ANNUAL REPORT 2019

CAUDAN
DEVELOPMENT

Dear shareholder

The board of directors of Caudan Development Limited is pleased to present its annual report for the year ended June 30th 2019.

The activities of the group continued throughout 2019 to be property development and investment and the provision of security services.

Caudan Development specialises in the ownership, promotion and development of Le Caudan Waterfront, a mixed commercial project on the waterfront of Port Louis. The company launched in December 2018 the Caudan Arts Centre consisting of a state-of-the-art theatre.
Apart from the waterfront project, the company also rents out industrial buildings situated at Pailles and Riche Terre.

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

The audited financial statements have been approved by the board on September 27th 2019.

Yours sincerely

Jean-Philippe Coulier
Chairperson

René Leclézio
Executive Director

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

Porgy ek Bess - *An adaptation of Gershwin's famous folk opera dated 1935*
A production by the Caudan Arts Centre

financial highlights

	2019	2018
	MRs	MRs
Group shareholders' funds	**4.09bn**	3.96bn
Group net asset value per share	**2.04**	1.98
Share price	**1.07**	1.12
	MRe	MRe
Earnings per share	**0.109**	0.052
Adjusted earnings per share	**0.028**	0.048
Dividends per share	**0.04**	0.04

performance summary

	2019	2018
	%	%
Group net asset return	**5.1**	2.5

The growth in net assets plus dividends declared expressed as a percentage of the net assets at the beginning of the year .

Total shareholder return	**(0.9)**	6.4

The growth in the share price plus dividends declared expressed as a percentage of the share price at the beginning of the year.

Group annualised returns to June 30th 2019	
5 years	**2.4**
10 years **	**2.1**

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

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

Corporate Information

directors

Jean-Philippe Coulier
Chairperson as from December 2018
Jean-Pierre Montocchio
Chairperson up to December 2018
Assad Abdullatiff
Bertrand de Chazal
Catherine Fromet de Rosnay
Gilbert Gnany
Stéphanie de la Hogue
René Leclézio
Jocelyne Martin
Seedha Lutcheemee Nullatemby
Philippe Raffray
appointed June 2019
Antoine Seeyave
up to December 2018
Bernard Yen

Compromis
A play by Philippe Claudel
Director Bernard Murat

remuneration, corporate governance and ethics committee

Catherine Fromet de Rosnay
Chairperson
Bertrand de Chazal
Jean-Philippe Coulier
as from December 2018
Stéphanie de la Hogue
René Leclézio
Jean-Pierre Montocchio
up to December 2018

audit and risk monitoring committee

Assad Abdullatiff
Chairperson as from December 2018
Bertrand de Chazal
Chairperson up to December 2018
Gilbert Gnany
up to May 2019
Bernard Yen

management company

Promotion and Development Ltd

company secretary

MCB Group Corporate Services Ltd
Sir William Newton Street
Port Louis, Mauritius
as from May 2019
Jocelyne Martin
up to May 2019

auditors

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

registrar and transfer office

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

registered and postal address

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

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

date of incorporation

February 17th 1989

chairperson's statement

Dear Shareholder

Your company, Caudan Development Limited, recorded a net profit of MRs218.8m in 2019 as compared to MRs103.6m in 2018, with operating revenues of MRs503.3m vis a vis MRs481.9m in 2018. During that period, its net asset value per share went up from MRs1.98 to MRs2.04. These figures reflect the current underlying potential of the company whilst being still in the midst of a transition period.

Port Louis, our capital city, is going through an extensive process of transformation and regeneration. Le Caudan Waterfront (LCW) being the only mall and business center in the heart of Port Louis, ideally located on the waterfront, close to the business area and the main hotels, is directly impacted by this process of transformation. It is, however, suffering in the short term from the disruption created by the various working sites but will benefit in the longer term from the regeneration underway in the capital city, as most of the ongoing projects are situated within a radius of a few hundred metres, notably road infrastructure works which will allow a better access to LCW, a new metro, and three major developments underway: the future Victoria Urban Terminal, the future aquarium and the future cruise terminal.

LCW has been participating in this process with the opening of the Caudan Arts Centre in December 2018 as scheduled, providing the capital with a modern, comfortable and technically advanced theatre. This facility is already heavily booked both for performing arts and for professional seminars. It is strengthening the emergence of a new cultural area around the Trou Fanfaron and the newly renovated Museum of Port Louis. Our significant development also includes additional business office and parking spaces and has given rise to the creation of a Food and Beverage department, now up and running.

dEsEqUiLiBrEs *is a tribute to Mother Earth and a cry of hope*

The positive impact of all these new developments will progressively kick in, in the coming years.

In the immediate horizon, it has already improved the value of your company, by an uplift in the fair value of our investment property by an amount of MRs159.7m (net of deferred tax) reflecting mainly the enhanced value of land at Caudan attributed by the independent appraiser, during his valuation exercise at balance sheet date.

However, it is too early to benefit operationally from this slow favorable alignment of planets. Our net profit from operations in 2019 is lower than the previous year, which reflects the slow building up of our operations while we have not yet fully benefited from our recent investments and from the surrounding projects started in our immediate vicinity. The repositioning strategy of the commercial segments initiated in 2018 has not yet produced its effects while the new business offices of the Arts Centre have only recently been put on the market. Also, our newly launched activities are still in their early phase and have yet to reach their cruising speed. Although the theatre department is not expected to reach break-even before 2022, we believe that its intangible economic impact is manifold, including attracting visits (both locals and tourists) to LCW and considerable spillover effects over the ongoing activities as well as invigorating and nurturing talents and playing a lead role in creative arts education.

Furthermore, the casino in which we have a passive 39.2 per cent participation is still in a loss position. Our subsidiary, Caudan Security Services, on the other hand is now showing a net operating profit of MRs5.5m, coming from a near break even position with a profit of MRs0.1m last year. The provisions of the proposed new Workers' Rights Act 2019 in that sector is a matter of concern to us and we have already made representations to the relevant authorities. As we have always advocated, the future of this segment lies in dependence on technological solutions and to that effect, we have reinforced our technical support and sales teams.

Consequently, the net operational side of the profits only reached MRs83.2m in 2019; we expect the initiatives taken to continue to impinge next year's results to a certain extent and to prevent us from achieving our full potential as profits will improve progressively only as from mid 2020.

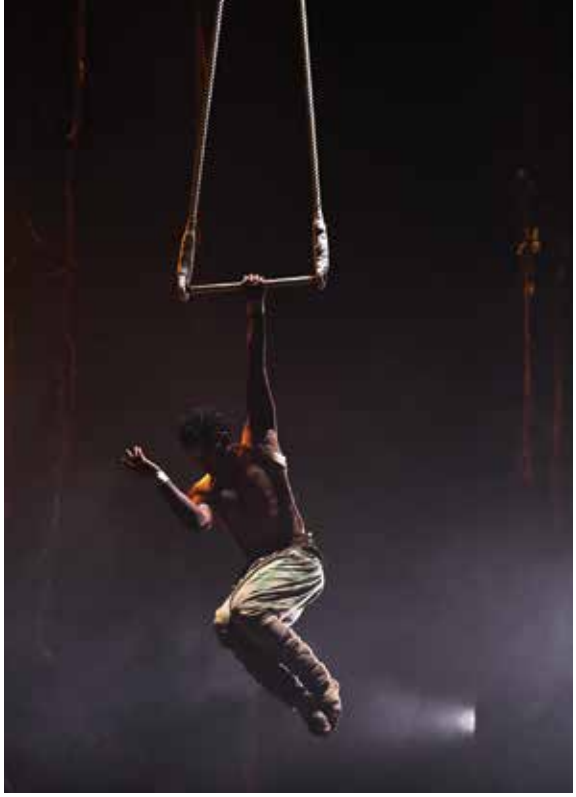
All added, the Board is of the opinion that Caudan's assets are yet to yield their full capacity. The Board is happy to report that your company has returned a dividend of 4 cents to its valuable shareholders.

I will conclude by expressing in the name of the Board our sincere thanks to our previous Chairman, Jean Pierre Montocchio, who stepped down in December after 14 years in the position, for his contribution to the progress of your company all these past years. Also we reiterate our deep appreciation of the dedication and efforts of the personnel whose hard work has been a key factor of progress of your company.

Yours sincerely

Jean-Philippe Coulier

Chairperson
October 28th 2019



Mystral show
A show with aerial dance and movement

corporate governance report

governance structure

The company is a public interest entity as defined under the Financial Reporting Act 2004.

The board is responsible for leading and controlling the organisation and meeting all legal and regulatory requirements. The board supports and is committed to attain and maintain the highest standards of corporate governance, including the principles of openness, integrity and accountability.

The board strives to comply with all the eight principles set out in the National Code of Corporate Governance for Mauritius (2016) ("NCCG"). The company recognises the need to improve the principles and practices in the light of the new code which has brought considerable changes from a corporate governance perspective. We are pleased to report that we have implemented a number of changes and are in the process of completing the final necessary measures so as to be fully compliant. The promotion of good corporate governance values underlies the organisation's decisions and actions.

The company's compliance with the principles of the NCCG is set out in the report.

board and its committees

board charter (the "charter")

The board has adopted a charter which sets out the objectives, roles and responsibilities and composition of the board. The charter should be read in conjunction with the company's Constitution and in case a dispute in content or meaning arises, the wording of the Constitution shall prevail.

The main objectives of the charter are to:

- define the purpose, strategy and value and determine all matters relating to the directions, policies, practices, management and operations of the company and the group in accordance with the directions and delegations of the board and;
- monitor the ethical conduct of the subsidiary companies, its executives and senior officials.

The charter defines inter alia the roles, functions and objectives of the board, various board committees, the Chairperson, the Managing Director and the Company Secretary. It also sets out how they interact in order to promote efficient, transparent and ethical functioning/decision making processes within the group.

The charter is available for consultation on the company's website.

code of ethics

The group is committed to conduct business in accordance with the highest ethical standards and in compliance with all applicable laws, rules and regulations. The Code of Ethics which has been approved by the board has been designed to help officers and employees understand their ethical responsibilities as they conduct business on behalf of the group.

It applies to all subsidiaries of the Caudan group, irrespective of the business segment. Moreover, the Code of Ethics must be read together with the other policies prevailing within the group and any business-specific policies in the applicable area.

The Code of Ethics will be reviewed and updated on a periodic basis in order to ensure it stays relevant to the group.

The Code of Ethics is available for consultation on the company's website.

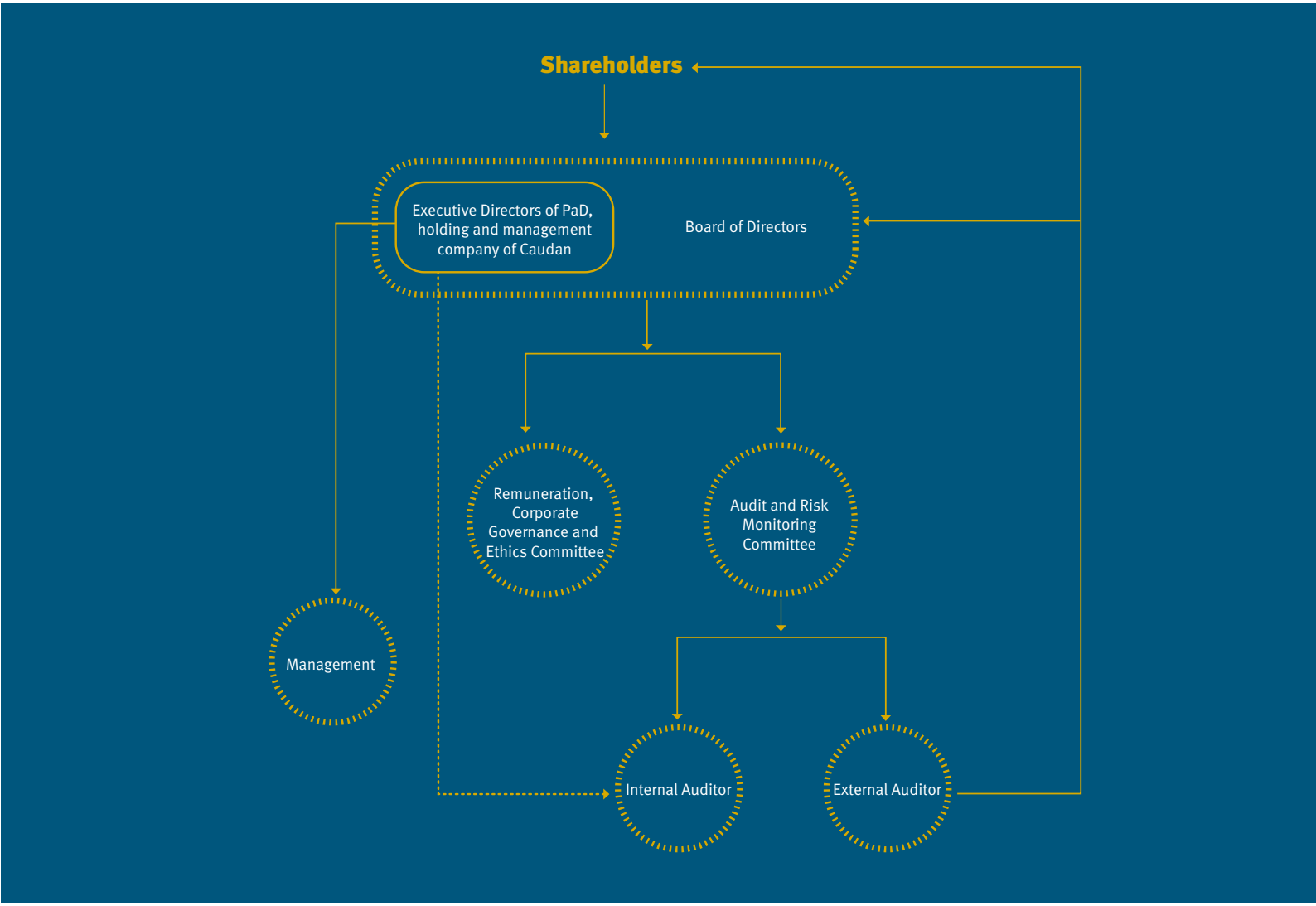
profiles of key governance officers

The profiles of Mr René Leclézio and Mrs Jocelyne Martin appear in the directors' profiles sections.

organisation chart and statement of accountabilities

The board is responsible to set general strategies and policies and ensure their implementation with the support of the key senior governance officers. These key governance officers have an experienced professional background. In addition, the board has set up two committees namely the Remuneration, Corporate Governance and Ethics Committee and the Audit and Risk Monitoring Committee.

structure of the board and its committees



the board

The board is led by an effective and highly committed unitary board, whose responsibilities are, inter alia, the review and adoption of strategic plans, the overview of business performance, the adoption of appropriate risk management systems and the establishment of proper internal control systems. It comprises of an appropriate balance of executive, non-independent non-executive and independent non-executive directors.

directors' duties and performance

The main role of the board is to protect and enhance shareholder value. It determines the group's direction, monitors its performance, oversees risks and is collectively responsible for the long-term success of the group, its reputation and governance. The board is responsible to all its shareholders and to its other stakeholders for leading and controlling the organization and meeting all legal and regulatory requirements and is also accountable for determining that the company and its subsidiaries are managed in such a way as to achieve its objectives.

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

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

The board acts in good faith, with due diligence and care, and in the best interests of the company and its shareholders in the course of discharging its duties. It is committed to highest standards of business integrity, transparency and professionalism in all of its activities.

Conflicts of Interest & Related Party Transactions Policy

The board has adopted a Conflicts of Interest & Related Party Transactions Policy which is applicable to the company and to all its subsidiaries. The objective of this policy is to define the scope of conflicts of interest and related party transactions. This policy is available for consultation on the website of the Company.

An interest register is maintained and updated on a quarterly basis and is available for consultation upon written request to the Company Secretary.

