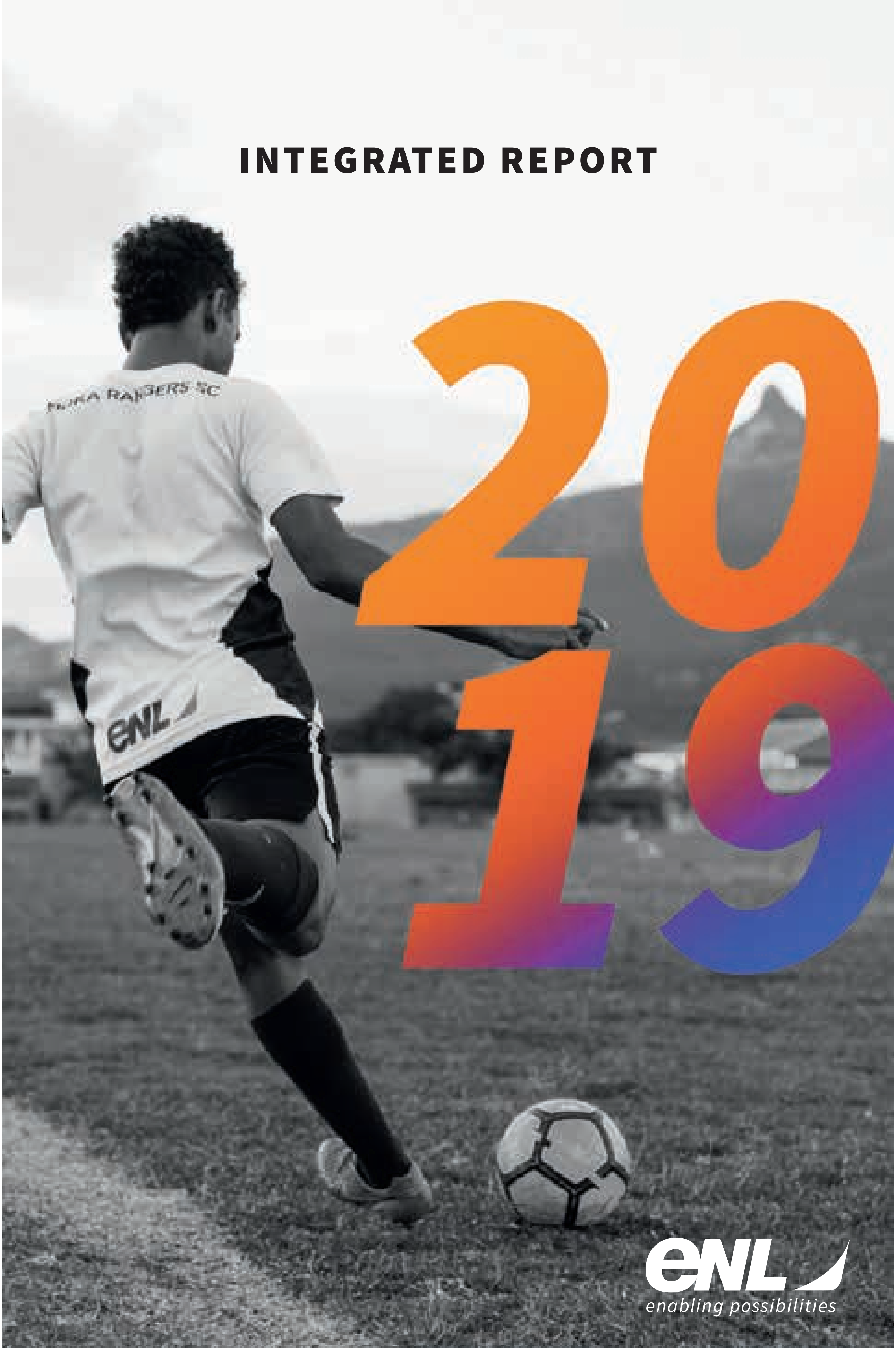
INTEGRATED REPORT

2019



ENL
enabling possibilities

Dear shareholder,

Your Board of Directors is pleased to present the Integrated Report of ENL Limited for the year ended 30 June 2019.

This report was approved by the Board on **27 September 2019.**

Please join us at the Annual Meeting of the company,

on: **18 December 2019**
at: **03.30 pm,** ENL House, Vivea Business Park, Moka.

Sincerely,

Jean Noël Humbert
Chairman

Hector Espitalier-Noël
CEO, ENL Group

Table of contents

About ENL

"Make sure they get culture right; expertise and know-how can always be acquired. Give them room to grow, trust them with autonomy and they will take ownership…" Amaury Koenig, ENL Property Head of Finance, on how ENL enables growth by investing in its people. Cities are catalysts of growth and Moka smart city is living up to this promise from within.

Amaury Koenig surveying Telfair Business Park with Hubert Perdrau, a former trainee who has grown into the Finance Manager of ENL's newly created office fund.

About this report

Integrated Reporting

This report has been prepared in line with the principles set out by the International <IR> Framework established by the International Integrated Reporting Council (IIRC). It aims to provide a comprehensive reporting on the achievements of our business objectives as set out in Vision 2020, our strategic plan for the three years ending June 2020. It also reports on our business model, operating context, material risks, shareholders' and other stakeholders' interests, performance prospects and governance, during the period under review. This report reflects our integrated approach to sustainable value creation.

The design of this report is inspired by our ongoing communication campaign to showcase ENL's brand promise of **enabling possibilities** for its stakeholders through the myriad products and services it brings to the market.

Compliance reporting

This report is in compliance with the:

- International Financial Reporting Standards (IFRSs)
- the International <IR> Framework of the IIRC
- the Companies Act 2001
- the National Code of Corporate Governance (2016)
- the Financial Reporting Act 2004

External audit and assurance

Independent audits of the group's and company's separate financial statements were performed by BDO & Co. They also reported on the extent of compliance with the National Code of Corporate Governance (2016). The rest of this report has not been subjected to independent audit or review and is derived from the group's internal sources or from information available in the public domain.

Board responsibility and approval statement

The Board is ultimately responsible for overseeing the integrity of this report. With the assistance of the Board committees, it has considered the preparation and presentation of the 2019 Integrated Report and annual financial statements. It is of the opinion that this report addresses all material matters, offers a balanced view of its strategy, and how it relates to the group's ability to create value, sustainably and is in accordance with the International <IR> Framework.

Feedback

Your feedback matters. It helps us go further along our continuous improvement journey.

Write to us at investors@enl.mu

Strategic enablers

Client centricity
Think customer at every stage

Operational efficiency
Perform to world-class standards

Innovation
- *Challenge the status quo*
- *Explore new territories*

Management commitment
Take full ownership of your performance

Navigation keys

Watch out for these icons

Content available online on www.enl.mu

Cross referencing

enabling possibilities

207,600
sessions (+88%)

47,000
fans (+ 4.5%)

4,600
followers (+65%)

14,500
followers (+46%)

In 2018, we proceeded to further clarify our brand world with a view to be more accessible to our different stakeholders. We simplified ENL's brand values so that they are easy to remember, to understand and therefore, to live by.

We formulated our core purpose and introduced a new element, the "enabling possibilities" tag line, to sign off our communication campaign aimed at rallying visibility, understanding and engagement. The look and feel of this Integrated Report draw from there.

More than a mere slogan, ***enabling possibilities*** embodies ENL's brand promise in more ways than one. It reminds us that ENL is all about the potential and the opportunities that the future holds. This sense of possibility is what drives us. It sustains our spirit of enterprise, fuels our appetite for innovation. It is what makes us stay agile and contemporary.

We see the products and services we bring to the market as conduits for possibilities to shape up. We believe that the ethics and commitment with which we engage in business are catalysts that make those possibilities happen.

Possibilities for customers to experience the lifestyle they aspire for; for talents to grow to their full potential.

Possibilities for our country to reach out to better tomorrows.

Group profile

ENL Limited is the holding company of the ENL group, a broad-based enterprise developing and managing more than 120 international and home-grown brands in industries as diverse as agro-industry, real estate, hospitality, logistics, fintech, commerce and manufacturing.

A **proactive group** since 1821

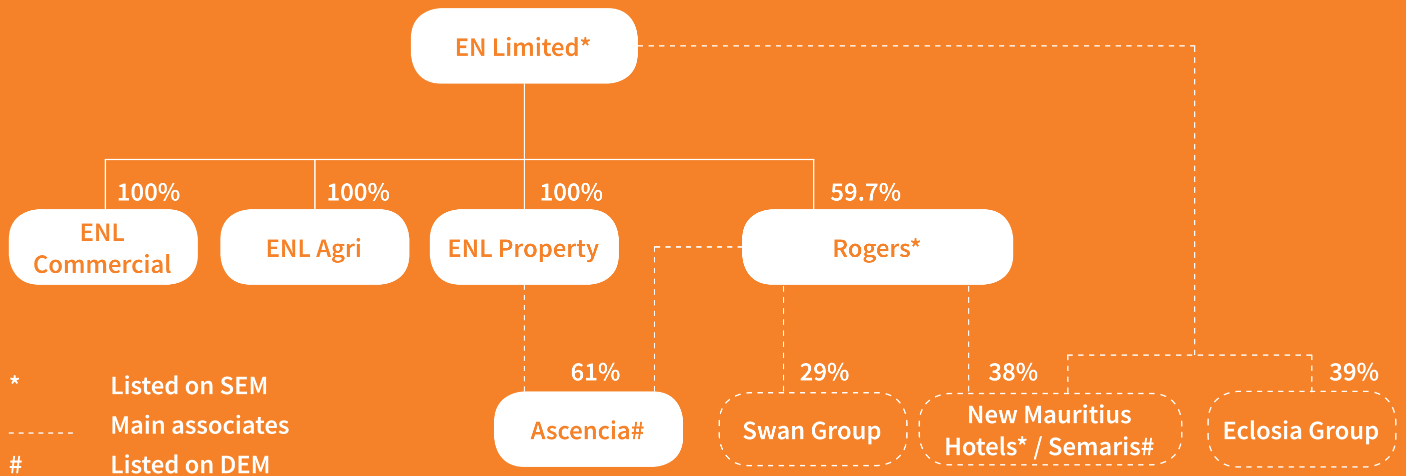
Deeply attached to human values, to ethics in business and to Mauritius

Listed on the Stock Exchange of Mauritius

Has a large, strategically located land bank of **23,000 arpents**

An **influential player** in the Mauritian economy

+4,000 shareholders



ENL brings to the market

+120

international and home-grown brands

created or distributed by

+100

subsidiaries

and currently employs

+7,100

employees

> “We transform ENL’s asset base by engaging in carefully selected and efficiently managed investments and operations in order to capture growth and generate cash, sustainably.”

Active in 7 different business segments

Vision 2020, our three-year strategic plan, details our ambition for each served market as follows:

Land & investment	Optimise return on land assets
Agro-industry	Diversify agri-business activities to reduce dependency on sugar-cane
Real estate	Maintain leadership position and unlock growth opportunities
Commerce & industry	Return to profitability commensurate with resources employed
Hospitality	Reinforce leadership by delivering a holistic customer experience
Logistics	Grow into a regional logistics platform
Fintech	Develop fintech by leveraging high value activities and strategic acquisitions

Strong asset base

Total assets
7%
Rs **68 bn**
2018: Rs 64 bn

Gearing
2ppt
36%
2018: 34%

Equity holders’ interests
x 4
Rs **25 bn**
2018: Rs 6 bn

Strong performance

Turnover
10%
Rs **16 bn**
2018: Rs 14.6 bn

Operating profit
39%
Rs **1.3 bn**
2018: Rs 959 m

Profit from continuing operations
5%
Rs **1.4 bn**
2018: Rs 1.3 bn

Group structure

	Land & investment	Agro-industry	Real estate	Commerce & industry	Hospitality	Logistics	Fintech
	We are the owners of 23,000 arpents of land that we manage strategically for optimal returns	We grow, transform and trade in farm produce	We build, sell, rent and manage homes, offices, shopping malls	We bring to the Mauritian resident a bouquet of international and home-grown brands	We run hotels and sell premium holiday experiences to the world	We connect Mauritius to other countries by air, sea and land	We deliver sophisticated services in the fintech industry
SECTORS	Land owner Venture capital Business incubator	Sugar cane Farming Food crop Trade & services	Moka smart city Residential Business parks Shopping malls Property funds Services	Automotive Industry & manufacturing Trading & services	Hotels Travel Leisure	Freight forwarding Courier services Warehousing	Corporate services Technology services Financial services
COMPANIES / ACTIVITIES	Compass Turbine	ENL Agri Agrex ESP landscapers CSBO* Sygeco	ENL Property Moka City Ascencia* Enatt Les Villas de Bel Ombre* The Old Factory EnVolt CIPF	Axess Grewals JMD Plastinax Nabridas Box Manufacturing	Veranda Leisure & Hospitality* Rogers Aviation* Island Living*	Velogic* Rennel	Rogers Capital*
KEY INVESTMENTS	-	Eclosia	B.C.E	F.R.C.I Superdist	New Mauritius Hotels*	-	Swan*

Find out more on www.enl.mu > ENL Limited - Detailed group structure

* Also part of the Rogers Group

Key events

SEM's CEO remitting to our group CEO, ENL's certificate of listing

January 2019

The ***amalgamated ENL Limited*** is listed on the Official Market of the Stock Exchange of Mauritius and is now a constituent of the SEM-10 Index

The ***#myENL Buddy programme*** is launched to foster employee engagement through peer to peer influencing

Launch of #myENL Phase 2 - Living the values

Moka'mwad's objective is to build lasting bridges between the existing Moka community and the smart city

October 2018

Moka City launches ***Moka'mwad***, a key instrument to create vibrancy in the city

Veranda Tamarin re-opened with strong differentiating features

December 2018

Veranda Tamarin opened as a 3 star+ hotel after a major facelift

July 2018

Creation of an office fund to manage and grow our portfolio of office spaces

PwC moves in its new headquarters in Telfair, Moka City's Central Business District

How we create value

Creativity is **thinking** up new things; innovation is **doing** new things. Creative thoughts, then, are the engines that drive innovation. We believe everyone has the capacity to be creative and innovative. Our corporate culture fosters connectedness to the market and commitment to excellence, allowing for creative thinking and for creative doing.

A young Moka'mwad activist making music out of a trumpet he made from used water pipes.

Discussion with CEO

We work every day to earn the trust of our stakeholders by crafting products and services that are relevant to their needs and aspirations, fairly-priced and put together following processes that are respectful of business ethics and of the environment.

Hector Espitalier-Noël
CEO, ENL Group

> “ENL’s creative energy and its pronounced sense of enterprise have been fully at play to move the group from a balance sheet which was heavily weighted in land assets to a more productive and dynamic one.”

How would you assess the 2019 financial year?

The group performed reasonably well given the difficult economic conditions that prevailed in the sugar and hospitality markets. We achieved these results on the back of our diversified portfolio of activities, balancing underperformance in some markets with the positive impact of opportunities we were able to seize in others.

What were the main highlights of the year?

We cleared important milestones during the year. We simplified and clarified the ENL brand to foster better understanding and engagement among our employees, customers and shareholders. We are now mobilised under a unique ENL brand with clearly spelt purpose and values. We reinforced our people management and introduced the #myENL programme to foster adherence to the ENL corporate culture. We successfully raised finance on the bond market and restructured our debt at more attractive interest rates and on terms that are aligned with our group’s cash requirements.

A significant portion of the finance raised has been earmarked for business development. We also achieved significant progress in structuring our approach to the digitalisation of our operations.

Would you say that ENL is on track from a strategic perspective?

We are on track to achieving our strategic objective to transform our land assets into perennial cash-generating assets. The year 2019 saw us invest to improve the productive capacity of our existing businesses. We pursued our program to renovate our hotel assets, started the construction of a new mall, added new office buildings to our portfolio of yielding assets and further developed our offering in leisure services. We also stepped into new lines of business, the most significant one being consumer finance. ENL’s creative energy and its pronounced sense of enterprise have been fully at play to move the group from a balance sheet which was heavily weighted in land assets to a more productive and dynamic one.

Each day, thousands of people are interacting with more than 120 ENL brands to give shape and form to endless possibilities for themselves and for those who matter to them. What does this mean to you?

We are very grateful for the trust our stakeholders place in us. We work every day to earn this trust by crafting products and services that are relevant to their needs and aspirations, fairly-priced and put together following processes that are respectful of business ethics and of the environment. As an important and diversified agent of economic growth, we are aware of our responsibility to be sustainable - economically, socially and ecologically.

What specifically is ENL doing to be sustainable?

We are continuously sharpening our ability to create sustainable value by:

- innovating our products and processes to gain in efficiency,
- strengthening our understanding of our customer base as well as our capacity to anticipate trends, and by
- harnessing culture and boosting our team's leadership capabilities to foster the growth mindset.

We are celebrating 10 years of enabling sustainable communities this year and our track record in delivering our social responsibility is well-established. We are now adopting a new, structured approach to infusing sustainability as a way of doing business in the group. As such, we are reinforcing our team's capacity and literacy in the field and defining business goals that will underpin our attachment to the United Nations' Sustainable Development Goals.

Do you anticipate any change in ENL's strategy for growth?

We have been consistently and successfully pursuing our strategic objective to leverage our land assets in order to create sustainable, cash generating businesses that bring value to our stakeholders. We now operate in seven served markets which are representative of a large portion of the national economy. Our growth in the foreseeable future will continue to be led largely by our operations in these segments. We aim to have sizeable and scalable operations that are best in class in each of these markets.

Given the small size of the Mauritian market, we are aware that our growth will also have to be sourced on the international market. We are already doing business in Namibia, Morocco and in Kenya where we are physically present. And our strong command of the hospitality, fintech and real estate sectors makes us a global player while remaining very much onshore. We will likely maintain this balance in the foreseeable future.

How will ENL achieve its growth strategy?

We are sharpening our soft assets by strengthening our people management, leveraging digitalisation to innovate our products and processes, and actively promoting a culture of excellence and of connectedness to the market. We are keeping our focus on preserving and enhancing the Mauritian Unique Selling Point (USP) of quality beaches, premium hotels and unique service to maintain our leadership in the hospitality industry. And we are investing substantially in Moka City's infrastructure as well as in the development of our retail and office funds so that the smart city rapidly becomes a catalyst of growth for the group. We are currently finalising equity partnerships to accelerate this process.

Going back on the January merger, how did it serve ENL's strategy for growth?

The initiative gave us new impetus to create lasting value: the resulting simplified group structure better rallies our stakeholders to the ENL brand and to our business plan. It also unlocked value for shareholders by enhancing the liquidity of ENL shares, and further streamlined our capacity to raise funds in order to finance our growth.

How do you expect your markets to evolve?

National growth is predicted to remain stable at around 4%. However, Mauritius is dependent upon its trading partners, mainly in the EU, Asia and in Africa, and it will be impacted by any disruption in their economic and/or political stability.

This year, growth is expected to be led mainly by domestic consumption, the construction industry and by public spending on infrastructure. ENL's retail operations as well as our businesses engaged in the supply of construction services and building materials should benefit from these favourable conditions.

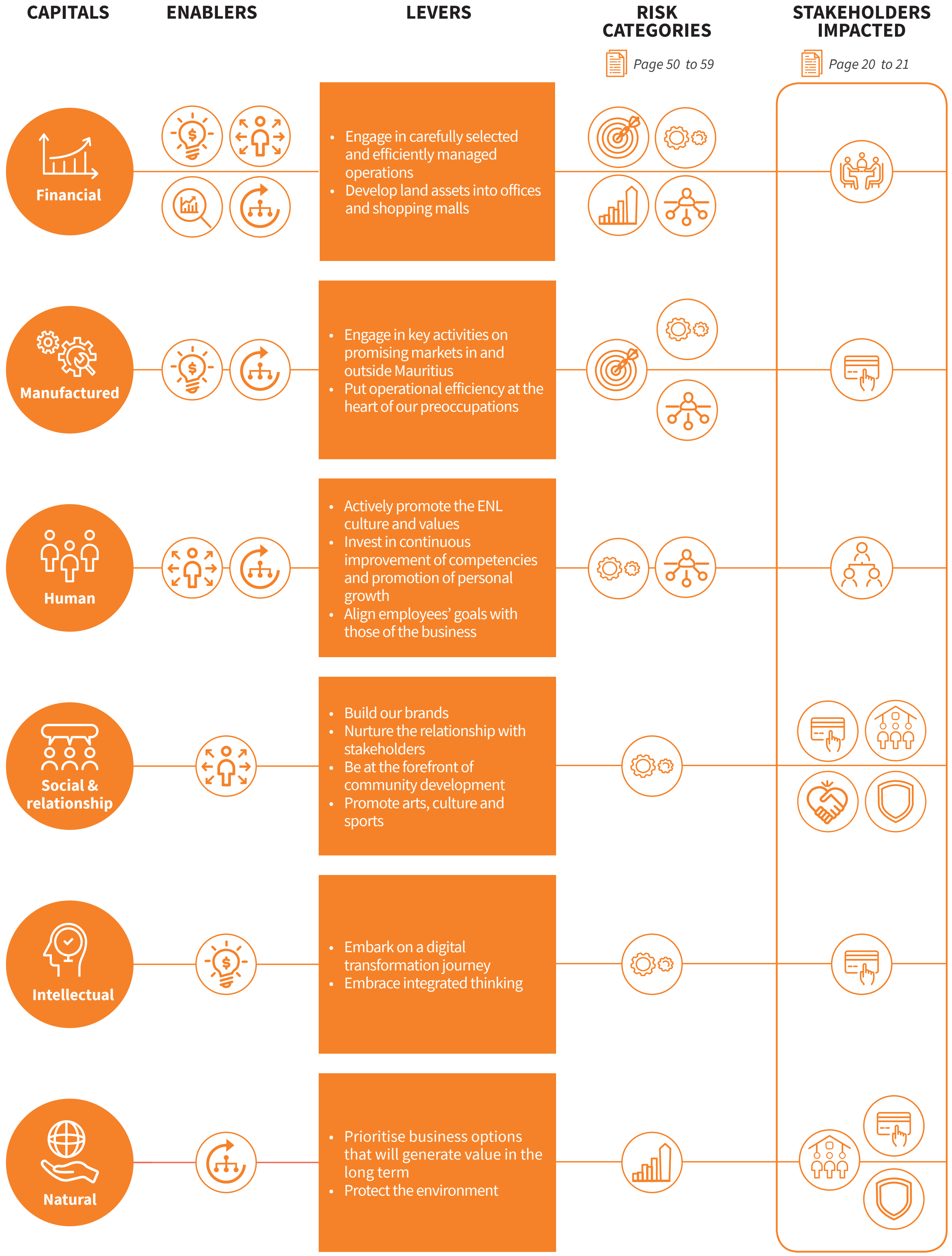
Despite challenges both at home and internationally, the services sector should remain a key driver of national growth, with stability in the tourism sector and high potential for further growth in financial services. We are maintaining our readiness to benefit from these improved prospects. Perspectives in sugar revenues are better as prices increase in Europe. However, these prices will not be enough to ensure sustainability. It is urgent that the full economic value of sugar cane by-products be recognised and paid to the industry.

How do you expect ENL operations to navigate the upcoming year?

ENL Property and Ascencia will continue to meet and to lead demand for our real estate products, especially in Moka. VLH is maintaining its cruising speed by enlarging its product offering and by finetuning its marketing and sales strategies to keep pace with the evolution in customer behaviour. NMH has revisited its structure and reorganised its businesses in two segments, hotel and property development, for a more focused approach. This new structure should facilitate the implementation of the important projects lined up by the hotel group. Rogers Capital will pursue its strategy to add value to its global business and to gain additional market shares in consumer finance. Axess is leveraging digital technology to improve its customer experience as well as its relationship with suppliers to enhance its product portfolio. Velogic is staying its course in logistic services and ENL Agri pursues its diversification strategy to mitigate the impact of sugar on its performance.

> “Despite challenges both at home and internationally, the services sector should remain a key driver of national growth, with stability in the tourism sector and high potential for further growth in financial services.”

Value creation model



CAPITALS

ENABLERS

LEVERS

RISK CATEGORIES
Page 50 to 59

STAKEHOLDERS IMPACTED
Page 20 to 21

Financial
- Engage in carefully selected and efficiently managed operations
- Develop land assets into offices and shopping malls

Manufactured
- Engage in key activities on promising markets in and outside Mauritius
- Put operational efficiency at the heart of our preoccupations

Human
- Actively promote the ENL culture and values
- Invest in continuous improvement of competencies and promotion of personal growth
- Align employees' goals with those of the business

Social & relationship
- Build our brands
- Nurture the relationship with stakeholders
- Be at the forefront of community development
- Promote arts, culture and sports

Intellectual
- Embark on a digital transformation journey
- Embrace integrated thinking

Natural
- Prioritise business options that will generate value in the long term
- Protect the environment

VALUE WE CREATE

- Total assets grew to **Rs 68bn**, from Rs 46bn in 2014
- Yielding assets grew to **Rs 14bn**, from Rs 9bn in 2014
- Income from yielding assets grew to **Rs 1.5bn**, from Rs 870m in 2014
- Profit after tax at **Rs 1.4bn** in 2019
- Equity holders' interests of **Rs 25 bn** in 2019

Group review (page 32 to 33)

- **86 units** sold and under construction at Les Promenades d'Helvétia, with Phase 2 launched and more upcoming
- **Veranda Tamarin reopened** as a 3 star+ hotel
- **+9,000m² of** prime office rental space brought to the market and more upcoming
- **3 Domino's Pizza outlets opened**

Segments' review (page 34 to 49)

- A **renewed** Group Human Resources function
- **Rs 68m** invested in training
- **100 #myENL Buddies** trained and performing
- **+42,000 visits** on Talent page of ENL website, and still counting

Human capital (page 22 to 25)

- **2nd edition** of the Marketing Excellence Awards held in 2019
- ENL Foundation implemented **+90 projects** impacting the lives of **+9,000 individuals** over the last 10 years
- **Rs 15m** financial support secured from the EU Commission for the Leave No One Behind initiative
- Moka'mwad **launched**
- **519 projects screened** and **105 accepted** by Turbine over the last 3 years
- **85% survival rate** for Turbine's incubates

Social, relationship & natural capital (page 26 to 29)

Segments' review (page 34 to 49)

- Amalgamation of ENL holding entities into **one ENL**
- Adoption of **open innovation practices** through Turbine and Compass
- Management contracts in Namibia for **2 malls over 80,000m²** as part of our retail asset-light strategy
- Enhancement of capabilities in **information security advisory**

Discussion with CEO (page 14 to 17)

Segments' review (page 34 to 49)

- **4.8m kwh** of renewable energy produced this year; capacity expected to double in one year
- **4,050m²** of building area managed in an energy efficient manner
- Raising awareness on **environmental issues** in our operations
- Implementation of **sectoral waste management programmes**

Social, relationship & natural capital (page 26 to 29)

Engagement with stakeholders

Shareholders & providers of capital

Material matters

- Sustainable return on investment
- Good governance
- Open, transparent, accurate and timely information

Our response

- Providing sustainable return on investment

Value creation model (page 18 to 19) and Group review (page 32 to 33)

- Maintaining relationship with shareholders through regular communication

Corporate governance report (page 68 to 82)

Employees

Material matters

- Feel empowered, valued, respected
- Personal and professional growth
- Access to learning and development opportunities
- Safe and healthy working environment
- Feel proud of working at ENL
- Know what is going on at ENL
- Regular discussions on own performance
- Market related employment conditions
- Understand employment advantages and benefits

Our response

- ENL's mission, values and strategic objectives as well as employee engagement promoted through the #myENL initiative
- Employee engagement monitored through surveys once every 2 years
- Remuneration benchmarked with the rest of Mauritius through participation in dedicated survey
- Investment in a renewed group HR function and additional competencies like talent management
- Appointment of a Safety and Health Manager to accompany and support ENL and its subsidiaries in complying with the legal framework related to occupational safety and health

Human capital (page 22 to 25)

Business partners & suppliers

Material matters

- Equal access to supplier and partnership opportunities
- Be treated in a professional, fair, transparent, ethical and responsible manner

Our response

- Conducting our business in a professional, transparent, ethical and responsible manner
- Commercial partners are provided with a copy of ENL's code of ethics
- Networking with the private sector through numerous forums

Corporate governance report (page 68 to 82)

> “We create sustainable value by making every effort to engage with our stakeholders and to serve their needs and aspirations with commitment and innovation.”

Customers

Material matters

- Consistently deliver our brand promise in terms of products, services and experience
- Anticipate customer needs, aspiration and expectations
- Fair commercial practices, sound ethics and good governance

Our response

- The customer is at the centre of Vision 2020, our three-year business plan
- ENL Marketing Excellence initiative is now a recurring event to strengthen our marketing capabilities
- Launching of our “Enabling possibilities” campaign to create awareness on how ENL brands enhance customers' lives
- Customer insights and upcoming market trends gathered through formal research

Enabling possibilities (page 5)

Discussion with CEO (page 14 to 17)

Local communities

Material matters

- Employment opportunities in ENL Group
- Responsible citizenship
- Support through financing and other resources to become more autonomous

Our response

- Strategy to promote integrated neighbourhoods, to nurture future generations and to enable vulnerable communities to live with dignity
- Looking for alternative sources of supplementary funding when applicable to upkeep our CSR commitments
- Launch of Moka'mwad citizens' platform to build lasting bridges between the existing Moka residents and those of Moka smart city to add life and vibrancy to the region
- Sponsorship of arts, culture and sports
- Set up of a Committee at Rogers to spearhead its sustainability and inclusiveness programme

Social, relationship & natural capital (page 26 to 29)

Government authorities

Material matters

- Operations conducted in a safe and lawful manner
- Responsible citizenship
- Be an actor in the implementation of the government's economic agenda
- Transparency, collaboration and networking

Our response

- Compliance with laws and regulations
- Proactively developing and sustaining the national economy through entrepreneurship
- Cooperating and networking with the public sector
- Member of various industry organisations
- Enhancing capacity to create jobs and wealth through partnerships
- National events sponsorship

Corporate governance report (page 68 to 82)

Social, relationship & natural capital (page 26 to 29)

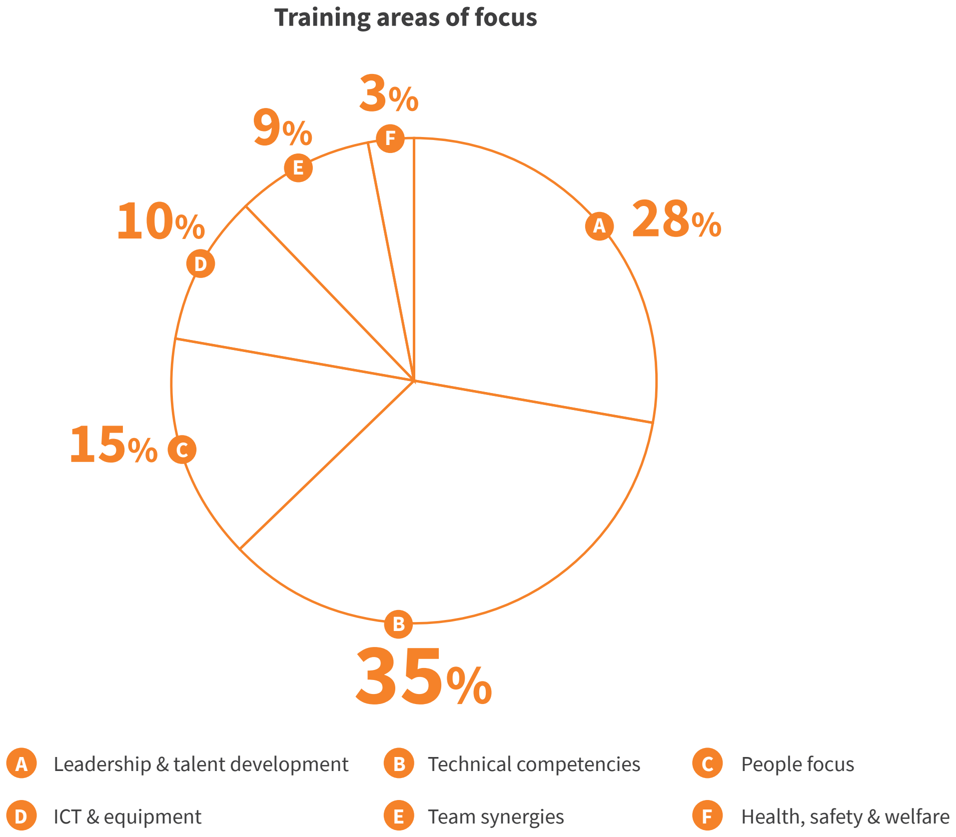
Human capital

Launch of #myENL programme Phase 2 - 'Living ENL values'

> "We believe that every single member of our team is special. Our people are our most important asset and we are deeply committed to enabling its growth through regular training, career development plans and workplaces that inspire and motivate high performance."

7,161
employees

100
#myENL Buddies



Training areas of focus

Our people strategy is now spearheaded by a renewed and reinforced Human Resources Management team. Additional competencies have been brought onboard over the year and HR disciplines such as talent management, employee engagement, and performance management are now at the forefront of HR management practices across the group. Day to day HR operations are also being upskilled through robust guiding principles and policies introduced group-wide.

Employee engagement and retention

Employee engagement as a key driver of high performance has priority status on our agenda. We diligently pursue the continuous improvement of our employee engagement score by commissioning independent surveys to measure engagement across the group, and by implementing action plans to drive improvement. The next engagement survey is planned for financial year 2020.

Last year, we launched the #myENL programme to leverage our corporate culture in order to build and strengthen employee engagement across the group. ENL's culture is underpinned by its strong values which enjoin each team member to **commit** to high standards of performance, to **connect** with our stakeholders in order to serve them better, and to constantly **innovate** our methods and processes in order to thrive in a constantly evolving business environment.

The three-pronged programme reached its peak this year, with the first two phases being successfully implemented. Far from being a one-off initiative, #myENL is the ENL-way of being and of delivering value. Concrete actions have been taken to entrench the programme in our corporate culture. They include the definition of acceptable and unacceptable behaviours within the group as well as a series of quick-win initiatives related to employee well-being and performance, that help improve the understanding as well as the credibility of the #myENL programme. A well-thought supporting structure places the programme under the direct leadership of the highest executive in each ENL company and a community of 100 #myENL Buddies is groomed to maintain the momentum of the programme through peer-to-peer influencing. We have also initiated related training programmes across the group with a view to further develop leadership and performance management capabilities in the group.

Training expenses

Rs **68 m**

Training expenditure

4%

of basic salary

77,211

hours invested in training (+9%)

ENL employees during their weekly evening yoga session

Talent attraction and employer brand

ENL aims to constantly improve its employee journey within the group, a journey that starts the moment a candidate applies for a vacancy. A strong emphasis is being laid on attracting the next generation, the millennials, within the ENL workforce. As such, online and social media platforms are preferred over traditional media for job adverts. Innovative tools leveraging end to end artificial intelligence are also being used on the Talent section of our website which serves as our recruitment platform. The 3,500 candidates registered on the platform confirm that ENL is considered as an employer of choice. In order to attract the best talents, the Rogers Group also uplifted its people's skills during the year by training some 150 managers in effective interviewing skills.

Performance management

We believe that managing employee performance is a year-round, continuous process, necessitating proper skills and techniques to be effective. As such, we invested in the upskilling of all managers and team leaders in performance management. The training was run by an expert from University of Stellenbosch Business School – Executive Development and some 175 leaders were given the necessary toolkit to better manage the performance of their team members. The next step of this programme will be to train all employees in how to engage in constructive performance conversations.

Leadership capabilities

Strengthening the leadership capabilities of its team is a key objective of ENL's people strategy. The focus is on ensuring that leaders are continuously equipped with up-to-date knowledge and skills for higher performance. Structured initiatives such as the Rogers Management Development programme and the ENL Lead Meet-Up have grown to become annual events for leaders to meet as well as to discover and develop new skills. A strong emphasis is laid on developing emotional intelligence for better team leadership. ENL is encouraging coaching initiatives as development tools for leadership and team development.

Well-being, safety & health

ENL recognises that, as a humane and caring employer, it has a moral and legal duty to ensure the safety and health of all its employees and any person legitimately conducting business within its premises. We are fully committed to comply with all the provisions of the Occupational Safety and Health Act No 28 of 2005 and related statutory requirements.

Illustration of ENL values by employees

42,139

visits on ENL Talent page

3,500

candidates' profiles on ENL Talent page

ENL workforce by generations

Baby boomers
12%

Gen Y
49%

Gen X
26%

Gen Z
13%

This year has seen the restructuring of the health and safety framework at ENL following the appointment of a Safety and Health Manager. This strategic resource accompanies and supports ENL companies in complying with the legal framework related to occupational safety and health.

Upcoming initiatives to meet ENL's safety and health objectives include:

- developing and implementing group safety and health policy and procedures,
- promoting a culture for safe and healthy workplaces through training, toolbox, talks and awareness sessions,
- assessing risks and establishing measures of control to reduce risks to levels as low as practically possible,
- establishing systems of communications between management and employees to discuss safety and health matters in Safety and Health Committees and in informal meetings, and
- conducting regular inspections and workplace audits to ensure compliance with the law.

The following initiatives were taken during the year as part of our strategy to promote good health among ENL employees:

- A health week during which talks and free medical check-ups were held to raise awareness with regards to specific health issues.
- A medical doctor is put at the disposal of employees in some subsidiaries.
- The services of a clinical psychologist have been made accessible to employees at the corporate office for counselling and support.

Going forward

As we progress with the implementation of transformational people strategies, we will take special care to strengthen the foundations of our people management.

Forthcoming endeavours will revolve around:

- Structuring existing talent management practices and providing our talent pools with the necessary toolkits to drive and nurture growth,
- Encouraging the emergence of thought leaders and the sharing of best practices through thought-provoking LeadTalks sessions,
- Maintaining an engaged workforce through the #myENL programme and by integrating the defined acceptable behaviours into our performance discussions, and
- Deep-diving into our employee value proposition with a view to strengthen ENL's positioning as an employer of choice.

Social, relationship & natural capital

What follows is a mapping of our initiatives with the United Nations Sustainable Development Goals (SDGs) which provide a universal benchmark for performance in this area:

Social initiatives

Objectives

- *Alleviate poverty through community development programmes to empower vulnerable communities for autonomy*
- *Build lasting bridges with Moka's community to create a vibrant city culture*
- *Prevent food waste to support food security*
- *Provide support and means for excellence in sports, arts and culture whether the drive is personal or collective*

SDGs

1 NO POVERTY
2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Community development programmes led by ENL Foundation at Cité Sainte Catherine, Alma, Telfair and L'Escalier

- 155 beneficiaries received support to improve their living conditions and 409 to improve their education
- Community platforms reached a level of autonomy of 65%
- Additional funding approved by the National CSR Foundation to finance the community development programmes at Alma and Telfair

Support to **Lovebridge**, **Centre d'Eveil Bel Ombre** and **Junior Achievement Mascareignes** in nurturing the next generation of empowered citizens.

Exit from Black River. The development of La Balise Marina is nearing completion, heralding the end, next year, of the social development plan it initiated. Having long foreseen this, ENL Foundation helped create its first ever community platform – the Kolektif Rivier Nwar – building capacity and fostering autonomy among the beneficiaries. We are currently working on an exit plan together with the Beachcomber Group which will be fronting initiatives in the area henceon.

Setting up of a **training academy** by Heritage Resorts to provide residents of the Bel Ombre region with the necessary skills in hotel services to become employable.

12 young members of Mo'Zar Espace Artistic sponsored along with other partners for an **intensive training** programme in Italy at one of the most prestigious music schools in the world.

Opening of the first **Baz'Art Kreasion** boutique for the sale of its crafted products at Vivéa Business Park to improve the financial autonomy of the initiative.

Kick-off of the **Leave No One Behind project** targeting 375 beneficiaries.

Sealed partnership with not-for-profit **Foodwise** which is engaged in fighting food wastage and in maximising access to nutritious food for vulnerable children.

Enabling entrepreneurs to get started and/or to scale up with currently 8 incubations ongoing at La Turbine.

Implementing a policy to **source locally and sustainably** at VLH to encourage local farmers to produce responsibly.

Sponsoring by ENL and Rogers (Rs 2m) of the **10th Indian Ocean Island Games** held in July 2019 and which ended with Mauritius' historic win.

Continued support to **Moka Rangers Sports Club**. Along with other partners, we enabled the young members of *Moka Rangers Football Club* to gain valuable experience overseas by sponsoring their travel to Germany for a football training camp and competition hosted by SGK Heidelberg Football Club.

Integrating sustainability in our strategic planning

ENL's strategy to build its social and relationship capital is driven by the **ENL** and **Rogers Foundations** to which we contributed Rs 15 million this year. Philanthropy and sponsorship are additional instruments we use to support our positioning as a responsible and enabling corporate citizen. We invest our time, expertise and financial resources to support the growth of vibrant and sustainable local communities. In addition to economic and social resilience, we are a keen supporter of sports as a means to achieve good health and well-being. We are also actively engaged in raising public awareness about environmental threats.

Environmental initiatives

Implementation of green energy projects through EnVolt to reduce our carbon footprint.

- Renewable energy production capacity: 3,100 kwp
- Renewable energy produced for the year: 4,800,000 kwh
- Reduction in CO^2 emissions: 4,500 tons for the year

Management of energy consumption in our main offices using the ISO 50001 guidelines.

- Certification obtained for ENL House
- Energy consumption per GLA: 7.53 kwh

Use of the **LEED green building certification system** to implement integrated property developments that monitor and manage energy use, water consumption and solid wastes with a view to reduce our footprint.

- Property developed using **sustainability benchmarks** and guidelines: 11,835 m^2
- Investment in common (sustainable and resilient) infrastructure: Rs 192m

For **ENL Property sustainability report 2019**

Find out more on
www.enl.mu

Rogers Capital implemented an **environmental policy** to reduce paper consumption and to manage waste efficiently, and planted endemic plants at La Citadelle to reduce its carbon footprint.

Veranda Leisure & Hospitality (VLH) implemented a **water management strategy** to reduce water flows off taps and to treat waste water at 100% before re-use for irrigation. *Heritage Resorts* promoted **awareness on the marine life** in the Bel Ombre region through educational initiatives such as the Yellow Submarine, Timomo Kids Club and the Lagoon Directory.

Island Living launched educational tours such as the Bay2Bay and Biosphere tours to **raise awareness on environmental issues** and to educate people about endemic plants.

Velogic adopted a **policy to reduce the use of harmful chemicals** in the vicinity of the harbour.

Ascencia initiated the INI'vert project in its malls with the aim of raising awareness on the importance of **reducing wastes** and providing stakeholders with responsible and **healthy consumption alternatives**.

CSBO set up a **compost farm and smart agriculture initiatives** for the production of vegetables and fruits in a controlled environment, and therefore without the use of chemicals in Bel Ombre.

Objectives

- *Protect the environment and become eco-friendly*

SDGs

4 QUALITY EDUCATION
7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND

Rogers' commitment to sustainability

Rogers is committed to do business in an inclusive and sustainable way. Its core purpose is to co-create meaningful opportunities by:

- sensing with an outward mindset, the needs of its markets and clients;
- collaborating with local communities to create a purposeful impact;
- seeking opportunities to grow its footprint beyond Mauritian shores; and
- writing its growth story together with its employees and its partners

Rogers ensures that its actions are aligned with the fundamental needs of the community and with those of its employees, and that they do not deplete natural resources. The company has set up a Committee to spearhead its sustainability and inclusiveness programme with the following objectives:

- enhance the quality of life of the community and of employees,
- rehabilitate and preserve natural assets,
- educate stakeholders to build and raise awareness, and
- have responsible business practices.

Rogers
Uniting Energy

ENL employees organised a Noël de partage

ENL Foundation: enabling sustainable communities

ENL Foundation enables the sustainable development of underprivileged communities neighbouring the group's businesses. It delivers ENL's unwavering commitment in favour of inclusive growth by enabling:

- the underprivileged to live with dignity,
- the youth to become responsible decision makers of tomorrow, and
- neighbourhoods to build bridges to one another for an integrated, peaceful and stable social environment that fosters growth.

This year, we celebrate a decade of impactful social stewardship. Throughout the years, ENL Foundation has successfully led many initiatives to provide decent living conditions to poor families and to mentor young people. It has operated mainly in Moka-Saint Pierre, in Pailles and in L'Escalier

ENL Foundation has implemented some 90 projects to date, positively impacting the lives of over 9,000 individuals through education and training, health and nutrition, employability and entrepreneurship. Its track record is made of many success stories, including:

- The economic empowerment of some 40 underprivileged women living in Moka and its neighbourhoods through Baz'Art Kreasion;
- The self-leadership and autonomy of the residents of Cité Sainte Catherine, Telfair and L'Escalier who have been groomed into taking ownership of the development of communities they live in; and
- The academic success, year after year, of schoolkids supported by the Young Spirit Association.

ENL foundation

90+
projects

9,000+
direct and indirect beneficiaries

Leave No One Behind initiative

The **Leave No One Behind** initiative is about community empowerment at the grassroots in order to build resilience and to foster social inclusion. In December 2018, ENL Foundation secured financial support to the tune of Rs 15 million from the European Commission (EC) to fund the programme. The focus is on 4 activities revolving around *capacity building*, *backyard gardening*, *integrated sustainable community mix-farming* and *small business incubators*. Its objective is to alleviate poverty by empowering and mentoring low-income earners and the underprivileged to become resilient and economically independent, and to live with dignity. These activities are being implemented over the span of three years in Cité Telfair, Alma, Cité Sainte Catherine, Pailles and L'Escalier. 375 people will directly benefit from them and 1,875 individuals will be indirectly impacted. The programme was launched this year, with the kick-off of two projects, namely the backyard gardening programme at Cité Sainte Catherine and the incubators programme at L'Escalier.

Rs 15m
European Commission financial support

Leave No One Behind targets
375
direct beneficiaries

Social integration plan for the smart city of Moka

Open air cinema
700
spectators

Clean-up and awareness day
350
participants

Moka'mwad is a citizens' platform that ENL, as the promoter and developer of the Moka smart city, launched in October 2018. Moka'mwad promotes a culture of collaboration, participation, involvement and interconnection in Moka. It aims to create strong connections between Moka City and its residents, bringing them together in order to collectively improve the quality of life in the city.

Moka'mwad operates in the following areas: *art, culture & heritage; ecology & environment; economy & entrepreneurship; education; hygiene & health; and team spirit & sport*. The organisation's first initiative during the year was to hold a clean-up and awareness day that gathered more than 350 participants. An open air cinema session at Telfair that brought together some 700 spectators and initiation to tennis on the occasion of the Moka Tennis Open were other highlights of the year.

MOKA'MWAD

Looking ahead

Government has announced changes at the level of the National CSR Foundation (NCSRF) where it is expected that the national social strategy will be redefined in consultation with all major stakeholders. To date, we have no visibility as to the nature of those changes, except for a change in the name of the organisation to National Social Inclusion Foundation. Our operations will no doubt be impacted by any change in its positioning. As it is, we are expected to credit 75% of our CSR Levy (2% of our chargeable income) to the NCSRF next year. We intend to keep up with our commitments regardless, supplementing the expected fall in revenue with funds sourced internally and alternative external sources (e.g., the EC). ENL Foundation has garnered commendable credibility and goodwill which it is already leveraging to attract funding from both national and international and sources.

How we perform

We value the spirit of enterprise - this go-getter attitude that spurs initiative, triggers daring and instils endurance. Our corporate culture naturally encourages ENL teams to be the best entrepreneurs they can be at the workplace. And through Turbine, our business incubator, we provide a powerful springboard for entrepreneurs to scale new heights.

Jason Delorie, an ENL employee, and Eva Graham are the founders of ConnectMe, a start-up undergoing incubation at Turbine.

Group review

We maintained focus on our operational objective which is to transform our group's asset base, through carefully selected and efficiently managed investments and operations in order to grow and to generate cash sustainably. The sugar sector continued to suffer from the difficult environment prevailing in the global sugar market but the buoyancy of our other activities enabled the group to improve its performance.

Performance

Turnover increased by 10% to reach Rs 16 billion, and operating profit went up by 39% to reach Rs 1.3 billion, led by the good results of the following segments:

- *Commerce & industry*, with Axess capturing a bigger share of a buoyant new vehicles market;
- *Hospitality*, where all hotels, particularly Heritage, were in operation for the full year except Veranda Tamarin which had a delayed opening;
- *Real estate*, with the good performance of Ascencia's shopping malls which were impacted positively by better yields, optimised rental of our office spaces with the 29,000m² nearly fully let, and strong sales recorded for all the products offered by Moka City.

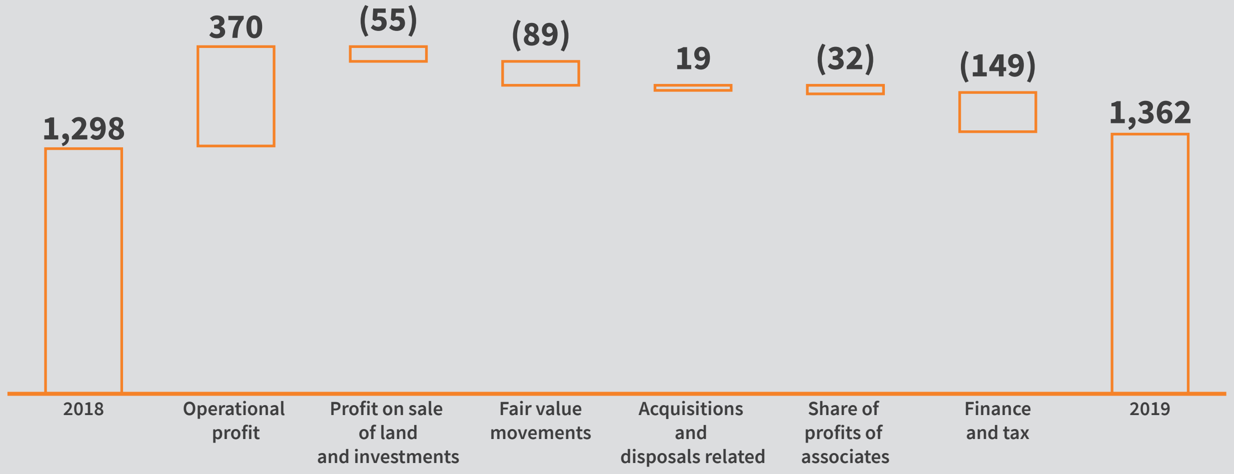
The group's associated companies continued to perform well and contributed significantly to our overall profitability. Profit after tax from continuing operations went up by 5% from last year to reach Rs 1.4 billion.

