ABC MOTORS COMPANY LIMITED

ANNUAL REPORT 2018

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

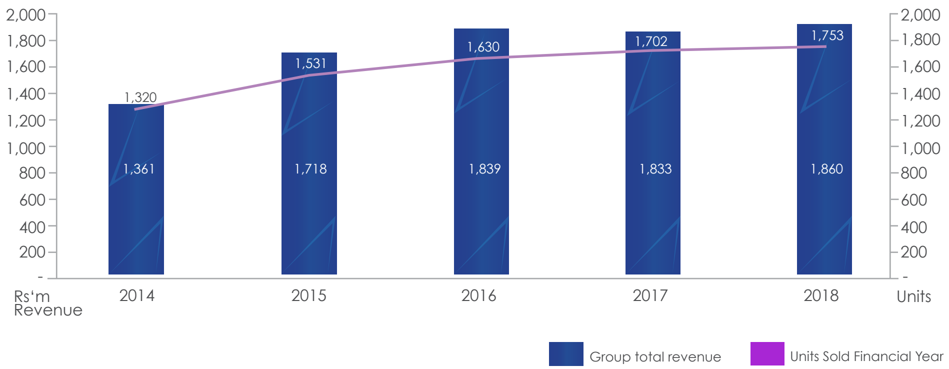
All amounts in million of rupees unless otherwise stated

Financial Highlights	THE GROUP					THE COMPANY				
	2018	2017	2016 (Restated)	2015 (Restated)	2014	2018	2017	2016	2015	2014
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M
Total revenue [1]	**1,860**	1,833	1,839	1,718	1,361	**1,860**	1,833	1,839	1,718	1,361
Profit for the year (before taxation)	**83**	112	106	70	42	**58**	78	75	45	33
Total comprehensive income	**70**	121	87	81	46	**49**	69	45	57	32
Total Equity	**784**	720	623	545	477	**577**	534	488	452	402

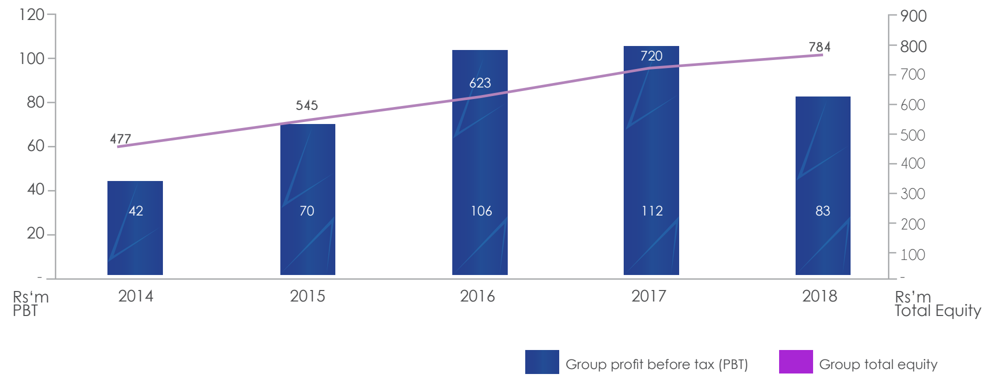
[1] The growth in the Group's total revenue for 2018 is 1.5% as compared to 2017 which can be explained mainly by an increase in units sales of vehicles by 51 (2018: 1,753 units compared to 1,702 in 2017) and a growth of 1% in after-sales revenue.

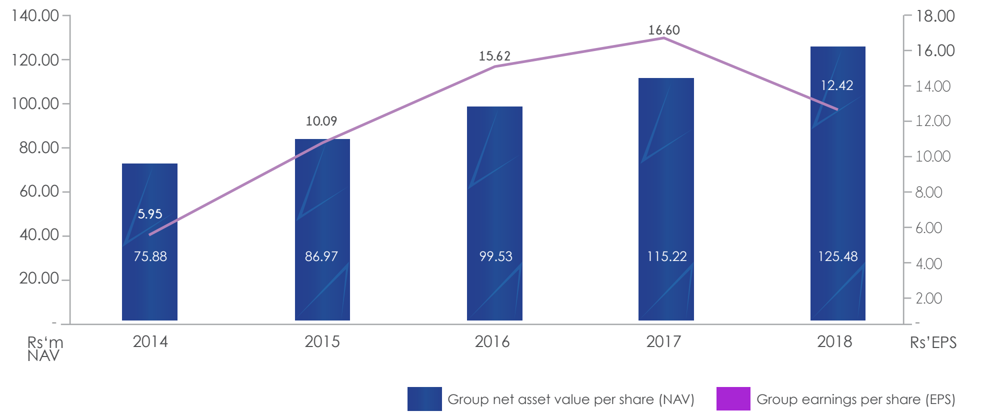
Group Performance Measures	2018	2017	2016 (Restated)	2015 (Restated)	2014
Earnings per share (Rs)	**12.42**	16.60	15.62	10.09	5.95
Final dividend declared per share (Rs)	**2.24**	1.00	2.25	1.50	1.20
Interim dividend declared per share (Rs)	**-**	1.50	-	-	-
Net assets value per share (Rs)	**125.48**	115.22	99.53	86.97	75.88
Net Debt to equity ratio *	**1.12**	1.09	1.24	1.01	0.62
Stock price at 30 June (Rs)	**112.00**	110.00	85.50	93.00	102.75

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



FINANCIAL HIGHLIGHTS (CONT'D)





DIRECTORS' REPORT

Dear Stakeholders,

We made it Again!

After conquering back its No.1 position in 2016, we are delighted to announce again that Nissan has maintained its leadership position for the calendar year 2017 with 1,694 registered vehicles. Overall, that makes the count to 18 years of brand leadership in the Mauritian Market.

This was possible due to the enthusiasm, passion and determination of the whole ABC family coupled with effective execution of strategies set since the last financial year. As expected, the sales performance of Nissan was driven by its unrivalled leadership in the light commercial segment and continued success of its other core models in the passenger segment like Qashqai, Micra, Datsun Go. Indeed, the Datsun line up has enabled the Company to tap in successfully the sub-compact segment. Moreover, the Human Capital development strategy to set up a sales academy within our organisation has proved to be a ground-breaking success by delivering tangible results. Our first batch of academics integrated successfully our sales team and they helped in improving the overall sales performance and to cope with the growing market demand. They have, without any doubt, been the determinant factor to the success of Nissan's market leadership, and we are actually nurturing the second generation of sales academy, which is proving to be successful as well.

In the Heavy Commercial Segment, after having faced multiple challenges over the past years including the end of production of its key conventional UD truck models and phasing out of its presence in the Bus market following the enactment of new legislation favouring the fully built semi-low floor buses, the Company has for the year under review been able to partly overcome these challenges through the introduction of the new UD Croner series lately in 2017 and the focused strategies to build the Eicher brand. As a result, we encountered a drop in our sales volume in this specific segment.

On the After-Sales side, with our quest for operational excellence and delivering Quality service, we have continued with the rigorous implementation of the ISO program within the organisation. Subsequent to the successful ISO certification of our Body and Paint shop in 2016, the ISO implementation has been extended to our two Nissan service centres situated in Port Louis and Phoenix.

THE MARKET DYNAMICS

The calendar year 2017 has shown a record number of vehicles sold in 2017, with 11,151 new vehicles registered, a growth of 21.4% compared to calendar year 2016 (9,185 units), whilst the market for second hand vehicles slumped by 4% (calendar year 2016: 8,832 units and calendar year 2017: 8,470 units). The growth was a result of an increasing demand for vehicles in the Construction, Tourism, ICT, Property Development and Government tender business.

DIRECTORS' REPORT (CONT'D)

THE MARKET DYNAMICS (CONT'D)

The growth in new vehicle sales was mainly due to the increased demand for sub-compact cars and SUV on the passenger segment, and pickups on the light commercial segment. The same trend is noted in new vehicle sales for the calendar year 2018 and the light commercial segment is expected to grow at a much steadier rate with the increasing demand for vehicles on the construction industry.

It is good to note that market for second hand vehicles has been growing during calendar 2018, with a sharp rise in imported hybrid vehicles due to their price competitive advantage (less 30% on the duty structure for hybrid cars). This is affecting the market for new vehicles in the sub-compact and SUV category.

FUTURE OUTLOOK AND INITIATIVES

The major public infrastructure development projects are already underway. We expect henceforth a continuing demand for commercial vehicles especially pickups and trucks. Accordingly, focused strategies were devised and the recently published slogan "NOU PÉ AIDE BOUZ ENN PAYS EN SANTIÉ" demonstrates our belief in the potential of this growing segment.

In line with Nissan's intelligent mobility initiatives, Nissan presence would soon be reinforced with the launch of the new Micra, Datsun Go, Qashqai and new Kicks - a mini crossover and the new Navara Pick up (2WD) in automatic transmission. The latter will consolidate Nissan dominance in the Light Commercial segment whereas the other mentioned models will help Nissan in improving its market share in the Passenger segment.

As mentioned earlier, we can feel the immediate buoyancy in the demand for Trucks during the forthcoming year. Notwithstanding that, UD Trucks has recently launched the UD Kuzer, a light medium duty truck model - a segment in which it has not been present for nearly the last 10 years. This initiative will mark a further milestone in UD Trucks' history of renowned and innovative Japanese technology. The UD Kuzer is expected to be marketed in Mauritius as from beginning of Quarter 2 next year.

I am more than certain that 2019 would be a fantastic year for UD Trucks. Indeed, the Company is aiming to regain the leadership position in the truck category. At present, ABC is leading in the Heavy truck segment and the UD Croner will enable the Company to gain market share in the medium duty category due to its cutting-edge technology, enhanced safety features and fuel efficient and eco - friendly engine. It is good to note that the UD Croner is the only truck in its category equipped with an integrated telematics system and has a variant for automatic transmission. The Company has indeed started to make some valuable sales with these features as determinant USPs. For instance, we have already secured a comprehensive number of deals with well-known fleet companies for the first semester of the financial year ending 30 June 2019.

Of course, we are also consolidating our position in the truck segment with the Eicher brand. Its affordability will make Eicher a very potent alternative to the other competing Japanese brands like Isuzu and Fuso. In a nutshell, having a look to the year ahead it is expected that, ABC would strongly increase its presence in the truck market with these two brands.

DIRECTORS' REPORT (CONT'D)

FUTURE OUTLOOK AND INITIATIVES (CONT'D)

In light of the extension of our brands line-ups, the Car showroom facilities at our headquarters in Port Louis will be renovated, extended and re-organised. The upgraded facilities will surely up-lift the customer experience to new heights.

The backbone of ABC's strength has always been our truly customer-centric aftersales service. In that respect, the means used to consistently improving our aftersales quality management system, has been the adoption of ISO 9001:2015.

We are committed to this quality management initiative and expect to see all our aftersales service be ISO certified by end of 2019 and the whole Company by end of 2020.

Bearing in mind our objective towards sustainability together with maintaining a healthier workforce and safer work environment at ABC, we have recently adopted the use of waterborne paints in our Body and Paint shop, which is eco-friendlier and safer, with only 10% solvents used as compared to around 74% for conventional automotive solvent based paints.

One of the foundations of any business success over time, is to keep consistently a motivated, agile, connected and committed workforce and collaborators. Management is taking every step to create the appropriate environment and structure to ensure a safe and healthy workplace and capacity building of our collaborators.

In line with the success of our Sales academy, I am pleased to announce that the Company will soon set the base of an After-Sales academy with an objective to create and nurture new Service and Parts advisors, who will be rotating across our Service, Parts and Body & Paint Departments. This will strengthen our pool of front-line staff, with a strong eye for excellence in handling our customers across all our service centres. On the aspect of the well-being of our people, much emphasis is put on health awareness, leisure and sporting activities. On top of the long-established staff welfare committee, we have since a year ago created a sports committee and employed a full-time Sports & Leisure officer in order to improve the team bonding and employee extracurricular initiatives.

Overall, we are highly confident to embrace the opportunities that present to us for the forthcoming year and our objective is very clear – We aim to sustain the Nissan brand leadership and get UD Trucks back to its leadership position.

It only remains for me to express my heartful gratitude to our stakeholders for their continued support and confidence towards our Company and brands we represent. Undoubtedly, that continued trust gives us the motivation to continuously innovate in simply doing things better and better.

Approved by the Board of Directors on 27 September 2018 and signed on its behalf by

Dean Ah-Chuen
Managing Director

COMPANY PROFILE

ABC MOTORS COMPANY LIMITED (the "Company" or "ABC Motors") was founded in 1985 with a clear and forward-looking vision to become a leading player in the automotive retailing industry in Mauritius. Its business model is inspired by a commitment to the values of a long held family tradition which has long been enshrined by late Sir Jean Etienne Moilin Ah-Chuen. ABC Motors is the flagship of the ABC Group's automobile cluster, which has grown into a multi-brand vehicle dealer.