Information, Information Technology and Information Security Governance Policy

The board oversees information governance within the organisation. The Information, Information Technology and Information Security Governance Policy of the company applies to all the subsidiaries of the group. All policies relating to information security are made accessible to all employees. This policy is available for consultation on the website of the company.

General Data Protection Privacy Policy

One of the most notable revisions brought to Mauritian law in the recent years concerns the Data Protection Act 2017 (DPA) effective since January 2018 and the General Data Protection Regulation (GDPR) enforced by the European Union as from May 2018. The board is committed to compliance with all relevant laws in respect of personal data, including the GDPR and the DPA for the protection of the rights and freedoms of individuals whose information are collected and processed by the company in the course of its activities. The board has approved a General Data Protection Privacy Policy which is available for consultation on the website of the company and has delegated to the Audit & Risk Monitoring Committee the approval of all documents forming part of a compliance framework and assessment of its efficiency in the pursuance of the data protection strategy of the company. Furthermore, the board has appointed a Data Protection Officer whose responsibilities include inter alia to monitor the implementation of the aforesaid framework for protecting personal data.

Whistleblowing policy

The board has approved a whistleblowing policy applicable to all its subsidiaries, its employees and directors, and which is available on the website of the company. This policy will aim at providing an avenue for issues to be raised in good faith, concerns of potential breaches of laws, rules, regulations or compliance. The whistleblowing mechanism intends to motivate responsible actions to uphold the group's reputation.

***Les Virtuoses** - Musical show*

directors' profiles

Jean-Philippe Coulier

appointed December 2018

Chairperson and non-independent non-executive director

Holder of a Diplôme d'Études Supérieures en Droit' and 'Diplôme de l'Institut d'Études Politiques de Paris' (France). During his career, Jean-Philippe has accumulated extensive experience in the banking sector, having worked for the Société Générale Group for some 40 years. Over this period, he has assumed a range of high-level responsibilities within the group, acting as Director, Chief Operating Officer and Chief Executive Officer in its various offices based worldwide. Before his retirement from Société Générale in early 2013, he was the Vice Chairman and Managing Director of the National Société Générale Bank in Cairo, Egypt. He was appointed Director of The Mauritius Commercial Bank Limited in 2012 and held the chairmanship from 2014 to 2018. In 2018, he was appointed director and Chairperson of Promotion and Development Ltd and Caudan Development Ltd. He is also a director of MCB Factors Ltd, MCB Microfinance Ltd and Fincorp Investment Ltd.

René Leclézio

Executive director

BSc (Hons) in Chemical Engineering, Imperial College and MBA, London Business School. Worked as a manager at Lloyds Merchant Bank, London, before joining the company as its general manager in 1988. Director of several private and public companies including Promotion and Development, Medine, EUDCOS, Mauritius Freeport Development, Swan Life and Swan General.

Assad Abdullatiff

Non-independent non-executive director

LLB (Hons) and LLM in Business Law, admitted to the Bar of Mauritius. Founding partner and Managing Director of AXIS Fiduciary Ltd. Previously an Assistant Director at the Board of Investment of Mauritius, where he was the Head of the Financial Services Cluster, responsible for the promotion of Mauritius as an International Financial Centre. Member of the Society of Trusts & Estate Practitioners (STEP), past Chairman of the Mauritius branch and appointed as Council member of STEP worldwide in 2017 to represent the Africa/Arabia region. Director of Promotion and Development and a number of other companies in Mauritius operating in diverse economic sectors.

Bertrand de Chazal

Non-independent non-executive director

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

Catherine Fromet de Rosnay

Non-independent non-executive director

Director at LEGIS & Partners Ltd, a law firm registered under the Law Practitioners Act. Holds a 'Magistère de Juriste d'Affaires' and 'Diplôme de Juriste et Conseil d'Entreprise (D.J.C.E)' from the Université de Paris II, Panthéon Assas. Practised as an in-house lawyer for nearly 8 years at the legal department of Nexans in Paris, formerly known as Alcatel Cable France. Currently involved in the negotiation and drafting of commercial and joint-venture agreements, corporate due diligence exercise, M&A operations, legal and tax advice. Director of Promotion and Development and in various private companies controlled by French investors. Also board member of the Chambre de Commerce et d'Industrie France-Maurice.

Gilbert Gnany

Non-independent non-executive director

Licence ès Sciences Economiques (Economie Mathématique)', 'Maîtrise en Econométrie' and 'DESS en Méthodes Scientifiques de Gestion et Calcul Economique Approfondi' (France). Currently the Chief Strategy Officer of MCB Group. Previously worked as Senior Advisor on the World Bank Group's Executive Board where he was responsible for issues relating mainly to the International Finance Corporation and to the private and financial sectors. Prior to joining the World Bank, was the MCB Group Chief Economist and Group Head of Strategy, Research & Development after having been the Economic Advisor to the Minister of Finance in Mauritius. During his career, he has been involved in various high-profile boards/committees. Amongst others, he chaired the Stock Exchange of Mauritius Ltd, the Statistics Advisory Council and the Statistics Board and as well as having been a member of the Board of Governors of the Mauritius Offshore Business Activities Authority, a director of the Board of Investment and of the Mauritius Sugar Authority. He was also a member of the IMF Advisory Group for sub-Saharan Africa, a member of the Senate of the University of Mauritius and a director of the Financial Services Institute. Currently a Board member of several companies within the MCB Group. On the institutional side, he is an external IMF expert in statistics, in particular on data dissemination standards and strategy and is also a member of the Financial Services Consultative Council. Furthermore, he is the Chairperson of the Economic Commission of Business Mauritius which serves, inter alia, as a platform for public-private sector dialogue. Director in other listed companies/funds namely MCB Group, Promotion and Development, COVIFRA, Medine Ltd, MCB India Sovereign Bond ETF and African Domestic Bond Fund.

Stéphanie de la Hogue

Non-independent non-executive director

Bachelor in marketing from the Institut de Management International de Paris. Managing Director of Poivre Corporate Services, a family group of companies' corporate office. She is also director of Promotion and Development, Rey & Lenferna and Forges Tardieu.

Jocelyne Martin

Executive director

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

Jean-Pierre Montocchio

Up to December 2018

Chairperson and non-independent non-executive director

Notary public since 1990. Has participated in the National Committee on Corporate Governance as a member of the Board of Directors' Sub-Committee. Director of various listed companies, namely Fincorp Investment Ltd, Rogers Co. Ltd, New Mauritius Hotels Ltd, Les Moulins de la Concorde Ltée and ENL Land Ltd.

Seedha Lutcheemee Nullatemby

Independent non-executive director

Fellow of the Institute of Chartered Secretaries and Administrators (FCIS) and also holds an MBA in Finance. She is also a qualified Stockbroker. She has been working at the State Investment Corporation Ltd for the past 30 years and has wide ranging experience in the field of Finance, Accounting, Administrative and Corporate matters. She is a Director of various companies within the SIC Group. She is also the Chairperson of the Finance Committee and Director of Mauritius Educational Development Company Ltd.

Philippe Raffray

appointed June 2019

Independent non-executive director

Holds a BA in Politics from the University of York and a Masters degree in Marketing Management from the University of Lancaster (UK). He had an international career spanning over 35 years with L'Oreal in Europe, Africa and Asia. He developped 'emerging markets' sales and marketing strategies as General Manager of the FMCG Divisions in South Africa, India and Indonesia. He was then appointed Country Managing Director of the L'Oreal hubs in South Africa, Ukraine and finally Morocco and the Maghreb. He retired from L'Oreal in June 2019 and joined the Board of Caudan Development Ltd on June 28th 2019.

Antoine Seeyave

up to December 2018

Independent non-executive director

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

Bernard Yen

Non-independent non-executive director

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

key roles and responsibilities

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

To ensure a better balance of power and authority on the board, the functions and roles of the Chairperson and executive directors are separate. The Chairperson has overall responsibility for leading the board and ensuring its effectiveness whilst the executive directors are responsible for managing and leading the business of the group.

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

The executive directors are responsible for the day to day running of the group's operations and for developing and recommending the long term strategy and vision of the company and the group. They lead and direct senior management to implement the strategy and policies set out by the board. They also ensure effective communication with shareholders.

The Company Secretary provides assistance and information on governance and corporate administration issues. The Company Secretary is responsible for ensuring that the board procedures are followed and that applicable laws and regulations are complied with, for guiding the board with regard to their duties and responsibilities and for preparing agenda and minutes for board meetings and circulating same together with any supporting documentation. MCB Group Corporate Services Ltd was appointed Company Secretary in May 2019. Mrs Jocelyne Martin previously held this function.

The roles and responsibilities of the Chairperson, the Managing Director and the Company Secretary are defined in the position statements which have been approved and are reviewed regularly by the board. The position statements are available for consultation on the company's website.

balance and diversity

The company's constitution provides that the board of the company shall consist of a minimum of 7 and a maximum of 14 directors. As at June 30th 2019, the board was made up of eleven directors as set out on page 6.

The board includes an appropriate combination of executive directors, non-independent non-executive directors and independent non-executive directors to prevent one individual or a small group of individuals from dominating the board's decision taking. All the directors are residents of Mauritius. Taking into account the scope and nature of operations of the group, the board considers that the current board of 11 directors is commensurate with the sophistication and scale of the organization and is appropriate to facilitate the effective decision making.

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

The non-independent non-executive directors are directors of PaD, major shareholder of Caudan and as such they are not deemed to be independent. However, they are independent in both character and judgement and have wide experience and make important contributions to strategic issues and corporate governance.

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

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

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

All directors are expected to objectively discharge their duties and responsibilities in the interests of the company. All directors should make their best efforts to avoid conflicts of interests or situations where others might reasonably perceive such a conflict. The personal interest of a director, or persons closely associated with the director, must not take precedence over those of the company or its shareholders. Any director, who

is directly or indirectly interested in a transaction or proposed transaction, is required to disclose the nature of his interest, at the meeting in which the transaction is discussed, and should not participate in the debate, vote or indicate how he would have voted on the matter.

balance

Independent non-executive directors	2
Executive directors	2
Non-independent non-executive directors	7

average age

‹ 50	2
51 - 60	5
61 - 70	3
› 70	1

gender diversity

Female	4
Male	7

board/director's performance

The board acknowledges the need to regularly review the board's performance and effectiveness, that of its committees, the Chairperson and individual members. An internal board evaluation exercise was carried out for the financial year 2018/2019. The evaluation was carried out by means of a questionnaire that was filled in by each Director. The questionnaire covered the following areas:

- The structure of the board
- Board efficiency and effectiveness
- Strategy and Performance
- Risk Management and Governance
- Board committees function
- Board members self-evaluation
- Chairperson's evaluation by board members

The results were analysed and the review established that the directors consider the board to be operating effectively. The board was comfortable with the overall results of the assessment and the few areas requiring improvement have been considered and an action plan implemented.

The board also encourages its members to keep on enhancing their knowledge and competencies through personal development programmes.

director appointment procedures

In accordance with the constitution of the company, all directors shall retire from office and shall be eligible for re-election at each annual meeting of shareholders.

The board of directors may at any time appoint any person to be a director either to fill a casual vacancy or as an addition to the existing directors up to a maximum number permitted by the Constitution until the next Annual Meeting of Shareholders where the director shall then retire and shall be eligible for appointment at that meeting. The appointment of Philippe Raffray, who has been nominated by the board on the recommendation of the Remuneration, Corporate Governance and Ethics Committees, will be proposed at the forthcoming annual meeting in December 2019.

Newly appointed directors are briefed on key information relating to the group and the sector in which it operates. They are given the relevant governing documents of the company and meet executive management to familiarize with each of the group's business and operation, its strength and weaknesses. This process contributes to ensuring a well-informed and competent board.

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

board meetings

All directors are expected to attend all meetings of the board, and of those committees on which they serve, and to devote sufficient time to the group's affairs to enable them to properly fulfill their duties as directors. The dates of the meetings together with agenda items are scheduled up to one year in advance, with board meetings at least each quarter.

However, on occasion, in addition to the regular scheduled meetings, it may be necessary to convene ad-hoc meetings at short notice as and when circumstances warrant, which may preclude directors from attending. Besides physical meetings, the board and the board committees may also make decisions by way of written resolutions. Board meetings are chaired in Mauritius and participation by board members by means of teleconference or similar communication equipment is permitted.

Matters considered by the board in 2018-2019:

- The audited annual report for the year ended June 30th 2018;
- The abridged unaudited financial statements for the first, second and third quarters;
- Declaration of final dividend;
- The company's and group's budgets;
- Investments of the company;
- Adoption of new policies;
- Review of the strategic orientations;
- Assessed the need to carry out a board evaluation exercise.

The board met six times during the year to consider all aspects of the company's affairs and any further information which it requested from management. Directors are kept regularly informed of the up to date business position of the group.

The agenda of the board is prepared by the Company Secretary in consultation with the Chairperson and the executive directors and circulated together with accompanying board papers in a timely manner.

attendance at board meetings

2019	board of directors
Jean-Philippe Coulier (appointed in December 2018)	4/4
René Leclézio	6/6
Assad Abdullatiff	4/6
Bertrand de Chazal	3/6
Catherine Fromet de Rosnay	6/6
Gilbert Gnany	4/6
Stéphanie de la Hogue	5/6
Jocelyne Martin	6/6
Jean-Pierre Montocchio (resigned in December 2018)	1/2
Seedha Lutcheemee Nullatemby	5/6
Philippe Raffray (appointed in June 2019)	1/1
Antoine Seeyave (resigned in December 2018)	0/2
Bernard Yen	5/6
total number of meetings held	6

board committees

To assist the board in the discharge of its responsibilities, the board has delegated certain functions to the following committees, each of which has its own written terms of reference which deal clearly with their authorities and duties. Details of the most important committees are set out below:

The Remuneration, Corporate Governance and Ethics Committees ("RCGEC")

The main role of the RCGEC is to advise and make recommendations to the board in the discharge of its duties relating to corporate governance matters and nomination of directors and senior executives of the company and to all remuneration aspects.

The company being a subsidiary of Promotion and Development Ltd (PaD) did not previously have a separate RCGEC. The members of the PaD RCGEC, all of whom are directors of Caudan, used to fulfil the above roles and responsibilities with regards to matters affecting Caudan, taking into account the nature and business of the company and the applicable legal requirements. A RCGEC was created at the level of the company in December 2018 and this Committee now handles matters relative to corporate governance. It comprises of Mrs Catherine Fromet de Rosnay, who chairs this committee, Mrs Stéphanie de la Hogue and Messrs Jean Philippe Coulier, Bertrand de Chazal and René Leclézio.

The committee makes recommendations to the board, in respect of issues relating to appointments of directors and the composition, size and structure of the board and generally on all corporate governance provisions to be adopted by the company and oversees their implementation. It also has responsibility for the compensation strategies, plans, policies and programs of the company and its subsidiaries and evaluating and approving the remuneration package and other terms and conditions of service applying to directors and senior executives.

The Committee is also responsible for updating from time to time, and as necessary, the company's Code of Ethics. It is also responsible for driving the process for the implementation of the National Code of Corporate Governance for Mauritius throughout the group. As such, it oversees that compliance to the NCCG is being monitored, with a view to ensuring that the importance of this document is continuously stressed within the group, and that its core principles are embedded in the Group Corporate Culture.

Matters considered by the RCGEC in 2018-2019:
- Recommendations on the appointment of new directors;
- Review of key governance documents;
- Approval of directors' remuneration; and
- Approval of salary increases.

attendance of the Remuneration, Corporate governance and Ethics Committee

2019	At PaD level	At company level
Jean-Philippe Coulier *(as from December 2018)*	n/a	2/2
René Leclézio	1/1	2/2
Bertrand de Chazal	1/1	0/2
Catherine Fromet de Rosnay	1/1	2/2
Stéphanie de la Hogue	1/1	2/2
Jean-Pierre Montocchio *(up to December 2018)*	n/a	n/a
total number of meetings held	1	2

The Audit and Risk Monitoring Committee

The committee is appointed by the board to assist in the discharge of duties relating to the overall control aspects of the company and its subsidiaries, including the safeguarding of assets, the monitoring of internal control processes, and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards. It also assists in setting up risk mitigation strategies and to assess and monitor the risk management process of the group and to advise the Board on risk issues.