Turnover
10%
Rs **16 bn**
2018: Rs 14.6 bn

Operating profit
39%
Rs **1.3 bn**
2018: Rs 959 m

Profit after tax from continuing operations
5%
Rs **1.4 bn**
2018: Rs 1.3 bn

From Rs 1,298m to Rs 1,362m profit from continuing operations



Creating shareholder value remained a key area of focus during the year and as a result,

- Profit attributable to shareholders reached Rs 649 million.
- We paid a final dividend of Rs 169 million, which when added to the interim dividends of Rs 132 million paid, pre-amalgamation, to the shareholders of the ex-ENL holding companies, brings total shareholder remuneration to Rs 301 million.

Profit attributable to shareholders
x 5
Rs **649 m**
2018: Rs 142 m

Equity holders' interests
x 4
Rs **25 bn**
2018: Rs 6 bn

Gearing
2ppt
36%
2018: 34%

Financial position

The group continued to grow its businesses with significant resources devoted to the following projects:

- Renovation of Veranda Tamarin to further enrich Veranda Leisure & Hospitality's (VLH) unique experiences offering;
- Opening of three Domino's Pizza outlets in Port Louis, Beau Bassin and Curepipe;
- Construction and delivery of 11 000m² of prime rental office space in Moka (The Pod in Vivéa Business Park, PwC headquarters and The Dot in Telfair);
- Construction of Bo'Valon Mall which is scheduled to open in November 2019; and
- Rogers Capital in order to maintain its momentum in increasing its market share in consumer finance.

A significant portion of these investments were financed by debt. As a result, our net indebtedness increased by Rs 2 billion to reach Rs 20.9 billion but gearing was maintained at a reasonable 36% (2018: 34%).

During the year, ENL Limited has successfully raised Rs 3.5 billion of notes under its medium term multi-currency note programme of Rs 6 billion. The notes, of which a significant portion carry fixed interest rates, bear tenors of 5, 7 and 10 years with interest rates between 4.80% and 6.30%. The funds enabled us to re-finance existing bank debts and to finance various projects in the fast developing Moka City.

Total assets stood at Rs 68 billion at year end and shareholders' equity amounted to Rs 25 billion compared with Rs 6 billion last year, reflecting the change in the capital structure following the amalgamation.

46%
of earnings distributed

Dividend in 2019
Rs **301 m**

Dividend yield
2.9%
Based on share price of 1st October

Our top 5 group risks (page 56 to 57)

Land & investment

> *We are the owners of 23,000 arpents of land that we leverage to enable long-term growth.*

ENL owns 23,000 arpents of land in the Centre, the South and the South-West of Mauritius. This large land bank is a strategic resource that we use to enable the group to create value sustainably for all its stakeholders. We leverage our land base to create strong cash generating assets and operations, which are in turn used to attract additional resources to fuel growth.

As such, the management of our land assets which are not earmarked for property development is structured into a business segment of its own. This segment derives income from the sale of investments and non-strategic land assets and bears the corporate and finance costs incurred by the company. Segment revenue amounted to Rs 27 million this year and we incurred a loss after tax of Rs 215 million. Last year, loss after tax amounted to Rs 40 million, including a one-off profit on the sale of some land at Bel Ombre. This year's results were impacted by costs of Rs 40 million relating to the amalgamation of ENL entities as well as the issue of notes during the year. The land assets classified as investment properties have been valued by independent valuers, resulting in Rs 288 million of fair value gains this year compared to Rs 262 million last year.

Compass, corporate venture fund, and **Turbine**, start-up incubator and accelerator are two key instruments to explore and adopt open innovation practices within our group.

Turbine is a government-accredited incubator and start-up accelerator that helps aspiring entrepreneurs turn ideas into reality and early-stage businesses into successful companies. It is the leading start-up incubator in Mauritius, also enabling entrepreneurship by promoting collaboration and ideation into a thriving co-working space.

Compass is our corporate venture fund which invests in initiatives with scalable business models and strong growth potential. It also provides operational and strategic support, access to a regional network of resources and test environments for innovative solutions within the ENL Group.

These instruments open pathways to broaden our knowledge of new practices, technologies and opportunities. They act as the interface between ENL and the entrepreneurial ecosystems, allowing us to strengthen our links with start-ups. The exposure and collaboration present a win-win for both parties: on the one hand ENL stays tuned to technological and creative evolution, and on the other hand, entrepreneurs gain access to a testing ground for their ideas, products and services.

This year again, our teams partnered with several start-ups and launched new incubation programmes. Active consultations with key stakeholders of the Mauritian start-up ecosystem found an echo within the group and led to the launch of several innovation initiatives. The Smart City Mobility Challenge, an open innovation programme launched by Turbine in May 2019 in collaboration with Moka City, features among the main achievements for the year.

Turnover

Rs 27 m

2018: Rs 84 m

Loss after tax

Rs 215 m

2018: Rs 40 m

A resident of Moka enjoying his evening jog at Courchamps

Turbine in 2019

2 Test Drive programmes

8 projects

incubated

Rs 16 m

accumulated private capital invested in Turbine companies

Smart City Mobility Challenge

1st open

innovation programme

50+

entrepreneurs co-working at Turbine

Compass is steadily building a solid regional network and reputation as strategic investor through regular roadshows and interactions with partners. This year, it invested in four technological platforms in Kenya and in South Africa, two of the most dynamic entrepreneurial ecosystems in the region.

Outlook

This coming year, we expect to sell a small portion of non-strategic land representing circa Rs 100 million of proceeds to cater for our cash needs. Compass and Turbine are today key contributors to the development of the Mauritian innovation ecosystem. Our team intends to keep this momentum through further investments and programs that will impact ENL's operations, helping us meet market demands with upgraded products and services.

Compass in 2019

4

investments sealed

8

companies in portfolio

Rs 37 m

of committed capital investments

Our top served markets' risks (page 58 to 59)

Agro-industry

Enabling food security.
We grow, transform and trade in farm produce.

Sugar cane is by far the largest cash crop we produce

> “To ensure the long-term viability of the sugar industry, further industry reforms need to be implemented.”

Sugar cane is by far the largest cash crop we produce. Food crop, grown both in open fields and in green houses, as well as coffee, ornamental plants and chicken are the other main components of our production mix. Our 39% shareholding in Eclosia Group makes us an important stakeholder in the agro-industrial sector. And through subsidiaries like ESP landscapers, Sygeco and Agrex, we are successfully diversifying into professional landscaping and syndic services as well as in agro and industrial supplies.

Segment turnover increased to Rs 850 million (2018: Rs 814 million), owing to revenue from non-sugar products and services which increased by 15% from Rs 340 million last year to Rs 390 million this year, confirming the soundness of our strategy to diversify our production mix away from sugar cane. Our landscaping services, food crop production, farming, agro-supplies and syndic management services have all yielded positive results.

- Our food crop business unit continued to expand its product range under the Field Good brand and better potato production yielded positive results for the year;
- Performance of poultry production was steady, though slightly affected by a fall in live weight sold;
- ESP landscapers, our landscaping services provider, benefitted from the buoyancy in property development and contracted a partnership with Services à la Française (Meilleur Ouvrier de France) to improve the quality of service;
- Agrex set up a new product line under the Diversey brand; and
- Sygeco is further developing its services by outsourcing syndic customer support and accounting services for the French market.

Performance in our agro-industrial business segment was largely impacted by unfavourable conditions prevailing in the sugar industry. Profit after tax registered a sharp decrease from Rs 88 million last year to Rs 12 million for the year under review. This is due to the combined effect of:

- a lower volume of sugar accruing to us owing to unfavourable climatic conditions that severely impacted cane yield for the 2018 crop: we recorded the lowest yield of the decade and a resulting 8% decrease in sugar accruing to us (21,287 tonnes against last year’s 23,055 tonnes); and of
- a drop in sugar prices resulting in a lower revenue per sugar tonne from Rs 15,500 to Rs 13,100 owing to an oversupplied European market, leading to a 15% decrease in revenue.

These unfavourable results were partly mitigated by the declaration of an event year by the Sugar Industry Fund Board for the 2017 and 2018 crops. Compensation for the shortfall resulting from adverse climatic conditions totalled Rs 82 million.

Our results were also impacted by reduced profits from the Eclosia Group following lower contributions from its overseas’ activities. Eclosia contributed Rs 201 million compared to Rs 271 million last year.

Outlook

The agro-industry segment of our operations continues to be impacted by the low sugar prices prevailing on the world market. However, this global surplus in the supply of sugar is expected to be reversed in the upcoming financial year with a foreseen fall in the production of European beet sugar. Beet sugar producers’ position have been weakened with the prevailing low sugar prices and the difficult climatic conditions which resulted in poor yields in many regions. This should contribute to an increase in the price of sugar and bring relief to our sugar activities in the short-to-medium term.

Notwithstanding the above, to ensure the long-term viability of the sugar industry, further industry reforms should be implemented. Two interesting long-term budget measures announced by the Government that could be beneficial to the industry are notably the establishment of a National Biomass Framework that could lead to a better valuation of sugar cane by-products, and the assistance of the World Bank to provide strategic policy guidance to ensure the sustainability of the sugar cane industry.

Non-cane operations in the agro-industry cluster are expected to generate additional value. We have invested in increasing our poultry production capacity to cater for the demand from our strategic partner. Construction works for a poultry farm building in Savannah have already begun. Agrex and ESP landscapers will keep their focus on increasing their market shares in the agro-supplies and landscaping maintenance services segments, respectively. In Bel Ombre, the cultivation of sugarcane is being phased out and emphasis is being put on growing the region into a sustainable agri-tourism destination.

Turnover

Rs **850 m**

2018: Rs 814 m

Profit after tax

Rs **12 m**

2018: Rs 88 m

Our top served markets’ risks (page 58 to 59)

Real estate

Enabling sustainable neighbourhoods.
We build and manage homes, offices and shopping malls, leading the Mauritian real estate market with an integrated offer, and we are fully geared to maintain our leadership position.

More than mere offices, we create a work environment

> “Moka City will be the driver of our real estate development over the coming years.”

We are passionate about creating sustainable neighbourhoods that are enabling and open to all. We have built a reputable brand on the real estate market which comforts us in our ability to differentiate our offer in a market that is becoming increasingly competitive.

This year, segment revenue went up by 19%, from Rs 2.6 billion to Rs 3.1 billion thanks to the improved performance of the retail segment and increased land sales. Segment profit reached Rs 1.1 billion in 2019 compared to Rs 938 million last year. The key contributor to profit was Ascencia whose results were driven by better lease renewal rates, the contribution from So'flo for a full year and the straight-line rental accrual adjustment. Income from the rental of our office space, where the 29,000m^2 were nearly fully let, also contributed to the segment's profitability. Fair value gains, which derive mainly from the revaluation of our offices and retail assets by international and independent commercial property valuer Jones Lang Lasalle (JLL), amounted to Rs 722 million compared to Rs 827 million last year.

Turnover

Rs 3.1 bn

2018: Rs 2.6 bn

Profit after tax

Rs 1.1 bn

2018: Rs 938 m

Moka

Moka City will be the driver of our real estate development over the coming years. Modern residences, eco-friendly infrastructure, economic opportunities, a vibrant cultural scene and an integrative approach to municipal administration. Such is the promise of the smart city of Moka which will span across 1,600 arpents right at the heart of the island. Moka is fast growing into a place of choice to live, work and play. It positions Mauritius as an international platform for business and investment.

The first phase of the Moka smart city is being developed on some 500 arpents of land at the cross roads of the island's two main motorways. The development is in fact a continuation of the integrated urbanisation of the Moka region that we undertook more than a decade ago. As such, the smart city of Moka already features numerous residential, business and leisure facilities which form a dynamic core around which we continue to create sustainable urban infrastructure. La Promenade de Moka is a linear park that will be the central feature of the city. La Promenade will link the Telfair Central Business District, the heart of the smart city, to all the various amenities of the city.

The construction of the city continues to be spurred by robust demand for housing, office and leisure facilities. In this respect, the group is well advanced in securing a substantial injection of capital from strong equity partners and should thus be well equipped to build state of the art infrastructure and amenities within the Moka smart city precinct and spur the development of several projects in the Telfair Central Business District and Vivéa Business Park.

In parallel, Moka is also taking numerous initiatives to,

- Integrate the city with existing neighbourhoods through the creation of Kolektif Moka'mwad, a citizens' platform which was launched in October 2018 to create a vibrant city culture in the region with activities such as the Moka Art Festival, Moka Trail and the Open Air Cinema, and
- Give shape to its commitment to sustainable development with the LEED-Neighbourhood Development certification nearing completion.

The smart city of Moka is taking shape at great speed and we are currently working on the following:

Offices

ENL's business parks are places with character, providing a work environment that favours creativity and productivity while being convenient, connected and central. We currently operate two business centres at Vivéa and Bagatelle, with a third one currently being developed as the Central Business District of the smart city of Moka, at Telfair.

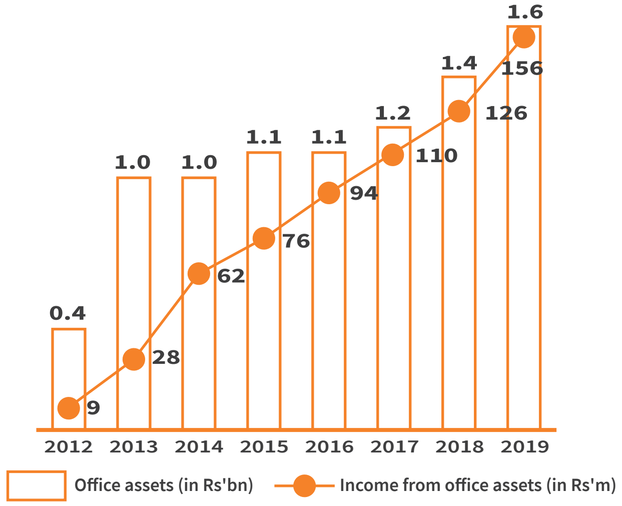
Our teams are currently working with international professionals to finalise the development plan for the city centre. Telfair will cater for key amenities that will contribute to create the critical mass needed to achieve a vibrant, mixed-use city centre. PwC, the first business residents of Telfair, entered their spacious 4,700 m^2 building end of 2018. The Dot, an adjoining building of some 1,500 m^2 was completed and is currently being marketed.

Vivéa, the business centre we continue to develop on the grounds of the former Mon Désert Alma sugar factory, now houses The Pod, a new building of 4,800m^2 which was delivered in October 2018. All office spaces in the building are fully let-out, a large section of the ground floor now being occupied by the business park's very first restaurant.

Today, our portfolio of office properties, regrouped as an office fund since 2018, comprises 29,000 m^2 of prime space worth Rs 1.6 billion and is nearly fully let out. This year, office space rental generated revenues of Rs 212 million compared to Rs 126 million in 2018, an illustration of our business model which is to transform land assets into cash generating assets. We have equipped the rooftops of some of our offices with solar panels, enabling them to produce much of their daily requirements in situ. Our offices thus make up for much greener facilities than what is otherwise available on the market.

Encouraged by the strong demand and Moka City's strong goodwill on the market, we are working at increasing our portfolio by some 40,000 m^2 over the next 3 years. A new building of some 8,000 m^2 in Vivéa is due to start next year and with the development of some 30,000 m^2 of mixed-use spaces in Telfair, the value of our office portfolio is expected to grow to approximately Rs 5.5 billion. As explained above, we are currently raising funds to enable this growth.

Office assets



Moka residential

We create residences in carefully planned neighbourhoods featuring premium infrastructure and generous green areas. This year, we maintained solid sales performances despite increasing competition. We recorded strong demand for land and for our built-up units in Moka.

- *Les Promenades d'Helvétia* is our first built-up residential development under the Smart City Scheme. Construction works for 86 apartments and duplexes is currently under way and delivery is expected in December 2019. We launched the second phase of the development; a total of 52 studios, duplexes, apartments and penthouses this year. The market reacted very well to the offer, 50 units having already been sold. Construction works begin in September 2019. An additional 50 units were also launched on the regional market which reacted positively to the offer. We are currently busy finalising the next phases which will be marketed next year. We also sold 44 plots of residential land at Les Promenades d'Helvétia during the year to generate a cash inflow of Rs 170 million.
- After the successful launch of *Rive Sud at Courchamps*, we proposed *Les Versants de Courchamps* - a residential land development comprising 55 plots to the market. All the plots have been reserved. Infrastructure works are nearing completion and sales are expected to be completed in 2020, generating an expected Rs 200 million in revenue.

Retail

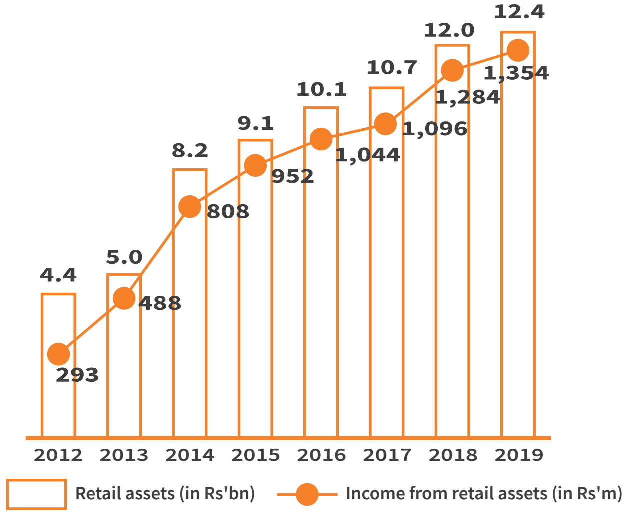
ENL's shopping malls are designed and managed to optimise the shopper's experience. More than just places to shop, our malls are popular hang-outs for friends and families wishing to spend time together. Our retail portfolio comprises 6 shopping facilities, including the iconic Bagatelle Mall of Mauritius. Owned by Ascencia and managed by Enatt, this portfolio is currently valued at Rs 12.3 billion. Ascencia continues to deliver strong financial and operational performances: its net operational income, excluding straight lining of income, grew by 11% to reach Rs 931 million this year.

These performances were driven by the successful annual contractual increase in leases and the full year contribution from So'flo Boutique Mall. Furthermore, with a vacancy rate at 2.1% and a higher spend per head across the Ascencia portfolio, tenants have benefitted from the growing popularity of our malls. The 8.2% increase in trading densities and decrease in the rent to turnover ratio from 7.9% last year to 7.7% this year, confirms the financial strengths of tenants. Average yield on investment properties remained strong at 8%.

Over the next 12 months, Ascencia will carry out several projects to enhance and expand its offering. These include the opening of Bo'Valon Mall in November 2019 and new and improved accesses to Phoenix Mall in the wake of the road decongestion programme. In addition, Ascencia is working on an ambitious expansion of Bagatelle Mall, with an expected opening at the end of calendar year 2020, which should strengthen its leadership position.

Over the years, through Enatt and our partnership with South African property developer Atterbury, we have built solid expertise and experience in shopping mall management. We plan to leverage these to develop our footprint in Africa, in line with our asset-light international growth strategy. We have signed contracts to manage the operations of two shopping malls in Namibia, namely The Grove in Windhoek (27,000m^2) and Dunes Mall in Walvis Bay (52,000m^2). Our choice to do business in Namibia is supported by the country's stability compared to the rest of the continent.

Retail assets



Residential resort

Our high-end lifestyle estates have unique features like a professional golf course or a private marina in addition to premium architecture and landscaped environments. They cater to the foreigner's quest for a place in the sun to call home. We offer a wide range of products to this market segment, including residences in smart cities, units built under the Property Development Scheme and ground+2 apartments. However, the market remains highly competitive and Heritage Villas Valriche, our main development in this segment, has reviewed its business plan to deliver better results.


So'flo Boutique Mall, the latest addition to Ascencia's portfolio


La Balise Marina is the only residential marina in Mauritius

Our top served markets' risks (page 58 to 59)

Commerce & industry

We enable customer experiences.
We aim to become a key player in our served markets, by nurturing close relationships with international brands that we represent.

Our continuous efforts to bring all our operations to perform to their full potential, coupled with an improved operating environment are reflected in our performance: our profit after tax increased significantly from Rs 62 million last year to Rs 141 million this year.

Our automobile dealership, **Axess**, has a car for every potential owner, with a choice of well-known international brands of vehicles and associated services ranging from the basic utility vehicle to the luxury status symbols. As the key performance driver of the segment, it registered an increase in sales of new vehicles during the year, higher than the 8% market growth. As such Axess realised higher profits and its market share went up from 17.9% to 20.1%. The company also sold a larger number of heavy machineries owing to an increased presence in the agro, construction and industrial markets. With focus now on the Michelin brand and sub-brands, the tyres department continued to improve even though it has yet to reach its full potential. Its after-sales services department remained on a continuous improvement pathway. The initiatives to improve customer experience by leveraging employee engagement, modern customer relationship management tools, increased digital touchpoints and comprehensive brand reviews, in line with its plan that focuses on developing a customer-centric culture and deriving operational efficiency gains, are well under way.

We are also engaged in eyewear manufacturing through **Plastinax** which develops and produces fashionable eye-wear for renowned European and American brands and whose house brand Helios enjoys a growing trust amongst Mauritians thanks to a continued focus on innovation and quality. The past year has been one of continued progress, with revenue growing by 9% and profits by 37%. Our focus remains on increasing the portfolio of clients and constantly working on innovative avenues to keep increasing revenues.

Turnover
Rs **3.9 bn**
2018: Rs 3.3 bn

Profit after tax
Rs **141 m**
2018: Rs 62 m

> “Our main operations have experienced solid growth. The segment’s future is promising given the encouraging results obtained from sustained initiatives to put the customer at the centre of operations and to improve operational efficiency.”

The Axess team participated in the Salon de l’automobile with a wide range of vehicles in display

Through **Grewals** and **JMD**, we bring to the market a comprehensive range of high-quality building and construction materials. Grewals has turned around with a 20% increase in sales this year. With the continued buoyancy in the construction sector, it is anticipated that Grewals will pursue this upward trend over the coming year. JMD devoted more resources to service the Business to Customer (B2C) market which is expected to drive revenue in the coming years, while continuing to serve Business to Business (B2B) clients. **Nabridas**, our market-leading manufacturer of fiberglass swimming pools and plastic storage tanks, recorded an average performance this year. It relocated its roto-moulding plant to Petite Rivière and completed investments to improve its product range and storage capacity. This initiative should boost sales of roto-moulded tanks in the coming year.

Our associate **Superdist** is positioned as an important link in the supply chain connecting IT hardware manufacturers and consumers, enabling its clients to focus on their core business. **FRCI**, our IT solutions specialist, works closely with clients to help them select and implement the most suitable IT solution. Both companies remained key contributors to our performance this year.

Outlook

Our main operations have experienced solid growth. The segment’s future is promising given the encouraging results obtained from sustained initiatives to put the customer at the centre of operations and to improve operational efficiency.

The construction of a new Jaguar-Land Rover showroom is set to start in September this year and we expect the new facilities to impact positively on the segment’s profitability.

Our top served markets’ risks (page 58 to 59)

Hospitality

We offer our guests a unique and integrated holiday experience through well established brands.

Veranda Tamarin has raised its game

> “We remain confident that for the next financial year, the hospitality segment of our businesses will continue on this good momentum driven by the various projects in the pipeline.”

We remain one of the main stakeholders in the hospitality industry, delivering an integrated holiday experience though well-established brands like Rogers Aviation, Veranda Resorts and Heritage Resorts, and Island Living. We are also the main shareholder in associated company New Mauritius Hotels which runs the Beachcomber brand, the pioneer of the Mauritian hotel industry.

Our service offer includes hotels, travel and leisure. We address the needs of both inbound and outbound vacationers from start to finish, right from the booking of airplane tickets to choosing a hotel and collecting experiences that make for unique and memorable holidays.

This year, the segment’s revenue increased from Rs 3.5 billion to Rs 3.8 billion and profit after tax reached Rs 216 million, representing a 34% increase on last year. This derives from the good performance of the VLH hotels, in spite of lower occupancy rates for Heritage Resorts in the third quarter and weaknesses of the Euro (EUR) and Great Britain Pound Sterling (GBP).

Hotels. In contrast to the first half of financial year 2019 when tourist arrivals increased by 5%, the hotel industry faced a slow-down during the second half of the year with a mere 1% increase from January to July 2019. Our hotel operations showed their resilience by maintaining good performances regardless:

- Room occupancy for Veranda Resorts dropped to 78.5% (2018: 87.4%) and total revenue per available room (TRevPAR) decreased by 2.5%, both impacted by the opening of Veranda Tamarin in December 2018.
- Heritage Resorts hotels performed better than last year when the two hotels operating under this brand were closed in the first quarter. At 73%, occupancy rate was lower than last year (2018: 75%) and revenue (TRevPAR) declined by 7% due to unfavourable EUR and GBP exchange rates. Heritage The Villas and Heritage Golf Club also posted strong results.

The losses of our associate NMH went up from Rs 51 million to Rs 61 million. Results were dampened by a weak EUR.

Leisure. Island Living is a multi-brand outfit, positioned to deliver excellence in value experience to customers with evolving tastes and spending habits. Its product and services offering includes nature parks, destination and quick service restaurants, and mid-scale accommodations that include business hotels and Hosted B&B. It is a key instrument in positioning Bel Ombre as a sustainable agri-tourism destination.

This year, overall results were negatively impacted by the costs associated to new ventures such as the launch of Domino’s Pizza with the opening of 3 outlets, the setting up of Racing Republic and the opening of the Seeloy Island Club.

Travel. Rogers Aviation had a good year on the back of the robust performance of its ground handling services and the turnaround of its travel agencies:

- Ground handling services benefitted from increased activity in domestic air traffic in Mozambique; new revenue sources were secured in Mauritius despite marginal growth in air cargo imports, and our operations in Madagascar performed well.
- The right-sizing of our outlet in Bagatelle Mall and renegotiation of trading conditions with customers proved beneficial to the travel agencies.

Outlook

We remain confident that for the next financial year, the hospitality segment of our businesses will continue on this good momentum driven by the various projects in the pipeline.

- Next year should see the full consolidation of Veranda Tamarin with an expected improvement in occupancy rates.
- The entry of Amethis, a private equity fund, in the capital of VLH in July 2019 should spur the development of the activities.
- The construction of a second golf course in Bel Ombre will commence and the 5th edition of the AfrAsia Bank Mauritius Open will be hosted by Heritage Golf Club in December 2019. Both initiatives should bring us added visibility on the global market.
- The separation of the hotels activities of NMH from those of its property developments should have a positive impact.

Turnover

Rs 3.8 bn

2018: Rs 3.5 bn

Profit after tax

Rs 216 m

2018: Rs 161 m

Our top served markets’ risks (page 58 to 59)

Logistics

We enable our stakeholders to connect to the world through an integrated logistics platform.

Our logistics and supply chain services cover a broad spectrum of operations ranging from freight forwarding and customs clearance to express courier, domestic transportation, warehousing and container services. We deliver our logistics services mainly through Velogic, operating 36 offices in 6 different countries and which also serves customers worldwide through a global network of trusted partners.

At Rs 3.5 billion, this year's segment revenue was at par with that of last year. Profit after tax progressed from Rs 95 million to Rs 107 million. The good results of our port and haulage services were dampened by the poor performance of our freight forwarding activities.

The **port and haulage** services in Mauritius benefited from the renewed dynamism in the construction sector. We recorded a notable turnaround of haulage activities driven by a larger number of trips for containerised cargo on the back of the Metro Express project. Non-containerised cargo in various segments as well as improved fleet management were additional contributors to the performance.

Moreover, this year, our container depot business handled a higher volume of containers for shipping lines while the **freeport and storage** activities benefitted from faster rotation of goods stored. In Kenya, last year's implementation and mandatory use of the newly built railway connecting Mombasa to Nairobi caused major disruptions in our transport activity but the situation stabilised in early 2019 with the initiation of a turnaround plan.

Our **freight forwarding** activities, on the other hand, were impacted by the poor performance in France as a result of the protracted turmoil caused by the Gilet Jaune protest movement. Weakening trading patterns in Europe also affected volumes and added pressure on margins. Our operations in Madagascar performed satisfactorily; in Kenya, performance was sub-par, due to customer disputes regarding shipping line demurrages and fleet inefficiencies caused by the implementation of the railway system. In Mauritius, results were affected by the general contraction in the export-oriented manufacturing sector which caused downward pressures on volumes and margins.

Our **shipping** services yielded improved results as agency work for casual caller vessels increased. Our sugar packaging activities continued to be impacted by the weakening GBP as a result of the continued uncertainties surrounding the Brexit. Our regional courier business fared better this year with growing volumes in Mauritius, Reunion and Madagascar.

> “The port and haulage services in Mauritius benefitted from the renewed dynamism in the construction sector. We recorded a notable turnaround of haulage activities on the back of the Metro Express project.”

Velogic operates 36 offices in 6 different countries and has a global network of trusted partners

Turnover

Rs 3.5 bn

2018: Rs 3.5 bn

Profit after tax

Rs 107 m

2018: Rs 95 m

Outlook

The performance of our logistics segment is largely dependent of the economic situation in its main markets, especially France. We nonetheless expect improved results on account of:

- The completion of the reorganisation initiated in Kenya combined with the extension of our service offering;
- The regional courier business should do better while the freight forwarding and transport activities in Mauritius should benefit from the implementation of new commercial and operational initiatives; and
- An extension of our geographical coverage in India through the opening of new offices.

The unpredictable global economic situation continues to represent potential risk for our freight forwarding activities. Furthermore, the beleaguered local manufacturing and sugar cane sectors could further dampen performance in Mauritius.

Our top served markets' risks (page 58 to 59)

Fintech

We enable our clients worldwide to rethink their core business models and embrace digital innovations.

Rogers Capital is investing in human capital to enhance capacity in commercial development.

> “Our consumer finance business is expected to maintain its growth impetus by capturing additional market share in hire purchase and leasing.”

Our interests in the technology-empowered financial and corporate services sector are driven by **Rogers Capital** which provides corporate, technology and financial services to an international clientele. We leverage our deep industry insights in finance, our legacy as a leading corporate player and cutting-edge technology to serve individual and corporate clients across industries and borders. We are also a significant shareholder in Swan Group, a market leader in general and life insurance.

The segment recorded a 10% growth in revenue which stood at Rs 839 million. Performance was driven by:

- our technology services with the completion of large-scale infrastructure deployment projects domestically, and
- our consumer finance services which increased its hire purchase and leasing inflows.

The results of Rogers Capital were adversely affected by:

- pressure on margins in an increasingly price-sensitive environment for the **corporate services**,
- significant investments in human capital to enhance capacity in commercial development and in new offerings like information security advisory in our **technology services** segment, and
- the impacts of IFRS 15 and IFRS 9 accounting standards on **financial services**.

Nevertheless, profit after tax increased from Rs 24 million last year to reach Rs 69 million owing to the good performance of our associate, the Swan Group, which contributed Rs 123 million to the results, a 29% increase compared to last year.

Outlook

A new state-of-art data centre in Ebene with enhanced capacity for cloud and managed infrastructure services will further enhance our technology services position and new market share acquisition is expected in recently introduced offerings, that is, information security advisory and digital transformation.

We expect the global business activities to be affected by the uncertainty surrounding the new legislation and the less favourable provisions of the new double tax treaty with India, resulting in a significant drop in new incorporations.

Our consumer finance business is expected to maintain its growth impetus by capturing additional market share in hire purchase and leasing.

Turnover

Rs **839 m**

2018: Rs 760 m

Profit after tax

Rs **69 m**

2018: Rs 24 m

Our top served markets’ risks (page 58 to 59)

Risk management

Actively managing our risks is pivotal to the long-term success of our business.

Chairman statement

The Audit and Risk Management Committee (ARMC) of ENL Limited supports the Board in fulfilling its corporate governance responsibilities which are further outlined in the corporate governance section of this Integrated Report.

Corporate governance report (page 68 to 82)

Actively managing our risks is pivotal to the long-term success of our business and to the achievement of our strategic business objectives. An established risk management framework and an improving risk maturity within the group are key enablers to ensure better oversight of existing and emergent risks by the Committee and ultimately, the Board. During the year, the Committee had **deep dives** as detailed on the next page.

2
ARMC meetings

39
Reports reviewed*
17 for Risk management + 21 for Internal audit + 1 External audit
(*for the amalgamated company)

2/3
Independent Directors

> “Risk management is forward looking, thus enabling the group to not only focus on the existing risk eco-system, but also on global trends and opportunities in the context of the changing risk landscape.”
>
> Mushtaq Oosman, Chairman, Audit and Risk Management Committee of ENL

Deep dives of the Committee

	Key initiatives - FY 2019	Going forward - FY 2020
Cyber-security	• Cyber-threat simulation sessions to increase senior management awareness • Assessment of the vulnerabilities of ENL’s IT environment	• Reinforcing cyber security environment through the set-up of a Chief Information Security Officer (CISO) function
Data privacy	• Appointment of a Group Data Protection Officer	• Bridging the gap to move towards compliance • Periodic review of progress reports
Health & safety	• Recruitment of a Group Health & Safety (H&S) Manager	• Monitoring of implementation of H&S recommendations to ensure compliance
Code of ethics	• Annual awareness sessions for the group • Whistleblowing: Review Ethics Officer’s reports on departures from ethics	• Better connect with our people through digitalised version of the code of ethics • Awareness sessions on fight against fraud and corruption done by Independent Commission Against Corruption (ICAC)
Risk insights	• Tuned to emergent risks e.g. “Executives perspectives of top risks 2019” (Protiviti)	• Stay informed of emergent risks and global trends

Our current focus for risk reporting is to go “beyond a compliance” approach. The group believes that a risk aware culture helps in fostering a more disciplined approach to effective risk management. **Having a forward looking approach to risk management** enables the group to not only focus on the existing risk eco-system (see our snapshot of our risk profile on page 53) but also on global trends and opportunities in the context of the changing risk landscape (more details on page 55). As such, the group takes cognisance of those trends likely to have a significant footprint on the sustainability of our operations and on tomorrow’s opportunities.

For FY 2020, we endeavour to sustain measures and initiatives to address key risks of the group and take advantage of global trends. The Committee will continue to ensure rigorous review of risk management, internal and external audit and other significant matters to support the Board in fulfilling its role.

As a closing note, I would like to thank the ARMC members as well as the group’s Chief Executive Officer, Group Head of Finance, the management team, external auditors and internal audit and Governance, Risk and Compliance (GRC) teams for their continued support and commitment throughout the year.

Mushtaq Oosman
Chairman
Audit and Risk Management Committee

Mechanisms for risk management

Managing risks and opportunities is essential to the group's long-term success and sustainability. At ENL, there is a process for the systematic identification, management and oversight of risks and opportunities. The **governance structure and risk management approach** are available online.

Find out more on **www.enl.mu**

Leveraging the governance structure for improved risk oversight

The governance structure encompasses the Board of Directors and Audit and Risk Management Committee (ARMC) of ENL which have oversight over risk management affairs. The risk governance structure operates as follows:

At entity level (Bottom-up approach)	Outcome	Ownership	Achieved
• **Risk workshops** periodically held to assess and prioritise existing and emergent risks	Updated risk dashboard	Management	✓
• Reporting on risk dashboard at Board meetings for discussion, comments and action plans.	Improved risk oversight by Boards of subsidiaries	Executives	✓

At ENL Group level (Top-down approach)	Outcome	Ownership	Achieved
• Review of **quarterly risk dashboards** of entities of the group as submitted by the GRC team, in line with the annual GRC plan.	ARMC of ENL apprised of evolution of risks	ARMC	✓
• **Half-yearly follow-up** and monitoring of key risks of each served market by the CEOs of served markets, Group CEO and hence, Board.	Improved risk oversight by Top Management & Board	Executives & Board	✓

Enterprise Risk Management (ERM) approach integrated with strategy

The ERM approach at ENL is designed to identify, prioritise and mitigate risks associated with business operations to minimise their exposure on the group and ensure the achievement of ENL's long-term goals, as per Vision 2020 (more details in segments' review from page 34 to 49). It provides an **overarching approach** which looks at the spectrum of risks faced by the group and provides useful insights for Senior Management and Management on **existing and emerging risks and key risk dependencies**.

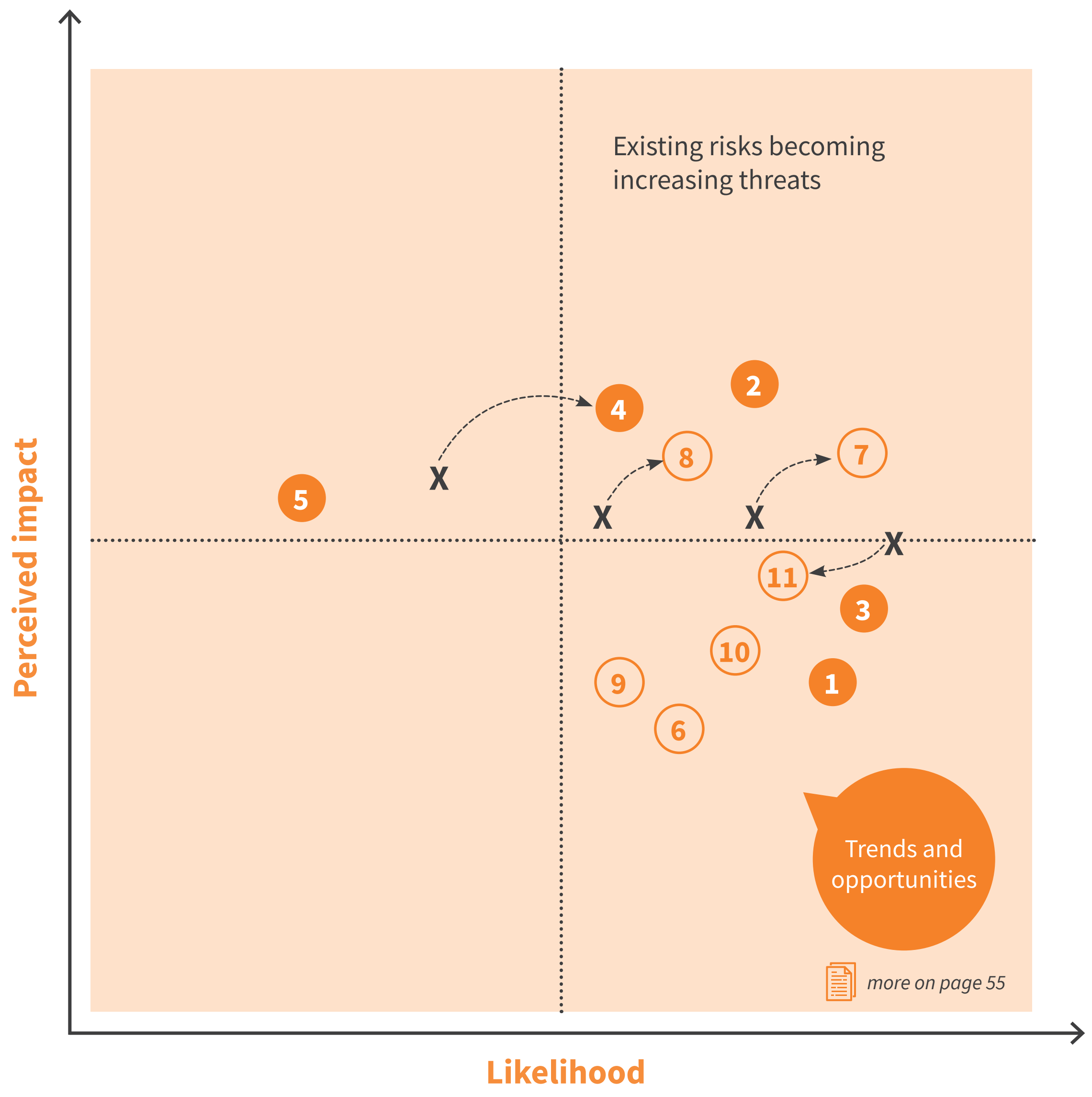
In a nutshell, the ERM framework provides a harmonised approach to management of risks across the group. We encourage our readers to consult the risk framework which is further detailed online (refer to the link above).

- Establish the context and identify risk
- Assess and prioritise risks (existing and emergent)
- Mitigate risks (reinforce controls, plan to reduce exposure)
- Risk monitoring (risk dashboards reviewed to capture trends and controls)

Snapshot of our risk profile

Our risk profile is a summary of risks faced by the group and its served markets. The key residual risks of ENL and how those risks have evolved are translated on a '**Risk heatmap**'. The principal risks depicted on the diagram are the outcome of discussions with Senior Management to identify and prioritise those risks that can impact ENL. The risks, in the upper-right hand quadrant, are those of greater concern.

Risk heatmap of ENL



Keys

Risk trends: X **Risk posture-last FY**

Nature of risk: ● **Group risk** ○ **Served market risk**

The table below summarises the risk profile of ENL as detailed in the Risk heatmap on the previous page.

Top 5 group risks

Principal residual risks of ENL		Risk categories	Change from LY	Capitals impacted
① Economic conditions and market factors		◎	›	📈
② Competition		◎	›	📈 ⚙
③ Evolving cyber threats and IT-related risks		🖧	›	👥 ⚙
④ Increasing costs of operations given heightened compliance requirements		⚙	⌃	📈 👥
⑤ Talent management		🖧	›	📈 👥

Top served markets' risks

⑥ Inventory and debtors' management risks	▥	📊	›	📈 ⚙
⑦ Sustainability of cane growing activities	🏭	◎	⌃	📈 🌐
⑧ Competing alternatives (locally and other destinations)	✈	◎	⌃	📈 ⚙
⑨ Revenue shortfall risk given external context	🛒	◎	›	📈
⑩ Inability to sustain sales pattern and pace of development	🏘	◎	›	📈
⑪ Risks to expansion and growth capabilities	📱	◎	⌄	📈

Keys

Risk categories: ◎ **Strategic risk** 📊 **Financial risk** ⚙ **Operational risk** 🖧 **People & systems risk**

Risk trends: ⌃ **Risk increased** ⌄ **Risk decreased** › **Risk remained unchanged**

The changing risk landscape: trends and opportunities

The world in which we operate is moving fast. **Disruption is the order of the day**; consumer preferences are evolving, and environmental pressures are increasing. Such trends impact businesses, business models and strategy. ENL is not at bay from such factors.

Global trends can have a far more positive impact on our businesses provided we take the necessary actions to benefit from tomorrow's opportunities. The group keeps abreast of global trends that are likely to have a significant footprint for our businesses. **We are preparing our business operations to onboard trends**, applicable to their industries, to create a resilient organisation. Our **initiatives** in line with the trends are shown below.

Gen X, Y & Z

Adapting to changing aspirations of our human capital

- Investment in talent management & HR strategy.
- Reinforce # myENL initiatives.
- **Leadership coaching initiatives.**
- **Employer value proposition** as a recognised employer of choice.

Human capital (page 22 to 25)

Digital transformation

- Embarking on the digital transformation journey for **operational excellence.**
- Use of technology for automation of processes and through creation of an **innovation function, CiLab** (connecting business needs with IT solutions) and **RPAs.**

Online shopping footprint

- Adapting to the evolving consumer preferences is a must for our operations.
- Initiatives are in terms of omni-channel digital customer engagement which include **amplifying our customer insights capabilities to be more relevant to our markets.** Objective: precise targeted & predictive marketing.

Sustainability

- **Green energy projects** to reduce our carbon footprint (ISO 50001, LEED building certification).
- **Ecological projects.** e.g. INI'vert, sustainability talks and programmes for Executives and teams.
- **Social initiatives** through CSR projects.

Social, relationship & natural capital (pages 26 to 29)

> “We believe that global trends will impact the ways in which our businesses operate. As such, we look at trends as being opportunities to be seized and harnessed.”

Hector Espitalier-Noël, CEO, ENL Group

Our risk profile

As highlighted on page 54, our risk profile encompasses risks at (i) group level, i.e. those risks cut across the group's served markets and are therefore significant for ENL and (ii) risks specific to served markets.

Top 5 group risks

Challenges and their impact | **Link to strategy** | **How we respond**

① Economic conditions and market factors

Challenges and their impact

Country risks are namely:

- Slow-down in consumer spending due to factors impacting net disposable income, factors affecting attractiveness of Mauritius, changes in government policies.

Risks related to the international context are:

- tough sugar market conditions resulting in 15% decrease in sugar revenue per tonne,
- FX volatility (USD, GBP, EUR) impacting costs and revenue,
- low visibility especially on high season forward bookings,
- uncertainties regarding the Brexit which may further impact on GBP and our revenue streams, and
- geo-political risks for foreign-based operations.

How we respond

- **Capitalise** on prominent and flourishing sectors to capture growth opportunities serviced by existing and new business lines.
- Devise sales and marketing strategies to tap in new market segments with higher revenue and profits potential (e.g. Real estate, Hospitality, Commerce & industry)
- Costs containment strategies e.g. cane growing.
- Treasury management and hedging strategies.
- Close collaboration with authorities and stakeholders to improve attractiveness of Mauritius.
- Keep informed of evolution of the Brexit to devise emergent strategies.

Risk rating after mitigation

② Competition

Challenges and their impact

Against the backdrop of growing number of competing alternatives, our risks may be in terms of:

- poor brand performance which may result in loss of brands,
- erosion of market share due to competitors' moves, and
- threat of new entrants with disruptive business models or industries impacted by technology waves.

How we respond

- Continuously **refine our USPs** in terms of product/service differentiation, product pricing, digital marketing and social media.
- Leverage innovation and customer feedback in our operations to offer superior brand experience.
- Embed market surveys and regular benchmarking in business thinking and decision-making.
- **Embark on digital transformation**, data analytics, cyber security to maintain competitive advantage.

Risk rating after mitigation

Challenges and their impact | **Link to strategy** | **How we respond**

③ Evolving cyber threats and IT-related risks

Challenges and their impact

- Our increasing business dependence on networked systems, IT software and systems, connected devices (IOT) and the rapidly evolving cyber security threats presents an **unprecedented level of risk exposure.**
- Loss of critical and confidential data or data privacy issues.
- Inability to adapt to disruptive technology.

How we respond

- Several initiatives including:
  - cyber threat simulations,
  - vulnerabilities' assessment of our systems,
  - setting up of CISO function.
- Reinforcing IT security measures, through IT audits and IT governance policies.
- Focus on digital transformation, automation of processes, use of RPAs in operations.

Risk rating after mitigation

④ Increasing costs of operations given heightened compliance requirements

Challenges and their impact

Changes in laws and regulations among others are likely to entail increased compliance costs which may not be supported by higher revenues. e.g.

- **introduction of the Workers' Rights Act.**
- data privacy requirements driven by DPA and GDPR.
- not systematically applying enhanced due diligence with respect to high risk clients (Fintech)

How we respond

- Closely monitor and **assess impact of new legislations** to identify potential issues and take appropriate measures.
- Reinforce data privacy governance by **setting up a group data protection function** and implementing measures to ensure compliance.
- Proper due diligence as well zero-tolerance policy with respect to risks of errors and fraud (Fintech)

Risk rating after mitigation

⑤ Talent management

Challenges and their impact

In the current economic environment of strong competition and pressure over cost management, critical risks relate to:

- departure of our talents or insufficient succession plan which may impact on our strategy execution,
- scarcity of experienced resources (e.g. new technologies), and
- inability to sustain high level of engagement of teams.

How we respond

- Talent planning, succession planning and human capital development are discussed and actioned upon.
- Performance appraisal is well established and improvement in employee engagement.
- Implementation of **employer-value proposition** to reinforce engagement of our core asset being our people.

Risk rating after mitigation

Top served markets' risks

The table provides a snapshot of those main risks and measures which are inherent to our served markets.

	Commerce & industry	Agro-industry	Hospitality
	⑥ Inventory and debtors' management risks	⑦ Sustainability of cane growing activities	⑧ Competing alternatives (locally and other destinations)
Challenges and their impact	- Main exposure being in terms of inventory management risks (stock-take discrepancies, slow-moving and stock obsolescence) inspite of existing measures. - Credit risk impacting on working capital and liquidity management in event of delayed or non-recovery of trade receivables.	- Combined effects of low sugar price, lower cane yield and low price of biomass resulting in drop in sugar proceeds and cash inflows. - **High cost of operations** due to costs per sugar tonne being above revenue coupled with fall in sugar production. (from 23,055 tonnes to 21,287 tonnes)	- **Growing competition** from other destinations, local players and AirBnB and high cost of airfare to Mauritius. Impact: lower earnings and market share. - **Environmental risks** (rising sea level, beach erosion, and marine pollution)
	Link to strategy	**Link to strategy**	**Link to strategy**
How we respond	- Continuous improvement over operations, internal procedures and controls with support and guidance of internal audit and BPIS teams. - Screening mechanisms before granting of credit. - **Improved pattern of recoveries** through measures such as setting of Key Performance Indicators (KPIs) for recoveries and close follow-up of sales and debtors by Management.	- Expansion of non-sugar activities through acquisition of new business lines. - Expansion of landscaping and food crop activities and launching of new services for syndic line of business **(non-sugar revenue increased by 15%)**.	- Refining pricing and revenue management strategies. Use of digital advertising to increase visibility of our hotels' offerings. - Initiatives include retaining walls, higher reefs and beach sand replenishment to address erosion.
	Risk rating after mitigation Low High 	**Risk rating after mitigation** Low High 	**Risk rating after mitigation** Low High 

	Logistics	Real estate	Fintech
	⑨ Revenue shortfall risk given external context	⑩ Inability to sustain sales pattern and pace of development	⑪ Risks to expansion and growth capabilities
Challenges and their impact	- **Revenue shortfall** risk due to: – decrease of volume of cane & sugar transported, – decline in exports from the manufacturing sector. - Impact of a challenging business and economic environment in France. (Gillet Jaunes)	- For residential and IRS: inability to **sustain sales targets** and hence, achieve property development in the backdrop of growing competition. - For commercial centres: **threat of fresh competition** is looming ahead which may impede on ability to retain tenants, maintain rental yield and market share. - Project management: exposure may be in terms of delays (e.g. due to permits) and overruns (time, cost and quality).	- Inability to further increase market share in **consumer finance** due to presence of longstanding and major players who may have access to cheaper sources of finance. - Credit risk: delayed or non-recovery of receivables - Less favourable clauses of the new Mauritius-India Double Taxation Avoidance Agreement (DTAA) resulting in slow-down in growth opportunities.
	Link to strategy	**Link to strategy**	**Link to strategy**
How we respond	- Diversifying the customer base in other freight forwarding activities and implementing cost reduction initiatives. - **Broadening of the client base** in other geographies. - Considering potential partnership with large-scale players.	- Nurture customer appetite by **investing significantly in positioning of Moka** as a 'live-work-play-care' city with a mix of offerings & amenities. - Tracking of trading densities and competitors' moves. - **Innovative offerings** coupled with extension/development of malls to stimulate attractiveness. - Well-grounded teams and mechanisms to ensure rigourous controls from project inception to completion.	- Rely on a well-entrenched brand (Rogers) along with a customer **value proposition of being fair, fast and friendly**. - Debtors monitoring and credit limits followed. - Monitor and assess impact of new legislation. Move towards higher value-added services.
	Risk rating after mitigation Low High 	**Risk rating after mitigation** Low High 	**Risk rating after mitigation** Low High 

How we lead

When talent meets opportunity, growth happens. Business initiatives we take, products and services we bring to the market and socio-ecological causes we sponsor are as many opportunities we create to enable talents to express themselves. For, talent on its own is rarely enough. You need skills, discipline and rigorous practice to excel.

