CAUDAN DEVELOPMENT

ANNUAL REPORT 2017

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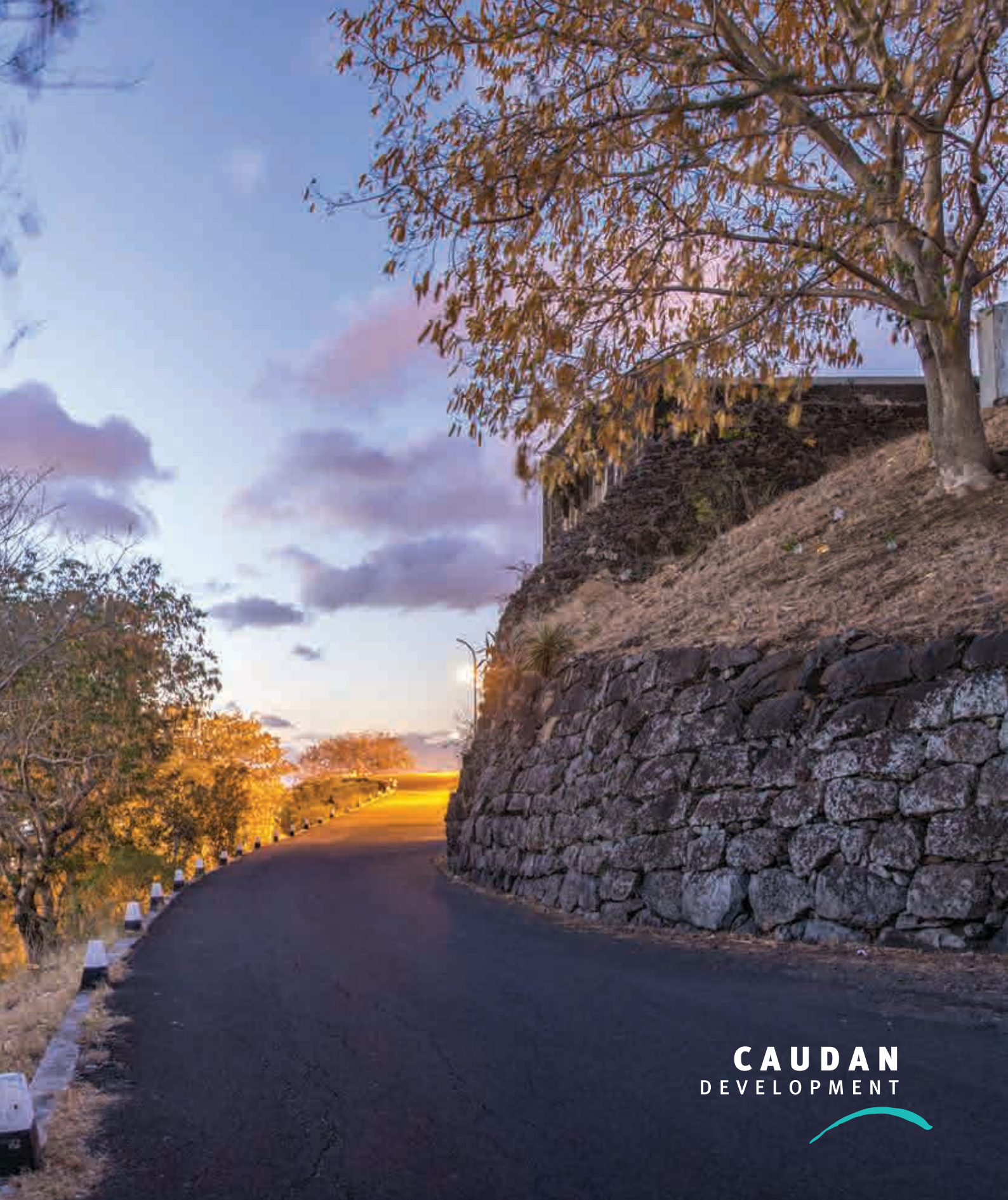


CAUDAN
DEVELOPMENT

Dear shareholder

The board of directors of Caudan Development Limited is pleased to present its annual report for the year ended June 30th 2017.

The activities of the group continued throughout 2017 to be property development and investment and the provision of security services.

Caudan Development specialises in the ownership, promotion and development of Le Caudan Waterfront, a mixed commercial project on the waterfront of Port Louis. Apart from the waterfront project, the company also rents out industrial buildings situated at Pailles and Riche Terre.

Caudan, via a subsidiary, operates in the security business, and is involved in the sale of alarm equipment and the provision of security and property protection services.

The audited financial statements have been approved by the board on September 28th 2017.

Yours sincerely

Jean-Pierre Montocchio
Chairperson

René Leclézio
Executive Director

Blue Penny Museum

Caudan Development
which is listed on the Stock Exchange of Mauritius **is a subsidiary of Promotion and Development** which holds an effective 70.62% stake in the company

FINANCIAL HIGHLIGHTS

	2017	2016 *restated**
	MRs	MRs
Group shareholders' funds	**3.9bn**	2.9bn
Group net asset value per share	**1.97**	2.94
Share price	**1.09**	0.98
	MRe	MRe
Earnings per share	**0.045**	0.011
Adjusted earnings per share	**0.052**	0.011
Dividends per share	**0.04**	-

L'Observatoire

Central Post Office

PERFORMANCE SUMMARY

	2017	2016 *restated**
	%	%
Group net asset return (1)	**(31.6)**	0.3
Group net asset return (2)	**2.7**	0.3

(1) The growth in net assets plus dividends declared expressed as a percentage of the net assets at the beginning of the year (applicable to shareholders who have not taken up their rights issue entitlement).

(2) The growth in net assets plus dividends declared less cost of new share subscribed expressed as a percentage of the net assets at the beginning of the year (applicable to shareholders who have taken up their rights issue entitlement).

Total shareholder return (1)	**15.3**	(14.0)
Total shareholder return (2)	**28.6**	(14.0)

(1) The growth in the adjusted share price plus dividends declared expressed as a percentage of the adjusted share price at the beginning of the year (applicable to shareholders who have not taken up their rights issue entitlement).

(2) The growth in the adjusted share price plus dividends declared less cost of new share subscribed expressed as a percentage of the adjusted share price at the beginning of the year (applicable to shareholders who have taken up their rights issue entitlement).

Group annualised returns to June 30th 2017	
5 years	**1.1**
10 years **	**5.2**

Compound annual total return in terms of increase in net assets plus dividends.

* *For comparative purposes, the figures above take into consideration the prior year adjustment and the number of shares after the Bonus Issue.*

** *Net assets prior to 2011 have not been restated in respect of prior year adjustments reflected in the accounts.*

CORPORATE INFORMATION

directors

Jean-Pierre Montocchio
Chairperson
Bertrand de Chazal
Catherine Fromet de Rosnay
appointed September 2016
Gilbert Gnany
René Leclézio
Jocelyne Martin
Seedha Lutcheemee Nullatemby
Antoine Seeyave
Bernard Yen


Citadel/Fort Adélaide

corporate governance committee

Catherine Fromet de Rosnay
Chairperson as from December 2016
Bertrand de Chazal
Acting Chairperson up to December 2016
René Leclézio
Jean-Pierre Montocchio

audit committee

Bertrand de Chazal
Chairperson
Gilbert Gnany
Bernard Yen

management company

Promotion and Development Ltd

company secretary

Jocelyne Martin

auditors

BDO & Co
10 Frère Félix de Valois Street,
Port-Louis, Mauritius

registrar and transfer office

MCB Registry & Securities Ltd
Sir William Newton Street
Port Louis, Mauritius

registered and postal address

Promotion and Development Ltd
8th Floor, Dias Pier,
Le Caudan Waterfront
Port Louis, Mauritius

Telephone +230 211 94 30
Fax +230 211 02 39
Email corporate@promotionanddevelopment.com

date of incorporation

February 17th 1989

CHAIRPERSON'S STATEMENT

Dear Shareholder

The past financial year has been an eventful one for Caudan Development. You will note improved results in both our top and bottom-line performance, which are due to a combination of modest improvements across all of our business lines, cost efficiencies and a reduced interest coverage burden thanks to the successful Rights Issue carried out during the financial year.

Our goal is and always has been to drive sustained financial outperformance over the long term and generate solid capital and income growth for shareholders. Thanks to our improved performance this past year, your board was pleased to return a dividend of 4 cents per share to our valued shareholders.

Despite these marked improvements from past periods of uncertainty, we remain wary of what the future may hold and continue to tread lightly and diligently when it comes to the fulfilment of our strategic objectives.

Visitors to Le Caudan Waterfront will undoubtedly spot that construction works are under way for Phase III of Le Caudan Waterfront, the Caudan Arts Centre, marking an exciting chapter in our shopping mall's history.

results

Our net profit after taxation for the year 2017 stood at MRs76.1m (2016: MRs10.8m). Our revenues increased to MRs492.1m (2016: MRs461.5m) while our operating expenses decreased to MRs375.2m (2016: MRs392.9m). The improved performance in our top-line results stems largely from broad based advances across all of our revenue lines, especially in our property segment. We are particularly encouraged by the improved performance of our office and commercial segments, which serve as a testament to Le Caudan Waterfront's continued strong appeal. During the year, the Board decided to proceed with the write-off of capital costs of MRs15m, which had been incurred as part of our feasibility studies for an apartment project on the Caudan Peninsula. After due consideration, your board decided that this development would not be appropriate at this stage of Caudan's growth and development, but nevertheless a residential phase remains topical for the future of Caudan. Our results also include a positive adjustment of MRs2.7m, representing the fair value gain on revaluation of our investment property net of the related deferred tax thereon. I would like to stress that these adjustments have no impact on the cash flows of the business.

Although our security segment registered an improved net profit after tax of MRs1.7m (2016: loss of MRs1.6m), this remained below our expectations for the year under review. A recent audit of our operations has led to enhancements of our go-to-market strategy and the identification of new business lines, which draw upon the business' existing strengths and assets. This is expected to bring meaningful growth to the business.

Our associate LCW Casino posted losses for the period and continues to carry accumulated losses such that our investment therein has been maintained at nil. Nevertheless, we believe that with some effort and commitment from all involved, the casino should be able to move back to a profitable situation and we will again see positive contributions. At Caudan, we remain confident of the strong upside potential of our investment.

Jummah Mosque

Place d'Armes

Following the successful Rights Issue carried out during the year, Caudan's share capital increased by MRs1bn. The underlying net asset value per share (NAV) of Caudan stood at MRs1.97 at June 30th 2017. This stands in contrast to an adjusted NAV of MRs2.94 at June 30th 2016, prior to the Rights Issue. The net result is an increase in the group net assets of 34 per cent for the year under review from MRs2.94bn in 2016 to MRs3.94bn in 2017. Our compound annual return in terms of increase in net assets per share plus dividends stands at 1.1 per cent for the last 5 years and at 5.2 per cent for the last 10 years. The share price closed at MRs1.09 on June 30th 2017, at which point Caudan shares were trading at a 44.7 per cent discount to their NAV. On top of this hefty discount to NAV, based on the market values of Caudan's shares, shareholders who participated in the Rights Issue would have found themselves with an effective gain of 28.6 per cent including dividends for the period from June 30th 2016 to June 30th 2017.

Le Caudan Waterfront

We were pleased with our improved performance this year. Our refurbishment program resonated positively with our patrons and tenants, while our unrelenting focus on capitalising upon our natural strengths allowed us to thrive in a strenuously competitive environment.

The shopping mall's role in society is changing. Only a decade ago, the shopping mall was the quintessential go-to place for one's shopping needs. Its appeal was evident in that customers could find everything they might need in a central location, which offered ample parking facilities in addition to a variety of food and leisure options for the entire family. This made for an attractive business proposition for both the shopping mall tenants and developers, which in turn led to an increased supply of shopping malls around the world and in Mauritius. This was not necessarily a bad thing for incumbent providers such as Caudan. More competition meant that the centre had constantly to revisit its operating strategy and thus, to innovate in order to offer the best customer experience to its patrons. The proof of the pudding is in the eating, and in our case, the proof is in the improved results we present to you in this report. Through the more strenuous times, Caudan was able diligently to adapt its strategy, to capitalise upon its unique assets and to retain its position as one of the leaders in the shopping mall industry in Mauritius.

Today, the industry faces a new and different challenge, one that will keep us on our toes for the foreseeable future: online shopping. While we have up until recently, needed only to contend with local competitive forces, online shopping has brought in a very real way the effects of globalisation into Caudan's boardroom. There are two noteworthy reasons why the online shopping movement is gathering momentum. On the one hand, a flurry of operators on the international scene are using the cost benefits of essentially operating as a distribution facility to sell goods at prices which are impossible for brick and mortar operators to match. On the other hand, because of the modus operandi of these organisations, the traditional product offering constraints of brick and mortar stores no longer apply. With a website as a storefront and a warehouse for stock storage, e-retailers are able to offer a huge amount of product choices to their visitors. This in turn bodes well for delivery services, that are able to sustain lower price points, which they offset against increased volumes, thereby further increasing the appeal of online shopping. So where does all this leave Le Caudan Waterfront?

Through careful monitoring of the developments in this space, we have been adapting the positioning of the centre accordingly. The need for social interaction and leisure time remains a core need of the human condition. Thus, while an individual may have made a proportion of his purchases through a convenient online medium, he must still satisfy his need for social interaction and leisure time, and therein lies the appeal of Le Caudan Waterfront. Whereas other centres on the island attract clientele largely thanks to the supermarkets at their core, Le Caudan Waterfront comes in as the quintessential destination for tourists and locals who need to satisfy their need for a fun outing experience. With arts and culture as part of our DNA, a magnificent waterfront position at our doorstep and a unique blend of tenants, Le Caudan Waterfront firmly distinguishes itself from the competition and is in a truly unique position to continue to thrive despite the lingering threats that face us.

In order to strengthen our value proposition, we have also been keenly involved with stakeholders at both the private and public sector level in shaping the Port Louis of tomorrow while maintaining the charm of yesteryear. The future is indeed exciting and will see a world-class aquarium and a revamped Port Louis Waterfront flank Le Caudan Waterfront. Improved road infrastructures into Port Louis and the government light-rail metro arriving at Caudan's front door will bring the necessary infrastructure to support the expected increased traffic into Port Louis. There are a number of other initiatives which involve both large and small-scale initiatives. These are expected to come into play soon and will re-invigorate our beloved capital city. Caudan remains at the forefront of the trends that shape us and has already begun work on the Caudan Arts Centre, which will add yet another dimension to Caudan's offering and to Port Louis.

The Caudan Arts Centre

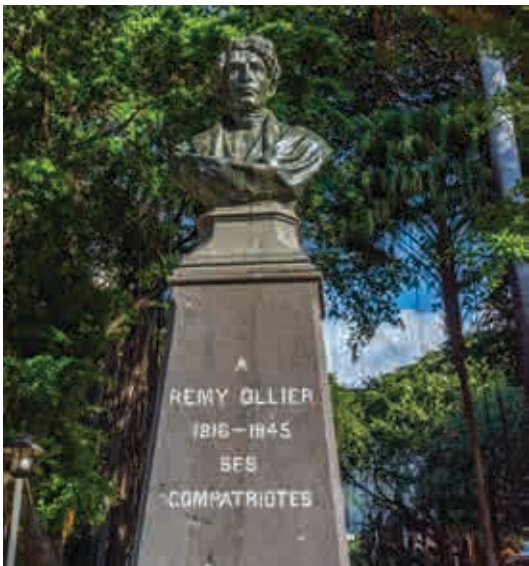
As I said previously, you will have undoubtedly witnessed the construction works underway on the Caudan Arts Centre. Delays in securing the necessary permits meant we needed to revise our expected completion date of March 2018, but we are now well underway and on track for completion late in 2018. We invite you to visit our new website: **caudanartscentre.com** to get a sense of the exciting things to come. In the background, we are arduously working on our programming for the 2018/2019 season. The interest we have received from artists and event organisers thus far, both locally and overseas, has been very encouraging, so much so that some months in 2019 are already fully booked. This is not a mystery considering the array of advantages that hosting a performance at the Caudan Arts Centre brings. From an artist's standpoint, the theatre offers a level of quality and sophistication not before seen in Mauritius. It is a place where all the effort that goes into a production can be showcased without compromise, thus allowing the artist or event organiser to deliver a truly memorable experience. A performance, from the perspective of the audience, comes down to just that, *the experience*. An experience can however easily be tainted if the services which surround the performance are not up to par. A considerable amount of thought, work and energy is being channelled to ensure that the customer is enthralled from start to finish when visiting the arts centre. Starting from the access and parking, new amenities and technologies are being provided so that sufficient parking is readily available and to make the process of arriving, securing and exiting the centre as smooth as possible. In the theatre, special care has been put into providing the most comfortable experience; from carefully selected seat fabric and silent underfoot air-conditioning to ensuring all seats have excellent sightlines and sound coverage. The central location at Le Caudan Waterfront entails that the audience has access to a wide variety of dining and entertainment options, which complement the activities held within the theatre. Le Caudan Waterfront has long suffered from issues of poor night-time footfall and with this initiative we expect to see a reversal of this trend with tenants being more inclined to open for longer hours given the increased appeal, thus leading to increased patronage.

