ANNUAL REPORT 2017

Together
on the road for 31 YEARS

ABC MOTORS COMPANY LIMITED

NISSAN DATSUN Break Through UD TRUCKS EICHER

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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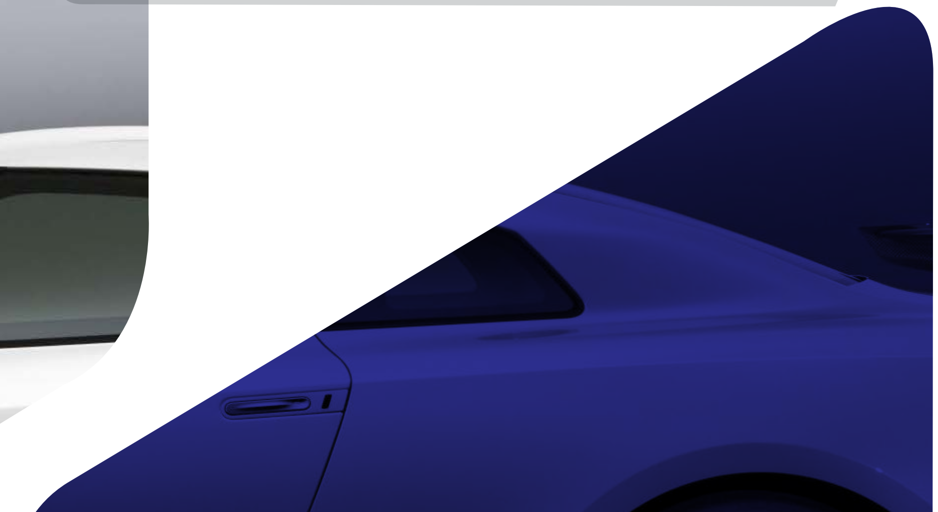


FINANCIAL HIGHLIGHTS

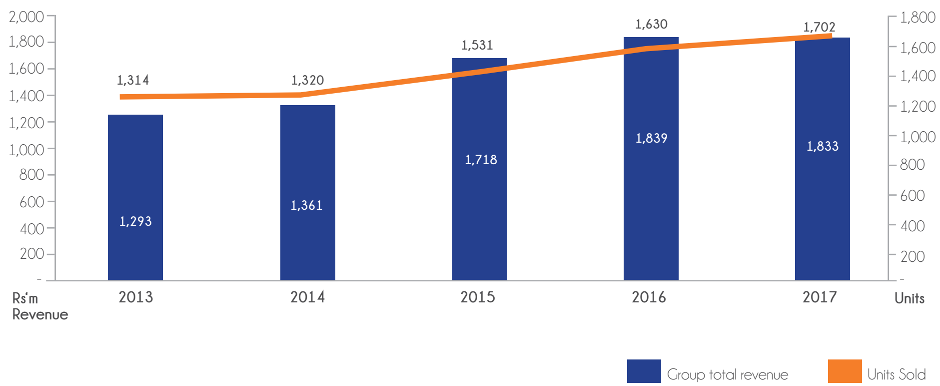
All amounts in million of rupees unless otherwise stated

Financial Highlights	THE GROUP 2017 Rs'M	THE GROUP 2016 (Restated) Rs'M	THE GROUP 2015 (Restated) Rs'M	THE GROUP 2014 Rs'M	THE GROUP 2013 Rs'M	THE COMPANY 2017 Rs'M	THE COMPANY 2016 Rs'M	THE COMPANY 2015 Rs'M	THE COMPANY 2014 Rs'M	THE COMPANY 2013 Rs'M
Total revenue [1]	**1,833**	1,839	1,718	1,361	1,293	**1,833**	1,839	1,718	1,361	1,293
Profit for the year (before taxation)	**112**	106	70	42	38	**78**	75	45	33	38
Total comprehensive income	**121**	87	81	46	31	**69**	45	57	32	33
Total Equity	**720**	623	545	477	441	**534**	488	452	402	380

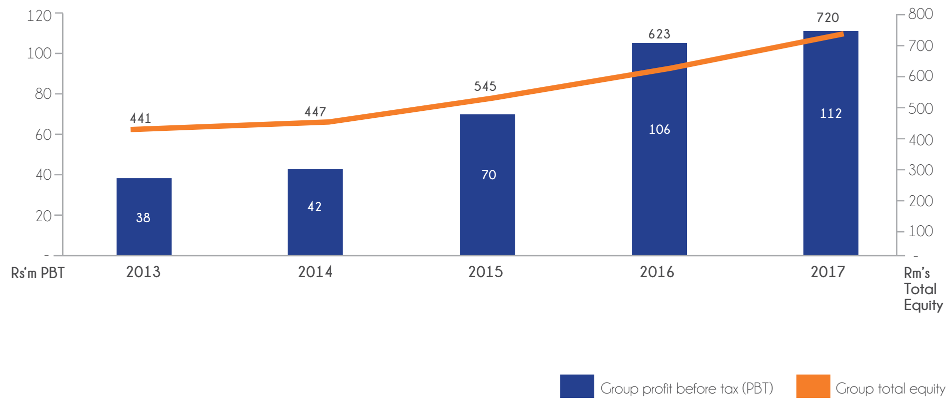
[1]Despite an increase in number of units by 72 to reach 1,702 units (2016: 1,630 units). The Group's total revenue for 2017 has decreased by 0.4% which is mainly attributable to a change in sales mix for vehicles sold. However revenue from our after sales activities have increased by 18.8%.

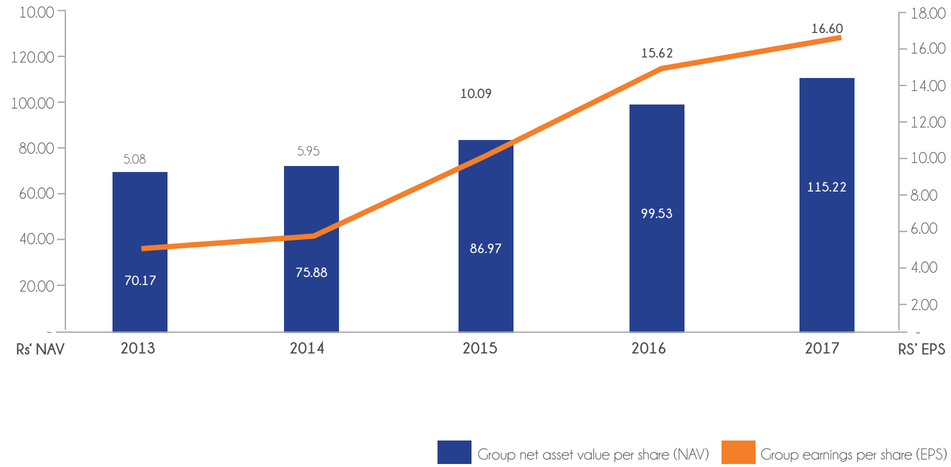
Group Performance Measures	2017 Rs'M	2016 (Restated) Rs'M	2015 (Restated) Rs'M	2014 Rs'M	2013 Rs'M
Earnings per share (Rs)	**16.60**	15.62	10.09	5.95	5.08
Final dividend declared per share (Rs)	**1.00**	2.25	1.50	1.20	1.70
Interim dividend declared per share (Rs)	**1.50**	-	-	-	-
Net assets value per share (Rs)	**115.22**	99.53	86.97	75.88	70.17
Net Debt to equity ratio*	**1.09**	1.24	1.01	0.62	0.56
Stock price - at reporting date (Rs)	**110.00**	85.50	93.00	102.75	140.00

*Net Debt to equity ratio has been calculated by dividing total borrowings net of cash and cash equivalent over total equity.



FINANCIAL HIGHLIGHTS (CONT'D)





DIRECTORS' REPORT

Dear Shareholders,

Financial year 2016/2017 has been a remarkable and unforgettable year for the Group. On the 30 September 2016, ABC MOTORS COMPANY LIMITED (the "Company" or "ABC Motors") celebrated its 31st anniversary at the SVICC (Swami Vivekananda International Convention Centre), followed by an exclusive Motor show event over two days showcasing the different brands represented by the ABC Automobile Division. It was a "Premiere" in Mauritius' Automotive Industry that an Automobile Company had organised its own motor show of such magnitude exclusively with its own brands - Nissan, Infiniti, Datsun, UD Trucks, Eicher Trucks, Porsche, Jeep, Alfa Romeo & Fiat. The public and media were charmed by the ABC way of doing things, and fascinated by how our employees conveyed their passion for the business. This memorable event was simply of international standard. I take this opportunity to thank again our esteemed customers, business partners, principals and employees for their trust, continued support and contribution to our success. Our success is indeed their success.

As announced in the annual report of last year, we were confident to make Nissan regain its No.1 position for the calendar year 2016. I am pleased to inform that the strategies put in place over the last two years worked effectively and Nissan indeed conquered back its No.1 position for the calendar year 2016 by being 220 units ahead of our nearest competitor, making Nissan the brand leader in Mauritius for 17 years since 1996.

In the Heavy Duty Trucks segment, our performance was praised at the UD conference held in South Africa in March of this year and we were awarded the "Best Sales Dealer" for 2016 in the category of African Developing Markets.

The financial year 2016/2017 was marked by the introduction of two new brands in ABC Motors. The iconic Datsun brand has been revived by Nissan through the Datsun Go and now caters for a younger generation of customers. In October 2016, we also launched a new range of Eicher Trucks resulting from the new joint venture between Eicher and Volvo Trucks. This financial year was also marked with the successful implementation of ISO 9001:2015 at our Body & Paint business unit, demonstrating our commitment to bring our level of service to a new dimension. The ISO certification would surely open a window of opportunities to our group and reinforce the trust of our stakeholders towards our people and organisation.

THE MARKET DYNAMICS

The market dynamics of the automobile industry has drastically changed during the calendar year 2016 with a significant growth in the demand for brand new vehicles, especially in the sub compact car segment. The same trend is to be noted for 2017 showing a partial market preference shift from imported pre-owned vehicles to brand new vehicles and increasing market in the sub compact car segment. The main driver of such shift and market dynamics is the suspension of the CO_2 tax in 2016 and change in the calculation of assessed value of imported second hand vehicles. This resulted to more affordable offerings from brand new car dealerships to customers willing to acquire a vehicle within a budget of Rs 400,000.

DIRECTORS' REPORT (CONT'D)

Indeed, the new vehicles market grew by 8.8% for the calendar year 2016 to reach 9,185 units (2015: 8,440 units), whilst the market for imported pre-owned vehicles fell by 1.1% to reach 8,832 units (2015: 8,931 units). As at end of August 2017, the market for new vehicles grew by 24.3% to reach 7,385 units (2016: 5,943 units) whilst the pre-owned market dropped by 8.5% to 5,457 units (2016: 5,961 units), representing a drop of 8.5%.

On our side, the Company has improved its vehicles sales from 1,630 units to 1,702 units, representing a growth of 4% on a year to year basis. This performance has enabled the group to maintain its turnover and profitability nearly to the same level of last year. The Group's profit before tax for the financial year 2017 stood at Rs 111.6 million (2016: Rs 105.6 million). The Group profitability was also positively boosted through better performance of our associates like ABC Banking Corporation Ltd and Stuttgart Motors Ltd.

FUTURE OUTLOOK AND INITIATIVES

The outlook for 2017/2018 looks promising with the economic surge expected from major projects like the Metro Express and Smart cities. These large-scale developments will have multiple effects on the economy with particular boosts to the construction sectors and its ancillary sectors.

Projects of such magnitude would not only boost local employment but would also call for the solicitation of foreign expatriates' expertise and foreign labour. We then expect multiple opportunities for the transportation needs associated to these projects. ABC Motors is ready to tap into these opportunities with its comprehensive range of vehicles brands and model line-ups in all categories, and extensive automobile and mobility related solutions and expertise.

In line with Nissan tag line "Innovation that Excites", 2018 would be an exciting year through the coming of the 2018 Qashqai and X-Trail, much-awaited new Nissan Micra and hopefully the new cross over, Nissan Kicks.

On the Heavy commercial segment, our association with Eicher Trucks will enable us to penetrate a segment in which we were not present for a long time. With the introduction of Eicher Trucks, these budget vehicles have proven to be reliable and well accepted by the market and are proper alternatives to market leaders such as Fuso and Isuzu trucks which are currently leading this segment. Furthermore, we expect a resurge of UD trucks sales performance with the availability of more technologically advanced trucks - the Quester and Quon and the Croner series with integrated telematics technology, and available both in Manual and Automatic versions. So, coupled with the opportunities described earlier, ABC Motors will be well positioned to increase its market position in this segment.