It comprises Mr Assad Abdullatiff, who chairs this committee since December 2018 and Messrs Bertrand de Chazal (previously Chairperson of the committee) and Bernard Yen. Mr Gilbert Gnany resigned from the committee in May 2019. All three members of the committee have the relevant financial experience. None of the members of the Audit and Risk Monitoring Committee were previous partners of or directors of the external auditors, namely BDO nor do they hold any financial interest therein.

In addition to its statutory functions, the Audit and Risk Monitoring Committee considers and reviews any other matters as may be agreed to by the Audit and Risk Monitoring Committee and the board. In particular, the committee assists the board in fulfilling its financial reporting responsibilities. It reviews the financial reporting process, and monitors compliance with laws and regulations. It monitors the quality, accuracy, reliability and integrity of the financial statements, and reviews interim financial reports and the annual financial statements prior to their submission to the board, and the application of the company's accounting policies. It reviews the audit process and assesses and recommends the appointment of internal and external auditors.

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

attendance of the Audit and Risk Monitoring Committee

2019	
Assad Abdullatiff	3/5
Bertrand de Chazal	3/5
Gilbert Gnany *	3/4
Bernard Yen	4/5
total number of meetings held	5

* *up to May 2019*

Matters considered by the Audit and Risk Monitoring Committee in 2018-2019:
- Review the abridged quarterly financial statements for the first, second and third quarters;
- Review and recommend for approval to the board the abridged and annual financial statements for the year ended 30 June 2018;
- Review and recommend for approval to the board the budgets for the forthcoming years;
- Various audit reports submitted by the internal auditor; and
- Audit reports and findings of the external auditor.

Latanier Unplugged

statement of remuneration philosophy

The company's remuneration philosophy concerning directors provides that:

- there should be a retainer fee for each director reflecting the workload, size and complexity of the business as well as the responsibility involved. It should be the same for all directors whether executive or non-executive directors;
- the Chairperson having wider responsibilities should have higher remunerations;
- there should be committee fees for directors. The Chairperson should have higher remuneration than members.
- board and committee members also receive an attendance fee per sitting of their respective boards and committees.
- an attendance fee is also paid for attending the Annual Meeting of shareholders.
- no share option or bonus should be granted to non-executive or independent directors.

directors' remuneration

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

	THE COMPANY		SUBSIDIARIES	
MRs000	**2019**	2018	**2019**	2018
Full time				
executive directors	**30**	60	**-**	-
Non-executive directors	**670**	425	**60**	60
Total	**700**	485	**60**	60

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

risk governance and internal control

The group's activities are exposed to a wide range of risks that could impact on its operational and financial performance. The directors are responsible for maintaining an effective system of internal control and risk management. Whilst these two functions are delegated to the Audit and Risk Monitoring Committee, the nature and governance of risk remain the ultimate responsibility of the board.

The responsibility of the board also includes:

- Ensuring that structures and processes are in place for risks management;
- Identifying the principal risks;
- Ensuring that management has developed and implemented the relevant framework;
- Ensuring that systems are in place for implementing, maintaining and monitoring internal controls.

All risks have been documented in a risk register and this will be reviewed at least yearly to identify new and emerging risks.

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

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

The property segment is influenced mainly by economic growth in the country. The ability of commercial local businesses to rent properties depends on the former's financial performance, but with the increased competition due to new shopping malls across the country and a low economic growth, these businesses may struggle to stay operational. In addition, oversupply of rental property puts downward pressure on rentals.

The Caudan group is also exposed over the allocation of permits from the authorities for development projects. Delays in granting permits may be encountered.

To mitigate the above risks, the company has developed various policies, processes, systems and methods which are reviewed regularly to ensure that they are managed on a timely basis and in an effective manner. In June 2017, a Business Risk Identification and assessment exercise was carried across the group by MCB Consulting. Under their guidance, the group has put in place a risk management framework and implemented the action plan to mitigate the business risks and/or to transform them into business opportunities.

The group is also exposed to financial risks such as market risk, credit risk and liquidity risk. The management of these risks is further discussed in note 1 of the financial statements.

The board is also responsible for information governance within the company and its subsidiaries. The management of information technology and information security governance are delegated to the Chief Technology Officer (CTO). The newly recruited CTO at group level, on secondment from the MCB Ltd, is positioned to mitigate all risks emerging with the spread of new technologies and digitalisation practices in our economy and ensure that internal control procedures are implemented internally to avoid inter alia, malfunction or disruption in the operation of the systems and/or cyber-security breaches.

The existing policies are being reviewed and an IT governance model for the company is currently being developed. A list of the existing policies is detailed below:

- Email, internet and other acceptable use policy: Outline appropriate and inappropriate use of email systems and services and internet resources.
- System administrator policy: establish administrative and privileged access rights to the company's IT systems and confidential information.
- Logical access policy: limit access to information processing facilities and business processes of the group.
- Mobile code policy: protect integrity of software and information, provide instructions on measures to be taken to achieve effective malware detection and prevention.
- Information security & incident management policy: protect information assets, prevent security incidents and reduce their potential impact. Identify information security events and weaknesses and take timely corrective action.
- Back up policy: regular backup copies of information and software to protect against loss of data, maintain the integrity and availability of information and information processing facilities.
- Network security policy: protection of information in networks and of supporting infrastructure.
- Password policy: creating, protecting and changing passwords.
- Laptop policy: minimise information security risks that may affect laptops.

reporting with integrity

The directors are responsible for preparing the financial statements in accordance with applicable laws and regulations. Company law requires the directors to prepare the financial statements in accordance with International Financial Reporting Standards.

The directors are also responsible for keeping adequate accounting records and for the preparation of accounts that fairly present the state of affairs of the company. The annual report and accounts are fair, balanced and understandable and provide the information necessary for shareholders and other key stakeholders to assess the company's position, performance and outlook. The directors have also the duty to safeguard the assets of the company and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

sustainability reporting

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

carbon reduction commitment

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

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

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

audit

Audit and Risk Monitoring Committee

The mission of the Audit and Risk Monitoring committee is to establish formal and transparent arrangements regarding how to apply financial reporting and internal control principles and to maintain an appropriate relationship with the company's auditors.

The Audit and Risk Monitoring Committee confirms that, for the year under review, it has met its key objectives and carried out its responsibilities effectively in accordance with its Charter.

During the year under review, the Audit and Risk Monitoring Committee has continued to focus on its key objectives namely: overseeing financial reporting, internal controls, internal and external audit.

internal audit

The company has established an in-house internal audit function at group level. The group internal auditor evaluates all aspects of internal control of the company and its subsidiaries and assists the Audit and Risk Monitoring Committee to ensure that the company maintains a sound system of internal controls. The internal auditor reports to the Audit and Risk Monitoring Committee Chairperson, and to the executive management on administrative matters. The Audit and Risk Monitoring Committee approves the hiring and the removal of the internal auditor and also ensures the adequacy and effectiveness of the internal audit function. The internal audit plan is established in consultation with, but independent of, Management, and is reviewed and approved by the Audit and Risk Monitoring Committee. The Audit and Risk Monitoring Committee and management review and discuss internal audit findings, recommendations and status of remediation at Audit and Risk Monitoring Committee meetings. The management also submitted an action plan for the various findings. The internal auditor has unfettered access to the group's documents, records, properties and personnel, including access to the Audit and Risk Monitoring Committee. During the year under review, the internal auditor reported to the Audit and Risk Monitoring Committee on factual findings with respect to human resources, payroll and accounts receivable management.

external audit

Annual audit plans are presented in advance by the external auditors and reviewed by the Audit and Risk Monitoring Committee.

The Audit and Risk Monitoring Committee also reviews the external auditors' report and any recommendations for improvements in controls and procedures identified in the course of their work and ensures the proper follow up of previous recommendations.

The Audit Committee also evaluates the performance of the External Auditor and reviews the integrity, independence and objectivity of the External Auditor by:

- Confirming that the External Auditor is independent from the company
- Considering whether the relationships that may exist between the company and the External Auditor impair the External Auditor's judgement

Upon approval from the Audit Committee, the board of the company thereafter recommends the appointment of external auditors to the shareholder in the Annual Meeting of shareholders for approval by way of an ordinary resolution.

Although the External Auditor may provide non-audit services to the company, the objectivity and independence of the External Auditor is safeguarded through restrictions on the provisions of these services such as:

- where the External Auditor may be required to audit its own work, or
- where the External Auditor participates in activities that should normally be undertaken by the company.

Following the enactment of the Finance Act 2016 and a subsequent regulation Government Notice No 64 of 2017, listed companies are required to rotate their auditors every seven years. The current auditors have performed more than seven consecutive years as auditors and by virtue of the Regulation aforementioned were allowed to continue in office for the financial year ending June 30th 2019. A new tender exercise has been undertaken by the company to appoint new auditors for the year ending June 30th 2020. A resolution for the appointment of new auditors will be proposed at the forthcoming annual meeting of the shareholders.

relations with shareholders and other key stakeholders

At June 30th 2019, the capital structure of the company was MRs2,000,000,000, represented by 2,000,000,000 ordinary shares of MRe1.00 each and there were 3,191 shareholders on the registry.

shareholders holding more than 5% of the share capital of the company at June 30th 2019

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

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

group structure as at June 30th 2019

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

size of shareholding	number of share-holders	number of shares owned	% holding
1-500 shares	365	66,618	0.003
501-1,000 shares	208	146,498	0.007
1,001-5,000 shares	910	2,108,130	0.11
5,001-10,000 shares	333	2,282,955	0.11
10,001-50,000 shares	759	17,150,326	0.86
50,001-100,000 shares	199	14,077,222	0.70
Above 100,000 shares	397	1,964,168,251	98.21
Total	**3,171**	**2,000,000,000**	**100.00**

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

category	number of shareholders	number of shares owned	% holding
Individuals	2,979	188,688,557	9.43
Insurance and Assurance Companies	5	37,381,182	1.87
Pensions and Provident Funds	27	56,962,929	2.85
Investment and Trust Companies	29	157,660,558	7.88
Other Corporate Bodies	131	1,559,306,774	77.97
Total	**3,171**	**2,000,000,000**	**100.00**

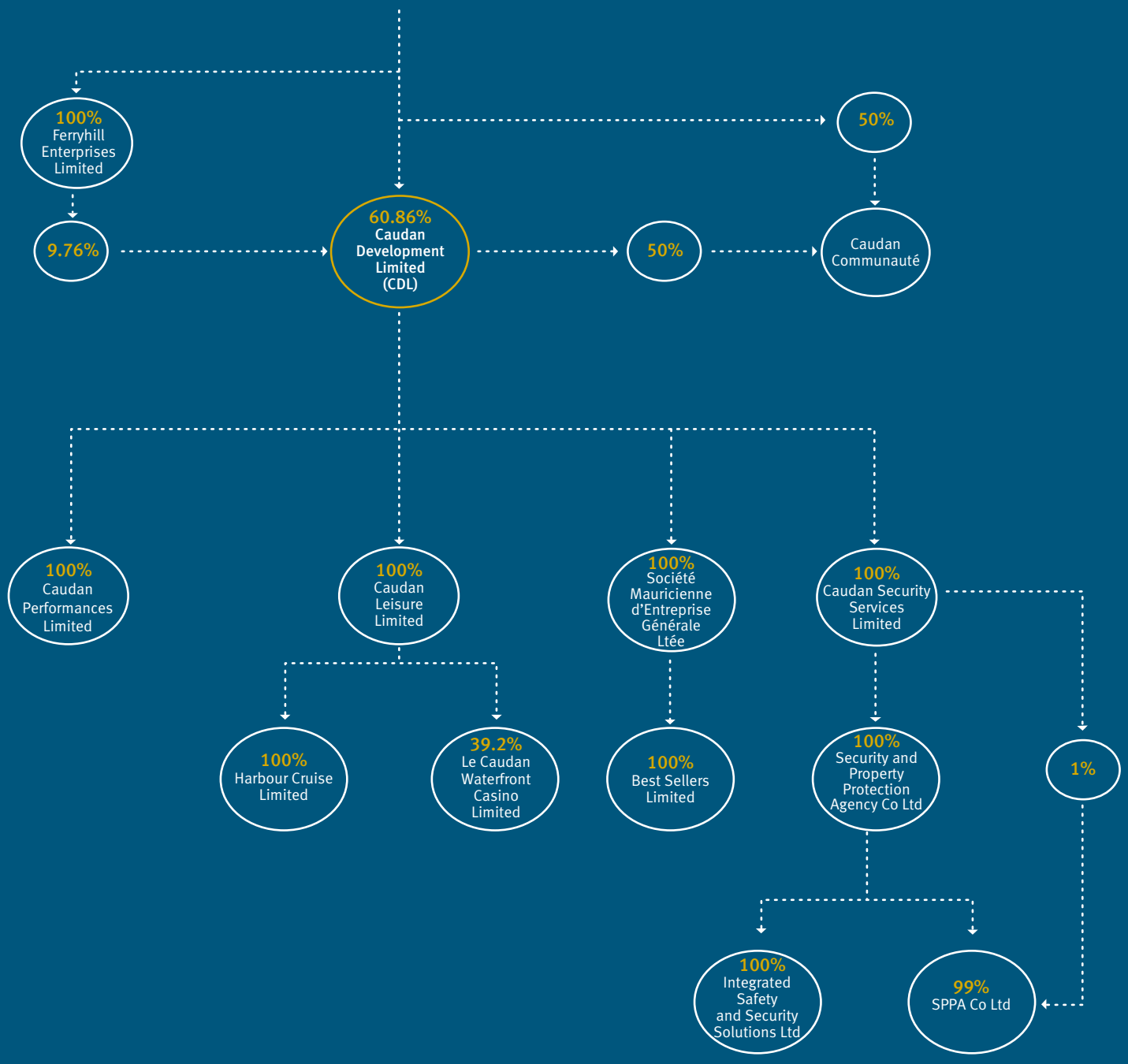
The board places great importance on an open and transparent communication with all shareholders; and it endeavours to deliver to the shareholders and to the global investing community thorough and up to date information to support informed investment decisions and keep them informed on matters affecting the company, which could have a material impact on the company's share price.

The company communicates to its shareholders through its Annual Report, publication of unaudited quarterly and audited abridged financial statements of the group, dividend declaration, press announcements and the Annual Meeting of Shareholders to which all shareholders are encouraged to attend. All shareholders of the company are entitled to attend and vote at shareholders meetings in person or by proxy. The company is required to comply with the provisions of the Listing Rules on the continuous disclosure obligations. Results and annual reports are announced and issued within the specified period. All announcements are posted on the company's website.

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

The Shareholders are entitled to receive the Annual Report of the company and the notice of Annual Meeting within six months of the end of the financial year and at least 21 days before the Annual Meeting in accordance with the Companies Act 2001.