Supplementing the theatre activities will be a mix of conferences and corporate events. Our main theatre will cater for over 400 delegates, while our modular smaller conference rooms can host anything from 30 to 200 guests for those smaller events or serve as breakout rooms during major conferences. While there are a number of conference venues in Mauritius, there remains a market imperfection in that the capital city, Port Louis, is the primary host of professional and business life on the island, but yet does not have any major conference facilities. Through our market research, we have identified that there is a strong demand for this type of service in the capital city, and Le Caudan Waterfront is ideally positioned through the Caudan Arts Centre to cater to this demand.

property operations

Our property segment had a productive year with a top line increase of 13.0 per cent in gross rental income to MRs254.0m from MRs224.8m a year earlier. Furthermore, property operating expenses decreased by 9.8 per cent to MRs139.3m from MRs154.5m in the previous year. Consequently our ability to generate strong growth in sales

Jardin de la Compagnie



while efficiently managing our costs has led to our net operating income (excluding fair value gain) increasing by a hefty 63.2 per cent to MRs114.7m from MRs70.3m a year earlier.

From the top line perspective, the year ended June 30th 2017 marked the first financial year since the end of our refurbishment program where we operated at our full earnings potential in our commercial rental segment. As an industry standard, shopping malls operate with a natural vacancy rate, which is the result of underperforming tenants leaving as well as the mall management making necessary adjustments to the tenant mix in order to optimise the mall's positioning strategy. During the year under review, Le Caudan Waterfront went through a tenant recycling phase as a result of the factors mentioned above. As these gaps are being compensated for, we expect to see modest improvements in our top line performance from this segment later on this year.

As expected, our office rental segment had another good year with near full uptake of all of our office space from high calibre businesses, who enjoy the prime space within Le Caudan Waterfront. Furthermore, we have already had expressions of interest for the office space planned in Phase III from our existing tenants, an encouraging sign for the prospects of Phase III.

security operations

Despite a net profit after tax improvement to MRs1.7m (2016: loss of MRs1.6m), our security segment's performance fell short of our expectations. Operating profit increased to MRs2.1m from a loss of MRs1.7m in the prior year. Top line revenue increased to MRs262.8m from MRs260.6m in the prior period, and operating expenses decreased marginally to MRs260.7m (2016: MRs262.3m).

Although these are better results than in the prior period, the growth which we had expected during the financial year has materialised itself in a much slower fashion than we had anticipated. Nevertheless, as the old saying goes, slow and steady wins the race. Although the development opportunities which we had identified in the prior financial cycle have been slow to come to the fore, they remain in the pipeline and should have a positive impact on next year's results.

Meanwhile in the background, we have also been working on diversifying our product and services base by expanding into new product offerings and services, which have both a B2B as well as a B2C focus. As we continue to work in partnership with international players, and as a company heavily biased towards technology, so too have our marketing strategies evolved. You will note our revamped website, which is supported by a greater push into online marketing as a way of reaching our potential customers ahead of our competitors.

Government House

While we expect to see some improvements from these initiatives in the next financial year, any foray into new products and services carries with it a growth phase where more often than not, the company sees a muted response on its bottom line. This is a necessary step for any business to go through as it favours long term prosperity versus short term pain. We thus approach next financial year with caution, but looking forward beyond this, we anticipate healthy growth in our bottom line results.

indebtedness

At June 30th 2017, the group had no borrowings on its balance sheet (2016: MRs845.1m). Meanwhile cash balances remained steady at MRs0.3m and surplus funds amounting to MRs141.1m were advanced to the parent company.

As you are well aware, the proceeds of MRs1bn from the Rights Issue are to be used primarily for the financing of Phase III with any remaining funds being channelled towards the reduction of the debt burden of the group. As the payment for construction works is staggered throughout the construction period, only a fraction of the total construction costs had been incurred at balance sheet date, meaning that the remaining funds could be directed to reducing the company's debts. This is a transitory situation: as construction works progress, so too will Caudan's borrowings. Looking forward to next financial year, our borrowings will increase but should remain well below the figure of MRs845.1m recorded in 2016. The reduction in the REPO rate by 50 basis points will contribute to alleviate the burden on the company by reducing the company's interest expense. Further down the line, we expect to see higher yields from the investment in Phase III, which will help support the interest costs which were previously only supported by Phase I & II. The end result from balancing this equation will not only be positive for shareholders, but will ultimately safeguard positive returns long into the future. Thanks to the aforementioned measures, we expect to have more financial flexibility in the future and hope to be able to return to our shareholders a larger slice of our earnings.

prospects and outlook

Despite the industry challenges that linger, new shopping malls continue to propagate on the island. Meanwhile the consumer remains stymied by sticky wages and persistent inflationary trends, and tenants continue to be tempted by 'bigger and better' offers, which often cloud them from the economic realities of their business.

As I have stated earlier, we are faced with a hard truth in that the shopping mall's place in society is changing. Having pioneered this industry in Mauritius in the mid 90's, we have endeavoured to retain our entrepreneurial spirit and remain ahead of the curve, every step of the way. As we strive today to anticipate the challenges of tomorrow, we realise that the future is nigh and that this trait has never been more important than it is today.

We are diligently shaping the shopping mall of tomorrow, which will respond to the future customer's needs. We do so while keeping a sharp eye on our finances and we are confident that we are on the right path to continue to deliver sustained financial outperformance and solid income growth long into the future.

We are further comforted by the numerous initiatives aiming to breathe new life into our beloved capital city, which have come to the fore over the past couple of years. On top of all these initiatives, the transition period for the Landlord and Tenant Act will end on December 31st 2017. For many years, this legislation, originally aimed at protecting tenants from the devastating effects of cyclones in 1960, has hindered property owners from refurbishing their buildings. As property owners regain control over their assets, we expect Port Louis to undergo a facelift, which will complement all the various initiatives planned in the capital.

We thus look to the future with an eye of cautious optimism. All the initiatives and developments planned for Port Louis will take time to materialise and the benefits will only be felt in the longer term. Furthermore, as the industry faces disruptive forces once more, we will brace for repercussions in the

short term but are confident that in the long-term, thanks to our hard work, we will emerge as one of the dominant players in the market.

To conclude, I would like to offer my warmest thanks to all those people who contribute to the group's success. In particular, I would like to thank our highly committed staff for their dedication and team spirit. It is this spirit which allows Caudan to showcase its vibrant qualities to all its patrons, thereby creating an ecosystem which we all can be proud of. In turn, I would like to thank our valuable tenants for being a part of this wonderful story that is Caudan. Finally, my sincere gratitude goes out to all our board members for their sage guidance throughout the year.

Yours sincerely

Jean-Pierre Montocchio

Chairperson
September 30th 2017

St Louis Cathedral

CORPORATE GOVERNANCE REPORT

compliance statement

The board supports and is committed to attain and maintain the highest standards of corporate governance, including the principles of openness, integrity and accountability.

The board strives to comply substantively with the principles and guidelines set out in the Mauritian new National Code of Corporate Governance (NCCG) in Mauritius, which marks an important step in the Corporate Governance regime of Mauritius. The company recognises the need to improve the principles and practices in the light of the new code and is currently in the process of implementing the necessary changes so as to be fully compliant therewith. The promotion of good corporate governance values, however, underlies the organisation's decisions and actions.

This report sets out the company's main corporate governance processes. The board has applied the principles of the Code in all material aspects except for section 2.8.2 of the Code, as explained on page 29.

adoption of a new constitution

A new constitution was adopted in July 2016 which replaced the existing Memorandum and Articles of Association. The main changes brought about by the new constitution were made to incorporate the major legislative changes which have occurred since the adoption of the company's Memorandum and Articles of Association in 1989. The new constitution now fully reflects the most modern developments in the corporate field.

holding structure

At June 30th 2017, the capital structure of the company was MRs2,000,000,000, represented by 2,000,000,000 ordinary shares of MRe1.00 each and there were 3,144 shareholders on the registry.

At a special meeting of shareholders held on August 10th 2016, the shareholders approved a Bonus Issue of 0.220226474 new ordinary share for each ordinary share held and thereafter a Rights Issue of one new ordinary share for each ordinary share held at an issue price of MRe1.00 each.

Following the Bonus Issue and Rights Issue, the issued share capital of the company stood at MRs2bn made up of 2,000,000,000 ordinary shares of MRe1.00 each.

shareholders holding more than 5% of the share capital of the company at June 30th 2017

shareholder	number of shares	% held
Promotion and Development	1,217,257,922	60.86
Ferryhill Enterprises	195,236,234	9.76
	1,412,494,156	70.62
Fincorp Investment	106,790,072	5.34

Subsidiaries and associates of the company are listed in notes 6 and 7 respectively of the financial statements.

group structure as at June 30th 2017

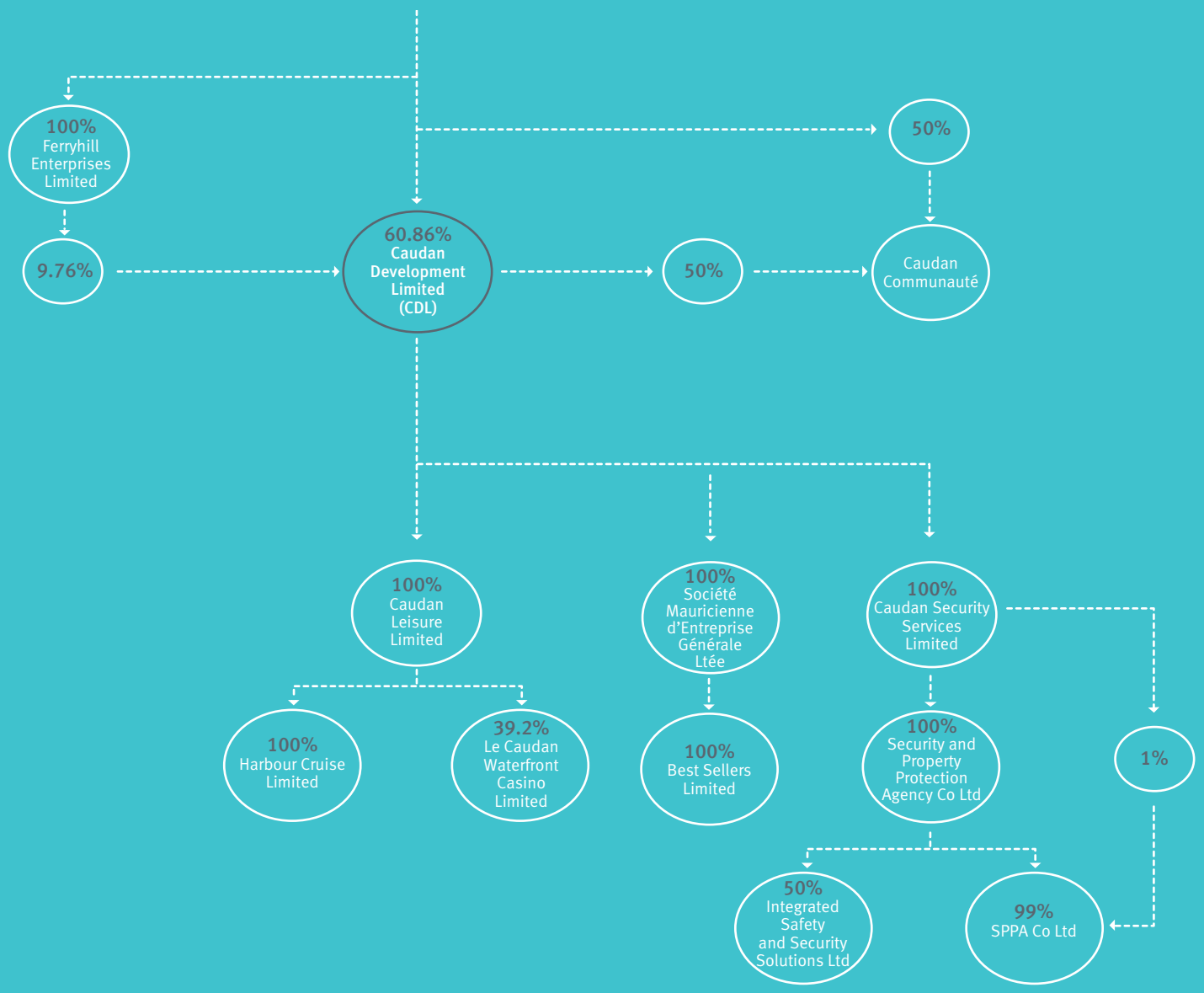
The holding structure up to and including Promotion and Development Ltd, the ultimate parent, is shown overleaf.

common directors

common directors within the holding structure of the company

at June 30th 2017	Promotion and Development
Jean-Pierre Montocchio	›
René Leclézio	›
Bertrand de Chazal	›
Catherine Fromet de Rosnay	›
Gilbert Gnany	›
Jocelyne Martin	›
Bernard Yen	›

Promotion and Development Ltd (PaD)



size of share-holding	number of shareholders	number of shares owned	% holding
1-500 shares	326	58,017	0.003
501-1,000 shares	194	131,642	0.01
1,001-5,000 shares	906	2,103,981	0.11
5,001-10,000 shares	327	2,216,848	0.11
10,001-50,000 shares	758	17,033,454	0.85
50,001-100,000 shares	200	13,834,611	0.69
Above 100,000 shares	408	1,964,621,447	98.23
Total	**3,119**	**2,000,000,000**	**100.00**

category	number of shareholders	number of shares owned	% holding
Individuals	2,909	151,625,176	7.58
Insurance and Assurance Companies	5	40,515,819	2.03
Pension and Provident Funds	33	100,625,878	5.03
Investment and Trust Companies	30	153,790,111	7.69
Other Corporate Bodies	142	1,553,443,016	77.67
Total	**3,119**	**2,000,000,000**	**100.00**

The number of shareholders given above is indicative, having been obtained by consolidation of multiple portfolios for reporting purposes.

dividend policy

The company's objective is to provide value to its shareholders through optimum return on equity. The company does not currently have a formal dividend policy. The declaration amount and payment of future dividends depend on many factors, including level of profits realised, cash flow and financial condition, expansion and working capital requirements, commitments with regards to future projects and other factors deemed relevant by the board. The company however aims at achieving a reasonable return and regular income in the form of stable dividends and as far as possible, intends to maintain or grow the dividend each year.

The audit committee and the board ensure that dividends are paid out only if the company, shall upon the distribution being made, satisfy the solvency test. Dividends are normally declared and paid once a year.

The board declared a final dividend of MRe0.04 per share in respect of the year ended June 30th 2017, subject to the shareholders' ratification at the forthcoming Annual Meeting of Shareholders.

trend over the past five years

year	dividend per share cents
2017	**4.0**
2016	-
2015	-
2014	-
2013	4.0

the board of directors

The board of directors represents the shareholders' interests and is collectively responsible for the long-term success of the company, its reputation and governance. The board is responsible to all its shareholders and to its other stakeholders for leading and controlling the organization and meeting all legal and regulatory requirements and is also accountable for determining that the company and its subsidiaries are managed in such a way as to achieve its objectives.

The board has ultimate responsibility and is accountable for the performance and activities of the company. The role of the board is to oversee executive management and the proper functioning of the company, including inter alia:

- ensuring that the long term interest of the shareholders are being served, and safeguarding the company's assets;
- assessing major risk factors relating to the group and its performance, and reviewing measures, including internal controls, to address and mitigate such risks;

- reviewing and approving management's strategic and business plans, including developing a depth of knowledge of the business, understanding and questioning the assumptions upon which plans are based and reaching an independent judgement as to the probability that the plans and/or the forecasts can be realized;
- monitoring the performance of the management against budget and forecasts;
- reviewing and approving the acquisition and divestment policy and significant corporate actions and major transactions;
- approving the treasury policy and raising of finance;
- assessing the effectiveness of the board;
- ensuring ethical behaviour and compliance with laws and regulations, auditing and accounting principles and the company's own governing documents;
- considering sustainability issues, e.g environmental and social factors, as part of its strategic formulation; and
- performing such other functions as are prescribed by law, or assigned to the board in the company's governing documents.

The board charter and the committee charters are being reviewed in the light of the New Code and will be available for consultation on the website of the company in due course.