More than three decades into its existence, ABC Motors boasts a proven track record of sustained growth. Such a performance has led the Company to be, inter alia, publicly listed on the Development & Enterprise Market of the Stock Exchange of Mauritius in 2006.

ABC Motors started its operations as the sole distributor of the Nissan brand for the Mauritius market. Since that time, the Company has deployed all the required resources to fulfil the stringent service obligations as prescribed by the Japanese manufacturer. Records of outstanding sales performance and dedication to high quality customer experience have won ABC Motors wide praise at the Nissan National Sales Company Global Award. The much-awaited ceremony proudly hosted by Nissan Motor Company saw the Mauritian dealership shine for 18 years since 1996, overwhelming its contenders as the Best National Sales Company for Africa in 2015 and 2016.

Building its reputation on its lead in terms of market share, innovation and customer service, ABC Motors is in strong position to work towards new goals and further its development. With our *avant-garde* approach, attuned to latest market trends and technological advances, car users may expect a range of more environmentally friendly models to be introduced in the market. More recently the Nissan line-up has further been enhanced with the Infiniti and Datsun brands.

In a bid to position itself as a fully-fledge vehicle dealer, meeting every individual or business requirement, taste and budget, ABC Motors is also a distributor of Light commercial, heavy goods vehicles, trucks and buses under the Nissan, UD and Eicher brands.

To boost customer satisfaction and get closer to its customers, ABC Motors has been expanding its service network with a 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 offerings of genuine manufacturer parts and tools as well as expert diagnosis by highly trained technicians.

Being confident that training and personnel development are critical for responding to advanced technology and business trends, ABC Motors ensures that its human resources are always at par with the proper tools and skills. Friendly policies and schemes are in place to promote workplace equity. As a corporate citizen, ABC Motors contributes generously to the betterment of the local and wider communities and supports employee volunteers to develop charitable and welfare projects.

CORPORATE INFORMATION AS AT 30 JUNE 2018

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. Vincent Ah-Chuen, *Executive Chairman*
(Mrs. Valerie Ah-Chuen as alternate director to Mr. Vincent Ah-Chuen)
Mr. Dean Ah-Chuen, *Managing Director*
Mr. Raymond Ah-Chuen, *Non-Executive Director*
(Mr. David Brian Ah-Chuen as alternate director to Mr. Raymond Ah-Chuen)
Professor Donald Ah-Chuen, *Non-Executive Director*
Mr. Andre Marc Ah-Chuen, *Non-Executive Director*
Mr. David Brian Ah-Chuen, *Non-Executive Director*
Mr. Hai Ping Chung Tung, *Independent 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
Nomination and Remuneration Committee

COMPANY SECRETARY & SHARE REGISTRY

ABC Professional & Secretarial Services Ltd
ABC Centre, Military Road, Port Louis

LEGAL ADVISOR

Me. Georges Ng Wong Hing

CORPORATE INFORMATION AS AT 30 JUNE 2018 (CONT'D)

EXTERNAL AUDITOR

Deloitte
7th Floor, Standard Chartered Tower, Cybercity, Ebene

MAIN BANKERS

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

CORPORATE GOVERNANCE REPORT

INTRODUCTION

ABC MOTORS COMPANY LIMITED (the "Company") is classified as a Public Interest Entity under the Financial Reporting Act 2004. The Board of Directors of 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.

PRINCIPLE ONE - GOVERNANCE STRUCTURE

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 Company has a Constitution which conforms to the provisions of the Mauritius Companies Act 2001 and the DEM Rules. A copy of the Constitution can be obtained upon request in writing to the Company Secretary.

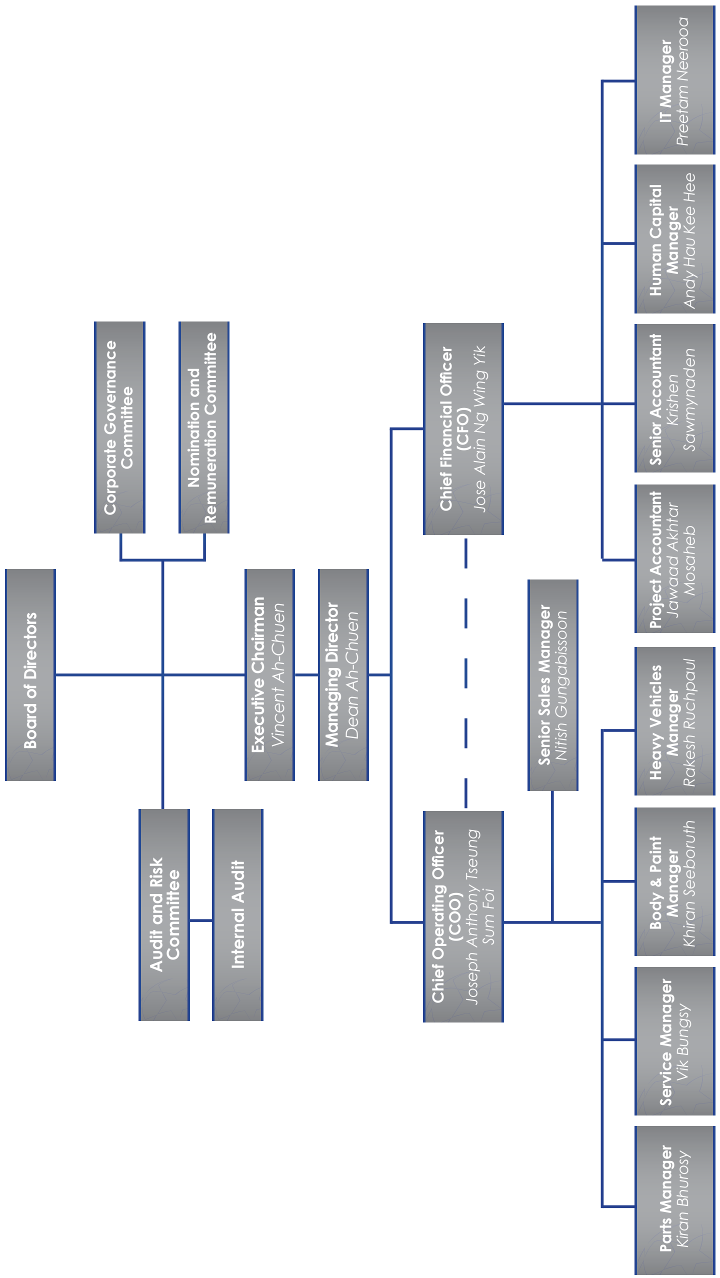
The Company also has a Board Charter as well as a Code of Conduct and Ethics.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE ONE - GOVERNANCE STRUCTURE (CONT'D)

ORGANISATIONAL CHART AND STATEMENT OF ACCOUNTABILITIES

As at 30 June 2018, the Organisational Chart and Statement of Accountabilities of the Company was as follows:



CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE ONE - GOVERNANCE STRUCTURE (CONT'D)

KEY GOVERNANCE RESPONSIBILITIES

Board of Directors

The Board of Directors is the Company's ultimate decision-making entity. 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. The Board also ensures that the activities of the Company comply with all legal and regulatory requirements as well as with its Constitution.

Responsibilities of the Board are set out in its 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 takes particular note of the following key positions which are critical to the Board performing its strategy and achieving a high level of good governance:

Executive Chairman

The Executive Chairman provides overall leadership to the Board and ensures the smooth functioning thereof whilst encouraging active participation of the members. He ensures that the Board is effective in its duties of setting out the Company's policies, objectives and strategies and the implementation thereof.

Managing Director

The Managing Director is responsible for the management and supervision of the Company's operations and day-to-day administration. He provides leadership and direction to Senior Management and implements the plans and strategies of the business in line with the policies, guidelines and instructions set by the Board.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE ONE - GOVERNANCE STRUCTURE (CONT'D)

KEY GOVERNANCE RESPONSIBILITIES (CONT'D)

Non-Executive Directors and Independent Directors

The Non-Executive and Independent Directors constructively challenge and contribute to the development of the Company's strategies and goals. They provide support to the Executive Directors and monitor the progress of the agreed plans and strategies within the risk and control framework set by the Board.

Company Secretary

ABC Motors has a service agreement with ABC Professional & Secretarial Services Ltd ("ABCPS" or the "Company Secretary") for the provision of company secretarial services. ABCPS provides assistance and information on corporate governance and administration issues. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable laws and regulations are complied with. It also has primary responsibility for guiding the Board members with regard to their duties and responsibilities.

ABCPS is also responsible for taking accurate and precise Board minutes which are then submitted for approval at the following meeting. The Company Secretary also 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 made by these committees.

ABCPS is also the primary channel of communication between the Company and its shareholders as well as the regulatory bodies.

Board Committees

The Board of Directors is supported by three main sub-committees in its functions, namely Audit and Risk, Corporate Governance and Nomination and Remuneration. The various committees are headed by experienced Chairmen who report on their activities and make recommendations on matters delegated to them under their respective Charters at the subsequent meeting of the Board. In order to fulfil the duties and responsibilities delegated to them, the committees are authorised to obtain independent professional advice at the Company's expense.

The Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities and is also accountable for any other duties that may be assigned by the Board from time to time.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE ONE - GOVERNANCE STRUCTURE (CONT'D)

KEY GOVERNANCE RESPONSIBILITIES (CONT'D)

Board Committees (Cont'd)

The Corporate Governance Committee has been set up in order to advise the Board on Corporate Governance matters and to ensure that the Company complies with the requirements of the National Code of Corporate Governance for Mauritius (2016) (the "Code").

The Nomination and Remuneration Committee has been set up to advise the Board on the structure, size and composition of the Board and its committees. It also makes recommendations on remuneration policy for executives and Senior Management.

More information on Board committees are provided further below.

PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES

BOARD STRUCTURE

ABC Motors is led by an effective unitary Board which is the favoured structure for companies in Mauritius.

BOARD SIZE

The Constitution of ABC Motors provides that the number of directors shall not be less than two (2) or more than ten (10).

All the directors are re-elected by separate resolution at every Annual Meeting of Shareholders of the Company.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

BOARD COMPOSITION

As at 30 June 2018, the Board of ABC Motors was composed as follows:

NAMES OF DIRECTORS	CATEGORY
Mr. Vincent Ah-Chuen	Executive Chairman
Mr. Dean Ah-Chuen	Managing Director
Mr. Raymond Ah-Chuen	Non-Executive Director
Professor Donald Ah-Chuen	Non-Executive Director
Mr. Andre Marc Ah-Chuen	Non-Executive Director
Mr. David Brian Ah-Chuen	Non-Executive Director
Mr. Hai Ping Chung Tung	Independent 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

Alternate directors
Mr. David Brian Ah-Chuen acts as alternate director to Mr. Raymond Ah-Chuen
Mrs. Valérie Ah-Chuen acts as alternate director to Mr. Vincent Ah-Chuen

The Board is of the view that its present composition is adequately balanced and that current directors have the range of skills, expertise and experience to carry out their duties properly. There is a clear separation of the roles of the Executive Chairman and the Managing Director.

In his role as Executive Chairman, Mr. Vincent Ah-Chuen is responsible for leading the Board and ascertaining its effectiveness. He is also responsible for ensuring that the directors receive accurate and timely information and he encourages the active participation of all Board members in discussions and decisions. With his wide experience and strong knowledge of the Company and its industry, the Chairman is in an excellent position to oversee the affairs of the Company while ensuring that value is being created for all stakeholders.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

BOARD COMPOSITION (CONT'D)

On the other hand, Mr. Dean Ah-Chuen in his capacity as Managing Director is responsible for the executive management of the operations of the Company and for implementing its short to long-term strategies, objectives and vision.

The profiles of the directors as well as their directorships in other listed companies are set out on pages 27 to 31 of this Annual Report.

BOARD BALANCE AND DIVERSITY

The directors of ABC Motors are all ordinarily resident of Mauritius.

The Board has a non-discrimination policy and endeavours to have representation at its senior governance position including disability, gender, sexual orientation, gender realignment, race, religion and belief. The Board believes that, based on its size and the industry that it is operating in, the current directors possess the appropriate expertise and knowledge to discharge their duties and responsibilities effectively and to meet the Company's business requirements.

BOARD MEETINGS

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, approved and signed by all the directors and which are subsequently ratified at next Board meeting. During the year under review, the Board met four times. The attendance of directors is set out on page 23 of this Annual Report.

BOARD COMMITTEES

The Board is supported by its sub-committees which provide in-depth focus on specific areas and make recommendations on matters delegated to them encompassing internal control, financial reporting, strategy and remuneration issues. Each sub-committee has its own terms of reference approved by the Board and reviewed as and when necessary.

Audit and Risk Committee

The Audit and Risk Committee has been established by the Board 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.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Audit and Risk Committee (Cont'd)

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 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 four times.