Promotion and Development Ltd (PaD)



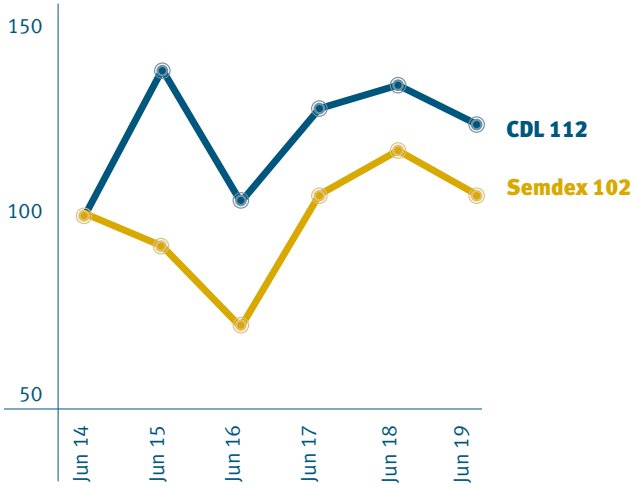
shareholders' calendar

The company has planned the following forthcoming events :

Mid-November 2019	release of first quarter results to September 30th 2019
December 2019	annual meeting of shareholders
Mid-February 2020	release of half-year results to December 31st 2019
Mid-May 2020	release of results for the nine month period to March 31st 2020
June 2020	declaration of final dividend
End-September 2020	release of full year results to June 30th 2020
Mid-November 2020	release of first quarter results to September 30th 2020
December 2020	annual meeting of shareholders

share price information

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



the constitution

A copy of the constitution is available at the registered office of the company and on its website. There are no clauses of the constitution deemed material to be disclosed.

common directors

common directors within the holding structure of the company

at June 30th 2019	Promotion and Development
Jean-Philippe Coulier	›
René Leclézio	›
Assad Abdullatiff	›
Bertrand de Chazal	›
Catherine Fromet de Rosnay	›
Gilbert Gnany	›
Stéphanie de la Hogue	›
Jocelyne Martin	›
Bernard Yen	›

shareholders agreement

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

third party management agreement

There were no such agreements during the year under review.

dividend policy

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

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

The board declared a final dividend of MRe0.04 per share in respect of the year ended June 30th 2019 (2018: MRe0.04 per share).

trend over the past five years

year	dividend per share cents
2019	**4.0**
2018	4.0
2017	4.0
2016	-
2015	-

statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

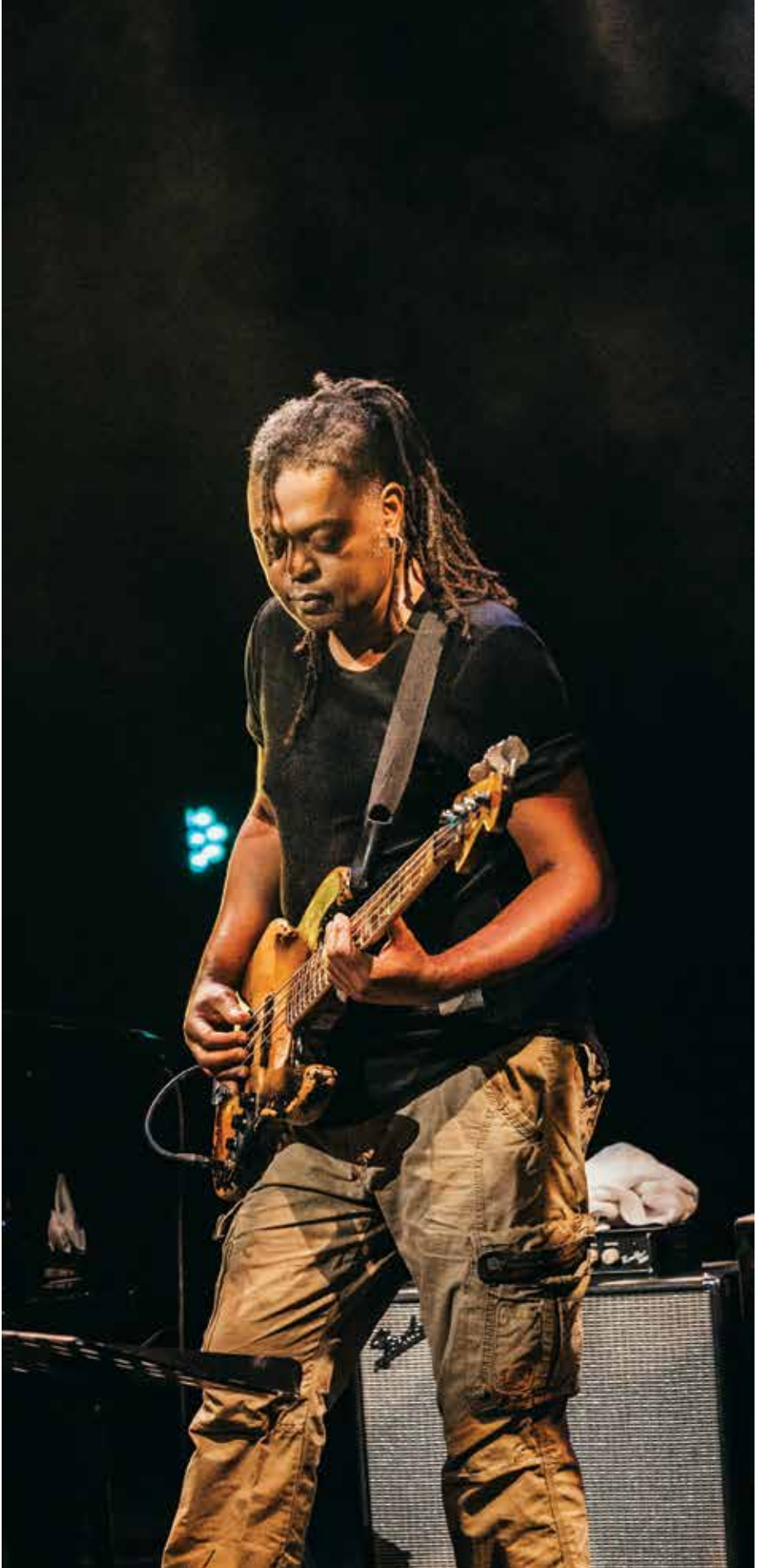
- an effective system of internal control and risk management has been maintained and
- the code of corporate governance has been adhered to.

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

Approved by the board of directors on September 27th 2019 and signed on its behalf by

Jean-Philippe Coulier
Chairperson

René Leclézio
Director



Linley Marthe
European Quartet Experience

statement of compliance

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

name of public interest entity ('P.I.E')

Caudan Development Limited

reporting period

Year ended June 30th 2019

We, the directors of Caudan Development Ltd, confirm that to the best of our knowledge the P.I.E has not fully complied with the principles of the National Code of Corporate Governance (2016), for the reasons stated below:

	areas of non-application of the Code	explanation of non-application
Principle 3	The Succession Plan has not been disclosed in the Corporate Governance Report.	The Succession Plan of the Company is in the process of being formalised.
Principle 4	Total remuneration on an individual basis not disclosed.	They have not been disclosed on an individual basis due to the sensitive nature of the information.

Approved by the board of directors on September 27th 2019 and signed on its behalf by

Jean-Philippe Coulier
Chairperson

René Leclézio
Director

company secretary's certificate

In our capacity as Company Secretary, we hereby 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 under the Companies Act 2001.

MCB Group Corporate Services Ltd

Company Secretary

September 27th 2019

Piano Pieni - *Damien Elisa*

statutory disclosures

(SECTION 221 OF THE COMPANIES ACT 2001)

principal activities

The principal activities of the group continued throughout 2019 to be property development and investment and the provision of security services.

directors' interests in shares

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

interests of the directors in the share capital of the company and its subsidiaries at June 30th 2019

number of shares	direct	indirect
Jean-Philippe Coulier	-	-
Assad Abdullatiff	-	-
Bertrand de Chazal	-	-
Catherine Fromet de Rosnay	-	-
Gilbert Gnany	-	-
Stéphanie de la Hogue	-	-
René Leclézio	-	1,281,237
Jocelyne Martin	158,628	-
Seedha Lutcheemee Nullatemby	-	-
Philippe Raffray	-	-
Bernard Yen	146,426	-

directors of subsidiaries

For directors of subsidiaries, please refer to page 87 of the financial statements.

directors' service contracts

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

directors' indemnity insurance

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

directors' remuneration

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

	THE COMPANY		SUBSIDIARIES	
MRs000	**2019**	2018	**2019**	2018
Full time executive directors	**30**	60	**-**	-
Non-executive directors	**670**	425	**60**	60
	700	485	**60**	60

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

contract of significance

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

auditors' fees

fees payable to the auditors for audit and other services, year ended June 30th 2019

	THE GROUP		THE COMPANY	
MRs000	**2019**	2018	**2019**	2018
BDO & Co				
Audit services	**701**	625	**295**	280
Other services	**-**	-	**-**	-
	701	625	**295**	280

donations

No political and charitable donations were made during the year (2018: nil).

La Raison D'aymé
A play by Isabelle Mergault
With the collaboration of Jean-Pierre Hasson
Director Gérard Jugnot

corporate social responsibility

CSR fund

Ever since inception, the company has always been committed in providing voluntary support to non-governmental organisations (NGOs) and sponsorship to individuals and associations for the promotion of education, arts and culture and sports activities. Le Caudan Waterfront has indeed always been actively involved in empowerment through the provision of free mall space and the promotion of local arts and crafts, artistic exhibitions and cultural as well as sports events.

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

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

The field of intervention of Caudan Communauté is as follows:

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

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

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

As part of the requirements of the authorities to set up an annual CSR fund representing 2% of their chargeable income derived during the preceding year, an aggregate amount of around MRs676,000 was entrusted by the Group to Caudan Communauté, after remittance of 50 per cent to the Mauritius Revenue Authorities (MRA). For the next financial year, that is, for CSR fund set up on or after January 2019, the share of CSR contributions to be made to the MRA has been set to 75 per cent, thus reducing further the flexibility for engaging directly with NGOs and social partners.

Main highlights of the CSR programme during the year under review:

- child care centres' monthly costs for children of eligible employees;
- Study texts to students through 'Association Oasis de Paix';
- Action for Integral Human Development - project of 'Centre D'écoute' in colleges;
- Contribution to ZEP primary schools through 'Terrain for Interactive Pedagogy through Arts';
- Educational project for students of 'La Valette - Bambous' through 'Quartier de Lumière'; and
- 'Association pour l'accompagnement, la Réhabilitation et l'insértion Sociale des Enfants' - Educational Outreach project.

Joyeuses Pâques
Directed by Philippe Houbert and Daniel Mourgues

independent auditor's report

to the shareholders of
Caudan Development Limited

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Caudan Development Limited and its subsidiaries (the Group), and the Company's separate financial statements on pages 42 to 87 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 42 to 87 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.

Valuation of investment property

Key Audit Matter

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

Related Disclosures

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

Audit Response

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

- Assessment and discussion of management's process for the valuation exercise and appointment of the external valuers. We also assessed the competence, independence and integrity of the external valuers.
- Obtained the external valuation reports and discussed with the external valuers about the results of their work on a sample of properties. We discussed and challenged the valuation process, performance of the portfolio, significant judgements and assumptions applied to the valuation model, including yields, occupancy rates and capitalisation rates. We benchmarked and challenged the key assumptions to external industry data and comparable property valuation where available.
- We have done the completeness and accuracy of the data used by the external valuers by comparing with last year's data. Any variances have been discussed with the external valuers to underlying documentation.

Other information

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

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

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

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 Integrated 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.

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Other matter

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

BDO & Co
Chartered Accountants

Ameenah Ramdin FCCA, ACA
licensed by FRC

September 27th 2019, Port-Louis, Mauritius

financial statements

O Re Piya - *A love story*
A production by the Caudan Arts Centre

statements of financial position

MRs000	notes	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Assets					
Non-current assets					
Investment property	2	**4,723,269**	4,142,153	**4,398,442**	3,841,567
Prepaid operating leases	3	**437**	444	**437**	444
Property, plant and equipment	4	**322,284**	233,194	**119,190**	45,379
Intangible assets	5	**13,917**	2,236	**1,066**	37
Investments in subsidiary companies	6	**-**	-	**14,272**	14,247
Investments in associate and jointly controlled entities	7,8	**-**	-	**-**	-
Deferred tax assets	15	**22,362**	10,362	**-**	-
Trade receivables	10	**1,653**	2,571	**-**	-
		5,083,922	4,390,960	**4,533,407**	3,901,674
Current assets					
Inventories	9	**12,412**	9,227	**3,051**	1,844
Trade and other receivables	10	**58,106**	144,530	**15,262**	269,623
Other financial assets at amortised cost	10A	**17,929**	-	**198,323**	-
Other assets	10B	**15,367**	-	**8,945**	-
Cash and cash equivalents		**2,119**	280	**695**	147
		105,933	154,037	**226,276**	271,614
Total assets		**5,189,855**	4,544,997	**4,759,683**	4,173,288
Equity and liabilities					
Capital and reserves attributable to owners of the parent					
Share capital	12	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Other reserves	18	**(19)**	(172)	**-**	-
Retained earnings	13	**2,087,430**	1,958,312	**1,611,137**	1,501,646
Total equity		**4,087,411**	3,958,140	**3,611,137**	3,501,646
Liabilities					
Non-current liabilities					
Borrowings	14	**520,000**	-	**520,000**	-
Deferred tax liabilities	15	**214,454**	170,316	**148,071**	116,727
Retirement benefit obligations	16	**31,694**	23,549	**9,417**	8,197
		766,148	193,865	**677,488**	124,924
Current liabilities					
Other payables	17	**167,453**	261,226	**315,042**	409,944
Contract liabilities	17A	**1,687**	-	**-**	-
Current tax liabilities		**1,462**	3,381	**-**	3,342
Borrowings	14	**85,694**	48,385	**76,016**	53,432
Dividend proposed	23	**80,000**	80,000	**80,000**	80,000
		336,296	392,992	**471,058**	546,718
Total liabilities		**1,102,444**	586,857	**1,148,546**	671,642
Total equity and liabilities		**5,189,855**	4,544,997	**4,759,683**	4,173,288
MRs					
Net assets per share		**2.04**	1.98	**1.81**	1.75
Number of shares		**2,000,000,000**	2,000,000,000	**2,000,000,000**	2,000,000,000

These financial statements have been approved for issue by the board of directors on September 27th 2019 and are signed on its behalf by

Jean-Philippe Coulier *Chairperson* René Leclezio *Director*

The notes on pages 46 to 87 form an integral part of these financial statements. The auditor's report is on pages 38 to 40.

statements of profit or loss and other comprehensive income

MRs000	notes	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Revenue	1	**503,309**	481,870	**205,796**	196,370
Operating expenses		**(420,077)**	(363,131)	**(141,918)**	(106,488)
Operating profit	19	**83,232**	118,739	**63,878**	89,882
Net gain from fair value adjustment on investment property	2	**197,168**	12,786	**172,927**	12,801
Gain on remeasurement of equity interests		**3,708**	-	**-**	-
Profit before impairment on financial assets and finance costs		**284,108**	131,525	**236,805**	102,683
Net impairment on financial assets		**(6,472)**	6,024	**(2,368)**	6,582
Finance costs	20	**(21,875)**	(366)	**(22,244)**	(367)
Finance income	20	**620**	3,104	**11,435**	11,797
Profit before income tax		**256,381**	140,287	**223,628**	120,695
Taxation	21	**(37,609)**	(36,703)	**(32,009)**	(27,552)
Profit for the year attributable to owners of the parent		**218,772**	103,584	**191,619**	93,143
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of retirement benefit obligations	16	**(5,195)**	(557)	**(1,701)**	(859)
Deferred tax on remeasurement of retirement benefit obligations	15	**883**	95	**289**	146
Items that may be reclassified subsequently to profit or loss					
Exchange difference on translating foreign operations		**153**	(7)	**-**	-
Other comprehensive income for the year attributable to owners of the parent		**(4,159)**	(469)	**(1,412)**	(713)
Total comprehensive income for the year attributable to owners of the parent		**214,613**	103,115	**190,207**	92,430

MRe			
Earnings per share	22A	**0.109**	0.052
Adjusted earnings per share	22B	**0.028**	0.048

The notes on pages 46 to 87 form an integral part of these financial statements. The auditor's report is on pages 38 to 40.

