ANNUAL REPORT 2016

ABC MOTORS COMPANY LIMITED

VISION

To be the most outstanding & innovative automobile company in Mauritius.

MISSION

To provide the best service & the most unique, enriching experience in the automobile industry whilst also delivering superior value to our stakeholders.

VALUES

Customer Mindset Driven
Obsession For Excellence
Meritocracy Recognition
Passion Driven
Accessibility
Nimbleness (Agile)
Your Opinion Matters

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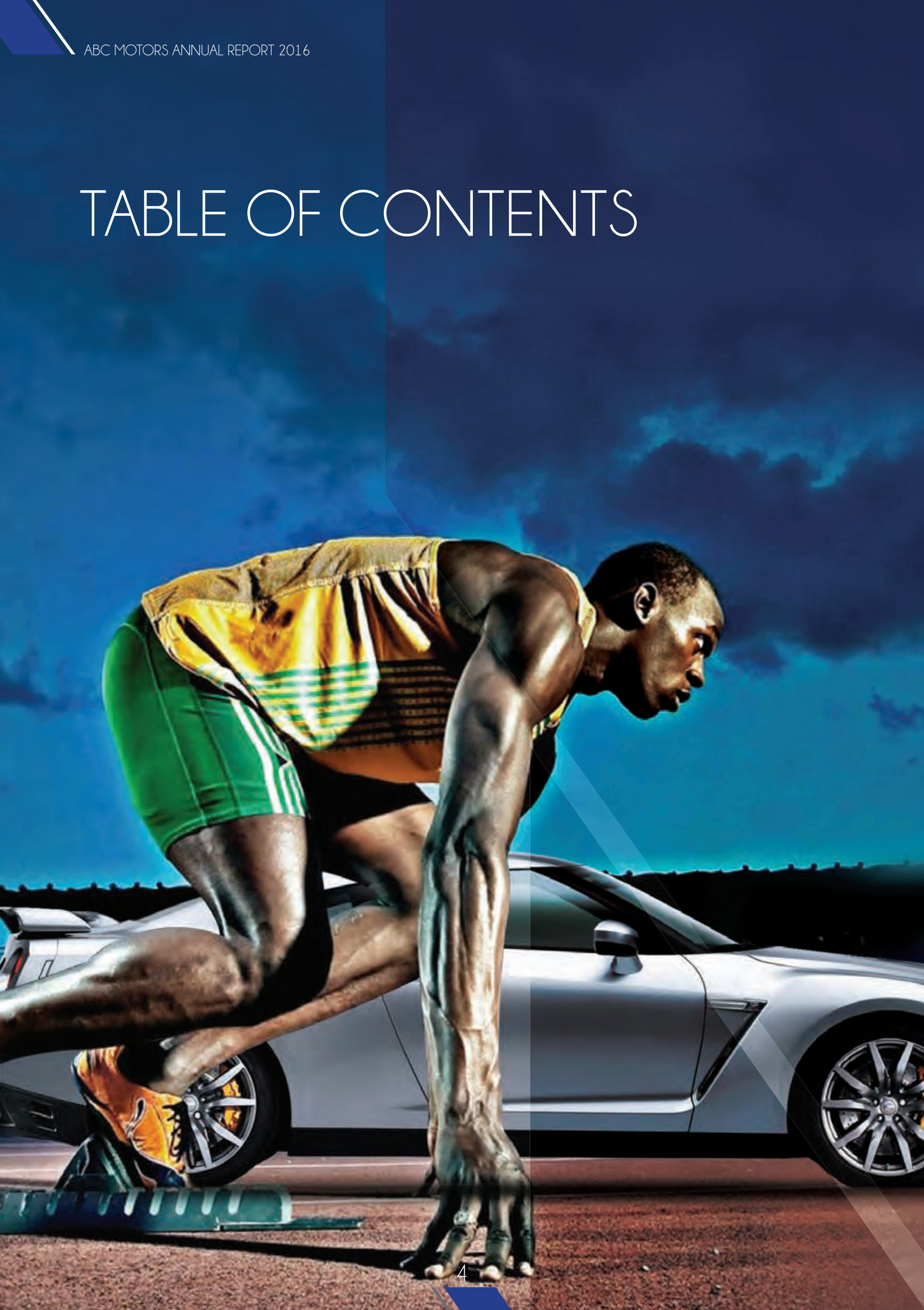


FINANCIAL HIGHLIGHTS

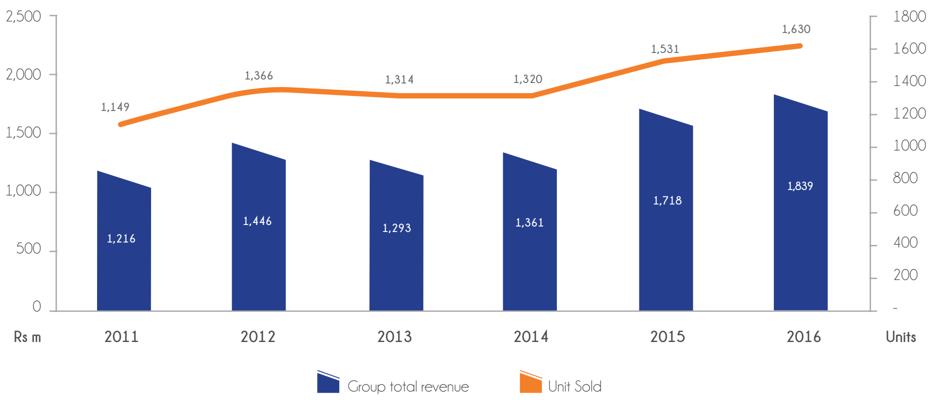
All amounts in million of rupees unless otherwise stated

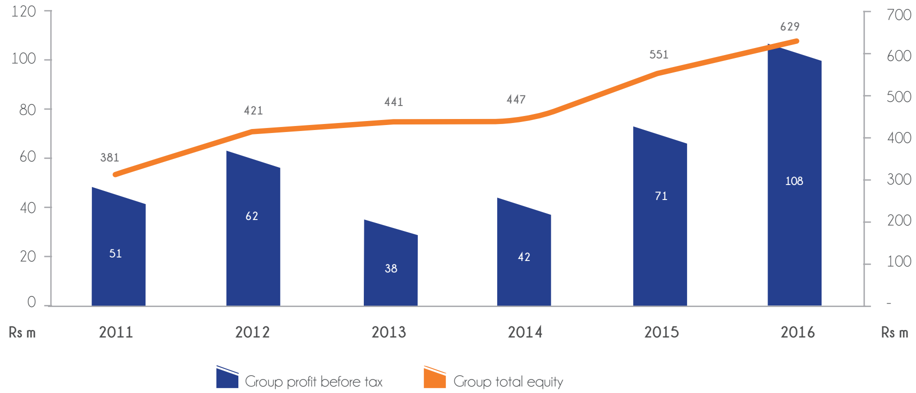
Financial Highlights	THE GROUP				THE COMPANY			
	2016 Rs'M	2015 Rs'M	2014 Rs'M	2013 Rs'M	2016 Rs'M	2015 Rs'M	2014 Rs'M	2013 Rs'M
Total revenue 1	**1,839**	1,718	1,361	1,293	**1,839**	1,718	1,361	1,293
Profit for the year (before taxation)	**108**	71	42	38	**75**	45	33	38
Total comprehensive income	**88**	82	46	31	**45**	57	32	33
Total Equity	**629**	551	477	441	**488**	452	402	380

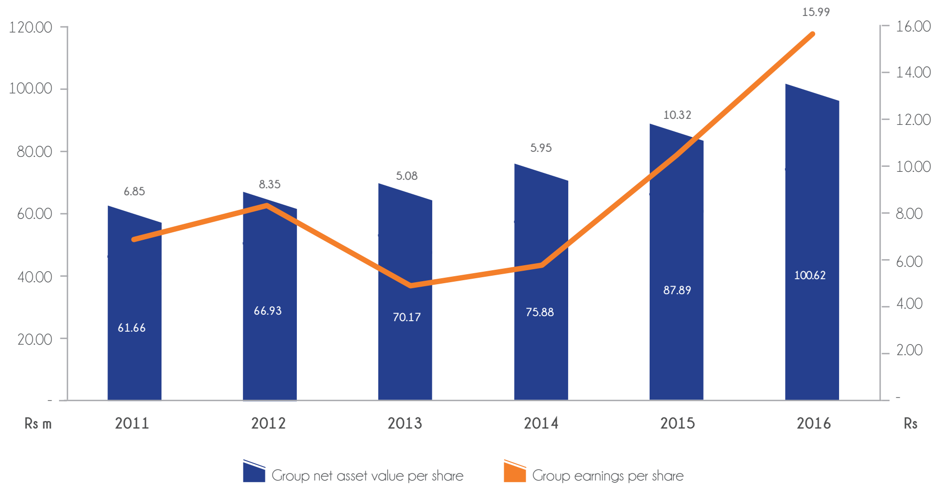
1 The growth in the Group's total revenue for 2016 is 7.1% as compared to 2015 which can be explained mainly by an increase in unit sales of vehicles by 99 (2016: 1,630 units compared to 1,531 in 2015) and a growth of 16.1% in after-sales revenue.

Group Performance Measures	2016	2015	2014	2013
Earnings per share (Rs)	**15.99**	10.32	5.95	5.08
Dividend declared per share (Rs)	**2.25**	1.50	1.20	1.70
Net assets value per share (Rs)	**100.62**	87.89	75.88	70.17
Debt to equity ratio *	**1.22**	1.00	0.62	0.84
Stock price - at reporting date (Rs)	**85.50**	93.00	102.75	140.00

* Debt to equity ratio has been calculated by dividing total borrowings over total equity




120
100
80
60
40
20
0
700
600
500
400
300
200
100
-
381
421
441
447
551
629
51
62
38
42
71
108
Rs m
2011
2012
2013
2014
2015
2016
Rs m
Group profit before tax
Group total equity


120.00
100.00
80.00
60.00
40.00
20.00
-
16.00
14.00
12.00
10.00
8.00
6.00
4.00
2.00
-
6.85
8.35
5.08
5.95
10.32
15.99
61.66
66.93
70.17
75.88
87.89
100.62
Rs m
2011
2012
2013
2014
2015
2016
Rs
Group net asset value per share
Group earnings per share

DIRECTOR'S REPORT

Dear Shareholders,

I am pleased to present you the Annual Report of the Group for the financial year ended 30 June 2016, on behalf of the Board of Directors.

OVERVIEW

The financial year 2016, has continued to be marked with persistent challenges from the ongoing slowdown of the local economy reflected by an economic growth rate of 3.5% and an unemployment rate of 7.9%. The depreciation of the rupee against most major currencies has affected import prices and we still are yet to measure the impact of Brexit. Fortunately our tourist industry continues to perform very well which has contributed significantly to our sales this year.

The automobile industry for new vehicles in Mauritius has experienced a fall of 10% with a total of 8,440 units (2014: 9,268 units) sold in the calendar year 2015.

Notwithstanding the foregoing situation, the Group has achieved an overall strong performance for the financial year 2016, mainly to its ability to maintain growth in its overall revenue and the improvement performance of its associated companies.

For the financial year 2016, the Group achieved a total sales of 1,630 new vehicles (2015: 1,531 units) which represents a growth of 7% and is the best score in terms of units during the last five years. This is mainly due to a growth of 13% in the sales of new Nissan vehicles which stood at 1,596 units (2015: 1,409 units). As we had expected, our UD Trucks encountered a fall to 34 units compared to 122 units in 2015 due to the discontinued production of conventional buses and medium light trucks in their line-up.

All this, together with an increased activity in our after-sales resulted in an increase in our revenue from Rs 1.72 billion in 2015 to Rs 1.83 billion for the financial year 2016 representing a growth of 6.4%.

Our enhanced after-sales facilities both in terms of infrastructure and equipment have greatly contributed to a substantial growth of 16% on a year-on-year basis. This reinforces our belief that after-sales is an important player in our business model, both in terms of profit sustainability and in securing better value for our customers.

The Group's profit before tax for the financial year 2016 stood at Rs 107.9 million (2015: Rs 71.1 million). The increase is sustained essentially by a remarkable improvement in the revenue and profit level of the company along with a commendable growth in the performance of our associated companies for the year, with a contribution of Rs 31.4 million (2015: Rs 24.6 million).

In January 2016, the Group raised Rs 200 million from the successful issue of a 3 years Unsecured and Subordinated Notes programme. It is worth noting that the issue was oversubscribed and the sum raised has been allocated as per below:

" Rs 200 million issue of Unsecured and Subordinated Notes"

- Investment in construction project at ABC Centre, Port Louis (Rs 100 million)
- Loan to Associated Company – Expert Leasing Ltd (Rs 65 million)
- Debt re-structuring (Rs 35 million)

The 6.0% fixed rate of interest under this Notes programme will enable the Group to reduce its overall finance costs.

FUTURE OUTLOOK

Nissan ended the calendar year 2015 as number one in the passenger car category. The outlook for 2016 appears very promising with Nissan leading in overall category (both passenger and commercial vehicles).

Our range of Crossovers (Juke, Qashqai, Xtrail) continues to be an outstanding success. With the recent budget announcement where duty on electric cars has been abolished and the CO2 tax (which was detrimental to Japanese brands) has been suspended, we are constantly reviewing our line-up as cars like the electric Leaf or the Tiida hatchback look more competitive. Both our halo models, the Nissan GTR and the Nissan Patrol, are also being considered to boost the image of Nissan to greater heights.

On the light commercial vehicles, sales of our new Urvan (both in panel/window van and minibus format) has been successful and has been strengthened with the arrival of the smaller NV200 panel van that is now diesel-powered and more appropriate for the local market. Our 1 ton pickup line-up which is very competitive with Hardbody, will now be strengthened with the arrival of a higher end version - the D23 Navara from Thailand where production is now going into full swing.

On the Heavy commercial segment, worldwide production of our 4-8 ton UD Trucks is being phased out, they are gradually being replaced by the Eicher brand which now forms part of the Volvo Trucks Group. These vehicles have so far been impressive in terms of reliability, quality and pricing.

DIRECTOR'S REPORT (CONT'D)

FUTURE PROJECTS

To complement the Nissan range, we will be launching the Datsun brand. The latter has been revived by Nissan to cater for new emerging markets and to appeal to a younger lower income group. We will be introducing as from October the Datsun range with the launch of the Go and Go plus, 2 cars in the compact minicar segment which will be positioned below the Nissan Micra and appeal to a new segment where we have so far not tapped into. The line-up will increase over the years with the introduction of a crossover, a panel van and a pickup model.

The addition of these new models and the development of the Infiniti range will require more showroom space. The construction of a new showroom will soon start on the current parking area and will bring the necessary space to display our increasing line-up of vehicles.

In our endeavour to develop an excellent workforce, we are continuing to invest significantly in training and talent management. A few years ago, due to certain difficulties we had encountered with the recruitment of experienced workers in the automobile sector and where some have found it difficult to adapt with our working culture, we decided to start a Management Trainee program for new graduates. As this has proved to be an ongoing success, we have decided to introduce a similar programme for our front line staff and have therefore created a sales academy. The new trainees would be rotated in our different sales department and those who performed well will eventually be recruited at the end of their traineeship.

In order to create a very special bond among all employees and foster a special culture in our organisation and, at the request of our Staff Welfare Committee, we have set up a special committee whose objective will be to build a new football ground. We have already spotted the premises and the project should start very soon.

Finally, to commemorate the 31st Anniversary of ABC Motors, we will be organising on the 1st and 2nd October a motorshow at the Swami Vivekananda Exhibition Centre where we will exhibit not only our range of Nissan vehicles but all the other brands represented by ABC Automobile. This is the first time in Mauritius any car company is taking the entire Vivekananda Exhibition Centre to organise its own car show and we intend to give to the public a motorshow they will never forget.

On behalf of the Board of Directors and the Executive Management Team, I would like to take the opportunity to thank all our stakeholders (i.e. our shareholders, customers, staff and financial institutions) for their commitment and dedication and without whom our achievement and results would not have been possible. Last but not least, a special thank you to our Board of Directors for their continued support and trust.

Approved by the Board of Directors on 27 September 2016 and signed on its behalf by

Dean Ah-Chuen
Executive Director
27 September 2016


NISSAN
350Z
350Z

COMPANY PROFILE

Founded in the early 1930's by the late Sir Jean Etienne Moilin Ah-Chuen, the ABC Group of Companies, track record of proliferation made it one of the leading business conglomerates in Mauritius. Over nearly three decades, the ABC Group has turned its Automobile Division into a multi-branded one-stop shop, positioning itself as an undisputed leader in the Mauritian automobile industry.

