to local corporates and global business (include secretarial, human resource, information technology and other related services)
- Treasury management and related services
- Income from insurance contracts and insurance premiums

Revenue for providing these services is recognised in the period in which the services are rendered. Each service is considered as distinct and represent a performance obligation and price for each service are agreed with customers and defined in respective contracts.

A receivable is recognised when the services are rendered, as this represents the point in time at which the right to consideration becomes unconditional, because only passage of time is required before payment is due.

Revenue arising from insurance contracts falls under IFRS 4. 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. Gross premiums (including the marine business) on general business are earned on a pro-rata basis over the term of the policy coverage. The movement on the provision for unearned premiums is transferred to the general insurance fund based on the 1/24th method. Premiums are shown gross of commission.

##### Property

- Property development and management services

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (r) Revenue recognition (Continued)

##### Property (Continued)

Revenue from property management services is recognised in the period in which the services are rendered. Each service is considered as distinct and represent a performance obligation and price for each service are agreed with customers and defined in respective contracts.

A receivable is recognised when the services are rendered, as this represents the point in time at which the right to consideration becomes unconditional, because only passage of time is required before payment is due.

##### Hospitality

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

The main stream of revenue is as follows:

- Room revenue is recognised when performance obligation performed, i.e. once the guests check-in at the hotel premises. Revenue is recognised daily.
- Food & Beverages revenue is generated from packaged sales (e.g. half boards, full boards or All-inclusive) or through direct sales at the restaurants or bars. Packaged sales are recognised as revenue daily when it is probable that the future economic benefits will flow to the entity and those benefits can be measured reliably, i.e., upon consumption.
- Revenue recognised in other operating departments include the provision of services such as laundry, spa and boutique sales. The Group acts as an agent from time to time (e.g. for diving, big game fishing, horse riding, etc.). In an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result on increases in equity for the entity. The amounts collected on behalf of the principal are not revenue. Instead revenue is the amount of commission.
- Management fees are recognised on an accrual basis.

#### Contract Balances

##### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

##### Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to the accounting policies of financial assets in section 2B(k)(i).

##### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

##### Life

A Revenue can be segregated in 2 parts:

- 1) Revenue from cosmetics trials; and
- 2) Revenue from pharmaceutical trials.

Cosmetics trials have been divided into 3 classes following their deliverables:

- 1) Sun Protection Factor (SPF) trials – The SPF trials are studies that last for 1-day to 1-week. There is only 1 deliverable for such trials which is sending of results to clients. Hence, revenue will be recognized at the end of the trials.
- 2) Standard trials – The standard trials are studies that last for 1-week to 1-month. There are 2 key deliverables for such trials which are signature of Protocol and sending of Report. Hence, revenue will be recognized when the Protocol is signed and when the Report is sent to the clients.



## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (r) Revenue recognition (Continued)

##### Life (Continued)

3) Long-term trials – The long-term trials are studies that last for 1-month or more. For such studies the deliverables are mentioned in the quotation. Below, is an illustration of the deliverable for a long-term study:

- (a) Reception of Purchase Order – 25% of Study Cost
- (b) Inclusion of all subjects – 25% of Study Cost
- (c) Last visit of the last subject – 40% of Study Cost
- (d) Final report – 10% of Study Cost

Hence, revenue will be recognized as and when the above milestones are achieved.

Pharma trials are long-term studies that last for 1-year to 5-years. The study quotation is divided 2 parts:

- 1) Conduct of study costs (Clinical Monitoring / Site Management & Quality Assurance units)
- 2) Pass-Through Costs incurred

For Pharma trials the revenue of the conduct of study is recognized on an equal monthly basis over a specified time period since the tasks are repetitive.

#### Policy effective before 1 July 2018 (IAS 18)

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.

##### 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.

#### (s) 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.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (t) 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.

#### (u) 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.

#### (v) 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. In the Company's separate financial statements, interests in joint ventures is classified as a financial asset at FVTOCI and 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.

At Group level, the fair value accumulated in fair value reserves is reversed and 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.

#### (w) 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.

#### (x) 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.

#### (y) 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
- 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.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (y) Hedge accounting (Continued)

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.

#### (z) 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.

#### (aa) 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.

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.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (ab) 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).

#### (ac) Comparative figures

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

#### (ad) General insurance fund

The provision for unearned premiums represents that part of the written premiums on short-term insurance contracts, gross of commission payable to intermediaries, that is estimated to be earned in subsequent periods. Unearned premiums are computed on 1/24th method.

The change in the provision is recorded in the statement of profit or loss and other comprehensive income to recognise revenue over the period of the risk. The provision is transferred to or released to the General Insurance Fund. The provision is derecognised when the contract expires, is discharged or cancelled.

#### (ae) Outstanding claims

Outstanding claims represent the estimated liability for claims reported plus losses incurred but not yet reported and the related loss adjustment expenses. Claims and loss adjustment expenses are charged to the statement of profit or loss and other comprehensive income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claim settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company. The liability for losses and loss adjustment expenses is determined using "case basis" evaluations and statistical analysis and represents an estimate of the ultimate cost of all losses incurred but not paid at the end of the reporting period. Although considerable variability is inherent in such estimates, management believes that the liability for unpaid losses and loss adjustment expenses is adequate. These estimates are continually reviewed and adjusted as necessary, such adjustments are reflected in current operations.

#### (af) Salvage and subrogation reimbursements

Some insurance contracts permit the company to sell property acquired in settling a claim (i.e. Salvage). The Company may also have the right to sue third parties for payment of some or all the costs incurred (i.e. subrogation). Estimate of salvage recoveries are included as allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled.

#### (ag) Liability adequacy

At the end of each reporting period the Company performs a liability adequacy test on its insurance liabilities to ensure that the carrying value is adequate, using current estimates of future cash flows (including claims handling and related costs), taking into account the relevant investment return. If that assessment shows that the carrying amount of the liabilities is inadequate, any deficiency is recognised as an expense to the statement of profit or loss and other comprehensive income by recognising an additional liability for claims provisions or recognising a provision for unexpired risks.



## Notes to the Financial Statements for the year ended 30 June 2019

### 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgment 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.

#### Judgments

In the process of applying the Group's and the Company's accounting policies, management has made the following judgments, 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.

#### 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

In relation to Note 4 in the note to the financial statement, 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.

## Notes to the Financial Statements for the year ended 30 June 2019

### 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

#### Estimates and assumptions (Continued)

#### Impairment of goodwill

As described in Note 6, 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

In relation to Note 7 in the note to the financial statement, 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 judgment 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. Refer to Note 24 in the note to the financial statement which provides the relative disclosures.

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

In relation to Note 4 in the note to the financial statement, 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. Reference is made to Notes 4 and 5 in the notes to the financial statements.

#### Valuation of biological assets

In relation to Note 9 in the note to the financial statements, 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 values 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. Refer to Notes 11, 12 and 13 in the note to the financial statements for the corresponding fair values as at 30 June 2019.

#### Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (refer to Note 2B - financial assets). The Group and the Company determine the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and how the risks affecting the performance are managed. Monitoring is part of the Group's and the Company's continuous assessment of whether the business model for which the financial assets are held continues to be appropriate.

## Notes to the Financial Statements for the year ended 30 June 2019

### 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

#### Estimates and assumptions (Continued)

#### Provision for impairment and doubtful debts after 1 July 2018 (IFRS 9)

#### Calculation of loss allowance

##### Credit risk

For loans and advances given to customers, the Group and the Company assesses the credit risk based on the current liquidity position of its customers by considering the availability of financial inputs. Refer to Note 18 for a detailed depiction of the credit risk assessment in relation to trade receivables.

##### Loss allowance on trade receivables

The Group and the Company use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns as disclosed in Note 18. The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

##### Loss allowance on other financial assets at amortised cost

In relation to ECLs for financial assets at amortised cost, the Group determine credit rating of the corporate bonds and deposits to determine their probability of default by reference to the country rating. The Group also determine that there has been no significant increase in credit risk since initial recognition of the instruments since these assets are held with reputable banking institutions and listed entities and there has been no history of event of default.

##### Loss allowance on loans and advances

In relation to the Company's loans and advances receivable from related parties, these are mainly repayable on demand and where the related companies do not have unrestricted cash at reporting date to repay the debts, management has determined expected credit losses based on future cash flows on the basis that the entities will continue to operate. The main assumption used in determining the cash flows is the discount rate

and growth rate and any change in the assumption will change the estimated credit loss.

When measuring ECL, the Group and the Company use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the entity would expect to receive, taking into account cash flows from credit enhancements.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

#### Provision for impairment and doubtful debts before 1 July 2018 (IAS 39)

#### 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 uncollectability. 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.

## Notes to the Financial Statements for the year ended 30 June 2019

### 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

#### Estimates and assumptions (Continued)

#### Provision for impairment and doubtful debts before 1 July 2018 (IAS 39) (Continued)

#### 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).

#### Insurance contracts

The uncertainty inherent in the financial statements of the Group arises mainly in respect of insurance liabilities, which include outstanding claims provision (including IBNR). In addition to the inherent uncertainty when estimating liabilities, there is also uncertainty as

regards the eventual outcome of claims. As a result, the Group applies estimation techniques to determine the appropriate provisions.

These estimates are described below.

The estimation of ultimate liability arising from the claims made under insurance contracts is one of the Group's most critical accounting estimates. There are sources of uncertainty that need to be considered in the estimate of the liability that the Group will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the reporting date. The Group uses a range of actuarial methodologies to estimate these provisions. Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Group and management estimates based on past claims settlement trends for the claims incurred but not reported. General insurance loss reserves require significant judgment relating to factors and assumptions such as inflation, claims development patterns and regulatory changes.

Specifically, long-tail lines of business, which often have low frequency, high severity claims settlements, are generally more difficult to project and subject to greater uncertainties than short-tail, high frequency claims. Further, not all catastrophic events can be modeled using actuarial methodologies, which increases the degree of judgment needed in estimating general insurance loss reserves. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

The Group adopts multiple techniques to estimate the required level of provisions, thereby setting a range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and risks involved.

#### Recoverable amount on insurance and other receivables

In preparing those consolidated financial statements, the directors have made estimates of the recoverable amounts of insurance and other receivables and impaired those receivables where the carrying amounts exceeded recoverable amounts. The estimation of recoverable amounts involves an assessment of the financial condition of the debtors concerned and estimate of the timing and the extent of cash flows likely to be received by the Group.



## Notes to the Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements for the year ended 30 June 2019

### 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
<b>COST/VALUATION</b>								
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
Acquisition of subsidiaries (Note 38(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)
Reclassifications	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 to investment properties (Note 5)	(35,452)	-	-	-	-	-	(27,128)	(62,580)
Transfer from 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 38(b))	-	-	(94)	(1,164)	(2,806)	-	-	(4,064)
Exchange differences	20,634	6,852	(573)	(5,717)	(831)	-	(2,204)	18,161
<b>At 30 June 2018</b>	<b>21,001,596</b>	<b>10,816,049</b>	<b>997,757</b>	<b>2,606,859</b>	<b>712,852</b>	<b>1,112,861</b>	<b>294,378</b>	<b>37,542,352</b>
At 1 July 2018	21,001,596	10,816,049	997,757	2,606,859	712,852	1,112,861	294,378	37,542,352
Acquisition of subsidiaries (Note 38(a))	-	-	-	57	356	-	-	413
Transfer from assets in progress	268,264	37,369	-	-	-	6,306	(311,939)	-
Additions	447,267	867,587	172,734	464,943	162,969	95,069	370,755	2,581,324
Disposals	(174,934)	(266,228)	(85,711)	(181,521)	(112,724)	(64,957)	-	(886,075)
Reclassifications	223,542	(211,965)	-	(112,198)	100,621	-	-	-
Write offs	(412,443)	(91,470)	15,264	(93,728)	(46,998)	-	-	(629,375)
Revaluation adjustments	35,489	-	-	-	-	-	-	35,489
Transfer to investment properties (Note 5)	(489,353)	-	-	-	-	-	-	(489,353)
Transfer to inventories	-	(23,214)	-	-	-	-	-	(23,214)
Disposal of subsidiaries (Notes (ii) and 38(b))	(35,339)	(28,242)	(17,875)	(10,270)	(1,852)	-	-	(93,578)
Transfer to intangible assets (Note 6)	-	-	-	-	(7,452)	-	-	(7,452)
Exchange differences	56,968	7,499	4,657	5,939	1,282	-	(8,567)	67,778
<b>At 30 June 2019</b>	<b>20,921,057</b>	<b>11,107,385</b>	<b>1,086,826</b>	<b>2,680,081</b>	<b>809,054</b>	<b>1,149,279</b>	<b>344,627</b>	<b>38,098,309</b>

## Notes to the Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements for the year ended 30 June 2019

### 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
<b>DEPRECIATION AND IMPAIRMENT</b>								
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)
Reclassifications	4,257	3,703	-	75,805	(83,765)	-	-	-
Disposal of subsidiaries (Note 38(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
At 1 July 2018	644,423	6,615,227	617,659	1,616,767	513,840	1,002,309	-	11,010,225
Charge for the year	499,892	686,653	101,122	225,662	86,994	63,538	-	1,663,861
Disposals	(11,955)	(189,828)	(56,816)	(155,275)	(37,360)	(64,957)	-	(516,191)
Write offs	(15,639)	(89,036)	15,300	(89,229)	(46,813)	-	-	(225,417)
Revaluation adjustment	(53,150)	-	-	-	-	-	-	(53,150)
Reclassifications (Note (i))	(1)	(2,964)	2,238	(83,483)	84,210	-	-	-
Disposal of subsidiaries (Notes (ii) and 38(b))	(4,189)	(20,905)	(16,861)	(8,475)	(1,666)	-	-	(52,096)
Transfer to intangible assets (Note 6)	-	-	-	-	(5,149)	-	-	(5,149)
Exchange differences	1,818	5,061	1,349	626	848	-	-	9,702
At 30 June 2019	1,061,199	7,004,208	663,991	1,506,593	594,904	1,000,890	-	11,831,785
<b>NET BOOK VALUE</b>								
At 30 June 2019	19,859,858	4,103,177	422,835	1,173,488	214,150	148,389	344,627	26,266,524
At 30 June 2018	20,357,173	4,200,822	380,098	990,092	199,012	110,552	294,378	26,532,127

(i) Management has reviewed the classification of certain assets and as a result, a reclassification adjustment was made between land and building, plant & equipment, motor vehicles, office furniture & equipment, and computer & security equipment. This has no impact on the useful lives and residual values as initially estimated upon recognition.

(ii) In August 2018, the Group disposed of one of its subsidiaries, Mauritian Eagle Leasing Company Ltd (MELCO) which was classified as asset held for sale in the prior reporting year 30 June 2018. The carrying value of the property, plant and equipment of MELCO amounted to Rs 337,353,741.



## Notes to the Financial Statements for the year ended 30 June 2019

### 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
<b>COST/VALUATION</b>						
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
At 1 July 2018	410,441	165,791	73,550	299,274	125,211	1,074,267
Additions	-	7,072	410	22,058	7,327	36,867
Disposals	(5,587)	(30,447)	(5,490)	(41,160)	(15,858)	(98,542)
Write offs	-	(75,045)	(4,569)	(87,842)	(46,641)	(214,097)
Reclassification	-	-	-	(1,328)	1,328	-
At 30 June 2019	404,854	67,371	63,901	191,002	71,367	798,495
<b>DEPRECIATION</b>						
At 1 July 2017	36,594	118,110	50,574	192,128	89,456	486,862
Released 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
At 1 July 2018	38,507	118,651	51,434	211,298	99,330	519,220
Charge for the year	34,921	14,022	5,345	27,550	11,709	93,547
Disposals	(4,085)	(13,739)	(4,252)	(38,906)	(14,373)	(75,355)
Write offs	-	(75,046)	(4,563)	(84,353)	(46,558)	(210,520)
At 30 June 2019	69,343	43,888	47,964	115,589	50,108	326,892
<b>NET BOOK VALUE</b>						
At 30 June 2019	335,511	23,483	15,937	75,413	21,259	471,603
At 30 June 2018	371,934	47,140	22,116	87,976	25,881	555,047

## Notes to the Financial Statements for the year ended 30 June 2019

### 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	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
<b>Net book value</b>				
Plant and equipment	146,703	95,102	-	-
Motor vehicles	142,048	85,848	9,783	1,140
Computer and security equipment	8,223	14,878	-	-
	296,974	195,828	9,783	1,140

The Group's and the Company's obligations under finance leases are secured by the lessors' title to the leased assets. Additions during the year include assets acquired under finance leases amounting to **Rs 112,912,663** (2018: Rs 149,905,770)

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

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Cost	12,149,701	11,887,158	118,436	124,023
Accumulated depreciation	(2,774,015)	(2,785,970)	(52,824)	(56,908)
Net book value	9,375,686	9,101,188	65,612	67,115

The land and buildings were revalued by professional independent valuers. These revaluations were done between 2018 and 2019 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 similar 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.

## Notes to the Financial Statements for the year ended 30 June 2019

### 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 amounting to **Rs 17.9 billion** (2018: Rs 18.5 billion).

(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	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000

#### THE GROUP

##### 2019

Land and buildings	-	1,938,614	17,921,244	19,859,858
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##### 2018

Land and buildings	-	6,448,026	13,909,147	20,357,173
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#### THE COMPANY

##### 2019

Land and buildings	-	335,511	-	335,511
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##### 2018

Land and buildings	-	371,934	-	371,934
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(e) Borrowing costs capitalised during the prior year with respect to the renovation of Lux Grand Gaube amounted to Rs 16,610,160. There has been no borrowing costs capitalised during the year ended 30 June 2019.

(f) There were no new transfer to assets held for sale during the reporting year. Certain assets held for sale as at 30 June 2018 were continuing to be held for sale as at 30 June 2019. Refer to Note 20.

## Notes to the Financial Statements for the year ended 30 June 2019

### 5. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	2,446,108	395,950	-	145,400
Reclassification from land and related development costs (Note 16 and 38(a))	-	1,604,798	-	-
Acquisition of subsidiaries (Note 38(a))	-	953,562	-	-
Additions	43,473	4,865	-	-
Disposal	-	-	-	(145,400)
Transfer from property, plant and equipment (Notes (b) and 4)	489,353	62,580	-	-
Transfer to assets classified as held for sale (Note 20)	-	(572,309)	-	-
Assets in progress	-	205	-	-
Fair value gain/(loss) (Notes (a) and 33)	50,483	(3,543)	-	-
At 30 June	3,029,417	2,446,108	-	-
- Rental income	67,918	42,560	-	-
- Direct operating expenses	10,013	5,133	-	-

(a) 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 carried at 30 June 2019. 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 discount 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. An increase in the capitalisation rate will result in a decrease in the fair value of properties.

(b) During the reporting year, one of the subsidiaries rented buildings amounting to **Rs 489,363,000** (2018: Rs 62,580,000) to third parties, which was previously classified as property, plant & equipment and subsequently transferred to investment properties.

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

(d) 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 2019 and 2018 are as follows:

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000

#### THE GROUP

##### 2019

Investment properties	-	146,976	2,882,441	3,029,417
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##### 2018

Investment properties	-	150,471	2,295,637	2,446,108
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There were no transfers between level 2 and 3 during the reporting year (2018: nil)

## Notes to the Financial Statements for the year ended 30 June 2019

### 6. INTANGIBLE ASSETS

THE GROUP	Goodwill Rs'000	Leasehold Rights* Rs'000	Computer Software* Rs'000	Others* Rs'000	Total Rs'000
<b>COST</b>					
At 1 July 2017					
- As previously stated	2,502,893	880,317	448,056	215,010	4,046,276
- Reclassification from deferred expenditure (Note 47)	-	-	-	18,211	18,211
- As restated	2,502,893	880,317	448,056	233,221	4,064,487
Acquisition of subsidiaries (Note 38(a))	85,610	89,397	4,752	-	179,759
Assets in progress	-	-	2,465	-	2,465
Additions	246,952	-	142,800	501	390,253
Transfer to assets classified as held for sale (Note 20)	(2,588)	-	(4,448)	-	(7,036)
Disposal of subsidiaries (Note 38(b))	-	-	(93)	-	(93)
Write offs	-	-	(2,029)	(106)	(2,135)
Disposals	-	-	(2,696)	-	(2,696)
Exchange differences	5,217	-	-	(7,487)	(2,270)
<b>At 30 June 2018</b>	<b>2,838,084</b>	<b>969,714</b>	<b>588,807</b>	<b>226,129</b>	<b>4,622,734</b>
At 1 July 2018, as restated	2,838,084	969,714	588,807	226,129	4,622,734
Acquisition of subsidiaries (Note 38(a))	-	-	60	-	60
Transfer from property, plant and equipment (Notes (a) and 4)	-	-	7,452	-	7,452
Assets in progress	-	-	10,695	-	10,695
Additions	8,285	178,995	127,307	3,220	317,807
Disposal of subsidiaries (Notes (b) and 38(b))	-	-	-	(2,552)	(2,552)
Write offs	-	-	(28,573)	(8,088)	(36,661)
Disposals	-	-	(12,890)	-	(12,890)
Exchange differences	10,620	19,045	(241)	(41)	29,383
<b>At 30 June 2019</b>	<b>2,856,989</b>	<b>1,167,754</b>	<b>692,617</b>	<b>218,668</b>	<b>4,936,028</b>

## Notes to the Financial Statements for the year ended 30 June 2019

### 6. INTANGIBLE ASSETS (CONTINUED)

THE GROUP	Goodwill Rs'000	Leasehold Rights* Rs'000	Computer Software* Rs'000	Others* Rs'000	Total Rs'000
<b>AMORTISATION / IMPAIRMENT</b>					
At 1 July 2017	212,180	316,853	322,732	8,092	859,857
Charge for the year	-	23,257	43,045	1,448	67,750
Write off	-	-	(1,810)	-	(1,810)
Transfer to assets classified as held for sale (Note 20)	-	-	(4,385)	-	(4,385)
Disposals	-	-	(1,563)	-	(1,563)
Disposal of subsidiary (Note 38(b))	-	-	(64)	-	(64)
Impairment loss	143,198	-	494	-	143,692
Exchange differences	22	(2,712)	15	(19)	(2,694)
<b>At 30 June 2018</b>	<b>355,400</b>	<b>337,398</b>	<b>358,464</b>	<b>9,521</b>	<b>1,060,783</b>
At 1 July 2018	355,400	337,398	358,464	9,521	1,060,783
Charge for the year	1,764	13,486	65,097	1,747	82,094
Write off	-	-	(28,255)	(92)	(28,347)
Transfer from property, plant and equipment (Notes (a) and 4)	-	-	5,149	-	5,149
Impairment loss	146,960	-	-	8,677	155,637
Disposals	-	-	(12,707)	-	(12,707)
Disposal of subsidiary (Notes (b) and 38(b))	-	-	(1,676)	(12)	(1,688)
Exchange differences	-	6,678	64	(22)	6,720
<b>At 30 June 2019</b>	<b>504,124</b>	<b>357,562</b>	<b>386,136</b>	<b>19,819</b>	<b>1,267,641</b>
<b>NET BOOK VALUE</b>					
<b>At 30 June 2019</b>	<b>2,352,865</b>	<b>810,192</b>	<b>306,481</b>	<b>198,849</b>	<b>3,668,387</b>
At 30 June 2018 (restated)	2,482,684	632,316	230,343	216,608	3,561,951
At 30 June 2017 (restated)	2,290,713	563,464	125,325	225,128	3,204,630

(a) During the year 30 June 2019, two subsidiaries have made reclassification from property, plant and equipment (computer and security equipment) to intangible asset (computer software). The carrying amount of these reclassifications amounted to Rs 2,303,000.

(b) In August 2018, the Group disposed of a subsidiary, MELCO (classified as held for sale as at 30 June 2018) which had a carrying value of Rs 114,218 for its intangible assets.

(c) There were no new transfer to assets held for sale during the reporting year. Certain assets held for sale as at 30 June 2018 were continuing to be held for sale as at 30 June 2019. Refer to Note 20.

\* As compared to the previous audited financial statements where leasehold rights and computer software were included in 'Others', i.e. other intangible assets, and given the materiality of leasehold rights and computer software for the Group, the two aforementioned categories of intangible assets have been disaggregated from 'Others' and presented in separate columnar format for this financial year. 'Others' at Group level now consist only of rights to publishing titles, marketing rights, trademarks, development costs, licences and deferred expenditure.



## Notes to the Financial Statements for the year ended 30 June 2019

### 6. INTANGIBLE ASSETS (CONTINUED)

THE COMPANY	Computer Software Rs'000	Marketing rights Rs'000	Total Rs'000
<b>COST</b>			
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
At 1 July 2018	148,344	8,000	156,344
Additions	10,070	-	10,070
Write off	(27,056)	(8,000)	(35,056)
Disposals	(23,325)	-	(23,325)
<b>At 30 June 2019</b>	<b>108,033</b>	<b>-</b>	<b>108,033</b>
<b>AMORTISATION</b>			
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
At 1 July 2018	84,451	-	84,451
Charge for the year	13,956	-	13,956
Write off	(27,051)	-	(27,051)
Disposals	(4,508)	-	(4,508)
<b>At 30 June 2019</b>	<b>66,848</b>	<b>-</b>	<b>66,848</b>
<b>NET BOOK VALUE</b>			
<b>At 30 June 2019</b>	<b>41,185</b>	<b>-</b>	<b>41,185</b>
<b>At 30 June 2018</b>	<b>63,893</b>	<b>8,000</b>	<b>71,893</b>

The other intangible assets under "Others" at Group level consist of rights to publishing titles, marketing rights, trademarks, development costs, licences and deferred expenditure.

The deferred expenditure arose from the reform of the sugar industry in the years 2000 which necessitated redundancy payments in the form of cash and serviced land, as well as capital expenditure for capacity expansion and optimisation. These capital expenditure (investments and expenses) have been financed by debt. In order to assist the repayment of these debts, government granted a tax exemption to the Sugar Industry when converting agricultural land into residential land in the form of Land Conversion Rights ("LCRs"). These LCRs are granted by the Mauritius Cane Industry Authority (MCIA) based on the qualifying costs incurred by an entity.

## Notes to the Financial Statements for the year ended 30 June 2019

### 6. INTANGIBLE ASSETS (CONTINUED)

An LCR is recognised as a non-current asset and is initially measured at fair value at the date on which the Company is entitled to receive those rights, that is when there is reasonable assurance that the LCR will be received and all the attached conditions will be complied with. LCRs are tested annually for impairment. When the carrying amount of the asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. LCRs are derecognised upon disposal (i.e. the date the recipient obtains control), use for converting agricultural land into residential land for land projects or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the LCR is included in profit or loss. At 30 June 2019, the directors have made an assessment of the carrying value of the LCRs and have concluded that an impairment of Rs 8.7 million was required.