statements of changes in equity

Attributable to owners of the parent MRs000	notes	share capital	other reserves	retained earnings	total equity
					THE GROUP
At July 1st 2017		2,000,000	(165)	1,935,190	3,935,025
Profit for the year		-	-	103,584	103,584
Dividends	23	-	-	(80,000)	(80,000)
Other comprehensive income		-	(7)	(462)	(469)
At June 30th 2018		2,000,000	(172)	1,958,312	3,958,140
At July 1st 2018 (as previously reported)		2,000,000	(172)	1,958,312	3,958,140
Adjustment on initial application of IFRS 9 - Financial Instruments	31(a)	-	-	(5,342)	(5,342)
At July 1st (as restated)		2,000,000	(172)	1,952,970	3,952,798
Profit for the year		-	-	218,772	218,772
Dividends	23	-	-	(80,000)	(80,000)
Other comprehensive income		-	153	(4,312)	(4,159)
At June 30th 2019		**2,000,000**	**(19)**	**2,087,430**	**4,087,411**
					THE COMPANY
At July 1st 2017		2,000,000	-	1,489,216	3,489,216
Profit for the year		-	-	93,143	93,143
Dividends	23	-	-	(80,000)	(80,000)
Other comprehensive income		-	-	(713)	(713)
At June 30th 2018		2,000,000	-	1,501,646	3,501,646
At July 1st 2018 (as previously reported)		2,000,000	-	1,501,646	3,501,646
Adjustment on initial application of IFRS 9 - Financial Instruments	31(a)	-	-	(716)	(716)
At July 1st (as restated)		2,000,000	-	1,500,930	3,500,930
Profit for the year		-	-	191,619	191,619
Dividends	23	-	-	(80,000)	(80,000)
Other comprehensive income		-	-	(1,412)	(1,412)
At June 30th 2019		**2,000,000**	**-**	**1,611,137**	**3,611,137**

The notes on pages 46 to 87 form an integral part of these financial statements. The auditor's report is on pages 38 to 40.

statements of cash flows

MRs000	note	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Cash flows from operating activities					
Cash received from tenants		**225,139**	264,345	**188,018**	212,350
Cash received from other operating activities		**16,738**	-	**13,301**	-
Security fees received		**244,298**	241,137	**-**	-
Cash payments net of other operating receipts		**(396,749)**	(335,739)	**(122,433)**	(97,606)
Cash generated from operations		**89,426**	169,743	**78,886**	114,744
Interest paid		**(21,807)**	(363)	**(22,043)**	(324)
Interest received		**582**	2,987	**11,272**	11,732
Net income tax paid		**(12,144)**	(10,645)	**(10,228)**	(8,669)
Net cash generated from operating activities		**56,057**	161,722	**57,887**	117,483
Cash flows from investing activities					
Purchase of property, plant and equipment		**(57,017)**	(9,756)	**(35,380)**	(2,582)
Purchase of intangible assets		**(1,579)**	(2,011)	**(1,125)**	-
Payments in respect of investment property		**(516,505)**	(257,018)	**(516,505)**	(257,018)
Net amount (paid on behalf of)/refunded from subsidiary companies		**-**	-	**(10,299)**	41,475
Amount paid on behalf of joint venture		**(2,807)**	(1,958)	**-**	-
Proceeds from disposals of property, plant and equipment		**1,849**	1,198	**282**	222
Investment in subsidiary, net of cash acquired		**(1,777)**	-	**(25)**	-
Proceeds from disposals of investment property		**35,627**	-	**35,627**	-
Other cash inflows/(outflows)		**10,710**	(298)	**7,502**	(119)
Net cash used in investing activities		**(531,499)**	(269,843)	**(519,923)**	(218,022)
Cash flows from financing activities					
Proceeds from bank borrowings		**520,000**	-	**520,000**	-
Net loan refunded by holding company		**-**	141,079	**-**	127,008
Net loan received from subsidiary companies		**-**	-	**13,150**	5,050
Net loan granted to joint venture		**-**	(1,500)	**-**	-
Dividends paid to Company's shareholders		**(80,000)**	(80,000)	**(80,000)**	(80,000)
Net cash generated from financing activities		**440,000**	59,579	**453,150**	52,058
Net decrease in cash and cash equivalents		**(35,442)**	(48,542)	**(8,886)**	(48,481)
Cash and cash equivalents at beginning of the year		**(48,105)**	305	**(48,235)**	165
Effect of foreign exchange rate changes		**(28)**	132	**-**	81
Cash and cash equivalents at end of the year		**(83,575)**	(48,105)	**(57,121)**	(48,235)
Analysis of cash and cash equivalents disclosed above					
Bank and cash balances		**2,119**	280	**695**	147
Bank overdrafts	14	**(85,694)**	(48,385)	**(57,816)**	(48,382)
		(83,575)	(48,105)	**(57,121)**	(48,235)

The notes on pages 46 to 87 form an integral part of these financial statements. The auditor's report is on pages 38 to 40.

notes to the financial statements

general information

Caudan Development Limited is a limited liability company incorporated and domiciled in Mauritius. The address of its registered office is Promotion and Development Ltd, 8th Floor, Dias Pier, Le Caudan Waterfront, Port Louis. The Company is listed on the official market of the Stock Exchange of Mauritius. These consolidated financial statements have been approved for issue by the board of directors on September 27th 2019 and will be submitted for consideration and approval at the forthcoming annual meeting of the shareholders of the Company.

1 significant accounting policies

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

Basis of preparation

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

- investment properties are stated at their fair value and;
- relevant financial assets and financial liabilities are carried out 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 their judgment in the process of applying the company's accounting policies. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgment or complexity are disclosed in note 1A.

The Group and the Company had net current liabilities of MRs230m and MRs245m respectively at June 30th 2019. The board is satisfied that the group and the company have the resources to meet their liabilities in foreseeable future. Furthermore, the board is not aware of any uncertainties that may cast significant doubt upon the group's and the company's ability to continue on as a going concern. The financial statements are prepared on a going concern basis.

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 1st 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out below. The Company 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.

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 Company has adopted IFRS 15 Revenue from Contracts with Customers from July 1st 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 below. 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)

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.

Amendments to IAS 40

Transfers of Investment Property
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 has 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 July 1st 2019 or later periods, but which the Company has not early adopted.

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

(Amendments to IFRS 10 and IAS 28)	Sale or contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 16	Leases
IFRS 17	Insurance Contracts
IFRIC 23	Uncertainty over Income Tax Treatments
(Amendments to IFRS 9)	Prepayment Features with negative compensation
(Amendments to IAS 28)	Long-term Interests in Associates and Joint Ventures
Annual Improvements to IFRSs 2015–2017 Cycle	
(Amendments to IAS 19)	Plan Amendment, Curtailment or Settlement
(Amendments to IFRS 3)	Definition of a Business
(Amendments to IAS 1 and IAS 8)	Definition of Material

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

IFRS 16 - Effective July 1st 2019

Adoption of IFRS 16 will result in the Group recognising right-of-use assets and liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the Group does not recognise related assets or liabilities, and instead spreads the lease payments on a straight line basis over the lease term, disclosing in its annual financial statements the total commitment. The Group is assessing the impact of this new statndard and will adopt the standard when it becomes effective.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg 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 the contractual cash flows 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. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of 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 receivables from related parties 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.

All of the Group's debt investments have low credit risks at both the beginning and end of the reporting period and identified impairment loss was immaterial.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, and for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

Financial liabilities

The Group classifies its financial liabilities into the following category:

Other financial liabilities

Other financial liabilities include the following items:

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Investments in subsidiary companies

Consolidated financial statements

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

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

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

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

Transactions and non-controlling interests

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

Separate financial statements of the company

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

Disposal of subsidiaries

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

Investments in associates

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

Investments in associates are accounted for using the equity method of accounting, except when classified as held-for-sale, and are initially recognised at cost and adjusted by post acquisition changes in the group's share of net assets of the associate. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

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

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

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

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

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

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

Investments in joint venture

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

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

Goodwill

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

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

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

Intangible assets

Computer software

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

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

Customer list

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

Investment property

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

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

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

Prepaid operating lease payments

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

Property, plant and equipment

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

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

Properties in the course of construction for production, rental or administrative purposes or for purposes not yet determined are carried at cost less any recognised impairment loss. Costs include professional fees and for qualifying assets, borrowings costs are capitalised. Depreciation of these are on the

same basis as other property assets, commences when the assets are ready for their intended use.

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

Buildings	1%
Equipment, furniture and fittings	5–33$^{1}/_{3}$%
Motor vehicles	11%
Land is not depreciated	

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

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

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

Impairment of assets

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

Operating leases

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

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

Operating leases - lessor

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

Inventories

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

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

Share capital

Ordinary shares are classified as equity.

Current and deferred income tax

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

Current tax

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

Deferred tax

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

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

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

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

Corporate Social Responsibility (CSR)

Every mauritian company is required to set up a CSR fund equivalent to 2 per cent of its chargeable income of the preceding year and the company should remit 75 per cent of the fund respectively to the mauritian tax authorities. This practice is being interpreted and CSR is classified as taxation.

Retirement benefit obligations

Defined contribution plan

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

Gratuity on retirement

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

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

Foreign currencies

Functional and presentation currency

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

Transactions and balances

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

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

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

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

Provisions

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

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

Turnover

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

Revenue recognition

(a) Revenue from contracts with customers.

Performance obligations and timing of revenue recognition

The Group has identified two main business segments namely property and security services which contribute in generating most of its revenue from contracts with customers.

Revenue from customers includes both sales of goods and services made to customers. The property segment is highly involved in the rental of properties. The security services segment is involved in the provision of guarding services, installation and monitoring of alarm systems, cash in transit, and rental of alarm systems.

The majority of the revenue generated from the sale of goods and services defined above are recognised at a point in time when the control of the good or the services rendered is actually transfered to the customer.

This is generally when the goods or services are delivered to the customer.

Revenue from property segment

Rental income from operating leases is recognized on a straight line basis over the lease term. It is recognized in the accounting period in which the property is occupied by the tenant.
Revenue is measured based on the consideration specified in the different contracts with customers and net of value-added tax, rebates and discounts.

Revenue from security services

Part of the revenue of the Group is derived from provision of security services and sales of goods with revenue recognised at a point in time when control has transferred to the customer. This is generally when the goods are delivered and/or services rendered to the customer. However, for sales and installation of alarm system, control is transferred only upon commissioning of the alarm system and user acceptance, at which point the Group will have present right to payement (as a single payment delivery) and retains non of the significant risks and reward of the goods in question.

Determining the transaction price

Most of the revenue is 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 or services rendered, 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). For contracts which are recognised typically on an over time basis, the revenue is only recognise on commissioning of goods and user acceptance.

Costs of obtaining long-term contracts and costs of fulfilling contracts

The costs of fulfilling contracts do not result in the recognition of a separate asset because:

- such costs are included in the carrying amount of inventory for contracts involving the sale of goods; and
- for service contracts, revenue is recognised over time by reference to the milestone achieved meaning that control of the asset (the design service) is transferred to the customer on a continuous basis as the project is carried out. Consequently, no asset for work in progress is recognised.

(b) Other revenues earned by the Group are recognized on the following bases:

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial assest except for financial assets that subsequently become credit impaired.

Revenue from sale of food and beverages

The Group recognizes revenue when a customer takes possession of the food and beverage ordered. The transaction price is specified on the price list provided on the menus.

Revenue from conferencing and theatre rental

The revenue is recognized when we have provided the facility to the customer as per their request.

Other income is recognized as it accrues unless collectability is in doubt.

Dividend distribution

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

Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment reporting is shown in note 24.

Transfer pricing

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

Non-recurring items

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

Related parties

Related parties are individuals and enterprises where the individual or enterprise has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Financial risk factors

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

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

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

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

Market risk

Currency risk

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

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

Cash flow and fair value interest rate risk

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

At June 30th 2019, if interest rates on borrowings had been 50 basis points higher/lower during the year with all other variables held constant, post-tax profit for the year for the group and the company would have been MRs1.7m lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings (2018: no significant impact due to surplus funds available).

Price risk

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

Credit risk

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

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

Liquidity risk

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

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

YEARS	less than 1	between 1 & 2	between 2 & 5	over 5
MRs000				THE GROUP
2019				at June 30th
Borrowings	**85,694**	**48,000**	**172,000**	**300,000**
Other payables	**167,453**	**-**	**-**	**-**
Contract liabilities	**1,687**	**-**	**-**	**-**
2018				
Borrowings	48,385	-	-	-
Other payables	261,226	-	-	-
MRs000				THE COMPANY
2019				at June 30th
Borrowings	**76,016**	**48,000**	**172,000**	**300,000**
Other payables	**315,042**	**-**	**-**	**-**
2018				
Borrowings	53,432	-	-	-
Other payables	409,944	-	-	-

Fair value estimation

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

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

Capital risk management

The group's objectives when managing capital are:

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

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

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

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

The debt-to-adjusted capital ratios

MRs000	THE GROUP		THE COMPANY	
at June 30th	**2019**	2018	**2019**	2018
Total debt	**520,000**	-	**538,200**	5,050
Cash and cash equivalents	**83,575**	48,105	**57,121**	48,235
Net debt	**603,575**	48,105	**595,321**	53,285
Total equity	**4,087,411**	3,958,140	**3,611,137**	3,501,646
Debt to adjusted capital ratio	**0.15**	0.01	**0.16**	0.02

1A Critical accounting estimates and judgments

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

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

The fair value of financial assets at fair value through other comprehensive income and investment property may therefore increase or decrease, based on prevailing economic conditions.

Estimate of fair value of investment properties

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

For the purpose of the valuation carried out as at June 30th 2019, the direct sales comparison approach and depreciated replacement cost approach have been used.

Impairment of financial assets

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.

Limitation of sensitivity analysis

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

Asset lives and residual values

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

Depreciation policies

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

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

Revenue recognition

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

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

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

Impairment of assets

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

Deferred tax on investment properties

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

2 investment property

THE GROUP MRs000	note	Le Caudan Waterfront	Le Caudan Waterfront buildings in progress	freehold land & other buildings	level 2 long leasehold buildings	total 2019	total 2018
Fair value							
At July 1st		**3,410,168**	**479,487**	**107,798**	**144,700**	**4,142,153**	3,834,800
Additions		**-**	**461,975**	**-**	**-**	**461,975**	362,822
Transfer		**899,062**	**(899,062)**	**-**	**-**	**-**	-
Transfer to property, plant and equipment	4	**-**	**(42,400)**	**-**	**-**	**(42,400)**	(68,255)
Disposals		**(35,627)**	**-**	**-**	**-**	**(35,627)**	-
Net gain from fair value adjustment on investment property		**228,995**	**-**	**1,801**	**(33,628)**	**197,168**	12,786
At June 30th		**4,502,598**	**-**	**109,599**	**111,072**	**4,723,269**	4,142,153
THE COMPANY							
Fair value							
At July 1st		**3,005,480**	**479,487**	**211,900**	**144,700**	**3,841,567**	3,465,944
Additions		**-**	**461,975**	**-**	**-**	**461,975**	362,822
Transfer		**899,062**	**(899,062)**	**-**	**-**	**-**	-
Transfer to property, plant and equipment	4	**-**	**(42,400)**	**-**	**-**	**(42,400)**	-
Disposals		**(35,627)**	**-**	**-**	**-**	**(35,627)**	-
Net gain from fair value adjustment on investment property		**199,554**	**-**	**7,001**	**(33,628)**	**172,927**	12,801
At June 30th		**4,068,469**	**-**	**218,901**	**111,072**	**4,398,442**	3,841,567

Basis of valuation

› Investment property comprises a number of offices, commercial and industrial properties rented to third parties.

› Investment property is measured at fair value in the group's statement of financial position and categorised as level 2 in the fair value hierarchy as it has been valued using observable market data. › It is the group's policy to engage independent external valuers to determine the market value of its investment property at June 30th. The group provides information to the valuers, including current lease and tenant data along with asset-specific business plans. The valuers use this and other inputs including market transactions for similar properties to produce valuations. These valuations and the assumptions they have made are then discussed and reviewed with the management team and directors. › Valuation fees are a fixed amount agreed between the group and the valuers in advance of the valuation and are not linked to the valuation output.