ABC MOTORS COMPANY LIMITED is a leading automotive dealership company established in 1985. It is listed on the Stock Exchange of Mauritius through the DEM (Development & Enterprise Market).

Since its inception, ABC Motors has been the sole distributor of the Nissan brand for the Mauritius market. As a result of its exemplary dedication to sales and customer service, ABC Motors is a much-acclaimed National Sales Company (NSC) by the Japanese auto giant, the Nissan Motor Company. Our company has been awarded the Nissan Global Award for 16 consecutive years since 1996. The company won the Nissan Gold Prize Award in 2005, 2007 and 2008.

Over the years, ABC Motors has built its reputation and leadership position on a forward thinking approach. Our company was the first car distributor in the Southern Hemisphere to introduce the Nissan Leaf electric car in 2012.

In order to complement its automobile business, ABC Motors also operates as a distributor for Nissan commercial vehicles along with UD Trucks which commercializes heavy duty trucks and buses.

Using its reputation and existing networks, ABC Motors is rapidly extending its automotive service to get closer to its fast expanding customer base. Since the end of 2013, a full-fledge service centre and a Nissan showroom are operational at the brand new ABC Car Gallery in Phoenix. Service bays at this client-oriented facility are manned by highly skilled technicians for reliable, affordable car servicing, maintenance and repairs. Similar to the head office in Port-Louis, the Phoenix Service Centre benefits from Nissan's comprehensive offering of genuine manufacturer parts and tools as well as expert diagnosis, training and technical support.

Staff training and development is at the core of ABC Motors' focus as a responsible equal opportunities employer with comprehensive schemes and friendly policies in place. A Staff Welfare Committee is very active in volunteering for the enhancement of employee relations. As a responsible corporate citizen, ABC Motors contributes generously to the betterment of the community through charitable, health promotion, sports and other voluntary social welfare activities.

NISSAN QASHQAI

CORPORATE INFORMATION AS AT 30 JUNE 2016

GROUP
ABC Group of Companies

REGISTERED OFFICE
ABC Centre
Military Road
Port Louis

PLACES OF BUSINESS
ABC Centre
Military Road
Port Louis

Les Guibies
Pailles

Allée Manguiers
Pailles

Phoenix Trunk Road
Phoenix

BOARD OF DIRECTORS
Mr. Raymond Ah-Chuen , *Non-Executive Chairman*
(Mr. David Brian Ah-Chuen as alternate director to Mr. Raymond Ah-Chuen)
Mr. Vincent Ah-Chuen, *Managing Director*
(Mrs. Valerie Ah-Chuen as alternate director to Mr. Vincent Ah-Chuen)
Professor Donald Ah-Chuen, *Chief Executive Officer*
Mr. Dean Ah-Chuen, *Executive Director*
Mr. Andre Marc Ah-Chuen, *Non-Executive Director*
Mr. David Brian Ah-Chuen, *Non-Executive Director*
Mr. James Lim Teng Chong, *Non-Executive Director*
Mr. Sydney Ah Yoong, *Independent Director*
Mr. Ah-Lan Lam Yan Foon, *Independent Director*
Mr. Kee Koun Tin Kiong Fong, *Independent Director*

BOARD COMMITTEES
Audit and Risk Committee
Corporate Governance Committee

COMPANY SECRETARY & SHARE REGISTRY
ABC Professional & Secretarial Services Ltd
ABC Centre
Military Road
Port Louis

LEGAL ADVISOR
Me. Georges Ng Wong Hing

EXTERNAL AUDITOR

Deloitte
7th Floor, Standard Chartered Tower
Cybercity
Ebene

MAIN BANKERS

The Mauritius Commercial Bank Limited
ABC Banking Corporation Ltd
Barclays Bank (Mauritius) Limited
AfrAsia Bank Limited
Hongkong and Shanghai Banking Corporation Limited

CORPORATE GOVERNANCE REPORT

The Board of Directors of ABC MOTORS COMPANY LIMITED (the "Company") is fully committed to attaining and sustaining the highest standards of corporate governance, with the objective of enhancing shareholders' value whilst having regard to stakeholders at large. It believes that good governance is not only concerned with complying with the legal and regulatory requirements but also encompasses operating within the highest level of business ethics as well as the stewardship and supervision of the management of the Company by the Board of Directors. Except as specifically set out in this report, the Board of Directors considers that the Company has complied in all material aspects with the provisions of the Code for the financial year ended 30 June 2016.

GOVERNANCE FRAMEWORK

The Board of Directors is the link between the Company and its stakeholders and Board members are collectively responsible to lead and control the Company to enable it to attain its strategic objectives. In discharging its duties, the Board of Directors shall promote the best interest of the Company and consider the interest of other stakeholders. The Board is ultimately accountable to the shareholders of the Company and the directors are appointed to serve on the Board by the shareholders at each Annual Meeting of Shareholders. Evaluation of financial and operational performance made by the directors have been satisfactory.

As at 30 June 2016, the Company comprised 10 members, of which 3 were executive directors, 4 non-executive directors, including the Chairman and 3 independent directors. The profiles of the directors as well as their directorships in other listed companies are set out on pages 32 to 35 of this Annual Report.

All directors have access to the advice and services of the Company Secretary who is responsible for providing guidance to the directors as to their duties, responsibilities and powers. Directors also have access to senior executives to obtain information on any item to be discussed at Board or committee meetings or any other relevant area they deem appropriate. The Board and committees also have the authority to obtain such outside or other independent professional advice as they consider necessary to carry out their duties.

On appointment to the Board, new directors receive a comprehensive induction pack and an orientation programme. In line with the Code of Corporate Governance, the Board developed a mechanism for the annual review of its own performance. The review and evaluation include an assessment of the Board's composition and independence, performance and effectiveness of the Board's responsibilities, maintenance and implementation of the Board's governance, relationship with management as well as an evaluation of its sub-committees. The Corporate Governance Committee was delegated the responsibility of conducting an appraisal to identify additional competencies and resources as appropriate, to enable the Board to deliver its responsibilities more efficiently and effectively. Such processes also aid the Board to identify and deal with issues that impede its effectiveness.

Responsibilities of the Board are set out in its Board Charter which may be reviewed on a yearly basis or as and when required with the introduction of, or amendment to laws and regulations. The Board is collectively responsible and accountable for the affairs and overall performance of the Company. It ensures that proper systems and controls are in place to protect the Company's assets and its good reputation. It also determines the strategic direction of the Company and identifies key risk areas, monitors and evaluates the implementation of policies, plans and approves the Company's capital expenditure including investments and operating budgets.

Board meetings are convened not less than 4 times a year and appropriate notice is given to the directors. Detailed agenda, together with management reports and such other relevant papers, are circularised in advance to the directors to enable them to make focused and informed deliberations at meetings. Urgent decisions of the Board are taken by way of resolutions in writing, agreed and signed by all the directors. During the year under review, the Board met 4 times. The attendance of directors is set out on page 18 of this Annual Report.

BOARD COMMITTEES

The Board has set up 2 sub-committees, namely an Audit and Risk Committee and a Corporate Governance Committee, to assist it in the discharging of its duties. The Company Secretary acts as Secretary to all committees and the minutes of all committee meetings are tabled at Board meetings for the Board to take note of the deliberations and recommendations formulated by such committees.

Audit and Risk Committee

The Audit and Risk Committee has been established by the Board of Directors of ABC MOTORS COMPANY LIMITED to assist it in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes, the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and also accounting standards. The Committee provides a forum for discussing business risk and control issues for developing relevant recommendations for consideration by the Board. The Committee also monitors the role and scope of work of internal and external auditors. It has the authority to conduct investigations into any matter within its scope of responsibilities and to obtain such outside or other independent professional advice as it considers necessary to carry out its duties. The Committee normally meets on a quarterly basis and during the financial year under review, the Committee met 5 times.

Members of the Audit and Risk Committee as at 30 June 2016 were:

Chairman: Mr. Ah-Lan Lam Yan Foon
Members: Mr. Sydney Ah Yoong
Mr. James Lim Teng Chong

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (CONT'D)

Corporate Governance Committee

The Corporate Governance Committee has been delegated to make recommendations to the Board on all corporate governance provisions to be adopted so that the Company remains effective and complies with prevailing corporate governance principles. The Committee also makes recommendations to the Board on the appointment of new executive, non-executive and independent directors as well as senior management and advises on the composition of the Board in general. The Committee also makes recommendations to the Board as regards the directors' attendance fees.

The Committee normally meets on a yearly basis, and during the financial year under review, the Committee met twice. An internal evaluation of the Board was conducted during the year and the overall outcome showed that the Board is well organised, understands its role and responsibilities and is performing up to the satisfaction of the shareholders.

Members of the Corporate Governance Committee as at 30 June 2016 were:

Chairman: Mr. Ah-Lan Lam Yan Foon
Members: Mr. Sydney Ah Yoong
Mr. James Lim Teng Chong

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEES MEETINGS

Directors	Board Meetings	Audit and Risk Committee	Corporate Governance Committee
AH-CHUEN Raymond (1)	4	-	-
AH-CHUEN Donald	4	-	-
AH-CHUEN Vincent (2)	4	-	-
AH-CHUEN Andre Marc	3	-	-
AH-CHUEN Dean	4	-	-
AH-CHUEN David Brian	3	-	-
AH YOONG Sydney (3)	4	5	2
LAM YAN FOON Ah-Lan	4	5	2
LIM TENG CHONG James	4	5	2
TIN KIONG FONG Kee Koun	4	-	-
Total Number of Meetings	4	5	2

(1) Mr. David Brian Ah-Chuen acted as the alternate director to Mr. Raymond Ah-Chuen at a board meeting held during the financial year.
(2) Mrs. Valerie Ah-Chuen acted as the alternate director to Mr. Vincent Ah-Chuen at a board meeting held during the financial year.
(3) Mr. Sydney Ah Yoong ceased to be a director of the Company on 13 July 2016, as a result of which his membership on the sub-committees of the Board lapsed. The casual vacancy was filled out by Mr. Voon Yue Choon Wan Min Kee on 30 August 2016.

DIRECTORS' INTERESTS AND DEALINGS IN SHARES

The directors' interests in the capital of the Company as at 30 June 2016, were as follows:

Directors	Direct Shareholding	Indirect Shareholding
AH-CHUEN Raymond	0.26%	0.83%
AH-CHUEN Donald	3.77%	1.34%
AH-CHUEN Vincent	7.48%	4.22%
AH-CHUEN Andre Marc	3.81%	3.50%
AH-CHUEN Dean	1.12%	2.01%
AH-CHUEN David Brian	0.10%	0.07%
AH YOONG Sydney	0.07%	0.00%
LAM YAN FOON Ah-Lan	0.07%	0.01%
LIM TENG CHONG James	NIL	NIL
TIN KIONG FONG Kee Koun	0.00%	0.00%

The directors follow the principles of the Model Code for Securities Transactions as detailed in Appendix 6 of the Listing Rules whenever they deal in the shares of the Company.

The following table gives details of directors' dealings in shares of the Company for the financial year ended 30 June 2016.

Directors	No. of shares acquired	No. of shares sold
AH-CHUEN Donald	75,000	0
AH-CHUEN Vincent	3,000	0
AH-CHUEN Dean	20,000	0
AH-CHUEN David Brian	0	1,000

DIRECTORS' REMUNERATION

During the financial year ended 30 June 2016, the executive and non-executive & independent directors were entitled to emoluments totalling Rs.10,947,476 (2015: Rs.11,576,734) and Rs.2,642,000 (2015: Rs.1,721,000) respectively.

Remuneration of directors has not been disclosed on an individual basis due to the commercial sensitivity of the information.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SERVICE CONTRACT

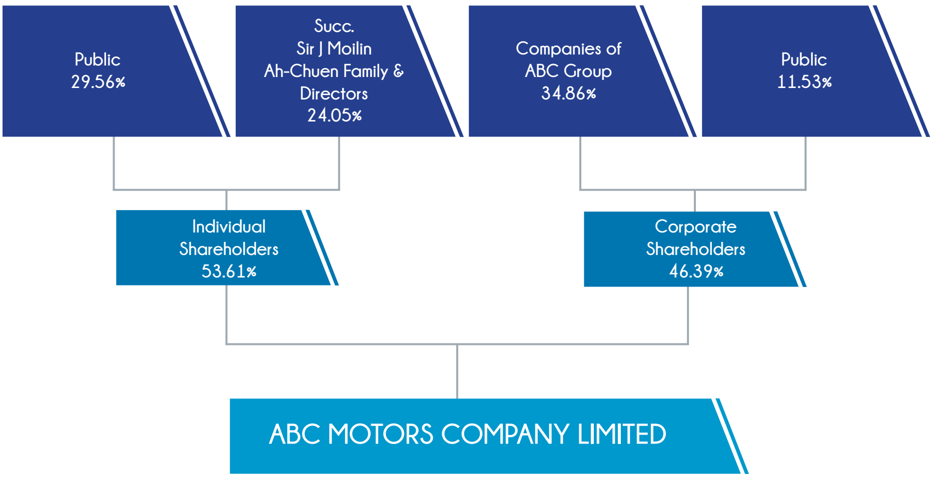
There were no service contracts between the Company and its directors during the year.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has arranged for appropriate insurance cover in respect of legal actions against its directors and officers.

GROUP STRUCTURE AND COMMON DIRECTORS

ABC MOTORS COMPANY LIMITED is listed on the Development & Enterprise Market (DEM) of the Stock Exchange of Mauritius with an issued and fully paid-up share capital of Rs.61,756,800 amounting to 6,175,680 ordinary shares of Rs.10 each. The group structure of the Company as at 30 June 2016 is illustrated below:



GROUP STRUCTURE AND COMMON DIRECTORS (CONT'D)

Common Directors

The names of the common directors within the group structure are:

Directors	CW	GHL	Meijiang	SFL	TIL	USL
AH-CHUEN Raymond	●	●	●	●	●	
AH-CHUEN Donald	●	●	●	●	●	●
AH-CHUEN Vincent	●	●	●	●	●	●
AH-CHUEN Andre Marc	●	●	●	●	●	●
AH-CHUEN Dean	○	○	●		○	○
AH-CHUEN David Brian	●	○	●	○	○	○
LAM YAN FOON Ah-Lan	●					
LIM TENG CHONG James		○			○	

Abbreviations:

CW	Chue Wing & Company Limited
GHL	Good Harvest Limited
Meijiang	Meijiang Investments Ltd
SFL	Speedfreight Ltd
TIL	Team Investment Limited
USL	Union Shipping Limited
●	Director
○	Alternate Director

LIST OF SHAREHOLDERS HOLDING MORE THAN 5% IN THE COMPANY

Union Shipping Limited
Speedfreight Ltd
Dragon Electronics Ltd
Team Investment Limited
Mr. Vincent Ah-Chuen
Mr. N.H.K. Ngan Chee Wang

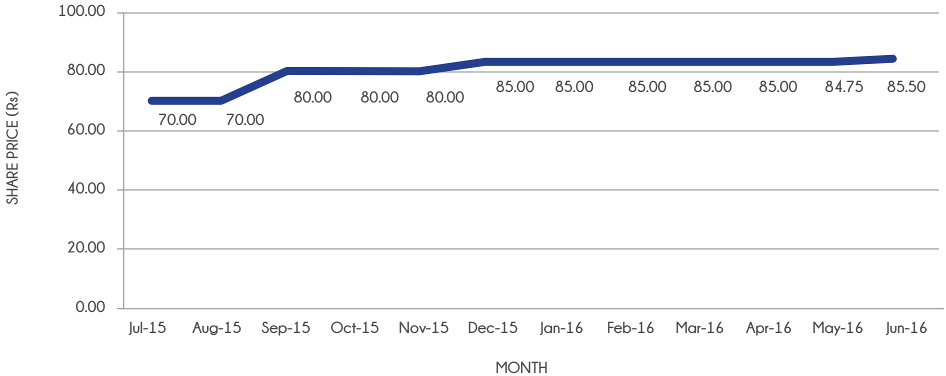
DIVIDEND POLICY

Payment of dividends is subject to the profitability of the Company, its cash flow and its capital expenditure requirements.

CORPORATE GOVERNANCE REPORT

SHARE PRICE INFORMATION

Share Price per Month



SHAREHOLDERS' CALENDAR

Payment of Dividend – Financial Year 2016	December 2016
Next Financial Year End	June 2017
Next Annual Report	September 2017
Next Annual Meeting of Shareholders	November 2017

SHARE OPTION PLANS

The Company has no share option plan.

SHAREHOLDERS' AGREEMENT

There is currently no shareholders' agreement affecting the governance of the Company.

MANAGEMENT AGREEMENT

The Company has not entered into any management agreement with third parties.

RELATED PARTY TRANSACTIONS

For related party transactions, please refer to Page 98-100 Note 28 of the Financial Statements.