With all the brands under one roof, it is no doubt that we are running out of showroom space. I am pleased to announce that we will soon extend our Showroom facilities of Port-Louis so as to have dedicated showrooms for our premium Infiniti Brand, Nissan and Datsun. Our Fiat Chrysler Automobile (FCA) brands - Jeep, Alfa Romeo, Fiat and Fiat Professional as represented by our associate company, ABC Autotech Ltd which will, on their side, move to the new building as described in our last year annual report. These extension, renovation and new facilities will surely uplift the customer experience, that ABC Automobile Cluster wish to deliver to another heights.

DIRECTORS' REPORT (CONT'D)

Sales of vehicles on its own would be nothing without a strong aftersales facilities and service back up. In that respect, with the successful implementation of ISO at our Body and Paint Shop, the ISO programme will be extended to our two service workshops with the ultimate aim to have all our business units ISO certified in the near future.

Finally, our people are our drive. I take this opportunity to pay tribute for their devotion, attitude and competency in enabling ABC Motors to continually improve its performance and reputation in the automobile industry. Believe me, it is a real pleasure to work with such fantastic management team. That's why we always put emphasis on our unique culture and pay special attention to the motivation, welfare and capacity building of our people. Years ago, we started a Young Professional scheme and Management development programme taking on board graduates from different fields of expertise - Engineering, Operations Management, Finance and Marketing with the long term vision to enrich our organisation with new blood, while always keeping the pace with the new generation and build an organisation structure ready for future challenges. This proves to be an ongoing success that will enable us to fuel our culture of success and live our dream of making "Our people growing with the organisation". Now, we are extending our people development programme to our front-line functions. Since July 2016, we have created a Sales Academy whereby we enrol afresh passionate youngsters in the automobile sector and provide them with a balanced mix of training, development programme coupled with on-the-job experience. The new trainees would be rotated across our different sales department - Passenger, Light Commercial, Duty free and Heavy commercial and the good performers would be eventually recruited at the end of their traineeship. The first batch of trainees is about to complete their traineeship and would soon be confirmed as permanent sales advisors. We are now enrolling our second traineeship batch. In the same line of thinking, our intention for this year is to create also a service advisor academy as well.

We have also recruited recently a full-time Sports and Leisure Officer, whose main task is to promote and coach our staff in different sporting activities. These people centric initiatives are in some way a means of recognition to our people, who I called collaborators for their valued contribution in our sustainable success. Indeed, the power of ABC Motors lies in our PEOPLE.

On that note and on behalf of the Board of Directors and the Executive Management Team, I would like to thank all our customers and stakeholders for their continued support and trust.

Approved by the Board of Directors on 23 October 2017 and signed on its behalf by

Dean Ah-Chuen
Executive Director
23 October 2017

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 sustained growth made it one of the leading business conglomerates in Mauritius. Over more than 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 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 won the Nissan Global Award for 17 years since 1996. The Company won the Best National Sales Company in Africa for 2015 and 2016.

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, the Datsun and Infiniti brands have been added to Nissan's exceptional line-up. ABC Motors also operates as a distributor for Nissan commercial vehicles along with UD Trucks and Eicher, which market heavy duty trucks and buses.

On the strength of 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 by highly trained technicians.

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.

CORPORATE INFORMATION AS AT 30 JUNE 2017

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. Ah-Lan Lam Yan Foon, *Independent Director*
Mr. Kee Koun Tin Kiong Fong, *Independent Director*
Mr. Voon Yue Choon Wan Min Kee, *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

CORPORATE INFORMATION AS AT 30 JUNE 2017 (CONT'D)

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 2017.

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 interests of the Company and consider the interests 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 has been satisfactory.

As at 30 June 2017, the Company's Board comprised of ten members, of whom three were executive directors, four non-executive directors including the Chairman, and three independent directors. During the year under review, upon the recommendation of the Corporate Governance Committee and the Board of Directors, shareholders appointed Mr. Voon Yue Choon Wan Min Kee as an independent director of the Company in replacement of Mr. Sydney Ah Yoong who resigned on 13 July 2016. The profiles of the directors as well as their directorships in other listed companies are set out on pages 30 to 34 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 could impede its effectiveness.

CORPORATE GOVERNANCE REPORT (CONT'D)

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 four times a year and appropriate notice is given to the directors. Detailed agenda, together with management reports and such other relevant papers, are circulated 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 written resolutions, agreed and signed by all the directors. During the year under review, the Board met five times. The attendance of directors is set out on page 18 of this Annual Report.

BOARD COMMITTEES

The Board has set up two 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 accounting standards.

The Committee provides a forum for the discussion of business risks and control issues faced by the Company. Relevant recommendations are thus generated 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 five times.

Members of the Audit and Risk Committee as at 30 June 2017 were:

Chairman: Mr. Ah-Lan Lam Yan Foon
Members: Mr. James Lim Teng Chong
Mr. Voon Yue Choon Wan Min Kee

CORPORATE GOVERNANCE REPORT (CONT'D)

BOARD COMMITTEES (CONT'D)

Corporate Governance Committee

The Corporate Governance Committee has been established by the Board to oversee the application of corporate governance provisions within the organisation and to make such recommendations to the Board as may be required to ensure strict adherence to the National Code of Corporate Governance. Hence 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. It also recommends the Board as regards to 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 satisfactorily.

Members of the Corporate Governance Committee as at 30 June 2017 were:

Chairman: Mr. Voon Yue Choon Wan Min Kee
Members: Mr. Ah-Lan Lam Yan Foon
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)]	1	-	-
AH-CHUEN Donald	3	-	-
AH-CHUEN Vincent	4	-	-
AH-CHUEN Andre Marc	5	-	-
AH-CHUEN Dean	5	-	-
AH-CHUEN David Brian	4	-	-
LAM YAN FOON Ah-Lan	4	4	1
LIM TENG CHONG James	5	5	2
TIN KIONG FONG Kee Koun	5	-	-
WAN MIN KEE Voon Yue Choon	5	5	2
Total Number of Meetings	5	5	2

(1) Mr. David Brian Ah-Chuen acted as the alternate director to Mr. Raymond Ah-Chuen at three board meetings held during the financial year.

CORPORATE GOVERNANCE REPORT (CONT'D)

DIRECTORS' INTERESTS AND DEALINGS IN SHARES

The directors' interests in the capital of the Company as at 30 June 2017, were as follows:

Directors	Direct Shareholding	Indirect Shareholding
AH-CHUEN Raymond	0.26%	0.88%
AH-CHUEN Donald	3.77%	1.39%
AH-CHUEN Vincent	7.48%	3.94%
AH-CHUEN Andre Marc	3.81%	3.54%
AH-CHUEN Dean	1.12%	2.01%
AH-CHUEN David Brian	0.10%	0.07%
LAM YAN FOON Ah-Lan	NIL	NIL
LIM TENG CHONG James	NIL	NIL
TIN KIONG FONG Kee Koun	NIL	NIL
WAN MIN KEE Voon Yue Choon	NIL	NIL

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. For the year under review, none of the directors dealt in the shares of the Company.

DIRECTORS' REMUNERATION

During the financial year ended 30 June 2017, the executive, non-executive and independent directors were entitled to emoluments totalling Rs.20,933,336 (2016: Rs.10,947,476) and Rs.3,295,413 (2016: Rs.2,642,000) respectively.

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

DIRECTORS' SERVICE CONTRACT

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

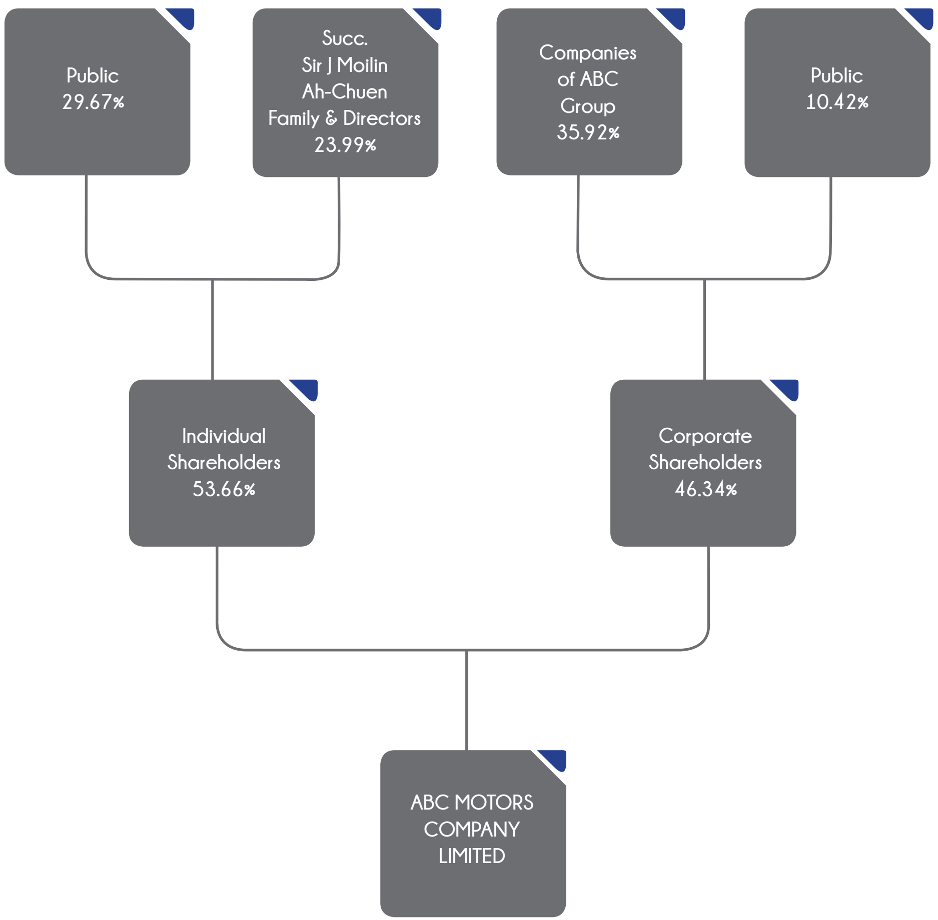
DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

CORPORATE GOVERNANCE REPORT (CONT'D)

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 2017 is illustrated below:



CORPORATE GOVERNANCE REPORT (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

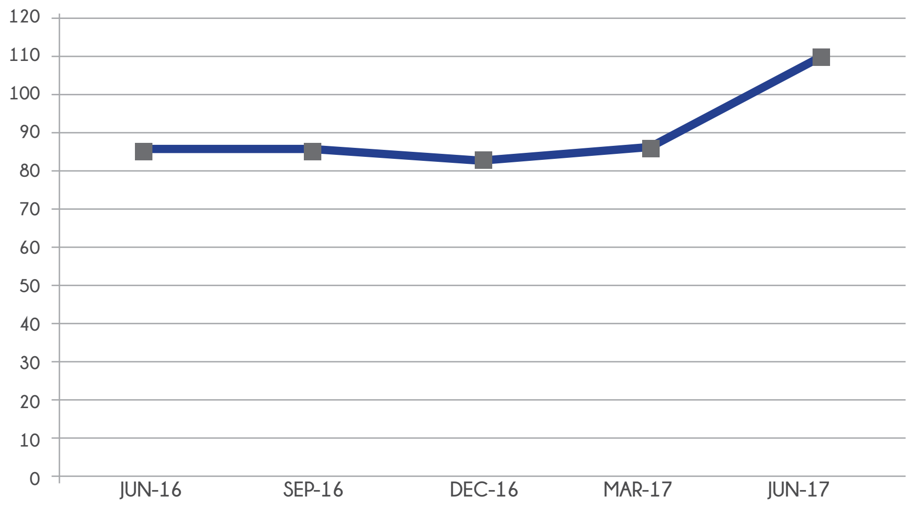
Mr. Vincent Ah-Chuen
Dragon Electronics Ltd
Mr. N.H.K. Ngan Chee Wang
Speedfreight Ltd
Team Investment Limited
Union Shipping Limited

DIVIDEND POLICY

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

CORPORATE GOVERNANCE REPORT (CONT'D)

SHARE PRICE INFORMATION



SHAREHOLDERS' CALENDAR

Payment of Dividend – Financial Year 2017	December 2017
Next Financial Year End	June 2018
Next Annual Report	September 2018
Next Annual Meeting of Shareholders	November 2018

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 pages 104 – 108 Note 28 of the Financial Statements.

CORPORATE GOVERNANCE REPORT (CONT'D)

MATERIAL CLAUSES OF THE CONSTITUTION

The Constitution of the Company conforms to the provisions of the Mauritius 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 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.