The chairperson is responsible for leadership of the board and for ensuring its effectiveness and for promoting high standards of corporate governance. He is also responsible for ensuring that the directors receive accurate, timely and clear information and that adequate time is available for discussion of all agenda items at board meetings and in particular strategic issues. He encourages the active participation of all board members in discussions and decisions, constructive relation between the board and management and effective communication with shareholders.

In accordance with the constitution of the company, all directors shall retire from office and shall be eligible for re-election at each annual meeting of shareholders. Newly appointed directors are briefed on key information relating to the group and the sector in which it operates. They are given the relevant governing documents of the company and meet executive management to familiarize with each of the group's business and operation, its strength and weaknesses. This process contributes to ensuring a well-informed and competent board.

The procedures and accountability for certain of the board matters are delegated under clearly defined conditions to board committees and executive management and information is supplied to the board in a manner that enables the board to act diligently and fulfill its responsibilities. The board monitors regularly the effectiveness of the policies and decisions, including the implementation and execution of its strategies.

The company's constitution provides that the board of the company shall consist of a minimum of 7 and a maximum of 14 directors.

The board of Caudan is a unitary board and was, at June 30th 2017, made up of nine directors as set out on page 6. The board includes an appropriate combination of executive directors (2), non-independent non-executive directors (5) and independent directors (2) to prevent one individual or a small group of individuals from dominating the board's decision taking. Taking into account the scope and nature of operations of the group, the board considers that the current board of 9 directors is commensurate with the sophistication and scale of the organization and appropriate to facilitate the effective decision making.

The directors come from diverse business backgrounds and possess the necessary knowledge, skills, objectivity, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the company.

The executive directors are: Mr René Leclézio and Mrs Jocelyne Martin who are executive directors of PaD, the holding and management company of Caudan.

The non-independent non-executive directors are directors of PaD, major shareholder of Caudan and

as such they are not deemed to be independent. However, they are independent in both character and judgement and have wide experience and make important contributions to strategic issues and corporate governance.

There are 2 independent directors, proving a strong and independent element on the board. The objective is to facilitate the exercise of independent and objective judgement on corporate affairs, and to ensure that discussion and review of key issues take place in a critical yet constructive manner.

The board has considered that the following directors are regarded as independent directors of the company: Mrs Seedha Lutcheemee Nullatemby and Mr Antoine Seeyave.

For the period up to June 30th 2017, Mr Antoine Seeyave has been considered independent even though he has served on the board for more than nine consecutive years from the date of his first election. The board is of the opinion that Mr Antoine Seeyave, has been able to develop over time, increasing insights into the group's business and operations and is therefore able to provide a significant and valuable contribution to the board as a whole. The board takes the view that a director's independence cannot be determined solely and arbitrarily on the basis of the length of time. A director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging the management in the interests of the group as he performs his duties in good faith, are more decisive measures in ascertaining a director's independence than the number of years on the board. The board, which can have, according to the NCCG, "its own definition of independence", considered and noted that notwithstanding that Mr Antoine Seeyave has served on the board for more than nine years, his independence as director is not affected, as he continues to exercise independent judgement and demonstrates objectivity in his conduct and deliberations at board meetings. By diligently discharging his duties and exercising sound independent business judgement and objectivity in an exemplary manner in the interest of the company, he has exhibited a strong spirit of professionalism which did not diminish with time. After taking into account these factors, the board has considered and determined that Mr Antoine Seeyave continues to be regarded as independent director of the company, notwithstanding having served for more than nine years.

With three female directors as board members, the board is also in line with the recommendation of the Code regarding the gender diversity.

All directors are expected to objectively discharge their duties and responsibilities in the interests of the company. All directors should make their best efforts to avoid conflicts of interests or situations where others might reasonably perceive such a conflict. The personal interest of a director, or persons closely associated with the director, must not take precedence over those of the company or its shareholders. Any director, who is directly or indirectly interested in a transaction or proposed transaction, is required to disclose the nature of his interest, at the meeting in which the transaction is discussed, and should not participate in the debate, vote or indicate how he would have voted on the matter.

All directors are expected to attend all meetings of the board, and of those committees on which they serve, and to devote sufficient time to the group's affairs to enable them to properly fulfill their duties as directors. The dates of the meetings together with agenda items are scheduled up to one year in advance, with board meetings at least each quarter. However, on occasion, in addition to the regular scheduled meetings, it may be necessary to convene ad-hoc meetings at short notice as and when circumstances warrant, which may preclude directors from attending. Besides physical meetings, the board and the board committees may also make decisions by way of written resolutions. Board meetings are chaired in Mauritius and participation by board members by means of teleconference or similar communication equipment is permitted.

The directors are required to carry out a self-appraisal of their individual and board evaluation and to report any shortcomings identified. The

company acts where appropriate on feedbacks from board members on improvements. The board also encourages its members to keep on enhancing their knowledge and competencies through personal development programmes.

attendance at the board and its committee meetings

The board met six times during the year to consider all aspects of the company's affairs and any further information which it requested from management. In addition, on two occasions, the directors unanimously approved board decisions by way of written resolutions. Directors are kept regularly informed of the up to date business position of the group.

2017	board of directors	board committees	
		corporate governance	audit
Jean-Pierre Montocchio	5	2	n/a
René Leclézio	5	2	n/a
Bertrand de Chazal	5	2	6
Catherine Fromet de Rosnay *	6	1	n/a
Gilbert Gnany	4	n/a	5
Jocelyne Martin	6	n/a	n/a
Seedha Lutcheemee Nullatemby	4	n/a	n/a
Antoine Seeyave	1	n/a	n/a
Bernard Yen	6	n/a	5
total meetings held	6	2	6

** appointed on the corporate governance committee in December 2016*

directors' profiles

Jean-Pierre Montocchio

Chairperson and non-executive director

Notary public. Has participated in the National Committee on Corporate Governance. Director of various listed companies including MCB Group, Fincorp Investment, Promotion and Development, Rogers, New Mauritius Hotels, Les Moulins de la Concorde and ENL Land.

Bertrand de Chazal

Non-executive director

Fellow member of the Institute of Chartered Accountants of England and Wales and Commissaire aux Comptes. Worked during his career with Touche Ross, Paris and West Africa; retired as senior financial analyst of the World Bank. Director of Promotion and Development, MCB Equity Fund and MCB Capital Markets.

Catherine Fromet de Rosnay

appointed September 2016

Non-executive director

Partner at LEGIS & Partners. Holds a 'Magistère de Juriste d'Affaires' and 'Diplôme de Juriste et Conseil d'Entreprise (D.J.C.E)' from the Université de Paris II, Panthéon Assas. Practised as an in-house lawyer for nearly 8 years at the legal department of Nexans in Paris, formerly known as Alcatel Cable France. Involved in the negotiation and drafting of commercial and joint-venture agreements, corporate due diligence exercise, M&A operations, legal and taxation advice. Director of Promotion and Development.

Gilbert Gnany

Non-executive director

Holds a Master's degree in Econometrics from the University of Toulouse and a 'DESS' in Management/Micro-Economics from Paris-X. He is currently Chief Strategy Officer of MCB Group Ltd. Previously, he worked as Senior Advisor on the World Bank Group's Executive Board where he was responsible for issues relating mainly to the International Finance Corporation and to the private and financial sectors. Prior to joining the World Bank, he was the MCB Group Chief Economist after having been the Economic Advisor to the Minister of Finance. During his career, he has been involved in various high-profile boards/committees. Amongst others, he chaired the Stock Exchange of Mauritius Ltd, the Statistics Advisory Council and the Statistics Board as well as having been a director of the Board of Governors of the Mauritius Offshore Business Activities Authority and of the Board of Investment. He was also a member of the IMF Advisory Group for sub-Saharan Africa (AGSA) and a member of the Senate of the University of Mauritius. Mr. Gnany was appointed Director of MCB Group Ltd in April

2014 and he currently sits on its Risk Monitoring Committee and Strategy Committee. He is also a Board member of several companies within MCB Group, acting either as Chairperson or Director. He is the Chairperson of the Economic Commission of Business Mauritius which serves, inter alia, as a platform for public-private sector dialogue. Director of Promotion and Development.

René Leclézio
Executive director
Degree in Chemical Engineering, Imperial College and MBA, London Business School. Worked as a manager at Lloyds Merchant Bank, London, before joining the company as its general manager in 1988. Director of several private and public companies including Promotion and Development, Medine, EUDCOS, MFD Group, Swan Life and Swan General.

Jocelyne Martin
Executive director
BSc (Hons) in Economics, London School of Economics. Member of the Institute of Chartered Accountants of England and Wales. Trained with Deloitte Haskins + Sells (now part of PwC), London. After several years of experience in the UK, worked at De Chazal Du Mée before joining Promotion and Development in 1995 as Group Financial Controller. Was appointed director in 2004. She is also the Company Secretary. Director of Promotion and Development, Medine and EUDCOS.

Seedha Lutcheemee Nullatemby
Independent director
Fellow of the Institute of Chartered Secretaries and Administrators (FCIS) and also holds an MBA in Finance. She is also a qualified Stockbroker. She has been working at the State Investment Corporation Ltd for the past 28 years and has wide ranging experience in the field of Finance, Accounting, Administrative and Corporate matters. She is a Director of various companies within the SIC Group. She is also the Chairperson of the Finance Committee and Director of Mauritius Educational Development Company Ltd.

Antoine Seeyave
Independent director
Chairman of Happy World and director of Ipro Growth Fund. Sloan fellow of the London Business School.

Bernard Yen
Non-executive director
Fellow of the UK Institute and Faculty of Actuaries. Currently the Managing Director of Aon Hewitt Ltd, providing actuarial, pensions and other services in Mauritius and the African region. Has more than 30 years' international consulting experience including 15 years with Mercer in Europe. Serves as the African representative on the Committee of Actuaries advising the UN staff pension fund since 2007. Also director of Promotion and Development, MCB Capital Partners and Mauritian Eagle Leasing.

Marie Reine de la Paix

Kwan Tee Pagoda

Madurai Mariammen Kovil

directors' interests in shares

The directors are aware of the contents of the Model Code on Securities Transactions by Directors (appendix 6 of The Mauritius Stock Exchange Listing Rules 2000).

interests of the directors in the share capital of the company and its subsidiaries at June 30th 2017

number of shares	direct	indirect
Jean-Pierre Montocchio	-	319,698
Bertrand de Chazal	-	-
Catherine Fromet de Rosnay	-	-
Gilbert Gnany	-	-
René Leclézio	-	305,056
Jocelyne Martin	158,628	-
Seedha Lutcheemee Nullatemby	-	-
Antoine Seeyave	-	-
Bernard Yen	146,426	-

transactions during the year

Bonus Issue (number of shares)	direct	indirect
Jean-Pierre Montocchio	-	28,849
René Leclézio	-	27,528
Jocelyne Martin	14,314	-
Bernard Yen	13,213	-

purchases (number of shares)	direct	indirect
Jean-Pierre Montocchio	-	159,849
René Leclézio	-	152,528
Jocelyne Martin	79,314	-
Bernard Yen	73,213	-

senior executives profile

The profiles of Mr René Leclézio and Mrs Jocelyne Martin appear in the Directors' Profiles section.

related party transactions

For related party transactions, please refer to note 29 of the financial statements.

board committees

The board has the following committees, each of which has its own written terms of reference which deal clearly with their authorities and duties. Details of the most important committees are set out below:

The corporate governance committee

The committee which incorporates the nomination and remuneration committee is chaired by Mrs Catherine Fromet de Rosnay (previously Mr P. Arnaud Dalais) and comprises of Mr Bertrand de Chazal, an independent director and Mr Jean-Pierre Montocchio, a non-executive director as well as the group managing director, Mr René Leclézio. The committee is appointed by the board and makes recommendations to the board, on new appointments to the board and on succession planning and generally on all corporate governance provisions to be adopted by the company and oversee their implementation. It also has responsibility for the compensation strategies, plans, policies and programs of the company and its subsidiaries and evaluating and approving the remuneration package and other terms and conditions of service applying to directors and senior executives.

The audit committee

The committee is appointed by the board and comprises Mr Bertrand de Chazal, who chairs this committee and Messrs Gilbert Gnany and Bernard Yen. All three members of the committee have the relevant financial experience.

Amongst its other duties, the committee assists the board in fulfilling its financial reporting responsibilities. It reviews the financial reporting process, the audit process and monitors compliance with laws and regulations. It monitors the quality and integrity of the financial statements, and reviews interim financial reports and the annual financial statements prior to their submission to the board, and the application of the company's accounting

policies. The committee reviews matters affecting the company's financial and internal controls and their effectiveness and the management of financial risk. The committee also monitors risks identified and considered critical by management, including capital, market, reputational, strategic and operational risks; it reviews and monitors the development and implementation of the company's risk management programme. The audit committee provides a forum through which the external auditors can report to the board and monitors their performance and independence. The board is satisfied that the audit committee has adequately discharged its responsibilities in compliance with its terms of reference.

Internal control and risk management policies

The board is responsible for monitoring and maintaining a robust and effective internal control framework across the group and for identifying, evaluating and managing the group's significant risks. The internal control system is designed to manage rather than eliminate the risk of failure of the group to meet its business objectives and as such can only provide a reasonable rather than absolute assurance against material misstatement or loss. The monitoring of the group's system of internal control covers all controls, including financial, operational and compliance controls and risk management.

Risk issues are systematically addressed at the audit, corporate governance and investment committees.

Some of the operational risks to which the company is exposed are:

- physical: losses due to fire, cyclone, explosion etc.
- human resources: losses arising from acts inconsistent with employment, health and safety laws.
- business continuity: losses resulting from breakdown in systems, failure of internal processes, inadequate back-ups and loss of data.
- compliance: failure to comply with laws, regulations, codes of conduct and standard of good practice relevant to the group's business environment.

To mitigate the above risks, the company has developed various policies, processes, systems and methods which are reviewed regularly to ensure that they are managed on a timely basis and in an effective manner. The group is also exposed to financial risks such as market risk, credit risk and liquidity risk. The management of these risks is further discussed in note 1 of the financial statements.

In an effort to further strengthen the risk management framework to better respond to the risks in its changing environment, the holding company mandated MCB Consulting to conduct a business risk identification and assessment exercise across the group including Caudan and its subsidiaries. A business risk workshop was organised in June 2017 with the following objectives:

Sprout the implementation of a coherent and practical Enterprise Risk Management framework by:

- identifying business risks which could impair the achievement of the current and future strategic objectives;
- assessing the business risk by importance, likehood of occurrence and impact;
- calculating the risk exposure; and
- deriving a Risks Heat Map.

Link risk management to:

- strategic planning and thinking;
- capital sourcing, funding and financing;
- information technology;
- human resources; and
- operations.

Strengthen the risk awareness culture and initiative among key resources of the organisation.

Under the guidance of MCB Consulting, the group is now putting in place a risk management framework and implementing the action plan to mitigate the business risks and/or to transform them into business opportunities.

The group did not during the year under review have an internal audit function as this was not considered essential given the nature of the group's business, and the central control and organisational and approval structure in place across the group with clearly defined levels of authority and division of responsibilities. The company has clear and robust internal control procedures for the approval of all transactions, no matter what their size, through formal board committees and formally delegated authority limits. However ,in order to be in line with the new Code, the holding company decided to recruit as from July 1st 2017 a group internal auditor, who will also evaluate all aspects of internal control of Caudan and its subsidiaries and assist the audit committee to ensure that the company maintains a sound system of internal controls. The internal auditor reports to the audit committee chairperson, and to the executive management on administrative matters. The audit committee approves the hiring and decides on the removal of the internal auditor and also ensures the adequacy and effectiveness of the internal audit function. The annual internal audit plan is established in consultation with, but independent of, Management, and is reviewed and approved by the audit committee. As from July 1st 2017, the audit committee and management review and discuss internal audit findings, recommendations and status of remediation at audit committee meetings. The internal auditor has unfettered access to the group's documents, records, properties and personnel, including access to the audit committee.

The audit committee also reviews the external auditors' reports and any recommendations for improvements in controls and procedures identified in the course of their work and ensures the proper follow up of previous recommendations.

shareholders' communication

The board places great importance on an open and transparent communication with all shareholders and also endeavours to keep them regularly informed on matters affecting the company.

The company communicates to its shareholders through its Annual Report, publication of unaudited quarterly and audited abridged financial statements of the group, dividend declaration, press announcements and the Annual Meeting of Shareholders to which all shareholders are encouraged to attend.

An investor meeting was organised by the holding company after publication of half-year results where the executives were able to update the local analysts and institutional investors about Caudan's performance and strategic initiatives.

The company's website is also an important means of effectively communicating with all stakeholders, keeping them abreast of developments within the group.