MATERIAL CLAUSES OF THE CONSTITUTION

The Constitution of the Company conforms with the provisions of the Companies Act 2001, the DEM Rules and comprises the following main clauses:

Paragraph 11(b): The Board of Directors shall consist of not less than two (2) or more than ten (10) Directors.

Paragraph 13: The Constitution provides for the approval of Directors either to fill in casual vacancies or as an addition to the existing directors, provided that the total number of directors shall not exceed the number fixed in accordance with the Constitution.

Paragraph 15.5(2): The Chairman does not have a casting vote at Board Meetings.

Paragraph 10.4(a): Two members present in person or by proxy and entitled to vote thereat and holding at least forty percent (40%) of the stated share capital of the Company carrying the right to vote shall be a quorum for a shareholders' meeting.

Paragraph 10.5(g): The Chairman of a shareholders' meeting does not have a casting vote.

STATEMENT OF REMUNERATION PHILOSOPHY

The Company's remuneration philosophy is geared towards encouraging optimal performance on the part of everyone within the organisation by rewarding efforts and merits as fairly as possible.

With regards to the directors, including Executive Directors, their total remuneration on an aggregate basis is dealt with by the Corporate Governance Committee and ratified by the Board of Directors. In addition to their monthly basic salaries, the Executive Directors are entitled to an annual performance bonus based on the financial results of the Company as well as on their individual contribution thereto. It is to be highlighted that the Company does not make any difference in its remuneration criteria for those executive directors approaching retirement.

In respect of Management and staff, the Company strongly believes that in addition to the salaries paid to them, the achievements and merits of high performing employees should be recognised and rewarded. Therefore all employees are also assessed for the payment of an annual performance bonus.

Finally, the remuneration practices and salary levels of all employees are reviewed annually in the light of changes in the economy and in the cost of living, in the job content and the market in which the Company operates.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT

Risk Management refers to the process by which the Company monitors and mitigates its exposure to risk. The objective of risk management is to mitigate risks to an acceptable level, with regard to the objectives of the Company.

The following paragraphs describe the nature of risks to which the Company is exposed to and which can impact on the business revenue, cash flows, profitability, reputation, and describe the Company's approach to managing such risks.

Risk Management forms an integral part of the organisation's business management and corporate governance structure. The directors therefore strongly advocate the belief that a structure which embeds good governance principles and a risk-based management approach is a critical determinant in achieving the business objectives, success and sustainability.

While the Board is responsible for the overall risk management and internal control systems, the monitoring of the Company's risk management process has been delegated to the Audit and Risk Committee as per the terms of reference set out in its Charter. In that respect, the Company has outsourced its internal audit function to CAYS Associates. The latter has the responsibility to constantly evaluate the quality of the business controls through the conduct of risk-based operational audits, inspection of financial reporting controls and compliance audits. The findings of the internal and external audits are reported at the Audit and Risk Committee, which is generally held on a quarterly basis. The weaknesses and areas of concern as reported by the auditors and / or revealed by self-assessment are discussed and reviewed in such a way to ensure that corrective actions are taken by the management, where necessary and promptly.

The Company recognises different risk categories namely market, operational, financial, reputational, legal, tax and information technology risks and the extent of their risk exposure and how they are mitigated are described as follows:

RISK MANAGEMENT (CONT'D)

Risks	Exposure	Risk Management policies
Market risks	Changes on the global and local market environment may adversely affect the cash flow, revenue, profitability and market share of the business.	The business model of the Company is structured in such a way that the validity of its business plan and business strategies are regularly reviewed to consider any major and potential changes in the market environment that may impair the organisation. Market-driven strategies are deployed to meet the Company vision of *"always being the outstanding Company in the automobile industry"* and Company philosophy *"We care for you"*.
Operational risks	Failure to achieve improved and effective procurement, work processes, and promised time-to-delivery and service level that may lead to losses and customer dis-satisfaction. Failure to take the necessary steps to mitigate risk of misappropriation, fraud and mis-use of the Company's resources.	Organisational structures, policies and control procedures are regularly updated to minimize the exposure to operational risks. Procedures and operational standards, including detailed job descriptions are documented, explained, communicated and made available to employees to ensure clear guidelines and delivery of the promised level of service. In the same line of thinking, the Company has set mechanisms and strategies in order to have a motivated, experienced and skillful workforce, and set the appropriate strategies to retain its key and talented employees.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT (CONT'D)

Risks	Exposure	Risk Management policies
Financial risks	Exposure to a variety of financial risks including liquidity and credit, exchange and interest rate risks.	The Company recognizes the significance of such risks especially in these times of economic and market uncertainty in the global scene, and has accordingly put in place a structured finance and treasury unit to manage such risks. These financial risks are further elaborated on pages 98-100, Note 28 of the financial statements.
Reputational risks	Negative public perception of the management and the financial stability of the Company.	The Company recognizes the impact of a negative public perception in its reputation. As such, it relies on an effective communication unit and invests significantly in customer care training and customer service level feedback at all levels of the organisation. Moreover, it also ensures the application of Know Your Client ("KYC") procedures, staff training and the awareness to enforce strict cash handling and Anti-Money Laundering guidelines and procedures.
Legal risks	Exposure to potential legal claim for liabilities which may arise in the day-to-day activities of the business.	Regular work sessions and advice are sought from legal advisors, where required. Adequate insurance policies are in place (public liability, employer's liability as well as directors' and officers' liability) to cover the Company against potential claims.

RISK MANAGEMENT (CONT'D)

Risks	Exposure	Risk Management policies
Tax risks	Failure to comply with the current tax legislations or failure to identify any recurring changes in tax legislations.	Ongoing staff training on tax related issues and seeking advice from tax advisors concerning technical issues. The Company has also sought the participation of its tax advisors to carry out Vat/Tax health checks every two years.
Information Technology ("IT") risks	IT Risks are the possibility that a particular threat will negatively impact on information system by exploiting a particular vulnerability. The threat can be in form of hackers both internal and external or computer viruses. The vulnerabilities could be poor IT infrastructure including hardware, weak firewalls, a lack of redundant servers and data storage technologies.	The Company has developed specific IT business policies, procedures and set processes for common tasks. The Company has also developed data back-up processes, including incremental and daily back-ups to off-site locations and changed passwords protocols.

CORPORATE GOVERNANCE REPORT

INTEGRATED SUSTAINABILITY REPORTING

ABC MOTORS COMPANY LIMITED is committed to the highest standards of business integrity, transparency and professionalism and ensures that all its activities are managed responsibly and ethically whilst seeking to enhance business value for all shareholders.

Business ethics

ABC Motors does not tolerate corruption in any form, whether direct or indirect, and works proactively to prevent it. In line with this, the Company has adopted the Code of Conduct and Ethics which encompasses the core values of ABC Motors and the standard of dealings that the public at large, can uncompromisingly expect. The Code is designed to help employees at all levels to understand their responsibilities, carry out their duties with due diligence, honesty and integrity, which are fundamental to the reputation and success of the Company. The Company has also adopted anti-fraud and whistleblowing policies to encourage employees to freely communicate concerns about illegal, unethical or questionable practices to senior management or Internal Auditor without fear of reprisal.

People & Planet Positive

In the light of recent climate events, the ABC Group has implemented a *Going Green Initiative*. Readers of the Group's annual reports will notice that the same have been printed on recycled paper this year. Furthermore, the Company introduced the use of electronic communication, such as email and file hosting on website, to ease the flow of information with its shareholders. Even at Board level, such paperless initiatives have been taken, to where board papers are now being accessed electronically.

A more sustainable life at Work

The Company ensures that the workplace is free from risk. In order to safeguard employees and to minimize the risk of accidents or any possible hazard, the Company has reinforced its health and safety concerns with the collaboration of the Health & Safety Officer and its Committee members.

Engaging employees

We aim to inspire and inform customers about sustainability and to get them involved in what we are doing.

In view of ensuring a risk-free environment, regular meetings, brainstorming sessions and risk assessment exercises are carried out so as to familiarize employees to appropriate safety practices such as handling fire equipment, fire evacuation simulation exercises and first aid training.

Better life for people

As an equal opportunity employer, ABC Motors considers individuals for employment or promotion on merit. The application of efficient performance management systems helps to assess the skills, abilities and knowledge of the employees so as to reward the high flyers. The Company also promotes equality and respect towards all of its employees in the workplace.

Training and development

ABC Motors encourages employees to challenge accepted solutions, test new ideas and see mistakes as opportunities to grow and develop. The Company offers regular training to employees to develop their skills and engage them in their work through on-the-job trainings, coaching and mentoring.

Social Responsibility

The Company believes that success in social endeavours requires long-term perspectives.

Our belief in this philosophy has enabled us to develop a proactive approach to the fierce market. We believe that sustainability will result from continuous improvement of our practices and developing our culture of investing in social activities. We foresee a net competitive advantage based mainly on various social and welfare activities with the collaboration of our Staff Welfare Committee.

CORPORATE SOCIAL RESPONSIBILITY

Since 2013, the Corporate Social Responsibility programme of ABC MOTORS COMPANY LIMITED is implemented under the aegis of the Sir Jean Etienne Moilin Ah-Chuen Foundation (referred to as "ABC Foundation"), ABC Group's entity for all social and philanthropic projects. Named after the founder of ABC Group, the Foundation is a non-profit entity that regroups funds allocated for CSR projects of all companies of the Group under one common programme.

Since the establishment of the ABC Foundation, four areas of intervention were identified, namely education, health & sports, community empowerment and environment. The Foundation disbursed over Rs.2.2M during year 2015-16, which was used to provide support to NGOs and the community. As for previous years, the implementation of the CSR programme has been supported by the involvement of ABC staff through the Staff Welfare Committees.

EDUCATION

Education is one of the fundamental factors of social and economical integration. During the past year, the Foundation, through its Graduate Scholarship Scheme, has offered 16 scholarships to youngsters from deprived background to help them pursue their studies at the University of Mauritius, University of Technology and Université des Mascareignes.

Recognising the importance of the vocational and technical education in skills development and social integration, scholarships were also granted to students attending the College Technique St Gabriel.

COMMUNITY EMPOWERMENT

The participation of the Company in the empowerment and social development of local communities is one of the priorities of the Foundation.

Under this area of intervention, the Foundation sponsored the Love Bridge Project, a community and humanitarian programme that has for main objective poverty alleviation through empowerment and support of vulnerable families.

Over the past year, the Foundation also provided support to Atelier Mo'Zar, a music school that aims to help children fight against poverty and exclusion by developing their talent for music and to Mouvement pour le Progrès de Roches Bois, an NGO that caters for school drop-outs, amongst others.

A Christmas Day was also organized in collaboration with the different Staff Welfare Committees of the Group, which included a gift distribution for around one hundred and fifty needy children from the region of Roches Bois/Camp Yoloff.

HEALTH & SPORTS

Sports encourages social integration and helps the development of values that are essential to society. In this context, the Foundation offered its support to the Trust Fund For Excellence in Sports and to Club Maurice for its participation in the Indian Ocean Island Games 2015, in a bid to support high level Mauritian athletes.

For the past years, ABC Group, through the Foundation, has been partnering with associations involved in the welfare of people with disabilities and people suffering from illnesses. This year, the Foundation has supported the Centre Joie de Vivre for the promotion of education among disabled children and Breast Cancer Care for the treatment and psychological support of breast cancer patients.

For the third consecutive year, the Foundation, committed to the welfare of employees of the Group, has organised a Health Week in June 2016. The Health Week was organised to promote a healthy lifestyle among the employees. Staff benefitted from breast cancer screening, first aid trainings, talks on nutrition and free gym sessions. The Health Week was organised in collaboration with the Staff Welfare Committees, Breast Cancer Care, Red Cross, Blood Donors Association and the Komiko Troupe.

ENVIRONMENT

ABC Group is aware of its environmental impact as a consequence of its economic activities and has at the outset of the Foundation chosen the protection of the environment as one of its priorities. This year again, the Foundation has partnered with the Mauritius Wildlife Foundation for a reforestation project.

For the coming year, the Foundation's actions will be mainly centered around the Scholarship Scheme and Community Empowerment by encouraging employees' engagement in the CSR endeavours.

PROFILE OF DIRECTORS

MR. RAYMOND AH-CHUEN
NON-EXECUTIVE CHAIRMAN

Chairman of the ABC Group, Mr. Raymond Ah-Chuen holds a Diploma in Business Administration from the University of Waterloo, Canada. He served as President of the Chinese Chamber of Commerce in 1978 and has also been a director in other companies:

- New Goodwill Ltd (1973 – 1979)
- Crystal Textile Co. Ltd (1975 – 1979)
- Mission Catholique Chinoise (1993 – 1997)
- The Mauritius Commercial Bank Limited (2000 – 2003)

MR. VINCENT AH-CHUEN
MANAGING DIRECTOR

Mr. Vincent Ah-Chuen is a very skilled and experienced entrepreneur and has played a key role in the development and diversification of the ABC Group, whilst having overall responsibility over its shipping division. He is the Managing Director of the ABC Group of companies and he is also a director of Phoenix Insurance of East Africa Ltd, a subsidiary of the Mauritius Union Assurance Co. Ltd. Mr. Vincent is also actively involved in various socio-cultural and religious non-profit associations.

Directorship in listed companies, including on the DEM: Mauritius Union Assurance Co. Ltd and Les Moulins de la Concorde Ltd. He is also the Chairman of P.O.L.I.C.Y Limited.

PROFESSOR DONALD AH-CHUEN, G.O.S.K.
CHIEF EXECUTIVE OFFICER

Professor Donald Ah-Chuen holds an M.B.A (University of Strathclyde, UK). He is also a Fellow of the Institute of Chartered Accountants (England & Wales) and Fellow of the Institute of Chartered Accountants (Australia) and holds an M.C.I.P.D (Chartered Institute of Personnel & Development, UK). In March 2009, he was conferred the distinction of G.O.S.K (Grand Officer of the Order of the Star and Key of the Indian Ocean) in recognition of his valuable contributions in the sectors of Banking & Financial Services and Tertiary Education.

Professor Donald is currently the Vice-Chairperson of the Stock Exchange of Mauritius Ltd (SEM) and a former president of the Mauritius Chamber of Commerce and Industry. Professor Donald also holds directorship in listed companies, namely, in P.O.L.I.C.Y Limited which is listed on the Official Market and ABC Banking Corporation Ltd, listed on the DEM.

MR. DEAN AH-CHUEN
EXECUTIVE DIRECTOR

Mr. Dean Ah-Chuen holds a BA degree in Computer Science, Economics and Mathematics from the University of Sydney (Australia) and holds an MBA in International Business from the University of Western Sydney. Dean worked for Westpac Banking Corporation (Australia) in the IT Division and for Toyota before returning to Mauritius in 1994 where he joined ABC MOTORS COMPANY LIMITED as Business Development Manager. Today, he is the Executive Director of ABC MOTORS COMPANY LIMITED, now listed on DEM with overall responsibility for the Automobile Division of the ABC Group. He is currently an independent director on the Board of Harel Mallac & Co Ltd, a listed company and is a Board member of Lovebridge Ltd (a joint private / public project to assist poor income families). He is also a member of the Board of Directors of the Trust Fund for Excellence in Sports, and a member of the Board of Directors of Club Maurice, both organisations being set up by the Government of Mauritius. Previously, he was a director of the Mauritius Post & Co-operative Bank Ltd.

MR. DAVID BRIAN AH-CHUEN
NON-EXECUTIVE DIRECTOR

Mr. Brian Ah-Chuen holds a BBA Honours from Schulich School of Business, York University, Toronto, Canada.

He was previously the Executive Director of ABC Autotech Ltd which markets the Fiat & Alfa Romeo motor vehicles, Executive Director of Marina Resort, President of the Chinese Chamber of Commerce (2006 - 2007) and Board Member of the Mauritius Chamber of Commerce & Industry (2006 - 2007). He is a director of ABC Banking Corporation Ltd, a company listed on the DEM, Chue Wing & Company Limited and is also a Fellow member of the Mauritius Institute of Directors.

MR. ANDRE MARC AH-CHUEN
NON-EXECUTIVE DIRECTOR

Mr. Marc Ah-Chuen is the Managing Director of Chue Wing & Company Limited. This division deals with food imports and acts as a manufacturing and distribution company under the ABC Group. He has vast experience in the food retail industry.

PROFILE OF DIRECTORS (CONT'D)

MR. JAMES LIM TENG CHONG
NON-EXECUTIVE DIRECTOR

Mr. James Lim Teng Chong is the General Manager of Good Harvest Limited, an accredited Agent of the Mauritius Union General Insurance and La Prudence Life Insurance. He holds a Bachelor of Business from the University of Technology, Sydney and is a member of CPA Australia. He has previously worked as a Consultant at Price Waterhouse (Mauritius) and as a System accountant at the Banque National de Paris (Sydney), Australia. Mr. James is also the Executive Director of Expert Leasing Ltd.