RISK MANAGEMENT

Risk Management refers to the process by which the Company identifies, monitors and mitigates its exposure to such risks which may arise from time to time from its business operations and its environment.

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

CORPORATE GOVERNANCE REPORT (CONT'D)

RISK MANAGEMENT (CONT'D)

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:

Risks	Exposure	Risk Management policies
Market risks	Changes in 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"*.

CORPORATE GOVERNANCE REPORT (CONT'D)

RISK MANAGEMENT (CONT'D)

Risks	Exposure	Risk Management policies
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 minimise 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.
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 111 - 118, Note 29 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 on 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.

CORPORATE GOVERNANCE REPORT (CONT'D)

RISK MANAGEMENT (CONT'D)

Risks	Exposure	Risk Management policies
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.
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 the form of hackers both internal and external or computer viruses. The vulnerabilities could be poor IT infrastructure including hardware, weak firewalls, lack of redundant servers and data storage technologies.	The Company promotes a security-conscious culture and has implemented specific IT security policies and procedures which includes IT threat and risk assessment and IT Access Control policies. The Company also regularly evaluates its IT systems and network for threats and vulnerabilities to protect its Information Technology assets and reduce the Company's risk. The Company has also adopted a highly-available IT environment by implementing failover computing equipment for critical systems. A yearly IT audit is also carried out to ensure that all IT security controls are effective and as per industry best practices and recommendations.

CORPORATE GOVERNANCE REPORT (CONT'D)

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 its 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. 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 takes appropriate measures to minimise risks within the workplace. To safeguard employees and to minimise 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're doing.

With a view to 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 performers. The Company also promotes equality and respect towards all of its employees in the workplace.

CORPORATE GOVERNANCE REPORT (CONT'D)

INTEGRATED SUSTAINABILITY REPORTING (CONT'D)

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 an integrated approach in an ever evolving social environment. 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 "the Foundation"), ABC Group's apex body for social and charitable projects.

Named after the founder of ABC Group, the Foundation is a not-for-profit entity that implements the CSR projects of companies of the Group under one common programme.

Since its establishment, the Foundation intervenes in four areas, namely Community Empowerment, Education, Health & Sports and Environment. For 2016, in line with its commitment towards its social partners, the Foundation has disbursed Rs 3 million, which was primarily used to support NGOs and the community.

Community Empowerment

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

In this vein, the Foundation spearheaded the implementation of Caritas Ile Maurice's School Feeding Project, a programme that consists in providing breakfast and lunch to needy students of Emmanuel Anquetil Government School.

In addition, the Foundation in collaboration with the Company raised Rs 333,000 to support three NGOs, namely Breast Cancer Care, Les Amis de Zippy and Centre Joie de Vivre, during a motor fair that was organised to celebrate the ABC Motors' 31st anniversary.

Like every year since the establishment of the Foundation, a Christmas Day was organized with the active participation of employees of the Group in December 2016. The event included a gift distribution for more than one hundred and twenty needy children from the region of Roche Bois, Batterie Cassée and Camp Yoloff.

CORPORATE GOVERNANCE REPORT (CONT'D)

INTEGRATED SUSTAINABILITY REPORTING (CONT'D)

Community Empowerment (Cont'd)

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

Other NGOs that benefitted from the Foundation's support include Atelier Mo'Zar, a music school that aims to help children fight against poverty and exclusion by developing their talent for music, Mouvement pour le Progrès de Roche Bois, an NGO that caters for school drop-outs, and SAFIRE, which aims for the social integration of street-connected children in the region of Roche Bois.

Education

Education is one of the fundamental factors of social and economic integration. During the past year, the Foundation has offered scholarships to youngsters from needy families to help them pursue their studies in universities. Support was also given to College Technique St Gabriel with the objective of offering access to professional courses to needy children, and to Terrain for Interactive Pedagogy Through Arts (TIPA) for its interactive pedagogy programme in ZEP schools.

Health & Sports

Sports encourages social integration and helps the development of values that are essential to the society. In this context, the Foundation contributed towards the Trust Fund For Excellence in Sports and Club Maurice.

In line with its objective of promoting the social integration of people with disabilities, the Foundation has supported, amongst others, the Global Rainbow Foundation through the provision of transport services to people with reduced mobility, and APSA for its awareness campaigns on the prevention of diabetes.

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 had also been a director in other companies such as New Goodwill Ltd, Crystal Textile Co. Ltd and The Mauritius Commercial Bank Limited.

MR. VINCENT AH-CHUEN – MANAGING DIRECTOR

Mr. Vincent Ah-Chuen is a 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 ABC Group and is actively involved in various socio-cultural and religious non-profit associations. In December 2016, he obtained the World Business Leadership Excellence Award. He is the Chairman of P.O.L.I.C.Y Ltd and Associated Brokers Ltd and a director of Phoenix Transafrica Holdings Ltd (Kenya).

Directorship in listed companies on the Official Market: Mauritius Union Assurance Ltd & P.O.L.I.C.Y Limited
Directorship in listed company on the DEM: Les Moulins de la Concorde Ltee.

PROFILE OF DIRECTORS (CONT'D)

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 a Fellow of the Institute of Chartered Accountants of Australia and also 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 the Vice-Chairperson of the Stock Exchange of Mauritius Ltd (SEM). He is also a director of ABC MOTORS COMPANY LIMITED and P.O.L.I.C.Y Limited, listed on the DEM and SEM respectively. He is a former Board Director of the Development Bank of Mauritius and the Bank of Mauritius. His other previous responsibilities include the Presidency of the Mauritius Chamber of Commerce and Industry and the Chairmanship of the Tertiary Education Commission of Mauritius. He was also Pro-Vice Chancellor of the University of Mauritius and Chairman of the Mauritius Broadcasting Corporation

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, 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.

PROFILE OF DIRECTORS (CONT'D)

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.

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 and Oriental Foods Limited.

PROFILE OF DIRECTORS (CONT'D)

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 currently an Executive Director of ABC Banking Corporation Ltd which is listed on the Development & Enterprise Market of the Stock Exchange of Mauritius. He is also a fellow member of the Mauritius Institute of Directors.

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 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. VOON YUE CHOON WAN MIN KEE – INDEPENDENT DIRECTOR

Mr. Voon Yue Choon Wan Min Kee also known as Henri Wan is a Fellow member of the Institute of Chartered Accountants in England and Wales and reckons over 35 years of professional experience in practice and industry both in the UK and Mauritius. His experience is wide ranging and includes accountancy, taxation, auditing, training, consultancy, quality management system (ISO 9001:2008), risk management, legal and compliance matters, human resource management, business development and administration, finance management and mergers and acquisitions. During his career, he has worked with sole traders through to multi-national companies operating in various sectors of the economy.

He also holds directorship in ABC Autotech Ltd and Expert Leasing Ltd.

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 is currently the Chairman of Expert Leasing Ltd and 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

PROFILE OF SENIOR MANAGEMENT (CONT'D)

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 (UK).

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 at 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.

PROFILE OF SENIOR MANAGEMENT (CONT'D)

MR. SANJIV HARISH GOODORALLY – SENIOR MANAGER

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. During these past years, he has also held several positions simultaneously such as Project Development Executive of ABC Coach Works Limited and Senior Manager of Heavy Commercial Department of the Company. At present, he is the Senior Manager of:

- Paragon Motors Ltd
- ABC Coach Works Limited
- Sirius Trading (Mozambique) Limitada
- Kenyon Limited based in Kenya.

Approved by the Board of Directors on 23 October 2017 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 Cindy Larose, 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 2017

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

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: 23 October 2017

André Marc Ah-Chuen
Acting Chairman of the Board

Dean Ah-Chuen
Executive Director

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

No entry was made in the Interest Register of the Company and that of its Subsidiary during the year under review. No director has any service contract with the Company or its Subsidiary.

DONATIONS

Donations made during the year were as follows:

	THE COMPANY		THE SUBSIDIARY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Donations	319,777	100, 546	-	-
Political Donations	-	-	-	-
	319,777	100, 546	-	-

DIRECTORS

The directors of the Company and its Subsidiary as at 30 June 2017 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. Ah-Lan Lam Yan Foon	●	
Mr. James Lim Teng Chong	●	
Mr. Kee Koun Tin Kiong Fong	●	
Mr. Voon Yue Choon Wan Min Kee	●	
Mr. Cyril Nalletamby		●
Mrs. Valerie Ah-Chuen (alternate director)	o	

Key ● Director o Alternate Director

OTHER STATUTORY DISCLOSURES (CONT'D)

DIRECTORS' EMOLUMENTS

During the financial year ended 30 June 2017, the executive, non-executive and independent directors were entitled to emoluments as follows:

	2017 Rs.	2016 Rs.
Executive Directors	**20,933,336**	10,947,476
Non-Executive Directors & Independent Directors	**3,295,413**	2,642,000
	24,228,749	13,589,476

AUDITOR

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

	THE COMPANY		THE SUBSIDIARY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Audit Services	**490,000**	440,000	**30,000**	26,250
Other Services*	**25,000**	388,625	**9,000**	8,000
	515,000	828,625	**39,000**	34,250

** Other services in 2017 pertain to review of tax computations*

Approved by the Board of Directors on 23 October 2017 and signed on its behalf by

André Marc 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 2017, 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 **Cindy Larose**, *ACIS*

Date: 23 October 2017

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 which 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 2017 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 and an effective system of internal controls and risk management
- 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
- ensured that the Code of Corporate Governance has been adhered to, or if not, to give reasons where there has been non-compliance.

Approved by the Board of Directors on 23 October 2017 and signed on its behalf by

Ah-Lan Lam Yan Foon
Chairman
Audit and Risk Committee

Dean Ah-Chuen
Executive Director

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

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of ABC MOTORS COMPANY LIMITED (the "Company") and its subsidiary (the "Group") set out on pages 50 - 123, which comprise the consolidated and separate statement of financial position as at 30 June 2017, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Company as at 30 June 2017, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the ethical requirements of the IESBA Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the Shareholders of ABC MOTORS COMPANY LIMITED (CONT'D)

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables	
As at 30 June 2017, the Group had trade receivables of Rs 295,864,819 and the provision for impairment of trade receivables amounted to Rs 5,552,271. Management assessed the recoverability of trade receivables by reviewing customers' aging profile, credit history and status of subsequent settlement, and determined whether an impairment provision is required. For the purpose of impairment assessment, significant judgement and assumptions, including the credit risks of customers, the timing and amount of realization of these receivables, are required.	Our audit procedures in relation to the recoverability of trade receivables include: • understood and tested the Group's credit control procedures and tested key controls over granting of credits to customers; • verified the balances of trade receivables through confirmation and examination of supporting documentation on a sample basis; • tested aging of trade receivable balances at year end on a sample basis; • obtained a list of long outstanding receivables and identified any debtors with risk of default and assessed the recoverability of these outstanding receivables through our discussion with management; and • assessed the recoverability of the balances by comparing the outstanding amounts as at year end against subsequent settlements. Based on the audit procedures performed, we found that the Group's judgement and assumptions used in the impairment assessment and the recoverability of trade receivables was supported by the available evidence.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Mauritius Companies Act 2001

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

- we have no relationship with, or interest in, the Company and its subsidiary other than in our capacity as auditor;
- 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.

Independent auditor's report to the Shareholders of ABC MOTORS COMPANY LIMITED (CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)

The Financial Reporting Act 2004

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

In our opinion, the disclosure in the Corporate Governance Report is consistent with the requirements of the Code.

Other information

The directors are responsible for the other information. The other information comprises the Financial Highlights, Director's Report, Company Profile, Corporate Information, Statement of Compliance, Other Statutory Disclosures, Secretary's Certificate, Directors' Statement of Responsibilities but does not include the Corporate Governance Report and the consolidated and separate financial statements and our auditor's report thereon.

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

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

When we read the other reports which are expected to be made available to us after the date of this auditor's report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of directors for the consolidated and separate financial statements

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

Independent auditor's report to the Shareholders of ABC MOTORS COMPANY LIMITED (CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)

Responsibilities of directors for the consolidated and separate financial statements (Cont'd)

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

The directors are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report to the Shareholders of ABC MOTORS COMPANY LIMITED (CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)

Auditor's responsibilities for the audit of the consolidated and separate financial statements (Cont'd)

• Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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.