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 marketing rights arose on the exclusive distribution of Cipla products. The recoverable amount of these marketing rights has been written off in the year ended 30 June 2019 as the Group has lost these rights.

The Group tests trademarks and goodwill annually for impairment, or more frequently if there are indicators that goodwill and trademarks might be impaired. In relation to the manufacturing and processing cluster, the directors are satisfied that there is no indication of impairment of goodwill of Edena S.A. and trademarks for the year ended 30 June 2019.

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 covering a period of five years. 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. Discount rates used represent the current market assessment of the risk specific to a cash generating unit taking into consideration the time value of money and the weighted average cost of capital (WACC).

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 and Edena Group to at least maintain their respective market share. The assumptions used for the value-in-use calculations are as follows:

- cash flows were projected based on actual operating results extrapolated using an annual growth rate of **4%** (2018: 4%) for a period of five years;
- cash flows after the five years period were extrapolated using a perpetual growth rate of **2%** (2018: 2%) in order to calculate the terminal recoverable amount.

The discount rate calculation is based on the specific circumstances of Edena Group and is derived from its weighted average cost of capital (WACC) of **6.59%** - **11.95%** (2018: 6.00% - 9.40%). The WACC takes into account both debt and equity.

In relation to the hospitality cluster, the directors are satisfied that there is no indication of impairment of goodwill of Les Pavillions Resorts Ltd, Holiday & Leisure Resorts Limited, Lux Island Resorts Maldives Ltd, Oceania Ltd and other subsidiaries.

The recoverable amount of each cash generating unit (CGU) has been determined based on their value-in-use. The pre-tax cash flow projection is based on financial budgets approved by management covering a five-year period. The pre-tax discount rate applied represents the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) which ranges between **7% to 12%** (2018: 8% to 13%) for the various entities of the Group. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

A terminal growth rate of 3% has been assumed in the calculation. The key assumptions used for preparing the cash flow forecasts are based on management's past experience of the industry and the ability of each cash generating unit to at least maintain its market share. Any reasonable possible change in key assumptions on which management has based its determination of the recoverable amounts of CGUs are expected to cause their carrying amounts to exceed the recoverable amounts.

## Notes to the Financial Statements for the year ended 30 June 2019

### 6. INTANGIBLE ASSETS (CONTINUED)

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

	Carrying value	
	2019	2018
	Rs'000	Rs'000
Building & Engineering	29,656	29,656
Commercial	21,106	128,597
Financial & Other Services	42,458	38,669
Logistics	12,606	12,606
Manufacturing & Processing	593,520	595,770
Corporate Services	32,096	46,792
Hospitality	1,398,733	1,387,623
Life	109,865	109,949
Property	112,825	133,022
	<b>2,352,865</b>	<b>2,482,684</b>

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 15%** (2018: 6% to 18%) and the growth rates of **2% to 4%** (2018: 2% to 3%).

Impairment losses amounting to **Rs 147 million** (2018: Rs 143.2 million) are attributable to the cash generating units of commercial, financial & other services, 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 statement of profit or loss.

The directors have reviewed the carrying values of goodwill at 30 June 2019 and 2018 and are of the opinion that no additional impairment losses need to be recognised.

## Notes to the Financial Statements for the year ended 30 June 2019

### 7. DEFERRED TAXATION

Deferred tax is calculated on all temporary differences under the liability method at the rate of **17%** (2018: 17%).

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax liabilities	920,785	1,183,246	-	-
Deferred tax assets	(170,115)	(359,277)	(87,228)	(60,563)
<b>Net deferred tax at 30 June</b>	<b>750,670</b>	<b>823,969</b>	<b>(87,228)</b>	<b>(60,563)</b>

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

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2018				
- As previously reported	823,969	866,732	(60,563)	(58,907)
- Effect of adopting new accounting standards	(33,435)	-	(40,767)	-
- As restated	790,534	866,732	(101,330)	(58,907)
Acquisition of subsidiaries (Note 38(a))	-	(36,405)	-	-
Disposal of subsidiaries (Note 38(b))	4,960	(153)	-	-
Transfer to assets classified as held for sale (Notes (i) and 20)	-	(12,853)	-	-
Exchange differences	(170)	(727)	-	-
Other movements	3,327	24,147	371	23,577
<b>Amounts recognised in profit or loss</b>				
Charge/(credit) for the year (Note 26(b))	64,024	(18,799)	24,553	(14,317)
<b>Amounts recognised in other comprehensive income</b>				
Income tax relating to components of other comprehensive income	-	(7,146)	-	-
Deferred tax on surplus on revaluation of land and buildings	(36,093)	14,522	-	-
Deferred tax relating to remeasurement of employee benefit liabilities	(75,912)	(5,349)	(10,822)	(10,916)
<b>At 30 June</b>	<b>750,670</b>	<b>823,969</b>	<b>(87,228)</b>	<b>(60,563)</b>

## Notes to the Financial Statements for the year ended 30 June 2019

### 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	Employee benefit assets/liabilities Rs'000	Tax losses Rs'000	Total Rs'000
At 1 July 2017	774,359	(23,237)	612,531	(271,473)	(225,448)	866,732
Acquisition of subsidiaries (Note 38(a))	2,531	-	22,311	(1,987)	(59,260)	(36,405)
Other movements	43,711	10,385	(54,548)	(240)	24,839	24,147
Disposal of subsidiary (Note 38(b))	(153)	-	-	-	-	(153)
Charge/(credit) to other comprehensive income	-	(7,146)	14,522	(5,349)	-	2,027
Transfer to assets classified as held for sale (Note 20)	11,628	(11,774)	-	(178)	(12,529)	(12,853)
(Credit)/charge to profit or loss	50,553	(17,587)	(43,448)	(14,484)	6,167	(18,799)
Exchange differences	44	(1,678)	907	-	-	(727)
<b>At 30 June 2018</b>	<b>882,673</b>	<b>(51,037)</b>	<b>552,275</b>	<b>(293,711)</b>	<b>(266,231)</b>	<b>823,969</b>

(i) There were no new transfer to assets held for sale during the reporting year. Certain assets held for sale as at 30 June 2018 were continuing to be held for sale as at 30 June 2019. Refer to Note 20.

THE GROUP	Accelerated tax depreciation Rs'000	Provisions Rs'000	Revaluation of property, plant and equipment Rs'000	Employee benefit assets/liabilities Rs'000	Tax losses Rs'000	Total Rs'000
At 1 July 2018						
- As previously reported	882,673	(51,037)	552,275	(293,711)	(266,231)	823,969
- Effect of adopting new accounting standards	-	(33,435)	-	-	-	(33,435)
- As restated	882,673	(84,472)	552,275	(293,711)	(266,231)	790,534
Other movement	1,338	1,787	173	(10)	39	3,327
Disposal of subsidiaries (Note 38(b))	3,122	11,065	3,838	(15,782)	2,717	4,960
Credit to other comprehensive income	-	-	(36,093)	(75,912)	-	(112,005)
Charge/(credit) to profit or loss	71,110	(24,009)	14,002	62,881	(59,960)	64,024
Exchange differences	-	(189)	-	-	19	(170)
<b>At 30 June 2019</b>	<b>958,243</b>	<b>(95,818)</b>	<b>534,195</b>	<b>(322,534)</b>	<b>(323,416)</b>	<b>750,670</b>

## Notes to the Financial Statements for the year ended 30 June 2019

### 7. DEFERRED TAXATION (CONTINUED)

THE COMPANY	Accelerated tax depreciation Rs'000	Provisions Rs'000	Revaluation of property, plant and equipment Rs'000	Employee benefit assets/liabilities Rs'000	Total Rs'000
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)
<b>At 30 June 2018</b>	<b>4,177</b>	<b>-</b>	<b>79,448</b>	<b>(144,188)</b>	<b>(60,563)</b>
At 1 July 2018					
- As previously reported	4,177	-	79,448	(144,188)	(60,563)
- Effect of adopting new accounting standards	-	(40,767)	-	-	(40,767)
- As restated	4,177	(40,767)	79,448	(144,188)	(101,330)
Credit to other comprehensive income	-	-	-	(10,822)	(10,822)
Other movement	-	371	-	-	371
Charged to profit or loss	2,234	1,726	-	20,593	24,553
<b>At 30 June 2019</b>	<b>6,411</b>	<b>(38,670)</b>	<b>79,448</b>	<b>(134,417)</b>	<b>(87,228)</b>

### 8. BEARER BIOLOGICAL ASSETS

THE GROUP	2019 Rs'000	2018 Rs'000
<b>Plant canes</b>		
At 1 July	3,541	8,411
Impairment adjustment	(3,035)	(1,709)
Amortisation for the year	(506)	(3,161)
<b>At 30 June</b>	<b>-</b>	<b>3,541</b>
Area harvested (Arpents)	232	353
Cost per Arpent (Rs)	65,893	54,292

At 30 June 2019, the directors made an assessment of the carrying value of the bearer plants and have concluded that an impairment of **Rs 3 million** was required (2018: Rs 1.7 million) based on their forecasts. This assessment was based on an average sugar price of **Rs 11,000** per ton over the projected period (2018: Rs 13,000). The main factor that led to the impairment was the decrease in projected revenue. The value-in-use model has been used and the discount rate is **9.75%** (2018: 6.26%).



## Notes to the Financial Statements for the year ended 30 June 2019

### 9. CONSUMABLE BIOLOGICAL ASSETS

THE GROUP	Standing cane Rs'000	Plants Rs'000	Vegetables Rs'000	Total Rs'000
At 1 July 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 movements	(3,070)	1,214	(10,154)	(12,010)
At 30 June 2018	4,997	23,517	6,113	34,627
Production	21,700	24,877	27,332	73,909
Sales	(17,265)	(37,547)	(23,456)	(78,268)
Fair value movements	(5,212)	18,453	6,155	19,396
<b>At 30 June 2019</b>	<b>4,220</b>	<b>29,300</b>	<b>16,144</b>	<b>49,664</b>

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

	2019	2018
<b>Standing cane</b>		
Expected area to harvest (ha)	98	149
Estimated yields (%)	10.4	10.4
Estimated price of sugar – Rs (per ton)	14,031	13,000
<b>Plants</b>		
Expected area to harvest (ha)	8	9
Maximum maturity of plants at 30 June	1 year	1 year
<b>Vegetables</b>		
Expected area to harvest (ha)	42	24
Discount factor (%)	9.0	12.5

## Notes to the Financial Statements for the year ended 30 June 2019

### 9. CONSUMABLE BIOLOGICAL ASSETS (CONTINUED)

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: <b>38 ton/ha</b> (2018: 40 ton/ha)	1% point increase/(decrease) in cane yield per Ha would result in increase/(decrease) in fair value by <b>Rs 95,289</b> (2018: Rs 134,957).
		Price of sugar: <b>Rs 14,031/ton</b> (2018: Rs 13,000/ton)	5% increase/(decrease) in the price of sugar would result in increase/(decrease) in fair value by <b>Rs 476,447</b> (2018: Rs 674,784).
		WACC <b>9.17%</b> (2018: 6.26%)	1% point increase/(decrease) in WACC would result in (decrease)/increase in fair value by <b>Rs 2,366</b> (2018: Rs 3,139).
Plants	Discounted cash flows	Average price of plants: <b>Rs 176</b> (2018: Rs 173)	5% increase/(decrease) in price of plants would result in increase/(decrease) in fair value by <b>Rs 1,981,147</b> (2018: Rs 2,019,267).
		Mortality rate <b>5%</b> (2018: 5%)	5% increase/(decrease) in mortality rate would result in (decrease)/increase in fair value by <b>Rs 2,088,023</b> (2018: Rs 1,486,745).
		WACC <b>20%</b> (2018: 20%)	1% point increase/(decrease) in WACC would result in (decrease)/increase in fair value by <b>Rs 292,989</b> (2018: Rs 227,003).
Vegetables	Discounted cash flows	Discount factor <b>8.77%</b> (2018: 12.51%) Price of vegetables: <b>Rs 19,000 – Rs 21,800</b> (2018: Rs 14,000 – Rs 22,500)	1% point increase/(decrease) in discount factor would result in (decrease)/increase in fair value by <b>Rs 3,256</b> (2018: Rs 1,697). 5% increase/(decrease) in price of vegetables would result in increase/(decrease) in fair value by <b>Rs 1,022,386</b> (2018: Rs 485,758).

### 10. FINANCE LEASE RECEIVABLES

#### THE GROUP

(a) Movement during the year

	2019 Rs'000	2018 Rs'000
At 1 July	-	932,729
Leases granted during the year	-	198,236
Amounts written off	-	(182,033)
Capital movement during the year	-	(310,847)
	-	638,085
Interest on finance lease receivable	-	6,373
Less: Allowance for credit losses	-	(68,580)
Transfer to assets classified as held for sale (Note 20)	-	(575,878)
At 30 June	-	-
Present value of minimum lease payments	-	638,085

## Notes to the Financial Statements for the year ended 30 June 2019

### 10. FINANCE LEASE RECEIVABLES (CONTINUED)

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

Before granting lease to clients, the subsidiary Mauritian Eagle Leasing Company Limited (MELCO) used a credit scoring system to assess the potential client's credit quality and profile. The Client Acceptance Committee reviewed the client's application and upon satisfactory scoring and submission of all necessary documents, the lease was granted.

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

	2019 Rs'000	2018 Rs'000
<b>Ageing of impaired past due debt</b>		
30 days - 180 days	-	1,411
Over 180 days	-	88,398
	-	89,809

#### (b) Gross and net investment in finance leases:

	2019 Rs'000	2018 Rs'000
- Within one year	-	334,124
- Between one and five years	-	396,692
- Over 5 years	-	17,268
	-	748,084
Less: Unearned finance income	-	(103,626)
Less: Allowance for credit losses	-	(68,580)
Net investment in finance lease before allowance for credit losses	-	575,878

#### (c) Movement in the allowance for credit losses

In determining the recoverability of a debt, the subsidiary considered 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 was 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.

## Notes to the Financial Statements for the year ended 30 June 2019

### 10. FINANCE LEASE RECEIVABLES (CONTINUED)

	2018 Specific Provision Rs'000	2018 Portfolio Provision Rs'000	Total Rs'000
At 1 July 2017	270,236	8,622	278,858
Amount utilised/reclassified	(205,295)	(2,445)	(207,740)
Reversal of provision during the year	(2,538)	-	(2,538)
At 30 June 2018	62,403	6,177	68,580

In the prior year 30 June 2018, all finance lease receivables were transferred to assets classified as held for sale (Note 20).

### 11. INVESTMENT IN SUBSIDIARIES

THE COMPANY	Listed Rs'000	Secondary		Total Rs'000
		market Rs'000	Unquoted Rs'000	
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	-	-	(527,782)	(527,782)
Transfer from associates (Note 12)	-	-	26,016	26,016
Transfer from/(to) financial assets (Note 14)	80,942	-	(1,245)	79,697
Assets classified as held for sale (Note 20)	-	-	(174,926)	(174,926)
Impairment loss (Note 33)	-	-	(198,904)	(198,904)
Fair value adjustments	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
At 1 July 2018	8,275,760	734,739	13,066,784	22,077,283
Additions	-	-	284,957	284,957
Disposal	-	-	(8,441)	(8,441)
Fair value adjustments	(999,541)	(64,069)	(698,648)	(1,762,258)
At 30 June 2019	7,276,219	670,670	12,644,652	20,591,541

The acquisitions has been financed as follows:

	2019 Rs'000	2018 Rs'000
Cash	120,889	2,624,740
Issue of shares	164,068	-
	284,957	2,624,740

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

## Notes to the Financial Statements for the year ended 30 June 2019

### 11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

In prior year 30 June 2018, the Company recognised impairment losses with respect to its Ugandan subsidiaries, Mauritian Eagle Leasing Company Ltd as well as some non-operating entities as these entities had recurring losses. These impairment losses were recognised in other gains and losses (Note 33). The investments in subsidiaries are measured at FVTOCI at year ended 30 June 2019 and are no longer subject to impairment requirements.

Details of subsidiaries	Country of incorporation	Type of shares	Principal activity	2019 % held		2018 % held	
				Direct	Indirect	Direct	Indirect
Chantier Naval de l'Océan Indien Limited (iv)	Mauritius	Ordinary	Construction and repair of ships	63.83	-	60.00	-
CNOI Investments Ltd (iv)	Mauritius	Ordinary	Investment	-	63.83	-	60.00
Construction & Material Handling Company Ltd	Mauritius	Ordinary	Handling equipment	100.00	-	100.00	-
DieselActiv Co Ltd	Mauritius	Ordinary	Mechanical	100.00	-	100.00	-
Engineering Services Ltd	Seychelles	Ordinary	Outsourcing	-	69.37	-	69.37
Engineering Support Services Ltd (formerly called Riche Terre Development Limited)	Mauritius	Ordinary	Support services	100.00	-	100.00	-
Engitech Ltd	Mauritius	Ordinary	Manufacturing	100.00	-	100.00	-
Fit-Out (Mauritius) Ltd	Mauritius	Ordinary	Manufacturing	-	69.83	-	69.83
IBL Madagascar S.A.(i)	Madagascar	Ordinary	Commerce	90.00	-	90.00	-
IBL Energy Ltd	Mauritius	Ordinary	Investment	100.00	-	-	-
Manser Saxon Interiors Ltd	Mauritius	Ordinary	Manufacturing	-	92.50	-	92.50
Manser Saxon Elevators Ltd	Mauritius	Ordinary	Manufacturing	-	92.50	-	92.50
Manser Saxon Environment Ltd (ii)	Mauritius	Ordinary	Manufacturing	-	92.50	-	92.50
Manser Saxon Plumbing Ltd	Mauritius	Ordinary	Manufacturing	-	92.50	-	92.50
Manser Saxon Contracting Limited	Mauritius	Ordinary	Manufacturing & contracting	92.50	-	92.50	-
Manser Saxon Dubai LLC	Dubai	Ordinary	Manufacturing	-	92.50	-	92.50
Manser Saxon Interiors LLC	Dubai	Ordinary	Manufacturing	-	92.50	-	92.50
Manser Saxon Openings Ltd (ii)	Mauritius	Ordinary	Manufacturing	-	92.50	-	92.50
Manser Saxon Training Services Ltd	Mauritius	Ordinary	Training services	-	92.50	-	92.50
Tower Bridge Projects (Mauritius) Ltd (ii)/(iii)	Mauritius	Ordinary	Construction	-	92.50	-	47.16
Saxon International Ltd	Mauritius	Ordinary	Investment	-	92.50	-	92.50
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 (ii)	Madagascar	Ordinary	Clearing & forwarding	-	85.50	-	85.50
Systems Building Contracting Ltd	Mauritius	Ordinary	Manufacturing & contracting	-	59.66	-	59.66
Tornado Limited	Mauritius	Ordinary	Manufacturing	-	92.50	-	92.50
Flacq Associated Stonemasters Limited	Mauritius	Ordinary	Production and sale of aggregates and bricks	-	28.15	-	28.15
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	-	33.14
Compagnie de Gros Cailloux Limitée	Mauritius	Ordinary	Agriculture	-	33.14	-	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
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

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## Notes to the Financial Statements for the year ended 30 June 2019

### 11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2019 % held		2018 % held	
				Direct	Indirect	Direct	Indirect
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 (ii)	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 (v)	Mauritius	Ordinary	Commerce	-	-	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 (vi)	Mauritius	Ordinary	Healthcare	100.00	-	51.00	-
New Cold Storage Company Limited (i)	Mauritius	Ordinary	Inactive	100.00	-	100.00	-
Pick and Buy Limited	Mauritius	Ordinary	Supermarkets	-	100.00	-	100.00
Winhold Limited	Mauritius	Ordinary	Investment	100.00	-	100.00	-
Compagnie des Magasins Populaires Limitée	Mauritius	Ordinary	Hypermarket	-	100.00	-	100.00
CMPL (Cascavelle) Ltée	Mauritius	Ordinary	Hypermarket	-	100.00	-	100.00
CMPL (Bagatelle) Ltée	Mauritius	Ordinary	Hypermarket	-	100.00	-	100.00
CMPL (Mont Choisy) Ltée	Mauritius	Ordinary	Hypermarket	-	100.00	-	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 Réunion 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 (v)	Mauritius	Ordinary	Editing of books	-	-	-	100.00
Intergraph Africa Ltd	Mauritius	Ordinary	Trading in printing equipment and consumables	-	100.00	-	100.00
Les Classiques Africains du Cameroun SARL (v)	Cameroun	Ordinary	Sale and promotion of books	-	-	-	100.00
Les Classiques du Sénégal (v)	Senegal	Ordinary	Sale and promotion of books	-	-	-	100.00
Adam and Company Limited (i)	Mauritius	Ordinary	Inactive	-	100.00	-	100.00
Cassis Limited (i)	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	-
IBL Loyalty Ltd (formerly IBL Corporate Services Ltd) (i)	Mauritius	Ordinary	Card management	100.00	-	100.00	-

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## Notes to the Financial Statements for the year ended 30 June 2019

### 11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2019 % held		2018 % held	
				Direct	Indirect	Direct	Indirect
IBL Entertainment Limited (i)	Mauritius	Ordinary	Inactive	-	100.00	-	100.00
IBL Entertainment Holding Limited (i)	Mauritius	Ordinary	Inactive	100.00	-	100.00	-
IBL Treasury Management Ltd (i)	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 International Limited	Kenya	Ordinary	Business Development	100.00	-	100.00	-
IBL Training Services Limited (i)	Mauritius	Ordinary	Training services	100.00	-	100.00	-
GML Immobilier Ltée (i)	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 (i)	Seychelles	Ordinary	Inactive	100.00	-	100.00	-
Ireland Fraser and Company Limited (i)	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	-
SPCBLtée (ii)	Mauritius	Ordinary	Investment	100.00	-	100.00	-
Ze Dodo Trail Ltd	Mauritius	Ordinary	Organiser of trails	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	-	100.00
DTOS East Africa Company Limited	Uganda	Ordinary	Global business	-	100.00	-	100.00
DTOS International East Africa (K) Limited	Kenya	Ordinary	Global business	-	100.00	-	100.00
IBL Financial Services Holding Ltd	Mauritius	Ordinary	Investment	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
Eagle Insurance Limited (formerly Mauritian Eagle Insurance Company Limited)	Mauritius	Ordinary	General Insurance	60.00	-	60.00	-

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## Notes to the Financial Statements for the year ended 30 June 2019

### 11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2019 % held		2018 % held	
				Direct	Indirect	Direct	Indirect
Specialty Risk Solutions Ltd	Mauritius	Ordinary	General Insurance	-	42.00	-	42.00
Eagle Investment Property Limited (formerly MEI Investment Property Limited)	Mauritius	Ordinary	Property	-	60.00	-	60.00
Mauritian Eagle Leasing Company Ltd (v)	Mauritius	Ordinary	Leasing & deposit taking	-	-	86.43	8.14
Equity Spectrum Ltd (ii)	Mauritius	Ordinary	Investment	-	-	70.00	-
The Bee Equity Partners Ltd	Mauritius	Ordinary	Investment	34.95	-	34.95	-
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
LCF Holdings Ltd (vi)	Mauritius	Ordinary	Investment dealing and advisory services	75.00	-	60.00	-
LCF Registry & Advisory Ltd	Mauritius	Ordinary	Investment dealing and advisory services	-	60.00	-	60.00
LCF Securities Ltd	Mauritius	Ordinary	Investment dealing and advisory services	-	60.00	-	60.00
LCF Wealth Ltd	Mauritius	Ordinary	Investment dealing and advisory services	-	60.00	-	60.00
IBL Link Ltd	Mauritius	Ordinary	Investment	100.00	-	100.00	-
GWS Technologies Ltd (vii)	Mauritius	Ordinary	Investment	-	80.00	-	45.00
The Ground Collaborative Space Ltd (vi)	Mauritius	Ordinary	Collaborative workspace	-	86.23	84.20	2.03
Universal Media Ltd	Mauritius	Ordinary	Media	-	55.00	-	55.00
Lux Island Resorts Ltd	Mauritius	Ordinary	Hospitality and Tourism	56.47	-	56.47	-
Holiday & Leisure Resorts Limited	Mauritius	Ordinary	Hospitality and Tourism	-	56.47	-	56.47
Merville Beach Hotel Ltd	Mauritius	Ordinary	Hospitality and Tourism	-	56.47	-	56.47
Merville Ltd	Mauritius	Ordinary	Hospitality and Tourism	-	56.47	-	56.47
Blue Bay Tokey Island Limited	Mauritius	Ordinary	Hospitality and Tourism	-	56.47	-	56.47
Beau Rivage Co Ltd	Mauritius	Ordinary	Hospitality and Tourism	-	56.47	-	56.47
Lux Resorts Ltd	Mauritius	Ordinary	Hospitality and Tourism	-	56.47	-	56.47
Les Pavillons Resorts Ltd	Mauritius	Ordinary	Hospitality and Tourism	-	56.47	-	56.47
LTK Ltd	Mauritius	Ordinary	Hospitality and Tourism	-	56.47	-	56.47
FMM Ltée	Mauritius	Ordinary	Hospitality and Tourism	-	56.47	-	56.47
MSF Leisure Company Ltd	Mauritius	Ordinary	Hospitality and Tourism	-	56.47	-	56.47
Hotel Prestige Reunion SAS	Reunion	Ordinary	Hospitality and Tourism	-	56.47	-	56.47
Le Recif SAS	Reunion	Ordinary	Hospitality and Tourism	-	55.97	-	55.97
Les Villas du Lagon SA	Reunion	Ordinary	Hospitality and Tourism	-	56.47	-	56.47
Naiade Holidays (Pty) Ltd	South Africa	Ordinary	Hospitality and Tourism	-	56.47	-	56.47
Oceanide Limited	Mauritius	Ordinary	Hospitality and Tourism	-	56.47	-	56.47
Nereide Limited	Mauritius	Ordinary	Hospitality and Tourism	-	56.47	-	56.47

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## Notes to the Financial Statements for the year ended 30 June 2019