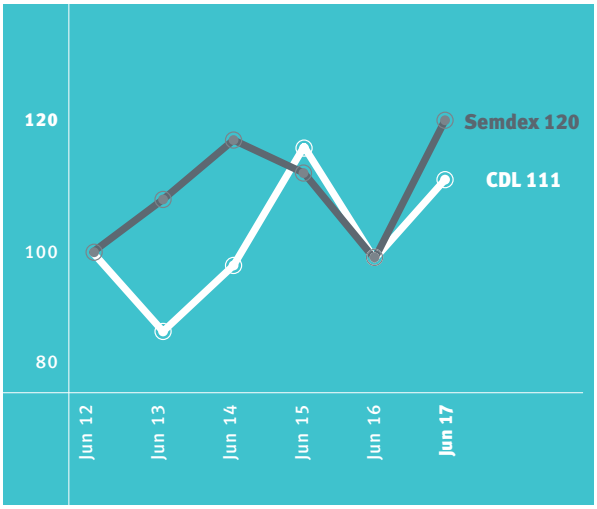
shareholders' calendar

The company has planned the following forthcoming events:

Mid-November 2017	release of first quarter results to September 30th 2017
December 2017	annual meeting of shareholders
Mid-February 2018	release of half-year results to December 31st 2017
Mid-May 2018	release of results for the nine month period to March 31st 2018
June 2018	declaration of final dividend
End-September 2018	release of full year results to June 30th 2018
Mid-November 2018	release of first quarter results to September 30th 2018
December 2018	annual meeting of shareholders

share price information

evolution of the company's share price compared to the Semdex over the past five years



code of ethics

The company and its employees are committed to the highest standards of professional integrity and ethical conduct in dealing with all its stakeholders. The company is in the process of developing a Code of ethics, which will apply to all directors, officers, employees, including agents and representatives. The Code of ethics will outline the responsibilities and guidelines that describe the ethical standard expected and will be available for consultation on the website of the company in due course.

sustainability reporting

The company is committed to the development and implementation of social health and safety and environmental policies and practices in line with existing legislatives and regulatory framework.

carbon reduction commitment

Environment consciousness is among one of the most important business practices of the company and the group. The group wishes to go further in the strengthening and affirmation of the group's identity as an eco-friendly destination by building on several ad hoc green initiatives that have been taken over a certain period of time, like the use of eco-friendly biodegradable detergents when it comes to the cleaning of the premises and recycling of used oils among others. The group has reduced paper consumption through the elimination of paper invoices by sending them electronically.

The most visible and ambitious action taken at this level is the inculcation of environmental awareness to all staff, visitors and tenants via the implementation of selective separation and sorting of waste with the provision of adapted bins.

In the coming year, the group will continue to work towards bringing consistency to its environment friendly policy and actions in view of putting up a structured and full-fledged project that will strengthen the group's commitment towards sustainable development, thus enabling us to meet international standards with regard to environmental consciousness.

directors' service contracts

There are no service contracts between the company or its subsidiaries and the directors.

directors' indemnity insurance

The company has contracted an indemnity insurance cover for the directors' liability.

Port Louis Theatre

China Town

directors' remuneration

remuneration and benefits received and receivable from the company and its subsidiaries

	THE COMPANY		SUBSIDIARIES	
MRs000	**2017**	2016	**2017**	2016
Full time executive directors	**60**	60	**-**	-
Non-executive directors	**405**	430	**60**	60
	465	490	**60**	60

The directors' fees and remuneration are in accordance with market rates. They have not been disclosed on an individual basis due to the sensitive nature of the information.

contract of significance

During the year under review, there was no contract of significance to which the company was a party and in which a director was materially interested either directly or indirectly.

auditors' fees

fees payable to the auditors for audit and other services, year ended June 30th 2017

	THE GROUP		THE COMPANY	
MRs000	**2017**	2016	**2017**	2016
BDO & Co				
Audit services	**611**	592	**277**	270
Other services	**200**	-	**200**	-
	811	592	**477**	270

material clauses of the constitution

There are no clauses of the constitution deemed material to be disclosed.

shareholders agreement

There is currently no shareholders agreement affecting the governance of the company by the board.

third party management agreement

There were no such agreements during the year under review.

statement of remuneration philosophy

The company's remuneration philosophy concerning directors provides that:

- there should be a retainer fee for each director reflecting the workload, size and complexity of the business as well as the responsibility involved. It should be the same for all directors whether executive or non-executive directors;
- the chairperson having wider responsibilities should have higher remunerations;
- there should be committee fees for directors. The chairperson should have higher remuneration than members.

The remuneration philosophy for management and staff is based on meritocracy and ensures that:

- fairness is promoted throughout the organisation and;
- opportunity is given to staff members to benefit from the financial result and development of the company.

Eligible staff members are entitled to receive a bonus based on the performance of the company and their own rated performance appraisal during the year.

Generally, the finalisation of remuneration packages is based on a number of factors including qualifications, skills and experience, past performance, personal potential, market norms and practices, and levels of responsibilities.

donations

	THE GROUP		THE COMPANY	
MRs000	**2017**	2016	**2017**	2016
Corporate social responsibility	**200**	330	**74**	2
Other	**50**	88	**50**	88
	250	418	**124**	90

No political donations were made during the year (2016: nil).

corporate social responsibility

The group has always been committed in providing voluntary support to Non-Governmental Organisations (NGOs) on request and sponsorship to individuals and associations for the promotion of education, arts and culture and sport activities. Le Caudan Waterfront has indeed always been actively involved in empowerment through the provision of free mall space and the promotion of local arts and crafts, artistic exhibitions and cultural as well as sports events.

The commitment of the group towards corporate social responsibility was strengthened with the incorporation of Caudan Communauté, a special purpose vehicle (SPV) which was incorporated in 2010 to implement the specific CSR programme of the group. Its main responsibilities consist of financing and working closely in partnership with all stakeholders of the community: the public through NGOs engaged in social work, other foundations which have similar objectives and the authorities, namely the national corporate social responsibility foundation (NCSRF).

The management of Caudan Communauté has been entrusted to a committee composed of representatives of the group to translate the philosophy and vision of the group in all CSR activities. The field of intervention of Caudan Communauté is as follows:

- promotion of socio-economic development, including poverty alleviation and the improvement of gender and human rights;
- promotion of development in the fields of health, education and training, leisure and environment;
- intervention and support during and following catastrophic events; and
- undertaking or participation in programmes approved by the NCSRF.

Since its operation, Caudan Communauté has contributed in the following areas namely:

- support to vulnerable groups: children, women in distress and handicapped;
- education: literacy programmes and training;
- health: support to the rehabilitation of patients suffering from mental disorder, inadapted children and fight against AIDS;
- human values: fight against corruption;
- arts and culture: opportunities for development of talented musicians;
- sports: promotion of sports events;
- environment: creation of green spaces outside the work place; and
- empowerment of women and children.

During the year, the highlights of the CSR programme have been the sponsorship of:

- child care centres' monthly costs for children of eligible employees;
- Business Mauritius which has provided some support to the victims of the flood which occured in the North; and
- the Lois Lagesse Trust Fund (school for the blind) in upgrading its infrastructures and water proofing works.

statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flow of the company and of the group. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements and;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2001. The directors are also responsible to ensure that:

- an effective system of internal control and risk management has been maintained and;

- the code of corporate governance has been adhered to.

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

Approved by the board of directors
on September 28th 2017
and signed on its behalf by

René Leclézio
Director

Bertrand de Chazal
Director

Central Market

COMPANY **SECRETARY'S** CERTIFICATE

I certify that to the best of my knowledge and belief the company has filed with the Registrar of Companies all such returns as are required of the company under the Companies Act 2001.

Jocelyne Martin

Company Secretary

September 28th 2017

STATEMENT OF **COMPLIANCE**

(SECTION 75 (3) OF THE FINANCIAL REPORTING ACT)

name of company

Caudan Development Limited

reporting period

Year ended June 30th 2017

We, the Directors of Caudan Development Limited, confirm to the best of our knowledge, that the company has complied with all its obligations and requirements under the code of Corporate Governance except for Section 2.8.2 of the Code, as explained on page 29 of the Corporate Governance Report.

Approved by the board of directors on September 28th 2017 and signed on its behalf by

René Leclézio

Director

Bertrand de Chazal

Director

Champ de Mars

INDEPENDENT **AUDITORS' REPORT**

to the members

This report is made solely to the members of Caudan Development Limited (the "Company"), 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Caudan Development Limited and its subsidiaries (the Group), and the Company's separate financial statements on pages 38 to 78 which comprise the statements of financial position as at June 30, 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and 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 financial statements on pages 38 to 78 give a true and fair view of the financial position of the Group and of the Company as at June 30, 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of investment property

Key Audit Matter

The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The fair value as determined by the Directors reflects the present day market value arrived at based on the Sales Comparison approach, the Depreciated Replacement Cost approach and the Income Capitalisation approach as appropriate and as provided by independent valuers' valuation. The judgements and estimates used in these calculations resulted in the carrying value of the investment properties being a key area of focus for our audit.

Related Disclosures

Refer to note 2, note 1 accounting policies and note 1A critical accounting estimates of the accompanying financial statements.

Audit Response

Our audit procedures include testing of design, existence and operating effectiveness of internal control procedures implemented as well as test of details to ensure existence, valuation and completeness of the investment properties. We tested the key inputs to the valuation of the investment properties as follows:

- Assessment and discussion of management's process for the valuation exercise and appointment of the external valuers. We also assessed the competence, independence and integrity of the external valuers.
- Obtained the external valuation reports and discussed with the external valuers about the results of their work on a sample of properties. We discussed and challenged the valuation process, performance of the portfolio, significant judgments and assumptions applied to the valuation model, including yields, occupancy rates and capitalisation rates. We benchmarked and challenged the key assumptions to external industry data and comparable property valuation where available.
- Testing the integrity of a sample of the data used by the external valuers. This included verifying a sample of information used by the external valuers to underlying documentation.

2. Revenue recognition

Key Audit Matter

The Group's Turnover consists of rental income and income from security services. Revenue is measured and recognised in accordance with the Group's policy. We focused on this area due to the significance value of revenue for the Group and the risk attached to the timing of recognition of revenue.

Related Disclosures

Refer to note 1 accounting policies, and note 25 segmental reporting of the accompanying financial statements.

Audit Response

Our audit procedures to address the risk of material misstatement relating to revenue recognition included:

- Testing the design and operating effectiveness of the key controls, the information used and management's review and approval of revenue recognised.
- An understanding of key controls management has in place to ensure that revenue is recognised in the appropriate period and in line with the respective terms and conditions.
- Ensuring completeness of income through substantive tests performed, analytical review procedures and cut off tests on the revenue recognised.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the financial highlights/performance summary, corporate information and chairperson's statement does not include the financial statements and our auditor's report thereon. The chairperson's statement is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the chairperson's statement, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than

for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditors, and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

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

Financial Reporting Act 2004

The Directors are responsible for preparing the corporate governance report. Our responsibility is to report the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

BDO & Co
Chartered Accountants

Ameenah Ramdin FCCA, ACA
licensed by FRC

September 28th 2017, Port-Louis, Mauritius

FINANCIAL STATEMENTS

Maillard street

STATEMENTS OF FINANCIAL POSITION

		THE GROUP			THE COMPANY		
MRs000	note	**2017**	2016	2015	**2017**	2016	2015
			restated	*restated*		*restated*	*restated*
Assets				*July 1st*			*July 1st*
Non-current assets							
Investment property	2	**3,834,800**	3,710,005	3,669,165	**3,465,944**	3,340,529	3,321,184
Prepaid operating leases	3	**451**	457	463	**451**	457	463
Property, plant and equipment	4	**171,697**	174,001	174,759	**49,799**	50,079	48,718
Intangible assets	5	**1,503**	2,704	4,037	**64**	83	94
Investments in subsidiary companies	6	**-**	-	-	**14,247**	14,247	14,247
Investments in associate and jointly controlled entities	7,8	**-**	-	-	**-**	-	-
Deferred tax assets	15	**5,553**	5,132	4,344	**-**	-	-
Trade receivables	11	**3,402**	4,154	4,834	**-**	-	-
		4,017,406	3,896,453	3,857,602	**3,530,505**	3,405,395	3,384,706
Current assets							
Inventories	10	**15,672**	11,537	9,546	**3,121**	2,931	2,489
Trade and other receivables	11	**282,854**	126,871	118,459	**428,971**	290,663	229,748
Cash and cash equivalents		**305**	318	592	**165**	131	96
		298,831	138,726	128,597	**432,257**	293,725	232,333
Total assets		**4,316,237**	4,035,179	3,986,199	**3,962,762**	3,699,120	3,617,039
Equity and liabilities							
Capital and reserves attributable to owners of the parent							
Share capital	12	**2,000,000**	819,520	819,520	**2,000,000**	819,520	819,520
Other reserves	18	**(165)**	2,797	2,850	**-**	2,862	2,862
Retained earnings	13	**1,935,190**	2,118,680	2,108,026	**1,489,216**	1,693,369	1,666,127
Total equity		**3,935,025**	2,940,997	2,930,396	**3,489,216**	2,515,751	2,488,509
Liabilities							
Non-current liabilities							
Borrowings	14	**-**	599,500	636,500	**-**	599,500	636,500
Deferred tax liabilities	15	**142,512**	131,987	130,004	**101,890**	94,942	90,434
Retirement benefit obligations	16	**21,397**	17,973	15,752	**8,271**	7,688	7,565
		163,909	749,460	782,256	**110,161**	702,130	734,499
Current liabilities							
Other payables	17	**136,518**	98,805	96,132	**283,385**	239,364	235,233
Current tax liabilities		**785**	338	1,444	**-**	-	-
Borrowings	14	**-**	245,579	175,971	**-**	241,875	158,798
Dividend proposed	24	**80,000**	-	-	**80,000**	-	-
		217,303	344,722	273,547	**363,385**	481,239	394,031
Total liabilities		**381,212**	1,094,182	1,055,803	**473,546**	1,183,369	1,128,530
Total equity and liabilities		**4,316,237**	4,035,179	3,986,199	**3,962,762**	3,699,120	3,617,039
MRs							
Net assets per share		**1.97**	2.94	2.93	**1.74**	2.52	2.49
Number of shares		**2,000,000,000**	1,000,000,000	1,000,000,000	**2,000,000,000**	1,000,000,000	1,000,000,000

These financial statements have been approved for issue by the board of directors on September 28th 2017 and are signed on its behalf by

René Leclezio *Director* Bertrand de Chazal *Director*

The notes on pages 42 to 78 form an integral part of these financial statements. The auditors' report is on pages 34 to 36.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		THE GROUP		THE COMPANY	
MRs000	note	**2017**	2016	**2017**	2016
			restated		*restated*
Revenue	1	**492,119**	461,486	**202,033**	181,876
Net gain from fair value adjustment on investment property	2	**3,161**	-	**4,031**	-
Operating expenses		**(375,214)**	(392,899)	**(121,138)**	(106,105)
Operating profit	19	**120,066**	68,587	**84,926**	75,771
Non-recurring item	23	**(14,996)**	-	**(14,996)**	-
Finance costs	20	**(22,530)**	(55,907)	**(22,522)**	(55,796)
Finance income	20	**11,547**	839	**21,490**	12,499
Profit before income tax		**94,087**	13,519	**68,898**	32,474
Taxation	21	**(17,950)**	(2,722)	**(13,424)**	(5,089)
Profit for the year attributable to owners of the parent		**76,137**	10,797	**55,474**	27,385
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of retirement benefit obligations	16	**(352)**	(168)	**(352)**	(168)
Deferred tax on remeasurement of retirement benefit obligations	15	**53**	25	**53**	25
Items that may be reclassified subsequently to profit or loss					
Exchange difference on translating foreign operations		**(100)**	(53)	**-**	-
Other comprehensive income for the year attributable to owners of the parent		**(399)**	(196)	**(299)**	(143)
Total comprehensive income for the year attributable to owners of the parent		**75,738**	10,601	**55,175**	27,242

MRe			
Earnings per share	22A	**0.0448**	0.0108
Adjusted earnings per share	22B	**0.0520**	0.0108

The notes on pages 42 to 78 form an integral part of these financial statements. The auditors' report is on pages 34 to 36.