Moka Rangers Football Club is an ENL-sponsored academy which is growing the next generation of football talents in the region.

Board of Directors

1


2


3


4


5


6


1 Jean Noël Humbert (Born in 1949)

Chairman, Independent Non-Executive Director

Appointed as Director (amalgamated company): January 2019

Qualifications: Honours Degree in Agriculture

Committee: Chairman of the Corporate Governance Committee

Professional journey:

- Appointed Chief Corporate Affairs Officer at Eclosia Group in 2015.
- Served as CEO of the Mauritius Sugar Syndicate for 9 years, until 2014.
- Was Secretary General of the Mauritius Chamber of Agriculture for 8 years, until 2005.
- Held different senior management posts in the Eclosia Group between 1975 and 1997.
- Is a past President of the National Productivity & Competitiveness Council.

Skills:

- Vast experience in institutional affairs, more particularly in the fields of agriculture and international trade, closely involved in the strategic process that led to the export of refined white sugar from Mauritius.

2 Hector Espitalier-Noël (Born in 1958)

Executive Director

Appointed as Director (amalgamated company): January 2019

Qualifications: Member of the Institute of Chartered Accountants in England and Wales

Committee: Member of the Corporate Governance Committee

Professional journey:

- Appointed Chief Executive Officer of the ENL Group in 1990.
- Chairman of New Mauritius Hotels Limited and of Bel Ombre Sugar Estate Ltd.
- Previous work experience at Coopers and Lybrand (London) and De Chazal du Mée (Mauritius).
- Past Chairman of the Board of Rogers and Company Limited, the Mauritius Chamber of Agriculture, the Mauritius Sugar Producers Association and the Mauritius Sugar Syndicate.

Skills:

- Seasoned CEO with strong financial skills and experience in developing businesses, building alliances, ventures and partnerships. As Chairman and Board member of numerous blue-chip companies and trade organisations, Hector Espitalier-Noël has gathered in-depth knowledge and significant experience in key sectors of the Mauritian economy, including agro-industry, real estate, hospitality and financial services.

3 Gérard Espitalier Noël, C.S.K., C.O.N.M. (Born in 1946)

Non-Executive Director

Appointed as Director (amalgamated company): January 2019 – *up for re-appointment at the next Annual Meeting*

Qualifications: Diplôme de Perfectionnement en Administration des Entreprises (IAE, AIX-MARSEILLE)

Professional journey:

- Long career as the Head of Air Mauritius in Europe.
- Appointed in April 2007 as technical adviser to the "*Conseil National du Tourisme*" (CNT) in France.
- Worked as Hotels & Leisure Director of Indigo Hotels & Resorts Ltd in Mauritius.

Skills:

- Extensive knowledge and experience of the tourism and travel industry, especially of the European tourism market.

4 Eric Espitalier-Noël (Born in 1959)

Executive Director

Appointed as Director (amalgamated company): January 2019

Qualifications: Master in Business Administration, Bachelor of Social Science

Professional journey

- Joined ENL Group in 1986 and is currently the Chief Executive Officer of ENL Commercial Limited. Previously worked at accountancy firm De Chazal du Mée & Co. in Mauritius.

Skills:

- Extensive experience in the commercial and hospitality sectors.

5 Virginie Corneillet (Born in 1972)

Executive Director

Appointed as Director (amalgamated company): January 2019

Qualifications: Maîtrise en Droit des Affaires from the University of Paris V (France)

Committee: Member of the Corporate Governance Committee

Professional journey:

- Joined ENL in 2010 as Head of Legal and Corporate Affairs and is now Group Head of Governance and Legal Affairs.
- Worked as Corporate and Administrative Executive at IBL Group (previously GML) for 10 years until 2010.
- Started her career at Soulier & Associés, a French law firm based in Paris and Lyons, France.

Skills:

- Extensive experience in mergers and acquisitions, corporate transactions and corporate governance as well as a diversified skillset that includes people management as well as legal and communication expertise.

6 Gilbert Espitalier-Noël (Born in 1964)

Non-Executive Director

Appointed as Director (amalgamated company): January 2019 - *up for re-election at the next Annual Meeting*

Qualifications: Master in Business Administration, INSEAD. BSc University of Cape Town, BSc (Hons) Louisiana State University

Professional journey:

- Appointed CEO of New Mauritius Hotels Limited in 2015.
- Joined ENL in 2007 as CEO of ENL Property Limited and Executive Director of ENL Group.
- Joined Eclosia Group in 1990 and was appointed Operations Director in 2000.
- Past President of the Mauritius Chamber of Commerce and Industry, the Joint Economic Council and of the Mauritius Sugar Producers Association.

Skills :

- Extensive experience and expertise in the agro-industrial, property and hospitality sectors. Gilbert Espitalier-Noël laid the foundation for the development of Moka smart city and spearheaded ENL's growth into a major property player. He is currently leading the modernisation of New Mauritius Hotels.

Directorship Lists

For full directorship list of the Directors please refer to the company's website: www.enl.mu/en/investors/information/policies

7 Roger Espitalier Noël

(Born in 1954)

Non-Executive Director

Appointed as Director (amalgamated company): January 2019

Qualifications: Certificate in Textile and Knitwear Technology

Committees: Member of Audit & Risk Management and Corporate Governance Committees

Professional journey:

- Retired from his position as General Manager of Floreal Knitwear in 2010, after more than 36 years in service.
- Presently Chairperson of CIEL Corporate Sustainability Committee.

Skills:

- Extensive experience in the textile industry and in sustainability management.

8 Jean Raymond Hardy

(Born in 1957)

Executive Director

Appointed as Director (amalgamated company): January 2019

Qualifications: MBA, Surrey University

Professional journey:

- Joined ENL in 2001 and was appointed Chief Executive Officer of ENL Agri Limited in 2011.
- Worked at Lonhro Group Britannia S.E, Deep River Beau Champ and Société de Gérance Mon Loisir.
- Actual President of the Mauritius Chamber of Agriculture and Board Member of the Sugar Industry Pension Fund Board.

Skills:

- More than 35 years' experience in the sugarcane industry.
- Actively involved in the centralisation process of sugar factories in the Centre and the South of Mauritius during the last 15 years.

9 Jean-Pierre Montocchio

(Born in 1963)

Non-Executive Director

Appointed as Director (amalgamated company): January 2019

Qualifications: Notary

Committee: Member of the Corporate Governance Committee

Professional journey:

- Appointed Notary Public in Mauritius in 1990.
- Participated in the National Committee on Corporate Governance as a member of the Board of Directors' Sub-Committee.

Skills:

- Well-versed in corporate governance matters and NED experience across the private and public sectors; extensive experience in alliances, ventures and partnerships.

10 Simon-Pierre Rey

(Born in 1952)

Independent Non-Executive Director

Appointed as Director (amalgamated company): January 2019

Qualifications: BA (Honours) in Economics and Chartered Accountant (UK)

Committee: Member of the Audit and Risk Management Committee

Professional journey:

- Retired after 25 years of service from Ireland Blyth Limited.
- Occupied the post of Group Finance Director/Controller, Company Secretary and Chief Operating Officer at Ireland Blyth Limited.
- Past Board Member of various companies within the Ireland Blyth Group, and several board committees of these entities, namely the Audit and the Corporate Governance Committees.
- Currently Non-Executive Director, Chairperson of the Conduct Review Committee, and member of the Audit Committee and of the Nomination and Remuneration Committee of MCB Ltd.

Skills:

- Significant financial management expertise with a commercial track record.
- Good corporate governance knowledge with an independent mindset and the necessary energy and commitment.

11 Mushtaq Oosman

(Born in 1954)

Independent Non-Executive Director

Appointed as Director (amalgamated company): January 2019 - *up for re-election at the next Annual Meeting*

Qualifications: Fellow of the Institute of Chartered Accountants in England and Wales

Committee: Chairman of the Audit & Risk Management Committee

Professional journey:

- Joined Roger de Chazal & Partners (founders of Price Waterhouse in Mauritius) and retired in November 2015 after 30 years with PwC.
- Former Assurance Partner at PWC and responsible for Business Recovery Services as well as the Chief Operating Partner for Mauritius.
- Set up his own Insolvency Practice in January 2016.
- Past Member of the Africa Central Governance Board.
- Trained and qualified as a Chartered Accountant with Sinclairs in the UK.

Skills:

- Well versed in the working and responsibilities of a Governance Board; extensive professional experience in audit and financial advice, with a diversified portfolio of clients in sectors such as banking, insurance, manufacturing, sugar companies, the hospitality industry, betting operator, textiles and trading.

12 Johan Pilot

(Born in 1982)

Executive Director

Appointed as Director (amalgamated company): January 2019

Qualifications: Chartered Accountant from the Institute of Chartered Accountants in England & Wales

Professional journey:

- Joined ENL in August 2007 and presently the Chief Executive Officer of ENL Property Limited.
- Previously worked at PWC-Mauritius.

Skills:

- More than 10 years of experience in the property development, finance and marketing in the ENL Group.

Directorship Lists

For full directorship list of the Directors please refer to the company's website: www.enl.mu/en/investors/information/policies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Group leadership

1. **Hector Espitalier-Noël** *
   Chief Executive Officer of ENL Group
2. **Philippe Espitalier-Noël** **
   Chief Executive Officer of Rogers and Company Limited
3. **Eric Espitalier-Noël** *
   Chief Executive Officer of ENL Commercial Limited
4. **Jean Raymond Hardy** *
   Chief Executive Officer of ENL Agri Limited
5. **Johan Pilot** *
   Chief Executive Officer of ENL Property Limited
6. **Virginie Corneillet** *
   Group Head of Governance and Legal Affairs
7. **Paul Tsang** **
   Group Head of Finance
8. **Frédéric Tyack** **
   Chief Executive Officer of Ascencia Limited
9. **Laurent Bourelly** **
   Group Head of Marketing and Communication
10. **Doriane Denise-Rama** **
    Group Head of Talent and Culture
11. **Jacques Brousse de Gersigny** **
    Group Head of Technology and Operational Excellence

Notes:

* Refer to profile on pages 62 to 65

** Refer to profile on ENL Group's website: www.enl.mu/en/group/leadership/group-leadership

Corporate governance report

ENL Limited ('ENL' or the 'company') is a public interest entity under the provisions of the Financial Reporting Act. ENL's corporate governance report sets out ENL's commitment to transparency, good corporate governance and the continuous effort to enhance shareholder value. It describes the application of the principles of the code of corporate governance of Mauritius (the 'Code') by the company and explains how our governance works.

ENL (previously known as 'La Sablonnière Limited') was incorporated in 1985 as a holding company to bring together the interests held by the Espitalier-Noël family. La Sablonnière Limited has been the holding company of the ENL group of companies, with three main subsidiaries, namely [Ex-] ENL Limited, ENL Land Ltd and [Ex-] ENL Commercial Limited. The main corporate developments at ENL have been as follows:

- Effective 1 October 2012, Rogers and Company Limited became a subsidiary company of ENL;
- Effective 1 February 2016, ENL Investment Limited has been amalgamated with and into ENL Land Ltd;
- Effective 1 January 2019, [Ex-] ENL Limited, ENL Land Ltd, [Ex-] ENL Commercial Limited and ENL Finance Limited have amalgamated with and into La Sablonnière Limited. The latter has been renamed ENL with effect as from 03 January 2019.

The new stated capital of ENL amounts to Rs 3,607,986,766 made up of 374,996,326 Ordinary A Shares and 700,000,000 Restricted Redeemable Shares ('RRS'). ENL's Ordinary A shares have been listed on the official market of the Stock Exchange of Mauritius Limited ('SEM') on 23 January 2019.

The holding company of ENL is L'Accord Limited, a limited-liability public company while the ultimate control of the company remains with Société Caredas, a société civile.

This report, along with the Annual Report, is published in its entirety on the company's website: www.enl.mu/investors/enl-limited

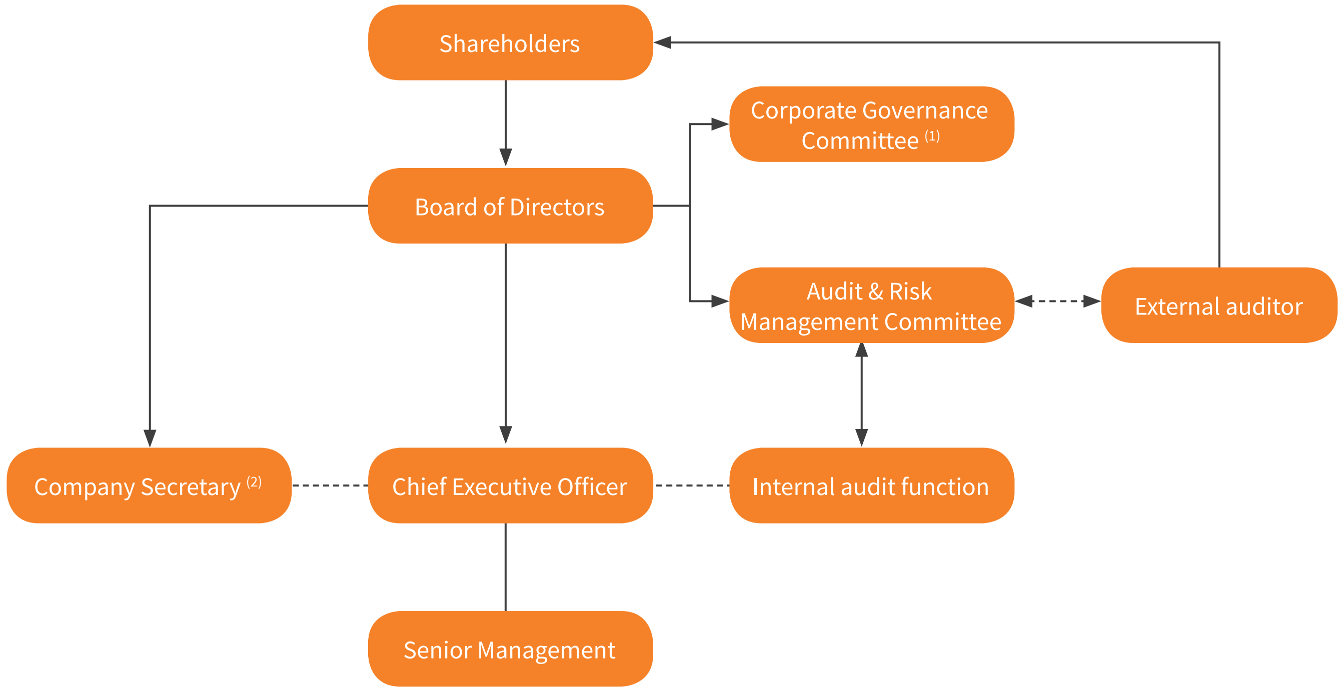
1. Governance structure

The Board of ENL is collectively accountable and responsible for the long-term success of the company, its reputation and governance. The Board also assumes the responsibility for leading and controlling the company and meeting all legal and regulatory requirements.

The group operates within a clearly defined governance framework which provides for delegation of authority and clear lines of responsibility while enabling the Board to retain effective control. As such, the Board is ultimately accountable and responsible for the performance and affairs of the group. While the Board has reserved certain matters for its approval, it has delegated some of its powers and responsibilities to two Committees, namely the Corporate Governance Committee ('CGC') and Audit and Risk Management Committee ('ARMC'). A reporting mechanism is in place to ensure that matters affecting the affairs and reputation of the group are escalated to the Board by the Chairpersons of these Committees and the Boards of its subsidiaries.

1.1. Organisational and governance structure

The organisational and governance structure of ENL is illustrated as follows:



(1) As per its terms of reference, in its capacity, the Corporate Governance Committee also acts as Remuneration and Nomination Committee.
(2) ENL Secretarial Services Limited provides corporate secretarial services to the company.

1.2. Board charter and position statements

The Board of Directors' charter sets out the objectives, limits of authority, roles, responsibilities and composition of the Board of Directors of ENL.

The board charter as well as the position statements, approved by the Board, provide for a clear definition of the roles and responsibilities of the Chairperson, executive and Non-Executive Directors, the Board's Committees, CEO of ENL as well as the Company Secretary.

The board charter is available for consultation on ENL Group's website: www.enl.mu/en/investors/information/policies

1.3. Code of ethics

ENL is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. At ENL, our code of ethics is underpinned by ENL's Values and puts forward 10 principles which reflect ethical behaviours and attitudes expected from ENL employees and governing bodies.

The code of ethics is disseminated amongst all the employees and the respective governing bodies. New joiners are remitted a copy of same and are required to adhere to its content upon their induction. More information on our values and principles of our code of ethics is available on ENL's website: www.enl.mu/en/code-of-ethics

The Directors and employees of ENL are required to acknowledge on a yearly basis that they have read, understood and confirm their adherence to the principles of the code of ethics. During the year ended 30 June 2019, the HR functions of ENL facilitated the renewal of adherence process.

The code of ethics also provides for an 'ethics enabling mechanism' that provides guidelines in determining how and whom to contact for reporting of ethical issues or breaches. An ethics hotline and email address are operational to that effect. The Ethics Officer acts as a point of contact to capture concerns or grievances on potential ethical breaches and for reporting same to the audit and risk management committee of ENL.

1.4. Constitution of ENL

During the year under review, the shareholders of ENL have adopted a new constitution for the company. The material clauses of ENL's constitution are detailed below:

- The company may acquire and hold its own shares;
- Fully paid up Ordinary A shares are freely transferable;
- The RRS are not transferrable except with the consent of the holders of at least 75% of the RRS then in issue;
- The rights, privileges, conditions and limitations attached to Ordinary A Shares and RRS are detailed in Appendix A of the constitution;
- A special meeting of shareholders may be called at any time by the Board and shall be so called on the written request of shareholders holding shares carrying together not less than 5% of the voting rights entitled to be exercised on the issue;
- The Chairperson of a shareholder meeting shall not be entitled to a casting vote;
- The Board shall consist of not less than 6 Directors and more than 12 Directors;
- A quorum for a meeting of the Board is at least 50% of the number of Directors;
- A Director is not be required to hold shares in the company;
- An Independent Director can only be appointed for a period of 3 years, and after a period of 3 years can only be re-elected for 2 additional periods of 3 years. The independent Director can only be reappointed as an independent Director after a cooling off period of 2 years;
- A Non-Executive Director can be appointed for a period of 3 years and after that period can be re-elected for additional periods of 3 years.

The constitution of ENL is available for consultation on ENL Group's website: www.enl.mu/en/investors/information/policies

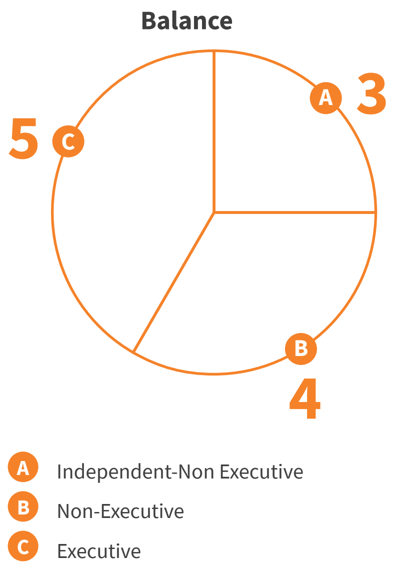
2. The Board

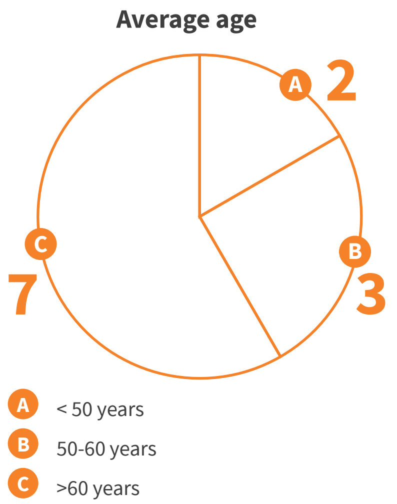
2.1. Board profile

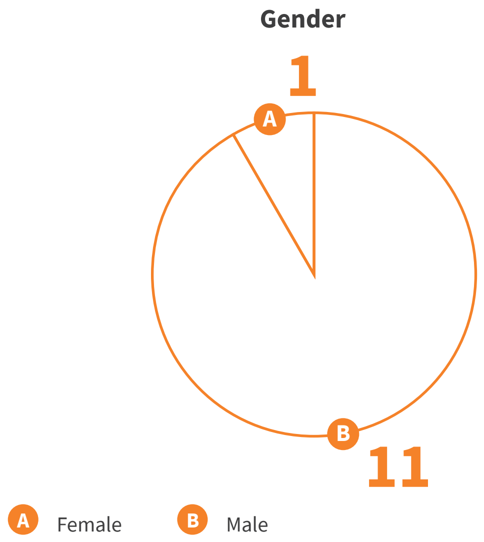
The names and profiles of ENL's Directors are disclosed on pages 62 to 65 of the Annual Report. All the Directors of ENL ordinarily reside in Mauritius.

2.2. Board composition

- The Board of Directors is the company's supreme governing body and has full power over the affairs of the company.
- As per the board charter, the Board has a unitary structure comprising of Executive, Non-Executive and Independent Directors.
- In accordance with ENL's constitution, the Board consists of a minimum of 6 and a maximum of 12 members.
- The members of the Board are elected at the meeting of shareholders.
- The Board uses its best efforts to ensure that:
  - its members can act critically and independently of one another;
  - each Board member can assess the broad outline of the company's overall policy;
  - each Board member has sufficient expertise to perform his role as a Board member;
  - the Board matches the Board profile and comprises Directors from both genders with at least one male and one female Director;
  - at least one Board member is a financial expert, meaning he has expertise in financial administration and accounting for companies similar to the company in size and sophistication; and
  - no less than 2 of the Board members are independent.
- As at 30 June 2019, the Board comprised of 12 members. Board members have a diverse mix of skills and experience and are distinguished by their professional ability, integrity and independence of opinion.
- The Board composition for the year under review is as follows:







2.3. Board Committees

In February 2019, the Board has set up two committees, namely (i) an Audit and Risk Management Committee ('ARMC') and (ii) a Corporate Governance Committee ('CGC'), which also acts as a Remuneration and Nomination Committee.

These Committees operate within defined terms of reference and chaired by experienced Chairpersons who report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Committees make recommendations to the Board they deem appropriate on any area within their remit where action or improvement is needed.

The charters of the Committees are reviewed annually by the Committees and any proposed amendments are recommended to the Board for approval.

The Company Secretary acts as Secretary to the Board Committees.

Once approved, minutes of the Committees are circulated to all other members of the Board unless in the opinion of the Committees' Chairperson it is inappropriate to do so.

2.3.1. The Audit and Risk Management Committee

- The Board of Directors is ultimately responsible and accountable for the performance and affairs of ENL including the risk management and the integrity of the financial statements of the company and the group.
- The Board has established an ARMC to assist the Board and its directors in discharging their duties in this respect.
- The ARMC comprises of 3 Non-Executive Directors appointed by the Board, two of whom are Independent Non-Executive Directors as detailed below:

Mushtaq Oosman	Independent Non-Executive Director, Chairman
Simon-Pierre Rey	Independent Non-Executive Director
Roger Espitalier Noël	Non-Executive Director

- The Chairperson of the Board, the Chief Executive Officer, the Chief Financial Officer and any Executive Director are not eligible to be appointed as member of the ARMC.
- Appointments to the ARMC are for a period of up to three years extendable so long as members continue to be independent.
- The ARMC reviews the financial reporting process, the system of internal control and management of financial risks, the audit process, the ethical behaviour of the company and its subsidiaries, its executives and senior officials, and the company's and the group's process for monitoring compliance with laws and regulations and its own code of business conduct.
- In performing its duties, the ARMC maintains effective working relationships with the Board of Directors, management, and the internal and external auditors.
- The ARMC does not perform any management functions or assume any management responsibilities. It provides a forum for discussing business risk and control issues for developing relevant recommendations for consideration by the Board. The ARMC makes recommendations to the Board for its approval or final decision.
- The quorum for the transaction of business of is two members at least one must be an Independent Non-Executive Director.
- The ARMC meets at least four times a year at appropriate intervals in the financial reporting and audit cycle.
- The Chief Financial Officer, internal auditor and external auditors are invited to attend meetings of the ARMC on a regular basis.
- Outside of the formal meetings, the Committee chairperson maintains a dialogue with key individuals involved in the company's governance, namely the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the external audit lead partner and the Head of Internal Audit. The Committee chairperson, at his discretion, also invites other executives to attend meetings of the Committee.
- The ARMC charter of ENL is available for consultation on ENL Group's website: www.enl.mu/en/investors/information/policies

- Since its set up, the ARMC met twice and:

Financial reporting & other matters

✓ Recommended to the Board the publication of the unaudited quarterly consolidated results of the company;

✓ Reviewed the effectiveness of the internal control and risk management systems.

Internal & external audit reports

✓ Reviewed and approved the external audit plan for the year ended 30 June 2019;

✓ Reviewed the audit fee proposal of BDO & Co. for the year ended 30 June 2019;

✓ Monitored the implementation of action plans by subsidiaries;

✓ Examined reports issued by the internal audit function following assignments conducted in accordance with the internal audit plan and proposed corrective action plans relating to subsidiaries;

✓ In collaboration with the internal audit function, refined the processes for the conduct of Internal audit assignments;

✓ Reviewed the reporting processes of the internal audit function to the ARMC for efficiency purposes.

Governance, Risk and Compliance (‘GRC’)

✓ Examined reports issued by the GRC function following assignments conducted in accordance with the GRC plan;

✓ Reviewed and approved the GRC plan for the year ending 30 June 2020;

✓ Reviewed the reporting processes of the GRC function to the ARMC for efficiency purposes;

✓ Received the report issued by PWC Mauritius on cyber security at ENL.

2.3.2. Corporate Governance Committee (CGC)

- The Board of Directors is ultimately responsible and accountable for the performance and affairs of ENL including the effectiveness of the corporate governance of ENL and its subsidiaries.
- The Board of Directors has established a CGC to assist the Board and its Directors in discharging their duties in this respect.
- The CGC comprises of five members appointed by the Board. A majority of the members of the Committee are Non-Executive Directors as detailed below:

Jean Noël Humbert	Independent Non-Executive Director, Chairman
Virginie Corneillet	Executive Director
Hector Espitalier-Noël	Executive Director
Roger Espitalier Noël	Non-Executive Director
Jean-Pierre Montocchio	Non-Executive Director

- Only members of the CGC have the right to attend Committee meetings. However, other individuals such as senior executives and external advisers are invited to attend for all or part of any meeting, as and when appropriate and necessary.
- Appointments to the CGC are made by the Board and are for a period of up to three years extendable so long as members still meet the criteria for membership of the Committee.
- The Chairperson of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairpersonship.
- The quorum necessary for the transaction of business is the majority of members in office.
- The CGC charter of ENL is available for consultation on ENL Group’s website: www.enl.mu/en/investors/information/policies

- Since its set up, the CGC met once and:

Nomination & remuneration

✓ Defined the positions assumed to be Senior Executives of ENL;

✓ Reviewed the remuneration package of Senior Executives of ENL.

Corporate governance

✓ Reviewed and recommended for Directors’ approval ENL’s privacy policies and charter;

✓ Reviewed and established the list of the major subsidiaries of ENL for which the CGC carries the duties set out in its charter;

✓ Established a road map of the CGC’s deliberations during the course of the year with the objective to enhance the CGC’s performance and effectiveness at committee meetings.

2.4. Board deliberations

During the year under review, the Board met eight times and:

Corporate restructuring

✓ In respect of the restructuring of ENL Group:

- approved and recommended for approval to the shareholders as appropriate:
  - the adoption of a new constitution for the company in replacement of its Memorandum & Articles of Association with the creation of two new classes of shares namely RRS and Ordinary A Shares;
  - the amalgamation of ENL Land Ltd, [Ex-]ENL Commercial Limited, [Ex-]ENL Limited and ENL Finance Limited with and into Sablonnière Limited;
  - the listing and change of name of the amalgamated company;
  - the issue of notes under a medium-term multi-currency note programme of up to an aggregate nominal amount of Rs 6,000,000,000, which would become effective only upon the amalgamation being approved and becoming effective;
- approved the issue of, upon the amalgamation being approved by the respective shareholders of the amalgamating companies, 700,000,000 RRS of no par value to La Sablonnière Holding Limited;
- approved, post amalgamation, the issue of 374,996,326 Ordinary A shares of ENL to shareholders of the amalgamating companies in accordance with the share exchange ratios;

Reporting, governance & compliance

✓ Appointed Mr Jean Noël Humbert as Chairman of ENL;

✓ Reviewed the group’s operations as reported by the CEOs of ENL Commercial Limited, ENL Agri Limited and ENL Property Limited and assessed the group structure;

✓ Approved the audited financial statements/Annual Report for the year ended 30 June 2018;

✓ Approved the unaudited quarterly consolidated results of the Company for publication purposes;

✓ Declared the payment of interim and final dividends for the year ended 30 June 2019;

✓ Implemented the principles of the new code of corporate governance for ENL, which included amongst others the adoption of Board and Committee charters, an equal opportunity policy, stakeholder map, ENL's ICT Governance framework, the organisational and governance structure of ENL, various policies, the establishment of the senior governance positions of ENL, the setting up of ARMC and CGC and determination of the remuneration of the Directors;

Corporate restructuring

- ✓ approved the setting up of ENL Commercial Limited and the transfer of assets and liabilities thereto;
- ✓ Approved the transfer of the share registry of the company to MCB Registry & Securities Ltd;
- ✓ Approved the purchase from Omnicane Limited for a consideration of Rs 250 million, 100% of the shares of Floreal Limited, which owns 7,560,362 Ordinary A Shares of ENL, representing 2.02% of the Ordinary A Shares in issue.

Reporting, governance & compliance

- ✓ Received the reports / recommendations of the ARMC and CGC;
- ✓ Prepared the meetings of shareholders held in September, October, November and December 2018;
- ✓ Approved banking and finance lease facilities and re-established the signatories and mode of operation of the various bank accounts of the amalgamated company.

2.5. Directors appointment procedures

2.5.1. Appointment and re-election

- The Board may appoint any person to be a Director, either to fill a casual vacancy or as an additional Director in so far that the total number of Directors will not at any time exceed the number fixed in accordance with the company's constitution. The Director so appointed by the Board will hold office only until the next following Annual Meeting and will then be eligible for re-appointment.
- The appointment process is delegated to the Corporate Governance Committee (in its capacity as Nomination Committee) which recommends to the Board the Directors to be appointed and/or re-elected.
- Once the candidate has been approved by the Board, the candidate is required to sign a letter of appointment, which states that the candidate shall owe a duty to the Board and to the company as Director, that he will act in good faith and that he is willing to allocate sufficient time to the company.
- A nomination or recommendation to the meeting of shareholders for a candidate for the Board includes a brief of biographical details (namely age, profession, academic qualifications and any other information relevant to assess the suitability as a member of the Board) of the proposed Director.
- In accordance with the company's constitution, at each Annual Meeting of the company, one-third of the Independent and Non-Executive Directors for the time being, or, if their number is not a multiple of three, then the number nearest to, but not exceeding one third, shall retire from office and shall be eligible for re-election. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who become Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- Re-election of Directors over the age of 70 years is made in compliance with section 138(6) of the Companies Act 2001.
- Upon recommendation of the Corporate Governance Committee, the following will be proposed to the shareholders for approval at the forthcoming Annual Meeting of ENL scheduled on 18 December 2019:
  - The re-election of Mr Marie Edouard Gilbert Espitalier-Noël as Director of the company in accordance with section 21.6 of the company's constitution.
  - The re-election of Mr Mushtaq Mohamed Oomar Noormohamed Oosman as Director of the company in accordance with section 21.6 of the company's constitution.
  - The re-election of Mr Joseph Edouard Gérard Espitalier Noël as Director of the company in compliance with section 138 (6) of the Companies Act 2001.
- The Chairman confirms that Messrs. Marie Edouard Gilbert Espitalier-Noël, Mushtaq Mohamed Oomar Noormohamed Oosman and Joseph Edouard Gérard Espitalier Noël continue to be performing and remain committed to their role as a Directors of the company.

2.5.2. Board induction

- On their first appointment, Non-Executive Directors benefit from an induction programme aimed at deepening their understanding of the businesses, the environment and markets in which the ENL Group operates.
- As part of the induction programme, all newly appointed Directors receive a folder of essential board and company information and meet key management.

2.5.3. Professional development and training

- The Directors are aware of their legal duties.
- The Board encourages its members to keep themselves abreast of changes and trends in the business and in the company's environment and markets.
- The company regularly assesses:
  - the development needs of its Directors and facilitates attendance to appropriate training to continuously update the skills and knowledge of the directors so that they fulfil their role on the Board and its Committees;
  - the development needs of the Board as a whole to promote its effectiveness as a team.

2.5.4. Succession planning

- The Corporate Governance Committee recommends plans for succession of Directors and Senior Management.
- The Board regularly reviews its composition, structure and succession plans.

2.6. Directors' duties, remuneration and performance

2.6.1. Directors' interests, dealings in securities and related party transactions

- The Board, in relation to dealing in the company's listed securities, comply with the provisions of the Model code for securities transactions ('Model code') by Directors of listed companies as detailed in Appendix 6 of the Listing Rules of the SEM and the Companies Act 2001.
- The Company Secretary keeps the Directors apprised of closed periods and of their responsibilities in respect to the Model code.
- ENL's board charter also contains policies on related party transactions and conflicts of interests.
- Directors, after becoming aware of the fact that they are interested in a transaction or proposed transaction with the company, disclose same to the Board and cause same to be entered in the interests register.
- The Company Secretary keeps the interests register and ensures that the latter is updated regularly. The register is available for consultation to shareholders upon written request to the Company Secretary.
- All new Directors are required to notify in writing to the Company Secretary their direct and indirect interests in ENL.
- Interests of Directors in the shares of the company carrying voting rights at 30 June 2019 were as follows:

DIRECTORS	DIRECT		INDIRECT	
	No. of shares	**%**	**No. of shares**	**%**
Virginie Corneillet	2,058	0.000	-	-
Eric Espitalier-Noël	709,071	0.066	97,182,757	9.104
Gérard Espitalier Noël	911,635	0.085	8,939,073	0.837
Gilbert Espitalier-Noël	1	0.000	94,694,308	8.871
Hector Espitalier-Noël	1,497,339	0.140	100,239,026	9.391
Roger Espitalier Noël	613,100	0.057	13,012,163	1.219
Jean Raymond Hardy	28,133	0.003	70,520	0.007
Jean Noël Humbert	-	0.000	-	-
Jean-Pierre Montocchio	-	0.000	794,021	0.074
Mushtaq Oosman	-	0.000	-	-
Johan Pilot	20,174	0.002	-	-
Simon Pierre Rey	-	0.000	-	-

- Share dealings by Directors during the year were as follows:

	No. of Ordinary A Shares	
	Acquired	**Disposed**
Hector Espitalier-Noël	14,934	-
Jean Raymond Hardy	12,200	-

- Note 40 of the financial statements for the year ended 30 June 2019, set out on page 187 of the Annual Report 2019 details all the related party transactions between the company or any of its subsidiaries or associates and a Director, Chief Executive, controlling shareholder or companies owned or controlled by a Director, Chief Executive or controlling shareholder.
- Shareholders are apprised of related party transactions through the issue of circulars and press releases by the company in compliance with the Listing Rules of the SEM.

2.6.2. Information, information technology and information security governance

Data and Information are at the center of ENL's business strategy and with the rapid advancements in technology, the group and its subsidiaries are increasingly relying on their Information & Technology (I&T) systems to deliver customer satisfaction and gain market shares. Data is considered as an invaluable asset and safeguarding its integrity, ensuring its accessibility and guaranteeing its confidentiality are key priorities addressed by the group's I&T strategy.

The creation and management of information systems within the group are guided by ENL's I&T Governance Framework. This multi-facetted structure aims to,

- ensure alignment of I&T Strategy with business strategy,
- introduce an information security policy that provides a set of guiding principles and processes to strengthen internal controls and to provide the necessary assurance for the effective management of the group's data assets, and
- ensure that I&T systems at operational level are efficient and reliable, positively contributing to the value creation process.

The I&T Governance Framework lays great emphasis on information security and no less than 6 sets of policies and procedures have been introduced to ensure that the group's information asset is available as and when needed to those authorized to access it. The framework ensures that the necessary safeguards are in place to ensure that data is not compromised. The relevant policies and procedures are:

- Backup & restore
- Malicious software protection
- Logical access
- Physical access and environment
- Internet & intranet security
- Bring Your Own Device (BYOD)

The I&T Governance Framework also includes an incident and problem management policy that manages incidents and identifies the root causes thereof where applicable in order to deal with them effectively and on time while proactively preventing re-occurrence. The objectives of this policy are to:

- intervene on incidents as quickly as possible, thus lowering the disruption of users to a minimum, and to
- ensure that all incidents are documented and followed on accordingly.

Given I&T's high importance and criticality, ENL's I&T Governance Framework also provides for business continuity policy and procedures. This policy ensures business continuity in case of disruptions in I&T systems and guides subsidiaries into building their business continuity solutions based on their operations and risks associated to their I&T system.

With the objective of constant monitoring and improvement, ENL has made a full cyber-security assessment. From the insight observed through the assessment, ENL has decided to strengthen its security to bring it to the next level.

This journey towards a more secure and resilient environment also takes into consideration the most important measure in cyber-security, that is, user awareness. An awareness program will be developed with the help of the "CISO" and will be rolled out for the users.

Board monitoring & reporting

The reporting towards the Audit and Risk Management Committee will also be aligned to include the status and progress of the above implementation.

2.6.3. Access to information

- The Chairman, the Company Secretary and the CEO ensure that the Management provides the Board and its committees, in a timely manner, with the information they need to properly function.
- Directors of the company are entitled to have access, at all reasonable times, to all relevant company information and to the Management, if useful, to perform their duties.
- During the discharge of their duties, the Directors are entitled to seek independent professional advice at the company's expense and have access to the records of the company.
- A Directors' and officers' liability insurance policy has been subscribed to by ENL. The said policy provides cover for the risks arising out of acts or omissions of the Directors and officers of the company. The cover does not provide insurance against fraudulent, malicious or willful acts or omissions.

2.6.4. Remuneration policy

- In accordance with ENL's constitution, fees are paid to the Directors for holding office.
- The underlying philosophy is to set remuneration at appropriate level to attract, retain and motivate high calibre personnel and reward in alignment with their individual as well as joint contribution towards the achievement of the company's objective and performance, whilst taking into account the current market conditions and company's financial position. The Directors are remunerated for their knowledge, experience and insight given to the Board and Committees.
- The Board of Directors have approved an annual fee for the Directors. They are paid an extra fee as members of Board Committees and as chair of Board Committees.
- The Chairperson of the Board is paid a special level of fees appropriate to his office.
- The Board ensures that, forthwith after authorising any such payment, particulars of such payment are entered in the interests register.
- Any Director who is in full time employment of ENL does not receive any additional remuneration for sitting on the Board of Directors.
- Any remuneration perceived by an employee of ENL Group in respect of his sitting on the Board of Directors of any company is deducted from his yearly remuneration.
- None of the Non-Executive Directors are entitled to remuneration in the form of share options or bonuses associated with the company's performance.
- The table hereunder lays out the annual fee which have been approved for the Non-Executive and Independent Directors:

Category of member	Board	ARMC	CGC
Company Chairman	Rs 500,000	Rs 200,000	Rs 100,000
Board member	Rs 300,000	Rs 100,000	Rs 50,000

2.6.5. Attendance and remuneration/benefits paid

- For the year under review, the attendance at Board and Committee meetings and actual remuneration and benefits perceived by the Directors are as per below:

Category	Directors	Attendance			Remuneration perceived from		
					Amalgamated company	Subsidiaries	Companies on which Director serves as representative of the company
		Board	ARMC	CGC	(Rs)	(Rs)	(Rs)
Executive	Virginie Corneillet	3/3**		1/1**	270,000	6,857,048	-
	Eric Espitalier-Noël	8/8*			6,277,883	7,064,693	796,500
	Hector Espitalier-Noël	8/8*		1/1**	18,712,454	776,502	984,000
	Jean Raymond Hardy	2/3**			222,500	8,743,872	3,000
	Johan Pilot	2/3**			222,500	8,743,497	-
Non-Executive	Gérard Espitalier Noël	7/8*			275,000	-	-
	Gilbert Espitalier-Noël	3/3**			347,500	75,000	-
	Roger Espitalier Noël	7/8*	1/2**	1/1**	532,500	65,000	-
	Jean-Pierre Montocchio	1/3**		1/1**	252,500	-	-
Independent Non-Executive	Jean Noël Humbert	3/3**		1/1**	490,000	-	-
	Mushtaq Oosman	3/3**	2/2**		397,500	-	-
	Simon-Pierre Rey	3/3**	2/2**		412,500	-	-

Notes:

* *For period 1 July 2018 to 30 June 2019*

** *For period 1 January 2019 to 30 June 2019*

2.6.6. Board appraisal

Since, the Board of the amalgamated company was constituted in January 2019 and has been in function for only a period of six months, the board appraisal will be carried out during the year 2019/2020.

3. Risk governance

The activities of the risk management processes of ENL are explained on pages 50 to 59 of the Annual Report.

4. Internal control

The Board is responsible for the system of internal control and risk management of ENL and its subsidiaries. The Board is committed to continuously maintain adequate control procedures with a view to safeguard the assets and reputation of ENL. Areas with high residual risks are continuously assessed and reviewed with the assistance of the internal audit department.

Management is accountable to the Board for the design, implementation and enforcement of internal controls, ensuring that the associated processes and systems are operating satisfactorily. The Board derives assurance that the internal control systems are effective through the lines of defence: (i) the management of performance of each subsidiary, (ii) the processes and framework for risk management and (iii) the internal audit function in accordance with their risk-based internal audit plan.

The Audit and Risk Management Committee monitors the effectiveness of our risk management and internal control systems, and reports back to the Board. This includes:

- a clear system of delegated authorities from the Board to management with certain important matters remaining with the Board;
- regular review of results against budgets with Executive Directors and management, including important areas of business risk;
- review of the strategic plans of each subsidiary and of ENL as a whole to identify risks to the achievement of objectives and, where appropriate, any relevant mitigating actions;
- risk management expectations which are embedded throughout ENL;
- reviews by the internal audit function of critical business processes and controls and specific reviews in areas of perceived high business risk;
- regular reporting, monitoring and review of the effectiveness of health, safety, environment and sustainability processes;
- legal and regulatory compliance risks which are addressed through specific policies and training including ethics and data protection laws;
- promotion of a culture of compliance to help manage legal and reputational risks across ENL. A helpline encourages staff to raise concerns, in confidence, about possible breaches of the code of conduct.

In the design of the internal control system, entities are encouraged to have the right level of internal controls whereby the costs and time involved in operating these controls is balanced against the nature and significance of the risks they mitigate.

The Board also recognises that any system of internal control is designed to understand and manage rather than eliminate the risk and can only provide reasonable and not absolute assurance against material misstatement or loss.

5. Internal audit

5.1. Internal audit

The ENL Group's internal audit function operates under a co-sourcing agreement with PricewaterhouseCoopers Ltd ('PwC') and reports directly to the Audit and Risk Management Committee of ENL (the 'ARMC').

As part of the group's commitment to maintaining and strengthening best practices in corporate governance, ENL consistently seeks to enhance its internal control environment and risk management capabilities. The role of the internal audit function is to evaluate and provide independent, objective and value-added reports on the effectiveness of the control environment of the group.

The ARMC approves and monitors the internal audit plan for each year, which focuses on the high risks of the group. The plan is determined by a risk-based approach in close collaboration with the group's risk management function.

The internal audit function prepares audit reports and recommendations after which follow-ups are performed to ensure that recommendations are implemented. These reports are presented to the ARMC each quarter including the status of management's implementation of recommendations. For any significant issues that cannot wait the next ARMC, the Head of Internal Audit contacts the Chairman of the ARMC immediately.

Areas covered by the internal audit function in the financial year were:

Entity	Area of review
Axess	Debt recovery
Axess	Servicing
Axess	Sales (Ford & Suzuki)
Axess	Debtors
Axess	Stock management
Axess	Slow-moving, damaged and obsolete stock
Box Manufacturing	Stock management
ENL Land	Consolidation process
ENL Property	IT general controls
ESP Landscapers	Supply chain management
Espral International	Revenue and commissions to sales agents
Grewals	Human resources
JMD International	Debtors management
JMD International	Stock management
Moka City	Client selection
Nabridas	Stock management
Nabridas	Debtors
Rennel	Revenue cycle and current account reconciliation
Rennel	Debtors management
Superdist	Stock management
The Old Factory	Management of tenants

5.2. Internal auditor effectiveness and independence

The ARMC reviews the effectiveness of the internal audit function on an ongoing basis. This is achieved, in part, by reviewing and discussing the reports presented to it at each meeting and setting out the function's work and findings.

The ARMC assesses the independence of the internal audit function and is satisfied of its independence.

There has been no restriction placed over the right of access by internal audit to relevant records, management or employees.

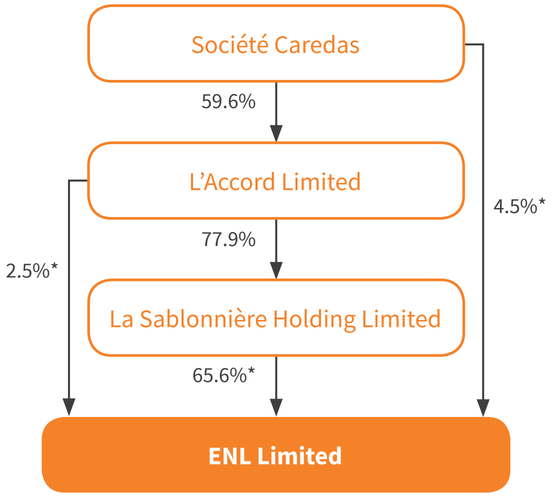
All members of the internal audit team are qualified accountants and are, or in the process of becoming, Certified Internal Auditors.

6. Shareholders and other key stakeholders

6.1. Holding structure

The company's holding structure as at 30 June 2019 was as follows:

(The % disclosed relates to voting rights)



**Effective voting rights*

6.2. Shareholding profile

- ENL's Ordinary A Shares are listed on the Official List of the SEM since 23 January 2019 and accordingly, the Company is governed by the Listing Rules of the SEM.
- As at 30 June 2019, the share capital of ENL is composed of 374,996,326 Ordinary A Shares and 700,000,000 RRS of no par value.
- As at 30 June 2019, the shareholders holding more than 5% of the voting rights in the shares of the Company and qualifying as substantial shareholders were as follows:

	%
La Sablonnière Holding Limited	65.58

6.2.1. Distribution of shareholders at 30 June 2019

- *RRS:* La Sablonnière Holding Limited holds 100% of the RRS.
- *Ordinary A Shares:*

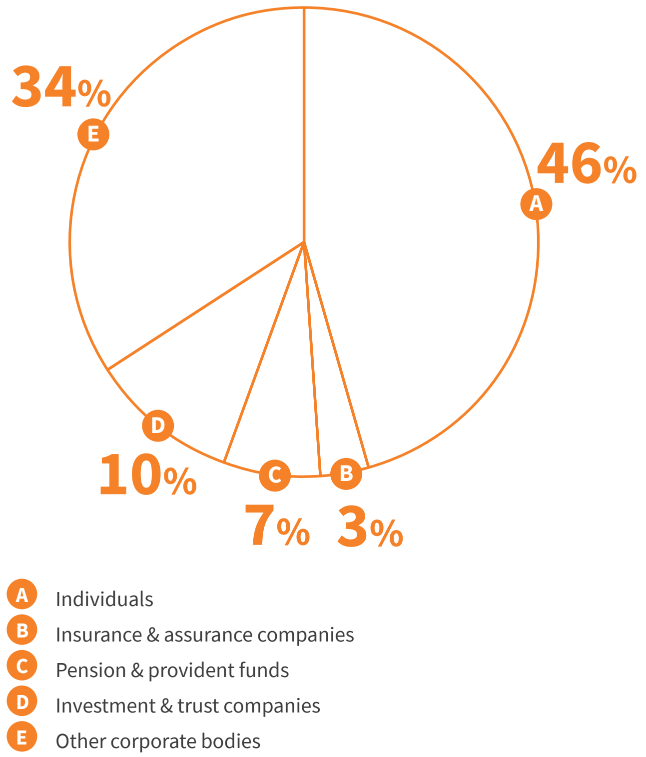
Range of shareholding	Shareholder count*	No. of shares held	% of shares held
1 - 500	883	147,421	0.04
501 - 1,000	344	244,519	0.07
1,001 - 5,000	910	2,240,620	0.60
5,001 - 10,000	357	2,529,025	0.67
10,001 - 50,000	782	18,237,623	4.86
50,001 - 100,000	180	13,368,913	3.57
100,001 - 250,000	198	31,139,305	8.30
250,001 - 500,000	68	23,637,451	6.30
Over 500,000	123	283,451,449	75.59
Total	**3,845**	**374,996,326**	**100**

**Note: The above number of shareholders is indicative, due to consolidation of multi portfolios for reporting purposes. The total number of active shareholders as at 30 June 2019 was 3,929.*

6.2.2. Spread of shareholders

To the best knowledge of the Directors, the spread of Ordinary A Shareholders at 30 June 2019 was as follows:

Spread of Ordinary A shareholders



6.3. Contract between the company and its substantial shareholder

The Directors confirm that, to the best of their knowledge, they are not aware of the existence of any such contract for the year under review.