Deloitte
Chartered Accountants
23 October 2017

L. Yeung Sik Yuen, ACA
Licensed by FRC

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	THE GROUP 30 June 2017 Rs '000	THE GROUP 30 June 2016 Rs '000 (Restated)	THE GROUP 30 June 2015 Rs '000 (Restated)	THE COMPANY 30 June 2017 Rs '000	THE COMPANY 30 June 2016 Rs '000
ASSETS						
Non-Current assets						
Property and equipment	5	411,784	376,779	373,931	397,287	362,665
Intangible assets	6	202	261	566	202	261
Investment in subsidiary	7	-	-	-	17,563	17,563
Investments in associates	8	379,768	337,279	218,381	204,237	211,825
Other investments	9	177,620	161,575	171,105	171,845	155,700
Loan to associate	12	65,000	65,000	-	65,000	65,000
Deferred tax asset	10	3,401	2,986	1,708	3,390	3,015
Total non-current assets		1,037,775	943,880	765,691	859,524	816,029
Current assets						
Inventories	11	346,468	340,471	320,475	346,468	340,471
Trade and other receivables	12	436,093	425,509	309,948	435,913	422,700
Other financial assets	25	4,646	3,366	-	4,646	3,366
Cash and bank balances	18	70,986	132,997	59,033	70,986	132,997
Total current assets		858,193	902,343	689,456	858,013	899,534
Total assets		1,895,968	1,846,223	1,455,147	1,717,537	1,715,563
EQUITY AND LIABILITIES						
Capital and reserves						
Stated capital	13	61,904	61,904	61,904	61,904	61,904
Retained earnings		591,747	523,674	441,035	457,967	417,427
Other reserves		57,923	29,077	34,137	14,160	8,538
Equity attributable to owners of the company		711,574	614,655	537,076	534,031	487,869
Non-controlling Interests	14	8,400	8,108	8,073	-	-
Total equity		719,974	622,763	545,149	534,031	487,869
Non-current liabilities						
Loans	15	328,519	354,371	180,564	328,519	354,371
Obligations under finance leases	16	11,085	3,073	3,153	11,085	3,073
Other payables		-	-	15,000	-	-
Retirement benefit obligations	17	51,558	37,326	32,047	51,558	37,326
Total non-current liabilities		391,162	394,770	230,764	391,162	394,770
Current liabilities						
Bank overdrafts	18	162,195	149,715	116,645	150,721	138,821
Trade and other payables	19	160,381	139,404	116,686	159,872	139,110
Bills payables		110,194	142,390	135,941	110,194	142,390
Amount due to subsidiary	28	-	-	-	19,500	15,500
Loans	15	347,053	394,467	307,925	347,053	394,467
Obligations under finance leases	16	3,336	1,752	1,328	3,336	1,752
Taxation	10	1,673	962	709	1,668	884
Total current liabilities		784,832	828,690	679,234	792,344	832,924
Total equity and liabilities		1,895,968	1,846,223	1,455,147	1,717,537	1,715,563

Approved by the Board of Directors and authorised for issue on 23 October 2017

Dean Ah-Chuen
Executive Director

André Marc Ah-Chuen
Acting Chairman of the Board

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	THE GROUP 30 June 2017 Rs '000	THE GROUP 30 June 2016 Rs '000 (Restated)	THE COMPANY 30 June 2017 Rs '000	THE COMPANY 30 June 2016 Rs '000
Revenue	33	1,832,773	1,839,397	1,832,773	1,839,397
Profit from operations	20	106,841	105,046	128,821	122,256
Finance costs	21	(50,413)	(46,684)	(50,897)	(46,989)
		56,428	58,362	77,924	75,267
Share of results of associates	8	55,193	47,276	-	-
Profit before taxation		111,621	105,638	77,924	75,267
Tax expense	10	(8,425)	(8,761)	(7,894)	(8,194)
Profit for the year		103,196	96,877	70,030	67,073
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Gain/(loss) arising on revaluation of available-for-sale financial assets	9	5,575	(20,806)	5,575	(20,806)
Share of gain arising on revaluation of available-for-sale financial assets of associates	8	18,379	11,797	-	-
Reclassification adjustments relating to available-for-sale financial assets disposed	9	47	-	47	-
Reclassification of prior year share of investment revaluation reserves from other comprehensive income to profit or loss		(28)	(86)	-	-
Derecognition of prior year share of investment revaluation reserves following reduction of shareholding in associate		28	86	-	-
		24,001	(9,009)	5,622	(20,806)
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligations	17	(7,626)	(943)	(7,626)	(943)
Share of remeasurement of defined benefit obligations of associates	8	(106)	170	-	-
Income tax relating to items that will not be reclassified subsequently	10	1,296	160	1,296	160
		(6,436)	(613)	(6,330)	(783)
Other comprehensive income/(loss), net of income tax		17,565	(9,622)	(708)	(21,589)
Total comprehensive income for the year		120,761	87,255	69,322	45,484
Profit for the year attributable to:					
Owners of the Company		102,514	96,465		
Non-controlling interests	14	682	412		
		103,196	96,877		
Total comprehensive income attributable to:					
Owners of the Company		120,079	86,843		
Non-controlling interests	14	682	412		
		120,761	87,255		
Earnings per share (as previously stated)	22	16.60	15.99		
Earnings per share (restated)	22	16.60	15.62		

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

a) THE GROUP

	Notes	Stated capital: Share capital Rs '000	Stated capital: Share premium Rs '000	Stated capital: Total Rs '000	Retained earnings Rs '000	Other Reserves: Regulatory reserves Rs '000	Other Reserves: Investment revaluation reserves Rs '000	Other Reserves: Total Rs '000	Attributable to owners of thecompany Rs '000	Non-controlling interest Rs '000	Total Equity Rs '000
Balance at 1 July 2014 (as previously reported)		61,757	147	61,904	398,567	-	8,125	8,125	468,596	7,995	476,591
Transfer from retained earnings to regulatory reserves		-	-	-	(9,959)	9,959	-	9,959	-	-	-
Prior year adjustments	34	-	-	-	1,458	(5,733)	-	(5,733)	(4,275)	-	(4,275)
Balance at 1 July 2014 (as restated)		61,757	147	61,904	390,066	4,226	8,125	12,351	464,321	7,995	472,316
Profit for the year (as previously reported)		-	-	-	63,721	-	-	-	63,721	529	64,250
Prior year adjustments	34	-	-	-	(1,421)	-	-	-	(1,421)	-	(1,421)
Profit for the year (as restated)		-	-	-	62,300	-	-	-	62,300	529	62,829
Other comprehensive (loss)/ income, net of income tax		-	-	-	(2,873)	-	20,741	20,741	17,868	-	17,868
Total comprehensive income for the year (as restated)		-	-	-	59,427	-	20,741	20,741	80,168	529	80,697
Effects of Dilution of shareholding in associate on prior years reserves		-	-	-	155	-	(155)	(155)	-	-	-
Transfer from retained earnings to regulatory reserves		-	-	-	(1,200)	1,200	-	1,200	-	-	-
Dividend	26	-	-	-	(7,413)	-	-	-	(7,413)	(451)	(7,864)
Balance at 30 June 2015		61,757	147	61,904	441,035	5,426	28,711	34,137	537,076	8,073	545,149
Balance at 1 July 2015 (as previously reported)		61,757	147	61,904	452,158	-	28,711	28,711	542,773	8,073	550,846
Transfer from retained earnings to regulatory reserves		-	-	-	(11,161)	11,161	-	11,161	-	-	-
Prior year adjustments	34	-	-	-	38	(5,735)	-	(5,735)	(5,697)	-	(5,697)
Balance at 1 July 2015 (as restated)		61,757	147	61,904	441,035	5,426	28,711	34,137	537,076	8,073	545,149
Profit for the year (as previously reported)		-	-	-	98,755	-	-	-	98,755	412	99,167
Prior year adjustments	34	-	-	-	(2,290)	-	-	-	(2,290)	-	(2,290)
Profit for the year (as restated)		-	-	-	96,465	-	-	-	96,465	412	96,877
Other comprehensive loss, net of income tax (as previously reported)		-	-	-	(613)	-	(10,268)	(10,268)	(10,881)	-	(10,881)
Prior year adjustments	34	-	-	-	-	-	1,259	1,259	1,259	-	1,259
Other comprehensive loss,net of income tax		-	-	-	(613)	-	(9,009)	(9,009)	(9,622)	-	(9,622)
Total comprehensive income /(loss) for the year (as restated)		-	-	-	95,852	-	(9,009)	(9,009)	86,843	412	87,255
Effects of reduction in shareholding in associates on prior year reserves		-	-	-	86	-	(86)	(86)	-	-	-
Transfer from retained earnings to regulatory reserves					(4,035)	4,035	-	4,035	-	-	-
Dividend	26	-	-	-	(9,264)	-	-	-	(9,264)	(377)	(9,641)
Balance at 30 June 2016		61,757	147	61,904	523,674	9,461	19,616	29,077	614,655	8,108	622,763

STATEMENT OF CHANGES IN EQUITY (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

a) THE GROUP (Cont'd)

	Notes	Stated capital: Share capital Rs '000	Stated capital: Share premium Rs '000	Stated capital: Total Rs '000	Retained earnings Rs '000	Other Reserves: Regulatory reserves Rs '000	Other Reserves: Investment revaluation reserves Rs '000	Other Reserves: Total Rs '000	Attributable to owners the of company Rs '000	Non-controlling interest Rs '000	Total Equity Rs '000
Balance at 1 July 2016 (as previously reported)	34	61,757	147	61,904	541,036	-	18,443	18,443	621,383	8,108	629,491
Transfer from retained earnings to regulatory reserves		-	-	-	(9,461)	9,461	-	9,461	-	-	-
Prior year adjustments		-	-	-	(7,901)	-	1,173	1,173	(6,728)	-	(6,728)
Balance at 1 July 2016 (as restated)		61,757	147	61,904	523,674	9,461	19,616	29,077	614,655	8,108	622,763
Profit for the year		-	-	-	102,514	-	-	-	102,514	682	103,196
Other comprehensive (loss)/ income, net of income tax		-	-	-	(6,436)	-	24,001	24,001	17,565	-	17,565
Total comprehensive income for the year		-	-	-	96,078	-	24,001	24,001	120,079	682	120,761
Derecognition of Share of transfer to statutory reserve from retained earnings		-	-	-	(5,844)	5,844	-	5,844	-	-	-
Effects of reduction in shareholding in associates on prior year reserves		-	-	-	999	(999)	-	(999)	-	-	-
Dividend	26	-	-	-	(23,160)	-	-	-	(23,160)	(390)	(23,550)
Balance at 30 June 2017		61,757	147	61,904	591,747	14,306	43,617	57,923	711,574	8,400	719,974

STATEMENT OF CHANGES IN EQUITY (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

b) THE COMPANY

	Note	Stated capital			Other Reserves		
		Share capital Rs '000	Share premium Rs '000	Total Rs '000	Retained earnings Rs '000	Investment revaluation reserves Rs '000	Total Rs '000
Balance at 1 July 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
Profit for the year		-	-	-	70,030	-	70,030
Other comprehensive(loss)/income,net of income tax		-	-	-	(6,330)	5,622	(708)
Total comprehensive income for the year		-	-	-	63,700	5,622	69,322
Dividend	26	-	-	-	(23,160)	-	(23,160)
Balance at 30 June 2017		61,757	147	61,904	457,967	14,160	534,031