STATEMENTS OF CHANGES IN EQUITY

Attributable to owners of the parent		share	other	retained	total
MRs000	note	capital	reserves	earnings	equity
					THE GROUP
At July 1st 2015					
As previously reported		819,520	2,850	2,099,306	2,921,676
Prior year adjustment	30	-	-	8,720	8,720
As restated		819,520	2,850	2,108,026	2,930,396
Profit for the year - restated		-	-	10,797	10,797
Other comprehensive income		-	(53)	(143)	(196)
At June 30th 2016		819,520	2,797	2,118,680	2,940,997
At July 1st 2016					
As previously reported		819,520	2,797	2,111,680	2,933,997
Prior year adjustment	30	-	-	7,000	7,000
As restated		819,520	2,797	2,118,680	2,940,997
Bonus Issue		180,480	(2,862)	(177,618)	-
Rights Issue net of issue costs		1,000,000	-	(1,710)	998,290
Profit for the year		-	-	76,137	76,137
Dividends	24	-	-	(80,000)	(80,000)
Other comprehensive income		-	(100)	(299)	(399)
At June 30th 2017		**2,000,000**	**(165)**	**1,935,190**	**3,935,025**
					THE COMPANY
At July 1st 2015					
As previously reported		819,520	2,862	1,665,912	2,488,294
Prior year adjustment	30	-	-	215	215
As restated		819,520	2,862	1,666,127	2,488,509
Profit for the year - restated		-	-	27,385	27,385
Other comprehensive income		-	-	(143)	(143)
At June 30th 2016		819,520	2,862	1,693,369	2,515,751
At July 1st 2016					
As previously reported		819,520	2,862	1,692,654	2,515,036
Prior year adjustment	30	-	-	715	715
As restated		819,520	2,862	1,693,369	2,515,751
Bonus Issue		180,480	(2,862)	(177,618)	-
Rights Issue net of issue costs		1,000,000	-	(1,710)	998,290
Profit for the year		-	-	55,474	55,474
Dividends	24	-	-	(80,000)	(80,000)
Other comprehensive income		-	-	(299)	(299)
At June 30th 2017		**2,000,000**	**-**	**1,489,216**	**3,489,216**

The notes on pages 42 to 78 form an integral part of these financial statements. The auditors' report is on pages 34 to 36.

STATEMENTS OF CASH FLOWS

	THE GROUP		THE COMPANY	
MRs000	**2017**	2016	**2017**	2016
Cash flows from operating activities				
Cash received from tenants	**245,315**	211,981	**199,201**	175,308
Security fees received	**241,589**	252,562	**-**	-
Cash payments net of other operating receipts	**(353,301)**	(377,973)	**(122,372)**	(104,867)
Cash generated from operations	**133,603**	86,570	**76,829**	70,441
Interest paid	**(22,639)**	(55,663)	**(22,654)**	(55,488)
Interest received	**11,300**	839	**21,243**	12,499
Net income tax (paid)/refunded	**(2,766)**	3,196	**(1,694)**	3,775
Net cash generated from operating activities	**119,498**	34,942	**73,724**	31,227
Cash flows from investing activities				
Purchase of property, plant and equipment	**(15,004)**	(18,417)	**(3,085)**	(7,309)
Purchase of intangible assets	**(173)**	(244)	**(17)**	(22)
Payments in respect of investment property	**(114,331)**	(52,230)	**(112,514)**	(27,851)
Net amount refunded from/(granted to) subsidiary companies	**-**	-	**13,405**	(43,842)
Amount (paid on behalf of)/received from joint venture	**(589)**	108	**-**	-
Proceeds from disposals of property, plant and equipment	**607**	572	**16**	-
Other cash (outflows)/inflows	**(2,222)**	2,551	**(1,472)**	1,919
Net cash used in investing activities	**(131,712)**	(67,660)	**(103,667)**	(77,105)
Cash flows from financing activities				
Repayments of bank borrowings	**(636,500)**	(37,000)	**(636,500)**	(37,000)
Net loan (refunded to)/granted by parent	**(178,000)**	178,000	**(178,000)**	178,000
Loan granted to parent	**(141,079)**	-	**(127,008)**	-
Loan paid to other institution	**-**	(163)	**-**	-
Proceeds from Rights Issue	**1,000,000**	-	**1,000,000**	-
Transaction costs in respect of Rights Issue	**(1,710)**	-	**(1,710)**	-
Net cash generated from financing activities	**42,711**	140,837	**56,782**	141,000
Net increase in cash and cash equivalents	**30,497**	108,119	**26,839**	95,122
Cash and cash equivalents at beginning of the year	**(30,261)**	(138,216)	**(26,744)**	(121,702)
Effect of foreign exchange rate changes	**69**	(164)	**70**	(164)
Cash and cash equivalents at end of the year	**305**	(30,261)	**165**	(26,744)
Analysis of cash and cash equivalents disclosed above				
Bank and cash balances	**305**	318	**165**	131
Bank overdrafts	**-**	(30,579)	**-**	(26,875)
	305	(30,261)	**165**	(26,744)

The notes on pages 42 to 78 form an integral part of these financial statements. The auditors' report is on pages 34 to 36.

NOTES **TO THE FINANCIAL STATEMENTS**

general information

Caudan Development Limited is a limited liability company incorporated and domiciled in Mauritius. The address of its registered office is Promotion and Development Ltd, 8th Floor, Dias Pier, Le Caudan Waterfront, Port Louis. The Company is listed on the official market of the Stock Exchange of Mauritius. These consolidated financial statements have been approved for issue by the board of directors on September 28th 2017 and will be submitted for consideration and approval at the forthcoming annual meeting of the shareholders of the Company.

1 significant accounting policies

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

Basis of preparation

The financial statements of Caudan Development Limited comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements include the consolidated financial statements of the parent company and its subsidiary companies (the Group) and the separate financial statements of the parent company (the Company). The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (MRs000), except when otherwise indicated. Where necessary, comparative figures have been amended to conform with changes in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

- investment properties are stated at their fair value and;
- relevant financial assets and financial liabilities are stated at their fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgment in the process of applying the company's accounting policies. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgment or complexity are disclosed in note 1A.

There are no standards, amendments to published standards and interpretations effective for the first time in the reporting period.

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

IFRS 14

Regulatory Deferral Accounts provides relief for first-adopters of IFRS in relation to accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). IFRS 14 permits these entities to apply their previous accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The standard has no impact on the Group's/Company's financial statements.

(Amendments to IFRS 11)

Accounting for Acquisitions of Interests in Joint Operations. The amendments clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed. The amendment has no impact on the Group's/Company's financial statements.

(Amendments to IAS 16 and IAS 38)

Clarification of Acceptable Methods of Depreciation and Amortisation. The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. Amendments clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. IAS 38 now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome under specific conditions. The amendment has no impact on the Group's/Company's financial statements.

(Amendments to IAS 27)

Equity method in separate financial statements. The amendments allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value in their separate FS. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The amendment has no impact on the Group's/Company's financial statements.

(Amendments to IAS 16 and IAS 41)

Agriculture: Bearer Plants. IAS 41 now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. The amendment has no impact on the Group's/Company's financial statements.

Annual Improvements to IFRSs 2012–2014 cycle

IFRS 5

IFRS 5 is amended to clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such. The amendment has no impact on the Group's/Company's financial statements.

IFRS 7

IFRS 7 amendment provides specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. The amendment has no impact on the Group's/Company's financial statements.

IFRS 7 is amended to clarify that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. The amendment has no impact on the Group's/Company's financial statements.

IAS 19

IAS 19 amendment clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The amendment has no impact on the Group's/Company's financial statements.

IAS 34

IAS 34 amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information. The amendment has no impact on the Group's/Company's financial statements.

(Amendments to IAS 1)

Disclosure Initiative. The amendments to IAS 1 provide clarifications on a number of issues. An entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals. Confirmation that the notes do not need to be presented in a particular order. The share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

(Amendments to IFRS 10, IFRS 12 and IAS 28)

Investment entities: Applying the consolidation exception. The amendments clarify that the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities. An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement. The amendment has no impact on the Group's/Company's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1st 2017 or later periods, but which the Group/Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9	Financial instruments
IFRS 15	Revenue from Contract with Customers
(Amendments to IFRS 10 and IAS 28)	Sale or Contributions of Assets between an Investor and its Associate or Joint Venture
IFRS 16	Leases
(Amendments to IAS 12)	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IAS 7	Statement of Cash Flows
Clarifications to IFRS 15	Revenue from Contracts with Customers
(Amendments to IFRS 2)	Classification and Measurement of Share-based Payment Transactions
(Amendments to IFRS 4)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Annual Improvements to IFRSs 2014–2016 Cycle	
IFRIC 22	Foreign Currency Transactions and Advance Consideration
(Amendments to IAS 40)	Transfers of Investment Property
IFRS 17	Insurance Contracts
IFRIC 23	Uncertainty over Income Tax Treatments

Where relevant, the Group/Company is still evaluating the effect of these Standards, amendments to published Standards issued but not yet effective, on the presentation of its financial statements.

Investments in subsidiary companies

Consolidated financial statements

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

The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the net of the acquisition-date amounts of identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3 is recorded as goodwill. In the case of a bargain purchase (excess of (b) over (a)), the resulting gain is recognised immediately in profit or loss as per last year.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. The subsidiaries have consistently applied all the policies adopted by the group.

Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Separate financial statements of the company

In the company's financial statements, investments in subsidiary companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Disposal of subsidiaries

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

Investments in associates

An associate is an entity over which the group has significant influence, through participation in the financial and operating policy decisions but not control.

Investments in associates are accounted for using the equity method of accounting, except when classified as held-for-sale, and are initially recognised at cost and adjusted by post acquisition changes in the group's share of net assets of

the associate. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The group's share of its associates' post acquisition profits or losses is recognised in profit or loss, and its share of post acquisition movements in reserves is recognised in reserves.

The carrying amount of the investment is reduced to recognise any impairment in the value of the individual investments. When the group's share of losses exceeds its interest in an associate, the group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

If the ownership interest in an associate is reduced but the significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

Investments in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint venture is accounted for using the equity method and, under this method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the profit or loss of the joint venture after the date of acquisition. The group's share of its joint venture post acquisition profits or losses is recognised in the statement of profit or loss and its share of post-acquisition movements in reserves in other comprehensive income. Goodwill arising on the acquisition of a joint venture entity is included with the carrying amount of the joint venture and tested annually for impairment. When the group's share of losses exceeds the carrying amount of the investment, the latter is reported at nil value. Recognition of the group's share of losses is discontinued except to the extent of the group's legal and constructive obligations contracted by the joint venture. If the joint venture subsequently reports profits, the group's resumes recognising its share of those profits after accounting for its share of unrecognised past losses. Unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

Goodwill

Goodwill on consolidation represents the excess of the cost of acquisition over the fair value of the group's share of the net identifiable assets and liabilities of the acquired subsidiary company or associate at the date of acquisition. Goodwill on acquisitions of subsidiary companies is included in intangible assets. Gains on bargain purchases represent the excess of the fair value of the group's share of net assets acquired over the cost of acquisition and are recognised in profit or loss.

Goodwill on acquisitions of associates is included in investment in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (not exceeding five years). Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Costs that are directly associated with the production of identifiable and unique software controlled by the group and that will generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Customer list

Customer list represents the value of the customer portfolio and is being amortised over a period of two years. The customer portfolio was previously tested for impairment annually.

Investment property

Investment property, which is property held for long-term rental yields and/or capital appreciation, and is not occupied by the companies in the group, is initially measured at cost, including transaction costs. Subsequent to initial recognition, it is stated at its fair value at the end of the reporting period. Gains or losses arising from changes in fair value of investment property are included in profit or loss for the period in which they arise. Property that is under construction or development to earn rentals or for capital appreciation or both is accounted as investment property.

A full valuation is carried out every five years by external independent valuers. Each year the values are reviewed and updated by the valuers so as to identify if there is any material fluctuation in the fair value of the investment properties. Where after consultation with the independent valuers, the directors are satisfied that the book values of the investment properties reflect their fair values, no adjustment is made to the carrying values of investment properties during the period in between.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Prepaid operating lease payments

Land held under an operating lease (including land on which the investment property is located) is accounted for as an operating lease. Where upfront payments for operating leases of land are made, these upfront payments are capitalised as non-current assets and in subsequent periods are presented at amortised cost so as to record a constant annual charge to the profit or loss over the lease term. These non-current assets are not revalued.

Property, plant and equipment

All plant and equipment, as well as property, which are occupied by the group companies, is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Properties in the course of construction for production, rental or administrative purposes or for purposes not yet determined are carried at cost less any recognised impairment loss. Costs include professional fees and for qualifying assets, borrowings costs are capitalised. Depreciation of these are on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated on the straight line method to write off the cost of assets to their residual values over their estimated useful lives as follows:

Buildings	1%
Equipment, furniture and fittings	$5–33^1/_3$%
Motor vehicles	11%
Land is not depreciated	

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with their carrying amount and included in profit or loss. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are expensed in the period in which they are incurred.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the leases.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Operating leases - lessor

Assets leased out under operating leases are included in plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar fixed assets. Rental income is recognised on a straight line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the basis of either weighted average price or on a first-in, first-out (FIFO) method. Costs comprise direct costs. Net realisable value is the estimate of the selling price in the ordinary course of business less the costs of completion and selling expenses.

Spares and accessories included under inventories consist of items which are regularly used for repairs, maintenance and new installations.

Financial instruments

Financial assets

Categories of financial assets

The group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods and services directly to a debtor with no intention of trading the receivable. They are included in current assets when maturity is within twelve months after the end of the reporting period or non-current assets for maturities greater than twelve months.

Long term receivables

Long term receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of the asset is reduced by the difference between the asset's carrying amount and the present value of estimated cash flows discounted using the original effective interest rate. The amount of the loss is recognised in profit or loss. Long term receivables without fixed maturity terms are measured at cost. If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value (PV) of estimated cash flows discounted at the current market rate of return of similar financial assets.

Trade receivables

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

The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in profit or loss.

Bank borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Trade payables

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

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

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Retirement benefit obligations

Defined contribution plan

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay future contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods. The company and its subsidiaries operate a defined contribution retirement benefit plan for qualifying employees. Contributions are recognised as an employee benefit expense when they fall due.

Gratuity on retirement

The net present value of gratuity on retirement payable under the Employment Rights Act 2008 (as amended) has been provided for in respect of those employees who are not covered or who are insufficiently covered by the above retirement benefit plan. The obligations arising under this item are not funded.

The Employment Rights Act stipulates that the Gratuity paid on Retirement should be based on the remuneration (which is inclusive of payment for extra work, productivity bonus, attendance bonus, commission in return for services and any other regular payment) of the employee. The amount due per year of service is 15 days remuneration based on a month of 26 days (15/26).

Foreign currencies

Functional and presentation currency

The consolidated financial statements are presented in Mauritian rupees, which is the company's functional and presentation currency.

Transactions and balances

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets are included in reserves in equity.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, which it is probable, will result in an outflow of resources that can be reasonably estimated. Where the group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding the obligation.

Turnover

Turnover consists of rental income, commissions and income from security activities.

Revenue recognition

Rental income is recognised on the accruals basis.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate, and continues unwinding the discount as interest income.

Income from security activities is recognised in the year in which the services are rendered.

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

Income from security activities comprises the sale of goods and services, net of value-added tax, rebates and discount. Sales of goods are recognised when goods are delivered and title has passed. Sales of services are recognised in the accounting year in which services are rendered.

Dividend distribution

Dividends are recorded in the financial statements in the period in which they are declared by the board of directors.

Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment reporting is shown in note 25.

Transfer pricing

The group has presently no policy in respect of transfer pricing.

Non-recurring items

Non-recurring items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. There are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Related parties

Related parties are individuals and enterprises where the individual or enterprise 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.

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest risk and price risk), credit risk and liquidity risk.

The audit committee monitors closely the group's significant risks. All risks issues are systematically addressed both at the audit committee and at the board level. The group's exposure is managed and reviewed regularly.

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by treasury department under policies approved by the board of directors.

Market risk

Currency risk

The group has foreign currency denominated cash balances and is exposed to foreign exchange risk arising from foreign currency exposure.

The impacts on post-tax profit are insignificant since the group holds small amount of foreign currency-denominated cash balances.

Cash flow and fair value interest rate risk

As the group has no significant interest-bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates. The group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. The group's interest rate risk is closely monitored by management on a regular basis which is then approved by the audit committee and the board of directors. Management systematically analyses the interest rate exposure and assesses the potential impact on the financial position of the group. Various scenarios are considered such as rescheduling of existing loans, early repayment options and renegotiating favourable interest rates. The risk is also managed by maintaining an appropriate level of debt and monitoring the gearing ratio.

At June 30th 2017, if interest rates on borrowings had been 50 basis points higher/lower during the year with all other variables held constant, post-tax profit for the year would have been MRs1.5m (2016: MRs3.5m) lower/higher for the group and MRs1.5 (2016: MRs3.5m) for the company, mainly as a result of higher/lower interest expense on floating rate borrowings.

Price risk

The group is exposed to equity securities price risk because of investments held by the group in subsidiary companies, and associated company. The company's subsidiaries are unquoted and are carried at cost in the separate financial statements. Impairment tests are performed regularly on these investments. The group is not exposed to commodity price risk.

Credit risk

The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statements of financial position are net of allowances for doubtful receivables, estimated by the group's management based on prior experience and the current economic environment.