MR. SYDNEY AH YOONG
INDEPENDENT DIRECTOR

Mr. Sydney Ah Yoong has been a Fellow member of the Association of Chartered Certified Accountants (ACCA) since 1987. He has worked at Deloitte for more than 38 years and has been a retired partner since December 2012. He is a director of P.O.L.I.C.Y Limited, a listed company. He was also an independent director in ABC Autotech Ltd, ABC Capital Markets Ltd and Expert Leasing Ltd. Mr. Sydney Ah Yoong resigned from office as director of ABC MOTORS COMPANY LIMITED on 13 July 2016.

MR. AH-LAN LAM YAN FOON
INDEPENDENT DIRECTOR

Mr. Ah-Lan Lam Yan Foon is a Fellow member of the Association of Chartered Certified Accountants. He has worked for about 10 years at Kemp Chatteris & Co. Chartered Accountants where he has acquired experience in various sectors of the economy. Over 24 years, Mr. Ah-Lan Lam worked for a leading freight forwarding and shipping company in Mauritius where he held the position of Finance & Administration Director and subsequently acted as Managing Director for 6 years up to his retirement. He holds directorship in companies such as ABC Autotech Ltd, Chue Wing & Company Limited, Expert Leasing Ltd, Oriental Foods Limited and Prime Ebony Fund Ltd.

MR. KEE KOUN TIN KIONG FONG
INDEPENDENT DIRECTOR

Mr. Kee Koun Tin Kiong Fong is the Managing Director of a family group of companies.

PROFILE OF SENIOR MANAGEMENT

MR. JOSEPH ANTHONY TSEUNG SUM FOI
GENERAL MANAGER

Mr. Joseph Anthony Tseung Sum Foi is a Fellow member of the Association of Chartered Certified Accountants (ACCA) and has been the General Manager of the Automobile Division of the ABC Group since 2001. He previously occupied the posts of Audit and Systems Executive (1996 – 1998) and Finance and Systems Executive (1998 – 2001) within the Group.

He was a director of ABC Capital Markets Ltd and is currently the Chairman of Expert Leasing Ltd. He also holds directorship in companies in African countries such as Sirius Trading (Mozambique) Limitada, a Mozambican company, and Kenyon Limited, a company incorporated in Kenya. Both companies are engaged in automobile activities in Mozambique and Kenya.

His previous responsibilities were:
- Audit Senior with Kemp Chatteris & Touche, Chartered Accountants
- Supervisor with Kneller Davis & Co. , Chartered Accountants – London
- Supervisor with De Chazal Du Mée & Co. , Chartered Accountants
- Financial Controller of JM Goupille & Co. Ltd, Member of the Rogers Group
- Manager – C. I. M Limited, member of the Rogers Group
- General Manager of C. I. M Limited and Galaxy Showrooms

MR. JOSE ALAIN NG WING YIK
DIVISIONAL FINANCE MANAGER

Mr. Jose Alain Ng Wing Yik is a Fellow member of the Association of Chartered Certified Accountants (ACCA) and holds an MBA from the University of Birmingham.

He worked at Kemp Chatteris, Deloitte & Touche, Rey & Lenferna Ltd before joining ABC MOTORS COMPANY LIMITED in 1998 as Financial Controller. With more than 20 years of working experience, he has a solid background in the fields of finance, audit, taxation and strategic management.

MR. NITISH GUNGABISSOON
SENIOR MANAGER, SALES

Mr. Nitish Gungabissoon holds a degree in Business Science – Honours in Marketing from the University of Cape Town.

After his graduation in February 2001, he joined ABC MOTORS COMPANY LIMITED as a Customer Relations Executive. In 2003, he was appointed as NSSW (Nissan Sales & Service Way) Coordinator for Sales and After-sales and was then promoted to the post of Sales Manager for Nissan Vehicles and Passenger Light Commercial Department. In July 2011, he became the Senior Sales Manager of Nissan Passenger Light Commercial and Premium Vehicles Departments.

MR. SANJIV HARISH GOODORALLY
SENIOR MANAGER, DIESEL SERVICE DEPARTMENT AND HEAVY COMMERCIAL DEPARTMENT

Mr. Sanjiv Goodorally holds a B-Tech (Hons) in Mechanical Engineering from the University of Mauritius. In January 2001, he joined ABC MOTORS COMPANY LIMITED as the Operations Manager of the Diesel Service Department. Three years later, he was appointed as the Project Development Executive of ABC Coach Works Limited while still being responsible for the Diesel Service Department. At present, he is the Senior Manager of the:

- Diesel Service Department and Heavy Commercial Department of ABC MOTORS COMPANY LIMITED
- Paragon Motors Ltd
- ABC Coach Works Limited
- Sirius Trading (Mozambique) Limitada
- Kenyon Limited based in Kenya.

Approved by the Board of Directors on 27 September 2016 and signed on its behalf by

Mr. Voon Yue Choon Wan Min Kee Chairman of the Corporate Governance Committee	ABC Professional & Secretarial Services Ltd Company Secretary Per Melanie Ng, *ACIS*

STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity (PIE): ABC MOTORS COMPANY LIMITED

Reporting Period: 30 June 2016

We, the Directors of ABC MOTORS COMPANY LIMITED, confirm that to the best of our knowledge:

The PIE has not complied with section 2.8 of the Code: Remuneration of directors has not been disclosed on an individual basis due to the commercial sensitivity of the information.

Date: 27 September 2016

David Brian Ah-Chuen
Acting Chairman of the Board

Dean Ah-Chuen
Executive Director

NISSAN JUKE

OTHER STATUTORY DISCLOSURES

(pursuant to section 221 of the Mauritius Companies Act 2001)

PRINCIPAL ACTIVITY

The principal activities of the Company comprised of the sales and service of vehicles, trucks, buses, forklifts and accessories of Nissan Motors Co. Ltd and UD Trucks Corporation.

PARTICULARS OF ENTRIES IN THE INTEREST REGISTER

Directors' interests in shares of the Company are set out on Page 19 of the Annual Report. No directors have any service contract with the Company or its Subsidiary.

DONATIONS

Donations made during the year were as follows:

	THE COMPANY		THE SUBSIDIARY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Donations	100,546	105,000	-	-
Political Donations	-	500,000	-	-
	100,546	605,000	-	-

DIRECTORS

The directors of the Company and its Subsidiary as at 30 June 2016 were as follows:

	THE COMPANY	THE SUBSIDIARY
Mr. Raymond Ah-Chuen	●	
Professor Donald Ah-Chuen	●	●
Mr. John Sun Yue Chu		●
Mr. Vincent Ah-Chuen	●	●
Mr. Andre Marc Ah-Chuen	●	●
Mr. Dean Ah-Chuen	●	●
Mr. David Brian Ah-Chuen	●	
Mr. Sydney Ah Yoong	●	
Mr. Ah-Lan Lam Yan Foon	●	
Mr. James Lim Teng Chong	●	
Mr. Kee Koun Tin Kiong Fong	●	
Mr. Cyril Nalletamby		●
Mrs. Valerie Ah-Chuen	○	

Key ● Director ○ Alternate Director

DIRECTORS' EMOLUMENTS

Directors' total remuneration and benefits received, or due and receivable, from the Company for the financial year ended 30 June are as follow:

	2016 Rs.	2015 Rs.
Executive Directors	10,947,476	11,576,734
Non-Executive Directors & Independent Directors	2,642,000	1,721,000
	13,589,476	13,297,734

AUDITOR

The fees payable to the auditors for audit and other services were:

	THE COMPANY		THE SUBSIDIARY	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Audit Services	440,000	395,000	26,250	26,000
Other Services*	388,625	22,000	8,000	6,300
	828,625	417,000	34,250	32,300

** Other services in 2016 pertain to review of tax computations for the Company, IT health check and IFRS training for the Company.*

** Other services in 2015 pertain to review of tax computations.*

Approved by the Board of Directors on 27 September 2016 and signed on its behalf by

David Brian Ah-Chuen
Acting Chairman of the Board

Dean Ah-Chuen
Executive Director

SECRETARY'S CERTIFICATE

(pursuant to section 166(d) of the Mauritius Companies Act 2001)

We certify that, to the best of our knowledge and belief, the Company has filed, for the financial year ended 30 June 2016, with the Registrar of Companies all such returns as are required under the Mauritius Companies Act 2001.

ABC Professional & Secretarial Services Ltd
Company Secretary
Per Melanie Ng, *ACIS*

Date: 27 September 2016

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The directors are responsible for the keeping of 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 International Financial Reporting Standards (IFRS) and Mauritius Companies Act 2001.

Company law requires the directors to prepare financial statements for the year ended 30 June 2016 which give a true and fair view of the financial position of the Company and the financial performance and cash flows of the Company for that year. In preparing the annual financial statements, the directors have:

- prepared the financial statements on a going concern basis
- maintained adequate accounting records
- made judgements and estimates that are reasonable and prudent
- selected suitable accounting policies and applied them consistently
- stated whether applicable accounting standards have been followed, subject to any material departures explained in the financial statements
- safeguarded the assets of the Company by maintaining accounting and internal control systems that are designed to prevent and detect fraud and errors

Approved by the Board of Directors on 27 September 2016 and signed on its behalf by

James Lim Teng Chong
Acting Chairman
Audit and Risk Committee

Dean Ah-Chuen
Executive Director

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WHAT IF_THE WORLD'S FASTEST MAN WENT EVEN FASTER?

Independent auditor's report to the shareholders of ABC MOTORS COMPANY LIMITED

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of **ABC MOTORS COMPANY LIMITED ("the Company") and its subsidiary (collectively referred to as "the Group")** on pages 48 to 113 which comprise the statements of financial position as at 30 June 2016 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 a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report to the shareholders of ABC MOTORS COMPANY LIMITED

Opinion

In our opinion, the financial statements on pages 48 to 113 give a true and fair view of the financial position of the Group and the Company as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

REPORT ON OTHER LEGAL REQUIREMENTS

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interests in, the company and its subsidiary other than in our capacities as auditors and tax advisors;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the company as far as appears from our examination of those records.

THE FINANCIAL REPORTING ACT 2004

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

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

Deloitte
Chartered Accountants
27 September 2016

L. Yeung Sik Yuen, ACA
Licensed by FRC

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	THE GROUP 30 June 2016 Rs '000	THE GROUP 30 June 2015 Rs '000	THE COMPANY 30 June 2016 Rs '000	THE COMPANY 30 June 2015 Rs '000
ASSETS					
Non-Current assets					
Property and equipment	5	376,779	373,931	362,665	360,181
Intangible assets	6	261	566	261	566
Investment in subsidiary	7	-	-	17,563	17,563
Investments in associates	8	344,007	224,078	211,825	134,203
Other investments	9	161,575	171,105	155,700	164,030
Loan to associate	12	65,000	-	65,000	-
Deferred tax asset	10	2,986	1,708	3,015	1,708
Total non-current assets		950,608	771,388	816,029	678,251
Current assets					
Inventories	11	340,471	320,475	340,471	320,475
Trade and other receivables	12	425,509	309,948	422,700	305,484
Other financial assets	25	3,366	-	3,366	-
Cash at banks and in hand	24	132,997	59,033	132,997	59,033
Total current assets		902,343	689,456	899,534	684,992
Total assets		1,852,951	1,460,844	1,715,563	1,363,243
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	13	61,904	61,904	61,904	61,904
Retained earnings		541,036	452,158	417,47	360,401
Investment revaluation reserve		18,443	28,711	8,538	29,344
Equity attributable to owners of the company		621,383	542,773	487,869	451,649
Non-controlling Interests	14	8,108	8,073	-	-
Total equity		629,491	550,846	487,869	451,649
Non-current liabilities					
Loans	15	354,371	180,564	354,371	180,564
Obligations under finance leases	16	3,073	3,153	3,073	3,153
Other payables	19	-	15,000	-	15,000
Retirement benefit obligations	17	37,326	32,047	37,326	32,047
Total non-current liabilities		394,770	230,764	394,770	230,764
Current liabilities					
Bank overdrafts	18	149,715	116,645	138,821	105,717
Trade and other payables	19	139,404	116,686	139,110	116,329
Bills payables		142,390	135,941	142,390	135,941
Amount due to subsidiary	28	-	-	15,500	13,000
Loans	15	394,467	307,925	394,467	307,925
Obligations under finance leases	16	1,752	1,328	1,752	1,328
Taxation	10	962	709	884	590
Total current liabilities		828,690	679,234	832,924	680,830
Total equity and liabilities		1,852,951	1,460,844	1,715,563	1,363,243

Approved by the Board of Directors and authorised for issue on 27th September 2016

Vincent Ah-Chuen
Managing Director

Dean Ah-Chuen
Executive Director

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	THE GROUP 30 June 2016 Rs '000	THE GROUP 30 June 2015 Rs '000	THE COMPANY 30 June 2016 Rs '000	THE COMPANY 30 June 2015 Rs '000
Revenue	33	1,839,397	1,717,675	1,839,397	1,717,675
Profit from operations	20	123,014	79,438	122,256	78,512
Finance costs	21	(46,684)	(32,962)	(46,989)	(33,192)
		76,330	46,476	75,267	45,320
Share of results of associates	8	31,598	24,616	-	-
Profit before taxation		107,928	71,092	75,267	45,320
Tax expense	10	(8,761)	(6,842)	(8,194)	(6,395)
Profit for the year		99,167	64,250	67,073	38,925
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
(Loss)/Gain arising on revaluation of available-for-sale financial assets	9	(20,806)	20,449	(20,806)	20,449
Reclassification adjustments relating to available-for-sale financial assets disposed		-	(79)	-	(79)
Share of gain arising on revaluation of available-for-sale financial assets of associates	8	10,538	370	-	-
		(10,268)	20,740	(20,806)	20,370
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligations		(943)	(2,700)	(943)	(2,700)
Share of remeasurement of defined benefit obligations of associates	8	170	71	-	-
Share of other comprehensive loss of associates	8	-	(648)	-	-
Income tax relating to items that will not be reclassified subsequently	10	160	405	160	405
		(613)	(2,872)	(783)	(2,295)
Other comprehensive (loss) income, net of income tax		(10,881)	17,868	(21,589)	18,075
Total comprehensive income for the year		88,286	82,118	45,484	57,000
Profit for the year attributable to:					
Owners of the Company		98,755	63,721		
Non-controlling interests	14	412	529		
		99,167	64,250		
Total comprehensive income attributable to:					
Owners of the Company		87,874	81,589		
Non-controlling interests	14	412	529		
		88,286	82,118		
Earnings per share	22	15.99	10.32		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

a) THE GROUP

	Notes	Stated capital			Retained earnings	Investment revaluation reserve	Attributable to owners of the company	Non controlling interest	Total
		Share capital Rs '000	Share premium Rs '000	Total Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance at 1 July 2014		61,757	147	61,904	398,567	8,126	468,597	7,995	476,592
Profit for the year		-	-	-	63,721	-	63,721	529	64,250
Other comprehensive (loss) / income, net of income tax		-	-	-	(2,872)	20,740	17,868	-	17,868
Total comprehensive income for the year		-	-	-	60,849	20,740	81,589	529	82,118
Transfer to retained earnings (dilution of shareholding in associate)		-	-	-	155	(155)	-	-	-
Dividend	26	-	-	-	(7,413)	-	(7,413)	(451)	(7,864)
Balance at 30 June 2015		61,757	147	61,904	452,158	28,711	542,773	8,073	550,846
Profit for the year		-	-	-	98,755	-	98,755	412	99,167
Other comprehensive loss, net of income tax		-	-	-	(613)	(10,268)	(10,881)	-	(10,881)
Total comprehensive income / (loss) for the year		-	-	-	98,142	(10,268)	87,874	412	88,286
Dividend	26	-	-	-	(9,264)	-	(9,264)	(377)	(9,641)
Balance at 30 June 2016		**61,757**	**147**	**61,904**	**541,036**	**18,443**	**621,383**	**8,108**	**629,491**