### 11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2019 % held		2018 % held	
				Direct	Indirect	Direct	Indirect
Lux Island Resort Foundation	Mauritius	Ordinary	Charitable institution	-	56.47	-	56.47
Lux Island Resort Maldives Ltd	Seychelles	Ordinary	Hospitality and Tourism	-	56.47	-	56.47
White Sand Resorts & Spa Pvt Ltd	Maldives	Ordinary	Hospitality and Tourism	-	56.47	-	56.47
The Lux Collective Ltd	Mauritius	Ordinary	Hospitality and Tourism	49.61	-	-	56.47
Lux Island Resort Seychelles Ltd	Seychelles	Ordinary	Hospitality and Tourism	-	49.61	-	51.95
LIRTA Ltd	Mauritius	Ordinary	Hospitality and Tourism	-	49.61	-	51.95
Lux Island Resorts UK Limited	UK	Ordinary	Hospitality and Tourism	-	49.61	-	56.47
Island Light Vacations Ltd	Mauritius	Ordinary	Hospitality and Tourism	-	49.61	-	51.95
Salt Hospitality Ltd	Mauritius	Ordinary	Hospitality and Tourism	-	49.61	-	56.47
Palm Boutique Hotel Ltd	Mauritius	Ordinary	Hospitality and Tourism	-	49.61	-	56.47
The Lux Collective Pte Ltd	Singapore	Ordinary	Hospitality and Tourism	-	49.61	-	56.47
Cafe LUX Ltd	Mauritius	Ordinary	Hospitality and Tourism	-	49.61	-	56.47
Lux Hotel Management (Shanghai) Co Ltd	China	Ordinary	Hospitality and Tourism	-	49.61	-	51.95
Bloomage Ltd	Mauritius	Ordinary	Real Estate & Property Management	100.00	-	100.00	-
Southern Investments Ltd (vi)	Mauritius	Ordinary	Real Estate	-	100.00	-	62.70
SCI Edena	Reunion	Ordinary	Real Estate	-	23.28	-	23.28
BlueLife Limited	Mauritius	Ordinary	Property Development & Holding Co	48.99	-	48.99	-
Haute Rive Holdings Limited	Mauritius	Ordinary	Property Development	-	48.99	-	48.99
Azuri Suites Ltd	Mauritius	Ordinary	Property Development	-	48.99	-	48.99
Azuri Watch Ltd	Mauritius	Ordinary	Property Development	-	48.99	-	48.99
Azuri Services Ltd	Mauritius	Ordinary	Property Development	-	48.99	-	48.99
Azuri Estate Management Ltd	Mauritius	Ordinary	Property Development	-	48.99	-	48.99
Haute Rive Ocean Front Living Ltd	Mauritius	Ordinary	Property Development	-	48.99	-	48.99
Haute Rive IRS Company Limited	Mauritius	Ordinary	Property Development	-	48.99	-	48.99
Haute Rive PDS Company Ltd (incorp. 9/5/17)	Mauritius	Ordinary	Property Development	-	48.99	-	48.99
HR Golf Holding Ltd	Mauritius	Ordinary	Property Development	-	48.99	-	48.99
Azuri Golf Management Ltd	Mauritius	Ordinary	Property Development	-	48.99	-	48.99
Circle Square Holding Company Limited	Mauritius	Ordinary	Property Development	-	48.99	-	48.99
Life in Blue Limited	Mauritius	Ordinary	Property Development	-	48.99	-	48.99
OceanEdge Property Management Company Ltd	Mauritius	Ordinary	Property Development	-	48.99	-	48.99
Les Hauts Champs 2 Ltd	Mauritius	Ordinary	Property Development	-	48.99	-	48.99
PL Resort Ltd	Mauritius	Ordinary	Property Development	-	43.37	-	43.37
Haute Rive Azuri Hotel Ltd	Mauritius	Ordinary	Property Development	-	38.13	-	38.13
IBL Life Ltd	Mauritius	Ordinary	Biotechnologies	100.00	-	100.00	-
CIDP Holding (formerly Rouclavier Ltée)	Mauritius	Ordinary	Research and Biotechnology	-	90.00	-	90.00
Services Gestion des Compagnies Ltée	Mauritius	Ordinary	Management services	-	90.00	-	90.00
CIDP Preclinical Ltd	Mauritius	Ordinary	Clinical testing	-	90.00	-	90.00
CIDP India Ltd	Mauritius	Ordinary	Clinical testing of pharmaceutical and cosmetic products	-	90.00	-	90.00

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## Notes to the Financial Statements for the year ended 30 June 2019

### 11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2019 % held		2018 % held	
				Direct	Indirect	Direct	Indirect
CIDP Biotech India Private Limited	India	Ordinary	Clinical testing	-	89.10	-	89.10
CIDP International	Mauritius	Ordinary	Clinical research and investment	-	89.10	-	89.10
CIDP Biotechnology SRL	Romania	Ordinary	Clinical testing of pharmaceutical and cosmetic products	-	89.10	-	89.10
CIDP Brasil Ltd	Mauritius	Ordinary	Clinical research and investment	-	90.00	-	90.00
CIDP Do Brasil Pesquisas Clinicas Ltda	Brasil	Ordinary	Clinical testing of pharmaceutical and cosmetic products	-	89.10	-	89.10
Centre de Phytotherapie et de Recherche Ltée	Mauritius	Ordinary	Testing and analysis of plants	-	90.00	-	84.50
CIDP Singapore Ltd	Mauritius	Ordinary	Clinical research and investment	-	90.00	-	90.00
CIDP Biotech Singapore (Centre International de Development Pharmaceutique) PTE. Ltd	Singapore	Ordinary	Clinical testing of pharmaceutical and cosmetic products	-	90.00	-	90.00
Air Mascareignes Limitée	Mauritius	Ordinary	Tourism	50.00	-	50.00	-
Australair General Sales Agency Ltd	Mauritius	Ordinary	Tourism and Travel	-	50.00	-	50.00
Australair GSA Comores SARL	Comoros	Ordinary	Tourism and Travel	-	50.00	-	50.00
Australair GSA Mada s.a.	Madagascar	Ordinary	Tourism and Travel	-	50.00	-	50.00
Catovair Comores SARL (i)	Mauritius	Ordinary	Tourism and Travel	-	50.00	-	50.00
Compagnie Thonière de l'Océan 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 (i)	Madagascar	Ordinary	Tourism and Travel	-	100.00	-	100.00
IBL Aviation Comores SARL (i)	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 Madagascar	Madagascar	Ordinary	Travel agency	-	100.00	-	100.00
Arcadia Travel Comores SARL	Comoros	Ordinary	Travel agency	-	100.00	-	100.00
Arcadia Travel Limited (formerly called IBL Travel Limited)	Mauritius	Ordinary	Travel agency	100.00	-	100.00	-
IBL Travel SARL(ii)	Mauritius	Ordinary	Travel agency	-	100.00	-	100.00
Indian Ocean Dredging Ltd (ii)	Mauritius	Ordinary	Inactive	100.00	-	100.00	-
IBL Shipping Company Ltd (formerly called Indian Ocean Logistics Limited)	Mauritius	Ordinary	Import-Export	100.00	-	100.00	-
I World Ltd	Mauritius	Ordinary	Commerce	100.00	-	100.00	-
Logidis Limited	Mauritius	Ordinary	Warehousing	100.00	-	100.00	-
Mad Courier SARL	Madagascar	Ordinary	Courier service	92.50	-	92.50	-
Mada Aviation SARL	Madagascar	Ordinary	General sales agent	100.00	-	100.00	-
Reefer Operations Limited	Isle Of Man	Ordinary	Shipping	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	-

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## Notes to the Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements for the year ended 30 June 2019

### 11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries (continued)	Country of incorporation	Type of shares	Principal activity	2019		2018	
				Direct	Indirect	Direct	Indirect
Société Mauricienne de Navigation Ltée (i)	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	-
IBL LAS Support Ltd (formerly known as Tourism Services International Limited)	Mauritius	Ordinary	Support services	100.00	-	100.00	-
Aquatic Proteins Private Limited	India	Ordinary	Manufacturing	-	70.00	-	70.00
Cervonic Ltd	Mauritius	Ordinary	Manufacturing	-	85.00	-	85.00
Fresh Cuts (Uganda) Ltd (v)	Uganda	Ordinary	Meat processing	-	-	-	100.00
Froid des Mascareignes Ltd	Mauritius	Ordinary	Storage	-	59.50	-	59.50
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	-
IBL Gabon Investments Limited	Mauritius	Ordinary	Investment	100.00	-	100.00	-
IBL Ugandan Holdings 1 Limited (i)	Mauritius	Ordinary	Investment	100.00	-	100.00	-
IBL Ugandan Holdings 2 Limited (ii)	Mauritius	Ordinary	Investment	100.00	-	100.00	-
IBL Seafood Support Services Ltd (formerly known as Société de Traitement et d'Assainissement des Mascareignes Limitée)	Mauritius	Ordinary	Support services	100.00	-	100.00	-
Industrie et Services de l'Océan Indien Limitée	Mauritius	Ordinary	Maritime Transport	-	63.83	-	63.83
La Tropicale Mauricienne Ltée	Mauritius	Ordinary	Manufacturing	100.00	-	100.00	-
Marine Biotechnology Products Ltd	Mauritius	Ordinary	Manufacturing	-	56.95	-	56.95
Marine Biotechnology International Ltd	Mauritius	Ordinary	Investment	-	85.00	-	85.00
Marine Biotechnology Products Cote d'Ivoire	Ivory Coast	Ordinary	Manufacturing	-	41.65	-	41.65
Seafood Hub Limited	Mauritius	Ordinary	Investment	85.00	-	85.00	-
Transfroid Ltd	Mauritius	Ordinary	Import-Export	-	59.50	-	59.50
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	26.17	11.25
Phoenix Beverages Limited	Mauritius	Ordinary	Production of beer and bottles and distribution of beverages	3.21	20.07	3.21	20.07
MBL Offshore Ltd	Mauritius	Ordinary	Investment	-	23.28	-	23.28
Phoenix Beverages Overseas Ltd	Mauritius	Ordinary	Export of beverages	-	23.28	-	23.28
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	-	23.28
Phoenix Distributors Limited	Mauritius	Ordinary	Distribution of beverages	-	21.09	-	21.09
Phoenix Camp Minerals Offshore Limited	Mauritius	Ordinary	Investment	-	23.28	-	23.28
Phoenix Réunion SARL	Reunion	Ordinary	Commissioning agent	-	23.28	-	23.28
Helping Hands Foundation	Mauritius	Ordinary	Charitable institution	-	18.96	-	18.96
Phoenix Foundation	Mauritius	Ordinary	Foundation	-	23.28	-	23.28
Edena S.A.	Reunion	Ordinary	Distribution of beverages	-	23.28	-	23.28
Espace Solution Réunion SAS	Reunion	Ordinary	Other services	-	23.28	-	23.28

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### 11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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	
	2019	2018	2019	2018	2019	2018	2019	2018
			Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Lux Island Resorts Ltd	43.53%	43.53%	317,685	231,758	2,901,674	2,616,941	(80,583)	(74,613)
Camp Investment Company Limited	50.40%	50.40%	575,539	394,213	3,381,776	3,171,181	(192,943)	(159,734)
United Basalt Products Ltd	66.86%	66.86%	131,720	108,167	2,202,159	2,183,531	(82,203)	(76,047)
Chantier Naval de l'Océan Indien Ltd	36.17%	40.00%	97,658	109,123	736,935	808,572	(54,981)	(48,564)
Bluelife Limited	51.01%	51.01%	(74,630)	(66,788)	1,110,712	1,189,064	-	-
Individually immaterial subsidiaries with non-controlling interests	-	-	(80,738)	97,432	1,189,333	1,483,425	(170,604)	(58,123)
<b>Total</b>			<b>967,234</b>	<b>873,905</b>	<b>11,522,589</b>	<b>11,452,714</b>	<b>(581,314)</b>	<b>(417,081)</b>

The Group considers certain entities over which it controls less than 50% of the voting rights as subsidiaries since it has sufficient dominant voting interest to direct the relevant activities of these entities and therefore has control over them (Refer to Note 3).



## Notes to the Financial Statements for the year ended 30 June 2019

### 11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Lux Island Resorts Ltd	2019 Rs'000	2018 Rs'000
Current assets	1,089,633	1,240,492
Non-current assets	11,198,805	11,688,444
Current liabilities	2,439,513	2,615,976
Non-current liabilities	3,842,466	4,302,665
Equity attributable to owners of the Company	3,104,785	3,393,354
Non-controlling interest	2,901,674	2,616,941
	2019 Rs'000	2018 Rs'000
Revenue	6,413,433	5,925,409
Expenses	(5,683,850)	(5,510,769)
Profit for the year	729,583	414,640
Profit for the year:		
- Profit attributable to owners of the Company	411,898	182,882
- Profit attributable to the non-controlling interests	317,685	231,758
	729,583	414,640
Other comprehensive income/(loss) for the year:		
- Other comprehensive income/(loss) attributable to owners of the Company	(135,573)	(5,211)
- Other comprehensive income/(loss) attributable to the non-controlling interests	(104,506)	(15,960)
	(240,079)	(21,171)
Total comprehensive income for the year:		
- Total comprehensive income attributable to owners of the Company	276,325	177,671
- Total comprehensive income attributable to the non-controlling interests	213,179	215,798
	489,504	393,469
Net cash inflow from operating activities	1,020,793	741,218
Net cash outflow from investing activities	(428,985)	(1,421,909)
Net cash (outflow)/inflow from financing activities	(605,040)	654,557
Net cash outflow for the year	(13,232)	(26,134)

## Notes to the Financial Statements for the year ended 30 June 2019

### 11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Camp Investment Company Limited	2019 Rs'000	2018 Rs'000
Current assets	1,925,622	1,774,766
Non-current assets	4,765,624	4,596,599
Current liabilities	1,233,292	1,178,957
Non-current liabilities	1,028,511	1,015,060
Equity attributable to owners of the Company	1,047,667	1,006,167
Non-controlling interest	3,381,776	3,171,181
	2019 Rs'000	2018 Rs'000
Revenue	7,824,421	7,295,027
Expenses	(7,140,905)	(6,770,443)
Profit for the year	683,516	524,584
Profit for the year:		
- Profit attributable to owners of the Company	107,977	130,371
- Profit attributable to the non-controlling interests	575,539	394,213
	683,516	524,584
Other comprehensive income for the year:		
- Other comprehensive income attributable to owners of the Company	(24,478)	29,381
- Other comprehensive income attributable to the non-controlling interests	(137,677)	216,881
	(162,155)	246,262
Total comprehensive income for the year:		
- Total comprehensive income attributable to owners of the Company	83,499	159,752
- Total comprehensive income attributable to the non-controlling interests	437,862	611,094
	521,361	770,846
Net cash inflow from operating activities	814,280	764,091
Net cash outflow from investing activities	(469,546)	(301,168)
Net cash outflow from financing activities	(369,386)	(407,479)
Net cash (outflow)/inflow for the year	(24,652)	55,444

## Notes to the Financial Statements for the year ended 30 June 2019

### 11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

United Basalt Products Ltd	2019 Rs'000	2018 Rs'000
Current assets	1,362,183	1,322,527
Non-current assets	3,743,154	3,671,284
Current liabilities	770,961	1,344,158
Non-current liabilities	1,174,302	517,030
Equity attributable to owners of the Company	957,915	949,092
Non-controlling interest	2,202,159	2,183,531
	2019 Rs'000	2018 Rs'000
Revenue	3,363,398	3,046,614
Expenses	(3,146,914)	(2,891,348)
Profit for the year	216,484	155,266
Profit for the year:		
- Profit attributable to owners of the Company	57,368	47,099
- Profit attributable to the non-controlling interests	131,720	108,167
	189,088	155,266
Other comprehensive income/(loss) for the year:		
- Other comprehensive income/(loss) attributable to owners of the Company	(2,482)	(27,051)
- Other comprehensive income/(loss) attributable to the non-controlling interests	(5,074)	(59,305)
	(7,556)	(86,356)
Total comprehensive income for the year:		
- Total comprehensive income attributable to owners of the Company	54,886	20,048
- Total comprehensive income attributable to the non-controlling interests	126,646	48,862
	181,532	68,910
Net cash inflow from operating activities	451,354	412,834
Net cash outflow from investing activities	(299,017)	(225,594)
Net cash outflow from financing activities	(143,397)	(102,151)
Net cash inflow for the year	8,940	85,089

## Notes to the Financial Statements for the year ended 30 June 2019

### 11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Chantier Naval de l'Océan Indien Ltd	2019 Rs'000	2018 Rs'000
Current assets	767,488	718,048
Non-current assets	1,666,853	1,685,672
Current liabilities	312,347	215,736
Non-current liabilities	88,400	128,049
Equity attributable to owners of the Company	1,296,659	1,251,363
Non-controlling interest	736,935	808,572
	2019 Rs'000	2018 Rs'000
Revenue	1,079,268	1,172,323
Expenses	(822,688)	(898,168)
Profit for the year	256,580	274,155
Profit for the year:		
- Profit attributable to owners of the Company	158,922	165,032
- Profit attributable to the non-controlling interests	97,658	109,123
	256,580	274,155
Other comprehensive income for the year:		
- Other comprehensive income attributable to owners of the Company	1,758	35,006
- Other comprehensive income attributable to the non-controlling interests	996	23,338
	2,754	58,344
Total comprehensive income for the year:		
- Total comprehensive income attributable to owners of the Company	160,680	200,038
- Total comprehensive income attributable to the non-controlling interests	98,655	132,461
	259,335	332,499
Net cash inflow from operating activities	373,702	111,885
Net cash outflow from investing activities	(35,139)	103,105
Net cash outflow from financing activities	(180,199)	(171,860)
Net cash inflow for the year	158,364	43,130

## Notes to the Financial Statements for the year ended 30 June 2019

### 11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Bluelife Limited	2019 Rs'000	2018 Rs'000
Current assets	788,803	971,917
Non-current assets	3,366,386	3,242,455
Current liabilities	1,338,341	1,244,018
Non-current liabilities	621,107	629,686
Equity attributable to owners of the Company	1,085,029	1,151,604
Non-controlling interest	1,110,712	1,189,064
	2019 Rs'000	2018 Rs'000
Revenue	(597,261)	(513,462)
Expenses	(735,856)	(620,660)
Loss for the year	(138,595)	(107,198)
Loss for the year:		
- Loss attributable to owners of the Company	(63,963)	(40,410)
- Loss attributable to the non-controlling interests	(74,630)	(66,788)
	(138,593)	(107,198)
Other comprehensive (loss)/income for the year:		
- Other comprehensive (loss)/income attributable to owners of the Company	(2,277)	153
- Other comprehensive (loss)/income attributable to the non-controlling interests	(3,614)	159
	(5,891)	312
Total comprehensive loss for the year:		
- Total comprehensive loss attributable to owners of the Company	(66,240)	(40,257)
- Total comprehensive loss attributable to the non-controlling interests	(78,246)	(66,629)
	(144,486)	(106,886)
Net cash (outflow)/inflow from operating activities	(202,722)	55,129
Net cash inflow from investing activities	85,796	41,224
Net cash inflow/(outflow) from financing activities	46,454	(74,650)
Net cash (outflow)/inflow for the year	(70,472)	21,703

## Notes to the Financial Statements for the year ended 30 June 2019

### 12. INVESTMENTS IN ASSOCIATES

#### (a) THE GROUP

	2019 Rs'000	2018 Rs'000
At 1 July		
- As previously stated	8,970,920	9,192,879
- Effect of adopting new accounting standards (IFRS 9)	(130,090)	-
- As restated	8,840,830	9,192,879
Additions	40,000	150,192
Disposals	(16,928)	(409,457)
Impairment loss (Note 33)	(20,544)	(176,411)
Transfer to investment in joint ventures (Note 13)	-	(4,424)
Share of profits - Continuing	455,492	300,369
Share of profits - Discontinued (Note 20)	-	36,224
Dividend income	(166,012)	(232,782)
Movement in fair value reserves	2,525	5,204
Movement in revaluation reserves	(5,757)	152,768
Movement in currency translation reserves	826	(2,247)
Movement in other reserves	78,246	38,170
Other movements in retained earnings	(75,821)	(36,781)
Transfer to investment in subsidiaries	(476)	(42,784)
<b>At 30 June</b>	<b>9,132,381</b>	<b>8,970,920</b>

At 30 June 2019, the Group has recognised impairment losses with respect to Supintex Limited and Mer des Mascareignes Limitée (due to recurring losses incurred by these entities) and on Scimat SAS and Island Management Ltd (due to recoverable values being lower than the carrying amounts). At 30 June 2018, the Group had recognised impairment losses with respect to Princes Tuna (Mauritius) Ltd and Nutrifish SAS due to recoverable values being lower than the carrying values. These impairment losses were recognised in the statement of profit or loss under other gains and losses (Note 33).



## Notes to the Financial Statements for the year ended 30 June 2019

### 12. INVESTMENTS IN ASSOCIATES (CONTINUED)

#### (b) THE COMPANY

	Listed Rs'000	Unquoted Rs'000	Total Rs'000
At 1 July 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 1 July 2018	2,253,652	3,639,915	5,893,567
Disposal	-	(39,167)	(39,167)
Fair value adjustments	(598,626)	67,827	(530,799)
<b>At 30 June 2019</b>	<b>1,655,026</b>	<b>3,668,575</b>	<b>5,323,601</b>

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

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Cash consideration	40,000	150,192	-	150,158

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

(e) The directors believe that investments in associates are fairly stated at year end.

## Notes to the Financial Statements for the year ended 30 June 2019

### 12. INVESTMENTS IN ASSOCIATES (CONTINUED)

#### (f) Details of associates

	Country of incorporation	Type of shares	2019 % held		2018 % held	
			Direct	Indirect	Direct	Indirect
AfrAsia Bank Limited	Mauritius	Ordinary	30.29	-	30.29	-
AfrAsia Investments Limited	Mauritius	Ordinary	-	30.29	-	30.29
AfrAsia Capital Management Ltd	Mauritius	Ordinary	-	30.29	-	30.29
Alteo Ltd	Mauritius	Ordinary	27.64	-	27.64	-
Australair GSA Seychelles Ltd (iii)	Seychelles	Ordinary	-	49.00	-	49.00
Compagnie des Travaux Maritimes des Mascareignes Ltée (iii)	Mauritius	Ordinary	-	25.00	-	25.00
Confido Holding Limited	Mauritius	Ordinary	33.33	-	33.33	-
ElGeo Re (Mauritius) Ltd	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 Ltée (i)	Mauritius	Ordinary	-	40.00	-	40.00
DPD Laser (Mauritius) Ltd	Mauritius	Ordinary	25.00	-	25.00	-
Energie des Mascareignes Limitée (iii)	Mauritius	Ordinary	30.00	-	30.00	-
GWS Technologies Ltd (iv)	Mauritius	Ordinary	-	-	-	45.00
Island Management Ltd	Mauritius	Ordinary	25.00	-	25.00	-
IBL Energy Efficiency Ltd (iii)	Mauritius	Ordinary	-	30.00	-	-
IBL Photovoltaic Solutions Ltd (iii)	Mauritius	Ordinary	-	40.00	-	-
H. Savy Insurance Company Ltd	Seychelles	Ordinary	-	12.00	-	12.00
LCL Cynologics Ltd	Mauritius	Ordinary	-	30.05	-	30.05
Madalg SARL (i)	Madagascar	Ordinary	40.00	-	40.00	-
Mauritius Coal and Allied Services Co Ltd	Mauritius	Ordinary	49.00	-	49.00	-
Mer des Mascareignes Limitée	Mauritius	Ordinary	-	42.50	-	42.50
Nutrifish SAS	France	Ordinary	-	24.97	-	24.97
Princes Tuna (Mauritius) Ltd	Mauritius	Ordinary	23.37	17.27	23.37	17.27
Profilage Ocean Indien Ltée	Mauritius	Ordinary	-	-	20.00	-
Quantilab Holding Ltd	Mauritius	Ordinary	-	50.00	-	50.00
Quantis Corporation (ii)	Mauritius	Ordinary	-	-	40.00	-
Scimat SAS	Reunion	Ordinary	50.00	-	50.00	-
Supintex Limited	Mauritius	Ordinary	49.00	-	49.00	-
Supinvest Ltd	Mauritius	Ordinary	-	49.00	-	49.00
Switch Energy Ltd	Mauritius	Ordinary	-	21.27	-	33.33
Trois Ilots Ltée	Mauritius	Ordinary	-	-	33.33	-
Tropical Holding SA	Mauritius	Ordinary	-	60.00	-	60.00
Price Guru Ltd	Mauritius	Ordinary	-	20.00	-	-

(i) Companies are inactive

(ii) Companies are inactive and in process of de-registration

(iii) The above have not been equity accounted in the financial statements as they were inactive and not material to the Group

(iv) Increase in stake and transferred to investments in subsidiaries

All the above associates are accounted using the equity method in the consolidated financial statements, except where mentioned otherwise.