Members of the Audit and Risk Committee as at 30 June 2018 were:

Chairman:	Mr. Ah-Lan Lam Yan Foon	Independent Director
Members:	Mr. Hai Ping Chung Tung*	Independent Director
	Mr. Voon Yue Choon Wan Min Kee	Independent Director

**Appointed on 12 February 2018 in replacement of Mr. James Lim Teng Chong*

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 Code. Hence the Company remains effective and complies with prevailing corporate governance principles.

The Committee normally meets on a yearly basis and during the financial year under review, the Committee met three times.

Members of the Corporate Governance Committee as at 30 June 2018 were:

Chairman:	Mr. Voon Yue Choon Wan Min Kee	Independent Director
Members:	Mr. Ah-Lan Lam Yan Foon	Independent Director
	Mr. Hai Ping Chung Tung*	Independent Director

**Appointed on 12 February 2018 in replacement of Mr. James Lim Teng Chong*

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Nomination and Remuneration Committee

During the year under review, the Board of Directors had approved the setting up of a Nomination and Remuneration Committee whose main responsibilities include making recommendations for the appointment of directors to the Board, changes to be made to Board composition, policy in respect of executive and Senior Management's remuneration and the periodic review of the terms and conditions relating to Executive Directors' service agreements. These responsibilities were previously assigned to the Corporate Governance Committee.

Members of the Nomination and Remuneration Committee as at 30 June 2018 were:

Chairman:	Mr. Hai Ping Chung Tung	Independent Director
Members:	Professor Donald Ah-Chuen	Non-Executive Director
	Mr. Vincent Ah-Chuen	Executive Chairman

ATTENDANCE OF DIRECTORS AT BOARD MEETINGS AND COMMITTEE MEETINGS FOR THE YEAR UNDER REVIEW

Directors	Board Meetings	Audit and Risk Committee Meetings	Corporate Governance Committee Meetings	Nomination and Remuneration Committee Meetings
AH-CHUEN Raymond (1)	2			
AH-CHUEN Donald	2			
AH-CHUEN Vincent	3			
AH-CHUEN Andre Marc	4			
AH-CHUEN Dean	4			
AH-CHUEN David Brian	4			
CHUNG TUNG Hai Ping(2)	1	1	-	
LAM YAN FOON Ah-Lan	3	4	3	
LIM TENG CHONG James(2)	2	3	3	
TIN KIONG FONG Kee Koun	4			
WAN MIN KEE Voon Yue Choon	4	4	3	
Total Number of Meetings	4	4	3	0

(1) Mr. David Brian Ah-Chuen acted as the alternate director of Mr. Raymond Ah-Chuen at two Board meetings during the financial year.
(2) Mr. James Lim Teng Chong ceased to be a director of the Company on 08 February 2018. The vacancy was filled by Mr. Hai Ping Chung Tung on 12 February 2018.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

INTERNAL DIRECTORSHIP

The internal directorship of the directors of ABC Motors are disclosed below while their directorships in listed companies, where applicable, are disclosed in their profile on pages 27 to 31:

Directors	CW	GHL	Meijiang	SFL	TIL	USL	Meiling
AH-CHUEN Raymond	●	●	●	●	●		
AH-CHUEN Donald	●	●	●	●	●	●	●
AH-CHUEN Vincent	●	●	●	●	●	●	●
AH-CHUEN Andre Marc	●	●	●	●	●	●	●
AH-CHUEN Dean	○	○	●	○	○	○	●
AH-CHUEN David Brian	●	○	●	○	○	○	●
CHUNG TUNG Hai Ping	●			●			
LAM YAN FOON Ah-Lan	●						

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
Meiling	Meiling Investment Ltd
●	Director
○	Alternate Director

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE THREE - DIRECTOR APPOINTMENT PROCEDURES

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Prior to the setting up of the Nomination and Remuneration Committee, the Corporate Governance Committee made recommendations to the Board for the appointment of directors to either fill a casual vacancy or as an additional member of the Board and ensures that the number of directors shall not at any time exceed ten (10) as stipulated in the Constitution of the Company.

Newly appointed directors are subject to election in their first year of appointment by the shareholders of the Company at its Annual Meeting. As a listed entity, ABC Motors is required to submit to the Regulators all documents pertaining to any newly appointed director. In accordance with the Mauritius Companies Act 2001, directors aged 70 and above are subject to annual re-appointment.

INDUCTION AND ORIENTATION

On appointment to the Board, new directors receive a comprehensive induction pack and an orientation programme.

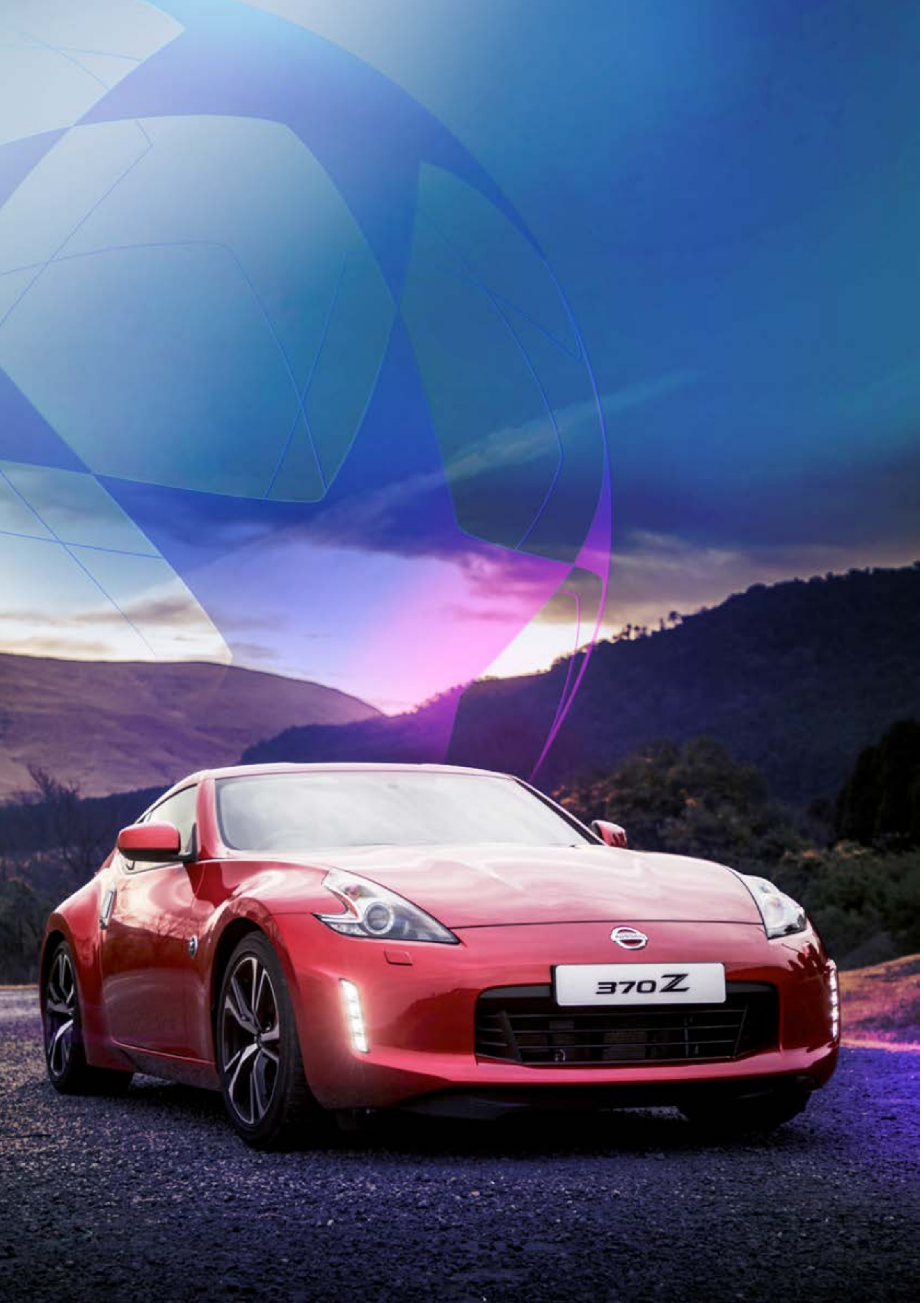
PROFESSIONAL DEVELOPMENT

Directors of ABC Motors are encouraged to follow continuous professional development courses/training to keep up to date with industry, legal and regulatory developments.

In September 2017, a workshop on the Code was organised by the Company in collaboration with the Mauritius Institute of Directors. This session enabled the directors to familiarise themselves with the contents of the Code and its implications.

SUCCESSION PLANNING

The Board of Directors of ABC Motors believes that effective succession planning is essential to the delivery of the Company's strategic aims by ensuring the desired training and development needs of current and potential Board members. The Board is also committed to recognising and nurturing talents within executive and management levels across the Company to ensure that it creates opportunities to develop current and future leaders.



CORPORATE GOVERNANCE REPORT (CONT'D)

PROFILE OF DIRECTORS

MR. VINCENT AH-CHUEN
EXECUTIVE CHAIRMAN

Mr. Vincent Ah-Chuen was elected as Executive Chairman of the Company on 12 February 2018. He 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 Limited and Associated Brokers Ltd and a director of Phoenix Transafrica Holdings Ltd (Kenya). He also holds directorship in listed companies on the Official Market namely Mauritius Union Assurance Ltd & P.O.L.I.C.Y Limited and Les Moulins de la Concorde Ltee listed on the DEM.

MR. DEAN AH-CHUEN
MANAGING 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. Mr. Dean worked for Westpac Banking Corporation (Australia) in the IT Division and for Toyota before returning to Mauritius in 1994 where he joined the Company as Business Development Manager. Today, he is the Managing Director of ABC Motors 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 & Cooperative Bank Ltd.

CORPORATE GOVERNANCE REPORT (CONT'D)

PROFILE OF DIRECTORS (CONT'D)

PROFESSOR DONALD AH-CHUEN, G. O. S. K. - NON-EXECUTIVE DIRECTOR

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 Chairman of the Stock Exchange of Mauritius Ltd (SEM). He is also a director of P.O.L.I.C.Y Limited and the Managing Director of ABC Banking Corporation Ltd listed on the Official Market and the DEM 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. RAYMOND AH-CHUEN NON-EXECUTIVE DIRECTOR

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. Raymond is the Chairman of several companies within the Group.

CORPORATE GOVERNANCE REPORT (CONT'D)

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 which specializes in the food imports, production and distribution under the ABC Foods Cluster. He has long standing experience in the Fast-moving consumer goods (FMCG) sector.

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 is currently the Strategic Business Executive of ABC Banking Corporation Ltd which is listed on the DEM. He was previously the Executive Director of ABC Autotech Ltd and Marina Resort, the President of the Chinese Chamber of Commerce (2006-2007) and Board Member of the Mauritius Chamber of Commerce & Industry (2006-2007). He is also a Fellow member of the Mauritius Institute of Directors.

CORPORATE GOVERNANCE REPORT (CONT'D)

PROFILE OF DIRECTORS (CONT'D)

MR. HAI PING CHUNG TUNG
INDEPENDENT DIRECTOR

Mr. Hai Ping Chung Tung, also known as Robert Chung Tung, had pursued professional accountancy studies in the UK and has a vast experience in the fields of accounting, finance, general management, manufacturing and distribution. He worked with the British American Tobacco (Mauritius) PLC for 33 years and was seconded on duty to the BAT Group Head Office in the UK and thereby promoted as Finance Manager & Deputy General Manager until his early retirement. He subsequently joined the ABC Automobile Division as General Manager and thereafter was appointed the Group Consultant which function he assumes until presently.

He is a director of Chue Wing & Company Limited, Oriental Foods Limited, ABC Global Management Services Ltd and Chairman of ABC Capital Ltd and ABC Professional & Secretarial Services Ltd. He was previously the President of the Chinese Chamber of Commerce, a Council Member of the Mauritius Chamber of Commerce & Industry and Honorary Treasurer of the Mauritius Gymkhana Club.

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, he worked for a leading Freight Forwarding and Shipping company, Rogers Group, where he held the position of Finance & Administration Director and subsequently acted as Managing Director for 6 years up to his retirement. He provided during the period 2000-2016, consultancy services in Auditing, General Financial Management and Quality Management Systems.

He is a founder member of the ACCA (Mauritius Branch) and was its President in 1988. He was awarded the Certificate of Recognition for Dedication and Commitment to the service of ACCA in 2004. He was the first elected President of The Mauritius Red Cross Society (2007-2010) at national level. He holds directorships in the following companies: ABC Autotech Ltd, Chue Wing & Company Limited, Expert Leasing Ltd, Oriental Foods Limited and P.O.L.I.C.Y Limited. He is currently the Treasurer of the Chinese Chamber of Commerce.