The group has no significant concentration of credit risk, with exposure spread over a large number of customers and tenants. The group has policies in place to ensure that properties are rented and services provided to customers with an appropriate credit history. Close monitoring is carried out on all trade receivables.

Liquidity risk

Prudent liquidity management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The group is exposed to calls on its available cash resources from maturing loans.

Analysis of the group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date

YEARS	less than 1	between 1 & 2	between 2 & 5	over 5
MRs000				THE GROUP
2017				at June 30th
Borrowings	-	-	-	-
Other payables	**136,518**	-	-	-
2016				
Borrowings	245,579	41,500	270,000	288,000
Other payables	98,805	-	-	-
MRs000				THE COMPANY
2017				at June 30th
Borrowings	-	-	-	-
Other payables	**283,385**	-	-	-
2016				
Borrowings	241,875	41,500	270,000	288,000
Other payables	239,364	-	-	-

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily of quoted equity investments classified as trading securities or available-for-sale. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Capital risk management

The group's objectives when managing capital are:

- to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to maintain an optimal capital structure to reduce the cost of capital.

The group sets the amount of capital in proportion to risk. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistently with others in the industry, the group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt adjusted for cash and cash equivalents and adjusted capital comprises all components of equity.

There were no changes in the group's approach to capital risk management during the year.

The debt-to-adjusted capital ratios

MRs000	THE GROUP		THE COMPANY	
at June 30th	**2017**	2016	**2017**	2016
Total debt	-	814,500	-	814,500
Cash and cash equivalents	**(305)**	30,261	**(165)**	26,744
Net (cash)/debt	**(305)**	844,761	**(165)**	841,244
Total equity	**3,935,025**	2,940,997	**3,489,216**	2,515,751
Debt to adjusted capital ratio	**(0.00)**	0.29	**(0.00)**	0.33

1A Critical accounting estimates and judgments

Estimates and judgments are continuously evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The fair value of available-for-sale financial assets and investment property may therefore increase or decrease, based on prevailing economic conditions.

Estimate of fair value of investment properties

The group carries its investment properties at fair value, with change in fair value being recognised in the profit or loss. The fair value is determined by directors' valuation based on independent valuer's valuation.

For the purpose of the valuation carried out as at June 30th 2017, the sales comparison approach, depreciated replacement cost approach and income capitalization approach have been used.

Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results. Sensitivity analysis does not take into consideration that the assets and liabilities are managed.

Asset lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account the residual values which are assessed annually and may vary depending on a number of factors such as technological innovation, maintenance programmes and future market condition. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the group would currently obtain from disposal of the asset, if the asset was already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgment to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

Revenue recognition

The percentage of completion method is utilised to recognise revenue on long-term contracts. Management exercises judgments in calculating the deferred revenue reserve which is based on the anticipated cost of repairs over the life cycle of the equipment applied to the total expected revenue arising from maintenance and repair contracts.

In addition, management exercises judgment in assessing whether significant risks and rewards have been transferred to the customer to permit revenue to be recognised.

Revenue arising from maintenance and repair work in progress is recognised on the percentage of completion basis.

Impairment of assets

Goodwill is considered for impairment at least annually. Property, plant and equipment and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties the directors reviewed the group's investment property portfolio and concluded that the investment properties, excluding undeveloped land, are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted.

2 investment property

THE GROUP MRs000	freehold Le Caudan Waterfront	freehold Le Caudan Waterfront buildings in progress	freehold land & other buildings	freehold buildings in progress	level 2 long leasehold buildings	**total 2017**	total 2016
Fair value							
At July 1st	**3,457,555**	**-**	**103,000**	**-**	**149,450**	**3,710,005**	3,669,165
Additions	**533**	**119,169**	**-**	**1,932**	**-**	**121,634**	40,840
Net gain/(loss) from fair value adjustment on investment property	**7,911**	**-**	**-**	**-**	**(4,750)**	**3,161**	-
At June 30th	**3,465,999**	**119,169**	**103,000**	**1,932**	**144,700**	**3,834,800**	3,710,005
THE COMPANY							
Fair value							
At July 1st	**2,987,944**	**-**	**203,135**	**-**	**149,450**	**3,340,529**	3,321,184
Additions	**283**	**119,169**	**-**	**1,932**	**-**	**121,384**	19,345
Net gain/(loss) from fair value adjustment on investment property	**4,914**	**-**	**3,867**	**-**	**(4,750)**	**4,031**	-
At June 30th	**2,993,141**	**119,169**	**207,002**	**1,932**	**144,700**	**3,465,944**	3,340,529

Basis of valuation

› Investment property comprises a number of offices, commercial and industrial properties rented to third parties. › An independent valuation of the properties was carried out at June 30th 2017 by Broll Indian Ocean Ltd, chartered valuers, using the sales comparison approach, depreciated replacement cost approach and income capitalisation approach. The group's land and buildings have been revalued at their fair value on June 30th 2017. In the case of Le Caudan Waterfront, the value determined by the valuer has been based on the assumption that the property is sold as a bulk. › Bank borrowings are secured by floating charges on the assets of the borrowing companies including investment property (note 14). › In 2016, borrowings costs of MRs0.25m were capitalised during the year and included in 'Additions'. › A capitalisation rate of 6.90%/6.65% was used representing the actual borrowing cost used to finance the project. › Rental income from investment property amounted to MRs249.2m (2016: MRs220.0m) for the group and MRs202.0m (2016: MRs181.9m) for the company. Direct operating expenses arising on the income generating investment property in the year amounted to MRs86.7m (2016: MRs104.2m) for the group and MRs86.3m (2016: MRs77.5m) for the company. No cost was incurred in respect of the non-income generating investment property.

3 prepaid operating lease payments

MRs000	GROUP AND COMPANY **2017**	2016
Cost		
At July 1st and June 30th	**602**	602
Amortisation		
At July 1st	**145**	139
Charge for the year	**6**	6
At June 30th	**151**	145
Net book values		
At June 30th	**451**	457

› Amortisation charge for the group and the company has been included in operating expenses.

4 property, plant and equipment

THE GROUP MRs000	land and buildings	furniture and equipment	motor vehicles	total
Cost				
At July 1st 2015	138,151	114,309	44,111	296,571
Additions	8,008	5,497	4,529	18,034
Disposal/amount written off	-	(7,206)	(5,984)	(13,190)
At June 30th 2016	146,159	112,600	42,656	301,415
At July 1st 2016	146,159	112,600	42,656	301,415
Additions	105	6,592	10,206	16,903
Disposal/amount written off	-	(10,821)	(4,485)	(15,306)
At June 30th 2017	**146,264**	**108,371**	**48,377**	**303,012**
Depreciation				
At July 1st 2015	9,009	81,424	31,379	121,812
Charge for the year	1,148	12,693	4,661	18,502
Disposal/amount written off adjustment	-	(6,916)	(5,984)	(12,900)
At June 30th 2016	10,157	87,201	30,056	127,414
At July 1st 2016	10,157	87,201	30,056	127,414
Charge for the year	1,624	11,596	4,274	17,494
Disposal/amount written off adjustment	-	(10,383)	(3,210)	(13,593)
At June 30th 2017	**11,781**	**88,414**	**31,120**	**131,315**
Net book values				
At June 30th 2017	**134,483**	**19,957**	**17,257**	**171,697**
At June 30th 2016	136,002	25,399	12,600	174,001

4 property, plant and equipment *continued*

THE COMPANY MRs000	buildings	furniture and equipment	motor vehicles	total
Cost				
At July 1st 2015	39,942	31,915	5,437	77,294
Additions	5,062	304	-	5,366
Disposal/amount written off	-	(6,476)	-	(6,476)
At June 30th 2016	45,004	25,743	5,437	76,184
At July 1st 2016	45,004	25,743	5,437	76,184
Additions	105	2,319	2,791	5,215
Disposal/amount written off	-	(97)	(2,355)	(2,452)
At June 30th 2017	**45,109**	**27,965**	**5,873**	**78,947**
Depreciation				
At July 1st 2015	5,450	21,015	2,111	28,576
Charge for the year	449	2,894	536	3,879
Disposal/amount written off adjustment	-	(6,350)	-	(6,350)
At June 30th 2016	5,899	17,559	2,647	26,105
At July 1st 2016	5,899	17,559	2,647	26,105
Charge for the year	923	2,819	475	4,217
Disposal/amount written off adjustment	-	(74)	(1,100)	(1,174)
At June 30th 2017	**6,822**	**20,304**	**2,022**	**29,148**
Net book values				
At June 30th 2017	**38,287**	**7,661**	**3,851**	**49,799**
At June 30th 2016	39,105	8,184	2,790	50,079

› Bank borrowings are secured by floating charges on the assets of the group including property, plant and equipment (note 14). › Depreciation charge of MRs17.494m for the group (2016: MRs18.502m) and MRs4.217m for the company (2016: MRs3.879m) has been included in operating expenses.

5 intangible assets

THE GROUP MRs000	computer software	other	total
Cost			
At July 1st 2015	3,516	3,221	6,737
Additions	217	-	217
Disposal/amount written off	(15)	(1,116)	(1,131)
At June 30th 2016	3,718	2,105	5,823
At July 1st 2016	3,718	2,105	5,823
Additions	173	-	173
At June 30th 2017	**3,891**	**2,105**	**5,996**
Amortisation			
At July 1st 2015	2,700	-	2,700
Amortisation charge	434	-	434
Disposal adjustments	(15)	-	(15)
At June 30th 2016	3,119	-	3,119
At July 1st 2016	3,119	-	3,119
Amortisation charge	321	1,053	1,374
At June 30th 2017	**3,440**	**1,053**	**4,493**
Net book values			
At June 30th 2017	**451**	**1,052**	**1,503**
At June 30th 2016	599	2,105	2,704

THE COMPANY	
Cost	
At July 1st 2015	489
Additions	22
Disposal	(15)
At June 30th 2016	496
At July 1st 2016	496
Additions	17
At June 30th 2017	**513**
Amortisation	
At July 1st 2015	395
Amortisation charge	33
Disposal adjustments	(15)
At June 30th 2016	413
At July 1st 2016	413
Amortisation charge	36
At June 30th 2017	**449**
Net book values	
At June 30th 2017	**64**
At June 30th 2016	83

› Other intangible assets relate to consideration paid in respect of the acquisition of a customer list purchased in September 2005. › Amortisation charges of MRs1.374m (2016: MRs0.434m) for the group and MRs0.036m (2016: MRs0.033m) for the company are included in operating expenses.

6 investments in subsidiary companies

THE COMPANY

MRs000	**2017**	2016
Cost		
At July 1st and June 30th	**14,247**	14,247

Subsidiaries of Caudan Development Limited	class of shares	year end	stated capital and nominal value of investment MRs000	direct holding %	indirect holding %	main business
Best Sellers Limited	ordinary	June	25	-	100	dormant
Caudan Communauté	limited by guarantee	December	1	50	-	management of CSR fund (not consolidated)
Caudan Leisure Ltd	ordinary	June	1,000	100	-	leisure & property
Caudan Security Services Limited	ordinary	June	10,000	100	-	security
Harbour Cruise Ltd	ordinary	June	300	-	100	dormant
Security & Property Protection Agency Co Ltd	ordinary	June	10,000	-	100	security
Société Mauricienne d'Entreprise Générale Ltée	ordinary	June	3,000	100	-	dormant
SPPA CO Ltd	ordinary	June	26	-	100	security

› Société Mauricienne d'Entreprise Générale Ltée, Harbour Cruise Ltd and Best Sellers Limited did not trade during the year. › All the subsidiaries are incorporated and domiciled in the Republic of Mauritius except SPPA CO Ltd which is incorporated in the Republic of Seychelles. › None of the subsidiaries have debt securities.

7 investments in associate

A

THE GROUP

MRs000	**2017**	2016
Share of net assets	**-**	-
Goodwill	**-**	-
At June 30th	**-**	-
Cost		
At July 1st and June 30th	**19,076**	19,076
Share of post acquisition reserves		
At July 1st and June 30th	**(19,076)**	(19,076)
At June 30th	**-**	-

7 investments in associate *continued*

B The associated company of Caudan Development Limited

Details of the associate at the end of the reporting period	class of shares	year end	nature of business	principal place of business	country of incorporation	proportion of ownership interest and voting rights direct %	indirect %
2017 and 2016							
Le Caudan Waterfront Casino Limited	ordinary	December	leisure	Mauritius	Mauritius	39.20	39.20

› The above associate is accounted for using the equity method. › Since the associate has a different reporting date, management accounts have been prepared as at June 30th 2017. › The investment has been reduced to nil given that the entity's share of losses exceeded its interests. The group will resume recognising its share of profit only after it will equal the share of losses not recognised.

C Summarised financial information

Summarised financial information in respect of the associate

MRs000	current assets	non current assets	current liabilities	non current liabilities	revenue	(loss)/ profit for the year	other compre-hensive income for the year	total compre-hensive income for the year
2017								
Le Caudan Waterfront Casino Limited	**40,905**	**23,839**	**51,389**	**93,325**	**160,413**	**(12,881)**	**-**	**(12,881)**
2016								
Le Caudan Waterfront Casino Limited	34,234	29,705	44,782	86,246	173,300	5,899	-	5,899

› The summarised financial information above represents amounts shown in the associate's financial statements prepared in accordance with IFRSs adjusted for equity accounting purposes such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies.

D Reconciliation of summarised financial information

Reconciliation of the above summarised financial information to the carrying amount in the financial statements:

MRs000	opening net assets July 1st	(loss)/ profit for the year	other compre-hensive income for the year	closing net assets	unrecog-nised losses and other comprehen-sive income	ownership interest	share of unrecog-nised losses and other comprehen-sive income	interest in associates	goodwill	carrying value
2017										
Le Caudan Waterfront Casino Limited	**(67,089)**	**(12,881)**	**-**	**(79,970)**	**(56,946)**	**39.2%**	**(22,323)**	**-**	**-**	**-**
2016										
Le Caudan Waterfront Casino Limited	(72,988)	5,899	-	(67,089)	(44,065)	39.2%	(17,273)	-	-	-

8 investments in joint venture

A

THE GROUP MRs000	**2017**	2016
Share of net assets	**-**	-
Cost		
At July 1st and June 30th	**10**	10
Share of post acquisition reserves		
At July 1st and June 30th	**(10)**	(10)
At June 30th	**-**	-

B Details of the joint venture

Details of the joint venture at the end of the reporting period	class of shares	year end	nature of business	principal place of business	country of incorporation	**proportion of ownership interest and voting rights** indirect %
2017 and 2016						
Integrated Safety and Security Solutions Ltd	ordinary	June	security	Mauritius	Mauritius	50.00

› Integrated Safety and Security Solutions Ltd was incorporated in 2015 and started its operations in June 2015. It is a jointly controlled entity by Security and Property Protection Agency Co Ltd and FS Systems International Ltd, a company incorporated in Mauritius as a GBL Category 1 company. It is accounted for using the equity method. › The investment has been reduced to nil given that the entity's share of losses exceeded its interests.

C Summarised financial information

Summarised financial information in respect of the joint venture

MRs000	current assets	non current assets	current liabilities	revenue	loss from continuing operations	other comprehensive income for the year	total comprehensive income for the year
2017							
Integrated Safety and Security Solutions Ltd	**5,086**	**604**	**8,079**	**3,990**	**(2,268)**	**-**	**(2,268)**
2016							
Integrated Safety and Security Solutions Ltd	267	64	452	474	(35)	-	(35)

› The summarised financial information above represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSS adjusted for equity purposes such as fair value adjustments accounting made at the time of acquisition and adjustments for differences in accounting policies.

D Reconciliation of summarised financial information

Reconciliation of the above summarised financial information to the carrying amount in the financial statements:

MRs000	opening net assets July 1st	loss for the year	other comprehensive income for the year	closing net assets	unrecognised losses	ownership interest	share of unrecognised losses	interest in joint venture
2017								
Integrated Safety and Security Solutions Ltd	**(121)**	**(2,268)**	**-**	**(2,389)**	**(2,389)**	**50.0%**	**(1,195)**	**-**
2016								
Integrated Safety and Security Solutions Ltd	(86)	(35)	-	(121)	(121)	50.0%	(61)	-

Classification of Integrated Safety and Security Solutions Ltd as a joint venture

Integrated Safety and Security Solutions Ltd is a limited liability company whose legal forms confers separation between the parties to the joint arrangement and the company itself. Furthermore, there is no contractual arrangement that indicates that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, Integrated Safety and Security Solutions Ltd is classified as a joint venture.