## Notes to the Financial Statements for the year ended 30 June 2019

### 12. INVESTMENTS IN ASSOCIATES (CONTINUED)

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

	2019 Rs'000	2018 Rs'000
Current assets	1,218,402	1,142,720
Non-current assets	563,583	643,565
Current liabilities	397,044	401,298
Non-current liabilities	319,438	340,197
The Group's share of profit from continuing operations	56,460	29,405
The Group's share of other comprehensive (loss)/income	(2,687)	25,593
The Group's share of profit and total comprehensive income	53,773	3,812
Carrying amount of the Group's total interest in its associates	506,867	496,176

## Notes to the Financial Statements for the year ended 30 June 2019

### 12. INVESTMENTS IN ASSOCIATES (CONTINUED)

(h) Details of significant associates

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

AfrAsia Bank Limited	2019 Rs'000	2018 Rs'000
Current assets	112,729,633	87,318,865
Non-current assets	28,631,077	34,642,574
Current liabilities	125,583,504	108,645,589
Non-current liabilities	8,076,668	6,479,770
Equity attributable to other shareholders	760,617	907,713
Revenue	3,259,208	1,915,761
Profit for the year attributable to ordinary shareholders of the Company	1,627,973	726,862
Other comprehensive (loss)/income attributable to ordinary shareholders of the Company	(1,071)	544
Total comprehensive income for the year attributable to ordinary shareholders of the Company	1,626,902	727,406
Group's share of profit for year of the associate	493,113	229,621
Group's share of total comprehensive income of the associate	492,788	229,785
Dividend income from associate	56,463	48,216

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

	2019 Rs'000	2018 Rs'000
Net assets of the associate attributable to the Group	6,939,923	5,928,367
Percentage holding by the Group (Note 12(f))	30.29%	30.29%
Share of net assets	2,102,102	1,795,702
Goodwill	364,964	364,964
Carrying value of the Group's share	2,467,066	2,160,666

## Notes to the Financial Statements for the year ended 30 June 2019

### 12. INVESTMENTS IN ASSOCIATES (CONTINUED)

#### (h) Details of significant associates (Continued)

Alteo Ltd	2019 Rs'000	2018 Rs'000
Current assets	5,879,010	6,616,133
Non-current assets	22,655,024	23,827,402
Current liabilities	4,210,223	5,169,584
Non-current liabilities	7,002,897	6,238,471
Equity attributable to other shareholders	1,542,646	2,257,974
Revenue	8,997,439	8,176,275
(Loss)/profit for the year attributable to ordinary shareholders of the Company	(821,268)	397,818
Other comprehensive income attributable to ordinary shareholders of the Company	35,420	592,212
Total comprehensive (loss)/income attributable to ordinary shareholders of the Company	(785,848)	990,030
Group's share of (loss)/profit for year of the associate	(226,998)	109,957
Group's share of total comprehensive (loss)/income of the associate	(217,208)	273,644
Dividend income from associate	58,982	68,664

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

	2019 Rs'000	2018 Rs'000
Net assets of associate	15,778,268	16,777,505
Percentage holding by the Group (Note 12(f))	27.64%	27.64%
Share of net assets	4,361,113	4,637,302
Carrying value of the Group's share	4,361,113	4,637,302

## Notes to the Financial Statements for the year ended 30 June 2019

### 12. INVESTMENTS IN ASSOCIATES (CONTINUED)

#### (h) Details of significant associates (Continued)

Princes Tuna (Mauritius) Ltd	2019 Rs'000	2018 Rs'000
Current assets	3,837,738	3,931,741
Non-current assets	1,838,985	1,925,187
Current liabilities	2,591,850	1,872,709
Non-current liabilities	1,741	1,187,430
Equity attributable to other shareholders	3,468	(486)
Revenue	9,710,749	10,829,175
Profit/(loss) for the year attributable to ordinary shareholders of the Company	342,651	(169,650)
Other comprehensive income attributable to ordinary shareholders of the Company	(15,471)	45,473
Total comprehensive income for the year attributable to ordinary shareholders of the Company	327,180	(124,177)
Group's share of (loss)/profit for year of the associate	132,916	(71,280)
Group's share of total comprehensive income of the associate	126,158	(52,424)
Dividend income from associate	-	54,662

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

	2019 Rs'000	2018 Rs'000
Net assets of associate attributable to the Group	3,079,664	2,797,275
Percentage holding by the Group	43.68%	43.68%
Share of net assets	1,345,031	1,221,850
Goodwill	452,303	452,303
Carrying value of the Group's share	1,797,334	1,674,153



## Notes to the Financial Statements for the year ended 30 June 2019

### 13. INVESTMENTS IN JOINT VENTURES

#### Details of joint ventures:

	Type of Shares	Country of incorporation	Direct	Percentage held	
				2019	2018
City Brokers Ltd	Ordinary	Mauritius	Direct	50.0%	50.0%
CBL Africa Ltd	Ordinary	Mauritius	Indirect	50.0%	50.0%
Manser Saxon Facilities Ltd	Ordinary	Mauritius	Indirect	46.2%	46.2%
Proximed Ltd (i)	Ordinary	Mauritius	Indirect	-	50.0%
Azur Medical Ltd (i)	Ordinary	Mauritius	Indirect	-	50.0%
Tower Bridge Projects (Mauritius) Ltd (ii)	Ordinary	Mauritius	Indirect	-	47.2%

(i) Disposed during reporting year ended 30 June 2019

(ii) Transferred from investment in joint venture to investment in subsidiary following increase in stake

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
At July 1	202,897	208,861	347,002	395,821
Transfer from investment in associates (Note 12)	-	4,424	-	-
Share of results - Continuing	30,369	26,711	-	-
Share of results - Discontinued (Note 20)	49,875	39,131	-	-
Dividends	(55,000)	(40,000)	-	-
Fair value movement	-	-	677	(8,769)
Impairment loss (Note 33)	(4,168)	(1,284)	-	-
Share of other comprehensive income	(1,430)	5,104	-	-
Disposal	(109,210)	(40,050)	-	(40,050)
<b>At 30 June</b>	<b>113,333</b>	<b>202,897</b>	<b>347,679</b>	<b>347,002</b>

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:

## Notes to the Financial Statements for the year ended 30 June 2019

### 13. INVESTMENTS IN JOINT VENTURES (CONTINUED)

#### Summarised statement of financial position

	2019 Rs'000	2018 Rs'000
Current assets	161,892	428,858
Non-current assets	18,208	57,737
Current liabilities	63,501	190,862
Non-current liabilities	1,665	13,154
Equity	114,934	282,579
Group's share in equity	58,234	202,897
Goodwill	55,099	55,099
Group's carrying amount of the investment	113,333	257,996
<b>Summarised statement of profit or loss</b>		
Revenue from contracts with customers	298,254	713,493
Profit for the year (continuing operations)	80,933	127,466
Total comprehensive income for the year (continuing operations)	53,186	137,675
Group's share of profit for the year (continuing operations)	30,369	26,711
Group's share of total comprehensive income for the year	30,154	71,883

## Notes to the Financial Statements for the year ended 30 June 2019

### 14. OTHER FINANCIAL ASSETS

2019 THE GROUP	Fair value through other comprehensive income Rs'000	Fair value through profit or loss Rs'000	Measured at amortised cost Rs'000	Total Rs'000
At 1 July 2018	-	-	-	-
- Reclassification from available for sale	332,639	491,633	31,304	855,576
- Reclassification from Held-to-maturity	1,674	-	296,795	298,469
- Effect of adopting new accounting standards	(18,585)	(10,575)	-	(29,160)
- As restated	315,728	481,058	328,099	1,124,886
Additions	79,021	100,012	177,053	356,085
Disposals	(35,078)	(186,524)	(190,837)	(412,439)
Fair value adjustments	41,971	(22,056)	758	20,673
Transfer to investment in non-current receivables (Note 17)	-	(1,500)	-	(1,500)
Exchange differences	(5)	640	-	635
Reclassifications	578	(292)	-	286
Accrued interest during the year	-	-	3,204	3,204
<b>At 30 June 2019</b>	<b>402,215</b>	<b>371,338</b>	<b>318,277</b>	<b>1,091,830</b>
<b>Analysed as follows:</b>				
Current*				518,466
Non-current				573,364
				<b>1,091,830</b>
<b>Analysed as follows:</b>				
Quoted				400,788
Unquoted				691,042
				<b>1,091,830</b>

## Notes to the Financial Statements for the year ended 30 June 2019

### 14. OTHER FINANCIAL ASSETS (CONTINUED)

2019 THE COMPANY	Fair value through other comprehensive income Rs'000	Fair value through profit or loss Rs'000	Measured at amortised cost Rs'000	Total Rs'000
At 1 July 2018	-	-	-	-
Reclassification from available for sale	149,390	12,075	-	161,465
Reclassification from Held-to-maturity	-	-	-	-
- Effect of adopting new accounting standards	(18,585)	(10,575)	-	(29,160)
- As restated	130,805	1,500	-	132,305
Additions	5,008	-	-	5,008
Disposals	(1,640)	-	-	(1,640)
Fair value adjustment	(11,879)	-	-	(11,879)
Transfer to investment in non-current receivables (Note 17)	-	(1,500)	-	(1,500)
<b>At 30 June 2019</b>	<b>122,294</b>	<b>-</b>	<b>-</b>	<b>122,294</b>
<b>Analysed as follows:</b>				
Current*				-
Non-current				122,294
				<b>122,294</b>
<b>Analysed as follows:</b>				
Quoted				35,922
Unquoted				86,372
				<b>122,294</b>

\* These were previously presented in the Statement of Financial Position as "Held-to-maturity investments" but have been renamed in the current year as "Other current financial assets".

## Notes to the Financial Statements for the year ended 30 June 2019

### 14. OTHER FINANCIAL ASSETS (CONTINUED)

2018 AVAILABLE FOR SALE FINANCIAL ASSETS AND HELD TO MATURITY INVESTMENTS	THE GROUP			THE COMPANY		
	Available for sale Rs'000	Held-to- Maturity Rs'000	Total Rs'000	Available for sale Rs'000	Held-to- Maturity Rs'000	Total Rs'000
At 1 July 2017	898,108	167,276	1,065,384	246,513	-	246,513
Additions	100,565	171,193	271,758	3,778	-	3,778
Disposals	(98,468)	(40,000)	(138,468)	(7,038)	-	(7,038)
Fair value adjustments	35,562	-	35,562	(2,091)	-	(2,091)
Impairment loss	(520)	-	(520)	-	-	-
Exchange differences	26	-	26	-	-	-
Transfer from investment in subsidiaries (Note 11)	1,245	-	1,245	1,245	-	1,245
Transfer to investment in subsidiaries (Note 11)	(80,942)	-	(80,942)	(80,942)	-	(80,942)
At 30 June 2018	855,576	298,469	1,154,045	161,465	-	161,465

	Available for sale Rs'000	Held-to- Maturity Rs'000	Total Rs'000	Available for sale Rs'000	Held-to- Maturity Rs'000	Total Rs'000
At 30 June 2018 – As previously stated as per IAS 39	855,576	298,469	1,154,045	161,465	-	161,465
<b>IFRS 9 Reclassifications</b>						
Reclassification to FVTOCI	(332,639)	(1,674)	(334,313)	(149,390)	-	(149,390)
Reclassification to FVTPL	(491,633)	-	(491,633)	(12,075)	-	(12,075)
Reclassification to Amortised cost	(31,304)	(296,795)	(328,099)	-	-	-
	-	-	-	-	-	-

## Notes to the Financial Statements for the year ended 30 June 2019

### 14. OTHER FINANCIAL ASSETS (CONTINUED)

#### Reclassifications to FVTOCI

Investments in equity instruments which are not held for trading have been reclassified from available for sale investment to financial assets at FVTOCI. The Held-to-maturity investments under IAS 39 which are held to collect contractual cash flows with a view to sell the financial assets in the near future have been reclassified to financial assets at FVTOCI.

#### Reclassifications to FVTPL

Investment in equity instruments which are held for trading have been reclassified from available for sale to financial assets at FVTPL. In addition, investment in debt instruments which do not meet the criteria for being measured at amortised cost or FVTOCI have also been reclassified from available for sale to financial assets at FVTPL.

#### Reclassifications to Amortised cost

Reclassification from available for sale to financial assets at amortised cost relates to those financial assets that give rise to cash flows that are 'solely payments of

principal and interest (SPPI)' on the principal amount outstanding. Investments which are held in debt instruments with a view to collect contractual cash flows till maturity consist mainly of corporate bonds. The investment in corporate bonds bear interest at 4.42% to 7.75% p.a. and the bonds will mature between 2019 to 2025. At maturity, the Group will receive the nominal amount plus any accrued interest. The corporate bonds are held by the Group within a business model whose objective is to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding. Hence these corporate bonds are classified at amortised cost.

#### Impairment of financial assets

The corporate bonds and deposits are held mainly with reputable local banks and listed entities. The directors have assessed that the credit risk on these financial instruments has not increased significantly since initial recognition and recognises 12-month ECL for these assets. The directors have determined the credit ratings of these instruments to be BBB-, BBB and BB+ based on the sovereign rating and external rating for main local banks. A loss given default of 45% has been applied in determining the ECL on the assumption that these corporate bonds are unsecured.

### 15. INVENTORIES

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Raw materials (at cost)	1,120,481	966,392	-	-
Spare parts (at cost)	199,535	162,662	-	-
Work in progress (at cost)	135,154	169,160	-	-
Finished goods (at lower of cost and net realisable value)	2,987,756	2,701,127	742,230	756,186
Goods in transit (at cost)	352,456	207,354	131,770	71,769
Stock of land for sale (Notes 16 and 47)	138,447	100,159	-	-
	4,933,829	4,306,854	874,000	827,955

The trading stocks of some subsidiaries have been pledged as security for bank facilities granted to them. The carrying amount of inventory pledged as security is **Rs 2,204.5 million** (2018: Rs 2,558.3 million). The cost of inventories recognised as an expense includes an amount of **Rs 68.6 million** (2018: Rs 68.3 million) in respect of write down of inventories to net realisable value.



## Notes to the Financial Statements for the year ended 30 June 2019

### 16. LAND AND RELATED DEVELOPMENT COSTS

	THE GROUP		
	2018		
	Rs'000	Rs'000	Rs'000
	Non-Current	Current	Total
Acquisition of subsidiaries	1,604,228	167,949	1,772,177
Additions	570	100,688	101,258
Transfer to cost of sales	-	(168,478)	(168,478)
At 30 June – as previously stated	1,604,798	100,159	1,704,957
Reclassification to investment properties/inventories (Notes 5, 15 and 47)	(1,604,798)	(100,159)	(1,704,957)
At 30 June – as restated	-	-	-

Land and related development costs comprise land infrastructure and related development expenditure. 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.

	2019	2018
	Rs'000	Rs'000
Sales recognised on a percentage of completion basis	-	168,477

### 17. NON-CURRENT RECEIVABLES

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	4,541	-	-	-
Acquisition of subsidiaries (Note 38(a))	-	1,570	-	-
Additions	34,701	3,291	-	-
Transfer from other financial asset (Note 14)	1,500	-	1,500	-
Amount due from related parties (Note (a)):				
Transfer from trade and other receivables (Note 18)	137,455	-	1,043,006	-
Additions for loan receivable from related parties	-	-	23,295	-
Less: Allowance for expected credit losses	1,850	-	(121,146)	-
Write offs during the year	-	(320)	-	-
<b>At 30 June</b>	<b>176,347</b>	<b>4,541</b>	<b>946,655</b>	<b>-</b>

## Notes to the Financial Statements for the year ended 30 June 2019

### 17. NON-CURRENT RECEIVABLES (CONTINUED)

Included in additions are proceeds amounting to Rs 31.4 million following the sale of investments that will be received after 1 year as per the respective agreements with the buyers. The effect of IFRS 9 is negligible and has not been accounted for.

#### (a) Amount due from related parties

The Group and the Company have determined lifetime expected credit loss on loan receivables from related companies based on expected recovery of the related debts.

Amount due from related parties for the Company are unsecured and repayable on demand except for receivables amounting to Rs 132 million which have term payment between December 2019 and June 2020. Receivable amounting to Rs 270 million are interest free while remaining balances of Rs 796 million bear interest at rates ranging from 3.1% to 7.75%. In determining the expected credit losses, the Company has assessed the

ability of the related parties to pay the debts if demanded at reporting date and where the borrower has access to unrestricted cash to repay the debt, the ECL determined is immaterial. If the borrower cannot repay the debts at reporting date, management has determined a recovery period usually between 3 to 5 years on the basis that the entities will continue operations and generate future cash flows. The expected credit loss will be limited to the effect of discounting the amount due on the loan (at the loan's effective interest rate, which might be 0% if the loan is interest free) over the period until cash is realised. If the time period to realise cash is short or the effective interest rate is low, the effect of discounting might be immaterial. If the effective interest rate is 0%, and all strategies indicate that the lender would fully recover the outstanding balance of the loan, there is no impairment loss to recognise.

As there has not been a significant increase in credit risk for credit exposures since initial recognition, ECLs have been provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

Set out below is the movement in the loss allowance following the implementation of new accounting standards (IFRS 9):

	THE GROUP	THE COMPANY
	2019	2019
	Rs'000	Rs'000
1 July 2018		
- As previously stated under IAS 39	-	-
- Effect of adopting new accounting standards (IFRS 9)	1,507	139,312
- As restated	1,507	139,312
Increase/(decrease) in loss allowance recognised in profit or loss during the year	343	(18,166)
<b>30 June 2019</b>	<b>1,850</b>	<b>121,146</b>

## Notes to the Financial Statements for the year ended 30 June 2019

### 18. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Trade receivables (Note (a))	4,418,688	4,372,993	438,608	463,418
Trade receivables from related parties	177,635	165,740	386,487	157,504
Less: Allowance for expected credit losses	(569,812)	(442,263)	(58,997)	(43,854)
	4,026,511	4,096,470	766,098	577,068
Other receivables (Note (b))	2,335,728	2,623,310	171,325	376,212
Less: Allowance for expected credit losses	(5,284)	-	(5,284)	-
Prepayments	456,094	292,118	30,793	12,563
Transfer to non-current receivables (Note 17)	(137,455)	-	(1,043,006)	-
Amount receivable from related companies	137,520	11,535	1,174,609	842,259
	6,813,114	7,023,433	1,094,535	1,808,102

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

#### (a) Trade receivables

Before accepting any new customer, the Group and the Company assess the potential customer's credit quality and defines credit limits by customer and these are reviewed on a regular basis. The concentration of credit risk is limited due to the customer base being large and unrelated.

In 2018, the Group and the Company have recognised allowance for doubtful debts against trade receivables by reference to past default experience on an individual basis.

#### Ageing of past due but not impaired at 30 June 2018

	THE GROUP	THE COMPANY
	2018 Rs'000	2018 Rs'000
30-60 days	1,212,583	157,919
60-90 days	304,954	26,120
90-120 days	292,276	37,622
>120 days	2,297,060	91,251
	4,106,873	312,912

## Notes to the Financial Statements for the year ended 30 June 2019

### 18. TRADE AND OTHER RECEIVABLES (CONTINUED)

#### (a) Trade receivables (continued)

The Group and the Company measure the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and credit terms). The Group has presented the credit risk exposure on trade receivables by the different business clusters consistent with the reportable segments. The Company's trade receivables arise from services provided by corporate office as well as operations in commercial and logistics clusters mainly from sale of consumer goods, healthcare products and equipment and sale of shipping and aviation services.

Increase/(decrease) in loss allowance are recognised in profit or loss during the year.

#### Building & Engineering

The activities within this cluster include engineering and contracting services as well as sale of goods and services. The average credit period on sales of goods and services ranges from 30 to 90 days. Management considers trade receivables to be in default when contractual payments are past due for a period ranging from 180 days to 360 days based on the business environment in which the entities operate taking into consideration the market dynamics, customer base and competition. Some of the entities within this cluster have segmented the trade receivables by customer/product/service types (e.g. related/non-related, agrochemical, detergents, irrigation, swimming pool, water treatment, electrical, parts, storage and

furniture). The entities have recognised a loss allowance of 100% against receivables over default period (except where repayment plan has been agreed or debts have been recovered) where historical experience has indicated that these receivables are generally not recoverable.

#### Commercial

The commercial cluster consists mainly of sale of consumer, healthcare and industrial goods and related services. The average credit period on sales of goods and services ranges between 30 to 90 days. Management considers trade receivables to be in default when contractual payments are past due for a period ranging from 90 days to 180 days based on the business environment in which the entities operate taking into consideration the market dynamics, customer base and competition. Some of the entities within the cluster have segmented the trade receivables by geography/customer base (e.g. countries of exportation - Madagascar, Seychelles, HORECA, retail key account, retail modern account, retail traditional account, hotels, Government). The entities have recognised a loss allowance of 100% against receivables over default period (except where repayment plan has been agreed or debts have been recovered) where historical experience has indicated that these receivables are generally not recoverable.

#### Logistics

This cluster provides logistics, shipping and aviation services to clients. The average credit period on sales of most services is 30 days except for provision of aviation courses which has a credit period of 150 days. Management considers trade receivables to be in default when contractual payments are past due for a period ranging from 90 days to 150 days based on the business environment in which the entities operate taking into consideration the market dynamics, customer base and competition. Trade receivables have been segmented between related and non related for some entities. The entities have recognised a loss allowance of 100% against receivables over default period (except where repayment plan has been agreed or debts have been recovered) where historical experience has indicated that these receivables are generally not recoverable.

## Notes to the Financial Statements for the year ended 30 June 2019

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### 18. TRADE AND OTHER RECEIVABLES (CONTINUED)

#### *(a) Trade receivables (continued)*

##### *Manufacturing & processing*

The activities within this cluster include production and distribution of beverages, seafood and associated products as well as provision of handling and storage services of seafood products. The average credit period on sales of goods and services is 0 to 60 days. Management considers trade receivables to be in default when contractual payments are past due for a period ranging from 120 days to 180 days based on the business environment in which the entities operate taking into consideration the market dynamics, customer base and competition. Trade receivables for certain entities have been segmented based on credit period granted to customers. The entities have recognised a loss allowance of 100% against receivables over default period (except where repayment plan has been agreed or debts have been recovered) where historical experience has indicated that these receivables are generally not recoverable.

##### *Financial services*

The financial services cluster includes mainly revenue from global business management. The average credit period on sale of services is 90 days. Management considers trade receivables to be in default when contractual payments are past due for a period ranging from 120 days to 180 days based on the business environment in which the entities operate taking into consideration the market dynamics, customer base and competition. No segmentation has been done by the entities as the historical loss experience does not show significantly different loss patterns for different customer segments. The entities have recognised a loss allowance of 100% against receivables over default period (except where repayment plan has been agreed or debts have been recovered) where historical experience has indicated that these receivables are generally not recoverable.

##### *Property*

Revenue from property cluster includes mainly property management, real estate development and income from rental of properties. The average credit period on sale of services ranges from 0 to 30 days. Management considers trade receivables to be in default when contractual payments are past due for 90 days based on the business environment in which the entities operate taking into consideration the market dynamics, customer base and competition. Trade receivables have been segmented between related and non related for some entities. The entities have recognised a loss allowance of 100% against receivables over default period (except where repayment plan has been agreed or debts have been recovered) where historical experience has indicated that these receivables are generally not recoverable.



## Notes to the Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements for the year ended 30 June 2019

### 18. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table details the credit risk exposure of trade receivables based on the Group's provision matrix at 30 June 2019.

THE GROUP											
The Group	Trade receivables – days past due										
	Not past due	<30	31–60	61–90	91–120	121–150	151–180	181–270	271–360	>360	Total
Expected credit loss rate (%)	0.02 – 1.7	0.03 – 2.23	0.08 – 12.51	0.2 – 19.85	0.28 – 33.7	0.4 – 46.53	0.55 – 68.95	7.02 – 96.23	28.66 – 59.89	100	
Estimated total gross carrying amount at default (Rs'000)	1,121,487	1,311,940	423,913	223,052	828,293	264,549	195,678	81,575	28,920	114,627	4,594,032
Lifetime ECL (Rs'000)	(13,913)	(9,589)	(10,993)	(5,594)	(112,875)	(94,879)	(131,925)	(56,532)	(18,884)	(114,627)	(569,812)
Building and Engineering											
Building and Engineering	Trade receivables – days past due										
	Not past due	<30	31–60	61–90	91–120	121–150	151–180	181–270	271–360	>360	Total
Expected credit loss rate (%)	0.02 – 1.7	0.03 – 2.23	0.08 – 12.51	0.2 – 19.85	0.28 – 33.7	0.4 – 46.53	0.55 – 68.95	7.02 – 100.00	28.66 – 100.00	100	
Estimated total gross carrying amount at default (Rs'000)	777,022	430,084	117,244	31,319	127,912	64,134	3,981	28,579	21,334	78,535	1,680,144
Lifetime ECL (Rs'000)	(7,685)	(6,878)	(5,666)	(1,031)	(20,580)	(17,737)	(611)	(9,843)	(18,432)	(78,535)	(166,998)
Commercial											
Commercial	Trade receivables – days past due										
	Not past due	<30	31–60	61–90	91–120	121–150	151–180	181–270	271–360	>360	Total
Expected credit loss rate (%)	0.01 – 5.02	0.01 – 4.82	0.05 – 10.16	0.14 – 15.42	1.86 – 59.08	3.58 – 57.93	20.87 – 100.00	100	100	100	
Estimated total gross carrying amount at default (Rs'000)	346,410	200,479	31,500	48,600	39,004	6,665	186,616	-	-	24,049	883,323
Lifetime ECL (Rs'000)	(4,706)	(1,852)	(1,834)	(2,621)	(2,380)	(1,117)	(128,245)	-	-	(24,049)	(166,804)
Logistics											
Logistics	Trade receivables – days past due										
	Not past due	<30	31–60	61–90	91–120	121–150	151–180	181–270	271–360	>360	Total
Expected credit loss rate (%)	0.01 – 18.26	0.01 – 18.26	0.03 – 53.44	0.05 – 62.91	0.1 – 73.32	0.22 – 85.38	100	100	100	-	
Estimated total gross carrying amount at default (Rs'000)	61,283	133,592	57,217	22,771	28,229	26,830	-	-	-	-	329,922
Lifetime ECL (Rs'000)	(682)	(537)	(721)	(480)	(15,249)	(9,232)	-	-	-	-	(26,901)
Manufacturing & Processing											
Manufacturing & Processing	Trade receivables – days past due										
	Not past due	<30	31–60	61–90	91–120	121–150	151–180	181–270	271–360	>360	Total
Expected credit loss rate (%)	0.01 – 0.07	0.01 – 0.09	0.06 – 0.23	0.07 – 0.72	0.14 – 3.41	0.16 – 10.06	0.23	100	100	-	
Estimated total gross carrying amount at default (Rs'000)	5	555,963	204,354	77,586	127,771	48,951	-	-	-	-	1,014,630
Lifetime ECL (Rs'000)	-	(2,131)	(1,840)	(40)	(68,242)	(20,580)	-	-	-	-	(92,833)

## Notes to the Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements for the year ended 30 June 2019

### 18. TRADE AND OTHER RECEIVABLES (CONTINUED)

THE GROUP											
Trade receivables – days past due											
Financial services	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	Total
Expected credit loss rate (%)	1.23 – 6.13	1.24 – 6.71	2.78 – 17.39	3.7 – 23.06	4.69 – 26.87	5.77 – 30.81	6.48 – 36.78	7.37 – 39.14	9.57 – 43.15	100	
Estimated total gross carrying amount at default (Rs'000)	122,474	298,652	42,941	29,915	35,826	169,574	2,969	8,145	10,118	26,206	746,820
Lifetime ECL (Rs'000)	(1,894)	(360)	(1,326)	(1,413)	(302)	(60,287)	(258)	(993)	(1,987)	(26,206)	(95,026)
Trade receivables – days past due											
Property	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	Total
Expected credit loss rate (%)	0.0 – 1.81	0.04 – 3.4	0.07 – 4.42	0.13 – 6.94	100	100	-	-	-	-	
Estimated total gross carrying amount at default (Rs'000)	-	78,557	27,341	16,760	9,371	-	-	-	-	-	132,029
Lifetime ECL (Rs'000)	(15)	(30)	(85)	(376)	(9,371)	-	-	-	-	-	(9,877)
Trade receivables – days past due											
Corporate & Other Services	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	Total
Expected credit loss rate (%)	1	2	2	2	3	4	100	100	100	100	
Estimated total gross carrying amount at default (Rs'000)	9,015	187,505	1,415	358	298	26,299	3,970	-	-	-	228,860
Lifetime ECL (Rs'000)	(78)	(71)	(12)	(7)	(8)	(60)	(3,970)	-	-	-	(4,206)
Trade receivables – days past due											
Life	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	Total
Expected credit loss rate (%)	-	-	-	-	-	-	-	-	-	-	
Estimated total gross carrying amount at default (Rs'000)	-	23,426	11,255	6,906	10,597	-	-	-	-	-	52,184
Lifetime ECL (Rs'000)	-	-	-	-	-	-	-	-	-	-	-
Trade receivables – days past due											
Hospitality	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	Total
Expected credit loss rate (%)	6	12	21	29	56	100	100	100	100	100	
Estimated total gross carrying amount at default (Rs'000)	37,651	3,757	5,079	7,930	469,083	285	275	48,310	-	-	572,370
Lifetime ECL (Rs'000)	(150)	(114)	(172)	(137)	(228)	(285)	(275)	(48,310)	-	-	(49,671)
Trade receivables – days past due											
Consolidation adjustment	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	Total
Expected credit loss rate (%)	-	-	-	-	-	-	-	-	-	-	
Estimated total gross carrying amount at default (Rs'000)	(232,373)	(600,075)	(74,434)	(19,095)	(19,798)	(78,189)	(2,133)	(3,459)	(2,532)	(14,162)	(1,046,250)
Lifetime ECL (Rs'000)	1,297	2,384	663	510	3,485	14,418	1,434	2,615	1,536	14,162	42,504

## Notes to the Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements for the year ended 30 June 2019

### 18. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table details the credit risk exposure of trade receivables based on the Company's provision matrix at 30 June 2019.