› An independent valuation of the properties was carried out at June 30th 2019 by Ricardo Ramiah Isabel, Sworn Surveyor and Real Estate Appraiser to determine their Open Market Values using the Direct Market ('sales') Comparison Approach and the Depreciated Replacement Cost Approach.

› The group's land and buildings have been revalued at their fair value.

› In the case of Le Caudan Waterfront, the value determined by the valuer has been based on the assumption that the property is sold as a bulk.

› Transfers into and out of investment property are recognised on the date of the event or change in circumstances that caused the transfer.

› Bank borrowings are secured by floating charges on the assets of the borrowing companies including investment property (note 14).

› Rental income from investment property amounted to MRs239.3m (2018: MRs237.8m) for the group and MRs197.4m (2018: MRs196.4m) for the company. Direct operating expenses arising on the income generating investment property in the year amounted to MRs87.4m (2018: MRs67.6m) for the group and MRs83.5m (2018: MRs74.4m) for the company.

› No cost was incurred in respect of the non-income generating investment property.

3 prepaid operating lease payments

MRs000	GROUP AND COMPANY 2019	2018
Cost		
At July 1st and June 30th	**602**	602
Amortisation		
At July 1st	**159**	152
Charge for the year	**6**	6
At June 30th	**165**	158
Net book values		
At June 30th	**437**	444

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

4 property, plant and equipment

THE GROUP MRs000	notes	land and buildings	furniture and equipment	motor vehicles	total
Cost					
At July 1st 2017		146,264	108,371	48,377	303,012
Additions		458	4,842	4,529	9,829
Transfer from investment property	2	68,255	-	-	68,255
Disposal/amount written off		-	(220)	(3,455)	(3,675)
At June 30th 2018		214,977	112,993	49,451	377,421
At July 1st 2018		214,977	112,993	49,451	377,421
Acquisition through business combination	30	-	213	-	213
Additions		14,114	42,893	10,098	67,105
Transfer from investment property	2	42,400	-	-	42,400
Disposal		-	-	(7,163)	(7,163)
At June 30th 2019		**271,491**	**156,099**	**52,386**	**479,976**
Depreciation					
At July 1st 2017		11,781	88,414	31,120	131,315
Charge for the year		1,625	9,880	4,388	15,893
Disposal/amount written off adjustment		-	(220)	(2,761)	(2,981)
At June 30th 2018		13,406	98,074	32,747	144,227
At July 1st 2018		13,406	98,074	32,747	144,227
Acquisition through business combination	30	-	86	-	86
Charge for the year		1,868	13,126	4,799	19,793
Disposal		-	-	(6,414)	(6,414)
At June 30th 2019		**15,274**	**111,286**	**31,132**	**157,692**
Net book values					
At June 30th 2019		**256,217**	**44,813**	**21,254**	**322,284**
At June 30th 2018		201,571	14,919	16,704	233,194

4 property, plant and equipment *continued*

THE COMPANY MRs000	note	buildings	furniture and equipment	motor vehicles	total
Cost					
At July 1st 2017		45,109	27,965	5,873	78,947
Additions		-	396	-	396
Disposal/amount written off		-	(28)	(485)	(513)
At June 30th 2018		45,109	28,333	5,388	78,830
At July 1st 2018		45,109	28,333	5,388	78,830
Additions		-	40,042	560	40,602
Disposal		-	-	(965)	(965)
Transfer from investment property	2	42,400	-	-	42,400
At June 30th 2019		**87,509**	**68,375**	**4,983**	**160,867**
Depreciation					
At July 1st 2017		6,822	20,304	2,022	29,148
Charge for the year		924	3,203	415	4,542
Disposal/amount written off adjustment		-	(27)	(212)	(239)
At June 30th 2018		7,746	23,480	2,225	33,451
At July 1st 2018		7,746	23,480	2,225	33,451
Charge for the year		924	7,428	449	8,801
Disposal		-	-	(575)	(575)
At June 30th 2019		**8,670**	**30,908**	**2,099**	**41,677**
Net book values					
At June 30th 2019		**78,839**	**37,467**	**2,884**	**119,190**
At June 30th 2018		37,363	4,853	3,163	45,379

› Bank borrowings are secured by floating charges on the assets of the group including property, plant and equipment (note 14). › Depreciation charge of MRs19.793m for the group (2018: MRs15.893m) and MRs8.801m for the company (2018: MRs4.542m) has been included in operating expenses.

5 intangible assets

THE GROUP	computer software	goodwill	other	total
MRs000				
Cost				
At July 1st 2017	3,891	-	2,105	5,996
Additions	2,036	-	-	2,036
Disposal	(104)	-	-	(104)
At June 30th 2018	5,823	-	2,105	7,928
At July 1st 2018	5,823	-	2,105	7,928
Acquisition through business combination	54	-	-	54
Additions	1,578	10,435	-	12,013
At June 30th 2019	**7,455**	**10,435**	**2,105**	**19,995**
Amortisation				
At July 1st 2017	3,440	-	1,053	4,493
Amortisation charge	175	-	1,052	1,227
Disposal adjustments	(28)	-	-	(28)
At June 30th 2018	3,587	-	2,105	5,692
At July 1st 2018	3,587	-	2,105	5,692
Acquisition through business combination	28	-	-	28
Amortisation charge	358	-	-	358
At June 30th 2019	**3,973**	**-**	**2,105**	**6,078**
Net book values				
At June 30th 2019	**3,482**	**10,435**	**-**	**13,917**
At June 30th 2018	2,236	-	-	2,236

THE COMPANY	computer software
MRs000	
Cost	
At July 1st 2017 and June 30th 2018	513
Additions	1,125
At June 30th 2019	**1,638**
Amortisation	
At July 1st 2017	449
Amortisation charge	27
At June 30th 2018	476
At July 1st 2018	476
Amortisation charge	96
At June 30th 2019	**572**
Net book values	
At June 30th 2019	**1,066**
At June 30th 2018	37

- Other intangible assets relate to consideration paid in respect of the acquisition of a customer list purchased in September 2005.
- The additions in goodwill during the year is in respect of the acquisition of the additional 50% stake in Integrated Safety and Security Solutions Ltd.
- Amortisation charges of MRs0.358m (2018: MRs1.227m) for the group and MRs0.096m (2018: MRs0.027m) for the company are included in operating expenses.

6 investments in subsidiary companies

THE COMPANY

MRs000	2019	2018
Cost		
At July 1st	**14,247**	14,247
Additions	**25**	-
At June 30th	**14,272**	14,247

Subsidiaries of Caudan Development Limited	class of shares	year end	stated capital and nominal value of investment MRs000	direct holding %	indirect holding %	main business
Best Sellers Limited	ordinary	June	25	-	100	dormant
Caudan Communauté	limited by guarantee	December	1	50	-	management of CSR fund (not consolidated)
Caudan Leisure Limited	ordinary	June	1,000	100	-	leisure & property
Caudan Performances Limited (note 1)	ordinary	June	25	100	-	creative, arts and entertainment activities
Caudan Security Services Limited	ordinary	June	10,000	100	-	security
Harbour Cruise Ltd	ordinary	June	300	-	100	dormant
Integrated Safety and Security Solutions Ltd (note 2)	ordinary	June	20	-	100	security
Security and Property Protection Agency Co Ltd	ordinary	June	10,000	-	100	security
Société Mauricienne d'Entreprise Générale Ltée	ordinary	June	3,000	100	-	dormant
SPPA CO Ltd	ordinary	June	26	-	100	security

› Société Mauricienne d'Entreprise Générale Ltée, Harbour Cruise Ltd and Best Sellers Limited did not trade during the year. › Note 1 - Caudan Performances Limited was incorporated during the year. › Note 2 - During the year, Security and Property Protection Agency Co Ltd acquired the remaining 50% holding of Integrated Safety and Security Solutions Ltd from FS Systems International, thereby increasing its stake to 100%. › All the subsidiaries are incorporated and domiciled in the Republic of Mauritius except SPPA CO Ltd which is incorporated in the Republic of Seychelles. › None of the subsidiaries have debt securities.

7 investments in associate

A

THE GROUP

MRs000	2019	2018
Share of net assets	**-**	-
Goodwill	**-**	-
At June 30th	**-**	-
Cost		
At July 1st and June 30th	**19,076**	19,076
Share of post acquisition reserves		
At July 1st and June 30th	**(19,076)**	(19,076)
At June 30th	**-**	-

7 investments in associate *continued*

B The associated company of Caudan Development Limited

Details of the associate at the end of the reporting period	class of shares	year end	nature of business	principal place of business	country of incorporation	proportion of ownership interest and voting rights direct %	indirect %
2019 and 2018							
Le Caudan Waterfront Casino Limited	ordinary	December	leisure	Mauritius	Mauritius	39.20	39.20

› The above associate is accounted for using the equity method. › Since the associate has a different reporting date, management accounts have been prepared as at June 30th 2019. › The investment has been reduced to nil given that the entity's share of losses exceeded its interests. The group will resume recognising its share of profit only after it will equal the share of losses not recognised.

C Summarised financial information

Summarised financial information in respect of the associate

MRs000	current assets	non current assets	current liabilities	non current liabilities	revenue	(loss)/ profit for the year	other compre-hensive income for the year	total compre-hensive income for the year
2019								
Le Caudan Waterfront Casino Limited	**39,923**	**22,960**	**118,100**	**76,015**	**152,186**	**(51,370)**	**(6,992)**	**(58,362)**
2018								
Le Caudan Waterfront Casino Limited	36,461	18,473	71,823	55,981	154,741	3,210	3,890	7,100

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

D Reconciliation of summarised financial information

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

MRs000	opening net assets July 1st	(loss)/ profit for the year	other compre-hensive income for the year	closing net assets	unrecog-nised losses and other comprehen-sive income	ownership interest	share of unrecog-nised losses and other comprehen-sive income	interest in associates	goodwill	carrying value
2019										
Le Caudan Waterfront Casino Limited	**(72,870)**	**(51,370)**	**(6,992)**	**(131,232)**	**(131,232)**	**39.2%**	**(51,443)**	**-**	**-**	**-**
2018										
Le Caudan Waterfront Casino Limited	(79,970)	3,210	3,890	(72,870)	(49,841)	39.2%	(19,538)	-	-	-

8 investments in jointly controlled entity

A

THE GROUP MRs000	2018
Share of net assets	-
Cost	
At July 1st and June 30th	10
Share of post acquisition reserves	
At July 1st and June 30th	(10)
At June 30th	-

B Details of the joint venture

Details of the joint venture at the end of the reporting period	class of shares	year end	nature of business	principal place of business	country of incorporation	proportion of ownership interest and voting rights indirect %
2018						
Integrated Safety and Security Solutions Ltd	ordinary	June	security	Mauritius	Mauritius	50.00

› Integrated Safety and Security Solutions Ltd was incorporated in 2015 and started its operations in June 2015. As at June 30th 2018, it was a jointly controlled entity by Security and Property Protection Agency Co Ltd (SPPA) and FS Systems International, a company incorporated in Mauritius as a GBL Category 1 company. It was accounted for using the equity method. › During the year, SPPA Limited acquired the remaining 50% holding from FS Systems International, thereby increasing its stake to 100%. › The existing stake was remeasured at the acquisition date and a gain on remeasurement amounting to MRs3.708m was booked (note 30).

C Summarised financial information

Summarised financial information in respect of the joint venture

MRs000	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
2018								
Integrated Safety and Security Solutions Ltd	5,593	615	8,438	14	19,056	145	-	145

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

8 investments in jointly controlled entity *continued*

D Reconciliation of summarised financial information

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

MRs000	opening net assets July 1st	profit for the year	other comprehensive income for the year	closing net assets	unrecognised losses	ownership interest	share of unrecognised losses	interest in joint venture
2018								
Integrated Safety and Security Solutions Ltd	(2,389)	145	-	(2,244)	(2,244)	50.0%	(1,122)	-

9 inventories

MRs000	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Spares and accessories	**1,163**	1,844	**1,163**	1,844
Operating equipment	**1,072**	-	**1,072**	-
Food and beverages	**816**	-	**816**	-
Consumables	**2,083**	1,308	**-**	-
Work in progress	**1,476**	1,112	**-**	-
Goods for resale	**5,802**	4,963	**-**	-
	12,412	9,227	**3,051**	1,844
Costs of inventories recognised as expense and included in				
Cost of sales	**22,646**	15,263	**-**	-
Operating expenses	**4,251**	5,995	**1,964**	2,285

› The bank borrowings are secured by floating charges over the assets of the group including inventories (note 14).

10 trade and other receivables

MRs000	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Trade receivables	**115,267**	90,436	**38,699**	27,660
Less provision for impairment	**(55,508)**	(43,497)	**(23,437)**	(21,104)
Trade receivables - net	**59,759**	46,939	**15,262**	6,556
Prepayments	**-**	2,293	**-**	702
Payments made on account	**-**	65,091	**-**	64,223
Receivables from subsidiary companies	**-**	-	**-**	72,844
Receivables from joint venture	**-**	4,298	**-**	13
Loan to subsidiary company receivable at call	**-**	-	**-**	100,000
Income tax receivable	**-**	1,888	**-**	-
Other receivables	**-**	26,592	**-**	25,285
	59,759	147,101	**15,262**	269,623
Less non-current portion				
Trade receivables	**(1,653)**	(2,571)	**-**	-
Current portion	**58,106**	144,530	**15,262**	269,623

(i) Impairment of Trade receivables

- The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

- To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

- The expected loss rates are based on the payment profiles of sales over a period of 36 months before June 30th 2019 or July 1st 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 ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

- On that basis, the loss allowance as at June 30th 2019 and July 1st 2018 (on adoption of IFRS 9) was determined by applying the different expected loss rates calculated for each age bucket, including the amount receivable for the current month, to the gross carrying amount of trade receivables, net of collaterals.

- The expected loss rates of the different age buckets vary between 3% to 97% and the closing loss allowance amounted to MRs15.295m (2018: MRs23.492m) for the Group and MRs1.105m (2018: MRs0.841m) for the Company.

- The closing loss allowances (including specific loss allowance) for trade receivables as at June 30th 2019 reconcile to the opening loss allowances as follows:

MRs000	note	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
At June 30th 2018 (IAS 39)		**43,497**	65,891	**21,104**	34,970
Adjustment on initial application of IFRS 9 - Financial Instruments	31A	**6,204**	-	**630**	-
Loss allowance as at July 1st 2018 (IFRS 9)		**49,701**	65,891	**21,734**	34,970
Net loss allowance recognised in profit or loss during the year		**5,807**	(5,270)	**1,703**	(5,654)
Receivables written off during the year as uncollectible		**-**	(17,124)	**-**	(8,212)
At June 30th 2019		**55,508**	43,497	**23,437**	21,104

- In 2018, the 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.

10 trade and other receivables *continued*

(ii) The carrying amounts of the trade and other receivables are denominated in the following currencies:

The ageing analysis of these trade receivables

MRs000	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Rupee	**58,007**	144,530	**15,163**	269,623
US Dollar	**99**	-	**99**	-
	58,106	144,530	**15,262**	269,623

(iii) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group and the Company hold collaterals, which include cash deposits and bank guarantees from tenants.

(iv) 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.

10A other financial assets at amortised cost

A

2019 MRs000	THE GROUP	THE COMPANY
Assets as per statements of financial position		
Payments made on account	**2,351**	**615**
Receivables from subsidiary companies	**-**	**76,784**
Loan to subsidiary company receivable at call	**-**	**100,000**
Other receivables	**19,624**	**24,970**
	21,975	**202,369**
Less: Loss allowance	**(4,046)**	**(4,046)**
	17,929	**198,323**

› These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

B **Impairment and risk exposure**

(i) The loss allowance for financial assets at amortised cost as at June 30th 2018 reconciles to the opening loss allowance on July 1st 2018 and to the closing loss allowance as at June 30th 2019 as follows:

THE GROUP AND THE COMPANY MRs000	note	other receivables
Loss allowance at June 30th 2018 (IAS 39)		3,148
Adjustment on initial application of IFRS 9 - Financial Instruments	31A	233
Loss allowance at July 1st 2018 (IFRS 9)		3,381
Allowance recognised in profit or loss during the period		665
Loss allowance at June 30th 2019		**4,046**

(ii) All of the financial assets at amortised cost are denominated in Mauritian Rupees. As a result, there is no exposure to foreign currency risk.