9 financial instruments by category

The accounting policies for financial instruments have been applied to the items below

THE GROUP

MRs000	loans and receivables **2017**	2016
Assets as per statements of financial position		
Trade receivables	**127,887**	133,906
Loan receivable from holding company	**141,079**	-
Receivables from joint venture	**826**	-
Cash and cash equivalents	**305**	318
	270,097	134,224

MRs000	other financial liabilities **2017**	2016
Liabilities as per statements of financial position		
Borrowings	**-**	845,079
Other payables	**136,518**	98,805
	136,518	943,884

THE COMPANY

MRs000	loans and receivables **2017**	2016
Assets as per statements of financial position		
Trade receivables	**46,000**	49,308
Loan receivable from holding company	**127,008**	-
Receivables from subsidiary companies	**114,550**	127,871
Loan to subsidiary company receivable at call	**100,000**	100,000
Cash and cash equivalents	**165**	131
	387,723	277,310

MRs000	other financial liabilities **2017**	2016
Liabilities as per statements of financial position		
Borrowings	**-**	841,375
Other payables	**283,385**	239,364
	283,385	1,080,739

10 inventories

MRs000	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
Spares and accessories	**3,121**	2,931	**3,121**	2,931
Consumables	**1,652**	1,489	**-**	-
Work in progress	**3,838**	1,792	**-**	-
Goods for resale	**7,061**	5,325	**-**	-
	15,672	11,537	**3,121**	2,931
Costs of inventories recognised as expense and included in				
Cost of sales	**16,836**	14,386	**-**	-
Operating expenses	**6,569**	5,871	**2,839**	2,597

› The bank borrowings are secured by floating charges over the assets of the group including inventories (note14).

11 trade and other receivables

A

MRs000	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
Trade receivables	**127,887**	133,906	**46,000**	49,308
Less provision for impairment of receivables	**(65,891)**	(67,848)	**(34,970)**	(34,814)
Trade receivables - net	**61,996**	66,058	**11,030**	14,494
Prepayments	**2,058**	2,831	**475**	734
Payments made on account	**42,127**	1,401	**42,080**	1,044
Loan receivable from holding company	**141,079**	-	**127,008**	-
Receivables from subsidiary companies	**-**	-	**114,550**	127,871
Receivables from joint venture	**826**	-	**-**	-
Loan to subsidiary company receivable at call	**-**	-	**100,000**	100,000
Income tax receivable	**2,399**	6,961	**671**	5,402
Other receivables	**35,771**	53,774	**33,157**	41,118
	286,256	131,025	**428,971**	290,663
Less non-current portion				
Trade receivables	**(3,402)**	(4,154)	**-**	-
	282,854	126,871	**428,971**	290,663

› The fair value of trade and other receivables equals their carrying amount. The carrying amounts of the group's trade and other receivables are denominated in mauritian rupee.

B **Ageing analysis of these trade receivables**

MRs000	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
Current	**25,101**	27,350	**5,835**	7,202
1 to 3 months	**27,268**	24,137	**5,560**	7,659
4 to 6 months	**8,817**	9,053	**2,072**	4,677
Over 6 months	**66,701**	73,366	**32,533**	29,770
	127,887	133,906	**46,000**	49,308

11 trade and other receivables *continued*

c Trade receivables past due but not impaired

At June 30th 2017, trade receivables of MRs16.361m (2016: MRs17.908m) for the group and MRs3.461m (2016: MRs3.779m) for the company were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables

	THE GROUP		THE COMPANY	
MRs000	**2017**	2016	**2017**	2016
1 to 3 months	**16,361**	16,162	**3,461**	3,779
4 to 6 months	**-**	1,746	**-**	-
	16,361	17,908	**3,461**	3,779
Fair value of collateral				
1 to 3 months	**3,547**	2,084	**3,309**	1,893

The collaterals include cash deposits and bank guarantees received from tenants.

D Trade receivables past due and impaired

As of June 30th 2017, trade receivables of MRs86.425m (2016: MRs88.648m) for the group and MRs36.704m (2016: MRs38.327m) for the company were impaired. The amount of the provision was MRs65.891m (2016: MRs67.848m) for the group and MRs34.970m (2016: MRs34.814m) for the company. It was assessed that a portion of the receivables is expected to be recovered.

The ageing of these receivables

	THE GROUP		THE COMPANY	
MRs000	**2017**	2016	**2017**	2016
1 to 3 months	**10,907**	7,975	**2,099**	3,880
4 to 6 months	**8,817**	7,307	**2,072**	4,677
Over 6 months	**66,701**	73,366	**32,533**	29,770
	86,425	88,648	**36,704**	38,327
Fair value of collateral				
1 to 3 months	**285**	1,931	**193**	766
4 to 6 months	**84**	1,017	**84**	842
Over 6 months	**311**	3,228	**300**	2,457
	680	6,176	**577**	4,065

Movement in the provision for impairment of trade receivables

MRs000	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
At July 1st	**67,848**	73,911	**34,814**	28,568
Net provision for impairment	**7,915**	12,410	**4,933**	10,555
Receivables written off during the year as uncollectible	**(9,872)**	(18,473)	**(4,777)**	(4,309)
At June 30th	**65,891**	67,848	**34,970**	34,814

› The creation and release of provision for impaired receivables have been included in operating expenses in the statements of profit or loss and other comprehensive income. Amounts are generally written off when there is no expectation of recovering additional cash. › The other classes within trade and other receivables do not contain impaired assets. › The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

12 share capital

MRs000	2017	2016
Issued and fully paid		
At July 1st	**819,520**	819,520
Bonus Issue	**180,480**	-
Rights Issue	**1,000,000**	-
At June 30th	**2,000,000**	819,520

› Further to the approval of shareholders at a special meeting held on August 10th 2016, the company issued to its shareholders on August 31st 2016, 180,480,000 bonus shares in the proportion of 0.220226474 share for each share held at that date and thereafter a proposed Rights Issue of one new ordinary share for each ordinary share held after the Bonus Issue at an issue price of MRe1.00 each, totalling 1,000,000,000 new ordinary shares and resulting in an overall total issue of 1,180,480,000 new ordinary shares. At June 30th 2017, the share capital therefore stood at MRs2bn.

13 retained earnings

MRs000	the company	subsidiaries	associates	consolidation adjustment	the group
At July 1st 2016					
As previously reported	1,692,654	465,870	(19,076)	(27,768)	2,111,680
Effect of adjusting Gratuity on retirement	715	6,285	-	-	7,000
As restated	1,693,369	472,155	(19,076)	(27,768)	2,118,680
Bonus Issue	(177,618)	-	-	-	(177,618)
Transaction costs in respect of Rights Issue	(1,710)	-	-	-	(1,710)
Profit attributable to shareholders	55,474	24,641	-	(3,978)	76,137
Dividends	(80,000)	-	-	-	(80,000)
Other comprehensive income for the year	(299)	-	-	-	(299)
At June 30th 2017	**1,489,216**	**496,796**	**(19,076)**	**(31,746)**	**1,935,190**

14 borrowings

MRs000	note	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
Bank overdrafts	A	-	30,579	-	26,875
Bank loan	B	-	636,500	-	636,500
Loan from parent	C	-	178,000	-	178,000
Other loan		-	-	-	-
		-	845,079	-	841,375
Current					
Bank overdrafts		-	30,579	-	26,875
Bank loan		-	37,000	-	37,000
Loan from parent payable at call		-	178,000	-	178,000
Other loan		-	-	-	-
		-	245,579	-	241,875
Non-current					
Bank loan		-	599,500	-	599,500
Total borrowings		-	845,079	-	841,375

A Bank overdrafts

› The bank overdrafts were secured by floating charges over the assets of the group.

B Bank loan

› Bank loans bore interest annually at 6.65% during the year June 30th 2017 and at June 30th 2016. › Bank loans are secured by a floating charge over the assets of the group including inventories, investment property and property, plant and equipment.

C Loan from parent

› The unsecured loan from parent bore interest at 6.65% annually at June 30th 2016.

The group's borrowings are denominated in mauritian rupee. The carrying amounts of borrowings were not materially different from their fair values.

The exposure of the borrowings to interest rate changes at the end of the reporting period

MRs000	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
Within one year	-	245,579	-	241,875
After one year and before two years	-	41,500	-	41,500
After two years and before three years	-	46,000	-	46,000
After three years and before five years	-	224,000	-	224,000
After five years	-	288,000	-	288,000
	-	845,079	-	841,375

15 deferred tax

Deferred tax liability/(asset)

MRs000	as previously reported at July 1st 2016	effect of adjusting Gratuity on retirement	restated at at July 1st 2016	(credit)/ charge to statement of profit or loss	credit to statement of other comprehensive income	**at June 30th 2017**
THE GROUP						
Accelerated capital allowances	1,423	-	1,423	(467)	-	**956**
Provisions	(7,665)	1,110	(6,555)	46	-	**(6,509)**
Deferred tax assets	(6,242)	1,110	(5,132)	(421)	-	**(5,553)**
Accelerated capital allowances	43,486	-	43,486	6,660	-	**50,146**
Provisions	(7,876)	115	(7,761)	(323)	(53)	**(8,137)**
Fair value gains	101,994	-	101,994	475	-	**102,469**
Tax losses	(5,732)	-	(5,732)	3,766	-	**(1,966)**
Deferred tax liabilities	131,872	115	131,987	10,578	(53)	**142,512**
Net deferred tax	125,630	1,225	126,855	10,157	(53)	**136,959**

Deferred tax liabilities

THE COMPANY						
Accelerated capital allowances	42,966	-	42,966	6,610	-	**49,576**
Provisions	(7,002)	115	(6,887)	(214)	(53)	**(7,154)**
Fair value gains	58,863	-	58,863	605	-	**59,468**
	94,827	115	94,942	7,001	(53)	**101,890**

› There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets and liabilities when the deferred income taxes relate to the same fiscal authority of the same entity. The following amounts are shown in the statements of financial position.

MRs000	THE GROUP **2017**	THE GROUP 2016 *restated*	THE COMPANY **2017**	THE COMPANY 2016 *restated*
Deferred tax assets	**(16,612)**	(20,048)	**(7,154)**	(6,887)
Deferred tax liabilities	**153,571**	146,903	**109,044**	101,829
	136,959	126,855	**101,890**	94,942

› Deferred income taxes are calculated on all temporary differences under the liability method at 15%.

15 deferred tax *continued*

MRs000	note	THE GROUP 2017	THE GROUP 2016 restated	THE COMPANY 2017	THE COMPANY 2016 restated
The movement in the deferred income tax account					
At July 1st					
As previously reported		**125,630**	124,121	**94,827**	90,396
Effect of adjusting Gratuity on retirement		**1,225**	1,539	**115**	38
As restated		**126,855**	125,660	**94,942**	90,434
Charge to profit or loss	21	**10,157**	1,220	**7,001**	4,533
Credit to other comprehensive income		**(53)**	(25)	**(53)**	(25)
At June 30th		**136,959**	126,855	**101,890**	94,942

16 retirement benefit obligations

MRs000	note	THE GROUP 2017	THE GROUP 2016 restated	THE COMPANY 2017	THE COMPANY 2016 restated
Amounts recognised in the statements of financial position					
Other post retirement benefits (gratuity on retirement)		**21,397**	17,973	**8,271**	7,688
Amounts recognised in the statements of profit or loss and other comprehensive income					
Release in respect of leavers		**(966)**	(1,441)	**(183)**	-
Provision for the year		**4,922**	4,987	**1,251**	690
Total included in employee benefit expense	19A	**3,956**	3,546	**1,068**	690
Movement in the liability recognised in the statements of financial position					
At July 1st					
As previously reported		**26,198**	26,011	**8,518**	7,818
Effect of adjusting Gratuity on retirement		**(8,225)**	(10,259)	**(830)**	(253)
As restated		**17,973**	15,752	**7,688**	7,565
Gratuity on retirement paid		**(149)**	(758)	**(102)**	-
Benefits paid		**(735)**	(735)	**(735)**	(735)
Amount charged to other comprehensive income		**352**	168	**352**	168
Expense for the year		**3,956**	3,546	**1,068**	690
At June 30th		**21,397**	17,973	**8,271**	7,688

› Other post retirement benefits comprise gratuity on retirement payable under the Employment Rights Act 2008 (as amended).

17 other payables

MRs000	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
Amounts owed to parent	**2,542**	748	**2,124**	680
Amounts owed to subsidiary companies	**-**	-	**181,531**	179,482
Amounts owed to related parties	**-**	12	**-**	-
Social security and other taxes	**4,652**	5,453	**635**	1,673
Defined contribution plan	**802**	1,500	**187**	334
Advance monies	**33,597**	36,773	**27,865**	30,283
Other payables and accrued expenses	**94,925**	54,319	**71,043**	26,912
	136,518	98,805	**283,385**	239,364

› Other payables are interest free and have settlement dates within one year. The carrying amounts of other payables approximate their fair values.

18 other reserves

THE GROUP

MRs000	share premium	translation reserve	total
At July 1st 2015	2,862	(12)	2,850
Currency translation differences	-	(53)	(53)
At June 30th 2016	2,862	(65)	2,797
At July 1st 2016	2,862	(65)	2,797
Currency translation differences	-	(100)	(100)
Bonus Issue	(2,862)	-	(2,862)
At June 30th 2017	**-**	**(165)**	**(165)**

THE COMPANY

MRs000	share premium
At July 1st 2015 and 2016	2,862
Bonus Issue	(2,862)
At June 30th 2017	**-**

Share premium
The share premium account includes the difference between the value of shares issued and their nominal value. The share premium was used to issue bonus shares.

Translation of foreign operations
The translation reserve comprises all foreign currency differences arising from the translation of financial statements of foreign operations.

19 operating profit

MRs000	note	THE GROUP 2017	THE GROUP 2016 restated	THE COMPANY 2017	THE COMPANY 2016 restated
Operating profit is arrived at after crediting					
Rental income		**249,234**	219,957	**202,033**	181,876
Sale of goods		**18,595**	13,627	**-**	-
Sale of services		**224,290**	227,902	**-**	-
Profit on disposal of property, plant and equipment		**570**	572	**-**	-
and after charging					
Direct property operating expenses		**86,646**	104,245	**86,275**	77,521
Cost of sales		**199,442**	202,068	**-**	-
Administrative expenses		**61,777**	59,348	**25,986**	20,156
Depreciation on property, plant and equipment					
Operational expenses	4	**9,193**	9,612	**66**	66
Administrative expenses	4	**8,301**	8,890	**4,151**	3,813
Amortisation of intangible assets	5	**1,374**	434	**36**	33
Amortisation of prepaid operating lease payments	3	**6**	6	**6**	6
Operating lease rentals		**8,248**	8,248	**4,382**	4,382
Property, plant and equipment written off		**419**	290	**-**	126
Loss on disposal of property, plant and equipment		**162**	-	**162**	-
Corporate Social Responsibility		**216**	330	**74**	2

19 operating profit *continued*

A Analysis of employee benefit expense

MRs000	note	THE GROUP 2017	THE GROUP 2016 restated	THE COMPANY 2017	THE COMPANY 2016 restated
Wages and salaries		**196,383**	193,083	**33,158**	21,688
Social security costs		**10,364**	10,560	**1,294**	1,176
Pension costs					
Defined contribution plan		**8,490**	8,358	**1,658**	1,628
Other post retirement benefits	16	**3,956**	3,546	**1,068**	690
		219,193	215,547	**37,178**	25,182

20 finance income and costs

MRs000	note	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
Finance costs					
Interest expense					
Bank overdrafts		**357**	6,975	**308**	6,314
Bank loan		**18,969**	44,613	**18,969**	44,613
Other loans at call		**3,102**	4,433	**3,166**	4,428
Foreign exchange loss		**23**	112	**-**	176
Other		**79**	20	**79**	265
		22,530	56,153	**22,522**	55,796
Less interest capitalised	2	**-**	(246)	**-**	-
		22,530	55,907	**22,522**	55,796
Finance income					
Interest income		**(11,299)**	(839)	**(21,242)**	(12,499)
Foreign exchange gain		**(248)**	-	**(248)**	-
		(11,547)	(839)	**(21,490)**	(12,499)
Net finance costs		**10,983**	55,068	**1,032**	43,297

21 income tax expense

MRs000	note	THE GROUP 2017	THE GROUP 2016 restated	THE COMPANY 2017	THE COMPANY 2016 restated
Based on the profit for the year, as adjusted for tax purposes, at 15%		**7,786**	1,496	**6,424**	556
Underprovision/(overprovision) of tax in previous year		**7**	6	**(1)**	-
Deferred income tax movement for the year	15	**10,157**	1,220	**7,001**	4,533
Charge to statement of profit or loss		**17,950**	2,722	**13,424**	5,089
Deferred income tax charge/(credit)					
Accelerated capital allowances		**6,193**	4,577	**6,610**	5,330
Provisions		**(277)**	768	**(214)**	(797)
Fair value gains		**475**	-	**605**	-
Tax losses		**3,766**	(4,125)	**-**	-
		10,157	1,220	**7,001**	4,533

› Reconciliation between the applicable income tax rate of 15.0% for the group and the company and the effective rate of income tax of the group of 19.1% (2016: 20.1%) and the company of 19.5% (2016: 15.7%).