#### THE COMPANY

The Company	Trade receivables – days past due										
	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	Total
Expected credit loss rate (%)	0.02 – 1.7	0.03 – 2.23	0.08 – 12.51	0.2 – 19.85	0.28 – 33.7	0.4 – 46.53	0.55 – 68.95	7.02 – 100.00	28.66 – 100.00	100	
Estimated total gross carrying amount at default (Rs'000)	265,689	373,542	29,304	41,831	13,709	30,399	40,312	3,970	-	24,049	822,805
Lifetime ECL (Rs'000)	(4,324)	(1,583)	(1,722)	(2,506)	(2,107)	(2,919)	(15,817)	(3,970)	-	(24,049)	(58,997)

Building and Engineering	Trade receivables – days past due										
	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	Total
Expected credit loss rate (%)	0.02 – 1.7	0.03 – 2.23	0.08 – 12.51	0.2 – 19.85	0.28 – 33.7	0.4 – 46.53	0.55 – 68.95	7.02 – 96.23	28.66 – 59.89	100	
Estimated total gross carrying amount at default (Rs'000)	-	52,000	-	-	-	73	-	-	-	-	52,073
Lifetime ECL (Rs'000)	-	-	-	-	-	(73)	-	-	-	-	(73)

Commercial	Trade receivables – days past due										
	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	Total
Expected credit loss rate (%)	0.01 – 5.02	0.01 – 4.82	0.05 – 10.16	0.14 – 15.42	1.86 – 59.08	3.58 – 57.93	20.87 – 75.12	100	100	100	
Estimated total gross carrying amount at default (Rs'000)	256,748	135,233	18,918	36,158	12,989	1,645	40,312	-	-	24,049	526,052
Lifetime ECL (Rs'000)	(4,237)	(1,506)	(1,670)	(2,480)	(2,085)	(306)	(15,817)	-	-	(24,049)	(52,150)

Logistics	Trade receivables – days past due										
	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	Total
Expected credit loss rate (%)	0.01 – 18.26	0.01 – 18.26	0.03 – 53.44	0.05 – 62.91	0.1 – 73.32	0.22 – 85.38	100	100	100	-	
Estimated total gross carrying amount at default (Rs'000)	644	5,059	9,712	5,319	423	2,453	-	-	-	-	23,610
Lifetime ECL (Rs'000)	(9)	(6)	(41)	(18)	(14)	(2,532)	-	-	-	-	(2,620)

Manufacturing & Processing	Trade receivables – days past due										
	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	Total
Expected credit loss rate (%)	0.01 – 0.07	0.01 – 0.09	0.06 – 0.23	0.07 – 0.72	0.14 – 3.41	0.16 – 10.06	0.23	100	100	100	
Estimated total gross carrying amount at default (Rs'000)	-	-	-	-	-	-	-	-	-	-	-
Lifetime ECL (Rs'000)	-	-	-	-	-	-	-	-	-	-	-



## Notes to the Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements for the year ended 30 June 2019

### 18. TRADE AND OTHER RECEIVABLES (CONTINUED)

#### THE COMPANY

Financial services	Trade receivables – days past due										Total
	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	
Expected credit loss rate (%)	1.23 – 6.13	1.24 – 6.71	2.78 – 17.39	3.7 – 23.06	4.69 – 26.87	5.77 – 30.81	6.48 – 36.78	7.37 – 39.14	9.57 – 43.15	100	
Estimated total gross carrying amount at default (Rs'000)	-	-	-	-	-	-	-	-	-	-	-
Lifetime ECL (Rs'000)	-	-	-	-	-	-	-	-	-	-	-

Property	Trade receivables – days past due										Total
	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	
Expected credit loss rate (%)	0.0 – 1.81	0.04 – 3.4	0.07 – 4.42	0.13 – 6.94	100						
Estimated total gross carrying amount at default (Rs'000)	-	-	-	-	-	-	-	-	-	-	-
Lifetime ECL (Rs'000)	-	-	-	-	-	-	-	-	-	-	-

Corporate & Other Services	Trade receivables – days past due										Total
	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	
Expected credit loss rate (%)	1.49	1.83	1.75	1.85	2.55	3.52	100	100	100	100	
Estimated total gross carrying amount at default (Rs'000)	9,015	181,378	674	353	298	26,228	-	3,970	-	-	221,916
Lifetime ECL (Rs'000)	(78)	(71)	(12)	(7)	(8)	(8)	-	(3,970)	-	-	(4,154)

IBL Life	Trade receivables – days past due										Total
	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	
Expected credit loss rate (%)	0.0 – 1.81	0.04 – 3.4	0.07 – 4.42	0.13 – 6.94	100						
Estimated total gross carrying amount at default (Rs'000)	-	-	-	-	-	-	-	-	-	-	-
Lifetime ECL (Rs'000)	-	-	-	-	-	-	-	-	-	-	-

Hospitality	Trade receivables – days past due										Total
	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	
Expected credit loss rate (%)	0.0 – 1.81	0.04 – 3.4	0.07 – 4.42	0.13 – 6.94	100						
Estimated total gross carrying amount at default (Rs'000)	-	-	-	-	-	-	-	-	-	-	-
Lifetime ECL (Rs'000)	-	-	-	-	-	-	-	-	-	-	-

Consolidation adjustment	Trade receivables – days past due										Total
	Not past due	<30	31-60	61-90	91-120	121-150	151-180	181-270	271-360	>360	
Expected credit loss rate (%)	-	-	-	-	-	-	-	-	-	-	-
Estimated total gross carrying amount at default (Rs'000)	(718)	(128)	-	-	-	-	-	-	-	-	(846)
Lifetime ECL (Rs'000)	-	-	-	-	-	-	-	-	-	-	-

## Notes to the Financial Statements for the year ended 30 June 2019

### 18. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

THE GROUP	Collectively assessed	Individually assessed	Total
	Rs'000	Rs'000	Rs'000
1 July 2017	64,126	317,547	381,673
Acquisition of subsidiaries (Note 38(a))	-	28,595	28,595
Increase in loss allowance recognised in profit or loss during the year	5,815	48,027	53,842
Amounts written off	(2,444)	(20,172)	(22,616)
Foreign exchange gains and losses	-	842	842
30 June 2018	67,497	374,839	442,336
1 July 2018			
- As previously stated under IAS 39	67,497	374,839	442,336
- Effect of adopting new accounting standards (IFRS 9)	93,973	52,488	146,461
- As restated	161,470	427,327	588,797
Increase/(decrease) in loss allowance recognised in profit or loss during the year	(12,119)	45,745	33,626
Transfer to other receivables	-	(3,293)	(3,293)
Disposal of subsidiaries	-	(4,834)	(4,834)
Amounts written off	(4,131)	(40,793)	(44,924)
Foreign exchange gains and losses	86	354	440
30 June 2019	145,306	424,506	569,812

THE COMPANY	Collectively assessed	Individually assessed	Total
	Rs'000	Rs'000	Rs'000
1 July 2017	-	40,287	40,287
Increase in loss allowance recognised in profit or loss during the year	-	3,227	3,227
Amounts written off	-	340	340
30 June 2018	-	43,854	43,854
1 July 2018			
- As previously stated under IAS 39	-	43,854	43,854
- Effect of adopting new accounting standards (IFRS 9)	9,161	18,320	27,481
- As restated	9,161	62,174	71,335
Increase/(decrease) in loss allowance recognised in profit or loss during the year	1,595	(11,750)	(10,155)
Transfer to other receivables	-	(2,183)	(2,183)
30 June 2019	10,756	48,241	58,997

## Notes to the Financial Statements for the year ended 30 June 2019

### 18. TRADE AND OTHER RECEIVABLES (CONTINUED)

#### (b) Other receivables

The Group and the Company have determined lifetime expected credit loss on other receivables based on expected recovery of the related debts.

Set out below is the movement in the loss allowance following the implementation of new accounting standards (IFRS 9):

	THE GROUP AND THE COMPANY	
	Other receivables	Related parties
	Rs'000	Rs'000
1 July 2018	-	-
Increase/(decrease) in loss allowance recognised in profit or loss during the year	5,284	-
30 June 2019	5,284	-

### 19. DIVIDEND

On 12 November 2018, the Board of Directors declared an interim dividend of **Rs 0.21** per share (2018: Rs 0.20 per share) and on 3 June 2019 a final dividend of **Rs 0.56** per share (2018: Rs 0.53 per share) was declared. The total dividend paid amounted to **Rs 523,772,511** (2018: Rs 496,563,549) and was paid on 21 December 2018 and 28 June 2019 respectively. During the year, subsidiaries declared a dividend amount of **Rs 581,314,000** (2018: Rs 417,081,000) to their non-controlling interests, out of which **Rs 74,088,000** (2018: Rs 84,531,000) was payable at year end.

### 20. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

#### Assets held for sale for the year ended 30 June 2019

##### Circle Square Holding Co Ltd (CSHL)

On 30 March 2018, the Board of Directors of the Group approved a share purchase agreement with a potential buyer for the disposal of its 100% stake in 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 sale and the 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 of the Group for the years ended 30 June 2019 and 30 June 2018.

The Group is still committed to sell its stake in CSHL as at 30 June 2019 as the delay is being caused by circumstances beyond the Group's control.

#### Eagle insurance Limited (EIL)

On 18 September 2017, the Board of Directors of the Group approved the disposal of the freehold building situated at 1<sup>st</sup> 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 will be higher than the carrying amount as at reporting period. The freehold buildings has been classified as held for sale for the years ended 30 June 2019 and 30 June 2018.

The Group is still committed to sell the identified assets in EIL as at 30 June 2019 as the delay is being caused by circumstances beyond the Group's control.

#### Assets held for sale for the year ended 30 June 2018

##### Mauritian Eagle Leasing Company Limited (MELCO)

A Share Purchase Agreement (SPA) was signed by the Company and a potential buyer on 8 June 2018 for the disposal of MELCO. The transaction was completed on 31 August 2018. The Group had consolidated MELCO as held for sale and the Company had classified its investment in MELCO as held for sale for the year ended 30 June 2018. The Group disposed of its shareholding in August 2018 (Note 38).

## Notes to the Financial Statements for the year ended 30 June 2019

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

Assets held for sale for the year ended 30 June 2018  
(continued)

#### Manser Saxon Contracting Ltd

On 14 June 2018, the Board approved the disposal of a freehold building situated at Grand Gaube, consisting of a

2-storey house. The sale was concluded on 20 July 2018 for an amount of Rs 9.5 million.

#### Concrete Agency Ltd

In prior reporting year ended 30 June 2018, one of the subsidiaries, IBL Link had disposed of its investment in subsidiary, Concrete Agency Ltd on 31 March 2018 for a consideration of Rs 5.6 million. The results for the period were disclosed under discontinued operations (Note 38).

The assets and liabilities classified as held for sale related to the Group and the Company are as follows:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
<b>Assets</b>				
Investment in subsidiary (Note 11)	-	-	-	174,926
Property, plant and equipment (Note 4)	125,963	433,264	-	-
Investment property (Note 5)	563,909	572,309	-	-
Intangible assets (Note 6)	2,588	2,651	-	-
Finance lease receivables (Note 10)	-	575,878	-	-
Trade and other receivables	3,938	13,317	-	-
Cash and cash equivalents	2,986	248,459	-	-
	<b>699,384</b>	<b>1,845,878</b>	<b>-</b>	<b>174,926</b>
<b>Liabilities</b>				
Borrowings (Note 22)	288,854	1,200,923	-	-
Employee benefit liabilities (Note 24)	-	862	-	-
Deferred tax liabilities (Note 7)	13,213	12,853	-	-
Trade and other payables	123,781	79,201	-	-
	<b>425,848</b>	<b>1,293,839</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements for the year ended 30 June 2019

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

The results for the year ended 30 June 2019 for the assets disposed are disclosed below. The comparative figures have been reclassified in accordance with IFRS 5.

THE GROUP	2019 Rs'000	2018 Rs'000
Revenue (Note 29)	128,788	358,480
Cost of sales	(55,995)	(266,096)
<b>Gross profit</b>	<b>72,793</b>	<b>92,384</b>
Other income (Note 30)	6,085	491
Administrative expenses	(65,264)	(169,997)
<b>Operating profit/(loss)</b>	<b>13,614</b>	<b>(77,122)</b>
Finance income (Note 31)	4	5,951
Finance costs (Note 32)	(20,476)	(11,621)
Share of results of associates (Note 12)	-	36,224
Share of results of joint ventures (Note 13)	49,875	39,131
<b>Loss before tax</b>	<b>43,017</b>	<b>(7,437)</b>
Tax expense (Note 26(b))	(1,086)	(13,000)
<b>Loss for the year from discontinued operations</b>	<b>41,931</b>	<b>(20,437)</b>



## Notes to the Financial Statements for the year ended 30 June 2019

### 21. STATED CAPITAL

THE GROUP AND THE COMPANY	2019	2018
	Rs'000	Rs'000
<b>Issued and fully paid</b>		
At 30 June 2019: <b>680,224,040</b> ordinary shares of no par value (2018: 680,224,040 ordinary shares of no par value)	<b>1,361,941</b>	1,361,941

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

At a Special Meeting dated 17 May 2016, the Shareholders 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.

#### (a) Restricted Redeemable Shares

At a Special Meeting on 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 was 3 for every 1 ordinary share of the Company following the share split.

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

Each RRS confers 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 dividends or distribution of any surplus of the Company in case of winding up. The RRS are redeemable at the option of the Company and at no proceeds.

## Notes to the Financial Statements for the year ended 30 June 2019

### 22. BORROWINGS

(a) The borrowings are repayable as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
<b>Within one year</b>				
Secured bank overdrafts	<b>1,356,001</b>	1,252,664	<b>88,445</b>	-
Unsecured bank overdrafts	<b>3,937,252</b>	1,953,658	<b>3,897,516</b>	1,842,175
Secured bank loans	<b>2,043,240</b>	2,464,395	<b>109,133</b>	604,522
Unsecured borrowings	<b>237,457</b>	157,039	-	667,124
Unsecured debentures	-	560,000	-	-
Bonds secured by floating charges	<b>1,050,906</b>	253,428	<b>1,045,180</b>	247,293
Obligations under finance leases (Note 22(d))	<b>77,323</b>	82,867	<b>3,526</b>	6,584
<b>Borrowings - Current</b>	<b>8,702,179</b>	6,724,051	<b>5,143,800</b>	3,367,698
<b>After one year and before two years</b>				
Secured bank loans	<b>1,141,194</b>	1,132,550	<b>50,337</b>	107,782
Unsecured borrowings	<b>27,212</b>	30,981	-	-
Bonds secured by floating charges	<b>284,000</b>	1,284,000	<b>284,000</b>	1,284,000
Obligations under finance leases (Note 22(d))	<b>97,284</b>	62,051	<b>3,401</b>	3,405
	<b>1,549,690</b>	2,509,582	<b>337,738</b>	1,395,187
<b>After two years and before five years</b>				
Secured bank loans	<b>3,300,840</b>	2,854,212	<b>1,000,000</b>	1,050,308
Unsecured borrowings	<b>10,417</b>	32,168	-	-
Bonds secured by floating charges	<b>1,000,000</b>	1,000,000	<b>1,000,000</b>	1,000,000
Obligations under finance leases (Note 22(d))	<b>93,378</b>	73,001	<b>4,082</b>	5,207
	<b>4,404,635</b>	3,959,381	<b>2,004,082</b>	2,055,515
<b>After five years</b>				
Secured bank loans	<b>2,279,561</b>	2,257,318	-	-
Bonds secured by floating charges	<b>2,760,000</b>	2,550,000	<b>1,000,000</b>	1,000,000
Obligations under finance leases (Note 22(d))	<b>16,026</b>	9,022	-	-
	<b>5,055,587</b>	4,816,340	<b>1,000,000</b>	1,000,000
<b>Borrowings - Non-current</b>	<b>11,009,912</b>	11,285,303	<b>3,341,820</b>	4,450,702
<b>Total borrowings</b>	<b>19,712,091</b>	18,009,354	<b>8,485,620</b>	7,818,400

## Notes to the Financial Statements for the year ended 30 June 2019

### 22. BORROWINGS (CONTINUED)

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

The Company had issued bonds for an amount of Rs 834 million. These bonds are guaranteed by floating charges on the Company's assets and are repayable at maturity ranging over 3, 5 and 7 years. Interest is payable semi-annually and includes both fixed and variable rates. The Company has repaid Rs 350 million and Rs 200 million during the year ended 30 June 2017 and 30 June 2019 respectively; which are based on the maturity period of 3 and 5 years respectively. The remaining Rs 284 million will mature in year ending 2021.

The Company has set up a multicurrency medium term secured and unsecured note programme of up to an aggregate nominal 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 issued notes for an aggregate nominal amount of Rs 3 billion (in Mauritian Rupees) which are secured by floating charges

on the assets of the Company. Interest is payable semi-annually and at both fixed and floating rates. The 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 2019 amounts to **Rs 2.045 billion** (2018: Rs 2.056 billion). The notes issued under Series 1 to 5 are accounted at amortised costs.

One of the Company's subsidiaries has borrowed an amount of Rs 1,760 million against the issue of its notes. Secured notes from the bank is against floating charges on its assets (except for Cosy Club Management Services Ltd), capital is payable after 12 years from the subscription date and bears interest of repo rate + 1.25% p.a.

The unsecured debentures bearing interest at repo rate +1.20% have been repaid in the year ended 30 June 2019. These debentures were quoted on the Stock Exchange of Mauritius and the fair value as at 30 June 2018 amounted to Rs 560 million.

The unsecured borrowings bear interest ranging from 2.5% to 11.25% p.a as disclosed below.

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

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
Secured borrowings	<b>0.15% - 9.25%</b> PLR + (0% - 5.75%) LIBOR + (1.25% - 5.00%) EURIBOR + (3.00% - 4.50%) EURIBOR - 3.75% Repo + 1.75% SBM PLR - 0.85%	2.0% - 9.0% PLR + (0% - 2.00%) LIBOR + (2.00% - 5.00%) EURIBOR + (3.00% - 4.50%) EURIBOR - 3.75% Repo + 1.75% -	<b>3.54% - 6.48%</b>	3.54% - 6.48%
Bonds and Notes	<b>3.45% - 6.48%</b> Repo + (0.75% - 1.65%)	3.45% - 6.48% Repo + (0.75% - 1.65%)	<b>3.45% - 6.48%</b> Repo + (0.75% - 1.65%)	3.45% - 6.48% Repo + (0.75% - 1.65%)
Unsecured borrowings	<b>1% - 11.25%</b> LIBOR + (1.00% - 3.00%) PLR + 0.25% PLR - 0.25% EURIBOR + (1% - 3%)	2.50% - 11.25% LIBOR + (1.00% - 3.00%) PLR + 0.25% PLR - 0.25% EURIBOR + (1% - 3%)	- <b>1.50% - 6.50%</b> LIBOR + (1% - 3%) EURIBOR + (1% - 3%) -	- 1.50% - 6.50% LIBOR + (1% - 3%) EURIBOR + (1% - 3%) -
Debentures	-	Repo + 1.20%	-	-
Obligations under finance leases	<b>2.75% - 9.75%</b>	2.75% - 9.75%	<b>7.50% - 9.00%</b>	7.50% - 9.00%

## Notes to the Financial Statements for the year ended 30 June 2019

### 22. BORROWINGS (CONTINUED)

#### (d) Obligations under finance leases

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Finance lease liabilities - minimum lease payments				
- Not later than 1 year	<b>93,374</b>	66,917	<b>4,313</b>	3,956
- Later than 1 year and not later than 5 years	<b>207,719</b>	102,724	<b>8,287</b>	11,757
- After five years	<b>18,969</b>	79,418	-	-
	<b>320,062</b>	249,059	<b>12,600</b>	15,713
Less: Future finance charges	<b>(36,051)</b>	(22,118)	<b>(1,591)</b>	(517)
Present value of minimum lease payment	<b>284,011</b>	226,941	<b>11,009</b>	15,196
Representing lease liabilities				
- Not later than 1 year	<b>77,323</b>	82,867	<b>3,526</b>	6,584
- Later than 1 year and not later than 2 years	<b>97,284</b>	62,051	<b>3,401</b>	3,405
- Later than 2 years and not later than 5 years	<b>93,378</b>	73,001	<b>4,082</b>	5,207
- After five years	<b>16,026</b>	9,022	-	-
	<b>284,011</b>	226,941	<b>11,009</b>	15,196

#### 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 to their carrying amount.

## Notes to the Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements for the year ended 30 June 2019

### 22. BORROWINGS (CONTINUED)

#### (e) 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.

THE GROUP	At 1 July	Financing	Acquisition of	Non-cash changes						At 30 June
	Rs'000	cash flows	subsidiaries	Disposal of	Cash flow	New finance	Exchange	Transfer to	Others	Rs'000
	Rs'000	Rs'000	Rs'000	subsidiaries	hedge	leases	differences	Held for sale	Rs'000	Rs'000
			(Note 38 (a))	(Notes (ii) and 38(b))				(Note 20)		
<b>2019</b>										
Bank loans	8,708,475	9,298	-	(6,784)	(121)	-	30,861	-	23,106	8,764,835
Other borrowings	220,188	53,856	-	-	-	-	1,042	-	-	275,086
Bonds and debentures	5,647,428	(603,422)	-	-	-	-	-	-	50,900	5,094,906
Finance lease	226,941	(107,497)	-	-	-	164,688	(121)	-	-	284,011
	<b>14,803,032</b>	<b>(647,765)</b>	<b>-</b>	<b>(6,784)</b>	<b>(121)</b>	<b>164,688</b>	<b>31,782</b>	<b>-</b>	<b>74,006</b>	<b>14,418,838</b>
<b>2018</b>										
Bank loans	6,545,766	623,895	1,648,655	-	42,925	-	159,726	(327,055)	14,563	8,708,475
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	-	-	-	-	-	-	53,428	5,647,428
Finance lease	159,843	(82,808)	-	-	-	149,906	-	-	-	226,941
	<b>9,291,570</b>	<b>4,643,182</b>	<b>1,648,655</b>	<b>-</b>	<b>42,925</b>	<b>149,906</b>	<b>159,726</b>	<b>(1,200,923)</b>	<b>67,991</b>	<b>14,803,032</b>
THE COMPANY	At 1 July	Financing	Acquisition of	Non-cash changes						At 30 June
	Rs'000	cash flows	subsidiaries	Disposal of	Cash flow	New finance	Exchange	Transfer to	Others	Rs'000
	Rs'000	Rs'000	Rs'000	subsidiaries	hedge	leases	differences	Held for sale	Rs'000	Rs'000
<b>2019</b>										
Bank loans	1,762,612	(604,499)	-	-	-	-	-	-	1,357	1,159,470
Other borrowings	667,124	(667,124)	-	-	-	-	-	-	-	-
Bonds	3,531,293	(247,287)	-	-	-	-	-	-	45,174	3,329,180
Finance lease	15,196	(4,187)	-	-	-	-	-	-	-	11,009
	<b>5,976,225</b>	<b>(1,523,097)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,531</b>	<b>4,499,659</b>
<b>2018</b>										
Bank loans	1,489,296	271,960	-	-	-	-	-	-	1,356	1,762,612
Other borrowings	1,111,818	(444,694)	-	-	-	-	-	-	-	667,124
Bonds	484,000	3,000,000	-	-	-	-	-	-	47,293	3,531,293
Finance lease	19,848	(5,765)	-	-	-	1,113	-	-	-	15,196
	<b>3,104,962</b>	<b>2,821,501</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,113</b>	<b>-</b>	<b>-</b>	<b>48,649</b>	<b>5,976,225</b>

## Notes to the Financial Statements for the year ended 30 June 2019

### 22. BORROWINGS (CONTINUED)

(i) Cash flow hedge reserve is used to record the exchange differences arising on the EUR, GBP and USD loans taken by the Group. The hedging of those loans are done with the inflows of revenue by the Group in the same currency. The movement for the year is in respect of exchange difference on conversion of loan in USD, GBP and EUR at year end rate. Upon annual repayment of long term borrowings the portion of hedge realised is released to profit or loss. The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

(ii) In August 2018, the Group disposed of one of its subsidiaries, Mauritian Eagle Leasing Company Ltd (MELCO) which was classified as asset held for sale in the prior reporting year 30 June 2018. MELCO had borrowings amounting to Rs 823,487,000.

(iii) There were no new transfer to assets held for sale during the reporting year. Certain assets held for sale as at 30 June 2018 were continuing to be held for sale as at 30 June 2019. Refer to Note 20.