10B other assets

A

2019 MRs000	THE GROUP	THE COMPANY
Prepayments	**6,167**	**2,287**
Income tax receivable	**9,200**	**6,658**
	15,367	**8,945**

11 financial instruments by category

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

THE GROUP

MRs000	**2019**	2018
Assets as per statements of financial position		
Trade receivables	**115,267**	90,436
Other financial assets at amortised cost	**17,929**	-
Receivables from joint venture	**-**	4,298
Cash and cash equivalents	**2,119**	280
	135,315	95,014

MRs000	**2019**	2018
Liabilities as per statements of financial position		
Borrowings	**605,694**	48,385
Contract liabilities	**1,687**	-
Other payables	**167,453**	261,226
	774,834	309,611

THE COMPANY

MRs000	**2019**	2018
Assets as per statements of financial position		
Trade receivables	**38,699**	27,660
Other financial assets at amortised costs	**198,323**	-
Receivables from subsidiary companies	**-**	72,844
Loan to subsidiary company receivable at call	**-**	100,000
Cash and cash equivalents	**695**	147
	237,717	200,651

MRs000	**2019**	2018
Liabilities as per statements of financial position		
Borrowings	**596,016**	53,432
Other payables	**315,042**	409,944
	911,058	463,376

12 share capital

MRs000	2019	2018
Issued and fully paid		
At July 1st and June 30th	**2,000,000**	2,000,000

13 retained earnings

MRs000	note	the company	subsidiaries	associates	consolidation adjustment	the group
At July 1st 2018 (as previously reported)		1,501,646	511,684	(19,076)	(35,942)	1,958,312
Adjustment on initial application of IFRS 9 - Financial Instruments	31(a)	(716)	(4,626)	-	-	(5,342)
At July 1st 2018 (as restated)		1,500,930	507,058	(19,076)	(35,942)	1,952,970
Profit attributable to shareholders		191,619	38,994	-	(11,841)	218,772
Dividends		(80,000)	-	-	-	(80,000)
Other comprehensive income for the year		(1,412)	(2,900)	-	-	(4,312)
At June 30th 2019		**1,611,137**	**543,152**	**(19,076)**	**(47,783)**	**2,087,430**

14 borrowings

MRs000	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Non-current				
Bank loan	**520,000**	-	**520,000**	-
	520,000	-	**520,000**	-
Current				
Bank overdrafts	**85,694**	48,385	**57,816**	48,382
Loan from subsidiary companies at call	**-**	-	**18,200**	5,050
	85,694	48,385	**76,016**	53,432
Total borrowings	**605,694**	48,385	**596,016**	53,432

Bank overdrafts

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

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

The effective interest rates at the reporting date were

%	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Bank overdrafts	**5.75**	5.75	**5.75**	5.75
Bank borrowings	**5.75**	-	**5.75**	-

14 borrowings *continued*

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

MRs000	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Within one year	**85,694**	48,385	**76,016**	53,432

The maturity of non-current borrowings

THE GROUP AND THE COMPANY MRs000	2019
After one year and before two years	**36,000**
After two years and before three years	**48,000**
After three years and before five years	**120,500**
After five years	**315,500**
	520,000

15 deferred tax

Deferred tax liabilities/(assets)

MRs000	at July 1st 2018	adjustment on initial application of IFRS 9 - Financial Instruments	as restated	acquisition through business combinasion	(credit)/ charge to statement of profit or loss	credit to statement of other comprehen-sive income	**at June 30th 2019**
THE GROUP							
Provisions	(10,362)	(1,095)	(11,457)	10	(1,766)	(883)	**(14,096)**
Tax losses	-	-	-	(605)	(7,661)	-	**(8,266)**
Deferred tax assets	(10,362)	(1,095)	(11,457)	(595)	(9,427)	(883)	**(22,362)**
Accelerated capital allowances	89,863	-	89,863	18	9,287	-	**99,168**
Fair value gains	80,453	-	80,453	-	34,833	-	**115,286**
Deferred tax liabilities	170,316	-	170,316	18	44,120	-	**214,454**
Net deferred tax liabilities/(assets)	159,954	(1,095)	158,859	(577)	34,693	(883)	**192,092**

Deferred tax liabilities/(assets)

THE COMPANY							
Accelerated capital allowances	62,210	-	62,210	-	8,036	-	**70,246**
Provisions	(6,242)	(147)	(6,389)	-	(324)	(289)	**(7,002)**
Tax losses	-	-	-	-	(6,644)	-	**(6,644)**
Fair value gains	60,759	-	60,759	-	30,712	-	**91,471**
	116,727	(147)	116,580	-	31,780	(289)	**148,071**

15 deferred tax *continued*

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

MRs000	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Deferred tax assets	**(22,362)**	(10,362)	**(13,646)**	(6,242)
Deferred tax liabilities	**214,454**	170,316	**161,717**	122,969
	192,092	159,954	**148,071**	116,727

› Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2018: 17%).

MRs000	notes	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
The movement in the deferred income tax account					
At July 1st - As previously reported		**159,954**	136,959	**116,727**	101,890
Adjustment on initial application of IFRS 9 - Financial Instruments	31(a)	**(1,095)**	-	**(147)**	-
At July 1st - As restated		**158,859**	136,959	**116,580**	101,890
Acquisition through business combination	30	**(577)**	-	**-**	-
Charge to profit or loss	21	**34,693**	23,090	**31,780**	14,983
Credit to other comprehensive income		**(883)**	(95)	**(289)**	(146)
At June 30th		**192,092**	159,954	**148,071**	116,727

16 retirement benefit obligations

MRs000	note	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Amounts recognised in the statements of financial position					
Other post retirement benefits (gratuity on retirement)		**31,694**	23,549	**9,417**	8,197
Amounts recognised in the statements of profit or loss and other comprehensive income					
Release in respect of leavers		**(1,116)**	(1,494)	**-**	-
Provision for the year		**5,664**	4,691	**854**	569
Total included in employee benefit expense	19A	**4,548**	3,197	**854**	569
Movement in the liability recognised in the statements of financial position					
At July 1st		**23,549**	21,397	**8,197**	8,271
Gratuity on retirement paid		**(863)**	(867)	**(600)**	(767)
Benefits paid		**(735)**	(735)	**(735)**	(735)
Amount charged to other comprehensive income		**5,195**	557	**1,701**	859
Expense for the year		**4,548**	3,197	**854**	569
At June 30th		**31,694**	23,549	**9,417**	8,197

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

16 retirement benefit obligations *continued*

Principal actuarial assumptions used for accounting purposes were:	2019	2018
Discount rate (%)	**6.1**	6.3
Future salary increases (%)	**4.3**	4.7
Future pension increases (%)	**1.5**	1.5
Average retirement age (ARA)		
Pension scheme members	**60.0**	60.0
Non scheme members	**65.0**	65.0

17 other payables

	THE GROUP		THE COMPANY	
MRs000	**2019**	2018	**2019**	2018
Amounts owed to parent	**3,612**	4,593	**2,236**	3,921
Amounts owed to subsidiary companies	**-**	-	**185,328**	179,219
Social security and other taxes	**3,915**	4,257	**688**	466
Defined contribution plan	**843**	821	**180**	174
Advance monies	**34,309**	32,282	**25,522**	26,745
Other payables and accrued expenses: construction costs	**78,433**	173,435	**78,433**	173,435
Other payables and accrued expenses	**46,341**	45,838	**22,655**	25,984
	167,453	261,226	**315,042**	409,944

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

17A contract liabilities

Liabilities related to contracts with customers

THE GROUP	
MRs000	**2019**
Opening balance restated - transfer from trade and other payables	**1,524**
Amount included in contract liabilities that was recognised as revenue during the year	**(1,919)**
Cash received (or rights to cash) in advance of performance and not recognised as revenue during the year	**2,082**
	1,687

› Contract liabilities arise from sales and installation of alarm system, whereby control is transferred only upon commissioning of the alarm system and user acceptance, at which point the Group 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 and cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

› No prior year adjustments have been made to the balance of contract liabilities as upon adoption of IFRS 15, there have been no change in the way of recognising deferred income.

18 other reserves

THE GROUP

MRs000	translation reserve
At July 1st 2017	(165)
Currency translation differences	(7)
At June 30th 2018	(172)
At July 1st 2018	(172)
Currency translation differences	153
At June 30th 2019	**(19)**

Translation of foreign operations

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

19 operating profit

MRs000	notes	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Operating profit is arrived at after crediting					
Rental income		**239,333**	237,799	**197,449**	196,370
Sale of goods		**24,353**	18,418	**-**	-
Sale of services		**231,276**	225,653	**-**	-
Profit on disposal of property, plant and equipment		**1,208**	557	**-**	-
Income from other operating activities		**8,347**	-	**8,347**	-
and after charging					
Depreciation on property, plant and equipment	4	**19,793**	15,893	**8,801**	4,542
Amortisation of intangible assets	5	**358**	1,227	**96**	27
Amortisation of prepaid operating lease payments	3	**6**	6	**6**	6
Operating lease rentals		**8,223**	8,316	**4,772**	4,772
Loss on disposal of property, plant and equipment		**107**	51	**107**	51
Employee benefit expense		**232,813**	215,158	**43,987**	30,311

Analysis of employee benefit expense included above

MRs000	note	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Wages and salaries		**208,202**	192,566	**39,335**	26,632
Social security costs		**10,474**	10,078	**1,828**	1,199
Pension costs					
Defined contribution plan		**9,589**	9,317	**1,970**	1,911
Other post retirement benefits	16	**4,548**	3,197	**854**	569
		232,813	215,158	**43,987**	30,311

20 finance costs/(income)

MRs000	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Finance costs				
Interest expense				
Bank overdrafts	**9,197**	364	**8,300**	289
Bank loan	**11,059**	-	**11,059**	-
Other loans at call	**1,565**	-	**2,885**	78
Foreign exchange loss	**54**	2	**-**	-
	21,875	366	**22,244**	367
Finance income				
Interest income	**(457)**	(2,986)	**(11,272)**	(11,731)
Foreign exchange gain	**(163)**	(118)	**(163)**	(66)
	(620)	(3,104)	**(11,435)**	(11,797)
Net finance costs/(income)	**21,255**	(2,738)	**10,809**	(11,430)

21 income tax expense

MRs000	note	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Based on the profit for the year, as adjusted for tax purposes, at 15%		**2,636**	10,202	**-**	9,424
(Overprovision)/underprovision of tax in previous year		**(73)**	899	**229**	908
Deferred income tax movement for the year	15	**34,693**	23,090	**31,780**	14,983
Corporate social responsibility expense		**353**	2,512	**-**	2,237
Charge to statement of profit or loss		**37,609**	36,703	**32,009**	27,552
Deferred income tax charge					
Accelerated capital allowances		**9,287**	38,761	**8,036**	12,634
Provisions		**(1,766)**	4,379	**(324)**	1,058
Fair value gains		**34,833**	(22,016)	**30,712**	1,291
Tax losses		**(7,661)**	1,966	**(6,644)**	-
		34,693	23,090	**31,780**	14,983

› Reconciliation between the applicable income tax rate of 15.0% for the group and the company and the effective rate of income tax of the group of 14.7% (2018: 26.2%) and the company of 14.3% (2018: 22.8%).

21 income tax expense *continued*

As a percentage of profit before income tax

	THE GROUP		THE COMPANY	
%	**2019**	2018	**2019**	2018
Income tax rate	**15.0**	15.0	**15.0**	15.0
Impact of				
Associate's results reported net of tax				
Disallowable items	**0.4**	1.3	**0.2**	1.0
Income not subject to tax	**-**	(0.1)	**-**	-
Other allowable items	**(0.1)**	-	**-**	-
Other differences	**(4.9)**	(3.7)	**(5.7)**	(7.3)
Exempt income	**(0.1)**	-	**-**	-
Balancing charge	**0.1**	0.1	**0.1**	0.1
Reversal of tax loss	**(0.3)**	-	**-**	-
Deferred tax rate differential on CSR tax	**1.8**	-	**1.8**	-
Underprovision of deferred tax in previous year	**-**	11.1	**-**	11.3
Effect of different tax rates	**-**	(0.1)	**-**	-
Unutilised tax losses	**2.7**	0.1	**2.7**	-
Underprovision of tax in previous year	**(0.1)**	0.7	**0.2**	0.8
Corporate social responsibility	**0.2**	1.8	**-**	1.9
Average effective income tax rate	**14.7**	26.2	**14.3**	22.8

22 earnings per share

A

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

THE GROUP

MRs000	2019	2018
Profit attributable to owners of the parent	**218,772**	103,584
Weighted average number of shares in issue during the year (thousands)	**2,000,000**	2,000,000

B

› Adjusted earnings per share is calculated on the basis of the group profit for the year excluding gain on remeasurement of equity interests and net gain from fair value adjustment on investment property (net of related deferred tax thereon) divided by the number of shares in issue and ranking for dividends.

THE GROUP

MRs000	2019	2018
Profit attributable to owners of the parent	**218,772**	103,584
Net gain from fair value adjustment on investment property (net of deferred tax)	**(159,676)**	(7,000)
Gain on remeasurement of equity interests	**(3,708)**	-
Adjusted earnings attributable to owners of the parent	**55,388**	96,584
Weighted average number of shares in issue during the year (thousands)	**2,000,000**	2,000,000

23 dividend proposed

MRs000	COMPANY 2019
Final ordinary dividend of MRe0.04 per share paid in August 2019 (2018: MRs80m)	**80,000**

› On June 28th 2019, the directors declared a final dividend of MRe0.04 per share in respect of the year ended June 30th 2019.