As a percentage of profit before income tax

%	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
Income tax rate	**15.0**	15.0	**15.0**	15.0
Impact of				
Disallowable items	**4.5**	8.1	**4.9**	2.9
Income not subject to tax	**(0.1)**	(0.3)	**-**	-
Other differences	**(0.3)**	(2.5)	**(0.4)**	(2.2)
Exempt income	**-**	(0.6)	**-**	-
Balancing (allowance)/charge	**(0.1)**	0.1	**0.1**	-
Unrecognised deferred tax (assets)/liability in previous year	**(0.1)**	0.3	**(0.1)**	-
Effect of different tax rates	**0.1**	-	**-**	-
Unutilised tax losses	**0.1**	-	**-**	-
Average effective income tax rate	**19.1**	20.1	**19.5**	15.7

22 earnings per share

A

› Earnings per share is calculated on the basis of the group profit for the year and the number of shares in issue and ranking for dividends during the two years under review.

THE GROUP

MRs000	**2017**	2016 *restated*
Profit attributable to owners of the parent	**76,137**	10,797
		* *restated*
Weighted average number of shares in issue during the year (thousands)	**1,701,370**	1,000,000

B

› Adjusted earnings per share is calculated on the basis of the group profit for the year excluding non-recurring item and net gain from fair value adjustment on investment property divided by the number of shares in issue and ranking for dividends.

THE GROUP

MRs000	**2017**	2016
Profit attributable to owners of the parent	**76,137**	10,797
Net gain from fair value adjustment on investment property (net of deferred tax)	**(2,687)**	-
Non-recurring item	**14,996**	-
Adjusted earnings attributable to owners of the parent	**88,446**	10,797
Weighted average number of shares in issue during the year (thousands)	**1,701,370**	1,000,000

* For comparative purposes, the earnings per share for 2016 was recomputed based on the number of ordinary shares further to the Bonus Issue.

23 non-recurring item

	THE GROUP		THE COMPANY	
MRs000	**2017**	2016	**2017**	2016
Project capital costs written off	**14,996**	-	**14,996**	-

24 dividend paid and proposed

	GROUP AND COMPANY
MRs000	**2017**
Final ordinary dividend of MRe0.04 per share paid in August 2017 (2016: Nil)	**80,000**

› On June 28th 2017, the directors declared a final dividend of MRe0.04 per share in respect of the year ended June 30th 2017. This dividend has been recognised as a liability at June 30th 2017 in accordance with IAS 10.

25 segment information

2017

MRs000	property	security	eliminations	total
Revenues				
External sales	249,234	242,885	-	492,119
Intersegment sales	4,800	19,924	(24,724)	-
Total revenue	254,034	262,809	(24,724)	492,119
Segment result	117,919	2,147	-	120,066
Non-recurring item	(14,996)	-	-	(14,996)
Finance income	10,953	594	-	11,547
Finance costs	(22,517)	(13)	-	(22,530)
Profit before income tax	91,359	2,728	-	94,087
Taxation	(16,971)	(979)		(17,950)
Profit attributable to owners of the parent	74,388	1,749	-	76,137
Segment assets	4,226,341	89,896		4,316,237
Segment liabilities	263,921	36,506		300,427
Current tax liabilities	-	785		785
Dividend proposed	80,000	-		80,000
	343,921	37,291		381,212
Capital expenditure	126,862	11,848		138,710
Depreciation and amortisation	5,334	13,540		18,874

2016 *restated*

MRs000	property	security	eliminations	total
Revenues				
External sales	219,957	241,529	-	461,486
Intersegment sales	4,800	19,109	(23,909)	-
Total revenue	224,757	260,638	(23,909)	461,486
Segment result	70,253	(1,666)	-	68,587
Finance income	73	766	-	839
Finance costs	(55,363)	(544)	-	(55,907)
Profit before income tax	14,963	(1,444)	-	13,519
Taxation	(2,565)	(157)	-	(2,722)
Profit attributable to owners of the parent	12,398	(1,601)	-	10,797
Segment assets	3,946,938	88,241		4,035,179
Segment liabilities	1,056,224	37,620		1,093,844
Current tax liabilities	-	338		338
	1,056,224	37,958		1,094,182
Capital expenditure	49,642	9,449		59,091
Depreciation and amortisation	5,635	13,307		18,942

25 segment information *continued*

› All activities of the group are carried out in Mauritius.

› **Products and services from which reportable segments derive their revenues**
In prior years, segment information reported externally was analysed on the basis of activities undertaken by each of the group's operating divisions and the same information was provided to management. The group's reportable segments under IFRS 8 are as follows:

Segment	Activity
Property	rental income
Security	security and property protection services and sales of equipment

› The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Intersegment sales and transfers are accounted as if the sales or transfers were to third parties at current market prices.

› **Factors that management used to identify the entity's reportable segments**
Reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

› **Geographical information**
No material revenues were derived from customers outside Mauritius. All of the non current assets are found in Mauritius.

26 commitments and contingencies

	THE GROUP		THE COMPANY	
MRs000	**2017**	2016	**2017**	2016
Capital				
Commitment in respect of future capital expenditure authorised by the directors and not provided in the financial statements	**800,793**	750,000	**800,793**	750,000

	THE GROUP		THE COMPANY	
MRs000	**2017**	2016	**2017**	2016
Future minimum lease payments under non-cancellable operating leases				
Not later than 1 year	**3,932**	6,831	**3,932**	3,932
Later than 1 year and not later than 2 years	**3,932**	3,932	**3,932**	3,932
Later than 2 years and not later than 5 years	**11,796**	11,796	**11,796**	11,796
	19,660	22,559	**19,660**	19,660

› The lease is in respect of land at Riche Terre which expires on May 31st 2031 and is renewable for another period of twenty years and a further period of thirty nine years. › Rental income derived from rental of industrial building at Riche Terre amounts to MRs10.936m (2016: MRs8.356m).

Operating leases

	THE GROUP		THE COMPANY	
MRs000	**2017**	2016	**2017**	2016
Future minimum lease payments receivable under non-cancellable operating leases				
Not later than 1 year	**158,716**	183,168	**122,767**	132,739
Later than 1 year and not later than 5 years	**199,307**	242,135	**185,236**	199,325
Later than 5 years	**74,574**	86,727	**87,492**	103,860
	432,597	512,030	**395,495**	435,924

› The leases have varying terms, escalation clauses and renewal rights. There are no restrictions imposed on the group by the lease arrangements.

26 commitments and contingencies *continued*

Contingencies

THE GROUP MRs000	**2017**	2016
Contingent liabilities		
Bank guarantees to third parties	**3,500**	3,500
Bank guarantees to third parties on behalf of joint venture	**1,698**	-
	5,198	3,500

27 parent and ultimate parent

The directors regard Promotion and Development Ltd, which is incorporated in the Republic of Mauritius, as the parent, ultimate parent and ultimate controlling party.

28 three-year summary of published results and assets and liabilities

THE GROUP MRs000	**2017**	2016 *restated*	July 1st 2015 *restated*
Statements of profit and loss and other comprehensive income			
Turnover	**492,119**	461,486	461,611
Profit before income tax	**94,087**	13,519	2,669
Share of loss of associate	**-**	-	-
Taxation	**(17,950)**	(2,722)	(1,266)
Profit attributable to owners of the parent	**76,137**	10,797	1,403
Other comprehensive income for the year	**(399)**	(196)	(444)
Adjusted profit attributable to owners of the parent	**88,446**	10,797	1,403
Total comprehensive income attributable to owners of the parent	**75,738**	10,601	959
		** restated*	** restated*
Net assets value per share	**1.97**	2.94	2.93
Rate of dividend (%)	**4%**	-	-
Dividend per share (MRe)	**0.04**	-	-
Earnings per share (MRe)	**0.0448**	0.0108	0.0014
Adjusted earnings per share (MRe)	**0.0520**	0.0108	0.0014

* For comparative purposes, the net assets value per share and earnings per share for 2016 and 2015 were recomputed based on the number of ordinary shares further to the Bonus Issue.

THE GROUP MRs000	**2017**	2016 *restated*	2015 *restated*
Statements of financial position			
Non-current assets	**4,017,406**	3,896,453	3,857,602
Current assets	**298,831**	138,726	128,597
Total assets	**4,316,237**	4,035,179	3,986,199
Total equity	**3,935,025**	2,940,997	2,930,396
Non-current liabilities	**163,909**	749,460	782,256
Current liabilities	**217,303**	344,722	273,547
Total equity and liabilities	**4,316,237**	4,035,179	3,986,199

29 related party transactions

Transactions carried out by the group with related parties

2017 MRs000	(sale)/ purchase of property plant & equipment	rental/ other income	payment in respect of invest-ment property	operating expenses	manage-ment fees expense/ (income)	net interest (income)/ expense	net loan (repaid to)/ received from	net loan (given to)/ repaid from	emolu-ments and benefits
Parent	**(5)**	**53**	**1,883**	**3,932**	**14,935**	**(7,659)**	**(178,000)**	**(141,079)**	**-**
Associate	**-**	**19,263**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Associate of parent	**-**	**18,936**	**1,428**	**1,568**	**-**	**-**	**-**	**-**	**-**
Joint venture in which the group is a venturer	**-**	**1,509**	**-**	**337**	**(606)**	**(63)**	**-**	**(520)**	**-**
Shareholders with significant influence	**-**	**10,471**	**-**	**5,249**	**-**	**19,326**	**(636,500)**	**-**	**-**
Enterprises in which directors/key management personnel (and close families) have significant interest	**-**	**2,190**	**-**	**283**	**-**	**-**	**-**	**-**	**-**
Key management personnel and directors	**-**	**398**	**-**	**-**	**-**	**-**	**-**	**-**	**10,743**

2016 *restated*									
Parent	26	11	1,105	3,932	15,748	4,432	178,000	-	-
Associate	-	15,663	-	-	-	-	-	-	-
Associate of parent	-	14,460	4,117	1,455	-	-	-	-	-
Joint venture in which the group is a venturer	-	-	-	-	61	(5)	(108)	-	-
Shareholders with significant influence	-	9,961	-	4,324	-	51,584	(37,000)	-	-
Enterprises in which directors/key management personnel (and close families) have significant interest	-	2,094	-	81	-	-	-	-	-
Key management personnel and directors	-	272	-	-	-	-	-	-	10,870

Key management personnel compensation

MRs000	THE GROUP **2017**	THE GROUP 2016	THE COMPANY **2017**	THE COMPANY 2016
Remuneration and other benefits relating to key management personnel, including directors				
Salaries and short term employee benefits	**10,145**	10,274	**6,184**	6,277
Post employments benefits	**598**	596	**220**	282
	10,743	10,870	**6,404**	6,559

Transactions carried out by the company with related parties

2017 MRs000	(sale)/ purchase of property, plant & equipment	rental/ other income	payment in respect of invest-ment property	operating expenses	manage-ment fees expense	net interest (income)/ expense	net loan (repaid to)/ received from	net loan (given to)/ repaid from	emolu-ments and benefits
Parent	**(5)**	**44**	**1,883**	**3,932**	**11,161**	**(7,379)**	**(178,000)**	**(127,008)**	**-**
Associate	**-**	**363**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Associate of parent	**-**	**-**	**1,428**	**414**	**-**	**-**	**-**	**-**	**-**
Joint venture in which the group is a venturer	**-**	**-**	**-**	**337**	**-**	**-**	**-**	**-**	**-**
Subsidiary companies	**1,827**	**6,279**	**-**	**12,412**	**-**	**(10,677)**	**-**	**-**	**-**
Shareholders with significant influence	**-**	**2,483**	**-**	**1,383**	**-**	**19,277**	**(636,500)**	**-**	**-**
Enterprises in which directors/key management personnel (and close families) have significant interest	**-**	**2,190**	**-**	**283**	**-**	**-**	**-**	**-**	**-**
Key management personnel and directors	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,404**
2016									
Parent	26	-	580	3,932	13,058	4,428	178,000	-	-
Associate	-	363	-	-	-	-	-	-	-
Associate of parent	-	-	2,632	543	-	-	-	-	-
Joint venture in which the group is a venturer	-	-	-	473	-	-	-	-	-
Subsidiary companies	-	6,279	-	12,729	-	(12,183)	-	-	-
Shareholders with significant influence	-	2,459	-	458	-	50,924	(37,000)	-	-
Enterprises in which directors/key management personnel (and close families) have significant interest	-	2,094	-	81	-	-	-	-	-
Key management personnel and directors	-	-	-	-	-	-	-	-	6,559

› The related party transactions were carried out on normal commercial terms and at prevailing market prices. › There is a management service fee contract between the company and Promotion and Development Ltd (PAD) which is the ultimate parent. The management fees paid to PAD are equivalent to (1) 5% of the net income after operating costs, but before interest, depreciation and tax, (2) 2.5% of the cost of construction and capital works, excluding professional fees, government fees and interest and (3) agents fees equivalent to 2 months' basic rental on securing new tenants, one month's basic rental on new contracts with existing tenants and 2% of gross consideration in respect of sales of property. › The key management personnel compensation consists only of salaries and employment benefits. None of the investments in associates have been impaired during the year. › For the year ended June 30th 2017, the group has not recorded any impairment of receivables relating to amounts owed by related parties (2016: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

29 related party transactions *continued*

THE GROUP

Outstanding balances in respect of related party transactions at the end of the reporting period

2017	receivables from related companies	borrowings payable to related companies	payables to related companies
MRs000			
Parent	**141,079**	**-**	**2,542**
Associate	**10,350**	**-**	**-**
Associate of parent	**8,303**	**-**	**4**
Joint venture in which the group is a venturer	**826**	**-**	**6**
Shareholders with significant influence	**3,065**	**-**	**500**
Enterprises in which directors/key management personnel (and close families) have significant interest	**-**	**-**	**11**
Key management personnel and directors	**239**	**-**	**-**
2016			
Parent	39	178,000	787
Associate	975	-	-
Associate of parent	9,030	-	29
Joint venture in which the group is a venturer	-	-	12
Shareholders with significant influence	1,560	667,079	101
Key management personnel and directors	100	-	-

30 prior year adjustment

Following an actuarial valuation at June 30th 2017 carried out by AON Hewitt Ltd, the group and the company have adjusted for an overprovision in respect of other post retirement benefits (gratuity on retirement). This difference and the impact on deferred tax have now been recognised with retrospective effect and comparative figures have been restated accordingly.

Analysis of prior year adjustment

THE GROUP

MRs000	deferred tax assets	deferred tax liabilities	retirement benefit obligations	retained earnings
At July 1st, 2015				
As previously reported	5,845	(129,966)	(26,011)	2,099,306
Effect of adjusting Gratuity on retirement	(1,501)	(38)	10,259	8,720
As restated	4,344	(130,004)	(15,752)	2,108,026
At July 1st, 2016				
As previously reported	6,242	(131,872)	(26,198)	2,111,680
Effect of adjusting Gratuity on retirement	(1,110)	(115)	8,225	7,000
As restated	5,132	(131,987)	(17,973)	2,118,680

THE COMPANY

At July 1st, 2015				
As previously reported		(90,396)	(7,818)	1,665,912
Effect of adjusting Gratuity on retirement		(38)	253	215
As restated		(90,434)	(7,565)	1,666,127
At July 1st, 2016				
As previously reported		(94,827)	(8,518)	1,692,654
Effect of adjusting Gratuity on retirement		(115)	830	715
As restated		(94,942)	(7,688)	1,693,369

MRs000	THE GROUP 2016	THE COMPANY 2016
The effect on profit for the year was as follows:		
(Increase)/decrease in operating expenses	(2,034)	577
Decrease/(increase) in deferred tax expenses	314	(77)
(Decrease)/increase in profit after tax	(1,720)	500
Effect on earnings per share		
Earnings per share (MRe)	(0.002)	

31 currency

The financial statements are presented in thousands of Mauritian Rupees.

directors of subsidiaries

Directors of subsidiary companies holding office at the end of the accounting period

Caudan Leisure Ltd
René Leclézio
Jocelyne Martin

Caudan Security Services Limited
René Leclézio
Jocelyne Martin
Mooroogassen Soopramanien

Security and Property Protection Agency Co Ltd
Dhunpathlall Bhima
Bertrand de Chazal
Deepak K. Lakhabhay
René Leclézio
Jocelyne Martin
Mooroogassen Soopramanien

SPPA CO Ltd
Deepak K. Lakhabhay
Mooroogassen Soopramanien

Harbour Cruise Ltd
René Leclézio

Société Mauricienne d'Entreprise Générale Ltée & Best Sellers Limited
René Leclézio

Caudan Communauté
René Leclézio
Jocelyne Martin



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