### 23. OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Long term incentive scheme	100,170	54,957	62,992	37,641

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 the end of the third year from the allocation date up to the fifth year.

### 24. EMPLOYEE BENEFIT LIABILITIES

#### 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.

## Notes to the Financial Statements for the year ended 30 June 2019

### 24. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

The unfunded portion of the obligation concern employees who are entitled to employee 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 2019 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.

#### Amounts recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Employee benefit assets - under defined benefit plan (Note (i))	(4,894)	(5,179)	-	-
Employee benefit under defined benefit plan (Note (i))	1,166,249	1,078,148	682,355	736,680
Employee benefit under The Employment Rights Act 2008 (Note (ii))	902,839	761,877	110,651	115,207
	<b>2,069,088</b>	1,840,025	<b>793,006</b>	851,887

#### (i) Defined benefit plan

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Employee benefit assets	(4,894)	(5,179)	-	-
Employee benefit liabilities	1,166,249	1,078,148	682,355	736,680
	<b>1,161,355</b>	1,072,969	<b>682,355</b>	736,680
Qualifying Insurance Policy	(900)	-	-	-
Present value of funded obligation	2,906,770	2,268,602	1,607,116	1,476,906
Present value of unfunded obligation	106,709	82,048	18,085	14,252
Fair value of plan assets	(1,851,224)	(1,277,681)	(942,846)	(754,478)
Liability recognised in the statements of financial position	<b>1,161,355</b>	1,072,969	<b>682,355</b>	736,680



## Notes to the Financial Statements for the year ended 30 June 2019

### 24. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(i) Defined benefit plan (continued)

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

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
At 1 July	1,072,969	1,086,613	736,680	639,297
Acquisition of subsidiaries (Note 38(a))	310	-	-	-
Amount recognised in profit or loss	108,452	128,176	63,860	76,308
Amount recognised in other comprehensive income	286,746	5,569	86,340	89,608
Transfer of liabilities from Annuity Fund	430,558	-	68,662	-
Transfer of assets from Annuity Fund	(429,169)	-	(66,765)	-
Transfer from Defined Contribution Reserve Account	(7,370)	-	-	-
Contributions and direct benefit paid	(301,141)	(147,389)	(206,422)	(68,533)
<b>At 30 June</b>	<b>1,161,355</b>	<b>1,072,969</b>	<b>682,355</b>	<b>736,680</b>

One of the plans, IBL Pension Fund ("IBLPF"), contained an Annuity Fund since its inception from which all pensioners were paid. All sponsoring employers accepted, at that time, the pooling of risk and inherent cross subsidies associated with this common Annuity Fund. The governing body of IBLPF, in agreement with the sponsoring employees, decided to allocate the assets

and liabilities of the Annuity Fund to each respective employer effective 1 July 2018. Until that date, the Group had accounted for the Annuity Fund as if it were a defined contribution plan. The allocation of assets and liabilities from the Annuity Fund have been recognised during the current year with the excess of liabilities over assets recognised in profit or loss for the year.

Amounts recognised in the statements of comprehensive income:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Current service cost	57,440	54,275	27,030	26,978
Net interest cost	51,012	73,901	36,830	49,330
Components of amount recognised in profit or loss	108,452	128,176	63,860	76,308
Remeasurement of the net defined benefit liability:				
Return on plan assets (excluding amounts included in net interest expense)	62,148	(64,710)	24,982	(49,843)
Actuarial loss/(gain) arising from changes in financial assumptions	87,811	62,941	(69,968)	20,832
Actuarial loss arising from experience adjustments	136,787	7,338	131,326	118,619
Components of amount recognised in other comprehensive income	286,746	5,569	86,340	89,608
Total	395,198	133,745	150,200	165,916
Actual return on plan assets	32,065	119,147	17,513	77,974

## Notes to the Financial Statements for the year ended 30 June 2019

### 24. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(i) Defined benefit plan (continued)

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

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
At 1 July	2,350,650	2,257,685	1,491,158	1,329,861
Acquisition of subsidiaries (Note 38(a))	310	-	-	-
Current service cost	53,169	49,043	22,328	23,244
Interest cost	142,572	128,338	79,325	77,461
Benefits paid	(188,380)	(154,789)	(97,630)	(78,859)
Actuarial loss arising from experience adjustments	136,787	7,338	131,326	118,619
Actuarial loss arising from changes in financial assumptions	87,813	62,941	(69,968)	20,832
Transfer of liabilities from Annuity Fund	430,558	-	68,662	-
Employee's contribution	-	94	-	-
<b>At 30 June</b>	<b>3,013,479</b>	<b>2,350,650</b>	<b>1,625,201</b>	<b>1,491,158</b>

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

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
At 1 July	1,277,681	1,171,072	754,478	690,564
Interest income	91,560	54,437	42,495	28,131
Current service cost	-	(1,300)	-	-
Transfer of assets from Annuity Fund	429,169	-	66,765	-
Return on plan assets excluding interest income	(62,148)	64,710	(24,982)	49,843
Employer contributions	301,141	147,483	206,422	68,533
Scheme expenses	(1,603)	1,142	(1,090)	(595)
Cost of insuring risk benefits	(2,666)	(5,074)	(3,612)	(3,139)
Transfer from DC Reserve Account	7,370	-	-	-
Benefits paid	(188,380)	(154,789)	(97,630)	(78,859)
<b>At 30 June</b>	<b>1,852,124</b>	<b>1,277,681</b>	<b>942,846</b>	<b>754,478</b>

## Notes to the Financial Statements for the year ended 30 June 2019

### 24. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(i) Defined benefit plan (continued)

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

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Cash and cash equivalents	144,466	102,214	73,542	61,490
Equity investments categorised by industry type:				
- Local	635,279	421,635	323,396	269,198
- Foreign	455,622	319,420	231,940	179,490
Fixed interest instruments	601,940	421,635	306,425	216,611
Properties	14,817	12,777	7,543	27,689
Total market value of assets	1,852,124	1,277,681	942,846	754,478

The principal actuarial assumptions used for accounting purposes are:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
Discount rate	4.7% - 6.8%	4.7% - 6.8%	6%	6%
Future long term salary increase	3.5% - 4.0%	3.5% - 4.0%	4%	4%
Future pension increase	1%	1%	1%	1%
Average Retirement Age (ARA)	60 - 65 years	60 - 65 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	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Increase in defined benefit obligation due to 1% decrease in discount rate	308,487	130,269	273,000	196,585
Decrease in defined benefit obligation due to 1% increase in discount rate	172,361	369,847	158,136	175,691
Increase in defined benefit obligation due to 1% decrease in salary	62,322	155,669	56,390	63,199
Decrease in defined benefit obligation due to 1% decrease in salary	94,829	23,767	63,077	56,671

## Notes to the Financial Statements for the year ended 30 June 2019

### 24. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(i) Defined benefit plan (continued)

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 98 million and Rs 127.5 million respectively to the defined benefit plan during the year ending 30 June 2020.

The average duration of the defined benefit obligation at 30 June 2019 was between 7 and 23 years.

(ii) Employee benefit under The Employment Rights Act 2008

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Present value of unfunded obligations	902,839	761,877	110,651	115,207

Movement in liability recognised in financial position:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
At 1 July	761,877	649,901	115,207	125,731
Acquisition of subsidiaries (Note 38(a))	-	26,704	-	-
Disposal of subsidiaries (Notes (i) and 38(b))	(488)	-	-	-
Transfer from subsidiaries	-	44	-	890
Transfer to subsidiaries	-	-	(1,592)	(1,188)
Amount recognised in profit or loss	120,139	101,640	27,720	16,231
Amount recognised in other comprehensive income	53,015	10,676	(22,680)	(25,395)
Exchange differences	(155)	304	-	-
Transfer of liabilities associated with assets classified as held for sale (Notes (ii) and 20)	-	(862)	-	-
Employee benefit paid	(31,549)	(26,530)	(8,004)	(1,062)
At 30 June	902,839	761,877	110,651	115,207

## Notes to the Financial Statements for the year ended 30 June 2019

### 24. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(ii) Employee benefit under The Employment Rights Act 2008 (continued)

Amount recognised in the statement of comprehensive income:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Current service cost	63,187	59,793	7,275	8,736
Past service cost	20,340	2,608	14,086	-
Net interest cost	36,612	39,239	6,359	7,495
Components of amount recognised in profit or loss	120,139	101,640	27,720	16,231
Remeasurement of the net defined benefit liability:				
Actuarial (gain)/loss arising from experience adjustments	(13,409)	38,155	(19,755)	(26,199)
Actuarial loss/(gain) arising from changes in financial assumptions	66,424	(27,479)	(2,925)	804
Components of amount recognised in other comprehensive income	53,015	10,676	(22,680)	(25,395)
<b>At 30 June</b>	<b>173,154</b>	<b>112,316</b>	<b>5,040</b>	<b>(9,164)</b>

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

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
At 1 July	761,877	649,901	115,207	125,731
Acquisition of subsidiaries (Note 38(a))	-	26,704	-	-
Transfer from subsidiaries	-	44	-	890
Transfer to subsidiaries	-	-	(1,592)	(1,188)
Current service cost	63,187	59,793	7,275	8,736
Interest cost	36,612	39,239	6,359	7,495
Past service cost	20,340	2,608	14,086	-
Actuarial (gain)/loss arising from experience adjustments	(13,409)	38,155	(19,755)	(26,199)
Actuarial loss/(gain) arising from changes in financial assumptions	66,424	(27,479)	(2,925)	804
Retirement paid	(31,549)	(26,530)	(8,004)	(1,062)
Disposal of subsidiary (Notes (i) and 38(b))	(488)	-	-	-
Transfer of liabilities associated with assets classified as held for sale (Note 20)	-	(862)	-	-
Exchange differences	(155)	304	-	-
<b>At 30 June</b>	<b>902,839</b>	<b>761,877</b>	<b>110,651</b>	<b>115,207</b>

(i) In August 2018, the Group disposed of one of its subsidiaries, Mauritian Eagle Leasing Company Ltd (MELCO) which was classified as asset held for sale in the prior reporting year 30 June 2018. MELCO had employee benefit liabilities of Rs 734,087.

(ii) There were no new transfer to assets held for sale during the reporting year. Certain assets held for sale as at 30 June 2018 were continuing to be held for sale as at 30 June 2019. Refer to Note 20.

## Notes to the Financial Statements for the year ended 30 June 2019

### 24. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(ii) Employee benefit under The Employment Rights Act 2008 (continued)

The principal actuarial assumptions used for accounting purposes are:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
Discount rate	4.5% - 7.0%	4.5% - 7.0%	6.0%	5.8%
Future long term salary increase	3.0% - 4.0%	3.0% - 4.0%	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.

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Increase in defined benefit obligation due to 1% decrease in discount rate	95,687	74,657	15,670	15,946
Decrease in defined benefit obligation due to 1% increase in discount rate	97,087	104,638	13,238	13,471
Increase in defined benefit obligation due to 1% increase in salary	116,956	113,856	15,222	15,176
Decrease in defined benefit obligation due to 1% decrease in salary	85,310	58,518	13,020	13,110

(iii) Defined contribution plans

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Contributions for the defined contribution plans	142,240	110,721	16,411	15,147

(iv) State pension plan

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
National Pension Scheme contribution expensed	254,713	275,140	9,244	8,074

## Notes to the Financial Statements for the year ended 30 June 2019

### 25. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Amounts payable to related companies	71,833	53,316	130,386	58,136
Trade payables	3,036,443	2,571,586	331,064	458,838
Other payables	2,935,042	2,967,047	427,569	201,407
Accruals	521,391	956,250	24,891	118,819
	<b>6,564,709</b>	<b>6,548,199</b>	<b>913,910</b>	<b>837,200</b>

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.

### 26. TAXATION

Income tax is calculated at the rate of **15%** (2018: 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	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
At 1 July	14,882	81,061	(3,266)	4,897
Acquisition of subsidiaries (Note 38(a))	1	10,578	-	-
Disposal of subsidiaries (Notes (i) and 38(b))	(619)	-	-	-
(Under)/over provision in income tax in previous years	(12,626)	(12,925)	(4,950)	(4,690)
Provision for the year	345,557	257,203	174	7,885
Tax paid	(284,196)	(382,001)	-	(7,454)
Tax refunded	43,969	3,822	6,961	-
Provision for contribution CSR	31,412	36,236	391	1,463
CSR paid during the year	(13,162)	(17,949)	(262)	(1,280)
Tax deducted at source	(48,895)	53,920	(3,742)	(4,087)
Exchange differences	427	829	-	-
Other movements	(3,082)	(15,892)	-	-
<b>At 30 June</b>	<b>73,668</b>	<b>14,882</b>	<b>(4,694)</b>	<b>(3,266)</b>
Tax assets	(72,404)	(67,683)	(4,694)	(3,266)
Tax liabilities	146,072	82,565	-	-
	<b>73,668</b>	<b>14,882</b>	<b>(4,694)</b>	<b>(3,266)</b>

## Notes to the Financial Statements for the year ended 30 June 2019

### 26. TAXATION (CONTINUED)

#### (b) Income tax – statements of profit or loss

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Provision for the year – continuing operations	345,557	257,203	174	7,885
TDS adjustment	-	95,212	-	-
Under provision in income tax in previous years	(12,158)	(12,925)	(4,954)	(4,690)
Deferred tax movement (Note 7)	64,024	(18,799)	24,553	(14,317)
Contribution CSR	31,411	36,236	391	1,463
Tax expense for the year	<b>428,834</b>	<b>356,927</b>	<b>20,164</b>	<b>(9,659)</b>
<b>Attributable to:</b>				
- Continuing operations	427,748	343,927	20,164	(9,659)
- Discontinued operations (Note 20)	1,086	13,000	-	-
	<b>428,834</b>	<b>356,927</b>	<b>20,164</b>	<b>(9,659)</b>

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

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Profit before tax from continuing operations	1,781,472	2,747,236	522,168	481,901
(Loss)/profit before tax from discontinued operations (Note 20)	(43,017)	7,437	-	-
	<b>1,738,455</b>	<b>2,754,673</b>	<b>522,168</b>	<b>481,901</b>
Tax calculated at a rate of <b>17%</b> (2018: 17%)	302,850	465,766	88,769	81,923
<b>Adjustments for:</b>				
Non-deductible expenses	161,768	88,405	100,107	66,537
Exempt income	(102,608)	(86,293)	(175,056)	(136,635)
Tax losses utilised	(20,403)	(83,183)	-	-
Tax rate differential	(36,877)	(92,534)	-	-
Over/(under) provision of deferred tax in previous years	20,117	(4,460)	7,224	(1,927)
Over/(under) provision in income tax in previous years	(12,159)	(12,925)	(4,954)	(4,690)
Share of results of associates and joint ventures	(82,601)	(4,096)	-	-
Depreciation of assets not qualifying for capital allowances	6,563	2,008	5,823	1,884
Deferred tax not recognised	69,150	85,499	-	-
CSR adjustments	7,551	10,149	367	412
Others	115,483	(11,409)	(2,116)	(17,163)
Tax expense	<b>428,834</b>	<b>356,927</b>	<b>20,164</b>	<b>(9,659)</b>

(i) In August 2018, the Group disposed of one of its subsidiaries, Mauritian Eagle Leasing Company Ltd (MELCO) which was classified as asset held for sale in the prior reporting year 30 June 2018. MELCO had tax liability of Rs 201,835.



## Notes to the Financial Statements for the year ended 30 June 2019

### 27. GOVERNMENT GRANTS

THE GROUP	2019	2018
	Rs'000	Rs'000
At 1 July	60,757	69,476
Release against depreciation charge	(10,243)	(8,911)
Exchange differences	-	192
<b>At 30 June</b>	<b>50,514</b>	<b>60,757</b>
Non-current	40,477	50,688
Current	10,037	10,069
	<b>50,514</b>	<b>60,757</b>

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. There are no such unfulfilled conditions and other contingencies attached to the Government assistance which have been recognised. The grants are being released to profit or loss over the periods in which the depreciation charge on those assets is recognised.

### 28. PROFIT FOR THE YEAR

Profit for the year is arrived at after charging/(crediting):

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
<b>Continuing operations</b>				
Depreciation on property, plant and equipment (Note 4)	1,663,861	1,672,240	93,547	74,064
Amortisation of intangible assets (Note 6)	82,094	67,750	13,956	11,852
Cost of inventories recognised as expense	22,803,828	17,594,861	3,246,883	3,308,874
Staff costs	5,001,728	4,466,425	727,365	611,153
Loss on exchange	10,900	199,186	2,537	126,929
Assets written off (Note 4)	403,958	19,927	3,577	282
Impairment loss on other financial assets	-	520	-	-
Net gain on disposal of associates	22,238	1,284	30,172	-
Cancellable operating lease	241,943	123,656	-	-
Impairment loss recognised on trade receivables	155,637	77,674	-	3,466
Reversal of impairment loss on receivables	-	(7,067)	-	-
<b>Discontinued operations</b>				
Depreciation on property, plant and equipment	20,079	108,109	-	-
Amortisation of intangible assets	85	61	-	-
Cost of inventories recognised as expense	1,445	8,953	-	-
Staff costs	3,372	26,005	-	-

## Notes to the Financial Statements for the year ended 30 June 2019

### 29. REVENUE

The Group and the Company derive their revenue from contracts with customers for the transfer of goods and services over time in the following major product and service lines under the new revenue recognition policy. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (Refer to Note 42).

	Timing of revenue recognition	THE GROUP	THE COMPANY
		2019	2019
		Rs'000	Rs'000
<b>(a) Revenue from contracts with customers (IFRS 15)</b>			
<b>Disaggregation of revenue</b>			
Construction and sale of properties	Over time	607,328	-
Construction contracts – construction, engineering and interior design	Over time	2,328,643	-
Freight forwarding and custom clearing services	At a point in time	511,609	-
Hotel operations, management and leisure	Over time	6,264,577	-
Maintenance, repairs and after sale services	Over time	175,640	-
Management services – local and global businesses	Over time	545,887	119,934
Manufacturing, storage and sale of seafood and associated products	At a point in time	1,055,542	-
Medical research	Over time	206,286	-
Processing and sale of beverages	At a point in time	7,344,666	-
Construction and repairs of ships	Over time	1,059,665	-
Sales of equipment – heavy machineries, generators and irrigation	At a point in time	655,425	-
Sales of goods – tools, spare parts and electrical goods	At a point in time	540,402	-
Sales of goods – consumer, retail, wholesale and other products	At a point in time	15,991,090	4,049,012
Shipping and aviation services	Over time	343,035	58,227
Transport services – cargo and passengers	Over time	489,158	-
Travel-related services – corporate and leisure	At a point in time	10,991	-
Others	At a point in time	6,295	-
		<b>38,136,239</b>	<b>4,227,173</b>
<b>Attributable to:</b>			
- Continuing operations		38,007,451	4,227,173
- Discontinued operations (Note 20)		128,788	-
		<b>38,136,239</b>	<b>4,227,173</b>

## Notes to the Financial Statements for the year ended 30 June 2019

### 29. REVENUE (CONTINUED)

	Timing of revenue recognition	THE GROUP	THE COMPANY
		2019 Rs'000	2019 Rs'000
<b>(b) Insurance contracts and premiums</b>	Over time	1,156,984	-
<b>Attributable to:</b>			
- Continuing operations		1,156,984	-
- Discontinued operations (Note 20)		-	-
		1,156,984	-
<b>(c) Rental income and related services</b>	Over time	69,895	-
<b>Attributable to:</b>			
- Continuing operations		69,895	-
- Discontinued operations (Note 20)		-	-
		69,895	-
<b>(d) Dividend income</b>	At a point in time	24,283	879,116
<b>Attributable to:</b>			
- Continuing operations		24,283	879,116
- Discontinued operations (Note 20)		-	-
		24,283	879,116
<b>Total Revenue</b>			
Revenue from contracts with customers (Note 29(a))		38,136,239	4,227,173
Insurance contracts and premiums (Note 29(b))		1,156,984	-
Rental income and related services (Note 29(c))		69,895	-
Dividend income (Note 29(d))		24,283	879,116
		39,387,401	5,106,289
<b>Attributable to:</b>			
- Continuing operations		39,258,613	5,106,289
- Discontinued operations (Note 20)		128,788	-
		39,387,401	5,106,289

## Notes to the Financial Statements for the year ended 30 June 2019

### 29. REVENUE (CONTINUED)

THE GROUP	2019	2018
	Rs'000	Rs'000
Construction and engineering works	4,799,420	1,847,310

Management expects that 34% of the transaction price allocated to the unsatisfied contracts as of the year ended 2019 will be recognised as revenue during the next reporting period and the remaining 35% will be recognised in the year ending 2021.

Revenue recognised under the previous revenue recognition policy as per IAS 18 Revenue has been represented for comparative purposes.

	THE GROUP	THE COMPANY
	2018 Rs'000	2018 Rs'000
<b>(a) Revenue from customers (IAS 18)</b>		
<b>Disaggregation of revenue</b>		
Construction and sale of properties	517,647	-
Construction contracts - construction, engineering and interior design	2,176,844	-
Freight forwarding and custom clearing services	563,667	-
Hotel operations, management and leisure	5,830,491	-
Maintenance, repairs and after sale services	31,891	-
Management services - local and global businesses	597,641	109,850
Manufacturing, storage and sale of seafood and associated products	1,072,035	-
Medical research	179,278	-
Processing and sale of beverages	6,918,508	-
Construction and repairs of ships	1,152,514	-
Sales of equipment - heavy machineries, generators and irrigation	626,840	-
Sales of goods - tools, spare parts and electrical goods	479,534	-
Sales of goods - consumer, retail, wholesale and other products	15,128,291	4,311,223
Shipping and aviation services	365,399	66,241
Transport services - cargo and passengers	211,212	-
Travel-related services - corporate and leisure	10,274	-
Others	6,286	-
	35,868,352	4,487,314
<b>Attributable to:</b>		
- Continuing operations	35,653,260	4,487,314
- Discontinued operations (Note 20)	215,092	-
	35,868,352	4,487,314

## Notes to the Financial Statements for the year ended 30 June 2019

### 29. REVENUE (CONTINUED)

	THE GROUP	THE COMPANY
	2018 Rs'000	2018 Rs'000
<b>(b) Insurance contracts and premiums</b>	1,142,160	-
<b>Attributable to:</b>		
- Continuing operations	1,142,160	-
- Discontinued operations (Note 20)	-	-
	<b>1,142,160</b>	<b>-</b>
<b>(c) Rental income and related services</b>	<b>177,167</b>	<b>-</b>
<b>Attributable to:</b>		
- Continuing operations	33,779	-
- Discontinued operations (Note 20)	143,388	-
	<b>177,167</b>	<b>-</b>
<b>(d) Dividend income</b>	<b>22,291</b>	<b>803,732</b>
<b>Attributable to:</b>		
- Continuing operations	22,291	803,732
- Discontinued operations (Note 20)	-	-
	<b>22,291</b>	<b>803,732</b>
<b>Total Revenue</b>		
Revenue from contracts with customers (Note 29(a))	35,868,352	4,487,314
Insurance contracts and premiums (Note 29(b))	1,142,160	-
Rental income and related services (Note 29(c))	177,167	-
Dividend income (Note 29(d))	22,291	803,732
	<b>37,209,970</b>	<b>5,291,046</b>
<b>Attributable to:</b>		
- Continuing operations	36,851,490	5,291,046
- Discontinued operations (Note 20)	358,480	-
	<b>37,209,970</b>	<b>5,291,046</b>

## Notes to the Financial Statements for the year ended 30 June 2019

### 29. REVENUE (CONTINUED)

#### Contract assets

Set out below is the information about receivables, contract assets and contract liabilities from contracts with customers.

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Trade receivables (Note 18)	6,813,114	7,023,433	1,094,535	1,808,102
Contract assets	703,743	-	-	-
Contract liabilities	313,159	-	-	-
	<b>7,830,016</b>	<b>7,023,433</b>	<b>1,094,535</b>	<b>1,808,102</b>

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction contracts. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Management has measured lifetime ECL on contract assets on the same basis as its trade receivables. None of the amounts due on contract assets at 30 June 2019 is past due.

Management has assessed ECL on contract asset and the amount is insignificant.

#### Contract liabilities

THE GROUP	2019 Rs'000	2018 Rs'000
Arising on upfront fees from management services recognised over time	68,188	-
Amounts related to construction contracts	231,216	-
Amounts related to research and development	13,755	-
	<b>313,159</b>	<b>-</b>

The contract liabilities primarily relate to advance consideration received from customers for which revenue is recognised over time. The Rs 53.76 million recognised in contract liabilities at 1 July 2018 has been recognised as revenue for the year ended 30 June 2019.

Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise if a particular milestone payment exceeds the revenue recognised to date under the input method or on advance payments from customers. Revenue recognised in the current year and relating to brought forward contract liabilities amount to Rs 103.81 million.