CORPORATE GOVERNANCE REPORT (CONT'D)

PROFILE OF DIRECTORS (CONT'D)

MR. KEE KOUN TIN KIONG FONG
INDEPENDENT DIRECTOR

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

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 had 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.

CORPORATE GOVERNANCE REPORT (CONT'D)

PROFILE OF SENIOR MANAGEMENT

MR JOSEPH ANTHONY TSEUNG SUM FOI
CHIEF OPERATING OFFICER

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 has been appointed as Chief Operating Officer since October 2017.

He is currently the Chairman of Expert Leasing Ltd and holds directorship in Kenyon Limited, a company incorporated in Kenya where it is engaged in automobile activities.

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

MR. JOSE ALAIN NG WING YIK
CHIEF FINANCIAL OFFICER

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. Alain has been appointed as Chief Financial Officer since October 2017.

CORPORATE GOVERNANCE REPORT (CONT'D)

PROFILE OF SENIOR MANAGEMENT (CONT'D)

MR. NITISH GUNGABISSOON
SENIOR SALES MANAGER

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

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

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE FOUR - DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE

LEGAL DUTIES

The directors of ABC Motors are aware of their legal duties and responsibilities in accordance with the Mauritius Companies Act 2001 and the Code. Besides, the directors maintain a reputation for high standards of business conduct and ethics and perform their duties with due care, skill and diligence.

CODE OF CONDUCT AND ETHICS

ABC Motors has adopted a Code of Conduct and Ethics which encompasses the core values of the Company and the standard of dealings that the public at large can uncompromisingly expect. ABC Motors does not tolerate corruption in any form, whether direct or indirect, and works proactively to prevent it. This 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 any illegal, unethical or questionable practices that they may come across to Senior Management or the Internal Auditor without fear of reprisal.

CONFLICT OF INTEREST

Directors must avoid instances that may give rise to conflicts of interest or which may be perceived by others as conflicting situations. Full information on any conflict or potential conflict of interest is made known to the Board and recorded accordingly. The onus is on the directors to advise the Board on any change in their situation.

On declaration of his interest, the concerned director shall not participate in the discussions and/or decision-making process on the transaction in relation to which conflict arises but may continue to be present unless the Chairman judges otherwise. The transaction may however be concluded and approved at market terms and conditions. Related party transactions will also be disclosed in accordance with accounting policies and standards.

INFORMATION, INFORMATION TECHNOLOGY (IT) AND INFORMATION SECURITY GOVERNANCE

The Board is responsible for the information governance whereas the management of information technology as well as the Information Security Governance have been delegated to the IT function, which falls under the responsibility of the IT Manager and Chief Financial Officer.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE FOUR - DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

INFORMATION, INFORMATION TECHNOLOGY (IT) AND INFORMATION SECURITY GOVERNANCE (CONT'D)

The Company has set up a governance model with a set of IT policies and guidelines, and appropriate mechanisms like annual IT business planning, Key Performance Indicators monitoring, budgetary controls and monthly management reviews covering aspects of IT governance and security, threats, service level, incident management, IT capital investment and operating expenditure. Investments in information technology and information system include investment in software, hardware, training and development of IT personnel and adoption of new technologies.

During the year under review, much emphasis was placed on Risk Management measures with regards to the mitigation of cyber-attacks and threats, reinforcement of access control, information security and business continuity. In that respect, the IT team was reinforced with the recruitment of a new IT Infrastructure and Security Officer.

The right of access to information is governed under the Company access control policy and is based on the job profile, level of authority, adequacy of segregation of duties and in compliance with the Data Protection Act 2017 and other relevant laws and regulations. The section below explains the IT policies that have been implemented within the Company.

IT POLICIES AND PROCEDURES

Policies and procedures allow management to communicate the way things should be done and IT policies and procedures are no exception. To this effect, the Company has put in place various IT policies such as access to and usage of the Company's IT facilities and administration and maintenance of IT hardware and systems amongst others that are aimed at maintaining and protecting the integrity of data and information from internal or external cyber-attacks and to ensure the smooth operations of the Company as per the adopted protocol. Likewise, the IT policies contribute in the overall increase in Company's productivity and performance, achieve greater efficiencies and positive return on investments in technology.

The Company has developed its IT policies based on universally accepted best practices and standards. The IT policies and procedures conform to the two main IT standards namely COBIT and ISO 27002:2013. COBIT is a framework for managing IT risk and was created by Information Systems Audit and Control Association (ISACA).

Management is responsible for the effective implementation of the IT policies and procedures which are overseen by the Audit and Risk Committee. The effectiveness of the policies is also tested during the yearly audit exercise.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE FOUR - DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

BOARD INFORMATION

The Chairman with the assistance of the Company Secretary ensures that directors receive all information necessary for them to perform their duties and that the Board is allocated sufficient time for consultation and decision-making.

DIRECTORS' AND OFFICERS' INDEMNITY AND INSURANCE

The Company has contracted the Directors' and Officers' Liability Insurance in order to indemnify and keep indemnified the directors and officers against all actions, suits, claims and liabilities which may properly arise, occur or be sought against them in connection with the Company.

BOARD EVALUATION AND DEVELOPMENT

The Board's review and evaluation include an assessment of its 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 committees.

An internal evaluation of the Board is conducted on an annual basis through a questionnaire whereby each Board member provides his feedback.

The Nomination and Remuneration Committee then evaluates such feedback and makes appropriate recommendations to the Board.

Directors are not evaluated on an individual basis given that the directors forming part of the Board have been appointed in light of their wide range of skills and competencies acquired through their several years of working experience and professional background.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE FOUR - DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

REMUNERATION

Statement of Remuneration Philosophy

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

With regards to the directors, including Executive Directors, their remuneration on an aggregate basis is taken up at the Nomination and Remuneration 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.

The Company strongly believes that the achievements and merits of high performing employees should be recognised and rewarded. In that respect, Management and staff are also assessed for the payment of an annual performance bonus.

During the financial year ended 30 June 2018, the executive, non-executive and independent directors were remunerated as follows:

	2018 Rs.	2017 Rs.
Executive Directors	**16,555,500**	20,933,336
Non-Executive Directors & Independent Directors	**5,508,250**	3,295,413
	22,063,750	24,228,749

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

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE FOUR - DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

DIRECTORS' INTERESTS AND SHARE DEALINGS

The directors' interests in the capital of the Company as at 30 June 2018 were as follows:

Directors	Direct Shareholding	Indirect Shareholding
AH-CHUEN Raymond	0.26%	0.87%
AH-CHUEN Donald	3.77%	1.39%
AH-CHUEN Vincent	7.48%	3.93%
AH-CHUEN Andre Marc	3.81%	3.29%
AH-CHUEN Dean	1.12%	2.01%
AH-CHUEN David Brian	0.10%	0.07%
LAM YAN FOON Ah-Lan	NIL	0.01%
CHUNG TUNG Hai Ping	0.00%	NIL
TIN KIONG FONG Kee Koun	0.00%	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.

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

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE FIVE - RISK GOVERNANCE AND INTERNAL CONTROL

RISK MANAGEMENT

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

The Company is principally involved in the automobile industry which is a highly competitive sector that is extremely sensitive to changes at both international and domestic levels, the state of the economy, the fiscal policies, market changes and technological progress in the vehicle manufacturing industry itself. The identification of the Company's weaknesses and risks as well as its strengths and opportunities are embedded in the business planning process which is carried out before the beginning of each financial year. Accordingly, appropriate strategies are devised to overcome the major weaknesses identified and relevant action plans are initiated to counter risks that may potentially impair the business performance and reputation, impact on the Company's financial stability, cash flow and revenue streams.

Moreover, the process of risk identification and management has been reinforced through the phased implementation of the ISO 9001:2015 programme. To date, the Body and Paint shop of the Company is ISO certified and the ISO certification process for its two Nissan service workshops is expected to be completed by the end of December 2018. The Company is working towards becoming fully ISO certified within the next two years. The ISO process has facilitated the setting up of a risk register whereby much emphasis is laid on the treatment of high and medium risks areas.

Management is assisted by the internal audit function in the Risk Management process. 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 meetings, which are 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 all necessary corrective actions are taken promptly by management.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE FIVE - RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT (CONT'D)

The Company recognises different risk categories namely market, operational, financial, reputational, legal, tax, compliance 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 Company's business plan and market strategies are regularly reviewed to ensure that corrective actions are taken against any major and potential changes in the market environment that may impair the organisation. Market-driven strategies are deployed to meet the Company's vision of *"always being the outstanding Company in the automobile industry"* and Company's philosophy *"We care for you"*.
Operational risks	Failure to achieve improved and effective procurement, work systems and processes, promised time-to-delivery and service standard that may lead to financial losses and customer dis-satisfaction. Failure to take the necessary measures to mitigate risk of misappropriation, fraud and mis-use of the Company's resources.	Organisational structures, policies and control procedures are regularly reviewed and updated as necessary to minimize the exposure to operational risks. Operational procedures and systems, including detailed job descriptions are documented, explained and made available to employees to ensure their compliance with the Company's guidelines and delivery of the best level of service. In the same context the Company has set HR mechanisms and strategies in order to have a motivated, experienced and skillful workforce and to retain its key and talented employees.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE FIVE - RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT (CONT'D)

Risks	Exposure	Risk Management policies
Financial risks	Exposure to a variety of financial risks including liquidity, credit, exchange and interest rate risks.	The Company recognizes the significant impact of such risks especially in the prevailing 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 124 to 132, Note 30 of the financial statements.
Reputational risks	The risk of loss arising from adverse perception of the corporate image by the customers, counterparties and stakeholders. The reputational risk encompasses strategic, financial, operational and compliance risks.	The Company recognizes the negative impact of this risk. The operational systems and controls as well as an effective communication unit put in place help to mitigate this risk. The Company also invests significantly in customer care training and customer service survey at all levels of the organisation. It also ensures the staff's compliance of Know Your Client ("KYC") and Anti-Money Laundering guidelines and procedures.
Legal risks	Exposure to potential legal claims for liabilities which may arise from the day-to-day activities/operations of the business.	Guidance and advice are sought from legal advisors and insurance consultants to safeguard against exposure to potential losses. Adequate insurance policies are in place to cover against such potential claims.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE FIVE - RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT (CONT'D)

Risks	Exposure	Risk Management policies
Tax risks	Failure to comply with the prevailing tax legislations or failure to identify changes in tax legislations.	Guidance and advice are sought from tax advisors as required and on-going training on taxation issues provided to staff. Tax advisors also carry out a VAT/Tax health check every two years.
Compliance risks	Failure to act in accordance with appropriate laws, regulations and prescribed standards as required by the authorities and the Company's franchise principals, thereby exposing the organisation to potential claims for penalties, damages and loss of franchise.	The Company recognizes its responsibility to conduct business in accordance with the relevant laws and regulations and ensures that management continuously comply with the existing and emerging regulations impacting on operations. Ethical business conduct, policies and standards are enforced at all Company levels in order to provide quality service and business integrity to all stakeholders.
Information Technology ("IT") risks	IT forms an integrated part of operational risk management. IT Risks relate to 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, a 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 include 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)

PRINCIPLE SIX - REPORTING WITH INTEGRITY

FINANCIAL REPORTING

The directors of ABC Motors affirm their responsibilities for preparing the Annual Report and Financial Statements of the Company which are available on the Company's website.

The Board also considers that the Annual Report and Financial Statements of the Company, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders and other key stakeholders to assess the Company's position, performance and outlook.

ABC Motors 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.

SAFETY AND HEALTH AT WORK

Our people's safety and well-being are amongst our priorities and we believe in the importance of continuously improving the work environment and managing hazards in the ultimate quest of securing a safe workplace and facilities to all the stakeholders.

ABC Motors endeavour to ensure that everyone follows the procedures established for the protection of its employees and visitors. We provide adequate control of the hazards arising from our working activities and proactively engage employees and visitors in matters relating to their Safety and Health.

The Company reaped an incomparable reputation in the automobile industry. The engine of this success is the dedicated backstage team working hard to deliver quality vehicles and services. Indeed, the strength of ABC Motors lies in its people and Management is sparing no effort in providing them a safe and healthy work environment. 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 with appropriate safety practices such as handling hazardous products and firefighting equipment, fire evacuation simulation exercises and first aid training. These endeavours are systematically carried out by registered Safety and Health officers and co-ordinated by the Human Capital Manager and the HR team.

Much emphasis is placed on the well-being of our employees. To this end, a yearly health week is organised where the employees are provided with the opportunity to undergo various free health tests. This has proved to be successful.

In addition, the implementation of ISO 9001:2015, the international standard underlying requirements for quality management systems has been a catalyst in minimising further the risks of harm in the organisation.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE SIX - REPORTING WITH INTEGRITY (CONT'D)

ENVIRONMENTAL ISSUES

This year, ABC Motors has made a fantastic improvement in its Body and Paint facilities with the utilisation of waterborne paints which are eco-friendlier and safer. Waterborne paint only contains about 10% solvents as compared to around 74% for conventional automotive solvent based paint. Moreover, with the significantly reduced content of Volatile Organic Compounds (VOC) and the corresponding notable reduction in the use of chemical paint thinner, waterborne paint provides a healthier work environment for our employees at the Body and Paint workshop.