6.4. Third party management agreements

The group has the following management agreement with third parties:

- ENL Commercial has a management contract with Superdist Limited for the provision of management services.
- A development management agreement with Dolphin Coast Marina Estate Ltd for managing the development of an IRS at La Balise. The contract is discharged by ENL Property.
- A contract with FRCI Group for the provision of secretarial services.
- A contract with New Mauritius Hotels Limited for the provision of secretarial services.
- A contract with New Mauritius Hotels Limited for the provision of insurance consultancy services.
- ENL Agri Limited has a management agreement with Circonstance Estate Ltd for the management of the agricultural operations, buildings and land assets of Circonstance Estate Ltd.

6.5. Engagement with shareholders

6.5.1. Shareholders' relations and communication

- The Board of Directors places great importance on open and transparent communication with its shareholders.
- The company communicates to its shareholders through its Annual Report, circulars issued in compliance with the Listing Rules of the SEM, press announcements, publication of unaudited quarterly and audited abridged financial statements of the company, dividend declaration and meetings of shareholders.
- The website (www.enl.mu), which includes an investors' section, provides timely information to stakeholders. Interim, audited financial statements, press releases and so forth are readily accessible there from.
- Analysts meetings are also organised after the publication of audited abridged financial statements and analysts are invited to interact with management. Three analysts meetings were held during the year under review.
- In compliance with the Companies Act 2001, shareholders are invited to the Annual Meeting of ENL Limited at which the Board of Directors is also present. The company's Annual Meeting provides an opportunity to shareholders to raise and discuss matters relating to the company with the Board.
- The company's share price movement from 23 January 2019 (first day of listing and trading on the Official Market of SEM) to 1 July 2019 is available on our website: www.enl.mu/investors/enl-limited

6.5.2. Shareholders' calendar

September 2019	Publication of abridged audited financial statements for the year ended 30 June 2019
November 2019	Issue of Annual Report 2019
	Declaration of interim dividend
	Publication of 1st Quarter results to 30 September 2019
December 2019	Annual Meeting of shareholders
	Payment of interim dividend
February 2020	Publication of half-year results to 31 December 2019
May 2020	Publication of 3rd Quarter results to 31 March 2020
	Declaration of final dividend
July 2020	Payment of final dividend

6.5.3. Shareholders' agreement affecting the governance of the company by the Board

The Directors confirm that, to the best of their knowledge, they are not aware of the existence of any such agreement for the year under review.

6.5.4. Dividend

The company has no formal dividend policy. Payment of dividends is subject to the profitability of the company, cash flow, working capital and capital-expenditure requirements.

7. Company Secretary

- ENL Secretarial Services Limited provides corporate secretarial services to ENL Limited.
- All Directors, particularly the Chairman, have access to the advice and services of the Company Secretary, delegated by ENL Secretarial Services Limited, for the purposes of the Board's affairs and the business.
- The Company Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

8. External audit

8.1. Provision of non-audit services

Non-audit services provided by the auditors does not constitute a self-review threat. Any other non-audit services provided by the external auditors are approved by the Board of Directors.

8.2. New auditors

BDO & Co., the current auditors of ENL, have served the company for more than 10 years and therefore will be rotated for the financial year ending 30 June 2020. A tender exercise has been carried out and the Board of Directors of ENL is therefore recommending to the shareholders the appointment KPMG as auditors of ENL for the financial year ending 30 June 2020.

Preety Gopaul, ACIS
For ENL Secretarial Services Limited
Company Secretary

27 September 2019

Board of Directors' statements

1. Other statutory disclosures

(Pursuant to Section 221 of the Companies Act 2001 and Section 88 of the Securities Act 2005)
30 June 2019

Activities

The activities of ENL Group are disclosed on pages 34 to 49 of the Annual Report 2019.

Directors

A list of the Directors of the company and its subsidiaries is given on pages 88 to 91 of the Annual Report 2019.

Directors' service contracts

None of the Directors of the company and of the subsidiaries have service contracts that need to be disclosed under Section 221 of the Companies Act 2001.

Contracts of significance

During the year under review, there was no contract of significance to which ENL Limited, or one of its subsidiaries, was a party and in which a Director of ENL Limited was materially interested either directly or indirectly.

Directors' remuneration and benefits

Total remuneration and benefits received, or due and receivable, by the Directors from the company and its subsidiaries were as follows:

Directors of ENL Limited

	From the company *(including amalgamating entities)*		**From the subsidiaries**	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Executive				
Full-time	**18,713**	-	**776**	-
Part-time	**6,993**	-	**27,009**	27,457
Non-Executive	**2,707**	-	**140**	703
Post-employment benefits – Executive Directors	**-**	-	**4,400**	3,833
	28,413	-	**32,325**	31,993

Directors of subsidiary companies who are not Directors of the company

	2019	2018
	Rs'000	Rs'000
Executive (2019: 57)		
Full-time	**312,447**	315,848
Part-time	**-**	-
Non-Executive (2019: 76)	**8,145**	8,373
Post-employment benefits – Executive Directors	**4,738**	6,098
	325,330	330,319

Directors' interests in shares

(i) The interests of the Directors in the shares of ENL Limited as at 30 June 2019 are found on page 75 of the Annual Report.

(ii) As at 30 June 2019, none of the Directors, except for those detailed below, held any direct interests in the equity of the subsidiaries of the company:

	Ascencia Ltd (Class A Shares)		Ascencia Ltd (Preference Shares)		Rogers and Company Limited	
	No. of shares	**%**	**No. of shares**	**%**	**No. of shares**	**%**
Virginie Corneillet	-	-	-	-	1,900	0.001
Gérard Espitalier Noël	-	-	-	-	3,000	0.001
Gilbert Espitalier-Noël	-	-	-	-	18,320	0.007
Jean Raymond Hardy	-	-	-	-	17,000	0.007
Johan Pilot	15,900	0.003	-	-	3,000	0.001

Interests of Senior Officers (excluding Directors) in the shares of ENL Limited carrying voting rights

As at 30 June 2019, none of the Senior Officers (excluding Directors), except for those detailed below, held any direct or indirect interests in the shares of the company carrying voting rights:

	Direct		Indirect	
	No. of shares	**%**	**No. of shares**	**%**
Philippe Espitalier-Noël	647,417	0.06%	98,051,816	9.19%

Shareholders

At 27 August 2019, the following shareholders were directly or indirectly interested in more than 5% of voting rights of the company:

Name of shareholders	Interest (%)
La Sablonnière Holding Limited	65.58

Donations

	GROUP	COMPANY
	2019	**2019**
Donations made during the year:		
· **Political (Rs'000)**	1,900	1,000
· **Corporate Social Responsibility (Rs'000)**		
Statutory	7,850	-
Voluntary	7,150	1,316
- Number of recipients (no.)	1,526	600

Auditors' remuneration

	GROUP		COMPANY	
	2019	2018	**2019**	2018
Audit fees paid to:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
BDO & Co	**20,919**	21,752	**1,600**	165
Other firms	**8,100**	7,800	**-**	-
Fees paid for the other services provided by:				
BDO & Co	**5,400**	-	**2,200**	-
Other firms	**6,700**	11,800	**-**	-

Other services provided by BDO &Co. relate to taxation, consultancy and transaction advisory services.

2. Statement of Directors' responsibilities

In respect of financial statements

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. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether international financial reporting standards have been followed and complied with;
- prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the company will continue in business; and
- ensure that the code of corporate governance (the "Code") has been adhered to and where any material deviation from any guidance contained within the Code has occurred, explanations have been provided accordingly.

The Directors confirm that they have complied with the above requirements in preparing the company's financial statements.

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

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy the financial position of the company at any time and enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The Board is responsible for the system of internal control and risk management for the company and its subsidiaries. The Board is committed to continuously maintain a sound system of risk management and adequate control procedures with a view to safeguarding the assets of the group. The Board, through the Audit and Risk Management Committee, affirms that it has monitored the key strategic, financial, operational, people, systems risks and control in line with the current business environment.

The Board believes that the group's systems of internal control and risk management provide reasonable assurance that control and risk issues are identified, reported on and dealt with appropriately.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business. The financial statements are prepared from the accounting records on the basis of consistent use of appropriate accounting policies supported by reasonable and prudent judgments and estimates that fairly present the state of affairs of the group and the company.

3. Statement of compliance to code

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

Name of Public Interest Entity ('PIE'): ENL Limited

Reporting Period: 1 July 2018 to 30 June 2019

We, the Directors of ENL Limited, confirm to the best of our knowledge that the PIE has fully complied with the principles of the code of corporate governance.

Jean Noël Humbert
Chairman

Hector Espitalier-Noël
Director

27 September 2019

Company Secretary's certificate

(Pursuant to Section 166(d) of the Companies Act 2001)

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

Preety Gopaul, ACIS
For ENL Secretarial Services Limited
Company Secretary

27 September 2019

List of Directors of the company and its subsidiaries

	ABRAHAM BERTRAND DENIS	ADAM EXPEDIT DANIEL BERTRAND	ADAM MARIE MARC GUY	AH CHING CHEONG SHAOW WOO	ALLAGAPEN GARY DEVA	ANDRE EMMANUEL RENÉ	ARROWSMITH SARAH CARMEN	AUBDOOL MUHAMMAD RIAD	AUDIBERT LOUIS DIDIER VITRY	AVRILLON FRANCIS VINCENT	BASTIAAN JEREMY STEVEN	BAUTOO VISHAL	BENI MADHU NITISH	BERMAN LAURENCE MARIE	BHATT MEHUL HITESH KUMAR	BHOYROO MOHAMMAD YASHINN	BLANDIN DE CHALAIN JEAN-MARIE NICOLAS	BOSHOFF ARMOND	BOUIC JOSEPH GUILLAUME KARL	BOULLÉ FABRICE FRANÇOIS	BOULLÉ ROBERT	BROUSSE DE GERSIGNY SAMUEL PHILIPPE	BUNDHUN MANISH	CAESENS KOENIG AMAURY BRUNO	CAINE RUSSEL GLENN	CASSAM RAFICQ	CHARLES JACQUES JEAN FRANÇOIS	CHUNG KAI TO CYRIL YIN CHOON	CHUNG TICK KAN GEORGES	CISNEROS MARIA ANTOINETTE YOLANDE	CISNEROS GILBERT JEAN ANTOINE	CORNEILLET VIRGINIE ANNE	CONHYE KOOSIRAM	COOPOOSAMY DEVEN	CORROY MARIE SYBIL ANICK	CURE KARINE MARIE	D’ARGENT LOUIS JOSEPH GILBERT	DE CHASTEIGNER DUMÉE-DUVAL MARIE NOËL VINCENT	DE COMARMOND MARIE MAURICE ANDRÉ LOUIS	DE FLEURIOT DE LA COLINIÈRE GÉRARD FRANCE	DE WAAL ANTON	DEPIERRE YVAN	DESCROIZILLES MARCEL VIVIAN	DESVAUX DE MARIGNY ANGELIQUE ANNE	DEWEER CEDRIC ROBERT ANDRE	D’HOTMAN DE VILLIERS AUDREY	DOGER DE SPÉVILLE ALBAN ULRICH	DOGER DE SPEVILLE MICHEL CEDRIC	DOGER DE SPEVILLE MARIE JOSEPH THIERRY	DODDS RYAN MATTHEW	DRIVER H. W. ANTHONY	DUPONT MARIE DANIELLE CHRISTINE	DUPONT MARIE JACQUES DESIRÉ DOMINIC	DUVIVIER MARIE VIRGINIE	EHLERS JAMES BRUCE	ELYSEE DAVID	ESPITALIER-NOËL PATRICE JEAN PIERRE EDOUARD	ESPITALIER-NOËL MARIE ANDRÉ ERIC	ESPITALIER-NOËL MARIE EDOUARD GILBERT	ESPITALIER-NOËL MARIE MAXIME HECTOR	ESPITALIER-NOËL JOSEPH EDOUARD GÉRARD	ESPITALIER-NOËL MARIE HECTOR PHILIPPE	ESPITALIER NOËL MARIE PATRICK ROGER	EVARD CHRISTOPH	EYNAUD FRANCOIS PAUL PHILIPPE	FAYD’HERBE DE MAUDAVE LOUIS RENE ALEXANDRE	GALEA MARIE HENRI DOMINIQUE	GALLET MARC GAETAN DENIS	GARRIOCH ANTHONY GÉRARD	GELDENHUYS TIMOTHEUS	GIRARD SYLVAIN	GIRAUD PAUL FRANCE	GOBINDRAM SHAH NAWAZ	GOKULSING NARESH	GOPAUL SANJAY	GRANGER GILLES	HARDY JEAN-MARIE BENOIT DOGER DE SPEVILLE	HARDY EMMANUEL MICHEL LAURENT	HARDY JEAN MARIE BERTRAND	HARDY GÉRARD JEAN-RAYMOND	HAREL JEROME GUY ANTOINE
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✓: In office
A: Appointed
R: Resigned
Alt: Alternate

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✓: In office
A: Appointed
R: Resigned
Alt: Alternate

Financial review

We promote a sense of community in our neighbourhoods, empowering the underprivileged to fend for themselves, nurturing the youth to be better adults and connecting localities to foster a sense of togetherness and belonging. We aim to enable communities to take ownership of their own quality of life.

Moka'mwad builds bridges between the different zones of Moka, bringing energies together to nourish the soul of the Moka smart city.

Independent auditor's report to the shareholders of ENL Limited
(previously known as La Sablonnière Limited)

Report on the audit of the financial statements

Opinion

We have audited the consolidated financial statements of ENL Limited and its subsidiaries (the group) and the company's separate financial statements on pages 100 to 194 which comprise the statements of financial position as at June 30, 2019, 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 100 to 194 give a true and fair view of the financial position of the group and of the company as at June 30, 2019, 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.

We provide below a description of how our audit addressed each key audit matter identified.

1 The company - Valuation/impairment of investments in subsidiaries, associates and others

Key audit matter	Related disclosures	Audit response
The company's investments in subsidiaries, associates and others amounted to Rs.16.6bn at June 30, 2019. The company carries its investments at fair value. We focussed on this area as a significant key audit matter due to the size of the balance and the inherent judgement involved in determining the fair value.	Refer to notes 9, 10 and 12 of the accompanying financial statements.	We agreed number of shares held in the subsidiaries, associates and other companies to confirmations from Central Depository System and to share certificates. We reviewed the investment valuation report and discussed with the independent valuer about the reasonableness of the basis and assumptions used in the valuation exercise. We also verified the main inputs used in the fair value computation and performed re-computation of the fair values on a sample basis.

Independent auditor's report to the shareholders of ENL Limited
(previously known as La Sablonnière Limited)

2 The group and the company - Land and buildings and investment properties

Key audit matter	Related disclosures	Audit response
At June 30, 2019, the group and the company had land and buildings, included in property, plant and equipment amounting to Rs.20.1bn and Rs.10bn respectively and investment properties amounting to Rs.22.7bn and Rs.4.1bn respectively. Land and buildings are stated at their fair value based on periodic valuations by external valuers, less subsequent depreciation for buildings. The fair value of land and buildings is determined using the market value approach and depreciated replacement cost. Investment properties are carried at fair value as determined annually by external valuers based on the discounted cash flow model and open-market basis as appropriate. The significance of land and buildings and investment properties on the statement of financial position and the judgements and assumptions applied in arriving at the fair value resulted in them being identified as a significant key audit matter.	Refer to notes 5 and 6 of the accompanying financial statements.	Our audit procedures included tests of details to ensure completeness and accuracy of the land and buildings through the following: • Reviewed the group's and the company's depreciation policy for buildings and verified the inputs to the calculation; • Performed predictive tests on depreciation charge; and • Checked consistency and reasonableness of the component allocation with previous years. We tested the key inputs to the valuation of 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 valuers about the results of their work on a sample of properties. We discussed and challenged the valuation process, performance of the portfolio, significant judgements and assumptions applied to the valuation model, including yields, occupancy rates, capitalisation rate and lease incentives. We benchmarked and challenged the key assumptions to external industry data and comparable property valuation. • Testing the integrity of a sample of the data provided to the external valuers. • Testing land values by comparing the values used by the valuers to land values of similar characteristics.

3 The group - Assessment of net realisable value of inventories

Key audit matter	Related disclosures	Audit response
Inventories are carried in the financial statements at the lower of cost and net realisable value. The net carrying value of inventory at June 30, 2019 was Rs.2.1bn. The exercise for the assessment of the net realisable value involves the use of judgement and assumptions and is therefore considered a significant key audit matter.	Refer to note 15 of the accompanying financial statements.	Our audit procedures were designed to challenge the basis used for assessing the net realisable value of inventory and included: • Examining the subsidiaries' historical trading patterns of inventory sold at full price and inventory sold below full price, together with the related margins achieved for each product lines in order to gain comfort that stock has not been sold below cost; • Assessing the appropriateness of the percentages applied to arrive at the net realisable value by challenging the assumptions made by the Directors on the extent to which older inventory can be sold; and • Checking the value of a sample of inventory to confirm it is held at the lower of cost and selling price, through comparison to vendor invoices and sales prices.

Independent auditor's report to the shareholders of ENL Limited

(previously known as La Sablonnière Limited)

4 The group - Trade receivables recoverability

Key audit matter	Related disclosures	Audit response
The recoverability of trade receivables and the level of provision for doubtful debts are considered to be a significant risk due to the pervasive nature of these balances to the financial statements and the importance of cash collection with reference to the working capital management of the business. At June 30, 2019, trade receivables amounted to Rs.2.4bn, net of provision for impairment of Rs.269m.	Refer to note 17 of the accompanying financial statements.	The simplified approach to measure expected credit losses (ECL) adopted by management was tested as follows: • Assessing the reasonableness of the factors used (type of customer, payment terms, payment ratio, credit insurance where applicable) and assumptions used in management's ECL model and its correlation with the likelihood and/or amount of credit losses through review and comparison of prior period results; • We have verified that the probability of default and default rates are being applied appropriately and re-performed calculations applying the probability of default and loss rates to each group of assets; and • We have compared the ECL amount calculated to the amount recorded in the financial statements and investigated any differences. We examined events occurring after the reporting date and before the issuance of the financial statements to verify if evidence supports or contradicts assumptions and judgements used in the ECL model.

5 The group - Assessment of impairment of goodwill

Key audit matter	Related disclosures	Audit response
Goodwill arising on acquisition of subsidiaries amounted to Rs.1.2bn at June 30, 2019. Goodwill is tested annually for impairment. Significant judgement is required by management in assessing the impairment of goodwill, using discounted cash flows from the latest management planning, extrapolated on the basis of long-term revenue expected growth rates and assumptions with regard to terminal values and discount rates. The judgement and estimates applied in these calculations result in the carrying value of goodwill being identified as a significant key audit matter. Part of the goodwill was also assessed based on the fair value of the related investment determined by external valuers at June 30, 2019.	Refer to note 8 of the accompanying financial statements.	• We checked the validity and reasonableness of the forecasts used in the discounted cashflows in line with the assumptions used. • We reviewed the latest management decision with regards to the business model to assess whether the assumptions are in line with the valuation assumptions made. • We performed procedures relating to the disclosures on impairment testing included in the financial statements, looking specifically at the disclosure of assumptions that have the most significant effect on the determination of the recoverable amount of goodwill. In connection with this, we verified whether these disclosures are adequate and provide sufficient insight into the disclosed assumptions and sensitivities of the assumptions underlying the valuation. • We performed sensitivity analysis on the assumptions used to determine the impact on the carrying values.

Independent auditor's report to the shareholders of ENL Limited
(previously known as La Sablonnière Limited)

6 The group - Revenue recognition

Key audit matter	Related disclosures	Audit response
Revenue is an important measure used to evaluate the performance of the group. We focussed on this area due to the significant value of revenue for the group and the risk attached to the timing of revenue recognition. The group's revenue is recognised at a point in time when control of the goods has been transferred to the customer or when the services have been rendered, except for some of its subsidiaries, for which revenue is recognised over time on the basis of direct measurement of the value of work performed to date.	Refer to note 29 of the accompanying financial statements.	Our audit procedures to address the risk of material misstatement relating to revenue recognition included: • Reviewed management's documentation with respect to identification of revenue to be recognised under IFRS 15; • Ensured that the five step model of the new standard has been appropriately applied by management with respect to revenue recognition; • Ensured the completeness and accuracy of disclosures relating to IFRS 15, including significant judgements; • Testing of design, existence and operating effectiveness of internal control procedures implemented as well as test of details to ensure accurate processing of revenue transactions; • The accuracy and completeness of revenue was verified through computer assisted audit techniques, cut-off test and analytical reviews; and • Ensured all intergroup revenue is eliminated.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report (but does not include the corporate governance report, the financial statements and our auditor's report thereon).

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.

Corporate governance report

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

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.

Independent auditor's report to the shareholders of ENL Limited
(previously known as La Sablonnière Limited)

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 skepticism 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 of 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.

Independent auditor's report to the shareholders of ENL Limited
(previously known as La Sablonnière Limited)

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, business advisers of the company 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.

Other matter

This report is made solely to the members of ENL 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.

BDo & Co

BDO & Co
Chartered Accountants

Port Louis,
Mauritius.

Date: 27 September 2019

Rookaya Ghanty, FCCA
Licenced by FRC

Statements of financial position

JUNE 30, 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	**2019**	2018
ASSETS		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Non-current assets					
Property, plant and equipment	5	21,790,761	21,593,450	10,005,579	-
Investment properties	6	22,661,242	21,185,687	4,066,429	-
Deferred expenditure	7	461,330	369,432	8,472	-
Intangible assets	8	1,771,506	1,945,178	140,177	-
Investments in subsidiary companies	9	-	-	14,684,511	5,557,054
Investments in associated companies	10	9,883,961	9,351,461	1,802,140	-
Investments in jointly controlled entities	11	37,772	1,069	-	-
Investments in financial assets	12(b)	-	524,100	-	-
Financial assets at fair value through other comprehensive income	12(d)	543,570	-	159,892	-
Financial assets at amortised cost	13	54,069	54,841	780,986	-
Net investment in leases and other credit agreements	14	1,029,500	306,300	-	-
Deferred tax assets	23	147,681	122,320	59,923	-
Deferred rent assets	24(b)	1,087	-	469	-
		58,382,479	55,453,838	31,708,578	5,557,054
Current assets					
Inventories	15	2,132,951	1,725,908	-	-
Consumable biological assets	16	243,703	290,150	-	-
Net investment in leases and other credit agreements	14	699,500	188,400	-	-
Trade and other receivables	17	2,375,938	3,446,966	6,388	-
Assets related to contracts with customers	18	23,081	-	-	-
Amounts receivable from group companies	19	-	-	463,881	27,488
Financial assets at amortised cost	13	1,583,571	-	40,890	-
Held for trading securities	12(c)	-	59,701	-	-
Financial assets at fair value through profit or loss	12(e)	49,586	-	49,586	-
Cash and cash equivalents	37(c)	2,084,501	1,975,305	608,846	-
		9,192,831	7,686,430	1,169,591	27,488
Non-current assets classified as held for sale	20(e)	217,115	415,849	98,615	-
Total assets		67,792,425	63,556,117	32,976,784	5,584,542
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	3,607,987	8,349	3,607,987	8,349
Treasury shares		(250,000)	-	(250,000)	-
Fair value, revaluation and other reserves	34	10,150,378	3,343,769	12,134,806	5,526,240
Retained earnings		11,725,277	2,915,344	9,660,243	16,713
Equity holders' interests		25,233,642	6,267,462	25,153,036	5,551,302
Non-controlling interests		11,898,256	30,133,446	-	-
Total equity and reserves		37,131,898	36,400,908	25,153,036	5,551,302
LIABILITIES					
Non-current liabilities					
Borrowings	22	20,500,753	17,386,067	7,122,637	4,786
Deferred tax liabilities	23	799,364	722,673	-	-
Retirement benefit obligations	25	854,497	845,708	327,799	-
Deferred rent liabilities	24(c)	1,467	-	612	-
		22,156,081	18,954,448	7,451,048	4,786
Current liabilities					
Trade and other payables	26	4,390,620	4,036,647	142,251	345
Liabilities related to contracts with customers	27	306,588	-	-	-
Amounts payable to group companies	28	-	-	29,356	-
Current tax liabilities	33(b)	77,901	76,371	1,954	-
Borrowings	22	3,557,889	3,811,716	30,391	4,140
Proposed dividends	35	168,748	23,969	168,748	23,969
		8,501,746	7,948,703	372,700	28,454
Liabilities directly associated with non-current assets classified as held for sale	20(f)	2,700	252,058	-	-
Total liabilities		30,660,527	27,155,209	7,823,748	33,240
Total equity and liabilities		67,792,425	63,556,117	32,976,784	5,584,542

These financial statements were approved for issue by the Board of Directors on 27 September 2019

Jean Noël Humbert
Chairman

Hector Espitalier-Noël
Director

The notes on pages 106 to 194 form an integral part of these financial statements.

Independent auditor's report on pages 94 to 99.

Statements of profit or loss and other comprehensive income

YEAR ENDED JUNE 30, 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	**2019**	2018
Continuing operations		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Sales	29	14,174,727	12,829,242	-	-
Cost of sales		(8,356,374)	(6,984,201)	-	-
Gross profit		5,818,353	5,845,041	-	-
Sugar and agricultural diversification proceeds	29	663,811	661,185	-	-
Investment and other income	29	1,217,773	1,105,255	243,416	54,976
Management and secretarial fees	29	5,144	6,171	11,203	-
		7,705,081	7,617,652	254,619	54,976
Other operating expenses	30	(1,439,017)	(1,262,729)	(37,929)	-
Administrative expenses		(4,890,967)	(5,334,353)	(180,038)	(343)
Movement in consumable biological assets	16	(46,447)	(61,838)	-	-
Operating profit		1,328,650	958,732	36,652	54,633
Fair value gain on revaluation of investment properties	6	1,009,669	1,089,170	288,154	-
Fair value loss on financial assets at fair value through profit or loss	12(e)	(12,000)	-	(6,406)	-
Fair value loss on held for trading securities	12(c)	-	(2,123)	-	-
Profit on disposal of land and investments		152,996	135,357	46,298	-
Compensation for losses		(41,563)	-	-	-
Compensation for waiver of rights to lessee on land and buildings		-	2,470	(1,187)	-
Excess of fair value of the share of net assets over acquisition price		5,533	31,744	-	-
Impairment of goodwill, investment and others		(21,289)	(38,009)	(17,239)	-
Share of profits less losses of associated companies and jointly controlled entities, net of tax		334,916	366,997	-	-
Release to income on transfer of retirement benefit obligations		-	-	36,253	-
Finance costs	31	(1,158,792)	(1,022,735)	(192,503)	(512)
Profit before taxation		1,598,120	1,521,603	190,022	54,121
Income tax charge	33(a)	(236,198)	(223,426)	(7,915)	-
Profit for the year from continuing operations		1,361,922	1,298,177	182,107	54,121
Discontinued operations					
Post tax loss from discontinued operations	20	-	(152,837)	-	-
Profit for the year		1,361,922	1,145,340	182,107	54,121
Other comprehensive income for the year:					
Items that will not be reclassified to profit or loss:					
Release to income on disposal of investments		-	(53,588)	-	-
Remeasurement of post employment benefit obligations, net of deferred tax		3,731	(13,176)	(759)	-
Change in fair value of equity instruments at fair value through other comprehensive income		(40,438)	-	(2,040,258)	-
		(36,707)	(66,764)	(2,041,017)	-
Items that may be reclassified subsequently to profit or loss:					
Change in value of available-for-sale financial assets		-	(55,758)	-	(755,594)
Loss on revaluation of property, plant and equipment, net of deferred tax		-	(46,421)	-	-
Currency translation differences		(12,400)	(9,944)	-	-
Share of other comprehensive income of associated companies and jointly controlled entities		364,025	(224,327)	-	-
		351,625	(336,450)	-	(755,594)
Other comprehensive income for the year, net of tax		314,918	(403,214)	(2,041,017)	(755,594)
Total comprehensive income for the year		1,676,840	742,126	(1,858,910)	(701,473)
Profit attributable to:					
Owners of the company		648,884	142,070	182,107	54,121
Non-controlling interests		713,038	1,003,270	-	-
		1,361,922	1,145,340	182,107	54,121
Total comprehensive income attributable to:					
Owners of the company		758,343	83,343	(1,858,910)	(701,473)
Non-controlling interests		918,497	658,783	-	-
		1,676,840	742,126	(1,858,910)	(701,473)
Earnings per share from continuing operations	36 Rs.	2.83	2.19	0.80	0.64
Loss per share from discontinued operations	36 Rs.	-	(0.47)	-	-

The notes on pages 106 to 194 form an integral part of these financial statements.

Independent auditor's report on pages 94 to 99.

Statements of changes in equity

YEAR ENDED JUNE 30, 2019

THE GROUP	Note			Attributable to owners of the parent						
				Fair value, revaluation and other reserves		Retained earnings				
		Share capital	Treasury shares	Holding company and subsidiaries	Associated companies	Holding company and subsidiaries	Associated companies	Total	Non-controlling interests	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at July 1, 2018										
- as previously reported		8,349	-	3,228,594	115,175	2,430,305	485,039	6,267,462	30,133,446	36,400,908
- effect of changes in accounting policies (note 43)		-	-	-	-	(65,396)	-	(65,396)	(217,275)	(282,671)
- as restated		8,349	-	3,228,594	115,175	2,364,909	485,039	6,202,066	29,916,171	36,118,237
Treasury shares acquired		-	(250,000)	-	-	-	-	(250,000)	-	(250,000)
Issue of shares		3,599,638	-	-	-	-	-	3,599,638	-	3,599,638
Issue of shares to non-controlling shareholders		-	-	-	-	-	-	-	153,222	153,222
Effect of change in ownership interest not resulting in loss of control following amalgamation		-	-	6,096,722	642,504	7,241,372	1,155,814	15,136,412	(18,641,101)	(3,504,689)
Transfers		-	-	(14,016)	-	14,284	(388)	(120)	-	(120)
Movement in reserves		-	-	-	-	-	(17,727)	(17,727)	(11,950)	(29,677)
Profit for the year		-	-	-	-	650,029	(1,145)	648,884	713,038	1,361,922
Other comprehensive income for the year		-	-	(25,805)	107,204	5,200	22,860	109,459	205,459	314,918
Dividends	35	-	-	-	-	(194,970)	-	(194,970)	-	(194,970)
Dividends paid by subsidiaries and associated companies to non-controlling shareholders		-	-	-	-	-	-	-	(436,583)	(436,583)
Balance at June 30, 2019		**3,607,987**	**(250,000)**	**9,285,495**	**864,883**	**10,080,824**	**1,644,453**	**25,233,642**	**11,898,256**	**37,131,898**

The notes on pages 106 to 194 form an integral part of these financial statements.

Independent auditor's report on pages 94 to 99.

Statements of changes in equity

YEAR ENDED JUNE 30, 2019

THE GROUP	Note	Attributable to owners of the parent							
			Fair value, revaluation and other reserves		Retained earnings				
		Share capital	Holding company and subsidiaries	Associated companies	Holding company and subsidiaries	Associated companies	Total	Non-controlling interests	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at July 1, 2017 as restated		8,349	3,363,521	112,850	2,399,708	437,148	6,321,576	29,768,668	36,090,244
Issue of shares to non-controlling shareholders		-	-	-	-	-	-	233,027	233,027
Acquisition and deconsolidation of group companies		-	-	-	-	-	-	88,268	88,268
Effect of change in ownership interest not resulting in loss of control		-	(106,400)	-	5,466	(1,011)	(101,945)	(229,271)	(331,216)
Transfers		-	(6,568)	-	(3,452)	10,020	-	-	-
Movement in reserves		-	-	14,708	(296)	266	14,678	300,839	315,517
Profit for the year		-	-	-	81,653	60,417	142,070	1,003,270	1,145,340
Other comprehensive income for the year		-	(21,959)	(12,383)	(2,584)	(21,801)	(58,727)	(344,487)	(403,214)
Dividends	35	-	-	-	(50,190)	-	(50,190)	-	(50,190)
Dividends paid by subsidiaries and associated companies to non-controlling shareholders		-	-	-	-	-	-	(686,868)	(686,868)
Balance at June 30, 2018		**8,349**	**3,228,594**	**115,175**	**2,430,305**	**485,039**	**6,267,462**	**30,133,446**	**36,400,908**

The notes on pages 106 to 194 form an integral part of these financial statements.

Independent auditor's report on pages 94 to 99.

Statements of changes in equity

YEAR ENDED JUNE 30, 2019

THE COMPANY

	Note	Share capital	Treasury shares capital	Fair value, revaluation and other reserves	Retained earnings	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at July 1, 2018		8,349	-	5,526,240	16,713	5,551,302
Amalgamation adjustment		-	-	9,369,372	8,936,604	18,305,976
Treasury shares acquired		-	(250,000)	-	-	(250,000)
Issue of shares		3,599,638	-	-	-	3,599,638
Transfer on disposal of land and buildings		-	-	(100,032)	100,032	-
Transfer on disposal of equity investment at fair value through other comprehensive income		-	-	(620,516)	620,516	-
Profit for the year		-	-	-	182,107	182,107
Other comprehensive income for the year		-	-	(2,040,258)	(759)	(2,041,017)
Dividends	35	-	-	-	(194,970)	(194,970)
Balance at June 30, 2019		**3,607,987**	**(250,000)**	**12,134,806**	**9,660,243**	**25,153,036**
Balance at July 1, 2017		8,349	-	6,281,834	12,782	6,302,965
Profit for the year		-	-	-	54,121	54,121
Other comprehensive income for the year		-	-	(755,594)	-	(755,594)
Dividends	35	-	-	-	(50,190)	(50,190)
Balance at June 30, 2018		**8,349**	**-**	**5,526,240**	**16,713**	**5,551,302**

The notes on pages 106 to 194 form an integral part of these financial statements.

Independent auditor's report on pages 94 to 99.

Statements of cash flows

YEAR ENDED JUNE 30, 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	**2019**	2018
		Rs'000	Rs'000	**Rs'000**	Rs'000
Cash flows from operating activities					
Cash generated from/(used in) operations from continuing operations	37(a)	**674,084**	1,197,685	**(61,588)**	51,320
Cash used in operations from discontinued operations		**-**	(127,034)	**-**	-
Tax paid		**(150,005)**	(131,835)	**(572)**	-
Net cash generated from/(used in) operating activities from continuing operations		**524,079**	1,065,850	**(62,160)**	51,320
Net cash used in operating activities from discontinued operations		**-**	(127,034)	**-**	-
Cash flows from investing activities					
Purchase of property, plant and equipment		**(957,291)**	(991,439)	**(2,127)**	-
Purchase of intangible assets		**(53,351)**	(50,523)	**-**	-
Additions to investment properties		**(637,595)**	(453,896)	**-**	-
Purchase of shares in subsidiaries		**-**	-	**(1,472,061)**	-
Purchase of investments		**(90,598)**	(179,863)	**-**	-
Purchase of investment in associates		**(1,749)**	-	**(1,749)**	-
Purchase of treasury shares		**(250,000)**	-	**(250,000)**	-
Acquisition of subsidiaries net of cash	41(a);(b)	**(23,342)**	(309,567)	**-**	-
Disposal of subsidiaries net of cash	41(a)	**(17,365)**	-	**-**	-
Proceeds from disposal of investments		**16,029**	71,587	**1,362,559**	-
Proceeds from disposal of land, property, plant and equipment and investment properties		**208,112**	416,826	**139,186**	-
Proceeds from disposal of assets held for sale		**53,200**	-	**-**	-
Expenditure in respect of bearer biological assets		**(2,342)**	-	**-**	-
Expenses on sale of land		**(4,226)**	-	**-**	-
Deferred expenditure		**(85,797)**	(32,345)	**-**	-
Compensation for waiver to rights to lessee on land and buildings		**-**	(4,690)	**70,500**	-
Loans granted		**(4,484)**	(24,357)	**(830,817)**	-
Loans refunded		**1,460**	30,296	**906,124**	-
Interest received		**89,448**	11,730	**19,598**	-
Net cash used in investing activities from continuing operations		**(1,759,891)**	(1,516,241)	**(58,787)**	-
Net cash generated from investing activities from discontinued operations		**-**	1,216	**-**	-
Cash flows from financing activities					
Issue of shares to non-controlling shareholders		**102,475**	25,000	**-**	-
Issue of notes		**2,350,000**	-	**2,350,000**	-
Capital reduction made by subsidiaries attributable to non-controlling shareholders		**(57,776)**	(57,005)	**-**	-
Proceeds from borrowings		**5,095,259**	10,237,119	**4,500**	-
Payments on borrowings		**(4,411,904)**	(7,387,460)	**(1,195,342)**	(2,164)
Finance lease principal payments		**(62,324)**	(77,560)	**(1,079)**	-
Interest paid		**(1,105,948)**	(1,088,566)	**(113,525)**	(513)
Dividends paid		**(50,190)**	(50,621)	**(50,190)**	(50,621)
Dividends paid by subsidiaries to non-controlling shareholders		**(395,185)**	(469,105)	**-**	-
Net cash generated from/(used in) financing activities from continuing operations		**1,464,407**	1,131,802	**994,364**	(53,298)
Net cash generated from financing activities from discontinued operations		**-**	19,799	**-**	-
Increase/(decrease) in cash and cash equivalents from continuing operations		**228,595**	681,411	**873,417**	(1,978)
Decrease in cash and cash equivalents from discontinued operations		**-**	(106,019)	**-**	-
Movement in cash and cash equivalents					
At July 1,		**219,576**	(344,358)	**(1,844)**	134
Amalgamation adjustment		**-**	-	**(263,030)**	-
Effects of exchange rate changes		**871**	(11,458)	**8**	-
Increase/(decrease)		**228,595**	575,392	**873,417**	(1,978)
At June 30,	37(c)	**449,042**	219,576	**608,551**	(1,844)

The notes on pages 106 to 194 form an integral part of these financial statements.

Independent auditor's report on pages 94 to 99.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

1. GENERAL INFORMATION

ENL Limited (previously known as La Sablonnière Limited) is a limited liability company incorporated and domiciled in Mauritius. The holding company is La Sablonnière Holding Limited, incorporated in Mauritius. Both companies' registered office is at ENL House, Vivéa Business Park, Moka. The ultimate holding entity is Société Caredas, a 'société civile' registered in Mauritius.

Effective January 1, 2019, [Ex-] ENL Limited, ENL Land Ltd, [Ex-] ENL Commercial Limited and ENL Finance Limited have amalgamated with and into La Sablonnière Limited, with La Sablonnière Limited remaining the surviving entity. The latter has changed its name to ENL Limited with effect as from January 3, 2019. ENL Limited's ordinary A shares have been listed on the official market of the Stock Exchange of Mauritius Limited on January 23, 2019.

These financial statements will be submitted for consideration and approval at the forthcoming annual meeting of the shareholders of the company.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements have been disclosed in their respective notes other than those disclosed below. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Basis of preparation

The financial statements of ENL Limited (previously known as La Sablonnière 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 holding company and its subsidiary companies (the group) and the separate financial statements of the holding company (the company). The financial statements are presented in Mauritian rupees and all values are rounded to the nearest thousand (Rs'000) except when otherwise indicated. Where necessary, comparative figures have been amended to conform to changes in presentation in the current year. The financial statements have been prepared under the historical cost convention, except that:

(i) certain property, plant and equipment are carried at revalued amounts;

(ii) investment properties are carried at fair value;

(iii) financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are stated at their fair value;

(iv) consumable biological assets are stated at carrying value; and

(v) relevant financial assets and financial liabilities are stated at amortised cost.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 and in respective applicable notes.

Standards, amendments to published standards and interpretations effective in the reporting period

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from July 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The group has elected to apply the exemption in IFRS 9 paragraph 7.2.15 not to restate prior periods in the year of initial application of the standard. The group has chosen to adopt the simplified expected credit loss model for trade receivables in accordance with IFRS 9 paragraph 5.5.15.

Standards, amendments to published standards and interpretations effective in the reporting period

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The group has adopted IFRS 15 Revenue from Contracts with Customers from 1 July 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 29. In accordance with the transition provisions in IFRS 15, the group has not restated comparatives for the 2018 financial year.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

The amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The amendment has no impact on the group's financial statements.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Standards, amendments to published standards and interpretations effective in the reporting period (cont'd)

The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The amendment has no impact on the group's financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

- IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant.
- IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. The amendment has no impact on the group's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The amendment has no impact on the group's financial statements.

Transfers of Investment Property (Amendments to IAS 40). The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The amendment had no impact on the group'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 1, 2019 or later periods, but which the group has not early adopted.

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

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 16 Leases

IFRS 17 Insurance Contracts

IFRIC 23 Uncertainty over Income Tax Treatments

Prepayment Features with negative compensation (Amendments to IFRS 9)

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

Annual Improvements to IFRSs 2015-2017 Cycle

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

Definition of a Business (Amendments to IFRS 3)

Definition of Material (Amendments to IAS 1 and IAS 8)

IFRS 16 Leases – effective for annual periods beginning on or after January 1, 2019

IFRS 16 Leases will replace the existing lease standards, IAS 17 Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

IFRS 16, is effective for accounting periods beginning on or after January 1, 2019 and will be adopted by the group on July 1, 2019. The group will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application July 1, 2019. Accordingly, the group will not restate comparative information, instead, the cumulative effect of initially applying this standard will be recognised as an adjustment to the opening balance of retained earnings as on July 1, 2019. On that date, the group will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at July 1, 2019. In accordance with the standard, the group will elect not to apply the requirements of IFRS 16 to short-term leases and leases for which the underlying asset is of low value.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

IFRS 16 Leases – effective for annual periods beginning on or after January 1, 2019 (cont'd)

On transition, the group will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

The group will recognise with effect from July 1, 2019 new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to (a) amortisation charge for the right-to-use asset, and (b) interest accrued on lease liability.

Where relevant, the group is still evaluating the effect of these standards, amendments to published standards and interpretations issued but not yet effective, on the presentation of its financial statements.

(b) Impairment of non-financial assets

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease to the extent of the corresponding revaluation surplus. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(c) Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Mauritian rupees, which is the group's functional and presentation currency. Foreign currency transactions are translated into Mauritian rupees using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as financial assets at fair value through other comprehensive income, are included in other comprehensive income.

(d) Derivative financial instruments

Derivative which comprise of foreign exchange forward contracts are initially recognised at fair value on the dates the derivatives contracts are entered into and are subsequently re-measured at their fair value. These derivatives do not qualify for hedge accounting.

Changes in the fair value of derivatives are recognised immediately in the profit or loss. These derivatives are trading derivatives and are classified as current asset or liability. Changes in fair values of derivatives are included in the profit or loss within finance costs.

(e) Financial assets at amortised cost

Financial assets at amortised cost include trade and other receivables, amounts receivable from group companies, non-current loans and advances and cash and cash equivalents. They are initially recognized at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

(f) Financial liabilities

Financial liabilities include trade and other payables, amounts payable to group companies and borrowings. They are initially recognised at fair value and subsequently carried at amortised cost using the effective method.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The group's activities expose it to a variety of financial risks, including:

- Market risk (including currency risk, price risk and cash flow interest risk);
- Credit risk; and
- Liquidity risk

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

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Market risk

(i) Currency risk

Several of the group's subsidiary companies deal in foreign currency transactions or operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, the US dollar and the GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Some of the group's subsidiary companies are also exposed to fluctuations of exchange rate which impacts on the price of sugar.

Some of the group subsidiaries had foreign exchange contracts for a notional amount of Rs. 537.1m (2018: Rs. 320.5m) and a corresponding fair value of Rs. 536.1m (2018: Rs. 312.5m).

The group

At June 30, 2019, if the rupee had weakened/strengthened by 5% against the Euro/US dollar/GBP with all other variables held constant, post-tax profit for the year would have been Rs.17m (2018: Rs.8.4m) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro/US dollar/GBP denominated trade receivables, trade payables and borrowings.

The group uses forward contracts, whenever possible, to hedge its exposure to foreign currency risk. Each subsidiary is responsible for hedging the net position in each currency by using currency borrowings. The risk is also managed through short term swap of currencies.

(ii) Price risk

Equity

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated statement of financial position as investments in financial assets. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

Sugar

The group is exposed to risk due to fluctuations in the price of sugar. The risk will affect both the crop proceeds and the standing cane valuation.

Commercial

The group is exposed to market risk in respect of residential units for sale and commercial units to rental. Management monitors the demand and supply of the market and decides accordingly to initiate projects.

Sensitivity analysis

The table below summarises the impact of increase/decrease in the fair value of the investments on the group's profit and equity. Increase/decrease in the fair value of the group's and the company's investments will not have any material impact on profit/equity. The analysis is based on the assumption that the fair value had increased/decreased by 5%.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(a) Market risk (cont'd)

(ii) Price risk (cont'd)

THE GROUP	Impact on profit		Impact on other comprehensive income	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets at fair value through other comprehensive income	**-**	-	**11,170**	-
Financial assets at fair value through profit or loss	**2,365**	-	**-**	-
Available-for-sale investments in financial assets	**-**	-	**-**	10,844
Held for trading securities	**-**	2,871	**-**	-

THE COMPANY	Impact on profit		Impact on other comprehensive income	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets at fair value through other comprehensive income	**-**	-	**7,580**	-
Financial assets at fair value through profit or loss	**2,365**	-	**-**	-

Rupee-denominated borrowings	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Effect higher/lower interest expense on post tax profit	**89,822**	78,475	**12,484**	39

(iii) Cash flow interest risk

The group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The group's interest rate risk arises from borrowings at variable rates.

At June 30, 2019, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been lower/higher mainly as a result of higher/lower interest expense on floating rate borrowings as shown below:

Rupee-denominated borrowings	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Effect higher/lower interest expense on post tax profit	**89,822**	78,475	**12,484**	39

The risk is managed by maintaining an appropriate mix between fixed and floating interest charges on borrowings.

(b) Credit risk

Credit risk arises principally from the group's trade receivables and leases as well as other credit facilities made to customers, other financial assets carried at amortised cost and cash and cash equivalents. The company's credit risk concentration is spread between interest rate and equity securities and also arises on amounts receivable from group companies. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal since delivery of securities sold is only made once the broker has received payment. On a purchase, payment is made once the securities have been received by the broker. If either party fails to meet their obligations, the trade will fail.

In view of managing its credit risk, the group establishes credit policy whereby new customers are analysed for credit worthiness for each business activity before offering any standard payment delivery terms and conditions. Customers that fail to meet the group's benchmark credit worthiness may transact with the group upon lodging of a bank guarantee or a security document or prepaid basis. The subsidiary companies have no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The company makes advances and loans to group companies with sound financial background.

The risk with the sales of sugar from the operations in Mauritius is remote as the subsidiary exports its entire production through the Mauritius Sugar Syndicate.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The group aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flows and does not foresee any major liquidity risk over the next two years.

The table below analyses the group's and the company's financial liability and net financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
THE GROUP	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At June 30, 2019					
Finance lease liabilities	**98,751**	**90,267**	**86,251**	**3,805**	**279,074**
Trade and other payables	**4,390,620**	-	-	-	**4,390,620**
Bank overdrafts	**1,635,459**	-	-	-	**1,635,459**
Bank and other loans	**1,708,628**	**2,310,845**	**2,944,867**	**16,185,515**	**23,149,854**
At June 30, 2018					
Finance lease liabilities	95,936	96,176	96,590	2,279	290,981
Trade and other payables	4,036,647	-	-	-	4,036,647
Bank overdrafts	1,775,289	-	-	-	1,775,289
Bank and other loans	2,136,035	1,708,359	6,198,424	14,242,841	24,285,660

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
THE COMPANY					
At June 30, 2019					
Finance lease liabilities	**2,534**	**2,261**	**2,928**	**-**	**7,723**
Trade and other payables	**142,251**	**-**	**-**	**-**	**142,251**
Amount payable to group companies	**29,356**	**-**	**-**	**-**	**29,356**
Bank overdraft	**295**	**-**	**-**	**-**	**295**
Bank and other loans	**27,923**	**32,539**	**449,371**	**6,635,991**	**7,145,823**
At June 30, 2018					
Trade and other payables	345	-	-	-	345
Bank overdraft	1,844	-	-	-	1,844
Bank and other loans	2,644	2,643	2,423	-	7,711

The group's financial liabilities also include convertible preference shares whose repayment and other terms are as disclosed in note 22.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation

The fair value of financial instruments traded on 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 or regulatory agency and the prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available for sale.

The fair value of financial instruments that are not traded on an active market is determined using valuation techniques. The group uses a variety of methods namely capitalised earnings, net asset basis and dividend yield where applicable and makes assumptions that are based on market conditions existing at the end of each reporting period. These instruments are included in level 3. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The carrying amount of the financial assets would be an estimated Rs.16.0m (2018: Rs.15.5m) for the group and Rs.0.4bn (2018: Rs.nil) for the company higher/lower in the event their fair values were increased/decreased by 5%. The fair value of those financial assets and liabilities not presented on the group's statements of financial position at their fair values are not materially different from their carrying amounts.