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

b) THE COMPANY

	Note	Stated capital					
		Share Capital Rs '000	Share Premium Rs '000	Total Rs '000	Retained Earnings Rs '000	Investment Revaluation Reserve Rs '000	Total Rs '000
Balance at 1 July 2014		61,757	147	61,904	331,184	8,974	402,062
Profit for the year		-	-	-	38,925	-	38,925
Other comprehensive (loss) / income, net of income tax		-	-	-	(2,295)	20,370	18,075
Total comprehensive income for the year		-	-	-	36,630	20,370	57,000
Dividend	26	-	-	-	(7,413)	-	(7,413)
Balance at 30 June 2015		61,757	147	61,904	360,401	29,344	451,649
Profit for the year		-	-	-	67,073	-	67,073
Other comprehensive loss, net of income tax		-	-	-	(783)	(20,806)	21,589
Total comprehensive income / (loss) for the year		-	-	-	66,290	(20,806)	45,484
Dividend	26	-	-	-	(9,264)	-	(9,264)
Balance at 30 June 2016		**61,757**	**147**	**61,904**	**417,427**	**8,538**	**487,869**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	THE GROUP 30 June 2016 Rs '000	THE GROUP 30 June 2015 Rs '000	THE COMPANY 30 June 2016 Rs '000	THE COMPANY 30 June 2015 Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		107,928	71,092	75,267	45,320
Adjustments for:					
Interest receivable	20	(9,275)	(3,666)	(9,044)	(3,228)
Profit on disposal of property and equipment	20	(848)	(934)	(848)	(934)
Profit on disposal of other investments	20	(24,188)	(84)	(24,188)	(84)
Gain on forward contracts		(3,366)	-	(3,366)	-
Amortisation of intangible assets	6	404	593	404	593
Depreciation of property and equipment	5	22,708	21,990	22,400	21,750
Dividend received	20	(13,204)	(6,946)	(14,082)	(8,000)
Interest expense	21	46,684	32,962	46,989	33,192
Retirement benefit obligations		4,337	4,010	4,337	4,010
Investment written off	20	116	-	116	-
Provision for impairment of other investments	20	2,434	701	1,234	219
Provision for impairment losses on trade receivables	12	558	811	558	811
Share of results of associates	8	(31,597)	(24,616)	-	-
Operating profit before working capital changes		102,691	95,913	99,777	93,649
Increase in inventories		(19,995)	(48,152)	(19,995)	(48,152)
(Increase) / decrease in trade and other receivables		(116,120)	1,608	(117,774)	898
Increase in amount due to subsidiary		-	-	2,500	500
Increase / (decrease) in trade and other payables		27,707	(1,651)	27,778	(1,604)
Increase in bills payables		6,448	59,598	6,448	59,598
Cash generated from / (used in) operating activities		731	107,316	(1,266)	104,889
Interest paid		(46,684)	(32,962)	(46,989)	(33,192)
Income tax paid		(9,618)	(6,047)	(9,046)	(5,612)
Net cash (used in) / generated from operating activities		(55,571)	68,307	(57,301)	66,085
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property and equipment		846	1,717	846	1,717
Purchase of intangible assets	6	(99)	(30)	(99)	(30)
Purchase of property and equipment		(23,715)	(62,129)	(23,042)	(62,129)
Disbursement of deferred consideration for purchase of property		(20,000)	-	(20,000)	-
Purchase of investments in associates	8	(103,506)	(600)	(103,506)	(600)
Purchase of other investments	9	(13,826)	(104,955)	(13,826)	(104,380)
Proceeds from sale of available-for-sale investments and unquoted equity investments		-	4,092	-	4,092
Proceeds resulting from dilution of interests in associates		50,072	-	50,072	-
Dividend received		13,205	6,946	14,082	8,000
Interest received		9,275	3,666	9,044	3,228
Loan to associate	12	(65,000)	-	(65,000)	-
Net cash used in investing activities		(152,748)	(151,293)	(151,429)	(150,102)
		(208,319)	(82,986)	(208,730)	(84,017)
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans raised		582,265	180,000	582,265	180,000
Repayment of finance leases		(1,495)	(1,121)	(1,495)	(1,121)
Dividend paid		(9,641)	(7,864)	(9,264)	(7,413)
Repayment of loans		(321,916)	(39,976)	(321,916)	(39,975)
Net cash generated from financing activities		249,213	131,039	249,590	131,491
Net increase in cash and cash equivalents		40,894	48,053	40,860	47,474
Cash and cash equivalents at beginning of year		(57,612)	(105,665)	(46,684)	(94,158)
Cash and cash equivalents at end of year	24	(16,718)	(57,612)	(5,824)	(46,684)

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1. INCORPORATION AND ACTIVITIES

ABC Motors Company Limited is a public company incorporated in Mauritius with its registered office at ABC Centre, Military Road, Port Louis and is listed on the Development Enterprise Market. It is engaged in the importation and sale of motor vehicles and spare parts. The subsidiary, ABC Properties Ltd, is a private company, which owns land and building and is engaged in property rental.

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

In the current year, there has been no new and revised IFRSs issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretation Committee ("IFRIC") of the IASB that are relevant to the company's operations and effective for the accounting period beginning on or after 1 July 2015.

2.1 Relevant new and revised Standards in issue not yet effective

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

IAS 1 Presentation of financial statements - Amendments resulting from the disclosure initiative (effective 1 January 2016)

IAS 7 Statement of Cash Flows - Amendments as result of the disclosure initiative (effective 1 January 2017)

IAS 12 Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses (effective 1 January 2017)

IAS 16 Property, plant and equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective 1 January 2016)

IAS 16 Property, plant and equipment - Amendments bringing bearer plants into the scope of IAS 16 (effective 1 January 2016)

IAS 19 Employee benefits - Amendments resulting from September 2014 annual improvements to IFRSs (effective 1 January 2016)

IAS 27 Separate Financial Statements - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective 1 January 2016)

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

IAS 28 Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception (effective 1 January 2016)

IAS 34 Interim Financial Reporting - Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016)

IAS 38 Intangible assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective 1 January 2016)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONT`D)

2.1 Relevant new and revised Standards in issue not yet effective (Cont'd)

IAS 39	Financial instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)
IFRS 7	Financial instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)
IFRS 7	Financial instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)
IFRS 7	Financial instruments: Disclosures - Amendments resulting from September 2014, annual improvements to IFRSs (effective 1 January 2016)
IFRS 9	Financial instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)
IFRS 10	Consolidated Financial Statements - Amendments regarding the application of the consolidation exception (effective 1 January 2016)
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception (effective 1 January 2016)
IFRS 15	Revenue from Contracts with Customers – Original issue (effective 1 January 2018)
IFRS 15	Revenue from Contracts with Customers - Clarifications to IFRS 15 (effective 1 January 2018)
IFRS 16	Leases - Original issue (effective 1 January 2019)

The directors anticipate that the application of these standards and interpretations on the above effective dates in future periods will have no material impact on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. ACCOUNTING POLICIES

The principal accounting policies adopted by the Group and the Company are as follows:

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis except for quoted available-for-sale financial assets that are measured at fair values at the end of each reporting period, as explained in the accounting policies below:

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 30 June each year.

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

3. ACCOUNTING POLICIES (Cont'd)

(b) Basis of consolidation (Cont'd)

is achieved when the Company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has or does not have the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

Changes in the Group's ownership interests in existing subsidiary

Changes in the Group's ownership interests in subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their respective interest in their subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. ACCOUNTING POLICIES (Cont'd)

(b) Basis of consolidation (Cont'd)

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the asset (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary.

(c) Investment in subsidiary

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities and generally accompanying a shareholding of more than half of the voting rights.

In the Company's separate financial statements, investment in subsidiary is stated at cost, unless in the opinion of the directors, there has been a permanent diminution in value, in which event they are written down to recoverable amount. Impairment losses are recognised in profit or loss.

(d) Investment in associates

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

The Company states its investments in associates at cost less impairment whereas the group uses the equity method of accounting to account for its associates. Impairment losses are recognised in profit or loss.

Consolidated financial statements

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

3. ACCOUNTING POLICIES (Cont'd)

(d) Investment in associates (Cont'd)

Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

(e) Revenue recognition

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

Sale of goods and rendering of services

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue is net of Value Added Tax, rebates and discounts. Revenue is recognised upon delivery of products and customer acceptance. Sales of services are recognised in the accounting year in which the services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. ACCOUNTING POLICIES (Cont'd)

(e) Revenue recognition (Cont'd)

Other revenues

Other revenues earned are recognised on the following basis:

- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective and agreed interest rate applicable.
- Dividends are recognised when the shareholder's right to receive payment is established.
- Other income are recognised on an accrual basis.

(f) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Freehold building	2%
Building on leasehold land	5%
Improvement to building on leasehold land	5%, 10%
Furniture and fittings	10%
Motor vehicles	20%
Office equipment	10%
Workshop equipment and tools	10%, 33.33%
Electronic equipment	10% - 25%

No depreciation is provided on freehold land and construction in progress.

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

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

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

3. ACCOUNTING POLICIES (Cont'd)

(g) Intangible assets

Intangible assets comprise computer software. Intangible assets acquired separately are measured on initial recognition at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at each financial year-end with the effect of any changes in estimate being accounted for on a prospective basis. The intangible assets are amortised over a period of 3 to 5 years.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on an individual basis for motor vehicles and on a weighted average basis for spare parts. Cost comprises cost of purchase and all other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Work in progress comprise all costs of purchase, costs of conversion and other costs, including a proportion of relevant overheads, incurred in bringing them to their present location and condition.

(i) Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value. Bank overdraft is included as a component of cash and cash equivalents for the purpose of cash flows.

(j) Foreign currency translation

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

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated into the entity's functional currency at the rates of exchange prevailing on the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. ACCOUNTING POLICIES (Cont'd)

(j) Foreign currency translation (Cont'd)

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement and the retranslation of monetary items are recognised in profit or loss.

(k) Taxation

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

Current income tax

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

Deferred tax

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

Taxation

The principal temporary differences arise mainly from depreciation on property and equipment, tax losses carried forward and on retirement benefit obligations.

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

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

3. ACCOUNTING POLICIES (Cont'd)

(k) Taxation (Cont'd)

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(l) Leasing

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

The Group and Company as lessee

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

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

The Group as lessor

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. ACCOUNTING POLICIES (Cont'd)

(m) Retirement benefit obligations

Defined benefit plans

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

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

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

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

Retirement gratuity - The Employment Rights Act 2008

The present value of retirement gratuity as provided under The Employment Rights Act 2008 is recognised in the statement of financial position as a non-current liability.

State plan

Contributions to the National Pension Scheme are expensed to the statement of profit or loss and other comprehensive income in the period in which they fall due.

3. ACCOUNTING POLICIES (Cont'd)

(n) Provisions

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

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

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

(o) Impairment of non-financial assets

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

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

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

(p) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. ACCOUNTING POLICIES (Cont'd)

(p) Financial instruments (Cont'd)

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

Financial assets are classified into the following categories: "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets (AFS financial assets)

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

Listed investments held by the Company and the Group that are traded in an active market are classified as AFS and are stated at fair value, based on quoted market prices, at the end of each reporting period. Changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of fair value reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

AFS unquoted equity investments whose fair value cannot be reliably derived are measured at fair value based on the NAV Value.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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

3. ACCOUNTING POLICIES (Cont'd)

(p) Financial instruments (Cont'd)

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit ranging between 2 to 3 months, as well as observable changes in national or local economic conditions that correlate with default on receivables.
For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. ACCOUNTING POLICIES (Cont'd)

(p) Financial instruments (Cont'd)

Derecognition of financial assets

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

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as "financial liabilities, at amortised cost".

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. ACCOUNTING POLICIES (Cont'd)

(p) Financial instruments (Cont'd)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(q) Related Parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management personnel of the reporting entity. An entity is related to a reporting entity if both of them are members of the same group or one of them is either an associate or joint venture of the other entity. Related party can also arise if the entity is a post-employment benefit plan for the employee of the reporting entity.

(r) 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. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(s) Forward foreign exchange contracts

The Group enters into derivative financial instruments to manage its exposure to foreign exchange risk, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to the fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which even the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The following are the key assumptions where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1 Unquoted investments

The Group and the Company hold financial instruments that are not quoted on active markets. Determining whether the investment is impaired requires estimate of value in use of the investment. Changes in assumptions could affect the reported value of the financial instruments.

4.2 Allowance for slow moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product level for estimates excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological change and physical issues.

4.3 Allowance for doubtful debts

Allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customer's financial condition.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

5. PROPERTY AND EQUIPMENT

(a) THE GROUP

	Note	Freehold land Rs '000	Freehold building Rs '000	Building on leasehold land Rs '000	Improvement to building on leasehold land Rs '000	Furniture and fittings Rs '000	Motor vehicles Rs '000	Office equipment Rs '000	Workshop equipment and tools Rs '000	Electronic equipment Rs '000	Total Rs '000
Cost											
At 1 July 2014		28,420	194,414	62,768	7,754	28,462	43,579	16,992	28,945	24,590	435,924
Additions during the year	23	86,022	-	2,666	-	1,082	4,658	1,011	1,507	2,494	99,440
Disposals		-	-	-	-	(14)	(3,550)	-	-	-	(3,564)
At 30 June 2015		114,442	194,414	65,434	7,754	29,530	44,687	18,003	30,452	27,084	531,800
Additions during the year	23	-	112	8,422	672	1,703	6,404	382	2,372	5,491	25,558
Disposals		-	-	-	-	-	(2,411)	-	-	(3)	(2,414)
At 30 June 2016		114,442	194,526	73,856	8,426	31,233	48,680	18,385	32,824	32,572	554,944
Depreciation											
At 1 July 2014		-	7,055	42,536	7,729	6,170	30,668	8,684	19,306	16,514	138,662
Charge for the Year		-	3,888	3,548	25	2,767	4,692	1,468	2,360	3,242	21,990
Disposals		-	-	-	-	(7)	(2,776)	-	-	-	(2,783)
At 30 June 2015		-	10,943	46,084	7,754	8,930	32,584	10,152	21,666	19,756	157,869
Charge for the Year		-	3,890	3,641	67	2,863	5,127	1,487	2,313	3,321	22,708
Disposals		-	-	-	-	-	(2,411)	-	-	(1)	(2,412)
At 30 June 2016		-	14,833	49,725	7,821	11,793	35,300	11,639	23,979	23,075	178,165
Net Book Value											
At 30 June 2016		114,442	179,693	24,131	605	19,440	13,380	6,746	8,845	9,497	376,779
At 30 June 2015		114,442	183,471	19,350	-	20,600	12,103	7,851	8,786	7,328	373,931

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

5. PROPERTY AND EQUIPMENT (CONT'D)

b) THE COMPANY

	Note	Freehold land Rs '000	Freehold building Rs '000	Building on leasehold land Rs '000	Improvement to building on leasehold land Rs '000	Furniture and fittings Rs '000	Motor vehicles Rs '000	Office equipment Rs '000	Workshop equipment and tools Rs '000	Electronic equipment Rs '000	Total Rs '000
Cost											
At 1 July 2014		22,351	182,413	62,768	7,754	28,462	43,579	16,992	28,945	24,590	417,854
Additions during the year	23	86,022	-	2,666	-	1,082	4,658	1,011	1,507	2,494	99,440
Disposals		-	-	-	-	(14)	(3,550)	-	-	-	(3,564)
At 30 June 2015		108,373	182,413	65,434	7,754	29,530	44,687	18,003	30,452	27,084	513,730
Additions during the year	23	-	112	8,422	-	1,703	6,404	382	2,372	5,491	24,886
Disposals		-	-	-	-	-	(2,411)	-	-	(3)	(2,414)
At 30 June 2016		**108,373**	**182,525**	**73,856**	**7,754**	**31,233**	**48,680**	**18,385**	**32,824**	**32,571**	**536,202**
Depreciation											
At 1 July 2014		-	2,975	42,536	7,729	6,170	30,668	8,684	19,306	16,514	134,582
Charge for the Year		-	3,648	3,548	25	2,767	4,692	1,468	2,360	3,242	21,750
Disposals		-	-	-	-	(7)	(2,776)	-	-	-	(2,782)
At 30 June 2015		-	6,623	46,084	7,754	8,930	32,584	10,152	21,666	19,756	153,549
Charge for the Year		-	3,649	3,641	-	2,863	5,127	1,487	2,313	3,321	22,400
Disposals		-	-	-	-	-	(2,411)	-	-	(1)	(2,412)
At 30 June 2016		-	**10,272**	**49,725**	**7,754**	**11,793**	**35,300**	**11,639**	**23,979**	**23,075**	**173,537**
Net Book Value											
At 30 June 2016		**108,373**	**172,253**	**24,131**	-	**19,440**	**13,380**	**6,746**	**8,845**	**9,497**	**362,665**
At 30 June 2015		108,373	175,790	19,350	-	20,600	12,103	7,851	8,786	7,328	360,181

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

5. PROPERTY AND EQUIPMENT (CONT'D)

(a) The Group

The freehold land, freehold building, leasehold land and building on leasehold land of the Group are stated at cost using the cost model. These assets, excluding freehold land of Rs 86.0m acquired during financial year 2015, have been valued on 30 June 2014 at Rs 90,550,000, Rs 202,475,000, Rs 20,300,000 and Rs 66,800,000 respectively on an open markets basis by Gexim Real Estate. The directors consider that the fair value of the freehold land, freehold building, leashold land and building on leasehold land remains unchanged at reporting date and are of the opinion that there is no objective evidence that these assets require any impairment. Should the fair value model had been applied, the assets would have been categorised under level 3.