In addition, used engine oil, solvent and paint are being disposed through government-accredited waste management and oil-recycling companies. The used solvent and paint are disposed at La Chaumière through the newly constructed Interim Hazardous Waste Storage Facility (IHWSF) as currently operated by Polyeco S.A.

Finally, ongoing initiatives are undertaken to reducing the use of paper in the offices. The use of electronic communication and storage like email, virtual file hosting and devices are being adopted within the organisation. At Board level, the board papers are now being circulated and accessed electronically.

ENGAGING PEOPLE

The Company's Human Capital is crucial to its business. ABC Motors is committed to engage, recruit, retain and develop its people. The Company will leave no stone unturned in continuing its efforts in recognising the value of its people and is fully committed to recognising and rewarding good performance, dedication, sense of belonging, loyalty and integrity at work.

As an equal opportunity employer, the criteria for employment and promotion is based on meritocracy irrespective of race, religion or gender.

Equal treatment and opportunities to women is not just the right thing to do but is also a must. Diversity always confers different approach, behaviours and ideas which are the essence of innovation and long-term success. It is a matter of fact that with the global trend of ageing population, the scarcity of labour is becoming more and more of a challenge to any organisation. At ABC Motors, we firmly believe in the importance of gender equality and consider that the employment of women could be one of the possible solutions for the growing scarcity of labour within the automobile sector.

Our automobile workshop, that has traditionally been occupied exclusively by a male workforce, has recently been enriched with the integration of two female qualified mechanical engineers under the Company's Young Professional Scheme. This endeavour will be repeated in the coming years.

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.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE SIX - REPORTING WITH INTEGRITY (CONT'D)

SOCIAL ISSUES

The Company believes that it must take bold actions to make the society more equal and that it must work hand in hand with the society and make social endeavours grow as the Company grows. In this context, the Company is focused mainly in the regions where it operates. In 2017/2018, with the involvement of its employees, ABC Motors has contributed to the learning and development of the vulnerable children of Roche Bois together with the NGO *"Mouvement Pour Le Progrès De Roche Bois"* by donating a brand-new library to this community.

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 is implemented under the aegis of the Sir Jean Etienne Moilin Ah-Chuen Foundation ("the Foundation"), which is ABC Group's apex body for social and charitable projects.

Named after the founder of ABC Group, the Foundation is a non-profit entity that implements CSR projects of Group companies under one common programme or set of activities.

Since its establishment, the Foundation has been focusing on four areas namely Community Empowerment, Education, Health & Sports and Environment. For 2017, in line with its commitment towards its social partners, the Foundation has disbursed Rs. 2.25 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 context, the Foundation gave its support to Caritas Ile Maurice's "*Centre d'Eveil*", which caters for children from vulnerable families.

This year also, the Foundation reiterated its partnership with the Lovebridge Project, a national community and humanitarian programme that has for main objective poverty alleviation through empowerment and support of vulnerable families.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE SIX - REPORTING WITH INTEGRITY (CONT'D)

Community Empowerment (Cont'd)

Like every year since the creation of the Foundation, a Christmas Day was organised with the active participation of employees of the Group in December 2017. The event included a gift distribution for 85 needy children from the region of Roche Bois and Camp Yoloff.

Under this area of intervention, the Foundation reiterated its commitment towards SAFIRE, an NGO that aims to rehabilitate and reintegrate street associated children. With the support of the Foundation, nine girls from Roche Bois, currently under the supervision of SAFIRE, were given the opportunity to participate in the Street Child World Cup in Moscow, a competition organised as a prelude to the FIFA World Cup 2018.

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 d'Aide à la Maternité, an NGO that caters for married and unmarried pregnant girls and young women, Couvent Mère Teresa, and SOS Children's Village, an NGO focused on supporting children without parental care and families at risk.

Education

Education is one of the pillars of the development of our society. In this vein, the Foundation has granted scholarships, known as the Sir Jean Etienne Moilin Ah-Chuen Foundation Scholarship Scheme, to students from underprivileged background to help them pursue their university studies. The Foundation also reiterated its support towards College Technique St Gabriel, which offers technical and vocational training with the objective of giving access to professional courses to needy children. The Foundation also supported Terrain for Interactive Pedagogy Through Arts (TIPA) for its interactive pedagogy programme in ZEP schools.

Health & Sports

Sports encourage social integration and instil life values that are essential to the development of the society. In this context, the Foundation offered its support to the Trust Fund For Excellence in Sports and to Club Maurice for its participation in the Indian Ocean Island Games 2019.

To help in promoting the social integration of people with disabilities, the Foundation has supported, amongst others, the Global Rainbow Foundation for the acquisition of a van for the transport of disabled people, and Fondation Georges Charles, an NGO that caters for children with intellectual impairment. The Mauritius Diabetes Association, which organises regular awareness campaigns on the prevention of diabetes, also benefited from the Foundation's support.

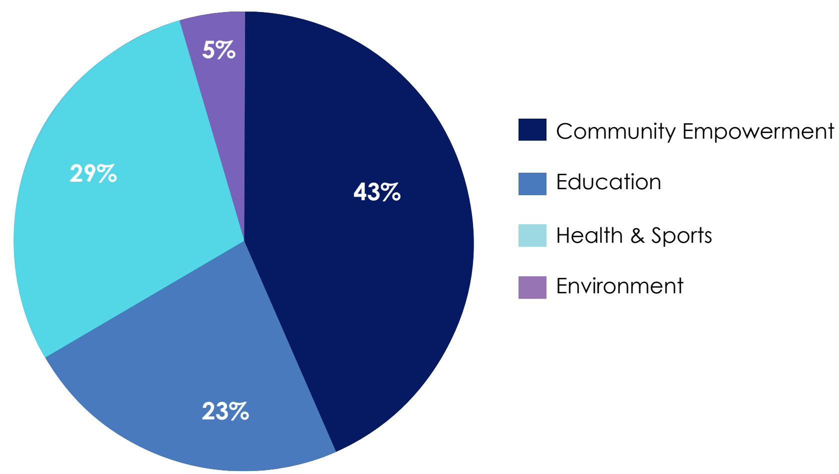
CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE SIX - REPORTING WITH INTEGRITY (CONT'D)

Environment

ABC Group is aware of its environmental impact as a consequence of its economic activities and has at the outset of the Foundation chosen the protection of the environment as one of its priorities. This year, the Foundation has partnered with the Mauritius Wildlife Foundation in a bid to protect endemic species and restore native forests.

CSR FUND ALLOCATION



CHARITABLE AND POLITICAL CONTRIBUTIONS REPORT

Donations made during the year by the Company and its Subsidiary, ABC Properties Ltd, were as follows:

	The Company		The Subsidiary	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Donations	**202,168**	319,777	-	-
Political Donations	-	-	-	-
	202,168	319,777	-	-

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE SEVEN - AUDIT

INTERNAL AUDIT FUNCTION

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. Independent assurance is provided on the quality and effectiveness of internal control systems and processes, thus helping to protect the organisation and its reputation.

ABC Motors has outsourced the internal audit function of the Company to CAYS Associates. The internal audit department operates within the framework of the Charter of the Audit and Risk Committee. In line with its approved audit plan, the internal audit reports are submitted to the Audit and Risk Committee with notification to the Chief Financial Officer (CFO).

The risk assessment exercise as carried out by the internal audit function is performed at both the enterprise and activity levels and is made in coordination with the management to identify perceived areas of risk and potential internal audit projects. The outcome of the assessment is then translated into an audit plan which addresses the critical risks. This is illustrated as per table below:

Information Gathering and Scoping	Developed an Internal Audit Strategy and Plan	Next Steps
A. Gained understanding of business trends and current environmental risk through discussions with personnel with business experience B. Redefined audit areas and activities based upon organizational structure and other functions	A. Met with key members of management: i. Reviewed and validated risks/ areas of concern ii. Assessed highest priority risks and processes for potential audits iii. Prioritized projects, based upon potential impact to business performance and likelihood of control/ process issues B. Documented audit plan	I. Review and discuss the risk assessment and proposed audit plan with the Audit and Risk Committee II. Obtain Audit and Risk Committee approval of audit plan

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE SEVEN - AUDIT (CONT'D)

INTERNAL AUDIT FUNCTION (CONT"D)

Annual audit plans are presented in advance to the Audit and Risk Committee and the progress thereof is reviewed on a quarterly basis. The audit plan covers the areas of major risks that may arise in the business activities of the Company. The plan is essentially based on an assessment of risk areas carried out by the internal audit function, in consultation with the CFO and Senior Management as well as on its own independent appreciation of the key risks that the Company is exposed to.

The audit reports, that include the major risks and shortcomings identified by the internal auditor together with his recommendations to address them and management response thereto, are considered at meetings of the Audit and Risk Committee. Thereafter, management is required to act on the findings and is responsible for implementing corrective actions and mitigating risks measures in respect of the reported control shortcomings, weaknesses and new risks identified. The implementation and effectiveness of the recommended remedial actions are subsequently followed up by the internal auditor and same is duly reported back at the subsequent Audit and Risk Committee meeting.

During the year under review, the scope of work of the internal audit covered the following major areas:

- Adequacy of compliance with procedures in respect of the revenue control in workshop;
- Financial controls in the accounting cycle; and
- Overall control in respect of the stock and cash cycles.

AUDIT AND RISK COMMITTEE

The role of the Audit and Risk Committee is defined under Principle 2.

EXTERNAL AUDIT

Deloitte is currently the External Auditors of the Company. Following the enactment of the Finance Act 2016 and the subsequent regulation Government Notice No 64 of 2017, listed companies are required to rotate their auditors every seven years. By virtue of the aforementioned Regulation, Deloitte shall continue in office until the financial year ending 30 June 2019.

Deloitte also carries out some other services for the Company namely the review of the tax computations and issuance of independent assurance report for stock count held in bonded warehouse.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE EIGHT - RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

SHAREHOLDING PROFILE

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 6,175,680 ordinary shares of Rs.10.00 each amounting to Rs.61,756,800.00.

SUBSTANTIAL SHAREHOLDERS

The list of Shareholders holding more than 5% in the Company are as follows:

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

COMMUNICATION WITH SHAREHOLDERS AND STAKEHOLDERS

The Board of Directors places great importance on transparency and optimal disclosure to Shareholders and ensures that they are kept informed on matters affecting the Company. Shareholders are invited to attend the Company's Annual Meeting which remains the ideal forum for discussion with the directors and the Management team. The Annual Report, including the Notice of the Annual Meeting of Shareholders, is sent to each Shareholder of the Company within the prescribed time period.

DIVIDEND POLICY

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

A Certificate of Solvency is signed by all the directors in accordance with the requirements of the Mauritius Companies Act 2001 whenever a dividend is declared by the Board.

SHARE OPTION PLANS

The Company has no share option plan.

SHAREHOLDERS' AGREEMENT

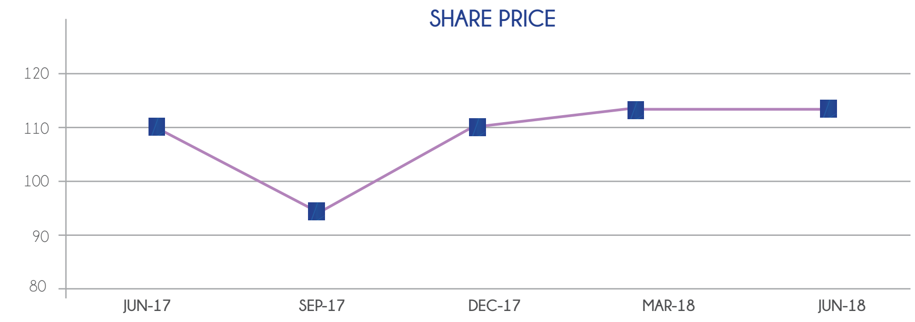
There is currently no shareholders' agreement affecting the governance of the Company.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE EIGHT - RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

SHARE PRICE INFORMATION

The Company's share price per DEM of the Stock Exchange is illustrated below:



THIRD PARTY 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 119 to 121, Note 29 of the Financial Statements.

WEBSITE

The website of the Company does not contain the required disclosures as stipulated in the Code and will be updated progressively.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE EIGHT - RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

TIME TABLE OF IMPORTANT EVENTS

Payment of Dividend – Financial Year 2018	December 2018
Next Financial Year End	June 2019
Next Annual Report	September 2019
Next Annual Meeting of Shareholders	November 2019

Approved by the Board of Directors on 27 September 2018 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 2018

We, the directors of ABC MOTORS COMPANY LIMITED, confirm that to the best of our knowledge, the Company has complied with the principles of the National Code of Corporate Governance for Mauritius (2016). Reasons for non-application are explained in the report.