3.3 Capital risk management

The group's objectives when managing capital are:

- to safeguard the entities' ability to continue as going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of 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 vary the amount of dividends paid to shareholders or sell assets to reduce debt.

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 (as shown on the statement of financial position) less cash and bank balances. Adjusted capital comprises all components of equity (i.e. share capital, non-controlling interests, retained earnings and revaluation, fair value and other reserves).

The net debt-to-adjusted capital ratios at June 30, 2019 and at June 30, 2018 were as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Total debts	**24,058,642**	21,197,783	**7,153,028**	8,926
Cash and bank balances	**(2,084,501)**	(1,975,305)	**(608,846)**	-
Net debts	**21,974,141**	19,222,478	**6,544,182**	8,926
Total equity	**37,131,898**	36,400,908	**25,153,036**	5,551,302
Debt-to-adjusted capital ratio	**0.592**	0.528	**0.260**	0.002

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

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements 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.

4.1 Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below and in respective applicable notes to the financial statements.

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 how the group assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the group view of possible near term market changes that cannot be predicted with any certainty.

Impairment of financial assets

The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgements in making these assumptions and selecting the inputs for the impairment calculation, based on group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

5. PROPERTY, PLANT AND EQUIPMENT

(a) Accounting policy

All property, plant and equipment are initially recorded at cost, some of which are subsequently shown at revalued amount based on periodic, but at least triennial valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. 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 asset will flow to the group and the cost can be measured reliably. Cost also includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus directly in equity. All other decreases are charged to profit or loss.

Property, plant and equipment, other than land, are depreciated over their useful lives on a straight line basis. Depreciation is calculated on a straight line method to write off the cost or revalued amounts of the assets, with the exception of land, to their residual values over their estimated useful lives as follows:

	Years
Buildings and yard	**10 - 50**
Machinery and equipment	**5 - 10**
Motor vehicles	**4 - 10**
Furniture, fittings and others	**4 - 20**
Bearer plants	**14**

Land is not depreciated.

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

Bearer biological assets comprise of replantation costs relating to bearer canes and anthurium plants. Cane replantation costs are capitalised and amortised over a period of seven years, one year after the expenses have been incurred. Anthurium plants are valued at cost less amortisation.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

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

Borrowing costs

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use, as part of the cost of the asset. All other borrowing costs are expensed in the year they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE GROUP

(i) **2019**	Freehold land	Buildings & yard	Machinery & equipment	Motor vehicles	Furniture, fittings & others	Bearer plants	Assets in progress	Total
COST AND VALUATION	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2018	10,577,771	10,218,097	3,405,974	904,994	257,457	445,299	25,183	25,834,775
Acquisition through business combination (note 41(a))	-	-	13,899	3,969	4,369	-	-	22,237
Additions	146,000	454,827	42,044	120,086	436,481	4,642	15,935	1,220,015
Disposals	(113,640)	(22,190)	(207,280)	(98,816)	(15,818)	-	-	(457,744)
Write offs	-	-	(3,900)	-	(24)	-	-	(3,924)
Transfers	(218,189)	231,531	2,012	-	74	-		15,428
Transfer to investment properties (note 6)	(217,625)	-	-	-	-	-	-	(217,625)
Transfer to non current assets classified as held for sale (note 20)	(30,405)	-	-	-	-	-	-	(30,405)
Translation difference	-	2,000	500	-	-	-	-	2,500
At June 30, 2019	**10,143,912**	**10,884,265**	**3,253,249**	**930,233**	**682,539**	**449,941**	**41,118**	**26,385,257**
DEPRECIATION								
At July 1, 2018	-	732,810	2,440,437	593,566	196,854	277,658	-	4,241,325
Acquisition through business combination (note 41(a))	-	-	8,113	2,258	2,746	-	-	13,117
Charge for the year	-	181,635	256,188	115,249	28,328	40,350	-	621,750
Disposal adjustments	-	(445)	(183,681)	(90,276)	(13,227)	-	-	(287,629)
Write offs	-	-	(3,900)	-	(24)	-	-	(3,924)
Transfers	-	9,657	-	-	-	-	-	9,657
Translation difference	-	-	200	-	-	-	-	200
At June 30, 2019	**-**	**923,657**	**2,517,357**	**620,797**	**214,677**	**318,008**	**-**	**4,594,496**
NET BOOK VALUES								
At June 30, 2019	**10,143,912**	**9,960,608**	**735,892**	**309,436**	**467,862**	**131,933**	**41,118**	**21,790,761**

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE GROUP (CONT'D)

(ii)

2018	Freehold land	Buildings & yard	Machinery & equipment	Motor vehicles	Furniture, fittings & others	Bearer plants	Assets in progress	Total
COST AND VALUATION	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2017	10,655,473	9,960,339	3,301,878	861,662	265,671	410,847	23,363	25,479,233
Acquisition through business combination (note 41(b))	-	-	4,123	8,182	39	9,612	-	21,956
Additions	-	478,512	375,279	145,386	16,310	30,840	19,674	1,066,001
Disposals	(13,473)	(162,876)	(183,727)	(72,795)	(8,293)	(6,000)	-	(447,164)
Write offs	-	(8,588)	-	(1,968)	(6,435)	-	-	(16,991)
Transfers	-	1,410	16,420	-	24	-	(17,854)	-
Transfer to investment properties (note 6)	(6,037)	-	-	-	-	-	-	(6,037)
Transfer to non current assets classified as held for sale (note 20)	(59,547)	-	(107,999)	(34,083)	(8,448)	-	-	(210,077)
Revaluation surplus	1,355	(50,700)	-			-	-	(49,345)
Translation difference	-	-	-	(1,390)	(1,411)	-	-	(2,801)
At June 30, 2018	**10,577,771**	**10,218,097**	**3,405,974**	**904,994**	**257,457**	**445,299**	**25,183**	**25,834,775**
DEPRECIATION								
At July 1, 2017	-	630,958	2,446,168	568,914	192,702	237,898	-	4,076,640
Acquisition through business combination (note 41(b))	-	-	2,461	5,556	19	3,222	-	11,258
Charge for the year	-	167,585	241,555	110,019	24,994	36,538	-	580,691
Disposal adjustments	-	(63,635)	(154,473)	(63,943)	(8,190)	-	-	(290,241)
Write offs	-	(2,098)	-	(1,286)	(4,883)	-	-	(8,267)
Transfer to non current assets classified as held for sale (note 20)	-	-	(95,274)	(24,687)	(6,365)	-	-	(126,326)
Translation difference	-	-	-	(1,007)	(1,423)	-	-	(2,430)
At June 30, 2018	**-**	**732,810**	**2,440,437**	**593,566**	**196,854**	**277,658**	**-**	**4,241,325**
NET BOOK VALUES								
At June 30, 2018	**10,577,771**	**9,485,287**	**965,537**	**311,428**	**60,603**	**167,641**	**25,183**	**21,593,450**

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE GROUP (CONT'D)

(iii) Assets in progress relate to irrigation and other equipment under installation which are not yet operational.

(iv) Additions include Rs.90.8m (2018: Rs.104.2m) of assets under finance leases.

(v) Leased assets included in property, plant and equipment comprise of:

	THE GROUP	
	2019	2018
Machinery and equipment	**Rs'000**	Rs'000
Cost	**223,690**	154,650
Accumulated depreciation	**(140,344)**	(79,502)
Net book values	**83,346**	75,148
Motor vehicles		
Cost	**478,387**	432,655
Accumulated depreciation	**(225,217)**	(205,593)
Net book values	**253,170**	227,062
Furniture, fittings and others		
Cost	**1,665**	1,665
Accumulated depreciation	**(947)**	(620)
Net book values	**718**	1,045
Total	**337,234**	303,255

(vi) The group's land and buildings were revalued in 2017 by qualified independent professional valuers. The valuations were made on the basis of open market value and replacement costs as appropriate.

The revaluation surplus net of deferred income taxes was credited to revaluation reserves in shareholders' equity.

Details of the group's freehold land and buildings measured at fair value and information about the fair value hierarchy as at the reporting date are as follows:

2019	**Level 2**	**Level 3**
	Rs'000	**Rs'000**
Freehold land	**10,143,912**	**-**
Buildings	**-**	**9,960,608**
Total	**10,143,912**	**9,960,608**

2018	Level 2	Level 3
	Rs'000	Rs'000
Freehold land	10,577,771	-
Buildings	-	9,485,287
Total	10,577,771	9,485,287

The different levels have been defined as follows:

Level 1 - Unadjusted market prices in active market for identical assets.

Level 2 - Inputs other than market prices included within level 1 that are observable for the asset, either directly or indirectly.

Level 3 - Inputs for the asset that are not based on observable market data.

There were no transfers between level 1 and 2 during the year.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE GROUP (CONT'D)

(vii) The table below shows the changes in level 3 instruments for the year ended June 30, 2019 and 2018.

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At July 1,	**9,485,287**	9,329,381
Additions	**454,827**	478,512
Disposals	**(21,745)**	(99,241)
Write offs	**-**	(6,490)
Transfer	**221,874**	1,410
Revaluation adjustment	**-**	(50,700)
Depreciation	**(181,635)**	(167,585)
Translation difference	**2,000**	-
At June 30,	**9,960,608**	9,485,287

(viii) Information about fair value measurements using significant unobservable inputs (level 3) are as follows:

Description	**Range of unobservable inputs per arpent-Moka district**	**Range of unobservable inputs per arpent-Savannah district**
	Rs'000	**Rs'000**
Agricultural activities	150-12,500	200-650
Public utilities, rivers and dam	150	150
Hunting ground	500	500
Metayer	250-300	250-300
Fallow Land	150-2,500	200-650
Paddock	500	500
Sugar cane land	500-3,000	500-900

(ix) The group's property, plant and equipment are reflected at revalued amounts. If property, plant and equipment were stated at historical cost, the amounts would have been as follows:

	Freehold land	**Buildings & yard**	**Total**
2019	**Rs'000**	**Rs'000**	**Rs'000**
Cost	**278,773**	**4,396,461**	**4,675,234**
Accumulated depreciation	**-**	**(1,331,167)**	**(1,331,167)**
Net book values	**278,773**	**3,065,294**	**3,344,067**
2018			
Cost	201,522	4,008,278	4,209,800
Accumulated depreciation	-	(1,201,547)	(1,201,547)
Net book values	201,522	2,806,731	3,008,253

(x) Depreciation charge of Rs.572.5m and Rs.49.2m (2018: Rs.462.8m and Rs.56.4m) has been charged to other operating expenses and to cost of sales respectively.

(xi) Bank borrowings are secured on some of the group's property, plant and equipment.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) THE COMPANY

	Land	Buildings	Improvement to building	Agricultural equipment	Transport equipment	Motor vehicles	Furniture & fittings	Office equipment	Total
(i) **2019**	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
COST AND VALUATION									
At July 1, 2018	-	-	-	-	-	-	-	-	-
Amalgamation adjustment	10,227,232	134,342	2,502	21,972	58,609	17,721	2,223	7,252	10,471,853
Reversal	-	-	(1,885)	-	-	-	-	-	(1,885)
Additions	-	-	2,035	-	-	-	746	145	2,926
Disposals	(110,597)	(5,025)	(565)	-	-	(2,495)	(371)	(224)	(119,277)
Scrapped	-	-	-	-	-	-	(24)	-	(24)
Transfer to non current assets held for sale (note 20)	(30,405)	-	-	-	-	-	-	-	(30,405)
Transfer to investment properties (note 6)	(217,625)	-	-	-	-	-	-	-	(217,625)
At June 30, 2019	**9,868,605**	**129,317**	**2,087**	**21,972**	**58,609**	**15,226**	**2,574**	**7,173**	**10,105,563**
DEPRECIATION									
At July 1, 2018	-	-	-	-	-	-	-	-	-
Amalgamation adjustment	-	14,030	-	9,230	57,697	8,258	1,670	6,619	97,504
Charge for the year	-	3,029	30	277	359	1,499	74	190	5,458
Disposals	-	(445)	-	-	-	(2,209)	(205)	(95)	(2,954)
Scrapped	-	-	-	-	-	-	(24)	-	(24)
At June 30, 2019	**-**	**16,614**	**30**	**9,507**	**58,056**	**7,548**	**1,515**	**6,714**	**99,984**
NET BOOK VALUES									
At June 30, 2019	**9,868,605**	**112,703**	**2,057**	**12,465**	**553**	**7,678**	**1,059**	**459**	**10,005,579**

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) THE COMPANY (CONT'D)

(ii) Bank borrowings are secured on some of the company's property, plant and equipment.

(iii) There was no additions of leased assets during the year. Leased assets comprise of motor vehicles as follows:

	THE COMPANY
	2019
Motor Vehicles	**Rs'000**
Cost	**69,966**
Accumulated Depreciation	**(61,735)**
Net book values	**8,231**

(iv) Depreciation charge has been included in other operating expenses

(d) **Critical accounting estimates**

Asset lives and residual values

Property, plant and equipment are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes as well as location, wear and tear and frequency of renovation are taken into account. The residual value of an asset is the estimated net amount that the group would currently obtain from the disposal of the asset, if the asset was already of the age and in the condition expected at the end of its useful life. Residual value assessments consider issues such as future market conditions, the remaining useful life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

The Directors therefore make estimates based on historical experience and use best judgement 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. (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 were already of the age and in condition expected at the end of its useful life).

Revaluation of properties

The group measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The group appoints independent valuation specialists to determine the fair value of the properties. Valuations were made on the basis of open market values and replacement costs.

As part of the revaluation process, the use of judgement to determine the fair value of properties is necessary. Land is valued on the basis of recently transacted properties in that specific region.

6. INVESTMENT PROPERTIES

(a) **Accounting policy**

Investment properties are properties which are held to earn rentals or for capital appreciation and not occupied by the group and are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value determined annually by external valuers. Changes in fair value are included in profit or loss. Properties that are being constructed or developed for future use as investment properties are treated as investment properties. Investment properties are derecognised when they are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their use. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the year of derecognition.

Borrowing costs

Interest costs on borrowings to finance the construction of investment property are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that the group incurs in connection with the borrowing of funds.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

6. INVESTMENT PROPERTIES (CONT'D)

		THE GROUP		THE COMPANY	
		2019	2018	**2019**	2018
(b)	**Fair value model**	**Rs'000**	Rs'000	**Rs'000**	Rs'000
	At July 1, as restated	**21,185,687**	20,105,315	**-**	-
	Amalgamation adjustment	**-**	-	**3,509,942**	-
	Additions	**1,033,996**	849,542	**-**	-
	Disposals	**(398,517)**	(241,531)	**(69,917)**	-
	Effect of straighlining adjustment on rental income	**79,034**	-	**262**	-
	Transfer from property, plant and equipment (note 5)	**217,625**	6,037	**217,625**	-
	Transfer to inventories (stock of land)	**(502,836)**	(319,919)	**-**	-
	Transfer to non-current assets classified as held for sale (note 20)	**(97,500)**	(35,264)	**-**	-
	Transfer from/(to) intangible assets (note 8)	**155,159**	(269,523)	**155,159**	-
	Transfer to compensation for waiver of rights	**(33,609)**	-	**(34,796)**	-
	Translation difference	**7,400**	1,860	**-**	-
	Other movements	**5,134**	-	**-**	-
	Increase in fair value	**1,009,669**	1,089,170	**288,154**	-
	At June 30,	**22,661,242**	21,185,687	**4,066,429**	-

		THE GROUP		THE COMPANY	
(c)	The following amounts have been recognised in profit or loss:	**2019**	2018	**2019**	2018
		Rs'000	Rs'000	**Rs'000**	Rs'000
	Rental income	**1,113,028**	1,015,124	**33,916**	-
	Direct operating expenses generating rental income	**405,756**	375,824	**-**	-
	Direct operating expenses that did not generate rental income	**43,688**	34,296	**-**	-

(d) Some of the investment properties were valued on June 30, 2019 by independent professional valuers namely Ramiah-Isabel Consultancy Ltd.

The properties have been valued to their open market value being the price at which the freehold interests might reasonably be expected to achieve if sold at the date of this valuation assuming:

1. There is a willing buyer for existing or alternative use purposes.

2. There is a willing and prudent seller.

3. That prior to the date of sale there had been a reasonable period in which to negotiate the proposed sale taking into account the prevailing market conditions.

4. That property values will remain static throughout the period during which the property is marketed.

5. That the properties will be freely and fully exposed to the market.

6. That no account is taken of any additional bid by a prospective purchaser with a special interest.

7. That both parties to the transaction will act knowledgeably, prudently and without compulsion.

8. The properties are free from all charges and encumberances.

The valuation was performed using:

(i) The direct market comparison approach, which is based on recent transactions for similar properties. When comparables are not available, then the best-suited comparables are used and adjusted for year of transaction, geographical location, land, use, size, shape, frontage, access, site constraints, planning restrictions, etc. The resulting figure is further analysed to ascertain whether it is fair and reasonable according to our knowledge of the property market.

(ii) The approach of preparing a "feasibility study" for a hypothetical subdivision for either residential purposes, commercial/office/warehousing and/or light industrial purposes, which entails estimating the total proceeds of the development and deducting therefrom the development costs to be incurred, i.e. cost of infrastructure, land transfer tax, professional fees, marketing/agency fees, developer's profits and other associated costs to arrive at the land cost.

On the other hand, building improvements have been valued to their fair value using the depreciated replacement Cost (DRC) method. The DRC has been arrived at by using the construction costs of similar buildings and adjusted for depreciation resulting from one or more of the following factors: Physical deterioration, functional obsolescence, external (or economic) obsolescence, renovation works, level/quality of maintenance.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

6. INVESTMENT PROPERTIES (CONT'D)

Information about fair value measurements using significant unobservable inputs:

	Range of unobservable inputs per arpent Moka district	Range of unobservable inputs per arpent Savannah district
Land	**Rs'm**	**Rs'm**
Cane land with conversion permit	**4.25-15.00**	**2.20-3.70**
Established built up /vacant residential and industrial plot - land	**6.00-40.00**	**4.50-6.00**
Building	**Rs/sqm**	**Rs/sqm**
Established built up /vacant residential and industrial plot - building	**3,960-15,499**	**2,696-9,091**

Direct Market Comparison approach has been used by the independent professional valuer and are based on recent transactions for similar properties.

Some of the investment properties which comprise of bare land has been valued using the residual method. The residual method consists of assessing the value of the scheme as completed and deduction of the costs of development (including developer's profit) to arrive at the underlying land value.

Real estate properties were valued on an open market basis by Gexim Real Estate Ltd, independent professional qualified valuers and are classified as level 2.

The valuation consideration takes into account the following:

- the location of the property;
- that this area forms part of an established IRS development with clearances and permits in hand;
- existing new tarred road and utilities;
- the existing facilities; and
- a stable market.

Commercial and industrial properties were valued at year end by Messrs Jones Lang Lasalle, independent professional qualified valuer. These investment properties are classified as level 3 in the fair value hierarchy.

The fair value of the properties were valued using the Discounted Cash Flow method (DCF). The expected future net income for 5 years has been discounted at an appropriate discount rate and added to the estimated reversionary value. The reversionary value has been computed by capitalising the net income prevailing at the end of the cash flow projections and discounting at an appropriate rate.

Main inputs used in the valuation of commercial properties are as follows:

Capitalisation rate	**7.50% - 13.00%**
Discount rate	**12.00%-13.75%**
Market rental growth	**5%**
Expense growth	**3.50%**
Net operating income from properties	**Rs.17m-Rs.526m**
DCF period	**5 years**

(e) The group has pledged part of its investment properties to secure borrowings.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

6. INVESTMENT PROPERTIES (CONT'D)

(f) Details of the investment properties and information about the fair value hierarchy are as follows:

2019	**THE GROUP**		**THE COMPANY**	
	Level 2	**Level 3**	**Level 2**	**Level 3**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Land and buildings	**8,197,956**	**14,463,286**	**3,920,979**	**145,450**

2018	**THE GROUP**		**THE COMPANY**	
	Level 2	Level 3	Level 2	Level 3
	Rs'000	Rs'000	Rs'000	Rs'000
Land and buildings	8,861,917	12,323,770	-	-

(g) The table below shows the changes in level 3 instruments for the year ended June 30, 2019 and 2018.

	THE GROUP		**THE COMPANY**	
	2019	2018	**2019**	2018
THE GROUP	**Rs'000**	Rs'000	**Rs'000**	Rs'000
At July 1, as restated	**12,323,770**	12,166,920	**-**	-
Amalgamation adjustment	**-**	-	**152,500**	-
Additions	**558,689**	562,325	**-**	-
Transfer to inventories (stock of land)	**(71,600)**	-	**-**	-
Transfer to compensation for waiver of rights	**(33,609)**	-	**-**	-
Disposals	**(74,369)**	(223,753)	**(8,850)**	-
Transfer to non-current assets held for sale	**(97,500)**	(35,264)	**-**	-
Transfer from intangible assets (note 8)	**155,159**	-	**-**	-
Transfer from/(to) level 2	**409,492**	(965,964)	**-**	-
Transfer from property, plant and equipment (note 5)	**217,625**	-	**-**	-
Translation difference	**200**	600	**-**	-
Effect of straighlining adjustment on rental income	**78,934**	-	**-**	-
Other movements	**5,136**	-	**-**	-
Increase in fair value	**991,359**	818,906	**1,800**	-
At June 30,	**14,463,286**	12,323,770	**145,450**	-

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

6. INVESTMENT PROPERTIES (CONT'D)

(h) Critical accounting estimates

Revaluation of investment properties

The group measures its investment properties at revalued amounts with changes in fair value being recognised in profit or loss. The group appointed independent valuation specialists to determine the fair value of the properties which were carried out on the basis of open market values, depreciated replacement cost, discounted cash flow approach and residual value method.

As part of the revaluation process, the use of judgement to determine the fair value of properties is necessary. Land is valued on the basis of recently transacted properties in that specific region and residual value method as appropriate.

For developed sites, the income capitalisation method and the depreciated replacement cost basis have been used. The depreciated replacement cost methodology consists of the depreciated replacement cost of the building, plus the market value of the land.

For the unimproved sites, the basis of valuation is the market value, which is the value for which such asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

7. DEFERRED EXPENDITURE

(a) Accounting policy

Land parcelling expenses

Costs associated with the parcelling of land are capitalised and subsequently released to profit or loss in the period in which the sale of land is realised.

Premium on leasehold land

Premium paid on leasehold land is accounted for as deferred expenditure and is included in profit or loss over the number of years remaining on those leases.

Others

In order to match cost and revenue of providing services over the period of the contract, certain expenditure related thereto is deferred.

(b)

	2019					2018
	Land parcelling expenses	Premium on leasehold land	Land development expenses	Others	Total	Total
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,						
- as previously reported	21,159	12,000	33,742	302,531	369,432	231,550
- Adjustment on initial application of IFRS 15- Revenue from contracts with customers	-	-	-	67,500	67,500	-
- as restated	21,159	12,000	33,742	370,031	436,932	231,550
Additions	7,648	-	86,426	72,100	166,174	122,978
Disposals	(4,029)	-	-	-	(4,029)	-
Transfer from inventories	-	-	-	-	-	38,977
Transfer to property, plant and equipment	-	-	-	(31)	(31)	-
Release to profit or loss	(11,930)	-	(8,786)	-	(20,716)	(11,373)
Translation difference	-	-	-	6,100	6,100	700
Amortisation charge	-	(1,800)	-	(121,300)	(123,100)	(13,400)
At June 30,	12,848	10,200	111,382	326,900	461,330	369,432

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

7. DEFERRED EXPENDITURE (CONT'D)

THE COMPANY	2019	2018
	Land parcelling expenses	Total
	Rs'000	Rs'000
At July 1,	-	-
Amalgamation adjustment	10,544	-
Disposals	(4,029)	-
Additions	3,175	-
Release for the year	(1,218)	-
At June 30,	8,472	-

8. INTANGIBLE ASSETS

(a) Accounting policy

Computer Software

Computer software is capitalised on the basis of costs incurred to acquire and bring to use the specific software and is amortised over its estimated useful life of 2 - 8 years.

Land derocking

Land derocking and preparation costs are amortised over 7 years, one year after the costs have been incurred.

Land conversion rights

Land conversion rights are transferred to investment properties upon conversion of the land.

Franchise

Franchise is shown at historical cost, has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method over its estimated useful lives of 4 - 10 years.

Milling rights

Milling rights relate to the rights in respect of future incremental free cash flows that the group will be benefiting from receiving milling and energy companies in accordance with the closure agreement of Mon Désert Alma Sugar Milling Company Limited. Milling rights are tested annually for impairment.

Goodwill

Goodwill arises on the acquisition of subsidiary companies and represents the excess of the consideration over the group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Any net excess of the group's interests in the net fair value of the acquiree's net identifiable assets over cost is recognised in profit or loss.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. On disposal of a subsidiary company, the goodwill is included in the determination of the gains and losses on disposal.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

Other purchased goodwill consists mainly of premium paid by certain subsidiaries for acquiring agencies. This goodwill is either tested for impairment or amortised over a finite period of time to determine its carrying amount at the end of the reporting period.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

8. INTANGIBLE ASSETS (CONT'D)

(b) THE GROUP

	Computer software	Goodwill	Land derocking	Land conversion rights	Franchise	Milling rights	Others	Total
(i) **2019**	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST								
At July 1, 2018	352,014	1,225,452	194,571	295,336	13,448	150,091	207,907	2,438,819
Acquisition through business combination (note 41(a))	850	-	-	-	-	-	-	850
Additions	33,142	-	5,108	-	-	-	14,800	53,050
Disposals	(34,339)	-	-	-	-	-	-	(34,339)
Impairment	(9,000)	(14,100)	-	-	-	(7,189)	-	(30,289)
Deconsolidation of subsidiaries	-	(5,200)	-	-	-	-	-	(5,200)
Other movements	-	3,233	-	-	-	-	-	3,233
Transfer to investment properties (note 6)	-	-	-	(155,159)	-	-	-	(155,159)
At June 30, 2019	**342,667**	**1,209,385**	**199,679**	**140,177**	**13,448**	**142,902**	**222,707**	**2,270,965**
AMORTISATION								
At July 1, 2018	287,340	(10,500)	123,687	-	4,406	68,194	20,514	493,641
Acquisition through business combination (note 41(a))	205	-	-	-	-	-	-	205
Charge for the year	25,721	247	20,984	-	-	-	1,600	48,552
Impairment	(8,600)	-	-	-	-	-	-	(8,600)
Disposals adjustments	(34,339)	-	-	-	-	-	-	(34,339)
At June 30, 2019	**270,327**	**(10,253)**	**144,671**	**-**	**4,406**	**68,194**	**22,114**	**499,459**
NET BOOK VALUES								
At June 30, 2019	**72,340**	**1,219,638**	**55,008**	**140,177**	**9,042**	**74,708**	**200,593**	**1,771,506**

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

8. INTANGIBLE ASSETS (CONT'D)

(b) THE GROUP (CONT'D)

	Computer software	Goodwill	Land derocking	Land conversion rights	Franchise	Milling rights	Others	Total
(ii) **2018**	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST								
At July 1, 2017	319,547	725,744	181,074	25,813	13,448	155,313	203,115	1,624,054
Acquisition through business combination (note 41(b))	-	306,694	-	-	-	-	4,243	310,937
Additions	38,375	-	13,497	-	-	-	1,100	52,972
Disposals	(4,307)	-	-	-	-	-	(700)	(5,007)
Write offs	(774)	-	-	-	-	-	-	(774)
Impairment	-	(25,586)	-	-	-	(5,222)	-	(30,808)
Adjustment of non-controlling interests' share of acquired goodwill	-	218,600	-	-	-	-	-	218,600
Translation difference	(827)	-	-	-	-	-	149	(678)
Transfer from investment properties (note 6)	-	-	-	269,523	-	-	-	269,523
At June 30, 2018	**352,014**	**1,225,452**	**194,571**	**295,336**	**13,448**	**150,091**	**207,907**	**2,438,819**
AMORTISATION								
At July 1, 2017	266,347	(10,500)	103,768	-	4,159	68,194	14,710	446,678
Charge for the year	26,385	-	19,919	-	247	-	5,700	52,251
Write offs	(774)	-	-	-	-	-	-	(774)
Disposals adjustments	(3,762)	-	-	-	-	-	-	(3,762)
Translation difference	(856)	-	-	-	-	-	104	(752)
At June 30, 2018	**287,340**	**(10,500)**	**123,687**	**-**	**4,406**	**68,194**	**20,514**	**493,641**
NET BOOK VALUES								
At June 30, 2018	**64,674**	**1,235,952**	**70,884**	**295,336**	**9,042**	**81,897**	**187,393**	**1,945,178**

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

8. INTANGIBLE ASSETS (CONT'D)

(b) THE GROUP (CONT'D)

(iii) Amortisation charge has been included in other operating expenses.

(iv) In 2018, goodwill of Rs.306.7m arising from the acquisition of subsidiaries was attributable to acquired customer base and synergies expected from combining the operations of the group with those of the subsidiaries acquired. Goodwill acquired through business combination have indefinite lives and have been allocated to cash generating units for impairment testing.

The recoverable amounts of the goodwill have been assessed based either on the fair value of the cash-generating units determined by external valuers at June 30, 2019 or on the basis of expected cash flows. The fair value of some of the cash generating units was determined on the basis of capitalisation of earnings whereby a multiple is applied to the investee's adjusted pro-forma earnings. The fair value of other cash generating units was determined on the basis of expected future cash flows from latest management forecasts which were extrapolated on the basis of long term revenue growth rates and assumptions with regard to margin development and discounted for the capital costs of business unit. Following this exercise, impairment of Rs.14.1m was recognised during the year (2018: Rs.25.6m) due to decline in performance of some subsidiaries.

(c) THE COMPANY

(i)		Computer software	Land Conversion Rights	Total
	2019	Rs'000	Rs'000	Rs'000
	COST			
	At July 1, 2018	-	-	-
	Amalgamation adjustment	3,872	295,336	299,208
	Transfer to investment properties	-	(155,159)	(155,159)
	At June 30, 2019	**3,872**	**140,177**	**144,049**
	AMORTISATION			
	At July 1, 2018	-	-	-
	Amalgamation adjustment	3,872	-	3,872
	Charge for the year	-	-	-
	At June 30, 2019	**3,872**	**-**	**3,872**
	NET BOOK VALUES			
	At June 30, 2019	**-**	**140,177**	**140,177**

(d) Critical accounting estimates

Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in paragraph(a). These calculations require the use of estimates.

Impairment of milling rights

Milling rights are tested annually for impairment. Future cash flows expected to be received are projected, taking into account market conditions. The present value of these cash flows, determined using an appropriate discount rate, is compared with the carrying amount of the intangible assets and, if lower, the assets are impaired to their present values. Assumptions and estimates are used in assessing the cash flows to be received.

9. INVESTMENTS IN SUBSIDIARY COMPANIES

(a) Accounting policy

Separate financial statements of the investor

Investments in subsidiary companies are carried at fair value. The carrying amount is reduced to recognise any impairment in the value of the individual investments.

Consolidated financial statements

Subsidiaries are entities (including structured entities) over which the group has control. The group controls an entity when it is exposed, 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 consolidated from the date control is transferred to the group and de-consolidated from the date that control ceases.

The acquisition method is used to account for business combinations by the group. The consideration for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration 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 value on acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(a) Accounting policy (cont'd)

Consolidated financial statements (cont'd)

The excess of the consideration over 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 the fair value of the identifiable net assets acquired is recorded as goodwill. If the consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss as bargain purchase.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated on consolidation. The accounting policies of subsidiary companies have been amended where necessary to ensure consistency with the policies adopted by the group.

Foreign subsidiaries

On consolidation, the assets and liabilities of the group's overseas entities are translated at exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences, if any, are classified as other comprehensive income. Such translation differences are recognised in profit or loss in the period in which the operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Transactions with non-controlling interests

The group accounts for 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 of the carrying value of net assets of the subsidiary acquired is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiary companies

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in the 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. Amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b)

	2019				2018
	DEM listed	**Official market**	**Unquoted**	**Total**	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	Rs'000
THE COMPANY					
At July 1,	**6,395**	**-**	**5,550,659**	**5,557,054**	6,312,648
Amalgamation adjustment	**(6,395)**	**772,411**	**9,204,104**	**9,970,120**	-
Disposals	**-**	**-**	**(1,209,868)**	**(1,209,868)**	-
Additions	**-**	**-**	**1,572,062**	**1,572,062**	-
Capital reduction	**-**	**-**	**(30,000)**	**(30,000)**	-
Fair value adjustments	**-**	**(114,011)**	**(1,060,846)**	**(1,174,857)**	(755,594)
At June 30,	**-**	**658,400**	**14,026,111**	**14,684,511**	5,557,054

The fair value of investments in subsidiary companies was determined at June 30, 2019 by independent valuers. The valuation was based on a combination of adjusted net assets, discounted cash flow basis and capitalised earnings.

(c) Investments included in level 1 comprise of quoted equity investments valued at their closing market prices. If all significant inputs required to fair value an investment are observable, the instrument is included in level 2. If one or more of the significant inputs are not based on observable market data, the investment is included in level 3.

The company's investments in subsidiary companies are categorised as follows:

	2019	2018
	Rs'000	Rs'000
Level 3	**14,684,511**	5,557,054

(d) The changes in level 3 instruments for the year ended June 30, 2019 and 2018 were as follows:

	2019	2018
	Rs'000	Rs'000
At July 1,	**5,557,054**	6,312,648
Amalgamation adjustment	**9,970,120**	-
Disposals	**(1,209,868)**	-
Additions	**1,572,062**	-
Capital reductions	**(30,000)**	-
Fair value adjustments	**(1,174,857)**	(755,594)
At June 30,	**14,684,511**	5,557,054

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) The list of the group's subsidiary companies at June 30, 2019 and 2018 were as follows:

		2019				2018					
		Proportion of ownership interest				Proportion of ownership interest					
NAME OF COMPANY	**Stated capital**	**Holding company**	**Subsidiary companies**	**Effective holding**	**Non-controlling interests**	Holding company	Subsidiary companies	Effective holding	Non-controlling interests	Debt Securities	Main business
	Rs '000	%	%	%	%	%	%	%	%	Rs' 000	
Corporate office:											
ENL Portfolio Managers Limited	**25**	**100.00**	**-**	**100.00**	**-**	-	100.00	36.73	63.27	-	Dormant
ENL Foundation	**1**	**-**	**100.00**	**27.50**	**72.50**	-	100.00	27.50	72.50	-	CSR
ENL Corporate Services Limited	**5,500**	**100.00**	**-**	**100.00**	**-**	-	100.00	36.73	63.27	-	Service provider
Turbine Incubator Limited	**1**	**100.00**	**-**	**100.00**	**-**	-	100.00	36.73	63.27	-	Business incubator (non-profit making company)
ENL Limited (ii)	**-**	**N/A**	**N/A**	**N/A**	**N/A**	36.73	-	36.73	63.27	-	Investment holding
Land and investment:											
ENL Corporate Ventures Limited	**133,208**	**100.00**	**-**	**100.00**	**-**	-	100.00	28.37	71.63	-	Corporate venture fund
ENL Finance Limited (ii)	**-**	**N/A**	**N/A**	**N/A**	**N/A**	-	100.00	36.73	63.27	-	Investment holding
ENL Land Ltd (ii)	**-**	**N/A**	**N/A**	**N/A**	**N/A**	-	52.92	25.38	74.62	-	Investment holding
Fleet Investment Supply and Husbandry Ltd (vii)	**-**	**N/A**	**N/A**	**N/A**	**N/A**	-	100.00	15.16	84.84	-	Dormant
Rogers Corporate Services Ltd	**357,543**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	Dormant
Rogers Hospitality Ltd (vii)	**-**	**N/A**	**N/A**	**N/A**	**N/A**	-	100.00	15.16	84.84	-	Dormant
Rogers & Co Ltd	**252,000**	**6.73**	**53.00**	**59.73**	**40.27**	-	59.73	15.16	84.84	-	Investment holding
Rogers Consolidated Shareholding Limited	**16,860**	**100.00**	**-**	**100.00**	**-**	-	100.00	15.16	84.84	-	Investment holding
Societé Reunion	**-**	**100.00**	**-**	**100.00**	**-**	-	100.00	22.53	77.47	-	Investment holding
Tambourissa Limited	**581,152**	**100.00**	**-**	**100.00**	**-**	-	100.00	25.39	74.61	-	Investment holding
Fintech:											
Rogers Capital Nominee 2 Ltd	**-**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Global business
Rogers Capital City Executives Ltd	**50**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Global business
Rogers Capital Outsourcing Ltd	**15,000**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	IT services
Rogers Capital Technology Services Ltd	**15,977**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	IT services
Enterprise Information Systems Ltd (Kenya)	**-**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	IT services
Rogers Capital Accounting Services Ltd	**-**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Global business
Rogers Capital Actuarial Services Ltd	**1,100**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Actuarial services
Rogers Capital Business Services Ltd	**-**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Global business
Rogers Capital Corporate Services (Singapore) Pte Ltd	**238**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Global business
Rogers Capital Corporate Services (Seychelles) Ltd	**404**	**-**	**100.00**	**59.73**	**40.27**	-	N/A	N/A	N/A	-	Global business
Rogers Capital Corporate Services Ltd	**782**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Global business
Rogers Capital Finance Ltd	**250,000**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Dormant
Rogers Capital Nominee Ltd	**-**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Global business
Rogers Capital Fund Services Ltd	**500**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Global business
Rogers Capital Nominee 1 Ltd	**-**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Global business
Rogers Capital Captive Insurance Management Services Ltd	**2,215**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Global business
Rogers Capital Specialist Services Ltd	**100**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Global business
River Court Nominees Limited	**100**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Global business
Rogers Capital Payroll Services Ltd	**10**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Payroll services
Rogers Capital Trustees Services Ltd	**1,400**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Global business
Rogers Capital Investment Advisors Ltd	**11,000**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Asset management
Rogers Capital Ltd	**699,739**	**25.06**	**56.50**	**58.81**	**41.19**	-	73.00	8.57	91.43	-	Investment holding
Rogers Capital Wealth Management Ltd (vii)	**-**	**N/A**	**N/A**	**N/A**	**N/A**	-	100.00	8.57	91.43	-	Investment holding
Globefin Corporate Services Ltd	**-**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Global business
Globefin Management Services Ltd	**600**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Global business
Globefin Nominee Ltd	**10**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Global business
Rcap Executives Ltd (i)	**-**	**-**	**100.00**	**59.73**	**40.27**	-	N/A	N/A	N/A	-	Global business
Rogers Capital Management Services Ltd	**601**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Investment
Rogers Capital Payment Solutions Ltd	**-**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	8.57	91.43	-	Payment solutions

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) The list of the group's subsidiary companies at June 30, 2019 and 2018 were as follows (cont'd):

		2019				2018					
		Proportion of ownership interest				Proportion of ownership interest					
NAME OF COMPANY	Stated capital	Holding company	Subsidiary companies	Effective holding	Non-controlling interests	Holding company	Subsidiary companies	Effective holding	Non-controlling interests	Debt Securities	Main business
	Rs '000	%	%	%	%	%	%	%	%	Rs' 000	
Commerce and industry:											
Axess Limited	277,072	-	100.00	100.00	-	-	100.00	22.53	77.47	-	Sale and servicing of motor vehicles
Box Manufacturing Company Limited	7,894	-	100.00	100.00	-	-	100.00	22.53	77.47	-	Manufacture of carton boxes
Cogir Limitée (v)	-	-	N/A	N/A	N/A	-	100.00	25.39	74.61	-	Construction
Commercial Investment Property Fund Limited	112,300	-	100.00	100.00	-	-	100.00	22.53	77.47	560,000	Owner of properties
ENL Commercial Limited (ii and iii)	1,281,061	100.00	-	100.00	-	-	61.32	22.53	77.47	-	Investment holding
Grewals (Mauritius) Limited	165,595	-	100.00	100.00	-	-	100.00	22.53	77.47	-	Saw millers and timber merchants
Indoor & Outdoor Living Ltd	46,136	-	99.99	99.99	0.01	-	99.99	22.53	77.47	-	Supply of towels and other related products
Nabridas International Ltd	100	-	100.00	100.00	-	-	100.00	22.53	77.47	-	Dealer in swimming pools
Nabridas Ltd	26,750	-	100.00	100.00	-	-	100.00	22.53	77.47	-	Producer and dealer in swimming pools
Packestate Limited (vi)	-	N/A	N/A	N/A	N/A	-	100.00	22.53	77.47	-	Rental of industrial buildings
Plastinax Austral Limitée	189,467	-	99.40	99.40	0.60	-	99.40	22.39	77.61	10,000	Manufacture of sunglasses
Joinery and Metal Distribution International Ltd (ix)	10,500	-	75.76	75.76	24.24	-	N/A	N/A	N/A		Distributor of aluminium products
Logistics:											
Associated Container Services Ltd	18,301	-	100.00	59.73	40.27	-	100.00	10.12	89.88	-	Port related services
Cargo Express Madagascar S.A.R.L	168	-	100.00	59.73	40.27	-	100.00	10.12	89.88	-	Freight forwarding
Express Logistics Solutions Ltd	1	-	100.00	59.73	40.27	-	100.00	10.12	89.88	-	Dormant
FOM Warehouse Ltd	100	-	96.00	57.34	42.66	-	100.00	12.58	87.42	-	Port related services
Freeport Operations (Mtius)Ltd	133,447	-	100.00	59.73	40.27	-	100.00	10.27	89.73	-	Port related services
General Cargo Services Limited	889	-	100.00	59.73	40.27	-	100.00	5.12	94.88	-	Port related services
Gencargo (Transport) Limited	1,422	-	80.00	47.78	52.22	-	80.00	4.10	95.90	-	Transport services
Logistics Solution Ltd	360,483	-	100.00	59.73	40.27	-	100.00	10.19	89.81	-	Investment holding
MTL Logistics & Distributions Ltd	1,688	-	100.00	59.73	40.27	-	100.00	10.12	89.88	-	Transport company
P.A.P.O.L.C.S. Ltd	100	-	80.00	47.78	52.22	-	80.00	4.82	95.18	-	Stevedoring
Papol Holding Limited	100	-	60.00	35.84	64.16	-	60.00	6.02	93.98	-	Investment holding
Rogers International Distribution Services Limitada	39,493	-	100.00	59.73	40.27	-	100.00	10.04	89.96	-	Freight forwarding
Rogers International Distribution Services S.A	28,921	-	100.00	59.73	40.27	-	100.00	10.04	89.96	-	Freight forwarding
Rogers International Distribution Services S.A.R.L	8	-	100.00	59.73	40.27	-	100.00	10.04	89.96	-	Freight forwarding
Rogers Logistics International Ltd	80,204	-	100.00	59.73	40.27	-	100.00	10.04	89.96	-	Freight forwarding
Rogers Logistics Services Company Ltd	100	-	100.00	59.73	40.27	-	100.00	10.04	89.96	-	Freight forwarding
Rogers Shipping Ltd	721	-	100.00	59.73	40.27	-	100.00	6.90	93.10	-	Freight forwarding
Rogers Shipping Pte Ltd	3	-	51.00	30.46	69.54	-	51.00	5.12	94.88	-	Shipping agency
Société du Port (vii)	-	-	N/A	N/A	N/A	-	100.00	15.16	84.84	-	Investment holding
Southern Marine & Co Ltd	500	-	100.00	59.73	40.27	-	100.00	6.90	93.10	-	Shipping services
Sukpak Ltd	1,200	-	70.00	41.81	58.19	-	70.00	7.03	92.97	-	Packing of special sugars
Rennel Limited	9,900	-	100.00	100.00	-	-	100.00	22.53	77.47	-	Courier service
Freight Link Limited	1,001	-	100.00	100.00	-	-	100.00	22.53	77.47	-	Courier service

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) The list of the group's subsidiary companies at June 30, 2019 and 2018 were as follows (cont'd):

	2019					2018					
		Proportion of ownership interest				Proportion of ownership interest					
NAME OF COMPANY	**Stated capital**	**Holding company**	**Subsidiary companies**	**Effective holding**	**Non-controlling interests**	Holding company	Subsidiary companies	Effective holding	Non-controlling interests	Debt Securities	Main business
	Rs '000	**%**	**%**	**%**	**%**	%	%	%	%	Rs' 000	
Logistics (cont'd):											
Thermoil Company Ltd	**100**	**-**	**80.00**	**47.78**	**52.22**	-	80.00	12.13	87.87	-	Bitumen agency
Transworld International Ltd	**25**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	10.04	89.96	-	Dormant
Velogic Depot and Warehouse Ltd	**300**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	10.04	89.96	-	Dormant
Velogic Express Reunion	**8,341**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	10.04	89.96	-	Courier
Velogic Garage Services Ltd	**50**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	10.04	89.96	-	Transport company
Velogic Haulage Services Ltd	**975**	**-**	**100.00**	**59.73**	**40.27**	-	80.00	10.04	89.96	-	Transport services
Velogic Holding Company Ltd	**1,019,294**	**-**	**66.20**	**39.54**	**60.46**	-	66.20	10.04	89.96	-	Investment holding
Velogic India Private Ltd	**11,156**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	10.04	89.96	-	Freight forwarding
Velogic Ltd	**83,985**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	10.06	89.94	-	Freight forwarding
Velogic Sea Frigo R'Frigo S.A	**4,085**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	10.06	89.94	-	Freight forwarding
VK Logistics Ltd	**163,814**	**-**	**51.00**	**30.46**	**69.54**	-	51.00	5.12	94.88	-	Investment holding
Hospitality:											
Adnarev Ltd	**76,464**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	11.87	88.13	-	Hotel
Ario (Seychelles) Ltd	**47**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	GSA of airlines
BEAVIA Kenya Limited	**35**	**-**	**70.00**	**41.81**	**58.19**	-	70.00	10.61	89.39	-	Travel agency
Blue Alize Ltd	**-**	**-**	**80.00**	**47.78**	**52.22**	-	80.00	15.16	84.84	-	Catamaran sightseeing tours
Blue Sky Madagascar SARLU	**1,070**	**-**	**100.00**	**15.16**	**84.84**	-	100.00	15.16	84.84	-	Travel agency
Blue Sky Réunion SAS	**2,813**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	Travel agency
BS Travel Management Limitada	**216**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	GSA of airlines
BS Travel Management Ltd	**25,000**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	Travel agency
BS Travel Mayotte	**325**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	Travel agency
Croisières Australes Ltée	**3,225**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	Catamaran sightseeing tours
GSAfrica Airline Services (pty) Ltd (vii)	**-**	**-**	**N/A**	**N/A**	**N/A**	-	100.00	15.16	84.84	-	GSA Of Airlines
DOMC Ltd (i)	**57,000**	**-**	**51.00**	**30.46**	**69.54**	-	51.00	7.73	92.27	-	Leisure
Cap D'Abondance Ltd	**-**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	Leisure
Heritage Events Company Limited	**100**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	11.87	88.13	-	Investment holding
Heritage Golf Club Ltd	**310,350**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	9.80	90.20	-	Golf course
Heritage Golf Mangement Ltd	**500**	**-**	**75.00**	**44.80**	**55.20**	-	N/A	N/A	N/A	-	Golf management
Hotels Operations Company Ltd	**10**	**-**	**100.00**	**59.73**	**40.27**	-	N/A	N/A	N/A	-	Hotels operations
Restaurants Operations Company Ltd	**10**	**-**	**100.00**	**59.73**	**40.27**	-	N/A	N/A	N/A	-	Restaurants operations
Islandian SARL	**461**	**-**	**90.50**	**54.06**	**45.94**	-	90.50	13.72	86.28	-	Online tour operating
Plaisance Air Transport Services Ltd	**1,500**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	Warehousing
Resaplanet Ltd	**19,094**	**-**	**90.50**	**54.06**	**45.94**	-	90.50	13.72	86.28	-	Online tour operating
Rogers Aviation (Mauritius) Ltd	**2,525**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	GSA of airlines
Rogers Aviation Comores S.A.R.L	**824**	**-**	**100.00**	**15.16**	**84.84**	-	100.00	15.16	84.84	-	GSA of airlines
Rogers Aviation France S.A.R.L	**20,760**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	GSA of airlines
Rogers Aviation Holding Company Ltd	**115,410**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	Investment holding
Rogers Aviation International Ltd	**51,390**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	GSA of airlines
Rogers Aviation Kenya Ltd	**396**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	GSA of airlines
Rogers Aviation Madagascar S.A.R.L	**1,910**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	GSA of airlines
Rogers Aviation Mayotte S.A.R.L	**490**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	GSA of airlines
Rogers Aviation Mozambique Limitada	**54**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	GSA of airlines

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) The list of the group's subsidiary companies at June 30, 2019 and 2018 were as follows (cont'd):