The Group has pledged their movable and immovable assets to secure banking facilities.

Property and equipment includes the following assets held under finance lease, secured by the lessors` title to the leased assets.

	30 June 2016		30 June 2015	
	Cost Rs '000	NBV Rs '000	Cost Rs '000	NBV Rs '000
Motor Vehicles	**10,622**	**3,956**	7,716	3,405

b) The Company

The freehold land, freehold building, leasehold land and building on leasehold building of the Company are stated at cost using the cost model. These assets, excluding freehold land of Rs 86.0m acquired during financial year 2015, have been valued on 30 June 2014 at Rs 37,600,000, Rs 184,200,000, Rs 20,300,000 and Rs 66,800,000 respectively on an open markets basis by Gexim Real Estate. The directors consider that the fair value of the freehold land, freehold building, leasehold land and building on leasehold land remains unchanged at reporting date and are of the opinion that there is no objective evidence that these assets require any impairment. Should the fair value model had been applied, the assets would have been categorised under level 3.

The Company has pledged its movable and immovable assets to secure banking facilities.

Property and equipment includes the following assets held under finance lease, secured by the lessor`s title to the leased assets.

	30 June 2016		30 June 2015	
	Cost Rs '000	NBV Rs '000	Cost Rs '000	NBV Rs '000
Motor Vehicles	**10,622**	**3,956**	7,716	3,405

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

6. INTANGIBLE ASSETS

THE GROUP AND THE COMPANY	Computer Software Rs '000
COST	
At 01 July 2014	7,559
Additions during the year	30
At 30 June 2015	7,589
Additions during the year	99
At 30 June 2016	**7,688**
AMORTISATION	
At 01 July 2014	6,430
Charge for the year	593
At 30 June 2015	7,023
Charge for the year	404
At 30 June 2016	**7,427**
CARRYING AMOUNT	
At 30 June 2016	**261**
At 30 June 2015	566

The directors are of opinion that no impairment is required for computer software at the reporting date.

7. INVESTMENT IN SUBSIDIARY

	THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
At 1 July and 30 June	**17,563**	17,563

The company holds 69.97% of the ordinary shares of ABC Properties Ltd, a company incorporated in Mauritius and engaged in property rental.

The directors have valued the unquoted investment at cost. At the reporting date, the directors reviewed the carrying amount of the investment in subsidiary. In their opinion, there is no objective evidence that the investment in subsidiary is impaired.

7. IINVESTMENT IN SUBSIDIARY (CONT'D)

Details of non wholly own subsidiary that has material non-controlling interest.

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

ABC Properties Ltd:	30 June 2016 Rs '000	30 June 2015 Rs '000
Non-current assets	**19,960**	20,824
Current assets	**18,309**	17,464
Current liabilities	**(11,266)**	(11,404)
Equity attributable to owners of the Company	**18,895**	18,811
Non-controlling interests	**8,108**	8,073
Revenue	**4,702**	4,223
Expenses	**(2,770)**	(2,013)
Tax expense	**(567)**	(438)
Profit for the year	**1,365**	1,772
Profit and total comprehensive income attributable to owners of the Company	**953**	1,243
Profit and total comprehensive income attributable to the non-controlling interests	**412**	529
Profit and total comprehensive income for the year	**1,365**	1,772
Dividends paid to non-controlling interests	**377**	452
Net cash inflow from operating activities	**1,631**	311
Net cash (outflow)/ inflow from investing activities	**(342)**	1,774
Net cash outflow from financing activities	**(1,255)**	(1,506)
Net cash inflow	34	579

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

8. INVESTMENTS IN ASSOCIATES

	THE GROUP	
	30 June 2016 Rs '000	30 June 2015 Rs '000
At 1 July	224,079	199,070
Additions	103,506	600
Dilution of interest	(25,884)	-
Share of profit of associates	31,598	24,616
Items that may be reclassified subsequently to profit or loss :		
Share of gain arising on revaluation of available-for-sale financial assets	10,538	370
Items that will not be reclassified subsequently to profit or loss :		
Share of other comprehensive income on re-measurement of defined benefit obligations	170	71
Share of other comprehensive income	-	(648)
At 30 June	344,007	224,078

	THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
At 1 July	134,203	133,603
Additions	103,506	600
Dilution of interest	(25,884)	-
At 30 June	211,825	134,203

The associates in which the Group and the Company have direct interest are:

	Activity	Class of Share	Direct % Holding 30 June 2016	Direct % Holding 30 June 2015	Quoted/ Unquoted	Country of incorporation
ABC Banking Corporation Ltd	Banking and leasing	Ordinary	20.89%	25.79%	Quoted	Mauritius
ABC Autotech Ltd	Car dealers	Ordinary	47.50%	47.50%	Unquoted	Mauritius
ABC Car Rental Limited	Car rental	Ordinary	26.56%	26.56%	Unquoted	Mauritius
Globe Freight Ltd	Freight and forwarding	Ordinary	47.38%	47.38%	Unquoted	Mauritius
ABC Marketing Ltd	Sale of tyres, car care products	Ordinary	49.14%	49.14%	Unquoted	Mauritius
Expert Leasing Ltd	Leasing	Ordinary	27.78%	27.78%	Unquoted	Mauritius
Stuttgart Motors Ltd	Car dealers	Ordinary	39.60%	39.60%	Unquoted	Mauritius

8. INVESTMENTS IN ASSOCIATES (CONT'D)

The fair value of quoted associate based on the market price ruling on Development and Entreprise Market (DEM) was Rs 286,821,234. Should the fair value model had been applied, the investments would have been categorised under level 1.

The directors have valued the unquoted investments at cost less impairment in the separate financial statement. In their opinion, there is no objective evidence that the investments in associates are impaired.

All of the above associates are accounted for using the equity method in these consolidated financial statements. The results of the associates are derived from their respective financial statements for the year ended 30 June 2016.

Summarised financial information of the material associate is set out below.
The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

	30 June 2016 Rs '000	30 June 2015 Rs '000
ABC Banking Corporation Ltd:		
Total assets	**15,155,268**	12,331,193
Total liabilities	**(13,949,525)**	(11,723,252)
Revenue	**568,365**	446,570
Profit for the year	**176,453**	68,220
Other comprehensive loss for the year	**(4,343)**	(22)
Total comprehensive income for the year	**172,110**	68,198

Reconciliation of the above summarised financial information to the carrying amount of the interest in ABC Banking Corporation Ltd recognised in the financial statements:

	30 June 2016 Rs '000	30 June 2015 Rs '000
Net assets of associate	**1,205,743**	607,941
Proportion of the Company's ownership	**20.89%**	25.79%
Carrying amount of the Company's interest	**251,901**	**156,767**

Aggregate information of associates that are not individually material.

	30 June 2016 Rs '000	30 June 2015 Rs '000
The Group's share of profit	**7,067**	2,392
The Group's share of other comprehensive income / (loss)	**11,887**	(200)
The Group's share of total comprehensive income	**18,954**	2,192
Aggregate carrying amount of the Group's interests in these associates	**92,106**	**67,311**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

9. OTHER INVESTMENTS

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Available-for-sales quoted investments (note (a))	**120,208**	138,970	**120,208**	138,970
Unquoted equity investments (note (b))	**41,367**	32,135	**35,492**	25,060
At 30 June 2016	**161,575**	171,105	**155,700**	164,030

	THE GROUP		
	Available-for-Sales Quoted investments Rs '000	Unquoted Equity Instruments Rs '000	Total Rs '000
At 1 July 2014	17,442	32,565	50,007
Additions	101,587	3,368	104,955
Disposals	(502)	(3,585)	(4,087)
Provision for impairment of investments (note (a))	-	(219)	(219)
Net fair value gain	20,443	6	20,449
At 30 June 2015	138,970	32,135	171,105
Additions	1,990	11,836	13,826
Provision for impairment of investments (note (b))	-	(2,550)	(2,550)
Impairment losses reversed	-	116	116
Investment written off	-	(116)	(116)
Net fair value loss	(20,752)	(54)	(20,806)
At 30 June 2016	120,208	41,367	161,575

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

9. OTHER INVESTMENTS (CONT'D)

	THE COMPANY		
	Available-for-Sales Quoted investments Rs '000	Unquoted Equity Instruments Rs '000	Total Rs '000
At 1 July 2014	17,443	26,065	**43,508**
Additions	101,587	2,793	**104,380**
Disposals	(502)	(3,585)	**(4,087)**
Provision for impairment of investments (note (b))	-	(219)	**(219)**
Investment revaluation reserve	20,442	6	**20,448**
At 30 June 2015	**138,970**	**25,060**	**164,030**
Additions	1,990	11,836	**13,826**
Provision for impairment of investments (note (a))	-	(1,350)	**(1,350)**
Impairment losses reversed	-	116	**116**
Investment written off	-	(116)	**(116)**
Net fair value loss	(20,752)	(54)	**(20,806)**
At 30 June 2016	**120,208**	**35,492**	**155,700**

(a) Provision for impairment of unquoted

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
At 1 July	**3,017**	2,798	**3,017**	2,798
Additional provision	**2,550**	219	**1,350**	219
Impairment losses reversed	**(116)**	-	**(116)**	-
At 30 June	**5,451**	3,017	**4,251**	3,017

(a) The fair value of quoted investments is based on the market prices ruling on the Stock Exchange of Mauritius at the reporting date.

(b) The Group and the Company have stated their unquoted investments at cost given that the fair value cannot be reliably obtained. Accordingly, the unquoted equity investments has been stated at cost less impairment when there is any objective evidence.

At reporting date, the directors have reviewed the carrying amount of the unquoted investments by comparing the recoverable amount based on net asset value using the latest available financial information and past and current financial and operational performance of the investees with the carrying amount. An impairment loss of Rs 2,550,000 (2015: Rs 219,000) and Rs 1,350,000 (2015: Rs 219,000) has been booked in the Group's and Company's financial statements respectively. In the directors' opinion, no further impairment is required.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

10. TAXATION

Income Tax

Income tax is calculated at 15% (2015 : 15%) on its profits for the year, as adjusted for income tax purposes.

Corporate Social Responsibility ("CSR")

Inline with current CSR Framework of ABC Group, the Group and the Company remits, on an annual basis, 2% of its chargeable income of the preceeding year to ABC Foundation, a company incorporated for CSR funding activities.

Deferred tax asset	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Tax Expense				
Income Tax provision	**8,662**	6,155	**8,181**	5,798
Under provision in income tax for last year	**341**	10	**341**	-
Deferred tax (income) / charge	**(887)**	596	**(915)**	597
Under provision in deferred tax assets	**(231)**	-	**(231)**	-
Corporate Social Reponsibility	**876**	81	**818**	-
	8,761	6,842	**8,194**	6,395
Tax Liability				
At 1 July	**709**	510	**590**	404
Income Tax provision	**8,662**	6,155	**8,181**	5,798
Under provision in income tax for last year	**341**	10	**341**	-
Corporate Social Reponsibility	**868**	81	**818**	-
Paid during the year	**(9,618)**	(6,047)	**(9,046)**	(5,612)
At 30 June	**962**	709	**884**	590

Deferred tax asset

Deferred tax assets and liabilities are offset when they relate to the same fiscal authority. The following balances are shown in the statement of financial position.

Deferred tax asset	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Balance at 1 July	**1,708**	1,899	1,708	1,900
Recognised in profit or loss:				
Release for the year	**887**	(596)	916	(597)
Underprovision in respect of previous year	**231**	-	231	-
Movement recognised in profit or loss	**1,118**	(596)	1,147	(597)
Recognised in other comprehensive income	**160**	405	160	405
At 30 June	2,986	1,708	3,015	1,708

In the prior years, the Group and the Company used to calculate deferred tax on the actual corporate tax rate prevailing in Mauritius which is 15%. 2% CSR should be considered in computing the deferred tax liability. Consequently, deferred tax has been computed at 17% for the current year. Given the impact of the adjustment in tax rate is not material, the directors have accounted for the tax rate differential as an underprovision in respect of previous year in the current financial year and have not considered restatement of prior year's comparative figures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

10. TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Deferred tax asset arises from the following:				
Accelerated capital allowances	**(5,779)**	(4,023)	**(5,750)**	(4,023)
Retirement benefit obligation	**6,345**	4,807	**6,345**	4,807
Provision for bad debts	**2,420**	924	**2,420**	924
	2,986	1,708	**3,015**	1,708

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Tax reconciliation				
Profit before tax	**107,928**	71,092	**75,267**	45,320
Tax at 15%	**16,189**	10,664	**11,290**	6,798
Tax effect of:				
- Corporate social responsibility	**877**	81	**819**	72
- Non taxable income	**(5,736)**	(1,092)	**(5,868)**	(1,235)
- Non deductible expenses	**2,139**	831	**1,950**	756
- Depreciation on assets not eligible for capital allowances	**33**	41	**-**	4
- Under/(over) provision of last year	**341**	9	**341**	-
- Underprovision deferred tax assets in prior year	**(231)**	-	**(231)**	-
- Effect of change in tax rate on deferred tax	**(111)**	-	**(107)**	-
- Share of results if associates	**(4,740)**	(3,692)	**-**	-
	8,761	6,842	**8,194**	6,395

11. INVENTORIES

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Motor vehicles	**233,375**	160,546
Spare parts	**29,164**	26,609
Work in progress	**3,417**	2,597
	265,956	189,752
Goods in transit	**74,515**	130,723
	340,471	320,475

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

11. INVENTORIES (CONT'D)

Included in the above are inventories of motor vehicles, spare parts and work in progress amounting to Rs 34,918,135 (2015: Rs 30,800,634) stated at net realisable value.

Inventories are pledged in respect of the bank facilities granted to the Group and the Company.

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Current:				
Trade receivables (i)	**287,662**	263,849	**287,662**	263,849
Allowance for doubtful debts	**(5,934)**	(5,517)	**(5,934)**	(5,517)
	281,728	258,332	**281,728**	258,332
Other receivables and prepayments	**143,781**	51,616	**140,972**	47,152
	425,509	309,948	**422,700**	305,484
Non Current:				
Loan to associates (i)	**65,000**	-	**65,000**	-
	490,509	309,948	**487,700**	305,484

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

(i) Trade Receivables

The average credit period on sales of goods and services ranges between 1 to 3 months. The Group and the Company recognises impairment loss provisions on a case-to-case basis based on estimated irrecoverability between the carrying amount and expected proceeds from those specific past due trade receivables. Generally, no interest is charged on trade receivables.

Before accepting any new customer, the credit control department of the Group and the Company assesses the credit quality of the customer and defines the terms and credit limit accordingly.

Ageing of past due but not impaired

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
30 - 90 days	**140,002**	88,144	**140,002**	88,144
> 90 days	**143,110**	68,067	**143,110**	68,067
	283,112	156,211	**283,112**	156,211

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

12. TRADE AND OTHER RECEIVABLES (CONT'D)

Movements in the allowance for doubtful debts:

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
At 1 July	**5,517**	7,078	**5,517**	7,078
Additional impairment loss for the year	**558**	811	**558**	811
Impairment losses reversed during the year	**(141)**	(2,372)	**(141)**	(2,372)
At 30 June	**5,934**	5,517	**5,934**	5,517

In determining the recoverability of a trade receivable, the Group and the Company consider any change in the credit quality of the trade receivable from the date the credit was initially granted to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The Group and the Company do not hold any collateral over the impairment losses recognised on trade receivables.

Ageing of all impaired trade receivables

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
30 - 90 days	-	-	-	-
> 90 days	**5,934**	5,517	**5,934**	5,517
	5,934	5,517	**5,934**	5,517

(ii) Loan to associate

Loan to associate is unsecured, bears fixed interest of 6.75% per annum and is fully repayable on 19th December 2018.

Trade and other receivable balances with related parties, including terms and conditions, are disclosed under Note 28: Related party transactions.