Date: 27 September 2018

Vincent Ah-Chuen
Chairman of the Board

Dean Ah-Chuen
Managing 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. The Executive Directors only have a service contract with the Company.

DONATIONS

Donations made during the year were as follows:

	The Company		The Subsidiary	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Donations	**202,168**	319,777	**-**	-
Political Donations	**-**	-	**-**	-
	202,168	319,777	**-**	-

DIRECTORS

The directors of the Company and its Subsidiary as at 30 June 2018 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. Hai Ping Chung Tung	●	
Mr. David Brian Ah-Chuen	●	o
Mr. Ah-Lan Lam Yan Foon	●	
Mr. Kee Koun Tin Kiong Fong	●	
Mr. Voon Yue Choon Wan Min Kee	●	
Mr. Cyril Nalletamby		●
Mrs. Valerie Ah-Chuen (*alternate director*)	o	o

Key: ● Director o Alternate Director

OTHER STATUTORY DISCLOSURES (CONT'D)

DIRECTORS' EMOLUMENTS

During the financial year ended 30 June 2018, the executive and non-executive & independent directors were entitled to emoluments as follows:

	2018 Rs.	2017 Rs.
Executive Directors	**16,555,500**	20,933,336
Non-Executive Directors & Independent Directors	**5,508,250**	3,295,413
	22,063,750	24,228,749

AUDITOR

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

	The Company		The Subsidiary	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Audit Service	**545,000**	490,000	**35,000**	30,000
Other Services*	**57,000**	25,000	**10,000**	9,000
	602,000	515,000	**45,000**	39,000

* *Other services in 2017 pertain to review of tax computations.*
* *Other services in 2018 pertain to review of tax computations and issuance of independent assurance report for stock count held in bonded warehouse.*

Approved by the Board of Directors on 27 September 2018 and signed on its behalf by

Vincent Ah-Chuen
Chairman of the Board

Dean Ah-Chuen
Managing 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 2018, 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: 27 September 2018

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 2018 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 National Code of Corporate Governance for Mauritius (2016) has been adhered to, or if not, to give reasons where there has been non-application.

Approved by the Board of Directors on 27 September 2018 and signed on its behalf by

Ah-Lan Lam Yan Foon
Chairman of Audit and Risk Committee

Dean Ah-Chuen
Managing 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 65 to 135, which comprise the consolidated and separate statement of financial position as at 30 June 2018, 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 2018, 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables	
As at 30 June 2018, the Group had trade receivables of Rs 281,581,397 and the provision for impairment of trade receivables amounted to Rs 5,209,679. 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 included: • 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 ageing 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 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 judgement and assumptions used in the impairment assessment to be reasonable.
Retirement benefit obligation	
The Group has recognised retirement benefit obligation of Rs 70,349,207. Management has applied judgement in choosing appropriate actuarial assumptions to determine the retirement benefit and has involved an actuary to calculate the obligation. The significant assumptions used have been disclosed in Note 18 to the financial statements. The valuation of retirement benefits is considered to be a key audit matter due to the judgement associated with determining the appropriate actuarial assumption.	The procedures performed included the following: • Assessed the competence, capabilities and objectivity of the independent actuary and verified the qualifications of the actuary; • Assessed and discussed the assumptions that management, in conjunction with actuary, made in determining the present value of the liabilities and fair value of plan assets; • Compared the significant assumptions used such as discount rate and annual salary increase with historical data; • Verified the data used by the actuary with the payroll report for completeness and accuracy; and • Utilised our internal experts who have assessed the reasonableness and appropriateness of the actuarial assumptions. We found the assumptions used to be reasonable.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABC MOTORS COMPANY LIMITED (CONT'D)

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 capacities as auditor and tax advisor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

The Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report 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 consolidated and separate 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABC MOTORS COMPANY LIMITED (CONT'D)

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 the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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
27 September 2018

L. Yeung Sik Yuen, ACA
Licensed by FRC

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	THE GROUP 30 June 2018 Rs '000	THE GROUP 30 June 2017 Rs '000	THE COMPANY 30 June 2018 Rs '000	THE COMPANY 30 June 2017 Rs '000
ASSETS					
Non-current assets					
Property and equipment	5	**383,222**	411,784	**366,737**	397,287
Investment property	6	**132,145**	-	**132,145**	-
Intangible assets	7	**479**	202	**479**	202
Investment in subsidiary	8	**-**	-	**17,563**	17,563
Investments in associates	9	**391,848**	379,768	**196,727**	204,237
Other investments	10	**185,624**	177,620	**179,849**	171,845
Loan to associate	13	**-**	65,000	**-**	65,000
Deferred tax asset	11	**5,774**	3,401	**5,766**	3,390
Total non-current assets		**1,099,092**	1,037,775	**899,266**	859,524
Current assets					
Inventories	12	**388,494**	346,468	**388,494**	346,468
Trade and other receivables	13	**418,237**	436,093	**418,108**	435,913
Loan to associate	13	**65,000**	-	**65,000**	-
Other financial assets	26	**2,361**	4,646	**2,361**	4,646
Tax asset	11	**369**	-	**461**	-
Cash and bank balances	19	**39,035**	70,986	**39,035**	70,986
Total current assets		**913,496**	858,193	**913,459**	858,013
Total assets		**2,012,588**	1,895,968	**1,812,725**	1,717,537
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	14	**61,904**	61,904	**61,904**	61,904
Retained earnings		**648,823**	591,747	**495,913**	457,967
Other reserves		**64,173**	57,923	**19,318**	14,160
Equity attributable to owners of the company		**774,900**	711,574	**577,135**	534,031
Non-controlling Interests	15	**8,669**	8,400	**-**	-
Total equity		**783,569**	719,974	**577,135**	534,031
Non-current liabilities					
Loans	16	**252,841**	328,519	**252,841**	328,519
Obligations under finance leases	17	**8,114**	11,085	**8,114**	11,085
Retirement benefit obligations	18	**70,349**	51,558	**70,349**	51,558
Total non-current liabilities		**331,304**	391,162	**331,304**	391,162
Current liabilities					
Bank overdrafts	19	**75,119**	162,195	**63,681**	150,721
Trade and other payables	20	**148,091**	160,381	**146,600**	159,872
Bills payables		**91,707**	110,194	**91,707**	110,194
Amount due to subsidiary	29	**-**	-	**19,500**	19,500
Loans	16	**579,818**	347,053	**579,818**	347,053
Obligations under finance leases	17	**2,980**	3,336	**2,980**	3,336
Tax liability	11	**-**	1,673	**-**	1,668
Total current liabilities		**897,715**	784,832	**904,286**	792,344
Total equity and liabilities		**2,012,588**	1,895,968	**1,812,725**	1,717,537

Approved by the Board of Directors and authorised for issue on
27 September 2018

Dean Ah-Chuen
Managing Director

Vincent Ah-Chuen
Chairman of the Board

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Notes	THE GROUP 30 June 2018 Rs '000	THE GROUP 30 June 2017 Rs '000	THE COMPANY 30 June 2018 Rs '000	THE COMPANY 30 June 2017 Rs '000
Revenue	34	**1,859,546**	1,832,773	**1,859,546**	1,832,773
Profit from operations	21	**86,592**	106,841	**107,051**	128,821
Finance costs	22	**(48,480)**	(50,413)	**(49,040)**	(50,897)
		38,112	56,428	**58,011**	77,924
Share of results of associates	9	**44,811**	55,193	**-**	-
Profit before taxation		**82,923**	111,621	**58,011**	77,924
Tax expense	11	**(5,547)**	(8,425)	**(5,023)**	(7,894)
Profit for the year		**77,376**	103,196	**52,988**	70,030
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Gain arising on revaluation of available-for-sale financial assets	10	**5,158**	5,575	**5,158**	5,575
Share of (loss)/gain arising on revaluation of available-for-sale financial assets of associates	9	**(3,354)**	18,379	**-**	-
Reclassification adjustments related to available for sale financial assets disposed	10	**-**	47	**-**	47
Reclassification of prior year share of gain on revaluation of investment revaluation reserves from other comprehensive income to profit or loss		**(37)**	(28)	**-**	-
Derecognition of prior year share of gain on revaluation of investment revaluation reserves following reduction of shareholding in associate		**37**	28	**-**	-
		1,804	24,001	**5,158**	5,622
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligations	18	**(10,682)**	(7,626)	**(10,682)**	(7,626)
Share of remeasurement of defined benefit obligations of associates, net of income tax	9	**(122)**	(106)	**-**	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	11	**1,816**	1,296	**1,816**	1,296
		(8,988)	(6,436)	**(8,866)**	(6,330)
Other comprehensive (loss)/income, net of income tax		**(7,184)**	17,565	**(3,708)**	(708)
Total comprehensive income for the year		**70,192**	120,761	**49,280**	69,322
Profit for the year attributable to:					
Owners of the Company		**76,686**	102,514		
Non-controlling interests	15	**690**	682		
		77,376	103,196		
Total comprehensive income attributable to:					
Owners of the Company		**69,502**	120,079		
Non-controlling interests	15	**690**	682		
		70,192	120,761		
Earnings per share	23	**12.42**	16.60		

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

a) THE GROUP

	Note	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 the company Rs '000	Non-controlling interests Rs '000	Total Equity Rs '000
Balance at 1 July 2016		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 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
Transfer from retained earnings to regulatory reserves		-	-	-	(5,844)	5,844	-	5,844	-	-	-
Derecognition of Share of transfer to statutory reserve from retained earnings		-	-	-	999	(999)	-	(999)	-	-	-
Dividend	27	-	-	-	(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
Profit for the year		-	-	-	76,686	-	-	-	76,686	690	77,376
Other comprehensive loss, net of income tax		-	-	-	(8,988)	-	1,804	1,804	(7,184)	-	(7,184)
Total comprehensive income for the year		-	-	-	67,698	-	1,804	1,804	69,502	690	70,192
Transfer from retained earnings to regulatory reserves		-	-	-	(6,127)	6,127	-	6,127	-	-	-
Derecognition of share of transfer to statutory reserve from retained earnings		-	-	-	1,718	(1,718)	-	(1,718)	-	-	-
Effects of reduction in shareholding in associates on prior year reserves		-	-	-	(37)	-	37	37	-	-	-
Dividend	27	-	-	-	(6,176)	-	-	-	(6,176)	(421)	(6,597)
Balance at 30 June 2018		**61,757**	**147**	**61,904**	**648,823**	**18,715**	**45,458**	**64,173**	**774,900**	**8,669**	**783,569**

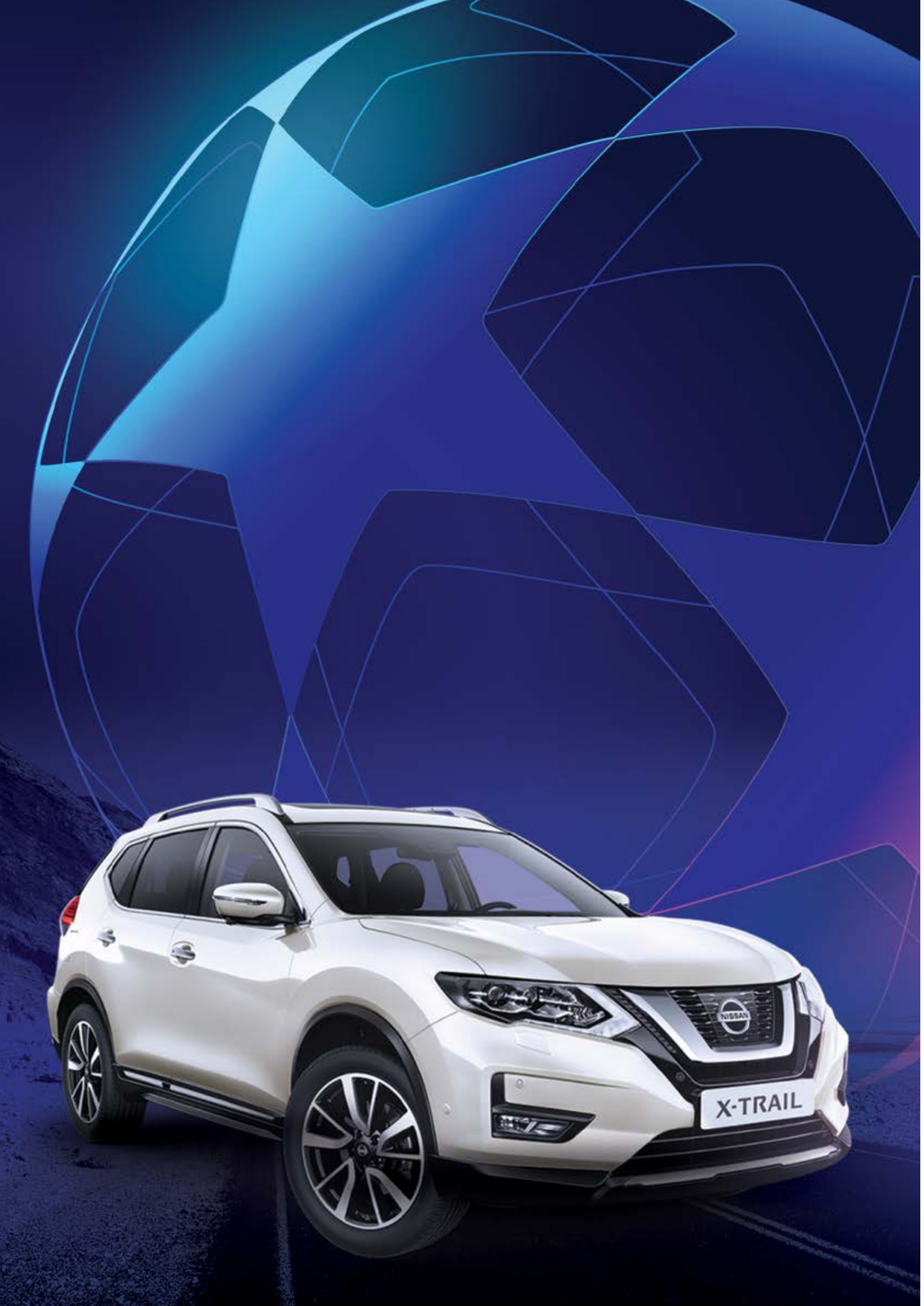
STATEMENT OF CHANGES IN EQUITY (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