		2019				2018					
		Proportion of ownership interest				Proportion of ownership interest					
NAME OF COMPANY	**Stated capital**	**Holding company**	**Subsidiary companies**	**Effective holding**	**Non-controlling interests**	Holding company	Subsidiary companies	Effective holding	Non-controlling interests	Debt Securities	Main business
	Rs '000	**%**	**%**	**%**	**%**	%	%	%	%	Rs' 000	
Hospitality:											
Case Noyale Ltée	**7**	**-**	**53.60**	**32.02**	**67.98**	-	53.60	5.66	94.34	-	Agriculture and leisure
Rogers Aviation Reunion	**20,001**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	GSA of airlines
Rogers Aviation Senegal S.A.R.L	**-**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	GSA of airlines, travel agency and tour operator
Rogers Aviation South Africa (PTY) Ltd	**-**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	GSA of airlines
Seven Colours Spa Ltd	**20,025**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	11.87	88.13	-	Management services
Sports-Event Management Operation Co Ltd	**7,500**	**-**	**25.00**	**14.93**	**85.07**	-	100.00	15.16	84.84	-	Leisure
Sweetwater Ltd	**11,300**	**-**	**55.00**	**32.85**	**67.15**	-	100.00	15.16	84.84	-	Leisure
Transcontinent S.A.R.L	**617**	**-**	**66.60**	**39.78**	**60.22**	-	66.60	10.10	89.90	-	Travel agency
Travelia S.A.R.L (vii)	**-**	**-**	**N/A**	**N/A**	**N/A**	-	90.50	13.72	86.28	-	Online tour operating
Veranda Tamarin Ltd	**210,000**	**-**	**51.00**	**30.46**	**69.54**	-	51.00	10.10	89.90	-	Hotel
VLH Ltd	**733,329**	**-**	**83.00**	**49.58**	**50.42**	-	81.00	11.87	88.13	-	Hotel
VLH Training Ltd	**1,015**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	11.87	88.13	-	Management services
Yatch Management Ltd	**-**	**-**	**51.00**	**30.46**	**69.54**	-	51.00	7.43	92.57	-	Boat cruises
Bagatelle Hotel Operations Company Limited	**20,424**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	Provision of hotel and hospitality services
CCC LAH Limited	**14,500**	**-**	**86.20**	**51.49**	**48.51**	-	100.00	15.16	84.84	-	Restaurant operator
Island Living Ltd	**112,381**	**-**	**80.20**	**47.90**	**52.10**	-	100.00	15.16	84.84	-	Investment holding
Seafood Basket Limited	**25,106**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	Restaurant operator
Agro-industry:											
Agrex Limited	**7,540**	**-**	**100.00**	**100.00**	**-**	-	100.00	25.39	74.61	-	Sale of agro-supply products
Cie. Sucrière de Bel Ombre Ltd	**33,300**	**-**	**53.50**	**31.96**	**68.04**	-	53.50	5.66	94.34	-	Agriculture & investment
ENL Agri Ltd	**479,741**	**100.00**	**-**	**100.00**	**-**	-	100.00	25.39	74.61	-	Agricultural activities
Enquickfix Limited	**1,201**	**-**	**100.00**	**100.00**	**-**	-	100.00	25.39	74.61		Dormant
ESP Landscapers Ltd	**10,000**	**-**	**100.00**	**84.45**	**15.55**	-	87.45	20.31	79.69	-	Landscaping services
Exotiflors Limited	**700**	**-**	**100.00**	**100.00**	**-**	-	100.00	25.39	74.61	-	Dormant
Mon Desert Alma Sugar Milling Company Limited	**157,816**	**-**	**80.00**	**80.00**	**20.00**	-	80.00	20.31	79.69	-	Agricultural activities
Sygeco Limited	**801**	**-**	**100.00**	**100.00**	**-**	-	100.00	25.39	74.61		Provision of syndic services
Property:											
Ascencia Limited	**4,411,401**	**-**	**61.94**	**47.01**	**52.99**	-	69.41	14.71	85.29	-	Property fund
Bagaprop Limited	**1,252,101**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	5.49	94.51	-	Property
Enatt Ltd	**74,790**	**19.71**	**37.10**	**56.81**	**43.19**	-	58.42	14.42	85.58	-	Property and asset management
ENL Property Limited	**3,720,000**	**100.00**	**-**	**100.00**	**-**	-	100.00	25.39	74.61	-	Property development services
Envolt Ltd	**50,501**	**100.00**	**-**	**100.00**	**-**	-	100.00	25.39	74.61	-	Producer of electricity
Espral International Ltd	**9,900**	**-**	**100.00**	**100.00**	**-**	-	100.00	25.39	74.61	-	Real estate marketing
Espral Limited (iv)	**-**	**N/A**	**N/A**	**N/A**	**N/A**	-	87.45	25.39	74.61	-	Land development services
Foresite Property Holding Ltd	**1,028,269**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	Property
FPHL Infra Ltd	**27,531**	**-**	**100.00**	**80.27**	**19.73**	-	100.00	20.38	79.62	-	Dormant

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) The list of the group's subsidiary companies at June 30, 2019 and 2018 were as follows (cont'd):

		2019				2018					
		Proportion of ownership interest				Proportion of ownership interest					
NAME OF COMPANY	**Stated capital**	**Holding company**	**Subsidiary companies**	**Effective holding**	**Non-controlling interests**	Holding company	Subsidiary companies	Effective holding	Non-controlling interests	Debt Securities	Main business
	Rs '000	**%**	**%**	**%**	**%**	%	%	%	%	Rs' 000	
Property:											
Gardens of Bagatelle Ltd (viii)	**-**	**N/A**	**N/A**	**N/A**	**N/A**	-	100.00	25.61	74.39	-	Property
Le Marche du Moulin Ltd	**1,156**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	3.40	96.60	-	Retail
Les Villas de Bel Ombre Amenities Ltd	**35**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	Construction of sports complex and beach club for IRS home owners association
Le Floreal Commercial Centre Limited	**324,000**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	18.63	81.37	-	Property
Le Sunset Commercial Limited	**80,000**	**-**	**100.00**	**100.00**	**-**	-	100.00	25.39	74.61	-	Real estate and property developer
Les Villas de Bel Ombre Ltée	**291,135**	**-**	**60.00**	**35.84**	**64.16**	-	60.00	3.40	96.60	-	Construction and sale of villas
Moka City Ltd	**2,398,947**	**-**	**83.49**	**79.70**	**20.30**	-	100.00	20.23	79.77	-	Land and property developer
Motorcity Ltd	**151,675**	**-**	**100.00**	**88.48**	**11.52**	-	100.00	23.00	77.00	-	Property
Motor Traders Ltd	**700**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	15.16	84.84	-	Property
Reliance Facilities Ltd	**-**	**N/A**	**N/A**	**N/A**	**N/A**	-	100.00	20.38	79.62	-	Dormant
Reliance Security Services Ltd	**-**	**N/A**	**N/A**	**N/A**	**N/A**	-	100.00	20.38	79.62	-	Dormant
Reliance Systems Ltd	**-**	**N/A**	**N/A**	**N/A**	**N/A**	-	100.00	20.38	79.62	-	Dormant
S&W Synergy Ltd	**41,911**	**34.88**	**53.49**	**77.51**	**22.49**	-	84.91	20.99	79.01	-	Management of sports complex
Savannah Properties Ltd	**1**	**100.00**	**-**	**100.00**	**-**	-	100.00	25.39	74.61	-	Land and property developer
Societé Du Courlis	**-**	**100.00**	**-**	**100.00**	**-**	-	100.00	25.39	74.61	-	Rental of bungalows
South West Tourism Development Co. Ltd	**4,950**	**-**	**68.90**	**41.15**	**58.85**	-	70.90	10.45	89.55	-	Investment holding
The Old Factory Limited	**886,285**	**3.01**	**86.35**	**88.48**	**11.52**	-	100.00	25.61	74.39	-	Rental of offices
Valetta Locoshed Offices Ltd (vii)	**-**	**N/A**	**N/A**	**N/A**	**N/A**	-	100.00	25.39	74.61	-	Rental of offices
Villas Valriche Resorts Ltd	**1**	**-**	**100.00**	**59.73**	**40.27**	-	100.00	3.40	96.60	-	Rental pool management company
Courchamps Development	**199,735**	**-**	**66.47**	**66.47**	**33.53**	-	100.00	25.39	74.61	-	Property
Courchamps Properties (i)	**495,000**	**-**	**100.00**	**100.00**	**-**	-	-	-	-	-	Property
Moka Residentiel	**40,000**	**-**	**100.00**	**100.00**	**-**	-	100.00	25.39	74.61	-	Property
MDA Offices (viii)	**-**	**N/A**	**N/A**	**N/A**	**N/A**	-	100.00	13.27	86.73	-	Property
SB Cattle	**21,000**	**100.00**	**-**	**100.00**	**-**	-	100.00	25.39	74.61	-	Farming
Beau Vallon Shopping Mall (i)	**208,400**	**-**	**100.00**	**100.00**	**-**	-	100.00	25.39	74.61	-	Property
Telfair Square	**116,001**	**-**	**100.00**	**79.70**	**20.30**	-	100.00	20.23	79.77	-	Property
Gros Bois Development (i)	**150,001**	**-**	**100.00**	**100.00**	**-**	-	N/A	N/A	N/A	-	Property

Ordinary shares are issued by the above subsidiaries and their statutory reporting date is June 30, 2019.

(i) These are new subsidiaries of the group.

(ii) ENL Land Ltd, ENL Finance Limited, ENL Commercial Limited, ENL Limited and La Sablonniere Limited have amalgamated with and into La Sablonniere Limited. Following the amalgamation La Sablonniere Limited has changed its name to ENL Limited.

(iii) Another company named, ENL Commercial Limited, has been incorporated during the year.

(iv) Espral Ltd has been amalgamated with ENL Property, with ENL Property remaining as the surviving entity.

(v) Cogir Limitee was amalgamated with BCE on July 01, 2018, with BCE remaining as the amalgamated company and Cogir Limitee was classified as held for sale as at June 30, 2018. Investment in Cogir Limitee has been derecognised during the year.

(vi) Packestate has been deconsolidated during the year.

(vii) Investment in these subsidiaries have been derecognised during the year.

(viii) MDA Offices and Gardens of Bagatelle have been amalgamated with The Old Factory, with The Old Factory remaining as the surviving entity.

(ix) Joinery and Metal Distribution International Ltd has been transferred from associate to subsidiary during the year.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(f) The above subsidiary companies are incorporated and operate in Mauritius, except for:

	COUNTRY OF INCORPORATION/PLACE OF BUSINESS
Ario (Seychelles) Ltd	Republic of Seychelles
BS Madagascar SARLU	Republic of Malagasy
BS Travel Management Limitada	Republic of Mozambique
BS Travel Mayotte	Mayotte
BEAVIA Kenya Limited	Republic of Kenya
Blue Sky Réunion SAS	Reunion Island
Cargo Express Madagascar S.A.R.L.	Republic of Malagasy
Enterprise Information Systems Ltd (Kenya)	Republic of Kenya
Gencargo (Transport) Limited	Republic of Kenya
General Cargo Services Limited	Republic of Kenya
Islandian S.A.R.L	Reunion Island
Roqers Capital Corporate Services (Singapore) Pte Ltd	Republic of Singapore
Rogers Aviation Comores S.A.R.L.	Republic of Comores
Rogers Aviation France S.A.R.L.	Reunion Island
Rogers Aviation Kenya Ltd	Republic of Kenya
Rogers Aviation Madagascar S.A.R.L.	Republic of Malagasy
Rogers Aviation Mayotte S.A.R.L.	Mayotte
Rogers Aviation Mozambique Limitada	Republic of Mozambique
Rogers Aviation Senegal S.A.R.L.	Republic of Senegal
Rogers Aviation South Africa (Pty) Ltd	Republic of South Africa
Rogers International Distribution Services Limitada	Republic of Mozambique
Rogers International Distribution Services Madagacar S.A.R.L.U	Republic of Malagasy
Rogers International Distribution Services S.A.	French Republic
Rogers Shippinq Pte Ltd	Republic of Singapore
Transcontinent S.A.R.L.	Republic of Malagasy
Velogic Express Reunion	Reunion Island
Velogic India Private Ltd	Republic of India
Velogic Sea Frigo RTrigo SA	Reunion Island

(g) **Subsidiary companies with material non-controlling interests**

Details of subsidiary companies that have non-controlling interests that are material to the entity are given below:

	Profit allocated to non-controlling shareholders	Accumulated non-controlling interests at June 30,
	Rs'000	Rs'000
2019		
Rogers & Co Ltd	**885,661**	**15,110,531**
2018		
[Ex]-ENL Limited	899,996	25,600,449

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(h) **Summarised financial information on subsidiaries with material non-controlling interests**

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income:

	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit for the year	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non-controlling shareholders
2019	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Rogers & Co Ltd	**5,094,800**	**31,471,400**	**6,178,800**	**11,033,200**	**10,297,000**	**1,109,200**	**227,600**	**1,336,800**	**295,900**
2018									
[Ex]-ENL Limited	7,686,430	55,453,838	7,947,735	18,949,662	14,601,953	1,146,196	(403,214)	742,982	(592,160)

(ii) Summarised cash flow information:

	Operating activities	Investing activities	Financing activities	Net increase/ (decrease) in cash and cash equivalents
2019	Rs'000	Rs'000	Rs'000	Rs'000
Rogers & Co Ltd	**(84,200)**	**(943,900)**	**505,900**	**(522,200)**
2018				
[Ex]-ENL Limited	1,433,698	(1,515,025)	658,697	577,370

The summarised financial information provided above is inclusive of intra-group transactions.

(i) **Critical accounting estimates**

Fair value of securities not quoted on an active market

The fair value of securities not quoted on an active market is determined by the group using valuation methods which involve the use of judgement and estimates. Changes in assumptions about these factors could affect the reported fair value of investments.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

10. INVESTMENTS IN ASSOCIATED COMPANIES

(a) Accounting policy

Separate financial statements of the investor

Investments in associated companies are carried at fair value. The carrying amount is reduced to recognise any impairment in the value of the individual investments.

Consolidated financial statements

An associated company is an entity over which the group has significant influence but not control or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associated companies are accounted for under the equity method.

The group's investments in associated companies include goodwill (net of any accumulated impairment loss) identified on acquisition. Investments in associated companies are initially recognised at cost as adjusted for post acquisition changes in the group's share of the net assets of the associated companies less any impairment in the value of individual investments.

Any excess of the cost of acquisition over the group's share of the net fair value of the associated company's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill and is included in the carrying amount of the investment. Any excess of the group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition is included in profit or loss.

When the group's share of losses exceeds its interest in an associated company, the group discontinues recognising further losses unless it has legal or constructive obligations or made payments on behalf of the associated company.

The results of associated companies acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of their acquisition or up to the date of their disposal.

Unrealised profits are eliminated to the extent of the group's interests in the associated company. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Where necessary, appropriate adjustments are made to the financial statements of associated companies to bring the accounting policies used in line with those adopted by the group.

If the ownership in an associated company is reduced but 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 on investments in associated companies are recognised in profit or loss.

(b) THE GROUP

	2019	2018
	Rs'000	Rs'000
At July 1,	**9,351,461**	8,579,116
Additions	**99,727**	98,484
Conversion of preference shares into ordinary	**-**	812,369
Disposals	**(7,932)**	(261,265)
Transfer to investments in subsidiary companies	**(12,671)**	-
Share of profits less losses of associated companies from continuing operations	**142,002**	273,575
Share of profits of associated companies from discontinued operations	**-**	1,031
Movement in net assets of associated companies	**362,064**	(144,118)
Movement in non distributable reserve	**(28,000)**	-
Impairment losses	**-**	(4,716)
Transfer to non-current assets classified as held for sale	**-**	(3,015)
Other movements	**(22,690)**	-
At June 30,	**9,883,961**	9,351,461

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

(c) The group's interests in its associated companies are as follows:

			2019			2018			
			Proportion of ownership interest			Proportion of ownership interest			
	Year end	**Country of incorporation**	**Holding company**	**Subsidiary companies**	**Effective holding**	Holding company	Subsidiary companies	Effective holding	Principal activity
Agro-industry:			%	%	%	%	%	%	
Avipro Co Ltd (iv)	June 30,	Mauritius		**N/A**	**N/A**	-	39.00	9.90	Poultry farming and food processing
Bioculture (Mauritius) Ltd	Dec 31,	Mauritius	**-**	**25.40**	**15.17**	-	25.40	3.85	Breeding and export of primates
Charles Telfair Ltd	June 30,	Mauritius	**8.33**	**16.67**	**18.29**	-	25.00	4.64	Tertiary education
Management and Development Company Limited	June 30,	Mauritius	**-**	**34.98**	**39.00**	-	39.00	9.90	Investment holding
Société Amstramdram	June 30,	Mauritius	**-**	**48.98**	**48.98**	-	48.98	12.43	Investment holding
Sun Souvenir Limited	June 30,	Mauritius	**25.00**	**N/A**	**N/A**	-	25.00	9.18	Dormant
Commerce and industry:									
Blue Frog Holding Limited (ii)	June 30,	Mauritius	**-**	**N/A**	**N/A**	-	27.30	4.14	Investment holding
Construction & Development Ltd (ii)	June 30,	Mauritius	**-**	**N/A**	**N/A**	-	50.00	12.69	Construction
We SimplyFile Ltd	June 30,	Mauritius	**-**	**35.00**	**35.00**	-	35.00	7.88	Document management solutions
Formation Recrutement et Conseil en Informatique Limitee	June 30,	Mauritius	**-**	**47.14**	**47.14**	-	47.14	10.89	Provider of IT services
Interex S.A.	June 30,	Madagascar	**-**	**50.00**	**50.00**	-	50.00	11.26	Courier services
Joinery and Metal Distribution International Ltd (note (iii))	June 30,	Mauritius	**-**	**N/A**	**N/A**	-	50.00	11.26	Distributor of aluminium products
Mauritian Coal and Allied Services Company Ltd	Sep 30,	Mauritius	**-**	**25.60**	**15.29**	-	25.60	3.88	Coal supplier
Retail Lab Ltd	June 30,	Mauritius	**-**	**50.00**	**50.00**	-	50.00	7.21	Marketing activities
Sainte Marie Crushing Plant Ltd	June 30,	Mauritius	**-**	**8.80**	**5.26**	-	8.80	1.33	Manufacture and sale of building materials
Superdist Ltd	Dec 31,	Mauritius	**-**	**45.00**	**45.00**	-	45.00	10.14	IT hardware wholesaler
Indian Ocean Network News Ltd (ii)	Dec 31,	Mauritius	**-**	**N/A**	**N/A**	-	27.00	4.10	Media and communication
Building Civil Engineering (i)	June 30,	Mauritius	**-**	**30.00**	**30.00**	-	N/A	N/A	Construction

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

(c) The group's interests in its associated companies are as follows (cont'd):

			2019			2018			
			Proportion of ownership interest			Proportion of ownership interest			
	Year end	Country of incorporation/ Place of business	Holding company	Subsidiary companies	Effective holding	Holding company	Subsidiary companies	Effective holding	Principal activity
Property:			%	%	%	%	%	%	
B.R.E Ltd	June 30,	Mauritius	**-**	**29.79**	**29.79**	-	29.79	7.56	Property
Etwaro and Associates (ii)	June 30,	Mauritius	**-**	**N/A**	**N/A**	-	30.00	7.61	Quantity surveying and project management services
Footfive Limited	June 30,	Mauritius	**-**	**25.00**	**25.00**	-	25.00	6.34	Rental of gymnasium
Le Morne Development Corporation Ltd	Sep 30,	Mauritius	**-**	**20.00**	**11.95**	-	20.00	3.03	Property
Société Bohemia (ii)	June 30,	Mauritius	**-**	**N/A**	**N/A**	-	50.00	8.25	Property
Hospitality:									
Air Cargo Service Madagascar Ltd	Dec 31,	Madagascar	**-**	**50.00**	**29.87**	-	50.00	7.58	Ground handling services
Blue Connect Ltd	Sep 30,	Mauritius	**-**	**30.00**	**17.92**	-	30.00	4.55	Business process outsourcing outsourcing
Lagoona Cruise Ltd	June 30,	Mauritius	**-**	**33.00**	**19.71**	-	33.00	5.00	Boat cruises activities
Mautourco Ltd (ii)	Sep 30,	Mauritius	**-**	**N/A**	**N/A**	-	49.00	7.45	Vehicle rental and tours
Mozambique Airport Handling Services Limitada	Sep 30,	Mozambique	**-**	**29.00**	**17.32**	-	29.00	4.40	Ground handling services
New Mauritius Hotels Limited	Sep 30,	Mauritius	**15.24**	**22.90**	**28.92**	-	35.26	6.60	Hospitality
Société Grande Castagnole (ii)	Sep 30,	Mauritius	**-**	**N/A**	**N/A**	-	49.00	7.45	Investment
Société Pur Blanca	Sep 30,	Mauritius	**-**	**49.00**	**29.27**	-	49.00	7.43	Investment
White Palm Ltd (ii)	Sep 30,	Mauritius	**-**	**N/A**	**N/A**	-	49.00	7.45	Vehicle rental and tours
Logistics:									
Island Bulk Carriers Pte Ltd (ii)	Dec 31,	Singapore	**-**	**N/A**	**N/A**	-	35.00	1.81	Shipping activities
FinTech:									
Swan Financial Solutions Ltd	Dec 31,	Mauritius	**-**	**20.00**	**11.95**	-	20.00	3.03	Insurance
Swan General Ltd	Dec 31,	Mauritius	**-**	**29.40**	**17.56**	-	29.40	4.46	Insurance

The above associates have been accounted for using the equity method.

For companies with non co-terminous year end, accounts to June 30 have been included in the consolidated financial statements.

At June 30, 2019, the fair value of the group's interest in New Mauritius Hotels Limited and Swan General Ltd, which are listed on the Stock Exchange of Mauritius were Rs. 3,541.1m and Rs.836.0m respectively (2018: Rs. 5,026m and Rs. 898.7m respectively) based on the quoted market price available which is a level 1 input in terms of IFRS 13.

(i) Building Civil Engineering is a new associate during the year.

(ii) Investment in these associates have been derecognised during the year.

(iii) Joinery and Metal Distribution International Ltd has been transferred from associate to subsidiary during the year.

(iv) The shares in Avipro Co Ltd were acquired by Management and Development Company Limited (MADCO) and the company was issued MADCO shares in exchange.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

(d) Summarised financial information in respect of the group's principal associated companies is set out below:

	Year end	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Profit/ (loss) for the year	Other comprehensive income for the year	Total comprehensive income for the year
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2019									
Charles Telfair Ltd	**June 30,**	**74,787**	**343,084**	**42,703**	**74,052**	**194,608**	**52,500**	**2,757**	**55,257**
Formation Recrutement & Conseil en Informatique Limitée	**June 30,**	**102,298**	**56,796**	**61,918**	**41,421**	**271,209**	**22,705**	**(2,026)**	**20,679**
Management and Development Company Limited	**June 30,**	**4,926,902**	**9,972,229**	**3,409,528**	**2,490,353**	**11,801,478**	**516,201**	**10,493**	**526,694**
New Mauritius Hotels Limited	**Sep 30,**	**7,889,100**	**29,126,400**	**6,472,000**	**16,552,400**	**9,684,600**	**15,400**	**887,800**	**903,200**
Superdist Limited	**Dec 31,**	**166,998**	**3,503**	**98,942**	**3,180**	**61,761**	**23,012**	**436**	**23,448**
Swan General Ltd	**Dec 31,**	**47,446,000**	**2,493,800**	**677,100**	**45,417,600**	**7,367,200**	**383,700**	**7,000**	**390,700**
2018									
Avipro Co Ltd	June 30,	715,790	3,202,527	356,360	650,405	2,288,311	270,368	245,749	516,117
Charles Telfair Ltd	June 30,	47,908	337,311	45,397	78,962	185,504	50,236	31,358	81,594
Formation Recrutement & Conseil en Informatique Limitée	June 30,	92,308	61,147	43,966	44,473	226,908	23,667	2,991	26,658
Management and Development Company Limited	June 30,	2,905,087	6,185,951	2,182,601	1,322,987	9,544,159	417,507	31,358	448,865
New Mauritius Hotels Limited	Sep 30,	8,051,205	26,036,755	5,603,011	17,253,002	9,893,036	(125,501)	138,707	13,206
Superdist Limited	Dec 31,	200,452	2,650	148,032	2,774	453,424	17,486	-	17,486
Swan General Ltd	Dec 31,	45,249,377	2,337,294	371,683	43,708,366	7,076,936	85,786	129,761	215,547

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

(e) Reconciliation of summarised financial information to the carrying amount recognised in the financial statements in respect of the material associates is set out below:

2019	Opening net assets at July 1	Adjustments on intial application of IFRS 9 and 15	Merger adjustment	Additions	Profit for the year	Dividends	Other comprehensive income for the year	Other movement	Closing net assets at June 30	Ownership interest	Interest in associates	Goodwill	Carrying value
Name of company	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**%**	**Rs'000**	**Rs'000**	**Rs'000**
Avipro Co Ltd	**2,851,800**	**-**	**(2,851,800)**	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**-**	**-**
Charles Telfair Ltd	**260,860**	**-**	**-**	**-**	**52,500**	**(15,000)**	**2,757**	**-**	**301,117**	**18.29**	**55,074**	**-**	**55,074**
Formation Recrutement & Conseil en Informatique Limitée	**65,016**	**(847)**	**-**	**-**	**22,705**	**(30,000)**	**(2,026)**	**907**	**55,755**	**47.14**	**26,283**	**965**	**27,248**
Management and Development Company Limited	**2,904,291**	**(7,184)**	**2,851,800**	**-**	**516,201**	**(100,000)**	**10,493**	**31,787**	**6,207,388**	**39.00**	**2,420,881**	**-**	**2,420,881**
New Mauritius Hotels Limited	**11,809,658**	**-**	**-**	**25,751**	**15,400**	**(120,632)**	**887,800**	**-**	**12,617,977**	**28.92**	**3,649,119**	**-**	**3,649,119**
Superdist Limited	**52,296**	**-**	**-**	**-**	**23,012**	**(20,000)**	**436**	**-**	**55,744**	**45.00**	**25,085**	**-**	**25,085**
2018													
Name of company													
Avipro Co Ltd	2,386,683	-	-	-	270,368	(51,000)	245,749	-	2,851,800	39.00	1,112,202	-	1,112,202
Charles Telfair Ltd	194,266	-	-	-	50,236	(15,000)	31,358	-	260,860	8.33	21,730	-	21,730
Formation Recrutement & Conseil en Informatique Limitée	45,358	-	-	-	23,667	(7,000)	2,991	-	65,016	47.14	30,649	965	31,614
Management and Development Company Limited	2,495,426	-	-	-	417,507	(40,000)	31,358	-	2,904,291	39.00	1,132,673	-	1,132,673
New Mauritius Hotels Limited	12,511,695	-	-	491,161	(125,501)	(60,243)	138,707	(1,146,161)	11,809,658	38.26	4,518,375	-	4,518,375
Superdist Limited	57,310	-	-	-	17,486	(22,500)	-	-	52,296	45.00	23,533	-	23,533

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

(f) Aggregate information of associated companies which are not individually material is as follows:

	2019	2018
	Rs'000	Rs'000
Carrying amount of interests	3,721,459	2,533,064
Share of profit from continuing operations	193,519	241,933
Share of profit from discontinued operations	-	1,031
Share of other comprehensive income	(2,447)	(386,578)
Share of total comprehensive income	191,072	(143,614)

(g) **Change in ownership interest in an associate**

During the year, the group has derecognised of its interest in the following companies which resulted in the recognition of a net loss in profit or loss, calculated as follows:

	Ownership interest	Sales proceeds / deemed disposal	Less carrying amount	Gain/(loss) recognised
	%	Rs'000	Rs'000	Rs'000
Joinery and Metal Distribution International Ltd	30.66	2,794	13,531	(10,737)
Blue Frog Holding Limited (ii)	11.27	2,165	(5,599)	(6,434)
		4,959	7,932	(17,171)

(h) **THE COMPANY**

	2019			2018
	Quoted	Unquoted	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1	-	-	-	-
Amalgamation adjustment	2,640,730	192,717	2,833,447	-
Additions	1,978	-	1,978	-
Disposals	-	(165,447)	(165,447)	-
Fair value adjustment	(875,188)	7,350	(867,838)	-
At June 30,	1,767,520	34,620	1,802,140	-

(i) The value of the securities was determined at June 30, 2019 by independent valuers based on capitalised earnings. In assessing the fair value of the securities, assumptions have been made on the basis of market conditions existing at the end of each reporting date.

Investments included in level 1 comprise of quoted equity investments valued at their closing market prices. If all significant inputs required to fair value an investment are observable, the instrument is included in level 2. If one or more of the significant inputs are not based on observable market data, the investment is included in level 3.

The company's investments in associated companies are categorised as follows:

2019	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Investments in associated companies	-	1,767,520	34,620	1,802,140

(j) **Critical accounting estimates**

> *Fair value of securities not quoted on an active market*
>
> The fair value of securities not quoted on an active market is determined by the company using valuation methods which involve the use of judgement and estimates. Changes in assumptions about these factors could affect the reported fair value of investments.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

11. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

(a) **Accounting policy**

> *Consolidated financial statements*
>
> A jointly controlled entity is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement which exists when decisions about the relevant activities require unanimous consent of the parties.
>
> Investments in jointly controlled entities are accounted for under the equity method of accounting. Equity accounting involves recognising on the statement of comprehensive income the group's share of the jointly controlled entities' profit or loss and other comprehensive income for the year. The group's interests in the jointly controlled entities' are carried on the statement of financial position at an amount that reflects its share of the net assets of the entity. Goodwill is included within the carrying amount of the jointly controlled entity and tested yearly for impairment.
>
> The results of jointly controlled entities acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of their acquisition or up to the date of their disposal.
>
> Unrealised profits are eliminated to the extent of the group's interest in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Where necessary, appropriate adjustments are made to the financial statements of jointly controlled entities to bring the accounting policies used in line with those adopted by the group.

(b) **THE GROUP**

	2019	2018
	Rs'000	Rs'000
At July 1,	1,069	43,622
Additions	44,200	-
Consolidation adjustment on transfer from jointly controlled entities to subsidiary	13,500	-
Share of profits less losses for the year	(21,497)	(42,253)
Movement in net assets	500	(300)
At June 30,	37,772	1,069

(c) The group's interests in its unquoted jointly controlled entities are as follows:

			2019			2018			
			Proportion of ownership interest			Proportion of ownership interest			
	Year end	Country of incorporation	Holding company	Subsidiary companies	Effective holding	Holding company	Subsidiary companies	Effective holding	Principal activity
			%	%	%	%	%	%	
Axa Customer Services Ltd (i)	Dec 31,	Mauritius	-	N/A	N/A	-	50.00	4.29	Business process outsourcing
Jacotet Bay Ltd	June 30,	Mauritius	-	50.00	11.18	-	50.00	1.70	Property
FMVV Immobilier Ltee	June 30,	Mauritius		50.00	11.18	-	-	-	Property

The above jointly controlled entities are private companies and there is no quoted market price available for these shares. For jointly controlled entities having different reporting date, management accounts have been prepared at June 30, 2019.

(i) Axa Customer Services Ltd has been disposed during the year.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

12. INVESTMENTS IN FINANCIAL ASSETS

(a) Accounting policy

Financial assets

The group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired.

(i) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading and for which the group has made an irrevocable election to classify in this category. These are strategic investments and the group considers this classification to be more relevant. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. Upon disposal any balance within fair value reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

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

The group classifies the following financial assets at fair value through profit or loss (FVPL):

- equity investments that are held for trading, and
- equity investments for which the group has not elected to recognise fair value gains and losses through other comprehensive income

Financial assets classified at fair value through profit or loss are subsequently carried at fair value with all unrealised gains and losses arising from changes in fair value being recognised in profit or loss.

Initial measurement

Purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Investments are initially measured at cost inclusive of transaction costs except for financial assets at fair value through profit or loss whereby transaction costs are expensed.

Subsequent measurement

Financial assets are subsequently carried at fair value. The fair value of some quoted investments are based on current bid prices. If the market for the financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, adjusted net asset value, capitalised earnings method, dividend yield method and market prices refined to reflect the issuer's specific circumstances. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are reflected at cost.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

(b) AVAILABLE-FOR-SALE FINANCIAL ASSETS

At June 30, 2018, available-for-sale financial assets related to non-derivative financial assets that were either designated in this category or not classified in any of the other categories.

Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets were recognised in other comprehensive income.

(i) The movement in available-for-sale financial assets in 2018 may be summarised as follows:

	THE GROUP
	2018
	Rs'000
At July 1,	1,507,987
Conversion of preference shares into ordinary shares	(882,852)
Additions	54,789
Disposals	(113,806)
Transfer to investments in associated companies (note 10)	28,000
Impairment	(14,260)
Fair value adjustments	(55,758)
At June 30,	524,100

(ii) At June 30, 2018	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
The group	216,882	-	307,218	524,100

Investments included in level 1 comprise of quoted equity investments valued at their market prices. If all significant inputs required to fair value an investment are observable, the investment is included in level 2. If one or more of the significant inputs are not based on observable market data, the investment is included in level 3.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

12. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

(b) AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONT'D)

(iii) The table below shows the changes in level 3 instruments for the year ended June 30, 2018.

	THE GROUP
	2018
	Rs'000
At July 1,	384,192
Additions	54,789
Disposals	(113,803)
Transfer from investments in associated companies (note 10)	28,000
Impairment	(14,260)
Fair value adjustments	(31,700)
At June 30,	307,218

(iv) Available-for-sale financial assets included the following:

	THE GROUP
	2018
	Rs'000
Equity securities at fair value:	
- Listed	70,732
- DEM listed	146,150
- Unquoted	307,218
	524,100

(c) HELD FOR TRADING FINANCIAL ASSETS

At June 30, 2018, financial assets were classified as held for trading if they were acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category were classified as current assets.

(i) The carrying amounts of the held for trading financial assets were classified as follows:

	2018			
	Official market	DEM listed	Unquoted	Total
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	39,504	21,335	2,284	63,123
Disposal	(1,299)	-	-	(1,299)
Fair value adjustments	(7,438)	5,315	-	(2,123)
At June 30,	30,767	26,650	2,284	59,701

(ii) At June 30, 2018	Level 1	Level 3	Total
	Rs'000	Rs'000	Rs'000
Held for trading securities	57,417	2,284	59,701

(iii) The table below shows changes in level 3 instruments for the year ended June 30, 2018:

	THE GROUP
	2018
	Rs'000
At July 1, and at June 30,	2,284

(d) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	THE GROUP	**THE COMPANY**
(i) Equity investments at fair value through other comprehensive income	**2019**	**2019**
	Rs'000	**Rs'000**
At July 1	**524,100**	**-**
Amalgamation adjustment	**-**	**157,540**
Additions	**70,893**	**43**
Disposals	**(10,145)**	**(127)**
Impairment	**(840)**	**-**
Fair value adjustments	**(40,438)**	**2,436**
At June 30	**543,570**	**159,892**

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

12. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

(d) **FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)**

(ii) Fair value through other comprehensive income financial assets include the following:

	THE GROUP	THE COMPANY
	2019	2019
	Rs'000	Rs'000
Quoted:		
- Air Mauritius Limited (Ordinary shares)	39,400	-
- New Mauritius Hotels Limited (Preference shares)	50	40
- Tropical Paradise Co Ltd (Ordinary shares)	117,000	117,000
- Tropical Paradise Co Ltd (Preference shares)	34,560	34,560
- Others	32,385	-
	223,395	151,600
Unquoted:		
- Air Mauritius Holding Ltd (Ordinary shares)	85,100	-
- Avipro Co Ltd (Redeemable preference shares)	45,000	-
- Others	190,075	8,292
	320,175	8,292
Total	543,570	159,892

(iii) Financial assets measured at fair value through other comprehensive income include the group's strategic equity investments not held for trading and debt securities held to collect and sell. The group has made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these strategic investments. In 2018, the group had designated the investments as available-for-sale where management intended to hold them for the medium to long-term. See note 12(b).

(iv) The fair value of the securities was determined at June 30, 2019 by independent valuers. The listed securities were valued based on market prices. The unquoted securities were valued based on a mix of adjusted net assets, capitalised earnings and discounted cash flows appropriate to each individual investment.

(v) The fair value through other comprehensive income financial assets are denominated in Mauritian rupees.

(vi) Bank borrowings are secured on some investments of the group.

(e) **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

(i) The carrying amounts of the financial assets at fair value through profit or loss are classified as follows:

THE GROUP	2019			
	Official market	DEM listed	Unquoted	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	30,767	26,650	2,284	59,701
Disposal	-	-	(2)	(2)
Dividend in specie	1,754	133	-	1,887
Fair value adjustments	(6,740)	(5,258)	(2)	(12,000)
At June 30,	25,781	21,525	2,280	49,586

THE COMPANY	2019			
	Official market	DEM listed	Unquoted	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	-	-	-	-
Amalgamation adjustment	27,513	24,310	2,284	54,107
Additions	1,754	133	-	1,887
Disposal	-	-	(2)	(2)
Fair value adjustments	(3,486)	(2,918)	(2)	(6,406)
At June 30,	25,781	21,525	2,280	49,586

(ii) **At June 30, 2019**

THE GROUP	Level 1	Level 3	Total
	Rs'000	Rs'000	Rs'000
Financial assets at fair value through profit or loss	47,306	2,280	49,586

THE COMPANY	Level 1	Level 3	Total
	Rs'000	Rs'000	Rs'000
Financial assets at fair value through profit or loss	47,306	2,280	49,586

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

12. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

(e) **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONT'D)**

(iii) The table below shows changes in level 3 instruments for the year ended June 30, 2019:

	THE GROUP	THE COMPANY
	2019	2019
	Rs'000	Rs'000
At July 1,	2,284	-
Amalgamation adjustment	-	2,284
Disposals	(2)	(2)
Fair value adjustment	(2)	(2)
At June 30,	2,280	2,280

(iv) The fair value of the securities was determined by independent valuers at the end of the reporting period. Unquoted investments were valued using various methods of valuation and assumptions based on adjusted earnings and adjusted net assets. Listed investments were valued at closing market prices.

(v) Financial assets at fair value through profit or loss are denominated in Mauritian rupees.

(f) **Critical accounting estimates**

Fair value of securities not quoted on an active market

The fair value of securities not quoted on an active market is determined by the group using valuation which involve the use of judgement and estimates. Changes in assumptions about these factors could affect the reported fair value of investments.

13. FINANCIAL ASSETS AT AMORTISED COST

(a) **Accounting policy**

Financial assets at amortised costs include those assets held with a view of collecting contractual cash flows and contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, are subsequently carried at amortised cost using the effective interest rate method less any provision from impairment.

Other receivables generally arise from transactions outside the usual operating activities of the group. For some of the loans, interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. Other receivables are current and repayable within the next financial year.

The group has made an impairment by considering the previous repayment behaviours and assessing the future cash flow forecasts covering the contractual period of the loan. Following this assessment, loss allowance of Rs.15m for the group and Rs.14.7m for the company respectively was accounted for.

(b)

	THE GROUP			THE COMPANY	
	2019		2018	2019	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
	Non-current	Current	Non-current	Non-current	Current
Loans to related parties	-	-	-	11,838	9,665
Loans to other companies - unsecured	53,600	-	54,201	-	-
Loans to other companies - secured	469	-	640	469	-
Other receivables	-	1,598,586	-	768,679	45,897
Less : Loss allowance for debt investments at amortised cost (see note (f))	-	(15,015)	-	-	(14,672)
	54,069	1,583,571	54,841	780,986	40,890

(c) Loans to other companies are repayable by instalments after more than one year, and carry interest at the rate of 2.30% - 3.15%.

(d) Non-current loans to related parties are repayable within 3 years and carry interest at the rate of 5.75%.

Current loans to related parties are repayable on demand and are interest free.

(e) Other receivables

The non-current other receivables for the company relate to the sale of land and advances made to a subsidiary company. The amount is unsecured and interest free.

The current other receivables for the group include mainly deposits and advances.

(f) Impairment and risk exposure

The loss allowance for the financial assets at amortised cost as at June 30, 2019 reconciles to the opening loss allowance on July 1, 2018 and to the closing loss allowance as at June 30, 2019.

THE GROUP	Other receivables
	Rs'000
Loss allowance at July 1, 2018	-
Allowance recognised in profit or loss during the year	(15,015)
Loss allowance at June 30, 2019	(15,015)

THE COMPANY	Related parties	Other receivables	Total
	Rs'000	Rs'000	Rs'000
Loss allowance at July 1, 2018	-	-	-
Amalgamation adjustment	9,660	-	9,660
Allowance recognised in profit or loss during the period	5	5,007	5,012
Loss allowance at June 30, 2019	9,665	5,007	14,672

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

13. FINANCIAL ASSETS AT AMORTISED COST (CONT'D)

(g) In 2018, the group classified its loans and receivables as non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. Long term receivables with fixed maturity terms were measured at amortised cost using the effective interest rate method less provision for impairment. The amount of loss, which was measured as the difference between the carrying amount of the asset and the present value of estimated cash flows discounted at the effective interest rate, was recognised in profit or loss. Long term receivables without fixed maturity terms were measured at cost.

(h) Financial assets at amortised cost are denominated in the following currencies:

	THE GROUP		THE COMPANY
	2019	2018	**2019**
	Rs'000	Rs'000	**Rs'000**
Mauritian rupee	**1,634,382**	54,841	**821,876**
US Dollar	**3,201**	-	**-**
Euro	**57**	-	**-**
	1,637,640	54,841	**821,876**

14. NET INVESTMENT IN LEASES AND OTHER CREDIT AGREEMENTS

(a) **Accounting policy**

Leases are classified as finance leases where the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Other credit arrangements include contracts for the hire of an asset that contain a provision giving the hirer an option to acquire title to the asset upon the fulfilment of agreed conditions and advances granted to individuals. Advances are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, advances are measured at amortised cost using the effective interest method, less any impairment.

Finance Leases - lessor

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss unless they are attributable to qualifying assets in which case, they are capitalised in accordance with the policy on borrowing cost.

Operating leases-lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected lives on a basis consistent with similar assets. Rental income is recognised in profit or loss on a straight line basis over the lease term. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

Impairment of leases and other credit agreements

The group has applied the principles of the general approach to measure the expected credit losses using a 12-months and lifetime expected loss allowance for net investment in leases and other credit agreements. To measure the expected credit losses, the financial assets have been grouped based on shared credit risk characteristics and the days past due.

The impairment requirements apply to financial assets measured at amortised cost i.e. net investment in leases and other credit agreements. At initial recognition, allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment are considered to be in default or otherwise credit impaired are in 'stage 3'.

Undrawn commitments: When estimating lifetime ECLs for undrawn commitments, the group estimates the expected portion of the commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three stages. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

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

Both lifetime ECLs and 12-month ECLs are calculated on a collective basis, depending on the nature of the underlying portfolio of financial instruments which is on the basis of their product types.

The lifetime expected credit loss rates (LTECLs) are based on the group's historical credit losses based on the pattern of movement of financial assets over a period of six months before the reporting date, since the group is in its initial phase of providing lease and other credit arrangements. An additional loss allowance for financial assets is recognised when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of financial asset. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the financial assets. The group has identified the gross domestic product (GDP) as the key macroeconomic factors in the countries where the group operates.

Significant increase in credit risk is determined using quantitative and qualitative information based on the group's historical experience, credit risk assessment and forward-looking information. The assessment of significant credit deterioration is key in determining when to move from measuring an allowance based on 12-month ECLs to one that is based on lifetime ECLs (i.e. transfer from Stage 1 to Stage 2). If contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Financial assets are classified as 'stage 3' where they are determined to be credit impaired, which generally matches the IFRS 9 definition of default. This includes exposures that are at least 90 days past due and where the obligor is unlikely to pay without recourse against available collateral.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

14. NET INVESTMENT IN LEASES AND OTHER CREDIT AGREEMENTS (CONT'D)

(a) **Accounting policy (cont'd)**

Impairment is the difference between contractual and expected cash flows of a financial asset (e.g. finance lease, hire purchase or loan). ECL provision is discounted to present value using the original implicit rate/ effective interest rate. The group presents allowance for impairment separately from the gross balance of respective assets rather than directly reducing their carrying amounts.

The probability of default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period.

The exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss given default (LGD) is defined as the likely loss intensity in case of a counterparty default. It provides an estimation of the exposure that cannot be recovered in a default event and therefore captures the severity of a loss. Conceptually, LGD estimates are independent of a customer's probability of default. The LGD models ensure that the main drivers for losses (i.e. different levels and quality of collateralization and customer or product types or seniority of facility) are reflected in specific LGD factors. In our LGD models we assign collateral type specific LGD parameters to the collateralized exposure (collateral value after application of haircuts).

Stage 1: The 12-month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The group calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. These expected default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

For the year ended 30 June 2018, allowance for credit losses consists of specific and portfolio provision for credit losses and is determined based on the group's best estimate of statements of financial position receivables. An allowance for impairment is established if there is objective evidence that the group will not be able to collect the amount due according to the original contractual terms of the lease and other credit agreements. The amount of the provision is the difference between the carrying amount at the time the lease and other credit agreement are considered doubtful and the recovered amount. The provision amount also covers losses when there is objective evidence that probable losses are present in components of the lease and other credit agreements portfolio at the reporting date. They have been estimated based on the future specific losses inherent in the leases and upon historical patterns of losses in each component and the economic climate in which the clients operate. When a lease or other credit agreements are uncollectible, they are written off against the related provision for impairment; subsequent recoveries are credited to profit or loss.

(b) **Gross investment**

	2019			2018
THE GROUP	**Finance leases**	**Other credit agreements**	**Total**	Total
	Rs'000	**Rs'000**	**Rs'000**	Rs'000
Within one year	**230,400**	**697,400**	**927,800**	233,400
After one year and before two years	**221,700**	**304,800**	**526,500**	166,400
After two years and before five years	**536,600**	**34,400**	**571,000**	155,900
After five years	**78,700**	**-**	**78,700**	33,200
	1,067,400	**1,036,600**	**2,104,000**	588,900
Unearned future finance income	**(189,400)**	**(93,000)**	**(282,400)**	(89,300)
Present value of minimum lease payment	**878,000**	**943,600**	**1,821,600**	499,600
Less allowance for credit impairment				
Allowance for credit impairment	**(1,600)**	**(91,000)**	**(92,600)**	(4,900)
Net finance lease receivables	**876,400**	**852,600**	**1,729,000**	494,700
Representing:				
Non-current	**709,500**	**320,000**	**1,029,500**	306,300
Current	**166,900**	**532,600**	**699,500**	188,400
	876,400	**852,600**	**1,729,000**	494,700

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

14. NET INVESTMENT IN LEASES AND OTHER CREDIT AGREEMENTS (CONT'D)

(c) **The net investment in leases and other credit agreements may be analysed as follows:**

	2019			2018
	Finance leases	Other credit agreements	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Not later than one year	166,900	532,600	699,500	188,400
After one year and before two years	170,800	378,200	549,000	143,700
After two years and before five years	465,300	32,800	498,100	136,400
After five years	75,000	-	75,000	31,100
	878,000	943,600	1,821,600	499,600

(d) **Allowance for credit impairment**

	2019			2018
	Finance leases	Other credit agreements	Total	Total
Portfolio provision	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,				
- as previously reported	(2,100)	(2,800)	(4,900)	-
- effect of changes in accounting policies - IFRS 9	1,700	(18,900)	(17,200)	-
- as restated	(400)	(21,700)	(22,100)	-
Allowance for credit impairment for the year	(1,200)	(64,000)	(65,200)	(4,900)
Interest in suspense	-	(5,300)	(5,300)	-
At June 30,	(1,600)	(91,000)	(92,600)	(4,900)

(e) At 30 June 2019, the analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lease receivables, hirepurchase receivables and loans receivable from customers is as follows:

	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount on net investment in finance lease				
At 1 July 2018	470,900	15,500	13,200	**499,600**
New assets originated or purchased	1,798,200	-	-	**1,798,200**
Assets derecognised or repaid (excluding write offs)	(466,500)	(7,200)	(2,500)	**(476,200)**
Transfers to Stage 1	2,200	(2,200)	-	**-**
Transfers to Stage 2	(75,900)	76,000	(100)	**-**
Transfers to Stage 3	(161,300)	(5,600)	166,900	**-**
At 30 June 2019	**1,567,600**	**76,500**	**177,500**	**1,821,600**
Expected credit loss				
At 1 July 2018	19,300	1,300	1,500	**22,100**
Allowance for credit impairment	1,300	4,300	59,600	**65,200**
Interest in suspense	-	-	5,300	**5,300**
Transfers to Stage 1	700	(500)	(200)	**-**
Transfers to Stage 2	(1,100)	1,100	-	**-**
Transfers to Stage 3	(5,000)	(500)	5,500	**-**
At 30 June 2019	**15,200**	**5,700**	**71,700**	**92,600**
Net carrying amount at 30 June 2019	**1,552,400**	**70,800**	**105,800**	**1,729,000**

(f) **Critical accounting estimates**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Elements ECL models that are considered accounting judgements and estimates include mainly:

(a) the development of ECL models, including the various formulas and the choice of inputs which normally include determination of associations between macroeconomics scenarios and, economic inputs, such as gross domestic products rate and collateral values, and the effect on the probability of default (PDs), exposure at default (EADs) and loss given default (LGD).

(b) selection of forward-looking macroeconomic scenarios and their probablity weightings, to derive the economic inputs into the ECL models.

15. INVENTORIES

(a) **Accounting policy**

Inventories and work in progress are valued at the lower of cost or net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business less the costs to completion and applicable variable selling expenses.

Land earmarked for development is stated at the lower of cost or net realisable value and is included in inventories.

Development costs incurred in the land development projects are capitalised and subsequently released to the statement of profit or loss as and when sales is being effected and by reference to the stage of completion using the percentage of completion method.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

15. INVENTORIES (CONT'D)

(b) **THE GROUP**

	2019	2018
	Rs'000	Rs'000
Raw materials, consumables and spare parts	425,014	420,451
Stock of land	872,446	626,414
Work in progress	63,139	34,952
Finished goods	757,730	636,932
Goods in transit	14,622	7,159
	2,132,951	1,725,908

(c) Work in progress relates mainly to costs incurred to date on the construction of villas in Les Villas de Bel Ombre Ltée.

(d) The cost of inventories recognised as expense and included in cost of sales amounted to Rs.8.4m (2018: Rs.6.9m).

(e) Bank borrowings are secured by floating charges on part of the inventories of the group.

16. CONSUMABLE BIOLOGICAL ASSETS

(a) **Accounting policy**

Consumable biological assets are measured at fair value less costs to sell, which is the present value of the expected net cash flows discounted at the relevant market determined pre-tax rate (palm trees: 8.40% (2018: 8.75%), nursery: 19.40 -27.40% - 26.19% (2018: 19.75% - 27.75%) and standing canes 4.40% (2018:4.75%)).

(b)

	2019						2018
	Standing cane	Palm trees	Nursery	Deer farming	Cattle	Total	Total
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	194,118	20,811	34,174	40,865	182	290,150	351,748
Acquisition through business combination (note 41(b))	-	-	-	-	-	-	240
Changes in fair value	(49,054)	202	672	-	1,733	(46,447)	(61,838)
At June 30,	145,064	21,013	34,846	40,865	1,915	243,703	290,150

Consumable biological assets are stated at their fair value and relate to the value of standing canes, deer farming, nursery plants and palm trees.