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	THE GROUP		THE COMPANY	
		30 June2017 Rs '000	30 June 2016 Rs '000 (Restated)	30 June 2017 Rs '000	30 June 2016 Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		111,621	105,638	77,924	75,267
Adjustments for:					
Interest receivable	20	(14,065)	(9,275)	(14,014)	(9,044)
Profit on disposal of property and equipment	20	(663)	(848)	(663)	(848)
Profit on disposal of disposal of investments	20	(10,514)	(9,048)	(21,261)	(24,188)
Realised gain on forward contracts	25	3,366	-	3,366	-
Unrealised gains on forward contracts	25	(4,646)	(3,366)	(4,646)	(3,366)
Amortisation of intangible assets	6	185	404	185	404
Depreciation of property and equipment	5	23,516	22,710	23,209	22,402
Dividend received	20	(9,417)	(10,375)	(22,967)	(14,082)
Interest expense	21	50,413	46,684	50,897	46,989
Retirement benefit obligations		6,606	4,337	6,606	4,337
Investment written off	20	-	116	-	116
Amortisation of loan origination costs		691	309	691	309
Provision for impairment of unquoted equity investments	20	5,223	2,434	5,123	1,234
Provision for impairment losses (net) on trade receivables	12	(382)	417	(382)	417
Share of results of associates	8	(55,193)	(47,276)	-	-
Operating profit before working capital changes		106,741	102,861	104,068	99,947
Increase in inventories		(5,997)	(19,996)	(5,997)	(19,996)
Increase in trade and other receivables		(15,509)	(115,973)	(17,808)	(117,634)
Increase in trade and other payables		36,483	27,707	36,259	27,778
(Decrease)/Increase in bills payables		(32,196)	6,449	(32,196)	6,449
Cash generated from/(used in) operating activities		89,522	1,048	84,326	(3,456)
Interest paid		(52,447)	(46,684)	(52,931)	(46,989)
Income tax paid	10	(6,833)	(9,626)	(6,189)	(9,047)
Net cash generated from/(used in) operating activities		30,242	(55,262)	25,206	(59,492)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property and equipment		1,809	846	1,809	846
Purchase of intangible assets	6	(126)	(99)	(126)	(99)
Purchase of property and equipment		(47,168)	(23,715)	(46,800)	(23,042)
Disbursement of deferred consideration for purchase of property		(15,000)	(20,000)	(15,000)	(20,000)
Purchase of investments in associates	8	(9,820)	(103,506)	(9,820)	(103,506)
Purchase of other investments	9	(14,668)	(13,826)	(14,668)	(13,826)
Proceeds from sale of available-for-sale investments and unquoted equity investments		501	-	501	-
Proceeds resulting from disposal of interests in associates		34,331	50,072	34,331	50,072
Dividend received		21,415	13,205	22,324	14,082
Interest received		23,521	9,275	23,470	9,044
Loan to associate	12	-	(65,000)	-	(65,000)
Net cash used in investing activities		(5,205)	(152,748)	(3,979)	(151,429)
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans raised		360,850	582,265	360,850	582,265
Repayment of finance leases		(2,022)	(1,495)	(2,022)	(1,495)
Increase in amount due to subsidiary		-	-	4,000	2,500
Dividend paid		(23,549)	(9,641)	(23,159)	(9,264)
Repayment of loans		(434,807)	(322,225)	(434,807)	(322,225)
Net cash (used in)/generated from financing activities		(99,528)	248,904	(95,138)	251,781
Net (decrease)/ increase in cash and cash equivalents		(74,491)	40,894	(73,911)	40,860
Cash and cash equivalents at beginning of year		(16,718)	(57,612)	(5,824)	(46,684)
Cash and cash equivalents at end of year	18	(91,209)	(16,718)	(79,735)	(5,824)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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, the Group and the Company have applied all the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2016.

2.1 NEW AND REVISED IFRSS APPLIED WITH NO MATERIAL EFFECT ON THE FINANCIAL STATEMENTS

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

IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortization
IAS 16	Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16
IAS 19	Employee Benefits - Amendments resulting from September 2014 Annual Improvements to IFRSs
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
IAS 28	Investments in Associates and Joint Ventures- Amendments regarding the application of the consolidation exception
IAS 34	Interim Financial Reporting - Amendments resulting from September 2014 Annual Improvements to IFRSs
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortization
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs
IFRS 10	Consolidated Financial Statements - Amendments regarding the application of the consolidation exception
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

2.2 NEW AND REVISED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

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

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 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 resulting from Annual Improvements 2014-2016 Cycle (clarifying certain fair value measurements) (effective 1 January 2018)
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 - 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 - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)
IFRS 9	Financial Instruments - Finalized version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9 (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 12	Disclosure of Interests in Other Entities - Amendments resulting from Annual Improvements 2014-2016 Cycle (clarifying scope) (effective 1 January 2017)
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)
IFRIC 22	Foreign Currency Transactions and Advance Consideration - (effective 1 January 2018)
IFRIC 23	Uncertainty over Income Tax Treatments - (effective 1 January 2019)

The directors anticipate that these amendments will be applied in the Group`s and Company's financial statements at the above effective dates in future periods. The directors have not yet assessed the potential impact of the application of these amendments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

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 and derivative financial instruments 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 a 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 inputs are unobservable inputs for the asset or liability.

Comparative figures have been regrouped or restated, where necessary, to conform to the current year`s presentation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

3. ACCOUNTING POLICIES (CONT'D)

(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 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 subsidiary 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

3. ACCOUNTING POLICIES (CONT'D)

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 is 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. 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 Group or the Company. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

3. ACCOUNTING POLICIES (CONT'D)

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

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

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 its 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:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

3. ACCOUNTING POLICIES (CONT'D)

(e) Revenue recognition (Cont'd)

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

3. ACCOUNTING POLICIES (CONT'D)

(f) Property and equipment (Cont'd)

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

Construction in progress are carried at cost, less any recognised impairment loss. Cost include professional fees and borrowing costs capitalised under qualifying assets. Depreciation of these assets commences when the asset is ready is ready for their intended use.

(g) Intangible assets

Intangible assets comprise of 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

3. ACCOUNTING POLICIES (CONT'D)

(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. 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

3. ACCOUNTING POLICIES (CONT'D)

(k) Taxation (Cont'd)

Deferred tax (Cont'd)

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.

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 and the Company 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 (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

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; and
- Remeasurement.

The Group and the Company present 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 profit or loss in the period in which they fall due.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

3. ACCOUNTING POLICIES (CONT'D)

(n) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Company 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 and the Company assess 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 and the Company estimate 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 securities 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

3. ACCOUNTING POLICIES (CONT'D)

(p) Financial instruments

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

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 financial assets 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 investment revaluation reserves. 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 values cannot be reliably derived, are measured at cost less impairment.

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.

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 through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

3. ACCOUNTING POLICIES (CONT'D)

(p) Financial instruments (Cont'd)

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.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on an individual basis when there is objective evidence of impairment. These assessment includes the assessment of the financial position of those financial assets and past experience on the payment collection and delayed payments.

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 estimated recoverable amount.

The carrying amount of the amount of the financial assets is reduced through the an allowance account. When the financial asset is considered as irrecoverable, 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.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting 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 oher premiums or discounts through the expected life of the financial assets,or where appropriate, a shorter period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

3. ACCOUNTING POLICIES (CONT'D)

(p) Financial instruments (Cont'd)

Derecognition of financial assets

The Group and the Company derecognise a financial asset when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Company recognise their retained interest in the asset and an associated liability for amounts they may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise 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 and the Company derecognises financial liabilities when, and only when, the Group's and the Company`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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

3. ACCOUNTING POLICIES (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.

(t) Equity instruments

Ordinary shares are classified as equity. Share Capital and share premium are classified as stated capital in relation to the ordinary shares.

An equity instrument is any contract that evidence residual interest in the assets of an entity after deducting all of its liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

3. ACCOUNTING POLICIES (CONT'D)

(u) Expense recognition

All expenses are recognised in profit or loss on the accrual basis.

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 judgment in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgments 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 judgment 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 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 are 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 THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

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 freehold 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	Construction in progress Rs '000	Total Rs '000
Cost													
At 1 July 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	672	7,754	31,233	48,680	18,385	32,824	32,572	-	554,944
Additions during the year	23	-	1,448	1,471	-	-	2,981	17,027	6	3,827	2,782	29,803	59,345
Transfer from deposit		-	-	-	-	-	-	-	-	-	-	322	322
Disposals		-	-	-	-	-	-	(8,010)	-	-	-	-	(8,010)
At 30 June 2017		114,442	195,974	75,327	672	7,754	34,214	57,697	18,391	36,651	35,354	30,125	606,601
Depreciation													
At 1 July 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	5,128	1,487	2,313	3,321	-	22,710
Disposals		-	-	-	-	-	-	(2,411)	-	-	(3)	-	(2,414)
At 30 June 2016		-	14,833	49,725	67	7,754	11,793	35,301	11,639	23,979	23,074	-	178,165
Charge for the year		-	3,906	2,836	67	-	2,953	6,100	1,198	2,042	4,414	-	23,516
Disposals		-	-	-	-	-	-	(6,864)	-	-	-	-	(6,864)
At 30 June 2017		-	18,739	52,561	134	7,754	14,746	34,537	12,837	26,021	27,488	-	194,817
Net Book Value													
At 30 June 2017		114,442	177,235	22,766	538	-	19,468	23,160	5,554	10,630	7,866	30,125	411,784
At 30 June 2016		114,442	179,693	24,131	605	-	19,440	13,379	6,746	8,845	9,498	-	376,779

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

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	Construction in progress Rs '000	Total Rs '000
Cost												
At 1 July 2015	23	108,373	182,413	65,434	7,754	29,530	44,687	18,003	30,452	27,084	-	513,730
Additions during the year		-	112	8,422	-	1,703	6,404	382	2,372	5,491	-	24,886
Disposals		-	-	-	-	-	(2,411)	-	-	(3)	-	(2,414)
At 30 June 2016	23	108,373	182,525	73,856	7,754	31,233	48,680	18,385	32,824	32,572	-	536,202
Additions during the year		-	1,448	1,471	-	2,981	17,027	6	3,827	2,782	29,435	58,977
Disposals		-	-	-	-	-	(8,010)	-	-	-	-	(8,010)
At 30 June 2017		108,373	183,973	75,327	7,754	34,214	57,697	18,391	36,651	35,354	29,435	587,169
Depreciation												
At 1 July 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	5,128	1,487	2,313	3,321	-	22,402
Disposals		-	-	-	-	-	(2,411)	-	-	(3)	-	(2,414)
At 30 June 2016		-	10,272	49,725	7,754	11,793	35,301	11,639	23,979	23,074	-	173,537
Charge for the year		-	3,666	2,836	-	2,953	6,100	1,198	2,042	4,414	-	23,209
Disposals		-	-	-	-	-	(6,864)	-	-	-	-	(6,864)
At 30 June 2017		-	13,938	52,561	7,754	14,746	34,537	12,837	26,021	27,488	-	189,882
Net Book Value												
At 30 June 2017		108,373	170,035	22,766	-	19,468	23,160	5,554	10,630	7,866	29,435	397,287
At 30 June 2016		108,373	172,253	24,131	-	19,440	13,379	6,746	8,845	9,498	-	362,665

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

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 have been valued on 30 June 2017 at Rs 181,700,000, Rs 205,575,000, Rs 21,250,000 and Rs 69,900,000 respectively on a Present Day Market Value basis by Gexim Real Estate. The directors 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. As the land and building has been estimated using the Present Day Market Value which is based on the assumptions that there is a willing buyer and seller who will negotiate on a reasonable price prevailing market conditions, there are no major unobservable inputs to disclose.

The Group has pledged their movable and immovable properties 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 2017		30 June 2016	
	Cost Rs '000	NBV Rs '000	Cost Rs '000	NBV Rs '000
Motor vehicles	23,490	14,521	10,622	3,956

b) The Company

The freehold land, freehold building, leasehold land and building on leasehold land of the Company are stated at cost using the cost model. These assets have been valued on 30 June 2017 at Rs 127,100,000, Rs 183,300,000, Rs 21,250,000 and Rs 69,900,000 respectively on a Present Day Market basis by Gexim Real Estate. The directors 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. As the land and building has been estimated using the Present Day Market Value which is based on the assumptions that there is a willing buyer and seller who will negotiate on a reasonable price prevailing market conditions, there are no major unobservable inputs to disclose.