13. STATED CAPITAL

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
6,175,680 ordinary shares of Rs 10 each	**61,757**	61,757
Share premium	**147**	147
	61,904	61,904

The fully paid ordinary shares carry one vote per share, right to dividends and entitlement to surplus assets on winding up.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

14. NON-CONTROLLING INTERESTS

	THE GROUP	
	30 June 2016 Rs '000	30 June 2015 Rs '000
At 1 July	8,073	7,996
Share of total comprehensice income for the year	412	529
Dividend paid	(377)	(452)
At 30 June	8,108	8,073

15. LOANS

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Non-Current		
Bank and other borrowings (Note a)	156,212	180,564
Unsecured notes (Note b)	200,000	-
Loan origination costs	(2,150)	-
Amortisation of loan origination costs	309	-
	198,159	-
	354,371	180,564
Current		
Bank and other borrowings (Note a)	394,467	307,925
	748,838	488,489
Repayable within one year		
Loan repayable with interest ranging between 4.60% - 7.40% p.a	394,467	307,925
Repayable between two to five years		
Loan repayable with interest ranging between 4.60% - 7.40% p.a	307,849	77,170
Repayable after five years		
Loan repayable with interest ranging between 4.60% - 7.40% p.a	46,522	103,394
	354,371	180,564
	748,838	488,489

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

15. LOANS (CONT'D)

a) The banks and other borrowings are secured by fixed and floating charges on movable and immovable propertes (including land and buildings and quoted shares) of the Group and the Company's assets and are repayable by monthly, half yearly and yearly instalments.

b) In January 2016, the Company issued a first tranche of fixed rate unsecured and subordinated notes (the 'Notes') for an aggregate nominal amount of MUR 200M under a MUR 300M Notes Programme. The notes of MUR 25,000 each are listed on the Development Enterprise Market and carry a fixed rate of 6% per annum. The principal amount is fully repayable on 14 January 2019 and interest is payable annually.

16. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP AND THE COMPANY			
	Minimum lease payment		Present value of minimum lease payments	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Amount payable under finance leases:				
Within one year	**1,965**	1,660	**1,752**	1,328
In the second to fifth years inclusive	**3,576**	3,592	**3,073**	3,153
	5,541	5,252	**4,825**	4,481
Less: future finance charges	**(716)**	(771)	**-**	-
Present value of the lease obligation	**4,825**	4,481	**4,825**	4,481

Finance leases relate to motor vehicles with lease term of 5 years. The Group and the Company have an option to purchase the assets for a nominal amount at the conclusion of the lease arrangements. The Group and the Company's obligation under finance lease are secured by the lessor's title to the assets.

Interest rate underlying all obligations under finance lease are fixed at respective contract dates ranging from 7.5% to 10.77% p.a. (2015: 7.50% to 10.77%).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

17. RETIREMENT BENEFITS OBLIGATIONS

Amount recognised in statement of financial position

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Defined benefit plan (Note a)	**16,258**	14,052
Other Retirement benefits (Note b)	**21,068**	17,995
	37,326	32,047

(a) Defined benefit plan

The pension plan is a final salary defined benefit plan for employees and is wholly funded. The assets of the plan are held and administered by the Swan Life Ltd. The plan provides for a pension at retirement and a benefit in death or disablement in service before retirement.

The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Present value of funded defined benefit obligation	**28,245**	25,690
Fair value of planned assets	**(11,987)**	(11,638)
	16,258	**14,052**

Amount recognised in statement of profit or loss and other comprehensive income

Pension expense components	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Current service cost	**1,524**	1,281
Cost of insuring risk benefits	**-**	556
Net interest Cost	**998**	849
Net periodic pension cost per IAS19	**2,522**	2,686

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

17. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

Movement in liability recognised in the statement of financial position was as follows:

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
At 1 July	14,052	10,705
Total expenses as per above	2,522	2,686
Actuarial (gains)/ losses recognised in other comprehensive income	(317)	2,161
Employer contributions	-	(1,500)
	2,205	3,347
At 30 June	16,258	14,052

Movement in the present value of the defined benefit obligation was as follows:

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
At 1 July	25,690	21,087
Current service cost	1,524	1,281
Interest cost	1,784	1,629
Actuarial losses/ (gains)	(753)	1,693
At 30 June	28,245	25,690

Movement in the present value of the plan assets was as follows:

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
At 1 July	11,638	10,382
Expected return on plan assets	786	779
Actuarial losses	(436)	(467)
Cost of insuring risk benefits	-	(556)
Contributions from the employer	-	1,500
At 30 June	11,988	11,638

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

17. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

Analysis of amount recognised in Other Comprehensive Income

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Losses on pension scheme assets	**436**	467
Experience (gains)/ losses on the liabilities	**(753)**	779
Changes in assumptions underlying the present value of the scheme	**-**	915
Actual (gains)/ losses recognised in other comprehensive income	**(317)**	2,161

Cumulative actuarial losses recognised

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Cumulative actuarial losses at start of year	**7,712**	5,551
Actuarial losses recognised this year	**(316)**	2,161
Cumulative actuarial losses at end of year	**7,396**	7,712

Amounts for the current and previous periods

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Defined benefit obligation	**(28,245)**	(25,690)
Plan assets	**11,987**	11,638
Deficit	**(16,258)**	(14,052)
Experience losses on plan liabilities	**(753)**	(1,693)
Experience losses on plan assets	**(436)**	(467)

The assets of the pension plan consists of a number of 'Deferred Annuity (DA) Policies'. For each member, a set of DA policies will mature at his normal retirement date, and the maturity proceeds should be sufficient to buy the pension promised. Since the value of the plan assets cannot be split into different categories such as equities, fixed interest, etc., it has therefore been categorised as 'qualifying insurance policy' with a notional value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

17. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

Risks associated with the Plan

The Defined Benefit Plan exposes the Group and the Company to actuarial risks such as longevity risk, interest rate risk, market (investment) risk and salary risk.

- Longevity risk:-The liabilities disclosed are based on the mortality tables A67/70 and Swan buyout rates. Should the experience of the pension plan be less favourable than the mortality tables, the liabilities will increase.

- Interest rate risk :-If the bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.

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

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

Sensitivity analysis

Significant actuarial assumptions for the determination of defined obligation are discount rate and future long-term salary assumptions. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs
Decrease in defined benefit obligation due to 1% increase in discount rate	**2,337**	2,276
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**2,563**	2,337

The sensitivity analysis above has been determined based on sensibly possible change of the discount rate occurring at the end of the reporting period if all other assumptions remained unchanged.

The weighted duration of the liabilities as at 30 June 2016 is 9 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

17. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

Sensitivity analysis (Cont'd)

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Expected employer contributions for next financial year	**3,000**	3,000

The principal accounting assumption used for accounting purposes were:

	THE GROUP AND THE COMPANY	
	30 June 2016 %	30 June 2015 %
Discount rate	**6.50**	6.75
Future long-term salary increase	**4.50**	4.75
Future guaranteed pension increase	**0.00**	0.00
Post retirement mortality tables increases	**Swan Current Annuity rates**	Swan Current Annuity rates

Actual return on plan assets:

The notional return on plan assets was Rs 349,128 for the year ended 30 June 2016 (2015: Rs 311,461).

The retirement benefit obligation reporting figures have been based on the latest actuarial report dated 21 September 2016 issued by the Swan Life Ltd.

(b) Other retirement benefits

Other retirement benefits relates to unfunded obligation in respect to The Employment Rights Act 2008 gratuities. The unfunded retirement obligation provides for lump sum based on company service and final salary to be paid at retirement.

Amount recognised in statement of financial position:

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Present value of obligations	**21,068**	17,995

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

17. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

Amount recognised in statement of profit or loss and other comprehensive income:

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Components of amount expensed:		
Current service cost	1,903	1,676
Net interest cost	1,218	1,119
Past service cost	(717)	674
Curtailment / settlement gain	(591)	(646)
Net cost for the year recognised in profit or loss	1,813	2,823
Re-measurement recognised in Other Comprehensive Income	1,260	541
Net cost for year	3,073	3,364

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Net interest cost for the year :		
Interest on obligations	1,218	1,119
Re-measurement recognised in Other Comprehensive Income for year:		
Actuarial losses on the obligations	(1,260)	(541)
Changes in the present value of the obligation		
At 1 July	17,995	14,631
Interest cost	1,218	1,119
Current service cost	1,903	1,676
Past service cost	(717)	674
Curtailment / settlement gain	(591)	(646)
Expected obligation at end of year	19,808	17,454
Re-measurement recognised in Other Comprehensive Income at end of year	1,260	541
Present value of obligation at end of year	21,068	17,995

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

17. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

Amount recognised in statement of profit or loss and other comprehensive income:

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Principal actuarial assumptions at end of period:		
Normal retirement age	**65**	65
Discount rate	**7.00%**	7.00%
Expected rate of return on plan assets	**0.00%**	0.00%
Future salary increases	**5.00%**	5.00%
Future pension increases	**0.00%**	0.00%
Future NPF salary increases	**0.00%**	0.00%
Deferred pension increases	**0.00%**	0.00%
Annual proportion of employees leaving service	**5% up to age 40, decreasing to 0% at 45%**	5% up to age 45, decreasing to 0% at 45%
Actuarial table for employee mortality	**PMA92_PFA92**	PMA92_PFA92

Sensitivity

Significant actuarial assumptions for the determination of defined obligation are discount rate and future long-term salary assumptions. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Effect on present value of funded obligations:		
1% increase in discount rate	**16,640**	13,307
1% decrease in discount rate	**29,986**	24,022
1% increase in salaries	**29,137**	23,421
1% decrease in salaries	**17,226**	13,743
Effect of changing longevity - rate up	**22,136**	17,761
Effect of changing longevity - rate down	**22,743**	18,214

The average duration of the retirement benefits at 30 June 2016 is 19.68 years (2015: 20.71 years). This can be analysed a follows:

- Members: 13.76 years (2015: 12.64 years)

- Non-members: 20.29 years (2015: 21.42 years)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

17. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(c) State pension plan

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
National pension scheme contribution charges	**6,794**	5,405

18. BANK OVERDRAFTS

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

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Trade payables	**43,071**	33,506	**43,071**	33,506
Other payables and accruals (see note (i))	**96,333**	98,180	**96,039**	97,823
	139,404	131,686	**139,110**	131,329
Repayable within 1 Year	**139,404**	116,686	**139,110**	116,329
Repayable between two to five years	-	15,000	-	15,000
	139,404	131,686	**139,110**	131,329

The average credit period of trade payables is 1 to 3 months. No interest is charged on trade payables. The Group and the Company have financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Other payables and accruals include an unsecured, interest free amount of Rs 15,000,000 which is repayable on 23rd December 2016 and has been reclassified as current liabilities.

Trade and other payable balances to related parties, including terms and conditions, are disclosed under Note 28: Related party transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

20. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging / (crediting) the following items:

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Cost of operations	**1,525,824**	1,436,024	**1,525,824**	1,436,024
Depreciation of property and equipment	**22,708**	21,990	**22,400**	21,750
Amortisation of intangible assets	**404**	593	**404**	593
Selling and marketing costs	**116,818**	106,738	**116,818**	106,738
Administrative costs	**107,197**	92,487	**108,861**	90,714
Other operating costs	**27,599**	22,818	**27,599**	22,818
Gain on forward contracts	**(3,366)**	-	**(3,366)**	-
Net exchange gain	**(10,712)**	(14,078)	**(10,712)**	(17,698)
Other income	**(58,543)**	(22,204)	**(58,009)**	(22,017)
Included in cost of operations:				
Cost of inventories expensed	**1,422,671**	1,339,725	**1,422,671**	1,339,725
Included in other income				
Interest receivable	**(9,275)**	(3,666)	**(9,044)**	(3,228)
Rental income	**(5,417)**	(5,892)	**(4,008)**	(4,915)
Sundry income	**(5,611)**	(4,682)	**(5,839)**	(4,856)
Profit on disposal of property and equipment	**(848)**	(934)	**(848)**	(934)
Profit on disposal of other investments	**(24,188)**	(84)	**(24,188)**	(84)
Dividend received	**(13,204)**	(6,946)	**(14,082)**	(8,000)
	(58,543)	(22,204)	**(58,009)**	(22,017)
Staff costs	**202,921**	178,360	**202,921**	178,360
Included in administrative costs				
Impairment loss on other investments	**2,434**	701	**1,234**	219
Investment written off	**116**	-	**116**	-
Impairment loss on trade receivables	**558**	811	**558**	811
Reversal of impairment loss on trade receivables	**(141)**	(2,372)	**(141)**	(2,372)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

21. FINANCE COSTS

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Interest on:				
- Bank and other borrowings	**28,906**	15,472	**29,988**	16,481
- Bills payable	**8,872**	10,830	**8,872**	10,830
- Finance lease	**443**	391	**443**	391
- Bank overdrafts	**8,463**	6,269	**7,686**	5,490
	46,684	32,962	**46,989**	33,192

22. EARNINGS PER SHARE

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

	THE GROUP	
	30 June 2016	30 June 2015
Profit for the year attributable to owners of the Company (Rs '000)	**98,755**	63,721
Number of ordinary shares	**6,175,680**	6,175,680
Earnings per share (Rs)	**15.99**	10.32

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

23. PURCHASE OF PROPERTY AND EQUIPMENT

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Purchase of property and equipment	**25,558**	99,440	**24,886**	99,440
Financed as follows:				
Finance leases	**1,843**	2,311	**1,844**	2,311
Deferred consideration	-	35,000	-	35,000
Cash disbursed	**23,715**	62,129	**23,042**	62,129
	25,558	**99,440**	**24,886**	**99,440**

During the financial year ended 30 June 2016, the Group and the Company have made a cash disbursement in respect of the deferred consideration in 2015 amounting to Rs 20,000,000 reducing its liability to Rs 15,000,000 (as disclosed under Note 19 : Trade and other payables).

24. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Cash at bank and in hand	**132,997**	59,033	**132,997**	59,033
Bank Overdrafts	**(149,715)**	(116,645)	**(138,821)**	(105,717)
	(16,718)	(57,612)	**(5,824)**	**(46,684)**

25. OTHER FINANCIAL ASSETS

The Group and the Company engages into forward exchange contracts with a view to hedge its exposure to movements in foreign exchange rate relating to its imports denominated in foreign currencies.

The following table details the forward foreign currency contracts outstanding at reporting date:-

	Average exchange rate Rs	Foreign Currency ZAR '000	Notional value Rs '000	Currency Derivative Rs '000
Foreign exchange contracts ZAR : MUR	**2.54**	13,000	**29,004**	3,366

The above forward exchange contracts are classified under Level 2 of the fair value hierarchy.

At 30 June 2015, the fair value of the forward foreign exchange contracts had not been recognised as the directors considered that the aggregate amount of gains/losses under forward exchange contracts was immaterial.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

26. DIVIDEND

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Dividend paid of Rs 1.50 per share (2015: Rs 1.20 per share)	**9,641**	7,864	**9,264**	7,413

At a Board Meeting on 27 September 2016, the directors declared a final dividend of Rs 2.25 (2015: Rs 1.50) per share in respect of the year ended 30 June 2016.

27. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Contingent liabilities	**106,569**	136,199	**97,123**	126,753
Group's share of associates' contingent liabilities	**155,041**	120,002	**-**	-

There are contingent liabilities not provided for in these financial statements, in respect of guarantees given to third parties. The directors consider that no liabilities will arise as the probability for default in respect of the guarantee is remote.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

28. RELATED PARTY TRANSACTIONS

During the year then following significant transactions were carried out at arm's length with related parties :-

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Transactions during the year				
Subsidiary				
Rendering of services	-	-	228	174
Receipts of goods and services	-	-	3,062	2,814
Interest expense on advances	-	-	1,082	1,008
Dividend received	-	-	878	1,054
Advances received	-	-	4,000	1,500
Advances repaid	-	-	1,500	1,000
Associates				
Rendering of goods and services	41,361	37,383	41,287	37,383
Receipts of goods and services	44,139	30,288	44,139	30,288
Dividend received	3,069	1,589	3,069	1,589
Advances granted	147,993	45,199	146,987	45,199
Advances repaid	52,141	30,379	52,141	30,379
Loan received	75,000	25,000	75,000	25,000
Loan repaid	55,000	25,000	55,000	25,000
Leases received	1,840	2,310	1,840	2,310
Leases repaid	1,381	1,017	1,381	1,017
Purchase of investments	6,578	600	6,578	600
Issue of unsecured notes	2,875	-	2,875	-
Interest paid	3,367	987	3,367	987
Interest received	6,097	1,734	6,097	1,734

Investment activities with associates have been disclosed in notes 8.