The fair value measurements for standing canes have been categorised as level 3 fair value based on the inputs to the valuation techniques used.

At June 30, 2019, standing canes comprised of approximately 4,805 hectares of sugar cane under plantation (2018: 4,846 hectares). During the year, the group harvested approximately 295,009 tonnes of cannes (2018: 338,093 tonnes of cannes).

(c) **Critical accounting estimates**

Consumable biological assets

The fair value of consumable biological assets has been arrived at by discounting the present value of the expected net cash flows at the relevant market determined pre-tax rate. For standing canes, the expected cash flows have been computed by estimating the expected crop and the sugar extraction rate and the forecasts of sugar prices which will prevail in the coming year. The harvesting costs and other direct expenses are based on yearly budgets.

For other consumable biological assets, the expected cash flows have been computed on the basis of expected sale prices and the expected cost of maintenance.

17. TRADE AND OTHER RECEIVABLES

(a) **Accounting policy**

Trade and other receivables arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and which are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. To measure expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the group may elect to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of profit or loss and other comprehensive income.

(b)

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	2,645,273	2,394,777	6,564	-
Less provision for impairment	(269,335)	(200,092)	(176)	-
	2,375,938	2,194,685	6,388	-
Prepayments and other receivables	-	1,252,281	-	-
	2,375,938	3,446,966	6,388	-

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

17. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) *Impairment of trade receivables*

The company and some subsidiaries used the simplified impairment approach to calculate for its expected credit losses (ECL). Management has segregated the receivables book between a performing book (PB) and non-performing book (NPB) and have used inferred proxies for the probability of default (PD) based on relevant jurisdictional sovereign Moody's ratings. An LGD (loss given default) proxy of 31.60% was used for counterparties based in South Africa and Mauritius and 45% for other counterparties, which is representative of the corporate client's exposure. For customers who settled their balances after the year end, management used the sovereign PD and a lower LGD of 10%.

For other subsidiaries , the trade and other receivables have been divided into insured and uninsured. For insured receivables , the subsidiaries have excercised the policy choice of considering insurance cover as an integral part of the receivables. The expected cash flows from the insurance cover are included when measuring ECL of the receivables to the extent that the expected losses are covered by the insurance cover. The uninsured receivables are the balance where the subsidiaries have no collaterals.

The expected loss rates are based on the subsidiaries' historical credit losses based on the pattern of movement of receivables over a period of three years before the reporting date. An additional loss allowance for receivables is recognised when there is objective evidence that the subsidiaries will not be able to collect all amounts due according to the original terms of the receivable. The historical loss rates are adjusted to reflect current and foward-looking information on macroeconomic factors affecting the ability of the customer to settle the receivables. These subsidiaries have identified the gross domestic product (GDP) as the key macroeconomic factors in the sectors in which they operate.

In case of customers having credit ratings with external agencies , the default rate issued by such agencies is used as the ECL rate, Hence, such customers are removed from the ageing and ECL is calculated seperately as per external credit ratings.

The loss allowance as at June 30, 2019 and July 01, 2018 (on adoption of IFRS 9) was determined as follows for trade receivables:

THE GROUP	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**Total**
At June 30, 2019	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Expected loss rate	**1% - 6%**	**1% - 2%**	**1% - 36%**	**2.45% - 100%**	
Gross carrying amount - trade receivable	**1,670,903**	**302,054**	**179,887**	**492,429**	**2,645,273**
Loss allowance	**42,010**	**15,940**	**17,538**	**193,847**	**269,335**

THE COMPANY	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**Total**
At June 30, 2019	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Expected loss rate	**1% - 23%**	**1% - 23%**	**1% - 36%**	**2.45% - 100%**	
Gross carrying amount - trade receivable	**1,094**	**220**	**279**	**4,971**	**6,564**
Loss allowance	**(22)**	**-**	**(13)**	**(141)**	**(176)**

THE GROUP	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
At July 01, 2018	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Expected loss rate	1%	1% - 4%	6% - 10%	10% - 100%	
Gross carrying amount - trade receivable	1,832,763	133,183	54,525	374,306	2,394,777
Loss allowance	2,697	1,902	1,905	263,441	269,945

The closing loss allowances for trade receivables as at June 30, 2019 reconcile to the opening loss allowances as follows:

	THE GROUP		**THE COMPANY**	
	Trade receivables		**Trade receivables**	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
At June 30 (IAS 39)	**200,092**	203,053		-
Amounts restated through opening retained earnings	**69,853**	-	**-**	-
Loss allowance as at July 01, 2018 (IFRS 9)	**269,945**	203,053	**-**	-
Loss allowance recognised in profit or loss during the year	**74,739**	17,252	**176**	-
Receivables written off during the year as uncollectible	**3,357**	(3,799)	**-**	-
Bad debts recovered	**(78,700)**	-	**-**	-
Transfer to non-current assets classified as held for sale	**-**	(16,414)	**-**	-
Unused amount reversed	**(406)**	-	**-**	-
Exchange difference	**400**	-	**-**	-
At June 30, 2019	**269,335**	200,092	**176**	-

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

17. TRADE AND OTHER RECEIVABLES (CONT'D)

(c) In 2018, impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

(d) Trade and other receivables are denominated in the following currencies:

	THE GROUP		**THE COMPANY**	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Mauritian rupee	**2,301,661**	2,724,704	**6,388**	-
US Dollar	**71,692**	290,176	**-**	-
Euro	**37**	432,033	**-**	-
Other currencies	**2,548**	53	**-**	-
	2,375,938	3,446,966	**6,388**	-

(e) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security.

(f) In 2018, trade receivables were 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 was established when there was objective evidence that the Group would not be able to collect all amounts due according to the original terms of receivables.

(g) **Critical accounting estimates**

Measurement of the expected credit loss (ECL) allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of debtor segment and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

When using the simplified approach for measurement of expected credit loss for trade receivables, the application of a provision matrix requires significant assumptions and judgements, such as:

- Determining the appropriate groupings of receivables into categories of shared credit risk characteristics;
- Determining the period over which historical loss rates are obtained to develop estimates of expected future loss rates;
- Determining the historical loss rates;
- Considering macro-economic factors and adjust historical loss rates to reflect relevant future economic conditions; and
- Calculating the expected credit losses.

18. ASSETS RELATED TO CONTRACTS WITH CUSTOMERS

(a) **Accounting policy**

Contract assets

Contract assets arise from the group's small design division, which enter into contracts that can take a few years to complete, because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

Impairment of contracts assets

The group applies the IFRS 9 simplied approch to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets.

To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before June 30, 2019 or July 1, 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the customers to settle the receivables. The group has identified the GDP and the unemployement rate of the countries in which it sells its goods and services to the most relevant factors, and accordingly adjusts the historical loss rates on expected changes in these factors.

(b) **THE GROUP**

	2019
	Rs'000
At July 1,	
- as previously reported	**-**
- Adjustment on initial application of IFRS 15 - Revenue from contracts with customers	**4,480**
- as restated	**4,480**
Amounts included in contract assets that was recognised as revenue during the year	**(33,844)**
Excess of revenue recognised over cash (or rights to cash) being recognised during the year	**52,445**
At June 30,	**23,081**

At June 30, 2019, there was no loss allowance in respect of assets related to contracts with customers.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

19. AMOUNTS RECEIVABLE FROM GROUP COMPANIES

(a) **Accounting policy**

> Amounts receivable from group companies include trade receivables, loans and advances and other receivables which are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.
>
> Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. To measure expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.
>
> Impairment provisions for other receivables from group companies are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

(b) **THE COMPANY**

	2019	2018
	Rs'000	Rs'000
Trade receivables	17,147	-
Less provision for impairment	(66)	-
Trade receivables- net	17,081	-
Other receivables (c)	446,800	27,488
	463,881	27,488

(c) Other receivables comprise mainly of loans, advances, interest and dividend receivable from group companies.

Impairment of other receivables

Impairment provisions amounts receivables from group companies and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

(d) *Impairment of trade receivables*

The company used the simplified impairment approach to calculate for its expected credit losses (ECL). Management has segregated the trade receivables book between a performing book (PB) and non-performing book (NPB) and have used inferred proxies for the probability of default (PD) based on relevant jurisdictional sovereign Moody's ratings. An LGD (loss given default) proxy of 31.60% was used for counterparties based in South Africa and Mauritius and 45% for other counterparties, which is representative of the corporate client's exposure. For customers who settled their balances after the year end, management used the sovereign PD and a lower LGD of 10%.

At June 30, 2019	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Expected loss rate	1% - 6%	1% - 2%	1% - 36%	2.45% - 100%	1% - 100%
Gross carrying amount - trade receivable	14,539	790	157	1,661	17,147
Loss allowance	(56)	(3)	(1)	(6)	(66)

The closing loss allowances for trade receivables as at June 30, 2019 reconcile to the opening loss allowances as follows:

THE COMPANY	Trade receivables	
	2019	2018
	Rs'000	Rs'000
At June 30, 2018 (IAS 39)		-
Amounts restated through opening retained earnings	-	-
Loss allowance as at July 01, 2018 (IFRS 9)	-	-
Loss allowance recognised in profit or loss during the year	(66)	-
At June 30, 2019	(66)	-

	Other receivables			
	2019			2018
	Loans	Others	Total	Total
THE COMPANY	Rs'000	Rs'000	Rs'000	Rs'000
Subsidiary companies	16,150	430,650	446,800	27,488

At June 30, 2019, amounts receivable from group companies were impaired by Rs.7,736,878 (2018: Rs.nil). The carrying amount of receivables from group companies approximate their fair value.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

19. AMOUNTS RECEIVABLE FROM GROUP COMPANIES (CONT'D)

(e) In 2018, impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

(f) Amounts receivable from group companies are denominated in Mauritian rupees.

(g) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

(h) In 2018, amounts receivable from group companies were recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment was established when there was objective evidence that the group would not be able to collect all amounts due according to the original terms of receivables.

(i) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security.

20. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

(a) **Accounting policy**

> Non-current assets classified as held for sale relate to land earmarked for future sale, development projects and investment earmarked for sale during the coming year. They are measured at the lower of carrying amount and fair value less costs to sell if the carrying amount is recovered principally through sales. This condition is regarded as met only when the sales are highly probable and the asset is available for immediate sale in their present condition.
>
> When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

(b) On July 1, 2018, one of the subsidiaries was amalgamated with another company outside the group. Consequently, all the assets and liabilities of that subsidiary has been classified as held for sale at June 30, 2018.

(c) An analysis of the result of discontinued operations, and the results recognised on the re-measurement of assets or disposal group is as follows:

	2018
	Rs'000
Revenue	675,562
Expenses	(829,430)
	(153,868)
Share of profits of associated companies, net of tax	1,031
Loss for the year from discontinued operations	(152,837)

(d)

	2018
	Rs'000
Operating cash flows	(127,034)
Investing cash flows	1,216
Financing cash flows	19,799
Total cash flows	(106,019)

(e) **Non-current assets classified as held for sale**

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
Disclosed as follows:	Rs'000	Rs'000	Rs'000	Rs'000
Subsidiary held for sale (note (i))	-	252,774	-	-
Land classified as held for sale (note (ii))	217,115	163,075	98,615	-
Total non-current assets classified as held for sale	217,115	415,849	98,615	-

(i) **Subsidiary held for sale**

	2018
THE GROUP	Rs'000
Property, plant and equipment	24,204
Investments in associated companies	3,015
Inventories	1,042
Trade and other receivables	204,953
Cash and cash equivalents	19,560
	252,774

	2019	2018
	Rs'000	Rs'000
Liabilities directly associated with non-current assets classified as held for sale:		
Trade and other payables	2,700	209,721
Retirement benefit obligations	-	31,806
Borrowings	-	10,531
	2,700	252,058

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

20. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

THE GROUP AND THE COMPANY

	2018
	Rs'000
At July 1,	116,277
Disposals	(116,277)
Transfer from investments in subsidiary companies (note 9)	-
	-

(ii) **Land classified as held for sale**

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	163,075	76,224	-	-
Amalgamation adjustment	-	-	90,203	-
Disposals	(73,865)	(7,179)	(21,993)	-
Transfer from property, plant and equipment (note 5)	30,405	59,547	30,405	-
Transfer from investment properties (note 6)	97,500	35,264	-	-
Transfer to compensation for waiver to rights to lessee on land and buildings	-	(781)	-	-
At June 30,	217,115	163,075	98,615	-

These assets have been classified as non-current assets held for sale as the intention is to dispose of them within one year.

21. SHARE CAPITAL

(a) **Accounting policy**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new share are shown in equity as deduction, net of tax, from proceeds.

(b)

	2019		2018	
	Number of shares	Rs'000	Number of shares	Rs'000
Ordinary shares	215,646	2,157	215,646	2,157
Preference shares	619,236	6,192	619,236	6,192
Conversion of shares on amalgamation	(834,882)	(8,349)	-	-
Issue of Ordinary A shares on amalgamation (c)	374,996,326	3,607,987	-	-
Issue of Restricted redeemable shares on amalgamation (d)	700,000,000	0.10	-	-
	1,074,996,326	3,607,987	834,882	8,349

The total authorised number of ordinary A shares is 375,000,000 and 374,996,326 have been fully paid. (2018: 1,500,000).

(c) *Ordinary A shares*

An ordinary A share confers on the holder the following rights:

-the right to vote at meetings of shareholders;

-subject to the rights of any other class of shares, the right to an equal share in dividend and other distributions made by the company; and

-subject to the rights of any other class of shares, the right to an equal share in the distribution of the surplus assets of the company on its liquidation.

(d) *Restricted redeemable shares (RRS)*

A restricted redeemable share has no economic rights but confers on the holder the following rights:

-the right to vote at meetings of shareholders;

-subject to the rights of any other class of shares, no right to dividend and other distributions made by the company;

-no right to be transferred except with the consent of the holders of at least 75% of the shares of that class; and

-the right to participate in a bonus issue of any class of shares having voting rights so that on an issue of bonus shares such number of RRS be allotted to the holder of RRS in order that the proportion of RRS compared to shares having voting rights are maintained and not varied.

22. BORROWINGS

(a) **Accounting policy**

Borrowings are recognised initially at fair value being their issue proceeds net of direct issue costs. Borrowings are subsequently measured at amortised cost using the effective interest rate which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried on the statement of financial position.

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.

Accounting for leases – where the group is the lessee

Leases are classified as finance lease where the terms of the lease transfer substantially all risks and rewards of ownership to the lessee.

Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings.

Finance charges are charged to profit or loss over the lease period. Property, plant and equipment acquired under finance leasing contracts are depreciated over the useful lives of the assets.

Preference shares

Preference shares, which are mandatorily non-voting convertible at a specific date, are classified as liabilities and dividends on these preference shares are recognised in statement of profit or loss as interest expense. The liability components of convertible loan notes are measured as described in note (f).

Debentures

Debentures are recognised initially at fair value being the issue proceeds net of transaction costs incurred. Debentures are subsequently stated at amortised cost. Debentures 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.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

22. BORROWINGS (CONT'D)

(b)

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
Non-current	Rs'000	Rs'000	Rs'000	Rs'000
Secured variable rate notes (note (c) and (g))	2,060,000	1,710,000	-	-
Debentures (note (d) and (g))	355,700	355,700	-	-
Bond notes (note (e))	3,500,000	-	3,500,000	
Convertible preference shares (note (f))	-	37,500	-	-
Bank and other loans (note (i))	14,419,660	15,105,439	3,617,900	4,786
Obligations under finance leases (note (j))	165,393	177,428	4,737	-
	20,500,753	17,386,067	7,122,637	4,786

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
Current	Rs'000	Rs'000	Rs'000	Rs'000
Bank overdrafts	1,635,459	1,775,289	295	1,844
Bank and other loans	1,798,200	1,764,382	27,923	2,296
Non-redeemable preference shares	-	134,490	-	-
Convertible preference shares (note (f))	37,500	48,700	-	-
Obligations under finance leases (note (j))	86,730	88,855	2,173	-
	3,557,889	3,811,716	30,391	4,140
Total borrowings	24,058,642	21,197,783	7,153,028	8,926

(c) **Secured variable rate notes**

A subsidiary company has issued 30,000 secured floating rate notes on a private placement as follows:

Note description	Maturity	Interest rate
Tranche A (10,000 notes at Rs. 50,000 per note)	March 16, 2021	Reference Bank of Mauritius repo rate + 1.35% p.a
Tranche B (10,000 notes at Rs. 50,000 per note)	March 16, 2023	Reference Bank of Mauritius repo rate + 1.85% p.a
Tranche C (10,000 notes at Rs. 50,000 per note)	March 16, 2025	Reference Bank of Mauritius repo rate + 2.35% p.a

These notes are secured by a floating charge over all the assets of the subsidiary which issued the notes and of the subsidiaries being financed .

Another subsidiary company has issued secured floating rate notes which are repayable on January 12, 2027. The notes bear interest rates of Repo + 2-3% per annum.

The notes are secured by:

- A first rank fixed charge in respect of each immovable property of the subsidiary;
- An assignment of all rent and other receivables arising or that may arise under the lease agreements; and
- A shortfall undertaking by the group.

(d) **Debentures**

A subsidiary company has in issue 17,556,676 redeemable bonds at an issue price of Rs 12.00 each, totalling Rs.210.7m. Salient features of the debentures are as follows:

A coupon rate of 6.0% per annum in respect of each financial year over 10 consecutive years, will be paid to bondholders out of the profits of the entity. This will be paid in priority to dividends payable to Class A ordinary shareholders and preference shareholders. Coupon payment shall be paid in June of each financial year.

Bondholders will not have the right to receive notice of, or attend, or vote on a poll at the shareholders' meetings of the entity.

Bonds shall be redeemed automatically on the 30th June of every financial year over 5 consecutive years starting 30 June 2021, without paying any additional fee.

Another subsidiary of the group has debentures which mature in financial year 2020 and bear interest at 7% per annum.

(e) **Bond notes**

The company has issued Rs 3.5bn of fixed and floating interest rates and tenors as follows:

- Secured fixed rate notes of Rs 2.22bn, with tenors between 5 to 10 years and bearing interest rate between 5.5% and 6.30%
- Secured floating rate notes of Rs 1.28bn, with tenors between 5 to 10 years and bearing interest rate of repo rate + 1.3% and + 1.85%.

Interest is paid semi-anually in arrears in July and January of each year starting 31 July 2019

The notes are secured partly by a fixed charge on land and partly by a pledge of listed securities owned either directly or indirectly by the company.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

22. BORROWINGS (CONT'D)

(f) **Convertible preference shares**

On June 30, 2019, preference shares have been converted to Class A ordinary shares for an amount of Rs.48.7m (2018: Rs.55.6m), for one of the subsidiaries.

Salient features of the convertible preference shares were as follows:

Preference shares shall be converted mandatorily on the 30th June of every financial year over 5 consecutive years into Class A ordinary shares of the subsidiary company without paying any additional fee.

The preference shares yield a dividend of 6.0% per financial year over 5 consecutive years, payable out of the profits of the subsidiary company and in priority to dividends payable to Class A ordinary shareholders. Dividend distribution shall be paid in June of each financial year.

Preference shareholders will not have the right to receive notice of, or attend, or vote on a poll at the shareholders' meetings of the subsidiary company.

The right to an equal share in the distribution of surplus assets among non-convertible preference shareholders on winding up, payable in priority to the holders of ordinary shares.

The convertible non-voting preference shares shall constitute unsecured and subordinated obligations of the subsidiary company and shall accordingly rank junior to all secured and unsubordinated creditors of the subsidiary company but ahead of Class A ordinary shares.

(g) The borrowings include secured liabilities amounting to Rs.24.1bn (2018: Rs.20.18bn) for the group and Rs.7.2bn (2018: Rs.8.9m) for the company. Borrowings are secured by fixed and floating charges on the assets of the group and by pledge of shares.

(h) Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

(i) **Bank and other loans**

The maturity of non-current borrowings is as follows (excluding obligations under finance lease, convertible preference shares and non-redeemable preference shares):

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
- after one year and before two years	2,281,692	1,301,743	32,539	2,431
- after two years and before five years	2,470,014	3,620,253	449,371	2,355
- after five years	15,583,654	12,249,143	6,635,990	-
	20,335,360	17,171,139	7,117,900	4,786

(j) **Finance lease liabilities - minimum lease payments:**

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
- not later than 1 year	98,751	95,936	2,534	-
- after one year and before two years	90,267	96,176	2,261	-
- after two years and before five years	86,251	96,590	2,928	-
- after five years	3,805	2,279	-	-
	279,074	290,981	7,723	-
Future finance charges on finance leases	(26,951)	(24,698)	(813)	-
Present value of finance lease liabilities	252,123	266,283	6,910	-

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Representing lease liabilities:				
Current	86,730	88,855	2,173	-
Non-current can be analysed as follows:				
- after one year and before two years	81,454	102,461	1,837	-
- after two years and before five years	80,177	74,206	2,900	-
- after five years	3,762	761	-	-
	252,123	266,283	6,910	-

The group leases some plant and equipment and motor vehicles under finance leases. The leases have purchase options on termination. There are no restrictions imposed on the group by lease arrangements.

(k) Borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Mauritian rupee	23,462,358	19,537,938	7,153,028	8,926
Euro	1,630	1,470,765	-	-
US Dollar	594,654	189,080	-	-
	24,058,642	21,197,783	7,153,028	8,926

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

22. BORROWINGS (CONT'D)

(l) The effective interest rates at the end of the reporting period were as follows:

THE GROUP	2019			2018		
	USD	**Euro**	**Rs**	USD	Euro	Rs
	%	**%**	**%**	%	%	%
Secured variable rate notes	-	-	Repo+1.60-3.00	-	-	Repo+1.60-3.00
Bank overdrafts	-	-	5.75-7.75	-	-	5.75-8.40
Bank borrowings	-	-	3.47-8.00	-	-	3.75-8.25
Other loans	4.10-5.40	3.20	5.10-7.25	4.10-5.40	3.20	5.10-7.45
Bond notes	-	-	4.8-6.3	-	-	-
Debentures	-	-	7.00	-	-	6.00-7.00
Finance lease liabilities	-	-	6.40-8.50	-	-	6.35-8.50

THE COMPANY	2019		
	USD	**Euro**	**Rs**
	%	**%**	**%**
Bank overdrafts	-	-	5.75
Bank borrowings	-	-	5.75-6.05
Bond notes	-		4.8-6.3
Finance lease liabilities	-	-	6.40-7.65

(m) The exposure of the group's borrowings to the interest rate changes and the contractual repricing dates are disclosed above.

(n) The carrying amounts of borrowings are not materially different from their fair value.

23. DEFERRED INCOME TAXES

(a) **Accounting policy**

> Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements.
>
> 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 profits will be available against which deductible temporary differences can be utilised.
>
> For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amount of such properties is presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment properties are depreciable and are held within 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.

(b) Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2018: 17%).

There is a legally enforceable right to offset deferred tax assets against deferred tax liabilities when the deferred income taxes relate to the same fiscal authority on the entity. The following amounts are shown on the statement of financial position:

Deferred tax assets on tax losses carried forward are recognised only to the extent that realisation of the related tax benefit is probable. The recoverability of tax losses is limited to a period of five years from the relevant year of assessment except for losses attributable to annual allowances claimed in respect of capital expenditure.

At the end of the reporting period, the group and the company had unused tax losses of Rs.814.5m and Rs.422.1m respectively (2018: Rs.939.8m and Rs.nil respectively) available for offset against future profits. A deferred tax asset of Rs.29.8m (2018: Rs.30.1m) has been recognised by the group in respect of part of these losses. No deferred tax asset has been recognised in respect of remaining losses due to the unpredictability of future profit streams. The tax losses expire on a rolling basis over 5 years except for losses attributable to annual allowances claimed in respect of capital expenditure.

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Deferred tax assets	147,681	122,320	59,923	-
Deferred tax liabilities	(799,364)	(722,673)	-	-
Net deferred tax (liabilities) / asset	(651,683)	(600,353)	59,923	-

(c) The movement in the deferred income tax account is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
At July 1,	**Rs'000**	Rs'000	**Rs'000**	Rs'000
- as previously reported	(600,353)	(520,477)	-	-
- effect of change in accounting policies (note 43)	5,082	-	-	-
- correction of prior period	-	(27,266)	-	-
- as restated	(595,271)	(547,743)	-	-
Amalgamation adjustment	-	-	65,385	-
Acquisition through business combination (note 41(a))	(690)	(6,062)	-	-
Charged to profit or loss (note 33)	(54,196)	(54,452)	(5,617)	-
(Charged)/credited to other comprehensive income	(1,526)	7,904	155	-
At June 30,	(651,683)	(600,353)	59,923	-

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

23. DEFERRED INCOME TAXES (CONT'D)

(d) The movement in deferred income tax assets and liabilities during the year is as follows:

THE GROUP

(i) 2019

	At July 1, 2018						
	As previously reported	**Effect of change in accounting policies**	**As restated**	**Acquisition through business combination**	**(Charged)/ credited to profit or loss**	**Charged to other comprehensive income**	**At June 30, 2019**
Deferred tax liabilities	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Accelerated tax depreciation	(208,100)	-	(208,100)	(1,002)	10,053	-	(199,049)
Asset revaluations	(209,896)	-	(209,896)	-	(63,964)	(400)	(274,260)
Impairment/fair value	(316,344)	-	(316,344)	-	5,806	-	(310,538)
Straightlining of rental income	-	-	-	-	(895)	-	(895)
	(734,340)	**-**	**(734,340)**	**(1,002)**	**(49,000)**	**(400)**	**(784,742)**
Deferred tax assets							
Tax losses	30,185	-	30,185	121	(459)	-	29,847
Retirement benefit obligations	103,802	-	103,802	191	(2,875)	(1,126)	99,992
Provision for bad debts	-	5,082	5,082	-	(1,862)	-	3,220
	133,987	**5,082**	**139,069**	**312**	**(5,196)**	**(1,126)**	**133,059**
Net deferred tax liabilities	**(600,353)**	**5,082**	**(595,271)**	**(690)**	**(54,196)**	**(1,526)**	**(651,683)**

(ii) 2018

	At July 1, 2017						
	As previously reported	**Correction of prior period**	**As restated**	**Acquisition through business combination**	**Charged to profit or loss**	**Credited to other comprehensive income**	**At June 30, 2018**
Deferred tax liabilities	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Accelerated tax depreciation	(187,601)	(1,293)	(188,894)	(6,062)	(13,144)	-	(208,100)
Asset revaluations	(232,599)	(11,100)	(243,699)	-	30,879	2,924	(209,896)
Impairment/fair value	(191,544)	(57,900)	(249,444)	-	(66,900)	-	(316,344)
	(611,744)	**(70,293)**	**(682,037)**	**(6,062)**	**(49,165)**	**2,924**	**(734,340)**
Deferred tax assets							
Tax losses	36,206	263	36,469	-	(6,284)	-	30,185
Retirement benefit obligations	55,061	42,764	97,825	-	997	4,980	103,802
	91,267	**43,027**	**134,294**	**-**	**(5,287)**	**4,980**	**133,987**
Net deferred tax liabilities	**(520,477)**	**(27,266)**	**(547,743)**	**(6,062)**	**(54,452)**	**7,904**	**(600,353)**

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

23. DEFERRED INCOME TAXES (CONT'D)

(e) **THE COMPANY**

2019	**At July 1, 2018**	**Amalgamation adjustment**	**(Charged)/ credited to profit or loss**	**Charged to other comprehensive income**	**At June 30, 2019**
Deferred tax liabilities	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Accelerated tax depreciation	-	130	(2,119)	-	(1,989)
	-	**130**	**(2,119)**	**-**	**(1,989)**
Deferred tax assets					
Provision for bad debts	-	-	(2,209)	-	(2,209)
Tax losses	-	(2,286)	2,286	-	-
Retirement benefit obligations	-	(63,229)	7,659	(155)	**(55,725)**
	-	**(65,515)**	**7,736**	**(155)**	**(57,934)**
Net deferred tax liabilities	**-**	**(65,385)**	**5,617**	**(155)**	**(59,923)**

(f) **Critical accounting estimates**

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties, the Directors have reviewed the group's investment property portfolio and have concluded that none of the properties 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. As a result, the group has not recognised deferred tax on changes in the fair value of its investment properties as the group is not subject to capital gains tax on disposal of its investment properties.

24 DEFERRED RENT ASSETS/LIABILITIES

(a) **Accounting policy**

Deferred rent assets or liabilities arise from the straightlining of rental income and rental expense.

(b) **DEFERRED RENT ASSETS**

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,	**-**	-	**-**	-
Amalgamation adjustment	**-**	-	**178**	-
Movement	**1,087**	-	**291**	-
At June 30,	**1,087**	-	**469**	-

(c) **DEFERRED RENT LIABILITIES**

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,	**-**	-	**-**	-
Acquisition through business combination (note 41(a))	**1,332**			
Amalgamation adjustment	**-**	-	**343**	-
Additions	**135**			
Charge to profit or loss	**-**	-	**269**	-
At June 30,	**1,467**	-	**612**	-

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

25. RETIREMENT BENEFIT OBLIGATIONS

(a) Accounting policy

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Some subsidiaries of the group contribute to defined benefit plans for certain employees. The cost of providing benefits is determined using the projected unit credit method so as to spread the regular cost over the service lives of employees in accordance with the advice of actuaries. The liability recognised on the statement of financial position is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets.

Re-measurement of the net defined benefit liability, which comprises actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur and will not be reclassified to profit or loss in subsequent periods.

The group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss. Service costs, comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements, are recognised immediately in profit or loss.

Defined contribution plans

A defined contribution plan is a pension plan under which a company pays fixed contributions into a separate entity. There is no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Some subsidiaries operate a defined contribution plan for all qualifying employees. Payments to defined contribution retirement plans are recognised as an expense when employees have rendered services that entitle them to the contributions. Some subsidiary companies operate defined contribution retirement plans with no worse off guarantees provided for certain employees.

Some of the subsidiary companies operate defined contribution schemes with the Sugar Industry Pension Fund.

Following an agreement with the Sugar Industry Staff Employee's Association where a pension is provided on retirement, the scheme operates as a defined benefit scheme.

The group also runs a defined contribution plan, the Rogers Pension Fund (RPF), to which have been transferred the pension benefits of all employees who were members of a self-administered defined benefit superannuation fund (DBSF). These employees, subject to them contributing regularly to the RPF, have been given the guarantee by their respective employers that their benefits at the age of sixty, under the RPF would not be less than the benefits provided under the ex DBSF. The potential liability under the above guarantee is funded by additional employers' contributions and has been included in the provision made for retirement benefit obligations.

Retirement gratuity

For employees who are not covered or who are insufficiently covered by a pension plan, the net present value of gratuity on retirement payable under the Employment Rights Act 2008 is calculated and provided for. The obligations arising under this item are not funded.

Profit-sharing and bonus plans

Certain subsidiary companies recognise a liability and an expense for bonuses and profit-sharing. The subsidiary companies recognise a provision when a contractual obligation has arisen. The obligations arising under this item are not funded.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

25. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b)

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Amounts recognised on the statements of financial position				
Defined pension schemes (note (c) (ii))	**424,250**	467,163	**252,169**	-
Other post retirement benefits (note (d) (i))	**430,247**	378,545	**75,630**	-
	854,497	845,708	**327,799**	-
Analysed as follows:				
Non-current liabilities	**854,497**	845,708	**327,799**	-
Amounts charged to profit or loss:				
- Defined pension benefits (note(c)(vi))	**55,836**	59,047	**16,170**	-
- Other post retirement benefits (note (d)(iv))	**38,379**	32,026	**4,514**	-
	94,215	91,073	**20,684**	-
Amount charged/(credited) to other comprehensive income:				
- Defined pension benefits (note (c)(vii))	**(26,950)**	14,255	**(8,438)**	-
- Other post retirement benefits (note (d)(v))	**34,898**	3,901	**9,352**	-
	7,948	18,156	**914**	-

(c) Defined pension benefits

(i) The group operates defined benefit pension plans for some of its subsidiary companies. They provide for a pension at retirement and benefit on death or disablement in service before retirement. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at June 30, 2019.

(ii) The amounts recognised on the statements of financial position are as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of funded obligations	**2,841,375**	2,919,379	**410,132**	-
Present value of unfunded defined benefit obligations	**1,634**	980	**-**	-
Fair value of plan assets	**(2,476,259)**	(2,552,796)	**(157,963)**	-
Impact of minimum funding requirement/asset ceiling	**57,500**	99,600	**-**	-
Deficit of funded plans	**424,250**	467,163	**252,169**	-

(iii) The movement in liability recognised on the statements of financial position is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,	**467,163**	472,859	**-**	-
Amalgamation adjustment	**-**	-	**268,688**	-
Acquisition through business combination	**-**	4,900	**-**	-
Charged to profit or loss	**55,836**	59,047	**16,170**	-
(Credited)/charged to other comprehensive income	**(26,950)**	14,255	**(8,438)**	-
Contributions paid	**(71,799)**	(83,898)	**(24,251)**	-
At June 30,	**424,250**	467,163	**252,169**	-

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

25. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(c) **Defined pension benefits (cont'd)**

(iv) The movement in the defined benefit obligations during the year is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,	**2,920,359**	2,487,512	**-**	-
Amalgamation adjustment			**426,425**	-
Acquisition through business combination	**-**	4,900	**-**	-
Settlement loss	**-**	5,400	**-**	-
Current service cost	**31,562**	33,245	**2,016**	-
Past service cost	**200**	(6,300)	**-**	-
Interest cost	**152,558**	171,101	**21,070**	-
Actuarial loss	**22,360**	11,497	**14,644**	-
Employee contributions	**-**	-	**64**	
Liability loss due to change in financial assumptions	**(1,744)**	134,678	**(24,210)**	-
Benefits paid	**(289,549)**	(107,276)	**(29,877)**	-
Other movements	**2,558**	(5,434)	**-**	-
Liability experience loss	**4,705**	191,036	**-**	-
At June 30,	**2,843,009**	2,920,359	**410,132**	-

(v) The movement in the fair value of plan assets during the year is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,	**(2,552,796)**	(2,123,753)	**-**	-
Amalgamation adjustment	**-**	-	**(157,736)**	-
Expected return on plan assets	**-**	(305,600)	**-**	-
Employer contributions	**(71,799)**	(80,835)	**(24,251)**	-
Employee contributions	**(2,558)**	-	**(65)**	-
Scheme expenses	**384**	966	**124**	-
Interest income	**(134,458)**	(137,880)	**(7,499)**	-
Cost of insuring risk benefits	**1,390**	1,414	**459**	-
Benefits paid	**289,549**	104,214	**29,877**	-
Other movements	**-**	5,434	**-**	-
Actuarial gain	**(5,971)**	(16,756)	**(898)**	-
Return on plan assets exceeding interest income			**2,026**	-
At June 30,	**(2,476,259)**	(2,552,796)	**(157,963)**	-

(vi) The amounts recognised in profit or loss are as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**31,562**	33,245	**2,016**	-
Past service cost	**200**	(6,300)	**-**	-
Cost of insuring risk benefits	**1,390**	1,414	**459**	-
Interest cost	**22,300**	24,322	**13,571**	-
Settlement loss	**-**	5,400	**-**	-
Scheme expenses	**384**	966	**124**	-
Total included in employee benefit expense (note 32(b))	**55,836**	59,047	**16,170**	-

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

25. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(c) **Defined pension benefits (cont'd)**

(vii) The amounts recognised in other comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Losses on pension scheme assets	**6,303**	(16,200)	**(898)**	-
Liability experience losses	**17,058**	203,988	**11,475**	-
Liability losses due to change in financial assumptions	**(1,744)**	134,678	**(24,210)**	-
Return on plan assets	**(12,274)**	(306,156)	**2,026**	-
Change in effect of asset ceiling	**(46,300)**	(600)	**-**	-
Changes in assumptions underlying the present value of the scheme	**10,007**	(1,455)	**3,169**	-
Actuarial losses recognised in other comprehensive income	**(26,950)**	14,255	**(8,438)**	-

(viii) The principal assumptions used for accounting purposes of the actuarial valuations were as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	%	%	**%**	%
Discount rate	**2.8-6.0**	4.1-6.8	**2.8-5.5**	-
Expected return on plan assets	**4.0**	3.0	**4.0**	-
Future salary increases	**3.0-4.0**	1.0-4.5	**3.0**	-
Rate of pension increases	**0.5-2.0**	0.0-4.0	**0.0**	-

(ix) The allocation of the plan assets at the end of the reporting period is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	%	%	**%**	%
Qualifying insurance policies	**3.35%**	4.75	**-**	-
Local equities	**30.59%**	31.63	**29.00**	-
Overseas equities	**20.21%**	23.68	**25.00**	-
Debt	**26.73%**	24.30	**23.00**	-
Property	**11.71%**	12.52	**19.00**	-
Cash and cash equivalents	**7.40%**	3.12	**4.00**	-
	1.00	100.00	**100.00**	-

Some of the assets of the plan are invested in the deposit administration policy underwritten by Swan Life. The deposit administration policy is a pooled insurance product for group pension schemes. It is a long-term investment policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as equity funds.

The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

25. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(c) **Defined pension benefits (cont'd)**

(x) Sensitivity analysis on defined benefit obligations at end of the reporting period:

	THE GROUP	THE COMPANY
June 30, 2019	**Rs'000**	**Rs'000**
Decrease due to 1% increase in discount rate	**224,572**	**21,606**
Increase due to 1% decrease in discount rate	**82,048**	**24,700**
Increase in Defined Benefit Obligation due to 1% increase in future long-term salary assumptions	**19,310**	**2,776**
Decrease in Defined Benefit Obligation due to 1% decrease in future long-term salary assumptions	**11,861**	**2,583**

	THE GROUP	THE COMPANY
June 30, 2018	**Rs'000**	**Rs'000**
Decrease due to 1% increase in discount rate	**225,074**	**-**
Increase due to 1% decrease in discount rate	**268,854**	**-**
Increase due to 1% increase in future long-term salary assumptions	**22,030**	**-**

The sensitivity analysis has been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligations have been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(xi) The defined pension plans expose the group to actuarial risks such as longevity risk, currency risk, interest rate risk and market (investment) risk.

(xii) The group expects to pay Rs.42.2m as contributions to their post-employment benefit plans for the year ending June 30, 2020.

(xiii) The weighted average duration of the defined benefit obligation is between 2 and 25 years for the group at the end of the reporting period.

(d) **Other post retirement benefits**

Other post retirement benefits comprise of gratuity on retirement payable under the Employment Rights Act 2008 and other benefits.

(i) The amounts recognised on the statements of financial position are as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of unfunded obligations	**430,247**	378,545	**75,630**	-

(ii) The movement in liability recognised on the statements of financial position is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,				
- as previously reported	**378,545**	377,034	**-**	-
- amalgamation adjustment	**-**	-	**66,999**	-
- correction of prior period	**-**	12,198	**-**	-
- as restated	**378,545**	389,232	**66,999**	-
Charged to profit or loss	**38,350**	32,026	**4,514**	-
Charged to other comprehensive income	**34,898**	3,901	**9,352**	-
Acquisition through business combination (note 41(a);(b))	**1,155**	1,095	**-**	-
Employer contributions	**(14,549)**	-	**(222)**	-
Transfer to non-current assets classified as held for sale	**-**	(31,804)	**-**	-
Benefits paid	**(8,152)**	(15,905)	**(5,013)**	-
At June 30,	**430,247**	378,545	**75,630**	-

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

25. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(d) **Other post retirement benefits (cont'd)**

(iii) The movement in the defined benefit obligations during the year is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 1,				
- as previously reported	**378,545**	377,034	**-**	-
- amalgamation adjustment	**-**	-	**66,999**	-
- correction of prior period	**-**	12,198	**-**	-
- as restated	**378,545**	389,232	**66,999**	-
Acquisition through business combination (note 41(a);(b))	**1,125**	1,095	**-**	-
Effect of curtailments/settlements	**(669)**	(6,848)	**-**	-
Current service cost	**14,526**	17,234	**1,315**	-
Past service cost and gains and losses on settlements	**4,800**	(100)	**-**	-
Interest cost	**19,722**	21,740	**3,199**	-
Actuarial losses	**17,503**	8,332	**9,408**	-
Liability experience gains	**7,187**	(6,267)	**-**	-
Liability gains due to change in financial assumptions	**10,109**	1,836	**(56)**	-
Liability gains due to change in demographic assumptions	**100**	-	**-**	-
Transfer to non-current assets classified as held for sale	**-**	(31,804)	**-**	-
Employer contributions	**(14,549)**	-	**(222)**	-
Benefits paid	**(8,152)**	(15,905)	**(5,013)**	-
At June 30,	**430,247**	378,545	**75,630**	-

(iv) The amounts recognised in profit or loss are as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**14,526**	17,234	**1,315**	-
Effect of curtailments/settlements	**(669)**	(6,848)	**-**	-
Past service cost	**4,800**	(100)	**-**	-
Interest expense	**19,722**	21,740	**3,199**	-
Total included in employee benefit expense (note 32(b))	**38,379**	32,026	**4,514**	-

(v) The amounts recognised in other comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Liability experience (gains)/losses	**15,591**	(4,223)	**7,799**	-
Liability gain due to change in demographic assumptions	**-**	-	**-**	-
Liability gain due to change in financial assumptions	**10,109**	-	**(56)**	-
Changes in assumptions underlying the present value of the scheme	**9,198**	8,124	**1,609**	-
Actuarial losses recognised in other comprehensive income	**34,898**	3,901	**9,352**	-

(vi) The principal assumptions used for the purposes of the actuarial valuations were as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	%	%	**%**	%
Discount rate	**2.8-6.0**	5.0-6.7	**4.0-5.0**	-
Future long term salary increase	**3.0-4.0**	2.5-5.6	**3.0**	-
Future guaranteed pension increase	**0.5-2.0**	0.0-1.6	**-**	-

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

25. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(vii) Sensitivity analysis on defined benefit obligations at end of the reporting period:

	THE GROUP	THE COMPANY
June 30, 2019	**Rs'000**	**Rs'000**
Decrease due to 1% increase in discount rate	**19,268**	**3,984**
Increase due to 1% decrease in discount rate	**58,487**	**4,412**
Increase due to 1% increase in future long-term salary assumptions	**63,712**	**196**
Decrease due to 1% decrease in future long-term salary assumptions	**9,202**	**156**

	THE GROUP	THE COMPANY
June 30, 2018	Rs'000	Rs'000
Decrease due to 1% increase in discount rate	48,878	-
Increase due to 1% decrease in discount rate	57,973	-
Increase due to 1% increase in future long-term salary assumptions	12,668	-

(viii) The weighted average duration of the defined benefit obligation is between 2 and 25 years for the group at the end of the reporting period.

(e) **Critical accounting estimates**

Pension benefits

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

The group determines the appropriate discount rate at the end of each year. This is the interest rate used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

26. TRADE AND OTHER PAYABLES

(a) **Accounting policy**

Trade and other payables

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

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events which will probably result in an outflow of economic benefits that can be reliably estimated.

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 risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(b)

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables	**3,529,242**	1,253,233	**4,965**	-
Other payables and accruals	**861,378**	2,783,414	**137,286**	345
	4,390,620	4,036,647	**142,251**	345

Trade and other payables are denominated in Mauritian rupees and their carrying amounts approximate their fair values.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

27. LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

(a) **Accounting policy**

Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the group has received full or partial consideration from the customer. In cases where the customer pays consideration before the group transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognised as revenue when the group performs under the contract. The group also derives income from sales of land options. A land option gives the customer the option to buy a property in the future against an upfront payment. The proceeds are treated as a contract liability as no performance obligation is delivered at that time until the customer buys the land or the option period expires.

(b) **THE GROUP**

	CONTRACT LIABILITIES
	2019
	Rs'000
At July 1,	
- as previously reported	**-**
- Adjustment on initial application of IFRS 15 - Revenue from contracts with customers	**431,798**
- as restated	**431,798**
Land options redeemed, excluded from revenue	**(16,000)**
Amounts included in contract liabilities that was recognised as revenue during the year	**(270,417)**
Cash received in advance of performance and not recognised as revenue during the year	**150,607**
Exchange difference	**10,600**
At June 30,	**306,588**

28. AMOUNTS PAYABLE TO GROUP COMPANIES

(a) **Accounting policy**

Amounts payable to group companies are stated at fair value and subsequently measured at amortised cost using the effective interest method.

	2019	2018
(b) **THE COMPANY**	**Rs'000**	Rs'000
Subsidiary companies	**29,356**	-

Amounts payable to group companies are denominated in Mauritian rupees and their carrying amounts approximate their fair values.

29. REVENUE

(a) **Accounting policy**

Revenue from contracts with customers

Performance obligations and timing of revenue recognition

The group derives most of its revenue is derived from selling goods and services with revenue recognised at a point in time when control of the goods or services rendered are actually transferred to the customer. This is generally when the goods are delivered to the customer or services provided. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

29. REVENUE (CONT'D)

Other than revenue from sale of villas or provision of landscaping services, all revenue generated from the sale of goods and services are recognised at a point in time.

Some subsidiaries sell villas to customers with revenue recognised on an over time basis. The transfer of the land and villa is one peformance obligation or the subsidiaries provide a significant service of intergrating the land and the villa into a combined output in the context of the agreement. The subsidiaries recognise revenue from the sale of property under construction over time, based on percentage of work completed as they have an enforceable right to payment for peformance completed to date and the asset credited by the subsidiaries' peformance does not have an alternative use to the subsidiaries.

A subsidiary provides landscaping services to clients ,with revenue recognised on an over time basis. The subsidiary recognises revenue based on stage of completion of the project, and certified by internal or external quantity surveryors.

Determining the transaction price

The group's revenue is mostly derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

Each contract has a fixed price which is correspondingly allocated to performance obligations.

Other revenues earned by the group are recognised on the following bases:

(i) Rental income

Rental income is recognised on a straight line basis over the lease term.

(ii) Sugar and molasses prices are based on the final prices received from the Mauritius Sugar Syndicate.

(iii) Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(iv) Dividend income is accounted for when the shareholder's right to receive payment is established.

(v) Management fees are recognised as and when the services are provided.

(vi) Fees and commissions

Discounts received from merchants on financing of credit agreements are initially recognised and presented in other liabilities in the statements of financial position. The release to profit or loss is recognised in fee and commission income in the statements of profit or loss. Merchant discount is recognised over the period of time in line with the credit facility provided to the customers. Otherwise, commission accrues when the service is provided and billable. Other fees and commission income are recognised as the related services are performed.

(b)

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Sales	**14,174,727**	13,502,002	**-**	-
Sugar and agricultural diversification proceeds	**663,811**	661,185	**-**	-
Management and secretarial fees	**5,144**	6,171	**11,203**	-
Other income	**497,512**	459,232	**33,916**	-
Revenue from contracts with customers (note 29(c))	**15,341,194**	14,628,590	**45,119**	-
Commission	**301,500**	279,800	**-**	-
Other income	**289,200**	295,200	**-**	-
Interest and dividend income	**129,561**	73,825	**209,500**	54,976
	16,061,455	15,277,415	**254,619**	54,976
Attributable to:				
Continuing operations	**16,061,455**	14,601,853	**254,619**	54,976
Discontinued operations (note 20)	**-**	675,562	**-**	-
	16,061,455	15,277,415	**254,619**	54,976

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

29. REVENUE (CONT'D)

(c) Disaggregation of revenue from contracts with customers

THE GROUP

2019	**Land & investment**	**Agro industry**	**Commerce & industry**	**Fintech**	**Hospitality**	**Logistics**	**Real estate**	**Corporate office**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Product type									
Goods	-	653,426	3,408,962	115,641	896,377	-	2,049,413	2,015	7,125,834
Services	16,451	196,340	419,300	595,452	2,549,041	3,455,417	980,705	2,654	8,215,360
	16,451	**849,766**	**3,828,262**	**711,093**	**3,445,418**	**3,455,417**	**3,030,118**	**4,669**	**15,341,194**
Timing of revenue recognition									
At a point in time	16,451	714,065	3,828,262	711,093	3,445,418	3,455,417	2,616,699	4,669	14,792,074
Over time	-	135,701	-	-	-	-	413,419	-	549,120
	16,451	**849,766**	**3,828,262**	**711,093**	**3,445,418**	**3,455,417**	**3,030,118**	**4,669**	**15,341,194**

THE COMPANY

2019	**Land & investment**	**Corporate office**	**Total**
Product type	**Rs'000**	**Rs'000**	**Rs'000**
Goods	-	-	-
Services	33,916	11,203	45,119
	33,916	**11,203**	**45,119**
Timing of revenue recognition			
At a point in time	33,916	11,203	45,119
Over time	-	-	-
	33,916	**11,203**	**45,119**

(d) **Critical accounting estimates**

Revenue recognition

The percentage of completion method is utilised to recognise revenue on long-term contracts. Management exercises judgement in calculating the deferred revenue reserve which is based on the stage of completion.

In addition, management exercises judgement in assessing whether significant risks and rewards have been transferred to the customer before revenue is recognised.