## Notes to the Financial Statements for the year ended 30 June 2019

### 30. OTHER INCOME

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Sundry income	288,274	185,434	100,199	104,158
Rental income	21,718	20,619	4,680	1,213
Transport income	24,137	21,902	7	-
Profit/(loss) on disposal of property, plant and equipment	5,929	4,469	347	(819)
Commissions income	64,452	36,466	20,496	3,410
Management fees	80,459	14,779	8,889	5,501
Gain on exchange	174,035	199,186	66,068	126,929
Directors fees	3,398	3,235	10,002	7,364
Secretarial fees	3,178	2,330	11,222	10,045
Profit on sale of investment	-	24,814	-	6,976
Interest on investment income	-	7,675	-	-
Bad debts recovered	10,057	5,771	475	-
	<b>675,637</b>	<b>526,680</b>	<b>222,385</b>	<b>264,777</b>
<b>Attributable to:</b>				
- Continuing operations	669,552	526,189	222,385	264,777
- Discontinued operations (Note 20)	6,085	491	-	-
	<b>675,637</b>	<b>526,680</b>	<b>222,385</b>	<b>264,777</b>

### 31. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Interest income	22,386	40,454	52,488	25,964
<b>Attributable to:</b>				
- Continuing operations	22,382	34,503	52,488	25,964
- Discontinued operations (Note 20)	4	5,951	-	-
	<b>22,386</b>	<b>40,454</b>	<b>52,488</b>	<b>25,964</b>

## Notes to the Financial Statements for the year ended 30 June 2019

### 32. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
<b>Interest expense on:</b>				
- Bank loans	551,538	404,377	79,751	73,485
- Bank overdrafts	153,160	118,050	92,999	67,601
- Other loans	219,929	245,184	152,255	128,333
- Finance leases	27,394	19,977	1,041	1,596
	<b>952,021</b>	<b>787,588</b>	<b>326,046</b>	<b>271,015</b>
<b>Attributable to:</b>				
- Continuing operations	931,545	775,967	326,046	271,015
- Discontinued operations (Note 20)	20,476	11,621	-	-
	<b>952,021</b>	<b>787,588</b>	<b>326,046</b>	<b>271,015</b>

### 33. OTHER GAINS AND LOSSES

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Cost of issue of bonds and other costs	-	(17,592)	-	(16,875)
Impairment of receivables	(13,430)	(58,955)	11,082	(641,935)
Fair value adjustments on investment properties (Note 5)	50,483	(3,543)	-	-
Impairment loss on investment in subsidiaries (Note 11)	-	-	-	(198,904)
Impairment loss on investment in associates (Note 12)	(20,544)	(176,411)	-	(5,033)
Impairment loss of investment in joint venture (Note 13)	(4,168)	(1,284)	-	-
Gain/(loss) on dilution of associate	-	(42,784)	-	-
Gain/(loss) on disposal of available for sale	-	(50,004)	-	-
Gain on disposal of associates	22,238	1,007,880	-	1,161,744
Impairment loss on goodwill	(146,960)	(143,692)	-	-
(Loss)/gain on winding up of a subsidiary	(1,458)	(5,253)	-	-
Impairment of loans to associate	-	(173,404)	-	(173,404)
Fixed assets released to profit and loss	-	-	-	35,605
Stock written off	-	(5,501)	-	-
Gain/(loss) on disposal of joint venture	140,791	(11,982)	-	(11,982)
Gain on bargain purchase	-	460,401	-	-
Profit/(loss) on disposal of subsidiary	(24,621)	(860)	-	-
Dividend in specie	-	-	155,626	-
Gain deemed on disposal of associate	4,523	-	-	-
Loss on debt instruments at fair value through profit and loss	(22,056)	-	-	-
	<b>(15,202)</b>	<b>777,016</b>	<b>166,708</b>	<b>149,216</b>



## Notes to the Financial Statements for the year ended 30 June 2019

### 34. COMMITMENTS

#### (a) Capital commitments

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Authorised by the Board of Directors and:				
(i) Contracted for	698,278	403,323	183,410	27,310
(ii) Not contracted for	3,843,974	1,582,662	46,248	36,320
	<b>4,542,252</b>	1,985,985	<b>229,658</b>	63,630

One of the associates had undrawn commitments for loans and receivables amounting to **Rs 1,094 million** at 30 June 2019 (2018: Rs 1,102 million).

#### (b) Operating lease arrangements

##### The Group and the Company as lessees

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.

##### Payments recognised as an expense

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Minimum lease payments	160,999	220,272	8,684	6,776

##### Minimum lease rental payable under non-cancellable leases

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Within one year	459,820	208,845	7,201	4,852
Between two to five years	1,713,639	749,216	12,826	5,218
More than five years	14,187,843	7,705,562	5,010	-
	<b>16,361,302</b>	8,663,623	<b>25,037</b>	10,070

## Notes to the Financial Statements for the year ended 30 June 2019

### 35. CONTINGENT LIABILITIES

One of the subsidiaries, Lux Island Resorts Ltd, is being sued for breach of termination of employment contract by a number of former employees and the amount claimed is **Rs 53.2 million** (2018: Rs 55.7 million). The directors have been advised that some claims appear unfounded and that the necessary severance allowance/damages claim in others appear grossly exaggerated. The company has also entered into counter proceedings for an amount of Rs 75 million against one of the plaintiffs.

Legal action has been initiated by former employees against the Group in respect of unpaid severance allowances. The estimated payout is **Rs 57.5 million** (2018: Rs 57.5 million), should the action be successful. Trials are ongoing and therefore it is not practicable to state the timing of payment, if any. The Group 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. Eagle Insurance 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 its impact.

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.

##### The details of guarantees given to subsidiaries are as follows:

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Bank guarantees	1,080,784	949,782	224,200	110,819
Other financial guarantees and letter of credit	856,054	497,175	91,968	-
Tax assessment and legal claims	110,755	139,526	-	-
	<b>2,047,593</b>	1,586,483	<b>316,168</b>	110,819

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

THE GROUP	2019 Rs'000	2018 Rs'000
Bank guarantees	909,636	803,882
Tax assessment and legal claims	76,000	318,307
Financial guarantees and letters of credit	885,447	996,234
	<b>1,871,083</b>	2,118,423

The associates 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 associates 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.

## Notes to the Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements for the year ended 30 June 2019

### 36. RELATED PARTY TRANSACTIONS

THE GROUP	Associates and joint ventures	
	2019 Rs'000	2018 Rs'000
Balances		
Cash at bank	76,278	16,307
Trade and other receivables	177,635	177,277
Trade and other payables	82,625	53,316
Bank overdrafts and borrowings	430,862	338,011

THE GROUP	Associates and joint ventures	
	2019 Rs'000	2018 Rs'000
Transactions		
Sale of goods and services	783,378	866,090
Purchase of goods and services	697,758	750,780
Purchase of property, plant and equipment	-	6
Sale of property, plant and equipment	338	197
Interest income	88	339
Interest expense	32,672	-

For the year ended 30 June 2019, the Group recognised provision for expected credit losses relating to amounts owed by related parties (Refer to Notes 17 and 18).

THE COMPANY	Subsidiaries		Associates and joint ventures	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Balances				
Cash at bank	-	-	10,217	14,246
Trade and other receivables	469,556	970,834	48,534	28,930
Trade and other payables	110,821	46,801	19,565	11,336
Borrowings	-	328,258	160,000	160,000

### 36. RELATED PARTY TRANSACTIONS (CONTINUED)

THE COMPANY	Subsidiaries		Associates and joint ventures	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Transactions				
Sale of goods and services	843,157	780,044	13,678	10,082
Purchase of goods and services	86,624	135,078	165,178	319,953
Dividend income	707,958	604,500	165,372	194,346
Interest income	78,445	-	746	665
Interest expense	25,150	-	644	4,340
Gain on disposal of investments	-	-	-	1,161,744
Administrative expenses	314,214	164,681	10,457	8,259
Management fees	74,775	5,444	12,619	40,777

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

The Company has acted as guarantor for loans amounting to Rs 337.6 million granted to various subsidiaries as at 30 June 2019. Borrowings outstanding at year end at the subsidiary level amount to Rs 224.2 million.

The Company has provided a letter of financial support to the following subsidiaries: DieselActiv Co Ltd, Medical Trading International Ltd, Compagnie des Magasins Populaires Limitée, IBL Financial Services Holdings Ltd, Australair Mauritius, IBL Life Ltd, IBL Gabon Investments Ltd, IBL India Investments Ltd, Marine Biotechnology International Ltd, IBL Biotechnology Investment Holdings Ltd and IBL Biotechnology International Ltd.

#### Compensation paid to key management personnel

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Short term benefits	631,537	611,740	173,872	177,845
Post employment benefits	48,310	41,773	14,482	9,360
	679,847	653,513	188,354	187,205

## Notes to the Financial Statements for the year ended 30 June 2019

### 37(a). 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 2018.

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).

	THE GROUP		THE COMPANY	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Total debt	19,712,091	17,941,363	8,485,620	7,769,751
Less: Cash and cash equivalents	(2,124,154)	(1,799,943)	(323,752)	(68,430)
Net debt	17,587,937	16,141,420	8,161,868	7,701,321
Total equity	27,774,042	28,414,902	19,973,239	22,504,371
Gearing (net debt / total equity)	63%	57%	41%	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
	2019 Rs'000	2019 Rs'000
Financial assets (IFRS 9)		
Financial assets at fair value through other comprehensive income	1,091,830	26,385,115
Financial assets at amortised cost	10,192,963	2,334,995
	11,284,793	28,720,110
Financial liabilities		
Amortised cost	29,605,840	9,491,712
	29,605,840	9,491,712

## Notes to the Financial Statements for the year ended 30 June 2019

### 37(a). FINANCIAL INSTRUMENTS (CONTINUED)

#### Categories of financial instruments (continued)

	THE GROUP	THE COMPANY
	2018 Rs'000	2018 Rs'000
Financial assets (IAS 39)		
Investments in subsidiaries, associates and joint ventures (Notes 11, 12 and 13)	-	28,317,852
Available for sale financial assets (Note 14)	855,576	161,465
Held to maturity investments (Note 14)	298,469	-
Loans and receivables	7,942,443	1,793,340
Cash and cash equivalents	2,048,402	68,430
	11,144,890	30,341,087
Financial liabilities		
Amortised cost	27,277,274	8,693,241
	27,277,274	8,693,241

#### 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.

## Notes to the Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements for the year ended 30 June 2019

### 37(a). FINANCIAL INSTRUMENTS (CONTINUED)

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 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
<b>2019</b>				
Other financial assets (Note 14)	400,788	157,713	215,054	773,555
Assets classified as held for sale	121,483	-	-	121,483
	<b>522,271</b>	<b>157,713</b>	<b>215,054</b>	<b>895,038</b>
<b>2018</b>				
Other financial assets (Note 14)	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

	THE COMPANY			
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
<b>2019</b>				
Investment in subsidiaries (Note 11)	7,946,889	155,626	12,489,026	20,591,541
Investment in associates (Note 12)	1,655,026	2,600,700	1,067,875	5,323,601
Investment in joint ventures (Note 13)	-	-	347,679	347,679
Other financial assets (Note 14)	35,922	-	86,372	122,294
	<b>9,637,837</b>	<b>2,756,326</b>	<b>13,990,952</b>	<b>26,385,115</b>
<b>2018</b>				
Investment in subsidiaries (Note 11)	9,010,499	-	13,066,784	22,077,283
Investment in associates (Note 12)	2,253,652	2,515,151	1,124,764	5,893,567
Investment in joint ventures (Note 13)	-	-	347,002	347,002
Other financial assets (Note 14)	35,577	-	125,888	161,465
	11,299,728	2,515,151	14,664,438	28,479,317

There has been no transfer between Level 1 and Level 3 as at 30 June 2019 and 2018.

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

### 37(a). FINANCIAL INSTRUMENTS (CONTINUED)

#### Reconciliation of Level 3 for the Group

	2019 Rs'000	2018 Rs'000
At 1 July	303,700	166,562
IFRS 9 adoption - adjustments	86,150	-
Additions	70,530	-
Disposals	(25,050)	(19,501)
Impairment loss (Note 14)	-	(520)
Fair value adjustment (Note 14)	24,263	10,225
Transfer to other non-current assets	(1,500)	-
Transfer from investment in subsidiaries	-	1,245
Assets held for sale	(145,682)	145,682
Accrued interest during the year	1,269	-
Exchange difference	(5)	7
Balance at 30 June	<b>313,675</b>	303,700

The impairment loss and fair value adjustment are unrealised. Since investment in associates and Joint ventures are equity accounted, the fair value adjustment only relates to other financial assets. Refer to Note 14.



## Notes to the Financial Statements for the year ended 30 June 2019

### 37(a). FINANCIAL INSTRUMENTS (CONTINUED)

Quantitative information of significant unobservable inputs - Level 3 (30 June 2019)

THE GROUP				
Unquoted equity investment	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity to the input to fair value
	PE Multiple	Multiple	9.7x-13.27x	An increase of 1x (decrease) would result in an increase (decrease) in fair value by Rs 22,805,000
	PE Multiple	Discount for lack of marketability	15-20%	An increase of 5% (decrease) would result in an decrease (increase) in fair value by Rs 6,335,000
Foreign equity-Bank	Price to book value	Discount due to lack of marketability	0-40%	A 5% increase/decrease in discount factor will lead to a decrease/increase of Rs 7.0M in fair value.
Foreign equity-Reinsurance	Dividend yield	Discount due to lack of marketability	10-20%	A 5% increase/decrease in discount factor will lead to a decrease/increase of Rs 0.07M (2018: nil) in fair value.
THE COMPANY				
Unquoted equity investment	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity to the input to fair value
	DCF method	Long-term growth rate for cash flows for subsequent years	3.00% - 3.00% (3.00%)	1% increase (decrease) would result in an increase (decrease) in fair value by Rs 721,647,000
	DCF method	WACC	11.10% - 39.69% (14.93%)	1% increase (decrease) would result in an decrease (increase) in fair value by Rs 837,680,000
	PE Multiple	Multiple	10.0x -12.6x	An increase of 1x (decrease) would result in an increase (decrease) in fair value by Rs 176,603,940
	PE Multiple	Discount for lack of marketability	0-20%	An increase of 5% (decrease) would result in an decrease (increase) in fair value by Rs 94,887,545
	EV/EBITDA Multiple	EBITDA	4.43x 8.28x	An increase of 1x (decrease) would result in an increase (decrease) in fair value by Rs 26,168,288

## Notes to the Financial Statements for the year ended 30 June 2019

### 37(a). 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	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
<b>Financial assets</b>				
Mauritian Rupee	8,180,625	8,494,710	28,046,817	30,219,580
US Dollars	936,658	929,590	258,451	36,580
Euro	1,348,809	854,551	368,193	8,771
Great Britain Pounds	144,322	137,170	4,472	3,634
Others	674,380	728,869	42,177	72,522
	<b>11,284,794</b>	<b>11,144,890</b>	<b>28,720,110</b>	<b>30,341,087</b>
<b>Financial liabilities</b>				
Mauritian Rupee	22,839,831	21,776,519	9,148,884	8,306,032
US Dollars	2,550,300	2,064,878	223,516	6,054
Euro	2,984,174	2,329,257	55,410	11,285
Great Britain Pounds	525,579	523,608	408	892
Others	705,955	583,012	63,493	368,978
	<b>29,605,839</b>	<b>27,277,274</b>	<b>9,491,711</b>	<b>8,693,241</b>

#### 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.

## Notes to the Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements for the year ended 30 June 2019

### 37(a). 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	
	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
<b>Impact – US Dollars</b>				
Profit or loss	(161,364)	(113,529)	3,494	3,053
Equity*	(62,217)	(77,560)	-	-
<b>Impact – Euro</b>				
Profit or loss	(163,537)	(147,471)	31,278	(251)
Equity*	(35,770)	(28,188)	-	-
<b>Impact – Great Britain Pounds</b>				
Profit or loss	(38,126)	(38,644)	406	274
Equity*	(25,299)	(1,104)	-	-

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. The equity impact of a change in rate of Euro vis-à-vis the Mauritian Rupee is attributable mainly to net investment in the subsidiary in Réunion Island and also to the hedge reserve arising on the hedge accounting on Euro loans. The equity impact of a change in rate of USD vis-à-vis the Mauritian Rupee is attributable mainly to net investment in the subsidiary Lux Island Resorts Maldives Ltd, and also to the hedge reserve arising on USD loans.

#### 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.

\*This relates to the OCI impacts as a result of forex movements which arise on one of the subsidiaries of the Group. As compared to the 2018 audited financial statement, the impact on equity has also been presented for the 2018 comparatives in this financial year.

#### 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. Financial assets are either interest free or bear a fixed rate of interest; therefore, they are not exposed to interest rate risk. For instance, the financial assets as shown in the categories of financial instruments, with the exception of loans and advances, are interest free. Financial assets encompassing loans and advances have a fixed rate of interest. 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 2019 would decrease/increase by **Rs 122,651,932** (2018: Rs 112,481,440) and the Company's profit for the year ended 30 June 2018 would decrease/increase by **Rs 39,930,806** (2018: Rs 29,605,559). This is mainly attributable to the Group's and the Company's exposure to interest rates on their variable rate borrowings.

### 37(a). FINANCIAL INSTRUMENTS (CONTINUED)

#### 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. Refer to Note 2A(b) for the credit risk attributes in relation to trade and other receivables, cash and bank balances and corporate bonds and deposits.

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. Refer to Note 18 for the credit risk exposure of trade receivables based on the Group's and the company's provision matrix in accordance with IFRS 9.

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.

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

THE GROUP	Less than				Total
	At call	one year	1 to 5 years	> 5 years	
<b>2019</b>					
Finance lease liabilities	-	93,374	207,719	18,969	320,062
Non-interest bearing instruments	-	9,150,069	100,170	-	9,250,239
Variable interest rate instruments	2,459,943	1,912,642	4,751,547	4,503,366	13,627,498
Fixed interest rate instruments	2,837,649	1,659,997	1,747,882	1,109,927	7,355,455
Financial guarantee contracts*	1,080,784	-	-	-	1,080,784
	<b>6,378,376</b>	<b>12,816,082</b>	<b>6,807,318</b>	<b>5,632,262</b>	<b>31,634,038</b>

\*Based on the maximum amount that can be called for under financial guarantee contracts under IFRS 9.

#### 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 2018 and 2019 as equity investments are classified as Financial assets at fair value through other comprehensive income (OCI).

- The other comprehensive income and fair value reserves included in equity would increase/decrease by **Rs 83,559,966** (2018: Rs 33,516,500) for the Group and **Rs 963,783,523** (2018: Rs 1,129,972,800) for the Company, as a result of the changes in fair value of Financial assets at fair value through other comprehensive income (OCI).

#### 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.

## Notes to the Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements for the year ended 30 June 2019

### 37(a). FINANCIAL INSTRUMENTS (CONTINUED)

#### Liquidity risk management (continued)

THE GROUP	At call	Less than one year	1 to 5 years	> 5 years	Total
<b>2018</b>					
Finance lease liabilities	-	66,917	102,724	79,418	249,059
Non-interest bearing instruments	-	8,102,919	54,957	-	8,157,876
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
Financial guarantee contracts*	949,782	-	-	-	949,782
	4,156,104	11,536,707	6,491,592	4,886,736	27,071,139

THE COMPANY	At call	Less than one year	1 to 5 years	> 5 years	Total
<b>2019</b>					
Finance lease liabilities	-	4,313	8,287	-	12,600
Non-interest bearing instruments	-	910,422	62,992	-	973,414
Variable interest rate instruments	1,550,961	112,431	2,054,098	607,166	4,324,656
Fixed interest rate instruments	2,435,000	1,041,887	607,166	607,166	4,691,219
Financial guarantee contracts*	224,200	-	-	-	224,200
	4,210,161	2,069,053	2,732,543	1,214,332	10,226,089

<b>2018</b>					
Finance lease liabilities	-	3,956	11,757	-	15,713
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
Financial guarantee contracts*	110,819	-	-	-	110,819
	1,952,994	2,360,095	3,491,488	1,000,000	8,804,577

\*Based on the maximum amount that can be called for under financial guarantee contracts under IFRS 9.

### 37(a). FINANCIAL INSTRUMENTS (CONTINUED)

#### Cash flow hedge

The Group currently has only cash flow hedges where one of the subsidiaries has hedged its borrowings denominated in US dollars and Euros. 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. The amount corresponding to the ineffective portion is not material to the Group.

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.

The effective portion of the gain or loss on the hedging instruments in cash flow hedge reserves recognised in the cash flow hedge as at 30 June 2019 is a negative reserve of Rs 198,020,000 (2018: Rs 151,099,000). The amount included in "other reserves" is Rs 87,730,000 (2018: Rs 61,235,000) while amount attributable to non-controlling interests is Rs 110,290,000 (2018: Rs 89,864,000).

The movement for the year amounting to Rs 46,921,000 in 2019 (2018: Rs 42,924,000) relates to exchange differences on translation of US Dollar and Euro at year end rate in addition to the portion of exchange difference reserve realised on repayment of borrowings. An amount of Rs 26,495,000 (2018: Rs 18,686,000) is attributable to the Company while an amount of Rs 20,426,000 (2018: Rs 24,238,000) is attributable to non-controlling interests.

### 37(b). MANAGEMENT OF INSURANCE RISKS

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be (Law of large numbers). In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

#### Casualty Insurance

##### Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damage suffered as a result of motor injury claims. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. As part of its permeating and systematic risk management, the Group continually identifies and analyses the risks. Underwriting guidelines and limits clearly regulate responsibility and accountability for the whole process of acquiring and concluding insurance contracts. Compliance with the above are regularly checked. Following developments in the local and global market, appropriate measures are taken, translated without delay in corresponding underwriting guidelines if required.

## Notes to the Financial Statements for the year ended 30 June 2019

### 37(b). MANAGEMENT OF INSURANCE RISKS (CONTINUED)

#### Casualty Insurance (Continued)

##### Frequency and severity of claims (Continued)

Underwriting limits are thus in place to enforce appropriate risk selection criteria. For example the Group has the right to impose deductibles and it has the right to reject the payment of a fraudulent claim, as well as inviting renewals on different terms. Insurance contracts also entitle the Group to sue third parties for payment of incurred costs (i.e. subrogation).

The reinsurance arrangements are mostly excess of loss reinsurance layers in respect of casualty.

#### Property insurance

##### Frequency and severity of claims

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, cyclones, Tsunami etc.) and their consequences (for example, cyclone claims).

For certain contracts, the Group has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claims payment limits are always included to cap the amount payable

#### Concentration of insurance risk (Short-term insurance)

The following table discloses the concentration of outstanding claims by class of business, gross and net of reinsurance.

Class of business	2019			2018		
	Gross Rs'000	Reinsurance Rs'000	Net Rs'000	Gross Rs'000	Reinsurance Rs'000	Net Rs'000
Accident	138,540	(101,046)	37,494	120,871	(93,108)	27,763
Engineering	78,619	(67,618)	11,001	136,586	(126,550)	10,036
Fire	675,258	(624,287)	50,971	443,229	(413,725)	29,504
Liability	158,450	(101,075)	57,375	155,322	(102,871)	52,451
Motor	340,987	(23,414)	317,573	245,163	(18,943)	226,220
Health	8,934	(5,268)	3,666	5,617	(1,629)	3,988
Marine	81,123	(93,174)	(12,051)	-	-	-
IBNR	227,981	(144,061)	83,920	211,915	(137,790)	74,125
	<b>1,709,892</b>	<b>(1,159,943)</b>	<b>549,949</b>	<b>1,318,703</b>	<b>(894,616)</b>	<b>424,087</b>

The company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from cyclone or flood damage. The availability and cost of reinsurance are subject to prevailing market conditions, both in terms of price and availability capacity. Although the reinsurers are liable to the extent of the reinsurance ceded, the Company remains primarily liable to the policy holder as the direct insurer of all risks reinsured. The Company evaluates the financial condition of its reinsurers to minimize its exposures to losses from reinsurer insolvencies.

To the Group's knowledge, none of its reinsurers is experiencing financial difficulties. Markets have tightened their underwriting of proportional treaty programme, which have impacted on the Mauritian Insurance sector where companies were more used to traditional reinsurance and had to increase their net retention.

Catastrophe protection treaties are a must to insurance companies based in Mauritius due to our constant exposure towards tropical cyclones.

The Group has reinsurance cover for such damage to accommodate its increased exposure.

Property insurance contracts are subdivided into four risk groups: fire, business interruption, cyclone damage and other perils. The insurance risk arising from these contracts is not concentrated in any of the territories in which the Group operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings.

## Notes to the Financial Statements for the year ended 30 June 2019

### 37(b). MANAGEMENT OF INSURANCE RISKS (CONTINUED)

#### Sources of uncertainty in the estimation of future benefit payments

##### Casualty insurance

Claims on casualty contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contracts term. As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liabilities covers) or members of the public (for public liabilities covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of incident.

The estimated cost of claims includes direct expenses incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period. The amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Casualty contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the end of the reporting period.

In calculating the estimated cost of unpaid claims (both reported and not), the Group estimation techniques are

a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation. The initial estimate of the loss ratios used for the current year (before reinsurance) are analysed by territory and type of risk where the insured operates for current and prior year premium earned.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insurer until many years after the event that gave rise to the claims has happened. For casualty contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Group considered any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.



## Notes to the Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements for the year ended 30 June 2019

### 37(b). MANAGEMENT OF INSURANCE RISKS (CONTINUED)

#### Sources of uncertainty in the estimation of future benefit payments (continued)

##### Casualty insurance (continued) Property insurance

Property claims are analysed separately for cyclone and non-cyclone claims. The development of large losses/catastrophes is analysed separately. Non-cyclone claims can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allow the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little (Incurred but not Reported) IBNR is held at year-end.

### 38. BUSINESS COMBINATIONS

#### (a) Acquisition of subsidiaries

##### Current reporting year

In February 2019, one of the Company's subsidiaries, IBL Link Ltd acquired a controlling stake in GWS Technologies Ltd for a consideration of Rs 5,000,000 hence increase its shareholding to 90%. In May 2019, IBL Link Ltd disposed a 10% stake in GWS Technologies Ltd for Rs 555,000 while retaining a controlling stake of 80%.

##### Previous reporting year

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 making the total shareholding of 60%.

In October 2017, Lux Island Resorts Ltd 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 Island Resorts Ltd following the sale of the hotel two years ago.

In February 2018, the Group acquired a controlling stake in Bluelife Ltd by for a consideration of Rs 372,095,445 making the total shareholding 34.48%.

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.

### 38. BUSINESS COMBINATIONS (CONTINUED)

#### (a) Acquisition of subsidiaries (continued)

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

	2019 Rs'000	2018 Rs'000
<b>Assets</b>		
Property, plant and equipment (Note 4)	413	1,952,403
Investment properties (Note 5)	-	2,557,790
Intangible assets (Note 6)	60	179,758
Non current receivables (Note 17)	-	1,570
Inventories	-	284,242
Trade and other receivables	1,331	425,766
Tax assets (Note 26)	-	972
Deferred tax assets (Note 7)	-	66,700
Cash and cash equivalents	3,347	336,735
Held for sale	-	62,000
	<b>5,151</b>	<b>5,867,936</b>
<b>Liabilities</b>		
Borrowings (Note 22)	-	1,648,655
Bank overdraft	-	365,770
Trade and other payables	2,934	871,992
Employee benefit liabilities (Note 24)	310	26,704
Tax payable (Note 26)	1	11,550
Deferred tax liabilities (Note 7)	-	30,295
	<b>3,245</b>	<b>2,954,966</b>
Fair value of net assets acquired	<b>1,906</b>	<b>2,912,970</b>
Consideration paid in cash	5,000	900,765
Non controlling interests	191	1,691,895
Fair value of previously held interests	5,000	106,863
	<b>10,191</b>	<b>2,699,523</b>
Goodwill	8,285	246,954
Gain on bargain purchase/Negative goodwill	-	(460,401)

## Notes to the Financial Statements for the year ended 30 June 2019

### 38. BUSINESS COMBINATIONS (CONTINUED)

#### (a) Acquisition of subsidiaries (continued)

##### Cash flow

	2019 Rs'000	2018 Rs'000
Consideration paid in cash	5,000	900,765
Non cash consideration paid (trade and other receivable)	-	(75,525)
Less cash and cash equivalents acquired in subsidiary	(3,347)	29,035
Net cash outflow on acquisition	1,653	854,275

##### Current reporting year

Goodwill for the year ended 30 June 2019 arose in the acquisition of GWS Technologies Ltd is mainly attributable expected synergies in technology.