Enterprises that have a number of key management / directors in common				
Rendering of goods and services	51,870	36,441	51,312	36,441
Receipts of goods and services	75,250	112,480	75,250	112,480
Dividend received	651	-	651	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

28. RELATED PARTY TRANSACTIONS (CONT'D)

During the year then following significant transactions were carried out at arm's length with related parties :-

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Transactions during the year				
Advances granted	**73,855**	26,035	**72,753**	26,035
Advances repaid	**24,923**	28,735	**22,815**	28,735
Loan received	**2,000**	5,000	**2,000**	5,000
Loan repaid	**9,500**	8,000	**9,500**	8,000
Issue of unsecured notes	**3,000**	-	**3,000**	-
Interest paid	**1,076**	2,723	**1,076**	2,723
Interest received	**2,722**	1,599	**2,722**	1,599
Purchase of other investments	**11,836**	2,277	**11,836**	2,277
Transactions with key management personnel				
Issue of unsecured notes	**17,175**	-	**17,175**	-
Outstanding balances with related parties				
Associates				
Receivables	**27,884**	15,948	**27,884**	15,795
Payables	**10,883**	4,969	**10,883**	4,969
Enterprises that have a number of key management / directors in common				
Receivables	**44,617**	34,863	**44,617**	34,863
Payables	**10,377**	1,107	**10,377**	1,107
Outstanding advances with related parties				
Advances from related parties				
Subsidiary	**-**	-	**15,500**	13,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

28. RELATED PARTY TRANSACTIONS (CONT'D)

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Outstanding balances with related parties				
Advances to related parties				
Associates				
Repayable within one year	**52,998**	23,152	**52,998**	23,152
Repayable between two to five years	**65,000**	-	**65,000**	-
Enterprises that have a number of key management / directors in common	**63,977**	14,624	**63,977**	14,624
Bank Balances				
Associate	**(30,098)**	812	**(30,098)**	812
Bank and other borrowings				
Associates	**24,794**	-	**24,794**	-
Loans				
Enterprises that have a number of key management / directors in common	**12,500**	20,000	**12,500**	20,000
Obligation under finance lease				
Associates	**4,342**	3,884	**4,342**	3,884

The amounts outstanding are unsecured, with no repayment terms and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

Advances from and to related parties (including the amount due to/by subsidiaries) bears an average interest rate of 5.5% - 8.0% per annum (2015: 5.5% - 8.5%). Amount due from related parties bears interest at 7.25% - 8.15% (2015: 7.83% - 8.15%). These balances are unsecured and do not have any fixed terms of repayment.

Compensation of key management personnel:

The remuneration of directors and other members of key management during the year was as follows:

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Short term benefits	**72,974**	62,250

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

29. FINA NCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2015.

The Capital structure of the Group consists of debt, net of cash and cash equivalents and equity attributable to equity holder of the parent comprising issued capital , reserves and retained earnings.

Gearing ratio

The gearing ratio at the year end was as follows:

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Debt	**903,378**	609,614	**907,984**	611,686
Cash in hand and at bank	**(132,997)**	(59,033)	**(132,997)**	(59,033)
Net debt	**770,381**	550,581	**774,987**	552,653
Equity	**629,491**	550,846	**487,869**	451,649
Net Debt to equity ratio	**1.22**	1.00	**1.59**	1.22

(i) Debt is defined as long and short-term borrowings as described in notes 15, 16, 18 and 28

(ii) Equity includes all capital and reserves of the Group and the Company.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

29. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Financial assets				
Loan and receivables (including cash and cash equivalents)	**605,741**	361,689	**603,051**	357,225
Derivative financial assets	**3,366**	-	**3,366**	-
Available for sale financial assets	**120,207**	138,969	**120,207**	138,969
Other equity investments	**41,368**	32,135	**35,493**	25,060
	770,682	532,793	**762,117**	521,254
Financial Liabilities				
Amortised cost	**1,160,119**	850,811	**1,164,454**	852,611

(i) Financial assets exclude the following:

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Prepayments	**17,542**	5,981	**17,542**	5,981
Income taxes withheld under tax deduction at source	**223**	1,311	**104**	1,311
	17,765	7,292	**17,646**	7,292

(ii) Financial liabilities exclude the following:

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Valued-added tax	**6,567**	5,234	**6,551**	5,150
Advances from customers	**16,765**	19,760	**16,765**	19,760
National Pension Funds/Income taxes retained	**1,672**	1,398	**1,672**	1,398
Tax deduction at source	**49**	40	**42**	40
	25,053	26,432	**25,030**	26,348

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management

Market risk

The Group and the Company's activities expose them primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group and the Company manage their exposure to interest rate and foreign currency risk by use of a proper mix in fixed and floating rate borrowings and use of natural hedging and monitoring of forward exchange rates respectively.

Foreign currency risk management

The Group and the Company undertake certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arises.

The currency profile of the financial assets and financial liabilities is summarised as follows:

	THE GROUP		THE COMPANY	
	Financial Assets Rs '000	Financial Liabilities Rs '000	Financial Assets Rs '000	Financial Liabilities Rs '000
30 June 2016				
Currency				
Mauritian Rupee	657,204	931,394	648,638	935,730
US Dollar	101,582	10,262	101,582	10,262
South African Rand	4,990	84,452	4,990	84,452
Japanese Yen	40	111,446	40	111,446
Euro	6,847	22,224	6,847	22,224
Great Britain Pound	19	214	20	214
Singapore Dollar	-	127	-	126
	770,682	1,160,119	762,117	1,164,454

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Foreign currency risk management (Cont'd)

	THE GROUP		THE COMPANY	
	Financial Assets Rs '000	Financial Liabilities Rs '000	Financial Assets Rs '000	Financial Liabilities Rs '000
30 June 2015				
Currency				
Mauritian Rupee	**497,063**	669,236	**485,524**	671,036
US Dollar	**20,263**	25,937	**20,263**	25,937
South African Rand	**7,318**	28,086	**7,318**	28,086
Japanese Yen	**1,190**	50,130	**1,190**	50,130
Euro	**6,959**	77,392	**6,959**	77,392
Singapore Dollar	**-**	30	**-**	30
	532,793	850,8111	**521,254**	852,611

The Group and the Company are exposed to Japanese Yen, US Dollar, South African Rand, Euro, Great Britain Pound and Singapore Dollar.

The following table details the Group and the Company's sensitivity to a 5% increase and decrease in the Rupee against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the Rupee strengthens 5% against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
US DOLLAR IMPACT				
Profit or loss	**4,566**	(284)	**4,566**	(284)
JAPANESE YEN IMPACT				
Profit or loss	**(5,570)**	(2,447)	**(5,570)**	(2,447)
SOUTH AFRICAN RAND IMPACT				
Profit or loss	**(3,973)**	(1,038)	**(3,973)**	(1,038)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Foreign currency risk management (Cont'd)

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
EURO IMPACT				
Profit or loss	**(769)**	(3,522)	**(769)**	(3,522)
GREAT BRITAIN POUND IMPACT				
Profit or loss	**(10)**	-	**(10)**	-
SINGAPORE DOLLAR IMPACT				
Profit or loss	**(6)**	(1)	**(6)**	(1)

Currency derivatives - forward foreign exchange contracts

It is the Group's policy to enter into forward foreign exchange contracts to cover specific foreign currency payments. The Group enters into forward exchange contracts to merge the risks associated with purchase transactions. The Group is a party to a variety of foreign currency contracts in the management of its exchange rate exposures. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The instruments purchased are primarily denominated in the currency of the Group's principal market.

		%	Effects on Profit	Effects on equity
Exposure on foreign exchange effects on Forward exchange contracts	ZAR: MUR	5%	(168)	(168)
Exposure on foreign exchange effects on Forward exchange contracts	ZAR: MUR	5%	168	168

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

29. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk management (Cont'd)

Currency derivatives - forward foreign exchange contracts (Cont'd)

Interest rate risk management

The Group and the Company are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates.
The interest rate profile of the Group and the Company at 30 June 2016 was:

Financial Assets

	THE GROUP AND THE COMPANY			
	30 June 2016 Floating Rate %	30 June 2015 Fixed Rate %	30 June 2016 Floating Rate %	30 June 2015 Fixed Rate %
Financial Assets				
Currency				
Mauritian Rupee	**5.50 - 8.50**	5.50 - 8.50	**5.50 - 8.50**	5.50 - 8.50
Financial Liabilities				
Currency				
Mauritian Rupee	**5.50 - 8.50**	5.50 - 8.50	**5.50 - 8.50**	5.50 - 8.50
Others	**3.11-4.49**	3.11-4.65	**3.11-4.49**	3.11-4.65

The above comprise mainly of loans, import loans, lease contracts and bank overdrafts. The fixed rates financial liabilities comprise of leases contracts bearing interest rates fixed in advance up last repayment of instalments. The floating rates financial liabilities are bank overdrafts, loans and import loans bearing varying interest rates which are pegged.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to the interest rates at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

If interest rates had been 50 basis points higher, the effect on the Group and the Company's profit would have been as follows:

	THE GROUP		THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000	30 June 2016 Rs '000	30 June 2015 Rs '000
Loss	**(3,731)**	(2,842)	**(3,677)**	(2,852)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

29. FINANCIAL INSTRUMENTS (CONT'D)

Other price risk

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

The sensitivity analyses below have been determined based on the exposure to equity price risks of quoted investments at the reporting date.

If equity prices had been 5% higher/lower:

Profit for the year ended 30 June 2016 and 30 June 2015 would have been unaffected as the quoted equity investments are classified as available for sale; and

Other equity reserves would increase/decrease by Rs 6,010,350 (2015: Rs 6,948,473) for the Group and the Company as a result of the changes in fair value for quoted available-for-sale shares.

The Group and the Company's sensitivity to equity prices have changed significantly due to quoted investments acquired during the year.

The directors have considered that its exposure to price risks on profit for the year and other equity reserves, arising from unquoted equity investments, to be immaterial.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group and the Company use publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

The Group and the Company do not have any significant credit risk exposure to any single counterparty or any group of counterparty having similar characteristics. The Group and the Company define counterparties as having similar characteristics if they are related entities.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group and the Company's maximum exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

29. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who monitors the Group and the Company's short, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Group and the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows.

		THE GROUP			
	Interest Rate Range	Less than 1 year Rs '000	1 - 5 years Rs '000	5 + years Rs '000	Total Rs '000
30 June 2016					
Non-interest bearing	N/A	256,469	-	-	256,469
Finance lease liability	7.50% - 10.77%	1,965	3,576	-	5,541
Fixed interest bearing	6.00%	12,000	224,000	-	236,000
Variable interest rate instruments	4.60%-8.00%	582,456	112,670	97,155	792,281
		852,890	340,246	97,155	1,290,291
30 June 2015					
Non-interest bearing	N/A	227,998	15,000	-	242,998
Finance lease liability	7.50% - 10.77%	1,660	3,592	-	5,252
Variable interest rate instruments	4.60%-8.00%	461,468	124,530	120,513	706,511
		691,126	143,122	120,513	954,761

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Liquidity and interest risk tables (Cont'd)

	THE COMPANY				
	Interest Rate Range	Less than 1 year Rs '000	1 - 5 years Rs '000	5 + years Rs '000	Total Rs '000
30 June 2016					
Non-interest bearing	N/A	256,469	-	-	256,469
Finance lease liability	7.50% - 10.77%	1,965	3,576	-	5,541
Fixed interest bearing	6.00%	12,000	224,000	-	236,000
Variable interest rate instruments	4.60%-8.00%	586,763	112,670	97,155	796,598
		857,197	340,246	97,155	1,294,598
30 June 2015					
Non-interest bearing	N/A	226,197	15,000	-	241,197
Finance lease liability	7.50% - 10.77%	1,660	3,592	-	5,252
Variable interest rate instruments	4.60%-8.00%	463,572	124,530	120,513	708,615
		691,429	143,122	120,513	955,064

Fair value of financial instruments

Except as stated elsewhere, the directors consider that the carrying amounts of financial assets and financial liabilities to approximate their fair values due to their short-term nature.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequently to initial recognition at fair value.

	THE GROUP		THE COMPANY	
	30 June 2016 Level 1 Rs '000	30 June 2015 Level 1 Rs '000	30 June 2016 Level 1 Rs '000	30 June 2015 Level 1 Rs '000
Financial assets				
Other investments :				
Available-for-sale quoted financial assets	120,208	138,970	120,208	138,970

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

29. FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (Cont'd)

	THE GROUP			
	30 June 2016 Level 3 Rs '000	30 June 2015 Level 3 Rs '000	30 June 2016 Level 3 Rs '000	30 June 2015 Level 3 Rs '000
Financial assets				
Unquoted equity investments	**474**	522	**474**	522

Included within the closing balance of unquoted equity investments is an amount Rs 474,213 (2015 : Rs 521,916) held in a fund, who operates an open ended collective investment scheme, for which the NAV is used as a benchmark to determine the fair value of the investments.

THE GROUP

30 June 2016

	Derivative financial assets Rs '000	Available-for-sale quoted investments Rs '000	Unquoted equity investments Rs '000	Loans and receivables (including cash and cash equivalents) Rs '000
Interest income	-	-	-	9,275
Dividend income	-	6,680	3,696	-
Interest expenses	-	-	-	46,684
Impairment losses	-	-	2,434	558
Unrealised losses on revaluation	-	20,753	54	-

30 June 2015

	Derivative financial assets Rs '000	Available-for-sale quoted investments Rs '000	Unquoted equity investments Rs '000	Loans and receivables (including cash and cash equivalents) Rs '000
Net realised gains on disposal	-	84	-	-
Interest income	-	-	-	3,666
Dividend income	-	2,949	3,829	-
Interest expenses	-	-	-	32,962
Impairment losses	-	-	701	811
Unrealised losses on revaluation	-	20,442	6	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

29. FINANCIAL INSTRUMENTS (CONT'D)

THE COMPANY

30 June 2016

	Derivative financial assets Rs '000	Available-for-sale quoted investments Rs '000	Unquoted equity investments Rs '000	Loans and receivables (including cash and cash equivalents) Rs '000
Interest income	-	-	-	9,044
Dividend income	-	6,680	3,696	
Interest expenses	-	-	-	46,989
Impairment losses	-	-	1,466	558
Unrealised losses on revaluation	-	20,753	54	-

30 June 2015

	Derivative financial assets Rs '000	Available-for-sale quoted investments Rs '000	Unquoted equity investments Rs '000	Loans and receivables (including cash and cash equivalents) Rs '000
Net realised gains on disposal	-	84	-	-
Interest income	-	-	-	3,228
Dividend income	-	2,949	3,828	-
Interest expenses	-	-	-	33,192
Impairment losses	-	-	219	811
Unrealised gain on revaluation	-	20,442	6	-

30. OPERATING LEASE ARRANGEMENTS

Leasing arrangements

THE GROUP AS LESSEE

Operating leases relate to lease of land and buildings with lease terms ranging from 3 - 60 years with an option to renew and operating lease arrangements up to five years on motor vehicles.

The Group does not have an option to purchase the leased assets at the expiry of the lease period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

30. OPERATING LEASE ARRANGEMENTS

Leasing arrangements (Cont'd)

THE GROUP AS LESSEE (Cont'd)

	30 June 2016 Rs '000	30 June 2015 Rs '000
Payments recognised as expense:		
Minimum lease payments	13,697	9,278
Non-cancellable operating lease commitments		
Payable in next twelve months	11,020	8,402
Payable 2 - 5 years	20,818	18,127
Payable thereafter	87,300	86,938
	119,138	113,467

31. COMMITMENTS FOR EXPENDITURE

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Commitments for the acquisition of property and equipment	115,000	35,000

32. SEGMENTAL REPORTING

Primary segment-business

The non automobile segment remains insignificant (i.e. less than 10%) both in terms of revenue and trading results compared to the group. The directors thus consider that there is no relevance in disclosing segmental information at this level.

Secondary segment-business

Since all business activities take place in Mauritius, the directors do not consider this segment as reportable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

33. REVENUE RECOGNITION

The following is an analysis of the Group's revenue for the year from continuing operations (excluding investment revenue)

	THE GROUP AND THE COMPANY	
	30 June 2016 Rs '000	30 June 2015 Rs '000
Revenue from the sale of goods	**1,742,750**	1,634,580
Revenue from rendering of services	**96,647**	83,095
	1,839,397	1,717,675

NOTES

Cautionary Note:

This report contains several forward-looking statements with respect to the financial position and business strategy of ABC MOTORS COMPANY LIMITED. By their very nature, forward-looking statements are based on a number of assumptions and management's current views; thus subject to inherent risks and uncertainties. Hence, there is a significant risk that the statements contained herein may not prove to be accurate.

Readers of this report are thus cautioned not to place undue reliance on the forward-looking statements as numerous factors could cause future results and actions to differ materially from the declarations of future expectations expressed herein. A number of factors ranging from the evolution of the economic and political landscape to technological headway, regulatory developments, interest rate and currency value fluctuations, management actions, level of competition in the local and global industry are bound to influence the future outcomes that relate to forward-looking statements.

ABC MOTORS COMPANY LIMITED does not undertake to update any forward-looking statement that may be made from time to time by the organisation or on its behalf.

ABC MOTORS COMPANY LIMITED

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