The Company has pledged its movable and immovable properties 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 2017		30 June 2016	
	Cost Rs '000	NBV Rs '000	Cost Rs '000	NBV Rs '000
Motor vehicles	23,490	14,521	10,622	3,956

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

6. INTANGIBLE ASSETS

THE GROUP AND THE COMPANY	Computer Software Rs '000
COST	
At 01 July 2015	7,589
Additions during the year	99
At 30 June 2016	7,688
Additions during the year	126
At 30 June 2017	7,814
AMORTISATION	
At 01 July 2015	7,023
Charge for the year	404
At 30 June 2016	7,427
Charge for the year	185
At 30 June 2017	7,612
CARRYING AMOUNT	
At 30 June 2017	202
At 30 June 2016	261

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 2017 Rs '000	30 June 2016 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 unquoted investment is stated 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

7. INVESTMENT 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 June2017 Rs '000	30 June 2016 Rs '000
Non-current assets	20,283	19,960
Current assets	19,688	18,309
Current liabilities	(11,996)	(11,266)
Equity attributable to owners of the Company	19,575	18,895
Non-controlling interests	8,400	8,108
Revenue	4,470	4,702
Expenses	(1,662)	(2,770)
Tax expense	(530)	(567)
Profit for the year	2,277	1,365
Profit and total comprehensive income attributable to owners of the Company	1,595	953
Profit and total comprehensive income attributable to the non-controlling interests	682	412
Profit and total comprehensive income for the year	2,277	1,365
Dividends paid to non-controlling interests	390	377
Net cash inflow from operating activities	1,766	1,631
Net cash outflow from investing activities	(1,045)	(342)
Net cash outflow from financing activities	(1,300)	(1,255)
Net (decrease)/increase in cash and cash equivalents	(579)	34

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

8. INVESTMENTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	30 June 2017 Cost Rs '000	30 June 2016 Cost Rs '000 (Restated)	30 June 2017 Cost Rs '000	30 June 2016 Cost Rs '000
At 1 July (as previously reported)	344,007	224,078	211,825	134,203
Prior year restatements	(6,728)	(5,697)	-	-
At 1 July (as restated)	337,279	218,381	211,825	134,203
Additions (See note 24)	10,802	103,506	10,802	103,506
Disposal	(29,139)	(41,023)	(18,390)	(25,884)
Dividend received from associates, eliminated on consolidation	(12,640)	(2,828)	-	-
Share of profit of associates(net)	55,193	47,276	-	-
Items that may be reclassified subsequently to profit or loss :				
Share of gain arising on revaluation of available-for-sale financial assets	18,379	11,797	-	-
Items that will not be reclassified subsequently to profit or loss :				
Share of other comprehensive income on remeasurement of defined benefit obligations	(106)	170	-	-
At 30 June	379,768	337,279	204,237	211,825

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

8. INVESTMENTS IN ASSOCIATES (CONT'D)

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

	Activity	Class of Share	Direct Holding % 30 June 2017	30 June 2016	Country of incorporation
ABC Banking Corporation Ltd	Banking and leasing	Ordinary	**18.69%**	20.89%	Mauritius
ABC Autotech Ltd	Car dealers	Ordinary	**47.51%**	47.50%	Mauritius
ABC Car Rental Limited	Car rental	Ordinary	**26.56%**	26.56%	Mauritius
Globe Freight Ltd	Freight and forwarding	Ordinary	**47.38%**	47.38%	Mauritius
ABC Marketing Ltd	Sale of tyres, car care products	Ordinary	**49.14%**	49.14%	Mauritius
Expert Leasing Ltd	Leasing	Ordinary	**29.77%**	27.78%	Mauritius
Stuttgart Motors Ltd	Car dealers	Ordinary	**43.68%**	39.60%	Mauritius

Although the Group holds less than 20% of the voting power at shareholders' meetings of ABC Banking Corporation Ltd, the Group still exercises significant influence by virtue of its contractual right as two out of nine directors of ABC Banking Corporation Ltd resides on the board of directors of the Company.

The fair value of quoted associate based on the market price ruling on Development Entreprise Market (DEM) was Rs 399,069,972 (2016: 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, using the latest available financial statements as at reporting date of those associates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

8. INVESTMENTS IN ASSOCIATES (CONT'D)

Summarised financial information of the material associate:

The summarised financial information below represents amounts shown in the Group's associate's financial statements prepared in accordance with IFRSs.

ABC Banking Corporation Ltd:	30 June 2017 Rs '000	30 June 2016 Rs '000 (Restated)
Total assets	**15,751,850**	15,124,431
Total liabilities	**(14,411,570)**	(13,950,906)
Revenue	**758,230**	696,508
Profit for the year	**208,508**	161,608
Other comprehensive loss for the year	**(566)**	379
Total comprehensive income for the year	**207,942**	161,987
Dividend received from the associate during the year	**8,605**	2,090

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 2017 Rs '000	30 June 2016 Rs '000 (Restated)
Net assets of associate	**1,340,280**	1,173,525
Proportion of the Group's ownership	**18.69%**	20.89%
Carrying amount of the Group's interest	**250,450**	245,169

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

8. INVESTMENTS IN ASSOCIATES (CONT'D)

Aggregate information of associates that are not individually material.

	30 June 2017 Rs '000	30 June 2016 Rs '000
The Group's share of profit	11,426	7,067
The Group's share of other comprehensive income	18,572	11,887
The Group's share of total comprehensive income	29,998	18,954
Aggregate carrying amount of the Group's interests in these associates	129,318	92,107

In consideration to a medium term loan of Rs 60,000,000 required by Expert Leasing Ltd, the Company has provided a Corporate Guarantee in favor of the bank for the associate.

9. OTHER INVESTMENTS

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Available-for-sale quoted investments (note (a))	126,283	120,208	126,283	120,208
Unquoted equity investments (note (b))	51,337	41,367	45,562	35,492
At 30 June	177,620	161,575	171,845	155,700

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

9. OTHER INVESTMENTS (CONT'D)

	THE GROUP		
	Available for sale quoted investments Rs '000	Unquoted equity instruments Rs '000	Total Rs '000
At 1 July 2015	138,970	32,135	171,105
Additions	1,990	11,836	13,826
Provision for impairment of investments (note (b))	-	(2,434)	(2,434)
Investment written off	-	(116)	(116)
Net fair value loss	(20,752)	(54)	(20,806)
At 30 June 2016	120,208	41,367	161,575
Additions (see note 24)	500	15,668	16,168
Provision for impairment of investments (note (b))	-	(5,223)	(5,223)
Disposal	-	(522)	(522)
Fair value loss released on disposal	-	47	47
Net fair value gain	5,575	-	5,575
At 30 June 2017	126,283	51,337	177,620

	THE COMPANY		
	Available for sale quoted investments Rs '000	Unquoted equity instruments Rs '000	Total Rs '000
At 1 July 2015	138,970	25,060	164,030
Additions	1,990	11,836	13,826
Provision for impairment of investments (note (b))	-	(1,234)	(1,234)
Investment written off	-	(116)	(116)
Net fair value loss	(20,752)	(54)	(20,806)
At 30 June 2016	120,208	35,492	155,700
Additions (see note 24)	500	15,668	16,168
Provision for impairment of investments (note (b))	-	(5,123)	(5,123)
Disposal	-	(522)	(522)
Fair value loss released on disposal	-	47	47
Net fair value gain	5,575	-	5,575
At 30 June 2017	126,283	45,562	171,845

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

9. OTHER INVESTMENTS (CONT'D)

(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) Provision for impairment of unquoted investments

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
At 1 July	**5,451**	3,017	**4,251**	3,017
Additional provision	**5,223**	2,434	**5,123**	1,234
At 30 June	**10,674**	5,451	**9,374**	4,251

At reporting date, the directors have reviewed for indication of impairment the unquoted investments by comparing their recoverable amount based on net asset value using the latest available financial information and past and current financial and operational performance of those investee companies with the carrying amount as at reporting date. A net impairment loss of Rs 5,223,000 (2016: Rs 2,434,000) and Rs 5,123,000 (2016: Rs 1,234,000) has been booked in the Group's and Company's financial statements respectively. In the directors' opinion, no further impairment is required.

10. TAXATION

Income Tax

Income tax is calculated at 15% (2016: 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 preceding year to Sir Jean Etienne Moilin Ah Chuen Foundation, a company incorporated for CSR funding activities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

10. TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
<u>Tax Expense</u>				
Income Tax provision	**6,822**	8,662	**6,309**	8,181
(Over)/Under provision in income tax in respect of previous year	**(400)**	341	**(400)**	341
Deferred tax charge /(income)	**1,009**	(887)	**1,015**	(916)
Under provision in deferred tax assets in respect of previous year	**(128)**	(231)	**(94)**	(231)
Over provision in Corporate Social Responsibility in respect of previous year	**(10)**	-	**-**	-
Corporate Social Reponsibility	**1,132**	876	**1,064**	819
	8,425	8,761	**7,894**	8,194
<u>Tax Liability</u>				
At 1 July	**962**	709	**884**	590
Current provision	**6,822**	8,662	**6,309**	8,181
(Over)/Under provision in income tax in respect of previous year	**(400)**	341	**(400)**	341
Corporate social responsibility	**1,132**	876	**1,064**	819
Over provision in Corporate Social Responsibility in respect of previous year	**(10)**	-	**-**	-
Paid during the year	**(6,833)**	(9,626)	**(6,189)**	(9,047)
At 30 June	**1,673**	962	**1,668**	884

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.

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
At 1 July	**2,986**	1,708	**3,015**	1,708
Recognised in profit or loss:				
Release for the year	**(1,009)**	887	**(1,015)**	916
Underprovision in respect of prior year	**128**	231	**94**	231
Movement recognised in profit or loss	**(881)**	1,118	**(921)**	1,147
Recognised in other comprehensive income	**1,296**	160	**1,296**	160
At 30 June	**3,401**	2,986	**3,390**	3,015

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

10. TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Deferred tax asset arises on the following temporary differences:				
Accelerated capital allowances	(7,146)	(5,779)	(7,157)	(5,750)
Retirement benefit obligation	8,765	6,345	8,765	6,345
Provision for bad debts	1,782	2,420	1,782	2,420
	3,401	2,986	3,390	3,015

Tax reconciliation

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000 (Restated)	30 June 2017 Rs '000	30 June 2016 Rs '000
Profit before tax	111,621	105,638	77,924	75,267
Tax at 15% (2016:15%)	16,743	15,846	11,689	11,290
Tax effect of:				-
- Non taxable income	(4,602)	(5,312)	(6,634)	(5,868)
- Non deductible expenses	3,814	4,400	2,150	1,951
- Depreciation on assets not eligible for capital allowances	36	36	-	-
- (Over)/Under provision of income tax in prior year	(400)	341	(400)	341
- Underprovision deferred tax assets in prior year	(128)	(231)	(94)	(231)
- Over provision of Corporate Social Responsibility in prior year	(10)	10	-	-
- Effect of tax rate differential	119	(114)	119	(108)
- Corporate Social Responsibility	1,132	876	1,064	819
- Share of results of associates	(8,279)	(7,091)	-	-
	8,425	8,761	7,894	8,194

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

11. INVENTORIES

	THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Motor vehicles	269,208	233,375
Spare parts	46,682	29,164
Work in progress	5,513	3,417
	321,403	265,956
Goods in transit	25,065	74,515
	346,468	340,471

Included in the above are inventories of motor vehicles, spare parts and work in progress amounting to Rs 27,298,157 (2016: Rs 34,918,135) 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 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Current:				
Trade receivables (i) .	295,865	273,734	295,865	273,734
Allowance for doubtful debts	(5,552)	(5,934)	(5,552)	(5,934)
	290,313	267,800	290,313	267,800
Advances to related parties	91,913	116,975	91,913	116,975
Other receivables and prepayments	53,867	40,734	53,687	37,925
	436,093	425,509	435,913	422,700
Non-Current:				
Loan to associate (ii)	65,000	65,000	65,000	65,000
	501,093	490,509	500,913	487,700

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) Trade Receivables

The average credit period on sales of goods and services range between 1 to 3 months. The Group and the Company recognises impairment loss provisions on a case to case basis based on estimated recoverability 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 assess the credit quality of the customer and defines the terms and credit limit accordingly.