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 2016		61,757	147	61,904	417,427	8,538	487,869
Profit for the year		-	-	-	70,030	-	70,030
Other comprehensive loss, net of income tax		-	-	-	(6,330)	5,622	(708)
Total comprehensive income for the year		-	-	-	63,700	5,622	69,322
Dividend	27	-	-	-	(23,160)	-	(23,160)
Balance at 30 June 2017		61,757	147	61,904	457,967	14,160	534,031
Profit for the year		-	-	-	52,988	-	52,988
Other comprehensive loss, net of income tax		-	-	-	(8,866)	5,158	(3,708)
Total comprehensive income for the year		-	-	-	44,122	5,158	49,280
Dividend	27	-	-	-	(6,176)	-	(6,176)
Balance at 30 June 2018		**61,757**	**147**	**61,904**	**495,913**	**19,318**	**577,135**

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	THE GROUP 30 June 2018 Rs '000	THE GROUP 30 June 2017 Rs '000	THE COMPANY 30 June 2018 Rs '000	THE COMPANY 30 June 2017 Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**82,923**	111,621	**58,011**	77,924
Adjustments for:					
Interest receivable	21	**(11,125)**	(14,065)	**(11,125)**	(14,014)
Profit on disposal of property and equipment	21	**(1,848)**	(663)	**(1,848)**	(663)
Profit on disposal of investments	21	**(11,397)**	(10,514)	**(22,399)**	(21,261)
Realised gain on forward contracts	26	**4,646**	3,366	**4,646**	3,366
Unrealised gains on forward contracts	21	**(2,361)**	(4,646)	**(2,361)**	(4,646)
Amortisation of intangible assets	7	**85**	185	**85**	185
Depreciation of property and equipment	5	**25,652**	23,516	**25,311**	23,209
Dividend received	21	**(10,247)**	(9,417)	**(21,967)**	(22,967)
Interest expense	22	**48,480**	50,413	**49,040**	50,897
Retirement benefit obligations		**8,108**	6,606	**8,108**	6,606
Amortisation of loan origination costs		**736**	691	**736**	691
Provision for impairment of unquoted equity investments	21	**1,552**	5,223	**1,552**	5,123
Provision for impairment losses (net) on trade receivables	13	**(342)**	(382)	**(342)**	(382)
Share of results of associates	9	**(44,811)**	(55,193)	**-**	-
Operating profit before working capital changes		**90,051**	106,741	**87,477**	104,068
Increase in inventories		**(42,027)**	(5,997)	**(42,026)**	(5,997)
Decrease/(increase) in trade and other receivables		**19,200**	(15,508)	**18,147**	(17,807)
(Decrease)/increase in trade and other payables		**(36,473)**	36,483	**(36,457)**	36,259
Decrease in bills payables		**(18,487)**	(32,196)	**(18,487)**	(32,196)
Cash generated from operating activities		**12,264**	89,523	**8,624**	84,327
Interest paid		**(51,495)**	(52,447)	**(52,055)**	(52,931)
Income tax paid	11	**(8,146)**	(6,833)	**(7,712)**	(6,189)
Net cash (used in)/generated from operating activities		**(47,377)**	30,243	**(51,143)**	25,207
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property and equipment		**3,469**	1,809	**3,469**	1,809
Purchase of intangible assets	7	**(362)**	(126)	**(362)**	(126)
Purchase of property and equipment	24	**(107,980)**	(47,168)	**(105,651)**	(46,800)
Disbursement of deferred consideration for purchase of property		**-**	(15,000)	**-**	(15,000)
Purchase of investments in associates	9	**(6,791)**	(9,820)	**(6,791)**	(9,820)
Purchase of other investments	10	**(8,098)**	(14,668)	**(8,098)**	(14,668)
Proceeds from sale of available-for-sale investments and unquoted equity investments		**-**	501	**-**	501
Proceeds resulting from disposal of interests in associates		**40,025**	34,331	**40,025**	34,331
Proceeds from redemption of redeemable preference shares		**3,700**	-	**3,700**	-
Dividend received		**20,987**	21,415	**21,967**	22,324
Interest received		**11,125**	23,521	**11,125**	23,470
Net cash used in investing activities		**(43,925)**	(5,205)	**(40,616)**	(3,979)
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans raised		**1,407,203**	360,850	**1,407,203**	360,850
Repayment of finance leases		**(3,327)**	(2,022)	**(3,327)**	(2,022)
Increase in amount due to subsidiary		**-**	-	**-**	4,000
Dividend paid		**(6,597)**	(23,550)	**(6,176)**	(23,160)
Repayment of loans		**(1,250,852)**	(434,807)	**(1,250,852)**	(434,807)
Net cash generated from/(used in) financing activities		**146,427**	(99,529)	**146,848**	(95,139)
Net increase/(decrease) in cash and cash equivalents		**55,125**	(74,491)	**55,089**	(73,911)
Cash and cash equivalents at beginning of year		**(91,209)**	(16,718)	**(79,735)**	(5,824)
Cash and cash equivalents at end of year	19	**(36,084)**	(91,209)	**(24,646)**	(79,735)



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. INCORPORATION AND ACTIVITIES

ABC MOTORS COMPANY LIMITED (the "Company") 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 (IFRSs)

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 their operations and effective for accounting periods beginning on 1 July 2017.

2.1 NEW AND REVISED IFRSs APPLIED AFFECTING DISCLOSURES TO THE FINANCIAL STATEMENTS

Amendments to IAS 7 Disclosure Initiative

The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of the financial statements to evaluate in liabilities arising from financing activities, including both cash and non-cash changes.

2.2 NEW AND REVISED IFRSs APPLIED WITH NO MATERIAL EFFECT ON THE FINANCIAL STATEMENTS

The following relevant Standards have been applied in these financial statements. However, they did not have any impact on the Company's financial statements but may impact the accounts for future transactions or arrangements.

IAS 7	Statement of Cash Flows - Amendments as result of the Disclosure initiative
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses
IFRS 12	Disclosure of Interests in Other Entities - Amendments resulting from Annual Improvements 2014-2016 (clarifying scope)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONT'D)

2.3 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 12 Income Taxes - Amendments resulting from Annual Improvements 2015-2017 Cycle (income tax consequences of dividends) (effective 1 January 2019)

IAS 19 Employee Benefits - Amendments regarding plan amendments, curtailment or settlements (effective 1 January 2019)

IAS 23 Borrowing costs - Amendments resulting Annual Improvements plan 2015-2017 Cycle (borrowing costs eligible for capitalization) (effective 1 January 2019)

IAS 28 Investments in Associates and Joint Ventures - Amendments resulting Annual Improvements plan 2014-2016 Cycle (clarifying certain fair value measurements) (effective 1 January 2018)

IAS 28 Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures (effective 1 January 2019)

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 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 3 Business Combinations - Amendments resulting Annual Improvements plan 2015-2017 Cycle (remeasurement of previously held interest) (effective 1 January 2019)

IFRS 4 Insurance contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9 (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)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONT'D)

2.3 NEW AND REVISED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE (CONT'D)

IFRS 9 Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9 (effective 1 January 2018)

IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation and modification of financial liabilities (effective 1 January 2019)

IFRS 15 Revenue from Contracts with Customers - Original issue (effective 1 January 2018)

IFRS 15 Revenue from contracts with customers - Amendments to defer the effective date to 1 January 2018 (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)

IFRS 17 Insurance Contracts - Original issue (effective 1 January 2021)

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 for the annual periods beginning on the respective dates as indicated above. The directors have not yet assessed the potential impact of the application of these amendments.

3. SIGNIFICANT 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:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

Consolidated financial statements

The results and assets and liabilities of associates are incorporated in these consolidated 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Investment in associates (Cont'd)

Consolidated financial statements (Cont'd)

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:

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.
- Dividend income is recognised when the shareholder's right to receive payment is established.
- Recognition of rental income is described in note 3(m).
- Other income are recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property and equipment

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

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

Freehold building	2%
Builiding 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 is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

The asset's residual values, useful lives and depreciation method are reviewed, and adjusted on a prospective basis 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 for their intended use.

(g) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation is stated at cost less accumulated depreciation and impairment losses.

A depreciation charge of 2% per annum is provided on buildings and 10% per annum on improvement to building.

The valuation of the investment property is carried out every 3 years by an independent land surveyor.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) 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 estimates being accounted for on a prospective basis. The intangible assets are amortised over a period of 3 to 5 years.

(i) 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.

(j) 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.

(k) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) 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, and on retirement benefit obligations.

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

Deferred income tax assets and deferred 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.

(m) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leasing (Cont'd)

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.

(n) 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. Remeasurement, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Retirement benefit obligations (Cont'd)

Defined benefit plans (Cont'd)

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.

(o) 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.

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Impairment of non-financial assets (Cont'd)

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.

(q) 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 reserves is reclassified to profit or loss.

AFS unquoted equity investments, whose fair values cannot be reliably derived, are measured at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

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.

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 assessments include 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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) 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 financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group and the Company derecognise 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) 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.

(s) 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.

(t) 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.

(u) 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.

(v) Expense recognition

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

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, therefore, 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.

4.2 RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations are determined by the directors on the basis as detailed in note 18. Changes in assumptions could affect the provision to be made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2018

5. PROPERTY AND EQUIPMENT
a) THE GROUP

	Notes	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 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	24	-	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
Additions during the year	24	-	1,995	243	-	-	3,257	12,389	795	5,266	3,578	103,334	130,857
Transfer to investment property	6	-	-	-	-	-	-	-	-	-	-	(132,145)	(132,145)
Disposals		-	-	-	-	-	-	(11,419)	-	-	-	-	(11,419)
Scrap		-	-	-	-	-	(2,049)	-	(3,882)	(11,844)	(16,043)	-	(33,818)
At 30 June 2018		114,442	197,969	75,570	672	7,754	35,422	58,667	15,304	30,073	22,889	1,314	560,076
ACCUMULATED DEPRECIATION													
At 1 July 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
Charge for the year		-	3,957	2,315	67	-	3,121	7,715	1,104	3,361	4,012	-	25,652
Disposals		-	-	-	-	-	-	(9,798)	-	-	-	-	(9,798)
Scrap		-	-	-	-	-	(2,049)	-	(3,882)	(11,844)	(16,042)	-	(33,817)
At 30 June 2018		-	22,696	54,876	201	7,754	15,818	32,454	10,059	17,538	15,458	-	176,854
NET BOOK VALUE													
At 30 June 2018		**114,442**	**175,273**	**20,694**	**471**	**-**	**19,604**	**26,213**	**5,245**	**12,535**	**7,431**	**1,314**	**383,222**
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**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2018

5. PROPERTY AND EQUIPMENT (CONT'D)
b) THE COMPANY

	Notes	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 2016		108,373	182,525	73,856	7,754	31,233	48,680	18,385	32,824	32,572	-	536,202
Additions during the year	24	-	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
Additions during the year		-	290	243	-	3,257	12,389	795	5,266	3,578	102,710	128,528
Transfer to investment property	24	-	-	-	-	-	-	-	-	-	(132,145)	(132,145)
Disposals	6	-	-	-	-	-	(11,419)	-	-	-	-	(11,419)
Scrap		-	-	-	-	(2,049)	-	(3,882)	(11,844)	(16,043)	-	(33,818)
At 30 June 2018		108,373	184,263	75,570	7,754	35,422	58,667	15,304	30,073	22,889	-	538,315
ACCUMULATED DEPRECIATION												
At 1 July 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
Charge for the year		-	3,683	2,315	-	3,121	7,715	1,104	3,361	4,012	-	25,311
Disposals		-	-	-	-	-	(9,798)	-	-	-	-	(9,798)
Scrap		-	-	-	-	(2,049)	-	(3,882)	(11,844)	(16,042)	-	(33,817)
At 30 June 2018		-	17,621	54,876	7,754	15,818	32,454	10,059	17,538	15,458	-	171,578
NET BOOK VALUE												
At 30 June 2018		**108,373**	**166,642**	**20,694**	**-**	**19,604**	**26,213**	**5,245**	**12,535**	**7,431**	**-**	**366,737**
At 30 June 2017		**108,373**	**170,035**	**22,766**	**-**	**19,468**	**23,160**	**5,554**	**10,630**	**7,866**	**29,435**	**397,287**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

5. PROPERTY AND EQUIPMENT (CONT'D)

THE GROUP AND THE COMPANY

The freehold land, freehold building, and building on leasehold land of the Group and the Company are stated at cost. These assets have been valued on 30 June 2017 at Rs 181,700,000, Rs 205,575,000, and Rs 69,900,000 for the Group and Rs 127,100,000, Rs 183,300,000, and Rs 69,900,000 for the Company respectively. Leasehold land has been valued at Rs 21,250,000. The valuations have been performed by an independent valuer, Gexim Real Estate Ltd, Chartered Surveyors, on a Present Day Market Value basis, being the estimated amount for which the properties could be exchanged between knowledgeable willing parties in an arm's length transaction and taking into account the current market conditions and similar transactions. The directors are of opinion that there is no objective evidence of impairment.