24 segment information

2019

MRs000	property	security	eliminations	total
Revenues				
External sales	247,680	255,629	-	503,309
Intersegment sales	4,800	27,691	(32,491)	-
Total revenue	252,480	283,320	(32,491)	503,309
Direct operating expenses	(134,094)	(226,028)	26,717	(333,405)
Administrative expenses	(39,731)	(51,741)	4,800	(86,672)
Total expenses	(173,825)	(277,769)	31,517	(420,077)
Segment result	78,655	5,551	(974)	83,232
Net gain from fair value adjustment on investment property	197,168	-	-	197,168
Gain on remeasurement of equity interests	-	3,708	-	3,708
Net impairment on financial assets	(3,097)	(3,375)	-	(6,472)
Finance income	183	1,757	(1,320)	620
Finance costs	(22,245)	(950)	1,320	(21,875)
Profit before income tax	250,664	6,691	(974)	256,381
Taxation	(36,970)	(639)	-	(37,609)
Profit attributable to owners of the parent	213,694	6,052	(974)	218,772
Segment assets	5,092,725	97,130	-	5,189,855
Segment liabilities	966,755	54,227	-	1,020,982
Current tax liabilities	-	1,462	-	1,462
Dividend proposed	80,000	-		80,000
	1,046,755	55,689	-	1,102,444
Capital expenditure	516,759	13,899	-	530,658
Depreciation and amortisation	10,167	9,990	-	20,157

The following is an analysis of the revenue for the year:

THE GROUP MRs000	**2019**	2018
Product type		
Revenue from the sale of goods	**24,353**	18,418
Revenue from rendering of services	**231,276**	225,653
Rental income	**239,333**	237,799
Income from other operating activities	**8,347**	-
	503,309	481,870

24 segment information *continued*

Disagreegation of revenue from contracts with customers

THE GROUP

MRs000	Corporate	Individual	Total
Timing of revenue recognition			
At a point in time	425,103	46,681	471,784
Over time	24,416	7,109	31,525
	449,519	53,790	503,309

2018

MRs000	property	security	eliminations	total
Revenues				
External sales	237,798	244,072	-	481,870
Intersegment sales	4,800	18,151	(22,951)	-
Total revenue	242,598	262,223	(22,951)	481,870
Direct operating expenses	(80,938)	(216,805)	18,151	(279,592)
Administrative expenses	(43,027)	(45,312)	4,800	(83,539)
Total expenses	(123,965)	(262,117)	22,951	(363,131)
Segment result	118,633	106	-	118,739
Net gain from fair value adjustment on investment property	12,786	-	-	12,786
Net impairment on financial assets	5,988	36	-	6,024
Finance income	2,034	1,070	-	3,104
Finance costs	(363)	(3)	-	(366)
Profit before income tax	139,078	1,209	-	140,287
Taxation	(32,832)	(3,871)	-	(36,703)
Profit attributable to owners of the parent	106,246	(2,662)	-	103,584
Segment assets	4,466,418	78,579	-	4,544,997
Segment liabilities	466,956	36,520	-	503,476
Current tax liabilities	1,508	1,873	-	3,381
Dividend proposed	80,000	-	-	80,000
	548,464	38,393	-	586,857
Capital expenditure	363,655	11,033	-	374,688
Depreciation and amortisation	5,604	11,522	-	17,126

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

24 segment information *continued*

Products and services from which reportable segments derive their revenues

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

Segment	Activity
Property	rental income and income from other operating activities
Security	security and property protection services and sales of equipment

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

Factors that management used to identify the entity's reportable segments

Reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Geographical information

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

25 commitments and contingencies

MRs000	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Capital				
Commitment in respect of future capital expenditure authorised by the directors and not provided in the financial statements	**10,000**	519,587	**10,000**	506,303

MRs000	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Future minimum lease payments under non-cancellable operating leases				
Not later than 1 year	**3,932**	3,932	**3,932**	3,932
Later than 1 year and not later than 2 years	**3,932**	3,932	**3,932**	3,932
Later than 2 years and not later than 5 years	**11,796**	11,796	**11,796**	11,796
	19,660	19,660	**19,660**	19,660

› The lease is in respect of land at Riche Terre which expires on May 31st 2031 and is renewable for another period of twenty years and a further period of thirty nine years. › Rental income derived from rental of industrial building at Riche Terre amounts to MRs12.206 m (2018: MRs11.012 m).

Operating leases

MRs000	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
Future minimum lease payments receivable under non-cancellable operating leases				
Not later than 1 year	**160,971**	151,859	**126,120**	118,202
Later than 1 year and not later than 5 years	**218,377**	219,670	**142,683**	144,231
Later than 5 years	**102,478**	66,927	**83,427**	81,102
	481,826	438,456	**352,230**	343,535

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

Contingencies

THE GROUP MRs000	2019	2018
Contingent liabilities		
Bank guarantees to third parties	**3,965**	3,500
Bank guarantees to third parties on behalf of joint venture	**-**	283
	3,965	3,783

26 parent and ultimate parent

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

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

THE GROUP

MRs000	2019	2018	2017
Statements of profit and loss and other comprehensive income			
Turnover	**503,309**	481,870	492,119
Profit before income tax	**256,381**	140,287	94,303
Taxation	**(37,609)**	(36,703)	(18,166)
Profit attributable to owners of the parent	**218,772**	103,584	76,137
Other comprehensive income for the year	**(4,159)**	(469)	(399)
Adjusted profit attributable to owners of the parent	**55,388**	96,584	88,446
Total comprehensive income attributable to owners of the parent	**214,613**	103,115	75,738
Net assets value per share	**2.04**	1.98	1.97
Rate of dividend (%)	**4%**	4%	4%
Dividend per share (MRe)	**0.04**	0.04	0.04
Earnings per share (MRe)	**0.109**	0.052	0.045
Adjusted earnings per share (MRe)	**0.028**	0.048	0.052

THE GROUP

MRs000	2019	2018	2017
Statements of financial position			
Non-current assets	**5,083,922**	4,390,960	4,017,406
Current assets	**105,933**	154,037	298,831
Total assets	**5,189,855**	4,544,997	4,316,237
Total equity	**4,087,411**	3,958,140	3,935,025
Non-current liabilities	**766,148**	193,865	163,909
Current liabilities	**336,296**	392,992	217,303
Total equity and liabilities	**5,189,855**	4,544,997	4,316,237

28 related party transactions

Transactions carried out by the group with related parties

2019 MRs000	purchase of property plant & equipment	rental/ other income	payment in respect of invest-ment property	operating expenses	manage-ment fees expense/ (income)	net interest expense/ (income)	net loan received from/ (repaid to)	net loan (given to)/ repaid from	emolu-ments and benefits
Parent	**-**	**83**	**11,366**	**3,932**	**12,069**	**1,549**	**-**	**-**	**-**
Associate	**-**	**16,634**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Associate of parent	**-**	**16,856**	**-**	**1,680**	**-**	**-**	**-**	**-**	**-**
Joint venture in which the group is a venturer	**-**	**471**	**-**	**11**	**(108)**	**(83)**	**-**	**-**	**-**
Shareholders with significant influence	**-**	**14,864**	**-**	**661**	**-**	**20,256**	**-**	**-**	**-**
Enterprises in which directors/key management personnel (and close families) have significant interest	**-**	**744**	**-**	**13**	**-**	**-**	**-**	**-**	**-**
Key management personnel and directors	**-**	**260**	**-**	**-**	**-**	**-**	**-**	**-**	**11,439**

2018									
Parent	-	97	8,035	3,932	12,172	(2,148)	-	141,079	-
Associate	-	15,963	-	-	-	-	-	-	-
Associate of parent	-	19,737	551	1,674	-	-	-	-	-
Joint venture in which the group is a venturer	-	5,257	-	997	(216)	146	-	(1,500)	-
Shareholders with significant influence	-	11,961	-	4,099	-	358	-	-	-
Enterprises in which directors/key management personnel (and close families) have significant interest	-	2,374	-	37	-	-	-	-	-
Key management personnel and directors	-	257	-	-	-	-	-	-	11,022

Key management personnel compensation

MRs000	THE GROUP **2019**	THE GROUP 2018	THE COMPANY **2019**	THE COMPANY 2018
Remuneration and other benefits relating to key management personnel, including directors				
Salaries and short term employee benefits	**10,306**	9,967	**6,128**	5,794
Post employments benefits	**1,133**	1,055	**595**	489
	11,439	11,022	**6,723**	6,283

Transactions carried out by the company with related parties

2019	purchase of property, plant & equipment	rental/ other income	payment in respect of invest-ment property	operating expenses	manage-ment fees expense	net interest expense/ (income)	net loan received from/ (repaid to)	net loan (given to)/ repaid from	emolu-ments and benefits
MRs000									
Parent	**-**	**73**	**11,046**	**3,932**	**8,643**	**1,549**	**-**	**-**	**-**
Associate	**-**	**363**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Associate of parent	**-**	**-**	**-**	**537**	**-**	**-**	**-**	**-**	**-**
Joint venture in which the group is a venturer	**-**	**-**	**-**	**11**	**-**	**-**	**-**	**-**	**-**
Subsidiary companies	**9,721**	**6,296**	**-**	**10,696**	**-**	**(9,932)**	**18,200**	**-**	**-**
Shareholders with significant influence	**-**	**2,655**	**-**	**661**	**-**	**19,359**	**-**	**-**	**-**
Enterprises in which directors/key management personnel (and close families) have significant interest	**-**	**744**	**-**	**13**	**-**	**-**	**-**	**-**	**-**
Key management personnel and directors	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,723**

2018									
Parent	-	89	8,028	3,932	9,122	(1,238)	-	127,008	-
Associate	-	363	-	-	-	-	-	-	-
Associate of parent	-	-	551	353	-	-	-	-	-
Joint venture in which the group is a venturer	-	-	-	997	-	-	-	-	-
Subsidiary companies	155	6,893	-	11,928	-	(10,343)	5,050	-	-
Shareholders with significant influence	-	2,584	-	555	-	284	-	-	-
Enterprises in which directors/key management personnel (and close families) have significant interest	-	2,374	-	37	-	-	-	-	-
Key management personnel and directors	-	-	-	-	-	-	-	-	6,283

› The related party transactions were carried out on normal commercial terms and at prevailing market prices. › There is a management service fee contract between the company and Promotion and Development Ltd (PAD) which is the ultimate parent. The management fees paid to PAD are equivalent to (1) 5% of the net income after operating costs, but before interest, depreciation and tax, (2) 2.5% of the cost of construction and capital works, excluding professional fees, government fees and interest and (3) agents fees equivalent to 1 months' basic rental on securing new tenants, half month's basic rental on new contracts with existing tenants and 2% of gross consideration in respect of sales of property. › The key management personnel compensation consists only of salaries and employment benefits. None of the investments in associates have been impaired during the year. › For the year ended June 30th 2019, the group has not recorded any impairment of receivables relating to amounts owed by related parties (2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

28 related party transactions *continued*

THE GROUP

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

2019	receivables from related companies	borrowings payable to related companies	payables to related companies
MRs000			
Parent	**-**	**-**	**3,612**
Associate of parent	**6,382**	**-**	**-**
Shareholders with significant influence	**7,475**	**605,694**	**151**
Key management personnel and directors	**55**	**-**	**-**
2018			
Parent	-	-	4,593
Associate of parent	7,995	-	73
Joint venture in which the group is a venturer	4,297	-	-
Shareholders with significant influence	4,692	48,385	146
Key management personnel and directors	45	-	-

29 currency

The financial statements are presented in thousands of Mauritian Rupees.

30 business combinations

A Subsidiary acquired

	principal activity	date of acquisition	proportion of voting equity interests acquired
Integrated Safety and Security Solutions Ltd	**Security services**	**01 Jan 19**	**50%**

› During the year, Security and Property Protection Agency Co Ltd acquired the remaining 50% holding of Integrated Safety and Security Solutions Ltd from FS Systems International, thereby increasing its stake to 100%. Total consideration transferred amounted to MRs3,708,424.

B Consideration transferred

MRs000	
Cash	3,708
Total consideration	3,708

C Assets acquired and liabilities recognised at the date of acquisition

MRs000	
Non-current assets	
Property, plant and equipment	127
Intangible assets	26
Deferred tax asset	577
Current assets	
Cash and cash equivalents	1,931
Trade and other receivables	2,136
Inventories	2,443
Current liabilities	
Other payables	(10,208)
Non-current liabilities	
Retirement benefit obligations	(51)
Total identifiable net assets	(3,019)
Goodwill acquired	10,435
Gain on remeasurement of equity interests	(3,708)
Cash outflow on acquisition of subsidiary	3,708

D Net cash outflow on acquisition of subsidiary

MRs000	
Consideration paid in cash	3,708
Less: Cash and cash equivalent balances acquired	(1,931)
	1,777

30 business combinations *continued*

E Impact of acquisition on the results of the Group

- As from the acquisition date, Integrated Safety and Security Solutions Ltd's revenue of MRs6,207,352 and loss of MRs387,391 have been included in the consolidated statement of profit or loss and other comprehensive income for the reporting period.

- If the acquisition were to have occurred on July 1st 2018, the Group's revenue and loss for the year would have increased by MRs2,035,887 and MRs774,332 respectively.

31 changes in accounting policies

A Impact on the financial statements

- IFRS 9 and IFRS 15 were adopted without restating comparative information. Any adjustments arising from the new accounting policies are not reflected in the comparatives year ended June 30th 2018 but are recognised in the opening reserves on July 1st 2018.

The following tables show the adjustments recognised for each individual line item.

THE GROUP Balance sheet extract MRs000	June 30th 2018	IFRS 15	IFRS 9	July 1st 2018 restated
Non-current assets				
Deferred tax asset	10,362	-	1,095	11,457
Current assets				
Trade and other receivables	144,530	-	(106,366)	38,164
Other financial assets at amortised costs	-	-	95,748	95,748
Other assets	-	-	4,181	4,181
Equity and liabilities				
Retained earnings	1,958,312	-	(5,342)	1,952,970
Current liabilities				
Contract liabilities	-	1,524	-	1,524
Other payables	261,226	(1,524)	-	259,702

31 changes in accounting policies *continued*

THE COMPANY

MRs000	June 30th 2018	IFRS 9	July 1st 2019
Current assets			
Trade receivables	269,623	(263,697)	5,926
Other financial assets at amortised costs	-	262,132	262,132
Other assets	-	702	702
Equity and liabilities			
Retained earnings	1,501,646	(716)	1,500,930
Non-current liabilities			
Deferred tax liabilities	116,727	(147)	116,580

The impact on the retained earnings as at July 1st 2018 is as follows:

THE GROUP

MRs000		
Retained earnings June 30th 2018		1,958,312
Adjustments from adoption of IFRS 9		
Increase in provision for trade receivables	(6,204)	
Increase in provision for financial assets at amortised cost	(233)	
Increase in deferred tax assets relating to impairment provisions	1,095	
		(5,342)
Restated retained earnings July 1st 2018		1,952,970

THE COMPANY

MRs000		
Retained earnings June 30th 2018		1,501,646
Adjustments from adoption of IFRS 9		
Increase in provision for trade receivables	(630)	
Increase in provision for financial assets at amortised cost	(233)	
Decrease in deferred tax liabilities relating to impairment provisions	147	
		(716)
Restated retained earnings July 1st 2018		1,500,930

31 changes in accounting policies *continued*

B IFRS 9 Financial Instruments

(i) Classification and measurement
On the date of initial application July 1st 2018, the financial instrument were as follows:

THE GROUP	Measurement category		Carrying amount		
	original (IAS 39)	new (IFRS 9)	original	new	difference
MRs000					
Current financial assets					
Trade and other receivables	amortised cost	amortised cost	144,530	38,164	(106,366)
Other financial assets at amortised cost	amortised cost	amortised cost	-	95,748	95,748

THE COMPANY	Measurement category		Carrying amount		
	original (IAS 39)	new (IFRS 9)	original	new	difference
MRs000					
Current financial assets					
Trade and other receivables	amortised cost	amortised cost	269,623	5,926	(263,697)
Other financial assets at amortised cost	amortised cost	amortised cost	-	262,132	262,132

(ii) Impairment of financial assets

› The Group and Company were required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's and the Company'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.

Trade receivables

› The Group and Company apply IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. This resulted in an increase of the loss allowance on July 1st 2018 by MRs6.204m for the Group and MRs0.630m for the Company for trade receivables.

› The loss allowance increased by a further MRs5.806m to MRs55.508m for the Group and MRs1.703m to MRs23.437m for the Company during the current reporting period.

C IFRS 15 Revenue from contracts with customers

No prior year adjustments have been made to the balances as at July 1st 2018 except for reclassification as per part (a).

(i) Presentation of assets and liabilities related to contracts with customers.
The Group has changed the presentation of certain amounts in the balance sheet to reflect the terminology of IFRS 15 and IFRS 9.
Contract liabilities in relation to project contracts were previously included in trade and other payables.

(ii) Had the Group continued to report in accordance with IAS 18 Revenue for the year ended June 30th 2019 the reported figures would not have changed significantly.

directors of subsidiaries

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

Caudan Leisure Ltd
René Leclézio
Jocelyne Martin

Caudan Performances Limited
René Leclézio
Ashish Beesoondial

Caudan Security Services Limited
René Leclézio
Jocelyne Martin
Mooroogassen Soopramanien

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

SPPA CO Ltd
Deepak K. Lakhabhay
Mooroogassen Soopramanien

Integrated Safety and Security Solutions Ltd
Deepak K. Lakhabhay
Mooroogassen Soopramanien

Harbour Cruise Ltd
René Leclézio

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

Caudan Communauté
René Leclézio
Jocelyne Martin

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