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Ageing of past due but not impaired				
30 - 90 days	**120,869**	140,002	**120,869**	140,002
> 90 days	**34,680**	143,110	**34,680**	143,110
Total	**155,549**	283,112	**155,549**	283,112

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June2017 Rs '000	30 June 2016 Rs '000
Movements in the allowance for doubtful debts:				
At 1 July	**5,934**	5,517	**5,934**	5,517
Net impairment loss as recognised during the year	**(382)**	417	**(382)**	417
At 30 June	**5,552**	5,934	**5,552**	5,934

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

12. TRADE AND OTHER RECEIVABLES (CONT'D)

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 up 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 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
> 90 days	**5,552**	5,934	**5,552**	5,934

(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 2017 Rs '000	30 June 2016 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 (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

14. NON-CONTROLLING INTERESTS

	THE GROUP	
	30 June 2017 Rs '000	30 June 2016 Rs '000
At 1 July	**8,108**	8,073
Share of total comprehensive income for the year	**682**	412
Dividend paid	**(390)**	(377)
At 30 June	**8,400**	8,108

15. LOANS

	THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Non-Current		
Bank and other borrowings (Note a)	**129,669**	156,212
Unsecured notes (Note b)	**200,000**	200,000
Notes origination costs	**(2,150)**	(2,150)
Amortisation of notes origination costs	**1,000**	309
	198,850	198,159
	328,519	354,371
Current		
Bank and other borrowings (Note a)	**347,053**	394,467
	675,572	748,838
Repayable within one year		
Loan repayable with interest ranging between 4.35% - 5.75% p.a	**347,053**	394,467
Repayable between two to five years		
Loan repayable with interest ranging between 4.35% - 7.00% p.a	**273,582**	307,849
Repayable after five years		
Loan repayable with interest ranging between 4.35% - 7.00% p.a	**54,937**	46,522
	328,519	354,371
	675,572	748,838

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

15. LOANS (CONT'D)

a) The bank and other borrowings are secured by fixed and floating charges on movable and immovable propertes (including land and buildings and shares in quoted investments) 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 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Amount payable under finance leases:				
Within one year	**4,296**	1,965	**3,336**	1,752
In the second to fifth years inclusive	**12,585**	3,576	**11,085**	3,073
	16,881	5,541	**14,421**	4,825
Less: future finance charges	**(2,460)**	(716)	**-**	-
Present value of minimum lease obligation	**14,421**	4,825	**14,421**	4,825

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 7.25% to 9.27% p.a. (2016: 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 (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

17. RETIREMENT BENEFITS OBLIGATIONS

Amount recognised in Statements of financial position

	THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Defined benefit plan (Note a)	26,641	16,258
Other Retirement benefits (Note b)	24,917	21,068
	51,558	37,326

(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 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 statements 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 2017 Rs '000	30 June 2016 Rs '000
Present value of funded defined benefit obligation	38,987	28,245
Fair value of planned assets	(12,346)	(11,987)
	26,641	16,258

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

17. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

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

Pension expense components	THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Current service cost	1,808	1,524
Net interest cost	1,144	998
Net periodic pension cost per IAS19	2,952	2,522

Movement in liability recognised in the Statements of financial position were as follows:

	THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
At 1 July	16,258	14,053
Total expenses as per above	2,952	2,522
Actuarial losses/(gains) recognised in other comprehensive income	7,431	(317)
	10,383	2,205
At 30 June	26,641	16,258

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

	THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
At 1 July	28,245	25,690
Current service cost	1,808	1,524
Interest cost	1,952	1,784
Net actuarial gains/(losses)	6,982	(753)
At 30 June	38,987	28,245

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

17. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

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

	THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
At 1 July	11,987	11,638
Expected return on plan assets	809	785
Actuarial losses	(450)	(436)
At 30 June	12,346	11,987

	THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Losses on pension scheme assets	450	436
Experience gains/(losses) on the liabilities	224	(753)
Changes in assumptions underlying the present value of the scheme	6,757	-
Actual gains/(losses) recognised in Other comprehensive income	7,431	(317)

Cumulative actuarial losses recognised

	THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Cumulative actuarial losses at start of year	7,396	7,713
Actuarial losses/(gains) recognised this year	7,431	(317)
Cumulative actuarial losses at end of year	14,827	7,396

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

17. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

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

Amounts for the current and previous periods	THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Defined benefit obligation	(38,987)	(28,245)
Plan assets	12,346	11,987
Deficit	(26,641)	(16,258)
Experience gains/(losses) on plan liabilities	6,982	(753)
Experience losses on plan assets	450	(436)

General description of the plan

"The plan is a defined benefit arrangement, with benefits based on final salary. It provides for a pension at retirement and a benefit on death or disablement in service before retirement. The unfunded liabilities are in respect of employees who are entitled to retirement benefits under the Employment Rights Act (ERA). The latter provides for a lump sum at retirement based on final salary and years of service. For employees who are members of the pension plan, 5 years of pension (relating to Employer's share of contributions only) payable from the pension plan have been offset from the Retirement Gratuities.

Description of assets

The market value of assets is based on the reserves held for the Deferred Annuity policies for statutory purposes. This asset value is a notional value and does not represent the surrender value should the scheme be wound up.

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 are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

17. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(b) Other retirement benefits

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

Amount recognised in Statements of financial position:

	THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Present value of obligations	24,917	21,068

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

	THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Components of amount expensed:		
Current service cost	2,179	1,903
Net interest cost	1,475	1,218
Past service cost	-	(717)
Curtailment / settlement gain	-	(591)
Net cost for the year recognised in profit or loss	3,654	1,813
Remeasurement recognised in Other Comprehensive Income	195	1,260
	-	
Net cost for the year	3,849	3,073

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

17. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

	THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Net interest cost for the year:		
Interest on obligations	1,475	1,218
Remeasurement recognised in Other Comprehensive Income for the year:		
Actuarial losses on the obligations	195	1,259
Changes in the present value of the obligation		
At 1 July	21,069	17,995
Interest cost	1,475	1,218
Current service cost	2,179	1,903
Past service cost	-	(717)
Curtailment / settlement gain	-	(590)
Expected obligation at end of the year	24,722	19,809
Remeasurement losses recognised in Other Comprehensive Income at end of the year	195	1,260
Present value of obligation at end of the year	24,917	21,069

Principal actuarial assumptions at end of the year:

Normal retirement age	65	65
Discount rate	6.50%	7.00%
Expected rate of return on plan assets	0.00%	0.00%
Future salary increases	4.50%	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 age 45	5% up to age 40, decreasing to 0% at age 45
Actuarial table for employee mortality	PMA92_PFA92	PMA92_PFA92

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

17. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

Sensitivity

Significant actuarial assumptions for the determination of defined obligation are discount rate and future long term salary assumptions. The sensitivity analysis below have 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 2017 Rs '000	30 June 2016 Rs '000
1% increase in discount rate	18,491	16,640
1% decrease in discount rate	33,141	29,986
1% increase in salaries	32,198	29,137
1% decrease in salaries	19,177	17,226
Effect of changing longevity - rate up	24,568	22,136
Effect of changing longevity - rate down	25,245	22,743

The average duration of the retirement benefits at 30 June 2017 is 19.32 years (2016: 19.68 years). This can be analysed a follows:

- Members: 19.31 years (2016: 13.76 years)

- Non-members: 19.36 years (2016: 20.29 years)

(c) State pension plan

	THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
National pension scheme contribution charges	7,237	6,794

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

18. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Cash at banks and in hand	70,986	132,997	70,986	132,997
Bank overdrafts	(162,195)	(149,715)	(150,721)	(138,821)
	(91,209)	(16,718)	(79,735)	(5,824)

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

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Trade payables	74,549	43,071	74,549	43,071
Other payables and accruals	85,832	96,333	85,323	96,039
	160,381	139,404	159,872	139,110

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.

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 (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

20. PROFIT FROM OPERATIONS

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

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Cost of operations	**1,517,692**	1,524,504	**1,517,692**	1,524,504
Depreciation of property and equipment	**23,516**	22,710	**23,209**	22,402
Amortisation of intangible assets	**185**	404	**185**	404
Selling and marketing costs	**64,291**	56,438	**64,291**	56,438
Administrative costs	**31,715**	31,615	**31,306**	30,159
Other operating costs	**47,432**	38,167	**49,603**	40,155
Gain on forward contracts	**(4,646)**	(3,366)	**(4,646)**	(3,366)
Net exchange gain	**(33,446)**	(10,712)	**(33,446)**	(10,712)
Other income	**(49,457)**	(40,575)	**(72,892)**	(58,009)
Included in cost of operations:				
Cost of inventories expensed	**1,382,063**	1,422,671	**1,382,063**	1,422,671
Other income				
Interest receivable	**(14,065)**	(9,275)	**(14,014)**	(9,044)
Rental income	**(5,793)**	(5,417)	**(4,755)**	(4,008)
Sundry income	**(9,005)**	(5,612)	**(9,232)**	(5,839)
Profit on disposal of property and equipment	**(663)**	(848)	**(663)**	(848)
Profit on disposal of disposal of investments	**(10,514)**	(9,048)	**(21,261)**	(24,188)
Dividend received	**(9,417)**	(10,375)	**(22,967)**	(14,082)
	(49,457)	(40,575)	**(72,892)**	(58,009)
Staff costs	**226,187**	202,921	**226,187**	202,921
Included in administrative costs				
Net Impairment loss on other Investments	**5,223**	2,434	**5,123**	1,234
Investment written off	**-**	116	**-**	116
Provision for impairment losses (net) on trade receivables	**(382)**	417	**(382)**	417

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

21. FINANCE COSTS

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Interest on:				
- Bank and other borrowings	**33,208**	28,906	**34,410**	29,988
- Bills payable	**8,875**	8,872	**8,875**	8,872
- Finance lease	**565**	443	**565**	443
- Bank overdrafts	**8,324**	8,463	**7,606**	7,686
	50,972	46,684	**51,456**	46,989
Less: amount included in cost of qualifying assets	**(559)**	-	**(559)**	-
	50,413	46,684	**50,897**	46,989

The capitalisation rate on funds borrowed is 6% p.a. (2016: Nil) which represents the rate of the Notes as per note 15(b).

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 2017	30 June 2016 (restated)	30 June 2015 (restated)
Profit for the year attributable to owners of the Company (Rs 000) (as previously restated)	-	98,755	63,721
Prior year adjustment (Rs 000)	-	(2,290)	(1,421)
Profit for the year attributable to owners of the Company (Rs 000) (as restated)	**102,514**	96,465	62,300
Number of ordinary shares	**6,175,680**	6,175,680	6,175,680
Earnings per share (Rs)	**16.60**	15.62	10.09

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

23. PURCHASE OF PROPERTY AND EQUIPMENT

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Additions to property and equipment	59,345	25,558	58,977	24,886
Less: interest included in cost of Qualifying assets	(559)	-	(559)	-
	58,786	25,558	58,418	24,886
Financed as follows:				
Finance leases	11,618	1,843	11,618	1,844
Cash disbursed	47,168	23,715	46,800	23,042
At 30 June	58,786	25,558	58,418	24,886

24. NON CASH TRANSACTIONS

During the current financial year, the Group and the Company has entered in the following non-cash investing and financing activities which are not reflected in the consolidated statements of cash flows :

(i) The Group and the Company has acquired motor vehicles on lease at an aggregate fair value of Rs 11,617,385.

(ii) The Group and the Company have disposed investment in associate amounting to Rs 39,672,010 out of which Rs 5,340,848 was receivable at reporting date.

(iii) The Group and the Company have acquired additional investment in associates for an aggregate of Rs 10,801,758 out of which Rs 977,410 was payable at reporting date. An amount of Rs 4,498 represents a transfer from deposit on investment made in prior years.

(iv) The Group and the Company have acquired additional shares in other investments for an aggregate of Rs 16,168,728 out of which Rs 1,500,851 represents a transfer from deposit on investment made in prior years.

(v) Included in the construction cost is an amount of Rs 559,022, representing borrowing cost capitalised for qualifying assets, as disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

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 (ZAR:MUR) outstanding at reporting date:-

	Average exchange rate Rs	Foreign Currency ZAR '000	Notional value Rs '000	Currency Derivative Rs '000
At 30 June 2017	2.74	47,500	125,504	4,646
At 30 June 2016	2.54	13,000	29,654	3,366

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

26. DIVIDEND

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Final dividend paid of Rs 2.25 per share (2015: Rs 1.50 per share)	14,286	9,641	13,896	9,264
Interim dividend paid of Rs 1.50 per share (2016: Rs Nil per share)	9,264	-	9,264	-
	23,550	9,641	23,160	9,264

At a Board Meeting on 11 May 2017, the directors declared an interim dividend of Rs 1.50 per share in respect of the year ended 30 June 2017.

At a Board Meeting on 23 October 2017, the directors declared a final dividend of Rs 1.00 (2016: Rs 2.25) per share in respect of the year ended 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

27. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Contingent liabilities	**116,317**	106,569	**116,317**	97,123
Group's share of associates' contingent liabilities	**212,887**	155,041	**-**	-

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.