30. OTHER OPERATING EXPENSES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Sugar estate other operating expenses	**497,057**	504,336	**32,471**	-
Depreciation and amortisation	**621,507**	557,710	**5,458**	-
Selling and other expenses	**320,453**	203,059	**-**	-
	1,439,017	1,265,105	**37,929**	-
Attributable to:				
Continuing operations	**1,439,017**	1,262,729	**37,929**	-
Discontinued operations	**-**	2,376	**-**	-
	1,439,017	1,265,105	**37,929**	-

31. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
Interest expense on	**Rs'000**	Rs'000	**Rs'000**	Rs'000
- Bank overdrafts	**86,376**	113,484	**1,466**	29
- Bank and other loans	**1,066,528**	977,895	**190,250**	483
- Finance leases	**10,632**	16,033	**255**	-
- Preference shares	**2,354**	9,414	**-**	-
	1,165,890	1,116,826	**191,971**	512
Foreign exchange (gains)/losses	**(7,098)**	(89,896)	**532**	-
	1,158,792	1,026,930	**192,503**	512
Attributable to:				
Continuing operations	**1,158,792**	1,022,735	**192,503**	512
Discontinued operations	**-**	4,195	**-**	-
	1,158,792	1,026,930	**192,503**	512

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

32. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
Profit before taxation from continuous operations is arrived after:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Continuing operations				
Crediting :				
Income from investments - Official market	**26,190**	36,103	**39,040**	-
- DEM listed	**6,697**	4,231	**15,192**	63
- Unquoted	**4,623**	26,300	**132,984**	54,913
Interest income	**92,051**	14,492	**22,284**	-
Profit on disposal of property, plant and equipment, intangible assets, investment properties and investments	**182,445**	139,235	**46,298**	-
Release to income relating to dividend in specie	**2,158**	-	**-**	115,688
Increase in fair value of investment properties (see note 6(b))	**1,009,669**	1,089,170	**288,154**	-
Excess of fair value of the share of net assets over acquisition price (see note (a) below)	**5,533**	31,744	**-**	-
and charging:				
Depreciation on property, plant and equipment	**621,750**	580,691	**5,458**	-
Goodwill and investment impaired	**21,289**	38,009	**-**	-
Amortisation of intangible assets	**48,552**	47,976	**-**	-
Amortisation of deferred expenditure	**123,100**	13,400	**-**	-
Fair value loss on financial assets at fair value through profit or loss (see note 12(e)(i))	**12,000**	-	**6,406**	-
Fair value loss on held for trading financial assets	**-**	2,123	**-**	-
Employee benefit expense (see note (b) below)	**3,579,560**	3,459,753	**35,881**	-

(a) Excess of fair value of the share of net assets over acquisition price arise upon acquisition of associated companies.

(b) Employee benefit expense

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Wages and salaries	**3,343,701**	3,084,041	**11,946**	-
Social security and other costs	**37,351**	175,307	**42**	-
Pension costs - defined benefit plans (note 25(c)(vi))	**55,836**	59,047	**16,170**	-
- other post retirement benefits (note 25(d)(iv))	**38,379**	32,026	**4,514**	-
- defined contribution plans	**104,293**	109,332	**3,209**	-
	3,579,560	3,459,753	**35,881**	-

33. INCOME TAX

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) **CHARGE**				
Current tax on the adjusted profit for the year at 17% (including CSR) (2018: 17%)	**167,817**	164,160	**2,298**	-
Under provision	**14,185**	4,814	**-**	-
	182,002	168,974	**2,298**	-
Deferred tax charge (note 23)	**54,196**	54,452	**5,617**	-
Income tax charge	**236,198**	223,426	**7,915**	-

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

33. INCOME TAX (CONT'D)

The tax expense for the period comprises of 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.

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

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
(b) **LIABILITY**				
At July 1, as restated	**76,371**	37,474	**-**	-
Amalgamation adjustment	**-**	-	**228**	
Acquisition through business combination (note 41(a))	**(519)**	1,758	**-**	-
Transfers	**(29,948)**	-	**-**	-
Under provision	**14,185**	4,814	**-**	-
Charge for the year	**167,817**	164,160	**2,298**	-
Paid during the year	**(150,005)**	(131,835)	**(572)**	-
At June 30,	**77,901**	76,371	**1,954**	-

(c) The tax on the group's and company's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the group and the company as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before taxation from continuing operations	**1,598,120**	1,521,603	**190,022**	54,121
Loss before taxation from discontinued operations	**-**	(152,837)	**-**	-
	1,598,120	1,368,766	**190,022**	54,121
Tax calculated at a rate of 17% (2018: 17%)	**271,680**	232,690	**32,304**	9,201
Tax effect of :-				
Income not subject to tax	**(385,120)**	(341,893)	**(196,303)**	(9,346)
Effect of different tax rates	**-**	4,350	**-**	-
Expenses not deductible for tax purposes	**358,337**	263,710	**148,849**	145
Deferred tax on investment properties not recognised	**(29,732)**	(45,819)	**-**	-
Recognised tax losses	**(60,419)**	(45,031)	**-**	-
Utilisation of previously unrecognised tax losses	**(4,597)**	(902)	**-**	-
Deferred tax impact	**64,754**	48,200	**-**	-
Tax losses for which no deferred tax asset was recognised	**26,576**	197,517	**23,065**	-
Overprovision of deferred tax in previous years	**-**	(46,807)	**-**	-
Under provision of income tax in previous years	**14,185**	4,814	**-**	-
Effect of consolidation adjustments	**(9,496)**	16,421	**-**	-
Effect of tax on associated companies	**(28,948)**	(47,909)	**-**	-
Other movements	**18,978**	(15,915)	**-**	-
Income tax charge	**236,198**	223,426	**7,915**	-

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

34. FAIR VALUE, REVALUATION AND OTHER RESERVES

(a) THE GROUP

		Fair value and other reserves	Associated companies reserves	Total
(i)	**2019**	**Rs' 000**	**Rs' 000**	**Rs' 000**
	At July 1, 2018	**3,228,594**	**115,175**	**3,343,769**
	Effect of change in ownership not resulting in loss of control following amalgamation	**6,096,722**	**642,504**	**6,739,226**
	Transfer on disposal of land and buildings	**(48,435)**	**-**	**(48,435)**
	Other transfers	**34,419**	**-**	**34,419**
	Fair value adjustments on financial assets at fair value through other comprehensive income	**(26,839)**	-	**(26,839)**
	Currency translation differences	**1,034**	-	**1,034**
	Movement in reserves of associated companies	**-**	**107,204**	**107,204**
	At June 30, 2019	**9,285,495**	**864,883**	**10,150,378**

		Fair value and other reserves	Associated companies reserves	Total
(ii)	2018	Rs' 000	Rs' 000	Rs' 000
	At July 1, 2017 as restated	3,363,521	112,850	3,476,371
	Effect of change in ownership not resulting in loss of control	(106,400)	-	(106,400)
	Transfer on disposal of land and buildings	(8,509)	-	(8,509)
	Other transfers	1,941	-	1,941
	Fair value adjustments on available-for-sale financial assets	(4,926)	-	(4,926)
	Revaluation surplus, net of deferred tax	(1,937)	-	(1,937)
	Release on disposal of investment	(13,604)	-	(13,604)
	Currency translation differences	(1,492)	-	(1,492)
	Movement in reserves of associated companies	-	2,325	2,325
	At June 30, 2018	3,228,594	115,175	3,343,769

(b) THE COMPANY

	2019	2018
Fair value and other reserves	**Rs' 000**	Rs' 000
July 1,	**5,526,240**	6,281,834
Amalgamation adjustment	**9,369,372**	-
Transfer to retained earnings on sale of land and building	**(100,032)**	-
Transfer to retained earnings on disposal of investment	**(620,516)**	-
Fair value adjustments on financial assets at fair value through other comprehensive income	**(2,040,258)**	
Fair value adjustments on available-for-sale financial assets	**-**	(755,594)
June 30,	**12,134,806**	5,526,240

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

35. DIVIDENDS

(a) **Accounting policy**

Dividend distribution to the shareholders is recognised as a liability in the financial statements in the period in which the dividends are declared.

(b) Amounts recognised as distributions to equity holders during the year:

	2019	2018
	Rs'000	Rs'000
Ordinary shares		
- Interim dividend for the year ended June 30, 2019 of Rs.117* (2018: Rs.117) per share	**25,231**	25,230
- Final dividend for the year ended June 30, 2019 of Re.0.45 (2018: Rs. 110) per share	**168,748**	23,721
Preference shares		
- Interim dividend for the year ended June 30, 2019 of Rs.1.60 (2018: Rs. 1.60) per share	**991**	991
- Final dividend for the year ended June 30, 2019 of Rs.nil (2018: Rs.0.40) per share	**-**	248
	194,970	50,190

*The interim dividend was based on 215,646 ordinary shares pre-amalgamation

The final proposed dividend was paid on July 31, 2019.

36. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholder of the company by the weighted average number of ordinary shares outstanding during the period.

			THE GROUP		THE COMPANY	
(a)	**From continuing operations**		**2019**	2018	**2019**	2018
	Net profit attributable to owners of the company from continuing operations	Rs.'000	**648,884**	180,869	**182,107**	52,882
	Number of shares in issue ('000)*		**374,996**	82,723	**374,996**	82,723
	Weighted number of ordinary shares in issue ('000)		**229,063**	82,723	**229,063**	82,723
	Basic earnings per share from continuing operations**	Rs.	**2.83**	2.19	**0.80**	0.64
(b)	**From discontinued operations**					
	Net profit attributable to owners of the company from discontinued operations	Rs.'000	**-**	(38,799)	**-**	-
	Number of shares in issue ('000)*		**374,996**	82,723	**374,996**	82,723
	Weighted number of ordinary shares in issue ('000)		**229,063**	82,723	**229,063**	82,723
	Basic loss per share from discontinued operations**	Rs.	**-**	(0.47)	**-**	-

* The basic number of shares for 2018 has been restated to reflect the number of ordinary shares of La Sablonniere Limited post conversion.

** The earnings per share pre-amalgamation has been computed on the basis of 82,723,121 ordinary shares.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

37. NOTES TO THE STATEMENTS OF CASH FLOWS

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

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
(a) **Cash generated from operations**	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Profit before taxation from continuing operations	**1,598,120**	1,521,603	**190,022**	54,121
Loss before taxation from discontinued operations	**-**	(152,837)	**-**	-
Adjustments for:				
Depreciation of property, plant and equipment	**621,750**	570,344	**5,458**	-
Amortisation of intangible assets	**48,552**	52,251	**-**	-
Amortisation of deferred expenditure	**123,100**	13,400	**-**	-
Interest expense	**1,167,132**	1,112,632	**191,971**	512
Interest income	**(92,051)**	(14,492)	**(22,284)**	-
Fair value gain on revaluation of investment properties	**(1,009,669)**	(1,089,170)	**(288,154)**	-
Fair value loss on financial assets at fair value through profit or loss	**12,000**	-	**6,406**	-
Fair value loss on held for trading financial assets	**-**	2,123	**-**	-
Excess of the fair value of the share of net assets over acquisition price	**(5,533)**	(31,744)	**-**	-
Release to income relating to dividend in specie	**(2,158)**	-	**(2,158)**	-
Release of deferred expenditure to expenses	**4,347**	-	**-**	-
Loss on foreign exchange	**-**	-	**532**	
Profit on disposal of land and investments	**(137,531)**	(42,159)	**(45,843)**	-
Profit on disposal of property, plant and equipment, intangible assets and investment properties	**(44,914)**	(97,076)	**(455)**	-
Impairment charge on value of loans	**52,755**	-	**-**	-
Impairment on financial assets and receivables	**60,400**	48,700	**15,153**	-
Impairment of goodwill, investments and others	**21,289**	38,009	**-**	-
Provision for retirement benefit obligations	**(359)**	(11,734)	**(45,056)**	-
Share of profits less losses of associated companies and jointly controlled entities, net of dividends	**(121,080)**	(232,348)	**1,186**	-
Straightlining of rental income	**(80,224)**	-	**(553)**	-
Write off	**(1,660)**	-	**-**	-
Debtors written off	**-**	-	**17,296**	-
Deferred rent liabilities	**-**	-	**269**	-
Loss/(gain) on exchange	**1,314**	3,041	**(171)**	-
Compensation for waiver to rights to lessee on land and buildings	**(1,360)**	(2,470)	**1,188**	-
	2,214,220	1,840,910	**24,807**	54,633
Changes in working capital:				
- inventories	**(12,199)**	174,559	**-**	-
- consumable biological assets	**47,047**	52,578	**-**	-
- trade and other receivables	**(545,007)**	(1,185,792)	**4,020**	-
- receivable from group companies	**-**	-	**(123,920)**	(3,474)
- net investment in finance lease	**(1,263,500)**	-	**-**	-
- trade and other payables	**233,523**	315,430	**8,179**	161
- payables to group companies	**-**	-	**25,326**	-
Cash generated from/(used in) operations from continuing operations	**674,084**	1,197,685	**(61,588)**	51,320
Cash used in operations from discontinued operations	**-**	(127,034)	**-**	-

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

37. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

(b) **Major non-cash transactions**

The principal non-cash transactions include the acquisition of property, plant and equipment under finance leases and available-for-sale financial assets received as consideration for sale of investments.

(c) **Cash and cash equivalents**

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Bank overdrafts	**(1,635,459)**	(1,775,289)	**(295)**	(1,844)
Cash at bank and in hand	**2,084,501**	1,975,305	**608,846**	-
Cash at bank relating to subsidiary classified as non current assets held for sale (note 20)	**-**	19,560	**-**	-
Cash and cash equivalents	**449,042**	219,576	**608,551**	(1,844)

(d) **Reconciliation of liabilities arising from financing activities**

				Non-cash changes				
	2018	**Cash flows**	**Acquisition of subsidiary**	**Conversion**	**Acquisition**	**Non-cash transactions**	**Foreign exchange movement**	**2019**
THE GROUP	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Bank and other loans	16,869,821	489,492	2,244	(1,150,000)	-	-	6,303	**16,217,860**
Bond notes	-	2,350,000	-	1,150,000	-	-	-	**3,500,000**
Secured floating rate notes	1,710,000	-	-	-	-	350,000	-	**2,060,000**
Debentures	355,700	-	-	-	-	-	-	**355,700**
Convertible preference shares	86,200	-	-	-	-	(48,700)	-	**37,500**
Non redeemable preference shares	134,490	(134,490)	-	-	-	-	-	**-**
Lease liabilities	266,283	(62,324)	-	-	48,164	-	-	**252,123**
	19,422,494	**2,642,678**	**2,244**	**-**	**48,164**	**301,300**	**6,303**	**22,423,183**

	2018	**Amalgamation adjustment**	**Cash flows**	**Conversion**	**Foreign exchange movement**	**2019**
THE COMPANY	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Bank and other loans	7,082	5,888,483	(1,100,445)	(1,150,000)	703	**3,645,823**
Bond notes			2,350,000	1,150,000		**3,500,000**
Lease liabilities	-	7,989	(1,079)			**6,910**
	7,082	**5,896,472**	**1,248,476**	**-**	**703**	**7,152,733**

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

38. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Authorised by the board but not contracted for	**804,900**	133,600	**71,140**	-
Contracted for but not yet incurred	**653,643**	1,037,249	**-**	-

39. SEGMENT INFORMATION

(a) Accounting policy

Segment information presented relates to operating segments that engage in business activities for which revenues are earned and expenses incurred.

The group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business unit requires different technology and marketing strategies.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The group evaluates the performance on the basis of profit or loss from operations before tax expense. The group accounts for inter-segment sales and transfers at current market prices.

The group's customer base is highly diversified, with no individually significant customers.

No geographical information has been provided as the cost to develop it would be excessive.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

39. SEGMENT INFORMATION (CONT'D)

THE GROUP	**Agro-industry**	**Commerce & industry**	**Real estate**	**Land & investment**	**Hospitality**	**Logistics**	**Fintech**	**Corporate office**	**Total**
2019	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Continuing operations									
Total segment revenues	**996,392**	**4,089,784**	**3,742,289**	**381,807**	**3,884,742**	**3,501,106**	**959,375**	**286,914**	**17,842,409**
Inter-segment revenues	**(146,366)**	**(179,844)**	**(655,643)**	**(354,841)**	**(40,934)**	**(766)**	**(120,315)**	**(282,245)**	**(1,780,954)**
Revenue from external customers	**850,026**	**3,909,940**	**3,086,646**	**26,966**	**3,843,808**	**3,500,340**	**839,060**	**4,669**	**16,061,455**
Profit/(loss) before finance costs	**17,799**	**216,283**	**1,758,032**	**117,718**	**371,275**	**178,555**	**134,080**	**(36,830)**	**2,756,912**
Finance costs	**(17,349)**	**(59,175)**	**(548,092)**	**(332,376)**	**(110,900)**	**(32,900)**	**(57,600)**	**(400)**	**(1,158,792)**
Profit/(loss) before taxation	**450**	**157,108**	**1,209,940**	**(214,658)**	**260,375**	**145,655**	**76,480**	**(37,230)**	**1,598,120**
Income tax expense	**11,459**	**(16,327)**	**(132,733)**	**-**	**(44,000)**	**(39,000)**	**(7,400)**	**(8,197)**	**(236,198)**
Profit/(loss) for the year from continuing operations	**11,909**	**140,781**	**1,077,207**	**(214,658)**	**216,375**	**106,655**	**69,080**	**(45,427)**	**1,361,922**
Profit for the year	**11,909**	**140,781**	**1,077,207**	**(214,658)**	**216,375**	**106,655**	**69,080**	**(45,427)**	**1,361,922**
Depreciation and amortisation	**81,390**	**96,700**	**201,331**	**3,883**	**242,430**	**102,260**	**51,540**	**12,988**	**792,522**
Additions to non-current assets	**26,887**	**117,475**	**1,496,000**	**-**	**437,130**	**101,260**	**117,540**	**10,769**	**2,307,061**
Other segment assets	**1,257,806**	**2,492,422**	**22,479,484**	**18,699,618**	**6,588,983**	**3,077,176**	**3,244,603**	**30,601**	**57,870,693**
Investment in associated companies and jointly controlled entities	**2,398,194**	**61,909**	**237,364**	**132,755**	**5,233,140**	**-**	**1,858,370**	**-**	**9,921,732**
Total segment assets	**3,656,000**	**2,554,331**	**22,716,848**	**18,832,373**	**11,822,123**	**3,077,176**	**5,102,973**	**30,601**	**67,792,425**
Segment liabilities	**894,571**	**1,542,854**	**11,464,234**	**7,349,139**	**3,776,212**	**2,276,168**	**2,865,130**	**492,219**	**30,660,527**
Material items of income and expenditure:									
Fair value gain on revaluation of investment properties	**-**	**-**	**721,515**	**288,154**	**-**	**-**	**-**	**-**	**1,009,669**

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

39. SEGMENT INFORMATION (CONT'D)

THE GROUP	Agro-industry	Commerce & industry	Real estate	Land & investment	Hospitality	Logistics	Fintech	Corporate office	Total
2018	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Continuing operations									
Total segment revenues	894,107	3,493,642	3,168,953	664,501	3,497,021	3,529,382	761,142	366,324	16,375,072
Inter-segment revenues	(80,365)	(164,010)	(571,708)	(580,335)	(11,348)	(1,063)	(930)	(363,460)	(1,773,219)
Revenue from external customers	813,742	3,329,632	2,597,245	84,166	3,485,673	3,528,319	760,212	2,864	14,601,853
Profit before finance costs	106,131	154,799	1,809,573	15,831	263,183	140,775	81,207	(27,161)	2,544,338
Finance costs	(16,420)	(74,163)	(509,076)	(315,399)	(58,729)	(2,959)	(45,487)	(502)	(1,022,735)
Profit/(loss) before taxation	89,711	80,636	1,300,497	(299,568)	204,454	137,816	35,720	(27,663)	1,521,603
Income tax expense	(1,561)	(18,775)	(100,117)	(2,280)	(43,000)	(43,000)	(12,000)	(2,693)	(223,426)
Profit/(loss) for the year from continuing operations	88,150	61,861	1,200,380	(301,848)	161,454	94,816	23,720	(30,356)	1,298,177
Discontinued operations									
Loss for the year from discontinued operations	-	-	(152,837)	-	-	-	-	-	(152,837)
Profit for the year	88,150	61,861	1,047,543	(301,848)	161,454	94,816	23,720	(30,356)	1,145,340
Depreciation and amortisation	75,245	91,769	107,212	8,938	213,880	106,440	36,720	6,138	646,342
Additions to non-current assets	90,032	133,421	1,027,428	54,038	479,920	62,260	115,630	5,786	1,968,515
Other segment assets	1,511,583	2,505,634	20,720,161	17,992,065	6,721,338	2,727,393	1,964,808	60,605	54,203,587
Investment in associated companies and jointly controlled entities	2,221,010	83,430	295,344	115,715	4,986,215	-	1,650,816	-	9,352,530
Total segment assets	3,732,593	2,589,064	21,015,505	18,107,780	11,707,553	2,727,393	3,615,624	60,605	63,556,117
Segment liabilities	539,646	2,148,643	10,440,160	4,670,874	3,834,906	2,011,607	1,614,828	1,894,545	27,155,209
Material items of income and expenditure:									
Fair value gain on revaluation of investment properties	-	-	826,963	262,207	-	-	-	-	1,089,170

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

40. RELATED PARTY TRANSACTIONS

(a) **THE GROUP**

	Associated companies and jointly controlled entities		Other related parties	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Purchases of goods and services	**63,050**	45,100	**21,260**	18,300
Sale of goods and services	**42,926**	90,300	**10,000**	3,708
Management fee income	**2,075**	2,495	**-**	75
Interest expense	**61**	31,284	**-**	-
Loans payable	**19,200**	501,446	**-**	-
Amounts receivable	**5,832**	8,107	**1,714**	3,852
Amounts payable	**1,874**	336	**58**	701

(b) **THE COMPANY**

	Subsidiary companies		Associated companies		Other related parties	
	2019	2018	**2019**	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Rental income	**22,939**	-	**-**	-	**-**	-
Rental expense	**2,639**	-	**-**	-	**-**	-
Management fee income	**9,528**	-	**1,535**	-	**100**	-
Management fee expense	**51,047**	100	**-**	-	**-**	-
Interest expense	**1,275**	-	**-**	-	**-**	-
Interest income	**22,237**	-	**-**	-	**-**	-
Amounts receivable	**1,228,134**	27,488	**-**	-	**115**	-
Loans receivable	**16,150**	-	**-**	-	**-**	-
Amounts payable	**29,356**	-	**-**	-	**-**	-

(c) The sales and purchases with related parties were made in the normal course of business. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash except for the following:

(i) Loans receivable from subsidiary company carry an interest rate of 5.75%.

(ii) Loans payable to associated companies carry interest rate of 3%.

No guarantees have been given or received except as disclosed in note 42.

(d) For the year ended June 30, 2019, the company recorded an impairment of Rs.17.4m from amounts receivable from related parties (2018: Rs.nil).

(e) **Key management personnel compensation**

	THE GROUP		**THE COMPANY**	
	2019	2018	**2019**	2018
	Rs'000	Rs'000	**Rs'000**	Rs'000
Directors' fees	**5,717**	-	**3,910**	-
Salaries and short term employment benefits	**50,621**	27,457	**24,503**	-
Post- employment benefits	**440**	3,833	**-**	-
	56,778	31,290	**28,413**	-

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

41. BUSINESS COMBINATIONS

(a) 2019

(i) Acquisition of subsidiaries

During the year, one of the subsidiaries of the group acquired 76% holding in JMD International Limited.

No goodwill arose on the acquisition of JMD International Limited.

The consideration paid for the acquisition of the above company and the value of the assets acquired and liabilities assumed recognised at acquisition date, as well as the fair value at acquisition date of the non-controlling shareholders are summarised below.

	2019
Consideration	**Rs'000**
Cash	**(23,342)**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	**9,120**
Intangible asset	**645**
Inventories	**31,450**
Trade and other receivables	**21,741**
Cash and cash equivalents	**(21,903)**
Income tax asset	**519**
Retirement benefit obligation	**(1,155)**
Trade and other payables	**(8,042)**
Borrowings	**(2,244)**
Deferred tax liabilities	**(690)**
Deferred rent liability	**(1,332)**
Obligation under finance lease	**(1,048)**
Total identifiable net assets	**27,061**
Non-controlling interest not acquired	**(6,561)**
Gain on bargain purchase	**(16,269)**
	4,231

	2019
Net cash flow on acquisition of subsidiaries	**Rs'000**
Consideration paid in cash	**(1,439)**
Cash and cash equivalents acquired	**(21,903)**
	(23,342)

The revenue and loss consolidated in the group's statements of profit or loss for the year ended June 30, 2019 amounted to Rs.42.5m and Rs.6.0m respectively.

(ii) Disposal of subsidiary

During the year, the group disposed its shareholding in Yacht Management Ltd and Cogir Limited. Assets and liabilities disposed are as follows:

Analysis of asset and liabilities over which control was lost	**2019**
	Rs'000
Non-current assets	
Property, plant and equipment	**47,675**
Investments in associates	**5,727**
Current assets	
Inventories	**1,010**
Trade and other receivables	**213,548**
Cash and cash equivalents	**18,757**
Current tax assets	**4,197**
Current liabilities	
Borrowings	**(3,722)**
Trade and other payables	**(220,376)**
Income tax liability	**(100)**
Non-current liabilities	
Borrowings	**(7,609)**
Retirement benefit obligations	**(31,804)**
Net assets disposed of	**27,303**

	2019
Net cash flow on disposal of subsidiaries	**Rs'000**
Goodwill initially recognised	**5,200**
Loss on disposal of subsidirary	**(2,200)**
Cash and cash equivalent disposed	**(20,365)**
	(17,365)

The loss on disposal is included in profit for the year.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

41. BUSINESS COMBINATIONS (CONT'D)

(b) 2018

(i) Acquisition of subsidiaries

In 2018, one of the subsidiaries of the group acquired 100% holding in Globefin Corporate Services Ltd, Globefin Management Services Ltd, Globefin Nominee Ltd and another subsidiary of the group acquired 50% holding in SB Cattle.

The goodwill of Rs.306.7m arising from the acquisition is attributable to acquired customer base and economies of scale expected from combining the operations of the group and the subsidiaries.

None of the goodwill recognised is expected to be deductible for income tax purposes.

The consideration paid for the acquisition of the above companies and the value of the assets acquired and liabilities assumed recognised at acquisition date, as well as the fair value at acquisition date of the non-controlling shareholders are summarised below.

	2018
Consideration	Rs'000
Cash	322,434
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	10,698
Intangible assets	4,243
Consumable biological assets	240
Trade and other receivables	22,510
Cash and cash equivalents	12,867
Income tax liability	(1,758)
Retirement benefit obligation	(1,095)
Trade and other payables	(34,253)
Borrowings	(131,619)
Deferred tax liabilities	(6,062)
Total identifiable net assets	(124,229)
Non-controlling interest not acquired	139,969
Goodwill	306,694
	322,434

	2018
Net cash flow on acquisition of subsidiaries	Rs'000
Consideration paid in cash	(322,434)
Cash and cash equivalents acquired	12,867
	(309,567)

The revenue and profit consolidated in the group's statements of profit or loss for the year ended June 30, 2018 amounted to Rs.80.6m and Rs.29.5m respectively.

(ii) Disposal of subsidiary

In 2018, one of the subsidiaries of the group, The Savannah Sugar Milling Company Limited has been liquidated.

Analysis of asset and liabilities over which control was lost	2018
	Rs'000
Current assets	
Cash and cash equivalents	9
Current liabilities	
Payables	(197,086)
Net assets disposed of	(197,077)
Loss on deemed disposal of subsidiary	
Share of net assets disposed of	(157,662)
Receivable netted off	197,078
	39,416

The gain on disposal is included in profit for the year.

42. CONTINGENT LIABILITIES

Contingent liabilities as at June 30, 2019 are as follows:

-A subsidiary has acted as surety in respect of a guarantee of Rs.300m given by one of its subsidiaries to the Mauritius Revenue Authority.

- A subsidiary is being sued by the heirs of a former employee for Rs.76m on the ground of having provided unsafe working conditions during his tenure with the company. At the date of signing the annual report, the outcome is uncertain.

- A subsidiary of the group has provided a shortfall undertaking, equivalent to six months' interest payment of approximately Rs.17.6m, to bond holder representatives on behalf of another subsidiary company.

- At June 30, 2019, some of the group's subsidiaries had contingent liabilities in respect of bank guarantees arising in the ordinary course of business.

It is anticipated that no material liabilities would arise from the above.

Some of the group's subsidiaries have pending legal matters amounting to Rs.61.3m. There are also pending legal matters relating to a court case against two subsidiary companies, the outcome of which is uncertain.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

43. CHANGES IN ACCOUNTING POLICIES

(a) Impact on the financial statements

The group has adopted IFRS 9 - Financial instruments and IFRS 15 - Revenue from contracts with customers without restating comparative information. Any adjustments arising from the new accounting policies are not reflected in the comparatives year ended June 30, 2018 but are recognised in the opening balance on retained earning at July 1, 2018.

Restatement of impact lines of the financial statements for prior periods are as follows:

THE GROUP		IFRS 9 - Financial Instruments		IFRS 15 - Revenue from Contracts with Customers		
Statement of financial position	June 30, 2018 (as previously reported)	Reclassification	Remeasurement	Reclassification	Remeasurement	July 1, 2018 (as restated)
ASSETS	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Non-current assets						
Property, plant and equipment	21,593,450	-	-	-	-	21,593,450
Investment properties	21,185,687	-	-	-	-	21,185,687
Deferred expenditure	369,432	-	-	-	67,500	436,932
Intangible assets	1,945,178	-	-	-	-	1,945,178
Investments in subsidiary companies	-	-	-	-	-	-
Investments in associated companies	9,351,461	-	-	-	-	9,351,461
Investments in jointly controlled entities	1,069	-	-	-	-	1,069
Investments in financial assets	524,100	(524,100)	-	-	-	-
Financial assets at fair value through other comprehensive income	-	524,100	-	-	-	524,100
Non-current receivables	54,841	(54,841)	-	-	-	-
Financial assets at amortised cost	-	54,841	-	-	-	54,841
Net investment in leases and other credit agreements	306,300	-	-	-	-	306,300
Deferred tax assets	122,320	-	5,082	-	-	127,402
	55,453,838	-	5,082	-	67,500	55,526,420
Current assets						
Inventories	1,725,908	-	-	-	5,600	1,731,508
Consumable biological assets	290,150	-	-	-	-	290,150
Net investment in leases and other credit agreements	188,400	-	(17,200)	-	-	171,200
Trade and other receivables	3,446,966	(1,252,281)	(69,853)	(4,480)	-	2,120,352
Assets related to contracts with customers	-	-	-	4,480	-	4,480
Financial assets at amortised cost	-	1,252,281	-	-	-	1,252,281
Held for trading securities	59,701	(59,701)	-	-	-	-
Financial assets at fair value through profit or loss	-	59,701	-	-	-	59,701
Cash and cash equivalents	1,975,305	-	-	-	-	1,975,305
	7,686,430	-	(87,053)	-	5,600	7,604,977
Non-current assets classified as held for sale	415,849	-	-	-	-	415,849
Total assets	63,556,117	-	(81,971)	-	73,100	63,547,246
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	8,349	-	-	-	-	8,349
Fair value, revaluation and other reserves	3,343,769	-		-	-	3,343,769
Retained earnings	2,915,344	-	(38,577)	-	(26,819)	2,849,948
Equity holders' interests	6,267,462	-	(38,577)	-	(26,819)	6,202,066
Non-controlling interests	30,133,446	-	(43,394)	-	(173,881)	29,916,171
Total equity and reserves	36,400,908	-	(81,971)	-	(200,700)	36,118,237
LIABILITIES						
Non-current liabilities						
Borrowings	17,386,067	-	-	-	-	17,386,067
Deferred tax liabilities	722,673	-	-	-	-	722,673
Retirement benefit obligations	845,708	-	-	-	-	845,708
	18,954,448	-	-	-	-	18,954,448
Current liabilities						
Trade and other payables	4,036,647	-	-	(6,598)	(151,400)	3,878,649
Liabilities related to contracts with customers	-	-	-	6,598	425,200	431,798
Current tax liabilities	76,371	-	-	-	-	76,371
Borrowings	3,811,716	-	-	-	-	3,811,716
Proposed dividends	23,969	-	-	-	-	23,969
	7,948,703	-	-	-	273,800	8,222,503
Liabilities directly associated with non-current assets classified as held for sale	252,058	-	-	-	-	252,058
Total liabilities	27,155,209	-	-	-	273,800	27,429,009
Total equity and liabilities	63,556,117	-	(81,971)	-	73,100	63,547,246

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

43. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(a) Impact on the financial statements (cont'd)

The restatement impact on the retained earnings at July 1, 2018 are as disclosed below:

	THE GROUP	
	Retained earnings	**Non-controlling interests**
	Rs'000	**Rs'000**
Retained earnings at June 30, 2018	2,915,344	30,133,446
Adjustment on initial application of IFRS 9 - Financial instruments		
Increase in impairment loss for net investment in finance lease	(5,794)	(11,406)
Increase in impairment loss for trade receivables	(37,866)	(31,987)
Increase in deferred tax assets	5,082	-
Adjustment on initial application of IFRS 15 - Revenue from contracts with customers		
Remeasurement of deferred expenditure	9,019	58,481
Remeasurement of inventories	717	4,883
Remeasurement of trade and other payables	20,249	131,151
Restatement of contract liabilities	(56,803)	(368,397)
Retained earnings at July 1, 2018	2,849,948	29,916,171

(b) IFRS 9 Financial Instruments

Classification and measurement

(i) *Reclassification from available-for-sale financial assets to financial assets at fair value through other comprehensive income*

The group elected to present in the statements of other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale financial assets, because these investments are held as long-term strategic investments which are not expected to be sold in the short to medium term. Therefore, on July 1, 2018, assets with a fair value of Rs.524.1m were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income.

(ii) *Other financial assets*

Equity securities - held for trading are required to be held as fair value through profit or loss under IFRS 9 Financial Instruments. There was no impact on the amounts recognised in relation to these assets from the adoption of IFRS 9 Financial Instruments.

(iii) *Impairment of financial assets*

At July 1, 2018, the group had two types of financial assets that were subject to IFRS 9's new expected credit loss model:

- net investment in finance lease of Rs. 494.7m

- trade receivables for Rs. 2,394.8m

The group was required to revise its impairment methodology under IFRS 9 - Financial Instruments for each of these classes of assets and the impact of the change in impairment methodology on the group's retained earnings and equity is disclosed above.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

43. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(c) IFRS 15 Revenue from Contracts with Customers

(i) Had the group continued to report in accordance with IAS 18 Revenue for the year ended June 30, 2019, it would have reported the following amounts in these financial statements:

	As reported under IFRS 15	**Effect**	**As would have been reported**
	Rs'000	**Rs'000**	**Rs'000**
Revenue	16,061,455	(135,900)	15,925,555
Profit for the year	1,361,922	(35,600)	1,326,322
Liabilities related to contracts with customers	306,588	(306,588)	-
Assets related to contracts with customers	23,081	(23,081)	-
Total equity	37,131,898	166,300	37,298,198

The main reason for the differences is the identification of additional performance obligations in certain consultancy contracts and the recognition of the revenue on some of those performance obligations at a point in time rather than over time under IAS 18.

Under the cumulative catch-up approach, comparatives are not restated and, in order to enable users to make period-by-period comparisons of financial performance.

(ii) Presentation of assets and liabilities related to contract with customers

The group has changed the presentation of certain amounts in the statement of financial position to reflect the terminology of IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.

Unlike in previous years, liabilities with contracts from customers have been presented on the statement of financial position.

44. AMALGAMATION

Effective January 1, 2019, Ex ENL Limited, ENL Finance Limited, ENL Land Ltd, and Ex ENL Commercial Limited have amalgamated with and into La Sablonniere Limited. La Sablonniere Limited remained as the surviving entity, was renamed ENL Limited and has been listed on the official market of the SEM. 374,996,326 Ordinary A Shares of ENL Limited of no par value have been issued for non cash consideration to the shareholders of the amalgamating companies who were registered on the share register of the said amalgamating companies as at December 31, 2018 in accordance with the share exchange ratio:

(a) 383.6061 new ordinary A shares for conversion of each La Sablonniere Limited ordinary share;

(b) 0.6575 new ordinary A shares for conversion of each La Sablonniere Limited preference share;

(c) 1.2186 new ordinary A shares for each Ex ENL Limited ordinary share;

(d) 1.1617 new ordinary A shares for each Ex ENL Limited preference share;

(e) 1.3724 new ordinary A shares for each ENL Land Ltd ordinary share;

(f) 0.6678 new ordinary A shares for each Ex ENL Commercial Limited ordinary share.

Effective January 1, 2019, the stated capital of the company is Rs 3,607,986,766.

Identifiable assets and liabilities on amalgamation are as follows:	**2019**
	Rs'000
Non current assets	33,623,900
Current assets	540,968
	34,164,868
Non-current liabilities	5,403,728
Current liabilities	1,304,997
	6,708,725

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

45. FINANCIAL SUMMARY

(a) **THE GROUP**

				Restated
		Year ended June 30, 2019	Year ended June 30, 2018	Year ended June 30, 2017
		Rs'000	Rs'000	Rs'000
Statements of profit or loss and other comprehensive income				
Continuing operations				
Turnover		**16,061,455**	14,601,853	13,233,425
Profit before taxation		**1,598,120**	1,521,603	1,593,229
Income tax expense		**(236,198)**	(223,426)	(185,863)
Profit for the year from continuing operations		**1,361,922**	1,298,177	1,407,366
Loss for the year from discontinued operations		**-**	(152,837)	(32,893)
Profit for the year		**1,361,922**	1,145,340	1,374,473
Other comprehensive income for the year		**314,918**	(403,214)	1,326,507
Total comprehensive income for the year		**1,676,840**	742,126	2,700,980
Profit attributable to:				
Owners of the company		**648,884**	142,070	285,648
Non-controlling shareholders		**713,038**	1,003,270	1,088,825
		1,361,922	1,145,340	1,374,473
Total comprehensive income attributable to:				
Owners of the company		**758,343**	83,343	473,456
Non-controlling shareholders		**918,497**	658,783	2,227,524
		1,676,840	742,126	2,700,980
Dividend per share				
- Interim	Rs.	**117.00**	117.00	132.00
- Final	Rs.	**0.45**	110.00	138.00
Earnings per share from continuing operations	Rs.	**2.83**	2.19	1,422.00
Loss per share from discontinued operations	Rs.	**-**	(0.47)	(103.13)

			Restated
	June 30, 2019	June 30, 2018	June 30, 2017
Statements of financial position	**Rs'000**	Rs'000	Rs'000
ASSETS			
Non-current assets	**58,382,479**	55,453,838	53,240,683
Current assets	**9,192,831**	7,686,430	6,908,975
Non-current assets classified as held for sale	**217,115**	415,849	192,501
Total assets	**67,792,425**	63,556,117	60,342,159
EQUITY AND LIABILITIES			
Capital and reserves	**25,233,642**	6,267,462	6,321,576
Non-controlling interests	**11,898,256**	30,133,446	29,768,668
Total equity	**37,131,898**	36,400,908	36,090,244
LIABILITIES			
Non-current liabilities	**22,156,081**	18,954,448	15,215,955
Current liabilities	**8,501,746**	7,948,703	9,035,960
Liabilities directly associated with non-current assets classified as held for sale	**2,700**	252,058	-
Total equity and liabilities	**67,792,425**	63,556,117	60,342,159

Notes to the financial statements

YEAR ENDED JUNE 30, 2019

45. FINANCIAL SUMMARY (CONT'D)

(b) THE COMPANY

		Year ended June 30, 2019	Year ended June 30, 2018	Year ended June 30, 2017
		Rs'000	Rs'000	Rs'000
Statements of profit or loss and other comprehensive income				
Turnover		**254,619**	54,976	55,232
Profit before taxation		**190,022**	54,121	169,911
Income tax expense		**(7,915)**	-	-
Profit for the year		**182,107**	54,121	169,911
Other comprehensive income for the year		**(2,041,017)**	(755,594)	147,280
Total comprehensive income for the year		**(1,858,910)**	(701,473)	317,191
Dividend per share				
- Interim	Rs.	**117.00**	117.00	132.00
- Final	Rs.	**0.45**	110.00	112.00

Dividend in specie

On May 15, 2017, the Board resolved to distribute 1,509,522 preference shares of Ex-ENL Limited as dividend in specie to the ordinary shareholders of the company, in the proportion of 7 preference shares of Ex-ENL Limited for every 1 ordinary share held in the company.

Earnings per share	**Rs.**	**0.49**	245.23	782.17

	June 30, 2019	June 30, 2018	June 30, 2017
Statements of financial position	**Rs'000**	Rs'000	Rs'000
ASSETS			
Non-current assets	**31,708,578**	5,557,054	6,428,925
Current assets	**1,169,591**	27,488	24,148
Non-current assets classified as held for sale	**98,615**	-	-
Total assets	**32,976,784**	5,584,542	6,453,073
EQUITY AND LIABILITIES			
Capital and reserves	**25,153,036**	5,551,302	6,302,965
LIABILITIES			
Non-current liabilities	**7,451,048**	4,786	7,084
Current liabilities	**372,700**	28,454	143,024
Total equity and liabilities	**32,976,784**	5,584,542	6,453,073

46. EVENTS AFTER THE REPORTING PERIOD

(a) On August 13, 2019, the Board of one subsidiary of the group, has approved a new issue of 4,624,725 ordinary shares for a cash consideration of Rs 600m to Amethis Fund II S.C.A. Sicar, representing an effective holding of 10.5% in the subsidiary company. This new issue of shares to Amethis Fund II S.C.A. Sicar would result in a dilution in the stake held by the group in the subsidiary company from 47.90% to 41.63%.

Had the transaction occurred on June 30, 2019, the net impact of the changes in shareholding would result in an increase of Rs 26m in retained earnings and Rs 557m in non-controlling interests.

(b) On July 17, 2019, the Board of one subsidiary of the group, has approved the disposal of 100% holding in RCAS Actuarial Ltd (formerly known as Rogers Capital Actuarial Services Ltd) to Swan Life Ltd for a total cash consideration of Rs 8.5m.

Had the transaction occurred on June 30, 2019, the impact of this transaction would have increased the profit for the year by Rs 4m, representing the profit on disposal.

Shareholder information

We make sure we know and understand what our customers want. We strive to exceed their expectations. It is a commitment that we renew every day.

The new all-electric Jaguar I-pace answers all the requirements of the modern, planet conscious, tech-savvy and power-loving citizen of the world.

Corporate information

Registered office

ENL House
Vivéa Business Park
Moka
Telephone: (230) 404 9500
Fax: (230) 404 9565
Email: info@enl.mu

Investor relations

ENL House
Vivéa Business Park
Moka
Telephone: (230) 404 9500
Fax: (230) 404 9565
Email: investors@enl.mu

Secretary

ENL Secretarial Services Limited
ENL House
Vivéa Business Park
Moka

Share registry

MCB Registry and Securities Ltd
Sir William Newton Street
Port Louis
Tel: (230) 202 5423
Fax: (230) 208 1167

Auditors

BDO & Co.

Bankers

AfrAsia Bank Limited
Bank One Ltd
Barclays Bank PLC
SBI (Mauritius) Ltd
SBM Bank (Mauritius) Ltd
The Mauritius Commercial Bank Limited

Legal advisors

ENSafrica (Mauritius)
Benoit Chambers
De Speville-Desvaux

Notaries

Me Bernard d'Hotman de Villiers
Me Jean Pierre Montocchio

Notice of meeting

Notice is hereby given that the Annual Meeting of shareholders of ENL Limited will be held at the company's registered office, ENL House, Vivéa Business Park, Moka, on 18 December 2019 at 15:30 hours, to transact the following business:

1. To consider the Annual Report for the year ended 30 June 2019.
2. To receive the report of the auditors of the company.
3. To consider and approve the audited financial statements of the company for the year ended 30 June 2019.

   Ordinary resolution

   "Resolved that the audited financial statements of the company for the year ended 30 June 2019 be hereby approved."

4. To elect one Director, namely Mr Marie Edouard Gilbert Espitalier-Noël, who retires by rotation in accordance with Section 21.6 of the company's constitution and, being re-eligible, offers himself for re-election.

   Ordinary resolution

   "Resolved that Mr Marie Edouard Gilbert Espitalier-Noël be hereby re-elected as Director of the company in accordance with Section 21.6 of the company's constitution."

5. To elect one Director, namely Mr Mushtaq Mohamed Oomar Noormohamed Oosman, who retires by rotation in accordance with Section 21.6 of the company's constitution and, being re-eligible, offers himself for re-election.

   Ordinary resolution

   "Resolved that Mr Mushtaq Mohamed Oomar Noormohamed Oosman be hereby re-elected as Director of the company in accordance with Section 21.6 of the company's constitution."

6. To re-appoint Mr Joseph Edouard Gérard Espitalier Noël, who is over the age of 70 years, to continue to hold office as a Director of the company until the next Annual Meeting of the company under Section 138 (6) of the Companies Act 2001.

   Ordinary resolution

   "Resolved that Mr Joseph Edouard Gérard Espitalier Noël be hereby re-appointed as Director of the company to hold office until the next Annual Meeting of the company."

7. To appoint KPMG as auditors of the company until the conclusion of the next Annual Meeting of the company and to authorise the Board of Directors to fix their remuneration.

   Ordinary resolution

   "Resolved that KPMG be appointed as auditors of the company until the conclusion of the next Annual Meeting of the company and that the Board of Directors be authorised to fix their remuneration."

Note: The profile and category of the directors proposed for re-election/election/re-appointment are set out on pages 62 to 65 of the Annual Report 2019.

By order of the Board

Preety Gopaul, ACIS
For ENL Secretarial Services Limited
Company Secretary

27 September 2019

A shareholder of the company entitled to attend and vote at this meeting may appoint a proxy (in the case of an individual shareholder) or a representative (in the case of a shareholder company and by way of a corporate resolution), whether a shareholder or not, to attend and vote on his/her behalf. Any such appointment must be made in writing on the attached form, and the document deposited at the share registry and transfer office of the company, MCB Registry and Securities Ltd, Sir William Newton Street, Port Louis, Mauritius not less than twenty-four hours before the meeting is due to take place.

For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of the Companies Act 2001, that the shareholders entitled to receive notice of the meeting and attend such meeting shall be those shareholders whose names are registered in the share register of the company as at 18 November 2019.

Proxy form

I/We

(name of natural shareholder/s)

of

(address of natural shareholder/s)

being a shareholder/s of **ENL LIMITED** (the company), hereby appoint

(name of proxy)

of

(address of proxy)

or failing him/her

(name of proxy)

of

(address of proxy)

as my/our proxy to vote for me/us at the Annual Meeting of the company to be held at the company's registered office, ENL House, Vivéa Business Park, Moka on **18 December 2019** commencing at **15.30 hours**. and at any adjournment thereof. I/We direct my/our proxy to vote in the following manner:

Resolutions *(Please indicate with an **X** in the spaces below how you wish your votes to be cast)*		**For**	**Against**	**Abstain**
3	"Resolved that the audited financial statements of the company for the year ended 30 June 2019 be hereby approved."			
4	"Resolved that Mr Marie Edouard Gilbert Espitalier-Noël be hereby re-elected as Director of the company in accordance with Section 21.6 of the company's constitution."			
5	"Resolved that Mr Mushtaq Mohamed Oomar Noormohamed Oosman be hereby re-elected as Director of the company in accordance with Section 21.6 of the company's constitution."			
6	"Resolved that Mr Joseph Edouard Gérard Espitalier Noël be hereby re-appointed as Director of the company to hold office until the next Annual Meeting of the company."			
7	"Resolved that KPMG be appointed as auditors of the company until the conclusion of the next Annual Meeting of the company and that the Board of Directors be authorised to fix their remuneration."			

Signed this day of 2019

Sign here X

Name:

Sign here X

Name:

Notes

1. *A member may appoint a proxy of his own choice. Insert the name of the person appointed proxy in the space provided.*
2. *In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.*
3. *If this proxy is returned, duly signed, without any indication of proxy, the shareholder will be deemed to have authorised the Company Secretary to designate any person including the Chairman of the meeting as proxy.*
4. *If this form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.*
5. *To be valid, this form must be completed and deposited at the share registry and transfer office of the company, MCB Registry and Securities Ltd, Sir William Newton Street, Port Louis, Mauritius not less than 24 hours before the time fixed for holding the meeting or adjourned meeting.*

Form of appointment of representative by body corporate

I/We the undersigned being duly authorised to sign this form on behalf of

(name of body corporate)

of

(address of body corporate)

being the duly authorised shareholder of **ENL LIMITED** (the company), hereby appoint

(name of representative)

of

(address of representative)

or failing him/her

(name of representative

of

(address of representative)

as representative to vote for the body corporate at the Annual Meeting of the company to be held at the company's registered office, ENL House, Vivéa Business Park, Moka on **18 December 2019** commencing at **15.30 hours** and at any adjournment thereof. I/We direct my/our proxy to vote in the following manner:

Resolutions *(Please indicate with an **X** in the spaces below how you wish your votes to be cast)*		**For**	**Against**	**Abstain**
3	"Resolved that the audited financial statements of the company for the year ended 30 June 2019 be hereby approved."			
4	"Resolved that Mr Marie Edouard Gilbert Espitalier-Noël be hereby re-elected as Director of the company in accordance with Section 21.6 of the company's constitution."			
5	"Resolved that Mr Mushtaq Mohamed Oomar Noormohamed Oosman be hereby re-elected as Director of the company in accordance with Section 21.6 of the company's constitution."			
6	"Resolved that Mr Joseph Edouard Gérard Espitalier Noël be hereby re-appointed as Director of the company to hold office until the next Annual Meeting of the company."			
7	"Resolved that KPMG be appointed as auditors of the company until the conclusion of the next Annual Meeting of the company and that the Board of Directors be authorised to fix their remuneration."			

Signed this day of 2019 by

Sign here X

Name:

Sign here X

Name:

who warrant that he/she is/they are duly mandated and authorised to sign the present form

Notes

1. *A body corporate who is a shareholder may appoint a representative of his own choice. Insert the name of the person appointed as representative in the space provided.*
2. *Where the appointor is a body corporate, this form must be under its common seal or under the hand of some officer or attorney duly authorised and be accompanied by a certified copy, or an original extract, of the board resolution appointing such representative.*
3. *In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.*
4. *If this proxy is returned, duly signed, without any indication of proxy, the shareholder will be deemed to have authorised the Company Secretary to designate any person including the Chairman of the Meeting as proxy.*
5. *If this form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.*
6. *To be valid, this form must be completed and deposited at the share registry and transfer office of the company, MCB Registry and Securities Ltd, Sir William Newton Street, Port Louis, Mauritius not less than 24 hours before the time fixed for holding the meeting or adjourned meeting.*

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