##### Previous reporting year

Goodwill for the year ended 30 June 2018 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 for the year ended 30 June 2018 arose in the acquisition of Compagnie des Magasins Populaires Limitée (CMPL) is mainly to obtain the brandname of "Monoprix" and customer relationships.

The goodwill for the year ended 30 June 2018 arising from the acquisition of Southern Investments Ltd is in relation to the benefit of expected synergies of services and products.

Negative goodwill was recognised in respect of the acquisition of BlueLife Ltd and Le Recif Hotel by Lux Island Resorts Ltd. The Board of Directors of BlueLife Ltd has proposed a right issue of shares to existing shareholders at a favourable price of Rs 1.96 per share which IBL Ltd has fully subscribed and has been allocated additional stake giving control over BlueLife Ltd. Lux Island Resorts Ltd acquired Le Recif Hotel in view to consolidate the Group position in Reunion island and also based on the favourable negotiated consideration.

##### Impact of the acquisitions on the results of the Group

The revenue and results for the year ended 30 June 2019 include an amount of Rs 5 million and a profit before tax

of Rs 1 million respectively attributable to the additional business generated by the acquired subsidiary.

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.

#### (b) Disposal of subsidiaries

##### Current reporting year

In August 2018, the Group disposed its 94% shareholding in Mauritian Eagle Leasing Company Ltd, asset classified as held for sale for the year ended 30 June 2018, for a consideration of Rs 205,778,000. The share of net assets at the date of disposal was Rs 194,604,536.

In December 2018, the Group disposed its 100% shareholding in Fresh Cuts (Uganda) Limited for a consideration of Rs 1. The share of net assets at the date of disposal was Rs 42,923,188.

In February 2019, the Group disposed its 100% shareholding in Escape Outdoor & Leisure Ltd for a consideration of Rs 1. The share of net assets losses at the date of disposal was Rs 717,712.

In April 2019, one of the subsidiaries, Intergraph Ltée disposed its 100% shareholding in Intergraph Editions Ltée for a consideration of Rs 26,588,068. The share of net assets at the date of disposal was Rs 20,177,053.

##### Previous reporting year

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

## Notes to the Financial Statements for the year ended 30 June 2019

### 38. BUSINESS COMBINATIONS (CONTINUED)

#### (b) Disposal of subsidiaries (continued)

Analysis of assets and liabilities over which control was lost:

	2019 Rs'000	2018 Rs'000
<b>Assets</b>		
Property, plant and equipment (Note 4)	378,835	1,580
Intangible assets (Note 6)	978	29
Deferred tax assets (Note 7)	4,960	-
Trade and other receivables	71,273	4,455
Finance lease receivables	608,217	-
Cash and cash equivalents	126,303	429
Inventories	33,388	-
	1,223,954	6,493
<b>Liabilities</b>		
Trade and other payables	116,115	2,194
Borrowings (Note 22)	830,271	-
Employee benefit liabilities (Note 24)	1,222	-
Bank overdrafts	7,364	-
Tax liabilities (Note 26)	821	-
Deferred tax liabilities (Note 7)	-	153
	955,793	2,347
Net (liabilities)/assets disposed	955,793	2,347
Share of net assets disposed	256,988	3,318
(Loss)/ profit on disposal	(24,621)	2,282
	232,367	5,600
<b>Consideration</b>		
Consideration received in cash	206,950	4,000
Consideration receivable	25,417	1,600
	232,367	5,600
<b>Net cash outflow on disposal</b>		
Consideration received in cash	206,950	4,000
Net cash and cash equivalents in subsidiaries disposed of	(118,939)	(429)
	88,011	3,571

## Notes to the Financial Statements for the year ended 30 June 2019

### 38. BUSINESS COMBINATIONS (CONTINUED)

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

##### Current reporting year

##### 2019

##### LCF Holdings Ltd

On 31 July 2018, the Group acquired an additional 15% reaching 75% of the issued shares of LCF Holdings Ltd for a purchase consideration of Rs 3,750,000. The Group derecognised the non-controlling interests and recorded a decrease in equity attributable to owners of the Company of Rs 1,145,377. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2019 Rs'000
Consideration paid to non-controlling interests	3,750
Less: Carrying amount of non-controlling interests acquired	1,145
Adjustment recognised in retained earnings	2,605

##### Medical Trading International Limited

On 5 December 2018, the Group acquired an additional 49% to reach 100% of the issued shares of Medical Trading International Limited for a purchase consideration of Rs 2,139,000. The Group derecognised the non-controlling interests and recorded a decrease in equity attributable to owners of the Company of Rs 3,997. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2019 Rs'000
Consideration paid to non-controlling interests	2,139
Less: Carrying amount of non-controlling interests acquired	4
Adjustment recognised in retained earnings	2,135

##### Southern Investments Limited

On 16 November 2018, the Group held 100% of the issued shares of Southern Investments Limited after acquiring a 37% stake for a purchase consideration of Rs 131,743,965. The Group derecognised the non-controlling interests and recorded a decrease in equity attributable to owners of the Company of Rs 76,290,405. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2019 Rs'000
Consideration paid to non-controlling interests	131,744
Less: Carrying amount of non-controlling interests acquired	76,290
Adjustment recognised in retained earnings	55,454

## Notes to the Financial Statements for the year ended 30 June 2019

### 38. BUSINESS COMBINATIONS (CONTINUED)

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

##### Current reporting year (Continued)

##### 2019

##### Chantier Naval de l'Océan Indien Limited ("CNOI")

On 31 December 2018, Chantier Naval de l'Océan Indien Limited bought back 6% of its issued shares at a premium from two shareholders from a consideration of Rs 134 million. An amount of Rs 118 million was charged against retained earnings following the share buy back and the share capital of CNOI was reduced by Rs 15 million. The shares were cancelled after the buy back resulting in an increase in the Group stake by 3.83%. The Group derecognised the non-controlling interests and recorded an increase in equity attributable to owners of the Company of Rs 129,661,979. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2019 Rs'000
Consideration paid to non-controlling interests	-
Less: Carrying amount of non-controlling interests acquired	128,930
Adjustment recognised in retained earnings	(128,930)

##### Previous reporting year

##### 2018

##### Phoenix Investments Company Limited

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
Consideration paid to non-controlling interests	132,454
Less: Carrying amount of non-controlling interests acquired	56,002
Adjustment recognised in other reserves	76,452

## Notes to the Financial Statements for the year ended 30 June 2019

### 38. BUSINESS COMBINATIONS (CONTINUED)

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

Previous reporting year (Continued)

**2018**

#### BlueLife Limited

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 a decrease 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
Consideration paid to non-controlling interests	212,904
Less: Carrying amount of non-controlling interests acquired	347,982
Adjustment recognised in other reserves	(135,078)

#### Manser Saxon Contracting Ltd

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 a decrease 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
Consideration paid to non-controlling interests	38,325
Less: Carrying amount of non-controlling interests acquired	43,363
Adjustment recognised in other reserves	(5,038)

## Notes to the Financial Statements for the year ended 30 June 2019

### 38. BUSINESS COMBINATIONS (CONTINUED)

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

Previous reporting year (Continued)

**2018**

#### Lux Island Resorts Ltd

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 644,512,526. The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2018 Rs'000
Consideration paid to non-controlling interests	1,685,685
Less: Carrying amount of non-controlling interests acquired	1,042,482
Adjustment recognised in other reserves	643,203

#### Compagnie des Magasins Populaires Limitée

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
Consideration paid to non-controlling interests	15,567
Less: Carrying amount of non-controlling interests acquired	1,353
Adjustment recognised in other reserves	14,214



## Notes to the Financial Statements for the year ended 30 June 2019

### 38. BUSINESS COMBINATIONS (CONTINUED)

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

Previous reporting year (Continued)

#### 2018

##### Cervonic Ltd

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
Consideration paid to non-controlling interests	6,047
Less: Carrying amount of non-controlling interests acquired	3,468
Adjustment recognised in other reserves	2,579

##### Rouclavier Ltée

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
Consideration paid to non-controlling interests	2,000
Less: Carrying amount of non-controlling interests acquired	12,186
Adjustment recognised in other reserves	(10,186)

## Notes to the Financial Statements for the year ended 30 June 2019

### 38. BUSINESS COMBINATIONS (CONTINUED)

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

	2019 Rs'000	2018 Rs'000
Total adjustments recognised in equity	68,736	(586,146)

### 39. EVENTS AFTER THE REPORTING PERIOD

As at 30 June 2019, the Board of Directors is considering the purchase of a controlling stake in General Construction Co Ltd.

### 40. CONSTRUCTION CONTRACTS

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

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

## Notes to the Financial Statements for the year ended 30 June 2019

### 41. 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 LHL 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 the Lux Group of companies.

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 abperformance-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.

The Board has decided to terminate the ESS as at 30 June 2019. No options have been granted with respect to the year ended 30 June 2019 (2018: nil), 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 2019. During the year ended 30 June 2018, 2,507,241 shares have been issued pursuant to the share scheme, totalling Rs 4.2 million.

For the year ended 30 June 2018, a total charge of Rs 3.4 million was 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 issued during the financial year ended 30 June 2017 totalling Rs 3.7 million.

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.

## Notes to the Financial Statements for the year ended 30 June 2019

### 41. SHARE BASED PAYMENT (CONTINUED)

	2019 Number	2019 WAEP	2018 Number	2018 WAEP
<b>Outstanding at 1 July</b>	<b>3,520,462</b>	-	6,180,653	1.66
Granted	-	-	-	1.66
Forfeited	-	-	(152,950)	1.66
Exercised*	<b>(3,520,462)</b>	-	(2,507,241)	1.66
Expired	-	-	-	-
<b>Outstanding at 30 June</b>	<b>-</b>	<b>-</b>	<b>3,520,462</b>	<b>1.66</b>
Exercisable at 30 June	-	-	3,520,462	1.66

As at 30 June 2018:

\*The weighted average share price at the date of exercise of these options was Rs 3. The weighted average remaining contractual life for the share options outstanding was 1 year. The weighted average fair value of options granted during the year was Nil. The exercise price for options outstanding at the end of the year was Rs 1.66.

### 42. 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 2019

## Notes to the Financial Statements for the year ended 30 June 2019

### 42. 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.

At 30 June 2019	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
<b>Revenue</b>	8,735,373	13,738,603	1,807,512	6,265,658	8,921,380	1,910,660	837,294	206,286	171,468	(3,335,621)	<b>39,258,613</b>
<b>Results</b>											
Segment result	597,904	144,940	30,963	819,478	1,026,400	66,673	120,964	1,637	(502,204)	(86,779)	<b>2,219,976</b>
Finance costs											<b>(931,545)</b>
Finance income											<b>22,382</b>
Other gains and losses											<b>(15,202)</b>
Share of results of associates and joint ventures											<b>485,861</b>
<b>Profit before taxation (continuing operations)</b>											<b>1,781,472</b>
Taxation											<b>(427,748)</b>
<b>Profit for the year</b>											<b>1,353,724</b>

At 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
<b>Revenue</b>	8,666,613	13,029,907	1,678,319	5,850,491	8,255,847	1,587,426	709,747	179,278	221,172	(3,327,310)	36,851,490
<b>Results</b>											
Segment result	637,643	329,909	216,576	660,394	857,496	97,539	98,320	(41,383)	(385,268)	(75,001)	2,396,225
Finance costs											(787,588)
Finance income											34,503
Other gains and losses											777,016
Share of results of associates											327,080
<b>Profit before taxation (continuing operations)</b>											<b>2,747,236</b>
Taxation											(343,927)
<b>Profit for the year</b>											<b>2,403,309</b>

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.

## Notes to the Financial Statements for the year ended 30 June 2019

## Notes to the Financial Statements for the year ended 30 June 2019

### 42. SEGMENTAL INFORMATION – GROUP (CONTINUED)

#### (ii) Segment assets and liabilities

At 30 June 2019	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
<b>Assets</b>											
Segment assets	10,974,088	4,280,891	3,004,143	12,703,224	8,596,590	942,208	7,472,904	426,570	894,379	(602,216)	<b>48,692,781</b>
Investments in associates, joint ventures and other financial assets											<b>10,337,544</b>
Deferred tax assets											<b>170,115</b>
Tax assets											<b>72,404</b>
Assets classified as held for sale											<b>699,384</b>
Consolidated total assets											<b>59,972,228</b>
<b>Liabilities</b>											
Segment liabilities	4,455,033	2,565,870	2,571,162	6,209,955	2,533,451	590,154	3,199,824	198,174	9,548,020	(1,166,162)	<b>30,705,481</b>
Investments in associates, joint ventures and other financial assets											<b>920,785</b>
Deferred tax assets											<b>146,072</b>
Tax assets											<b>425,848</b>
Assets classified as held for sale											<b>32,198,186</b>
At 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
<b>Assets</b>											
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											<b>59,075,831</b>
<b>Liabilities</b>											
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
											<b>30,660,929</b>



## Notes to the Financial Statements for the year ended 30 June 2019

### 42. 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
<b>At 30 June 2019</b>										
Additions to non-current assets	567,739	476,344	142,661	701,597	689,706	132,923	346,258	5,010	5,768	3,068,006
Depreciation and amortisation	511,687	167,881	25,643	476,928	415,352	55,408	105,455	15,393	73,890	1,847,637
<b>At 30 June 2018</b>										
Additions to non-current assets	400,162	424,359	276,028	973,254	487,207	69,123	190,198	433,004	65,848	3,319,183
Depreciation and amortisation	397,470	112,564	114,955	503,166	419,557	53,418	48,422	16,274	74,164	1,739,990

## Notes to the Financial Statements for the year ended 30 June 2019

### 42. 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.

	2019 Rs'000	2018 Rs'000
Building & Engineering – Contracting & equipment	8,735,373	8,666,613
Commercial – Consumer goods & chain of supermarkets	13,738,603	13,029,907
Financial Services – Insurance, leasing and management services	1,807,512	1,678,319
Hospitality – Hotels operation	6,265,658	5,850,491
Manufacturing & processing – Sale of beverages, marine services	8,921,380	8,255,847
Logistics – Freight for warding	1,910,660	1,587,426
Life – Medical research	837,294	709,747
Others	377,754	400,450
Consolidation adjustments	(3,335,621)	(3,327,310)
	<b>39,258,613</b>	<b>36,851,490</b>

##### 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:

	2019 Rs'000	2018 Rs'000
Mauritius	32,640,170	30,144,558
Europe	924,264	997,145
USA	47,105	56,901
Madagascar, Comoros, Seychelles & Reunion	3,117,153	2,945,077
Dubai, Africa, Australia & others	991,925	875,088
Maldives	1,537,996	1,871,359
	<b>39,258,613</b>	<b>36,890,128</b>

## Notes to the Financial Statements for the year ended 30 June 2019

### 43. EARNINGS PER SHARE

	2019 Rs	2018 Rs
Earnings per share		
Basic and diluted:		
- From continuing and discontinued operations	<b>0.63</b>	2.22
- From continuing operations	<b>0.57</b>	2.25
- From discontinuing operations	<b>0.06</b>	(0.03)

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

	2019 Rs'000	2018 Rs'000
Earnings for the year attributable to owners of the Company used in calculation of earnings per share - From continuing and discontinued operations	<b>428,420</b>	1,508,967
Earnings for the year attributable to owners of the Company used in calculation of earnings per share - From continuing operations	<b>386,489</b>	1,529,404

	2019 Rs'000	2018 Rs'000
Weighted average number of ordinary shares	<b>680,224,040</b>	680,224,040

### 44. GROSS OUTSTANDING CLAIMS

THE GROUP	2019			2018		
	Gross Rs '000	Reinsurance Rs '000	Net Rs '000	Restated* Gross Rs '000	Reinsurance Rs '000	Net Rs '000
Claims notified	1,129,602	(778,430)	351,172	628,262	(323,465)	304,797
Claims incurred but not reported	189,101	(116,186)	72,915	146,779	(74,253)	72,526
At 1 July	1,318,703	(894,616)	424,087	775,041	(397,718)	377,323
Movement in claims incurred	1,074,602	(580,021)	494,581	1,139,793	(719,836)	419,957
Cash (paid)/received for claims settled in the year	(683,413)	314,694	(368,719)	(596,132)	222,938	(373,194)
At 30 June	<b>1,709,892</b>	<b>(1,159,943)</b>	<b>549,949</b>	1,318,702	(894,616)	424,086
Analysed as:						
Claims notified	1,481,911	(1,015,882)	466,029	1,129,601	(778,430)	351,172
Claims incurred but not reported	227,981	(144,061)	83,920	189,101	(116,186)	72,915
	<b>1,709,892</b>	<b>(1,159,943)</b>	<b>549,949</b>	1,318,702	(894,616)	424,087

## Notes to the Financial Statements for the year ended 30 June 2019

### 45. GENERAL INSURANCE FUND

THE GROUP	Gross Rs '000	Reinsurance Rs '000	Net Rs '000
At 1 July 2017	590,125	(228,946)	361,179
Decrease during the year	(7,407)	(31,229)	(38,638)
At 30 June 2018	582,718	(260,175)	322,541
(Decrease)/increase during the year	(6,113)	32,575	26,462
<b>At 30 June 2019</b>	<b>576,605</b>	<b>(227,600)</b>	<b>349,003</b>

### 46. NET CLAIMS INCURRED

THE GROUP	2019			2018		
	Gross Rs '000	Reinsurance Rs '000	Net Rs '000	Gross Rs '000	Reinsurance Rs '000	Net Rs '000
Net claims incurred	<b>963,379</b>	<b>(545,988)</b>	<b>417,391</b>	1,000,333	(672,245)	328,088

### 47. PRIOR YEAR ADJUSTMENT

During the year ended 30 June 2019, the Group has booked prior year adjustments and these changes have been applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The effect of these restatements are detailed as follows:

#### Lux Island Resorts Ltd (LIR)

LIR has booked a prior year adjustment and adjusted its retained earnings and revaluation reserves for the year 2017 as follows:

Statement of financial position	2017		
	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
	Retained earnings	1,912,066	(519,798)
Other reserves	1,187,268	519,798	1,707,066
	2018		
Retained earnings	2,173,209	(519,798)	1,653,411
Other reserves	1,143,420	519,798	1,663,218

## Notes to the Financial Statements for the year ended 30 June 2019

### 47. PRIOR YEAR ADJUSTMENT (CONTINUED)

The prior year adjustment relates to reserves wrongly credited to retained earnings upon disposal and revaluation of properties in prior years as follows:

Upon disposal of its property in 2017, Nereide Ltd transferred all revaluation reserve of Rs 193 million on building to retained earnings in its financial statements. The same accounting entry was made in the consolidated accounts. However, this transfer should have been limited to Rs 38 million as Rs 155 million of the revaluation reserve was used against pre-acquisition reserve.

Furthermore, the properties of subsidiaries were revalued downwards by Rs 489 million against revaluation reserve. However, for Group accounts purposes, this amount should have been limited to Rs 80 million as an amount of Rs 328 million related to pre-acquisition reserve.

#### United Basalts Products Ltd (UBP)

Deferred expenditure relates to Voluntary Retirement Schemes (VRS) costs which comprise compensation payments, provision of land infrastructure and other costs. The Group previously presented the deferred expenditure as a separate line item in the statement of financial position and has subsequently reclassified same to intangible assets. There was no impact on retained earnings.

	2017		
	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of financial position			
Intangible assets	3,186,419	18,211	3,204,630
Deferred expenditure	18,211	(18,211)	-

#### Bluelife Limited

	2018		
	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of financial position			
Trade and other receivables	8,335,782	(397,718)	7,938,064
Reinsurance assets - gross outstanding claims	-	397,718	397,718

	2018		
	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of financial position			
Trade and other receivables	7,918,049	(894,616)	7,023,433
Reinsurance assets - gross outstanding claims	-	894,616	894,616

#### Bluelife Limited

Land and related development costs comprise land infrastructure and related development expenditure. 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 acquired these capitalised land and related development costs upon purchase of a subsidiary during the year ended 30 June 2018.

The portion of land that is held for a currently undetermined future use has been reclassified from 'land and investment property' to be in line with IAS 40 'Investment Property' in the prior year. In line with IAS 2 'Inventories', the land and development costs that were classified under current assets in the prior year has been reclassified to inventories. These related to the portion of bare land on which villas will be constructed for sale.

There was no impact on retained earnings following the above reclassifications.

## Notes to the Financial Statements for the year ended 30 June 2019

### 47. PRIOR YEAR ADJUSTMENT (CONTINUED)

	2018		
	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of financial position			
Land and related development costs (non-current)	1,604,798	(1,604,798)	-
Investment properties	841,310	1,604,798	2,446,108
Land and related development costs (current)	100,159	(100,159)	-
Inventories	4,206,695	100,159	4,306,854

#### Eagle Insurance Limited (EIL)

(a) The Group previously presented the reinsurance assets for gross outstanding claims in the trade receivables. This has subsequently been reclassified as a separate line item in the statement of financial position. There was no impact on retained earnings.

	2017		
	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of financial position			
Trade and other receivables	8,335,782	(397,718)	7,938,064
Reinsurance assets - gross outstanding claims	-	397,718	397,718

#### Eagle Insurance Limited (EIL)

	2018		
	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of financial position			
Trade and other receivables	7,918,049	(894,616)	7,023,433
Reinsurance assets - gross outstanding claims	-	894,616	894,616

	2018		
	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
Statement of financial position			
Trade and other receivables	7,918,049	(894,616)	7,023,433
Reinsurance assets - gross outstanding claims	-	894,616	894,616

(b) The Group previously presented gross outstanding claims and general insurance fund (net balance) in the trade and other payables. These balances have subsequently been reclassified as separate lines item in the statement of financial position. Additionally, general insurance fund is now represented on a gross basis and split between current assets and current liabilities. There was no impact on retained earnings.

## Notes to the Financial Statements for the year ended 30 June 2019

### 47. PRIOR YEAR ADJUSTMENT (CONTINUED)

	2017		
	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
<b>Statement of financial position</b>			
Current liabilities			
Trade and other payables	8,614,564	(1,136,220)	7,478,344
Gross outstanding claims	-	775,041	775,041
General insurance fund	-	590,125	590,125
Current assets			
General insurance fund	-	228,946	228,946
<b>2018</b>			
Current liabilities			
Trade and other payables	8,189,444	(1,641,245)	6,548,199
Gross outstanding claims	-	1,318,702	1,318,702
General insurance fund	-	582,718	582,718
Current assets			
General insurance fund	-	260,175	260,175

(c) The Group reclassified the following transactions in the statement of profit or loss and represented as separate line items:

(i) Gross insurance premium from revenue

	2018		
	As previously stated Rs'000	Adjustments Rs'000	As re-stated Rs'000
<b>Statement of profit or loss and other comprehensive income</b>			
Revenue	36,834,058	(1,180,798)	35,653,260
Gross insurance premium	-	1,142,160	1,142,160
Release from general insurance fund	-	38,638	38,638
Cost of sales	24,781,455	597,128	25,378,583
Reinsurance premium	-	(597,128)	(597,128)
Administrative expenses	9,044,381	(328,088)	8,716,293
Gross claims paid	-	1,000,333	1,000,333
Claims recovered from reinsurers	-	(672,245)	(672,245)

## Notes to the Financial Statements for the year ended 30 June 2019

### 48. SUMMARY OF THE PUBLISHED RESULTS AND OF THE ASSETS AND LIABILITIES OF THE GROUP

	2019 Rs'000	2018 Rs'000
<b>Statements of profit or loss and other comprehensive income</b>		
Revenue	39,258,613	36,851,490
Share of results of associates and joint ventures	485,861	327,080
Profit before taxation	1,781,472	2,747,236
Income tax charge	(427,748)	(343,927)
Profit for the year from continuing operations	1,353,724	2,403,309
Profit for the year from discontinued operations	41,931	(20,437)
Profit for the year	1,395,655	2,382,872
Other comprehensive income for the year, net of tax	(472,728)	548,658
Total comprehensive income for the year	922,927	2,931,530
Profit attributable to:		
- Owners of the parent	428,420	1,508,967
- Non-controlling interests	967,235	873,905
	1,395,655	2,382,872
Total comprehensive income attributable to:		
- Owners of the parent	174,179	1,883,227
- Non-controlling interests	748,748	1,048,303
	922,927	2,931,530
Dividend	523,773	496,564



## Notes to the Financial Statements for the year ended 30 June 2019

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

	2019 Rs'000	2018 Rs'000
<b>Statements of financial position</b>		
<b>Assets</b>		
Non-current assets	43,225,769	43,067,134
Current assets	16,511,910	14,560,783
Non-current assets classified as held for sale	699,384	1,845,878
<b>Total assets</b>	<b>60,437,063</b>	<b>59,473,795</b>
<b>Equity and liabilities</b>		
Share capital and reserves	16,251,453	16,962,188
Non-controlling interests	11,522,589	11,452,714
<b>Total equity</b>	<b>27,774,042</b>	<b>28,414,902</b>
<b>Liabilities</b>		
Non-current liabilities	14,140,432	14,414,219
Current liabilities	18,096,741	15,350,835
Liabilities associated with assets classified as held for sale	425,848	1,293,839
<b>Total liabilities</b>	<b>32,663,021</b>	<b>31,058,893</b>
<b>Total equity and liabilities</b>	<b>60,437,063</b>	<b>59,473,795</b>

### 49 EFFECT OF ADOPTING NEW ACCOUNTING STANDARDS

	THE GROUP 2019 Rs'000	THE COMPANY 2019 Rs'000
<b>Effect of adopting IFRS 9 impact:</b>		
Non-current receivables (Note 17)	1,507	139,312
Trade and other receivables (Note 18)	146,461	27,481
Investments in associates (Note 12)	130,090	-
Other financial assets (Note 14)	29,160	29,160
<b>Effect of adopting IFRS 15 impact on Revenue:</b>		
Application of new and revised international financial reporting standards (Note 2(A))	69,961	-
<b>Effect of adopting IFRS 9 and IFRS 15 impact on deferred tax:</b>		
Deferred taxation (Note 7)	(33,435)	(40,767)
	<b>343,744</b>	<b>155,186</b>