28 RELATED PARTY TRANSACTIONS

During the year the following significant transactions were carried out with related parties :-

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
<u>Transactions during the year</u>				
Subsidiary				
Rendering of services	**-**	-	**228**	228
Receipts of goods and services	**-**	-	**2,178**	1,980
Interest expense on advances	**-**	-	**1,202**	1,082
Dividend received	**-**	-	**910**	878
Advances received	**-**	-	**4,000**	4,000
Advances repaid	**-**	-	**-**	1,500

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

28 RELATED PARTY TRANSACTIONS (CONT'D)

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
<u>Transactions during the year (Cont'd)</u>				
Associates				
Rendering of goods and services	**57,608**	41,361	**57,608**	41,287
Receipts of goods and services	**47,216**	44,139	**47,216**	44,139
Dividend received	**12,640**	3,069	**12,640**	3,069
Advances granted	**33,248**	147,993	**33,248**	146,987
Advances repaid	**18,671**	52,141	**17,569**	52,141
Loan received	**15,000**	75,000	**15,000**	75,000
Loan repaid	**10,000**	55,000	**10,000**	55,000
Leases taken	**11,617**	1,840	**11,617**	1,840
Leases repaid	**1,896**	1,381	**1,896**	1,381
Issue of unsecured notes	**-**	2,875	**-**	2,875
Interest paid	**3,734**	3,367	**2,950**	3,367
Interest received	**8,379**	6,097	**8,379**	6,097

Investment activities with associates have been disclosed in notes 8.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

28 RELATED PARTY TRANSACTIONS (CONT'D)

Enterprises that have a number of key management / directors in common

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Transactions during the year (Cont'd)				
Rendering of goods and services	83,346	51,870	83,346	51,312
Receipts of goods and services	92,436	75,250	92,436	75,250
Dividend received	1,115	651	1,115	651
Advances granted	30,177	73,855	30,177	72,753
Advances repaid	71,373	24,923	71,373	22,815
Loan received	5,000	2,000	5,000	2,000
Loan repaid	-	9,500	-	9,500
Issue of unsecured notes	-	3,000	-	3,000
Interest paid	941	1,076	941	1,076
Interest received	3,382	2,722	3,351	2,722
Transactions with key management personnel				
Issue of unsecured notes	-	17,175	-	17,175

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

28 RELATED PARTY TRANSACTIONS (CONT'D)

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Outstanding balances with related parties				
Associates				
Receivables	39,704	27,884	39,667	27,884
Payables	16,474	10,883	16,474	10,883
Current Account with subsidiary	-	-	8	-
Enterprises that have a number of key management / directors in common				
Receivables	31,530	44,617	31,530	44,617
Payables	24,012	10,377	24,012	10,377
Outstanding advances with related parties				
Advances from subsidiary	-	-	19,500	15,500
Advances to related parties				
Associates Repayable within one year	68,714	52,998	68,677	52,998
Repayable between two to five years	65,000	65,000	65,000	65,000
Enterprises that have a number of key management / directors in common	23,237	63,977	23,237	63,977

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

28 RELATED PARTY TRANSACTIONS (CONT'D)

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Bank Balances				
Associates	**(52,348)**	(30,098)	**(52,348)**	(30,098)
Bank and other borrowings				
Associates	**25,000**	24,794	**25,000**	24,794
Loans				
Enterprises that have a number of key management / directors in common	**17,500**	12,500	**17,500**	12,500
Obligation under finance lease				
Associates	**14,054**	4,342	**14,054**	4,342

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 subsidiary) bears an average interest rate of 5.0% - 8.0% per annum (2016: 5.5% - 8.0%) Amount due from related parties bear interest at 7.25% - 8.15% (2016: 7.25% - 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 2017 Rs '000	30 June 2016 Rs '000
Short term benefits	**81,441**	72,974

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

29. FINANCIAL 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 2016.

The Capital structure of the Group consists of debt, net of cash and cash equivalents and equity attributable to equity holder of the company 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 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Debt	**852,188**	903,378	**860,214**	907,984
Cash in hand and at bank	**(70,986)**	(132,997)	**(70,986)**	(132,997)
Net debt	**781,202**	770,381	**789,228**	774,987
Equity (as restated)	**719,974**	622,763	**534,031**	487,869
Net Debt to equity ratio (as restated)	**1.09**	1.24	**1.48**	1.59

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

29. FINANCIAL INSTRUMENTS (CONT'D)

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.

Categories of financial instruments

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Financial assets				
Loan and receivables (including cash and cash equivalents)	546,544	605,741	546,415	603,051
Derivative financial assets	4,646	3,366	4,646	3,366
Available for sale financial assets	126,282	120,207	126,282	120,207
Unquoted equity investments	51,339	41,368	45,564	35,493
	728,811	770,682	722,907	762,117
Financial Liabilities				
Amortised cost	1,099,791	1,160,119	1,107,621	1,164,454

(i) Financial assets exclude the following:

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Prepayments	24,696	17,542	24,696	17,542
Income taxes withheld under tax deduction at source	840	223	788	104
	25,536	17,765	25,484	17,646

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

29. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial liabilities exclude the following:

	THE GROUP		THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Valued added tax	5,420	6,567	5,352	6,551
Advances from customers	15,679	16,765	15,439	16,765
National Pension Funds/Income taxes retained	1,747	1,672	1,747	1,672
Tax deduction at source	126	49	120	42
	22,972	25,053	22,658	25,030

Financial risk management

Market risk

The Group and the Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group and the Company manage its 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 2017				
Currency				
Mauritian Rupee	659,590	981,866	653,686	989,696
US Dollar	52,975	17,420	52,975	17,420
South African Rand	10,083	56,032	10,083	56,032
Japanese Yen	2,359	14,987	2,359	14,987
Euro	3,786	29,348	3,786	29,348
Great Britain Pound	18	3	18	3
Singapore Dollar	-	135	-	135
	728,811	1,099,791	722,907	1,107,621

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

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 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

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 in the Rupee against the relevant foreign currencies on profit and equity. 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.

	US DOLLAR IMPACT THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Profit or loss	1,778	4,566

	JAPANESE YEN IMPACT THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Profit or loss	(631)	(5,570)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Foreign currency risk management (Cont'd)

	SOUTH AFRICAN RAND IMPACT THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Profit or loss	(2,297)	(3,973)

	EURO IMPACT THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Profit or loss	(1,278)	(769)

	GREAT BRITAIN POUND IMPACT THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Profit or loss	1	(10)

	SINGAPORE DOLLAR IMPACT THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Profit or loss	(7)	(6)

A decrease of 5% in the Rupee against the above relevant foreign currencies would have an equal and opposite impact on the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

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.

The following table sensitivity analysis following exchange rate fluctuations of 5% at reporting date's position on Group and Company's Profit and Equity:-

			Effects on Profit	Effects on equity
Exposure on foreign exchange effects on Forward exchange contracts	ZAR: MUR	5%	(232)	(232)
Exposure on foreign exchange effects on Forward exchange contracts	ZAR: MUR	-5%	232	232

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (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 2017 was:

	THE GROUP AND THE COMPANY			
	30 June 2017 Floating Rate %	30 June 2017 Fixed Rate %	30 June 2016 Floating Rate %	30 June 2016 Fixed Rate %
Financial Assets				
Currency				
Mauritian Rupee	6.75 -7.10	6.25 -8.00	5.50 - 8.50	6.25 -8.00
Others	5.00 -7.85	-	5.00 - 8.00	-
Financial Liabilities				
Currency				
Mauritian Rupee	4.35 -7.00	-	4.90 -7.40	8.50
Others	4.52- 4.53	-	3.11-4.49	-

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 2017 Rs '000	30 June 2016 Rs '000	30 June 2017 Rs '000	30 June 2016 Rs '000
Loss	**(3,114)**	(3,731)	**(3,154)**	(3,677)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

29. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk management (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 2017 and 30 June 2016 would have been unaffected as the quoted equity investments are classified as available for sale; and

Other equity reserves would increase/decrease by Rs 19,953,499 (2016: Rs 6,010,350) 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 counterparties or any group of counterparties 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 (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

29. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk management (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 table 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 table includes 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 2017					
Non-interest bearing	N/A	240,781	-	-	240,781
Finance lease liability	7.25% - 9.27%	4,296	12,585	-	16,881
Fixed interest bearing	6.00%	12,000	212,000	-	224,000
Variable interest rate instruments	4.52%-7.00%	542,968	107,182	64,536	714,686
		800,045	331,767	64,536	1,196,348
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

29. FINANCIAL INSTRUMENTS (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 2017					
Non-interest bearing	N/A	240,345	-	-	240,345
Finance lease liability	7.25% - 9.27%	4,296	12,585	-	16,881
Fixed interest bearing	6.00%	12,000	212,000	-	224,000
Variable interest rate instruments	4.52%-7.00%	550,995	107,182	64,536	722,713
		807,636	331,767	64,536	1,203,939
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	796,588
		857,197	340,246	97,155	1,294,598

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 its 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 2017 Level 1 Rs '000	30 June 2016 Level 1 Rs '000	30 June 2017 Level 1 Rs '000	30 June 2016 Level 1 Rs '000
Financial assets				
Available-for-sale quoted financial assets	126,283	120,208	126,283	120,208

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

29. FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (Cont'd)

	THE GROUP		THE COMPANY	
	30 June 2017 Level 3 Rs '000	30 June 2016 Level 3 Rs '000	30 June 2017 Level 3 Rs '000	30 June 2016 Level 3 Rs '000
Unquoted equity investments	-	474	-	474

THE GROUP
30 June 2017

	Derivative financial assets Rs '000	Available for sale investments Rs '000	Unquoted equity Investments Rs '000	Loans and receivables including cash and cash equivalents Rs '000
Interest Income	-	-	-	14,065
Dividend Income	-	6,497	2,010	-
Interest Expense	-	-	-	49,695
Impairment losses	-	-	5,223	-
Unrealised gain on revaluation	-	5,580	-	-

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	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

29. FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (Cont'd)

THE COMPANY
30 June 2017

	Derivative financial assets Rs '000	Available for sale investments Rs '000	Unquoted equity Investments Rs '000	Loans and receivables including cash and cash equivalents Rs '000
Interest Income	-	-	-	14,014
Dividend Income	-	6,497	2,920	-
Interest Expense	-	-	-	50,897
Impairment losses	-	-	5,123	-
Unrealised gain on revaluation	-	5,580	-	-

THE COMPANY
30 June 2016

	Derivative financial assets Rs '000	Available for sale 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 Expense	-	-	-	46,989
Impairment losses	-	-	1,466	558
Unrealised gain on revaluation	-	20,753	54	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

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.

	30 June 2017 Rs '000	30 June 2016 Rs '000
Payments recognised as expense:		
Minimum lease payments	**14,370**	13,697
Non-cancellable operating lease commitments		
Payable in next twelve months	**12,289**	11,020
Payable 2 - 5 years	**32,045**	20,818
Payable thereafter	**89,488**	87,300
	133,822	119,138

31. COMMITMENTS FOR EXPENDITURE

	THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Commitments for the acquisition of property and equipment	**115,565**	115,000

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 (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

33. REVENUE

The following is an analysis of the Group's revenue for the year

	THE GROUP AND THE COMPANY	
	30 June 2017 Rs '000	30 June 2016 Rs '000
Sale of goods	1,727,203	1,742,750
Rendering of services	105,570	96,647
	1,832,773	1,839,397

34. PRIOR YEAR ADJUSTMENTS

During the financial year 30 June 2017, one of the company`s associates has restated its profit and other comprehensive income retrospectively in respect of allowance for credit impairment on financial assets, amortisation of residual value payable on leases, and accounting of impairment for available for sale investments. These adjustments have been applied by the associate in accordance with 'IAS 8 Accounting Policies, Changes in Accounting estimates and Errors'. The opening consolidated statement of financial position of the earliest comparative period presented (01 July 2014) has been restated as if these adjustment have been applied since the initial recognition and measurement of the account balances affected.

	As previously reported Rs '000	Reclassification Rs '000	Prior Year Adjustments Rs '000	As restated Rs '000
At 30 June 2016				
Effects on statement of financial position on :				
- Investment in Associates	344,007	-	(6,728)	337,279
- Retained Earnings	541,036	(9,461)	(7,901)	523,674
- Regulatory Reserves	-	9,461	-	9,461
- Investment Revaluation Reserve	18,443	-	1,173	19,616
Effects on statement of profit or loss and other comprehensive income				
- Profit for the year	99,167	-	(2,290)	96,877
- Other Comprehensive income	(10,881)	-	1,259	(9,622)
- Total Comprehensive income	88,286	-	(1,031)	87,255

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30 JUNE 2017

34. PRIOR YEAR ADJUSTMENTS (CONT'D)

	As previously reported Rs '000	Reclassification Rs '000	Prior Year Adjustments Rs '000	As restated Rs '000
At 30 June 2015				
Effects on statement of financial position on :				
- Investment in Associates	224,078	-	(5,697)	218,381
- Retained Earnings	452,158	(11,161)	38	441,035
- Regulatory Reserves	-	11,161	(5735)	5,426
- Investment Revaluation Reserve	28,711	-	-	28,711
Effects on statement of profit or loss and other comprehensive income				
- Profit for the year	64,250	-	(1,421)	62,829
- Other Comprehensive income	17,878	-	(10)	17,868
- Total Comprehensive income	82,128	-	(1,431)	80,697

Regulatory reserves includes statutory reserves and general banking reserves pertaining to ABC Banking Corporation Ltd, previously regrouped under retained earnings, have been reclassified into a separate heading 'Regulatory Reserves' under 'Other reserves'. These reserves are subject to distribution following the approval of the Bank of Mauritius.

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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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