The Group and the Company have pledged their movable and immovable properties to secure banking facilities.

The directors are of opinion that the fair value of the freehold land, freehold building, leasehold land and building on leasehold land has not significanlty changed.

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

	30 June 2018		30 June 2017	
	Cost Rs '000	NBV Rs '000	Cost Rs '000	NBV Rs '000
Motor vehicles	**17,715**	**10,571**	23,490	14,521

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

6. INVESTMENT PROPERTY

	THE GROUP AND THE COMPANY Rs '000
COST	
At 01 July 2016 and 30 June 2017	-
Transfer from property and equipment (note 5)	**132,145**
At 30 June 2018	**132,145**
ACCUMULATED DEPRECIATION	
At 30 June 2017 and 30 June 2018	-
NET BOOK VALUE	
At 30 June 2018	**132,145**
At 30 June 2017	-

The investment property has been completed in June 2018. The directors consider that the carrying amount of the investment property approximate its fair value in view of its construction being recently completed. No rental income has been earned.

7. INTANGIBLE ASSETS

THE GROUP AND THE COMPANY	Computer Software Rs '000
COST	
At 01 July 2016	7,688
Additions during the year	126
At 30 June 2017	7,814
Additions during the year	362
At 30 June 2018	**8,176**
ACCUMULATED AMORTISATION	
At 01 July 2016	7,427
Charge for the year	185
At 30 June 2017	7,612
Charge for the year	85
At 30 June 2018	**7,697**
CARRYING AMOUNT	
At 30 June 2018	**479**
At 30 June 2017	202

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

8. INVESTMENT IN SUBSIDIARY

	THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 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.

<u>Details of non-wholly owned subsidiary that has material non-controlling interests</u>

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.

<u>ABC Properties Ltd:</u>	30 June 2018 Rs '000	30 June 2017 Rs '000
Non-current assets	**22,268**	20,283
Current assets	**19,637**	19,688
Current liabilities	**(13,030)**	(11,996)
Equity attributable to owners of the Company	**20,206**	19,575
Non-controlling interests	**8,669**	8,400
Revenue	**4,541**	4,470
Expenses	**(1,717)**	(1,663)
Tax expense	**(524)**	(530)
Profit for the year	**2,300**	2,277
Profit and other comprehensive income attributable to owners of the Company	**1,610**	1,595
Profit and other comprehensive income attributable to the non-controlling interests	**690**	682
Total comprehensive income for the year	**2,300**	2,277
Dividends paid to non-controlling interests	**421**	390
Net cash inflows from operating activities	**1,466**	1,766
Net cash outflows from investing activities	**(30)**	(1,045)
Net cash outflows from financing activities	**(1,401)**	(1,300)
Net increase/(decrease) in cash and cash equivalents	**35**	(579)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

9. INVESTMENTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
At 1 July	**379,768**	337,279	**204,237**	211,825
Additions	**10,116**	10,802	**10,116**	10,802
Disposal	**(28,628)**	(29,139)	**(17,626)**	(18,390)
Dividend received from associates, eliminated on consolidation	**(10,743)**	(12,640)	**-**	-
Share of profit of associates (net)	**44,811**	55,193	**-**	-
<u>Items that may be reclassified subsequently to profit or loss :</u>				
Share of (loss)/gain arising on revaluation of available-for-sale financial assets	**(3,354)**	18,379	**-**	-
<u>Items that will not be reclassified subsequently to profit or loss :</u>				
Share of other comprehensive income on remeasurement of defined benefit obligations, net of income tax	**(122)**	(106)	**-**	-
	391,848	379,768	**196,727**	204,237

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

	Activity	Class of Share	Direct Holding % 30 June 2018	Direct Holding % 30 June 2017	Country of incorporation
ABC Banking Corporation Ltd	Banking	Ordinary	16.57%	18.69%	Mauritius
ABC Autotech Ltd	Car dealers	Ordinary	47.51%	47.51%	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	30.66%	29.77%	Mauritius
Stuttgart Motors Ltd	Car dealers	Ordinary	43.68%	43.68%	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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

9. INVESTMENTS IN ASSOCIATES (CONT'D)

The fair value of the quoted associate based on the market price ruling on Development Entreprise Market (DEM) was Rs 353,929,716 (2017: Rs 399,069,972). 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 statements. 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.

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.

	30 June 2018 Rs '000	30 June 2017 Rs '000
ABC Banking Corporation Ltd:		
Total assets	**17,104,031**	15,751,850
Total liabilities	**(15,593,691)**	(14,411,570)
Revenue	**757,990**	758,230
Profit for the year	**242,432**	208,508
Other comprehensive loss for the year	**(23,558)**	(566)
Total comprehensive income for the year	**218,873**	207,942
Dividend received from the associate during the year	**8,393**	8,605

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 2018 Rs '000	30 June 2017 Rs '000
Net assets of associate	**1,510,340**	1,340,280
Proportion of the Group's ownership	**16.57%**	18.69%
Carrying amount of the Group's interest	**250,305**	250,450

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

9. INVESTMENTS IN ASSOCIATES (CONT'D)

Aggregate information of associates that are not individually material

	30 June 2018 Rs '000	30 June 2017 Rs '000
The Group's share of profit	**3,966**	11,426
The Group's share of other comprehensive income	**489**	18,572
The Group's share of total comprehensive income	**4,455**	29,998
Aggregate carrying amount of the Group's interests in these associates	**141,543**	129,318

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.

10. OTHER INVESTMENTS

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Quoted investments	**131,441**	126,283	**131,441**	126,283
Unquoted equity investments	**54,183**	51,337	**48,408**	45,562
At 30 June	**185,624**	177,620	**179,849**	171,845

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

10. OTHER INVESTMENTS (CONT'D)

	THE GROUP		
	Quoted investments Rs '000	Unquoted equity investments Rs '000	Total Rs '000
At 1 July 2016	120,208	41,367	161,575
Additions	500	15,668	16,168
Provision for impairment of investments (note (a))	-	(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**
Additions	**-**	**8,098**	**8,098**
Provision for impairment of investments (note (a))	**-**	**(1,552)**	**(1,552)**
Disposal	**-**	**(3,700)**	**(3,700)**
Net fair value gain	**5,158**	**-**	**5,158**
At 30 June 2018	**131,441**	**54,183**	**185,624**

	THE COMPANY		
	Quoted investments Rs '000	Unquoted equity investments Rs '000	Total Rs '000
At 1 July 2016	120,208	35,492	155,700
Additions	500	15,668	16,168
Provision for impairment of investments (note (a))	-	(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**
Additions	**-**	**8,098**	**8,098**
Provision for impairment of investments (note (a))	**-**	**(1,552)**	**(1,552)**
Disposal	**-**	**(3,700)**	**(3,700)**
Net fair value gain	**5,158**	**-**	**5,158**
At 30 June 2018	**131,441**	**48,408**	**179,849**

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

10. OTHER INVESTMENTS (CONT'D)

(a) Provision for impairment of unquoted investments

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
At 1 July	**10,674**	5,451	**9,374**	4,251
Additional provision	**1,552**	5,223	**1,552**	5,123
At 30 June	**12,226**	10,674	**10,926**	9,374

At reporting date, the directors have reviewed the unquoted investments for any indication of impairment 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 1,552,045 (2017: Rs 5,223,000) and Rs 1,552,045 (2017: Rs 5,123,000) has been recognised in the Group's and Company's financial statements respectively. In the directors' opinion, no further impairment is required.

11. TAXATION

Income Tax

Income tax is calculated at 15% (2017: 15%) on its profits for the year, as adjusted for income tax purposes.

Corporate Social Responsibility ("CSR")

CSR charge is calculated at the rate of 2% (2017: 2%) of the chargeable income of the preceding year. In line with the current CSR Framework of ABC Group, the Group and the Company remit, on an annual basis, 50% (2017: 100%) of their CSR charge to Sir Jean Etienne Moilin Ah Chuen Foundation, a foundation incorporated for CSR funding activities.

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Tax Expense				
Current tax provision	**5,318**	6,822	**4,861**	6,309
Over provision in income tax in respect of previous year	**(105)**	(400)	**(105)**	(400)
Deferred tax (release)/charge	**(631)**	1,009	**(634)**	1,015
Over/(under) provision in deferred tax assets in respect of previous year	**74**	(128)	**74**	(94)
Over provision in Corporate Social Responsibility in respect of previous year	**-**	(10)	**-**	-
Corporate Social Reponsibility	**891**	1,132	**827**	1,064
	5,547	8,425	**5,023**	7,894

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

11. TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Tax (asset)/liability				
At 1 July	**1,673**	962	**1,668**	884
Current tax provision	**5,318**	6,822	**4,861**	6,309
Over provision in income tax in respect of previous year	**(105)**	(400)	**(105)**	(400)
Corporate Social Responsibility	**891**	1,132	**827**	1,064
Over provision in Corporate Social Responsibility in respect of previous year	**-**	(10)	**-**	-
Paid during the year	**(8,146)**	(6,833)	**(7,712)**	(6,189)
At 30 June	**(369)**	1,673	**(461)**	1,668

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 statements of financial position.

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
At 1 July	**3,401**	2,986	**3,390**	3,015
Recognised in profit or loss:				
Release/(charge) for the year	**631**	(1,009)	**634**	(1,015)
(Over)/under provision in respect of prior year	**(74)**	128	**(74)**	94
Movement recognised in profit or loss	**557**	(881)	**560**	(921)
Recognised in other comprehensive income	**1,816**	1,296	**1,816**	1,296
At 30 June	**5,774**	3,401	**5,766**	3,390

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Deferred tax asset arises on the following temporary differences:				
Accelerated capital allowances	**(9,025)**	(7,146)	**(9,033)**	(7,157)
Retirement benefit obligations	**11,959**	8,765	**11,959**	8,765
Allowance for doubtful debts and other provisions	**2,840**	1,782	**2,840**	1,782
	5,774	3,401	**5,766**	3,390

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

11. TAXATION (CONT'D)

Tax reconciliation

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Profit before tax	**82,923**	111,621	**58,011**	77,924
Tax at 15% (2017: 15%)	**12,439**	16,743	**8,702**	11,689
Tax effect of:				
- Non taxable income	**(3,247)**	(4,602)	**(6,655)**	(6,634)
- Non deductible expenses	**2,254**	3,814	**2,255**	2,150
- Depreciation on assets not eligible for capital allowances	**36**	36	**-**	-
- Overprovision of income tax in prior year	**(105)**	(400)	**(105)**	(400)
- Over/(under) provision deferred tax asset in prior year	**74**	(128)	**74**	(94)
- Over provision of Corporate Social Responsibility in prior year	**-**	(10)	**-**	-
- Effect of tax rate differential	**(74)**	119	**(75)**	119
- Corporate Social Responsibility	**891**	1,132	**827**	1,064
- Share of results of associates	**(6,721)**	(8,279)	**-**	-
	5,547	8,425	**5,023**	7,894

12. INVENTORIES

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Motor vehicles	**221,074**	269,208
Spare parts	**52,751**	46,682
Work in progress	**6,295**	5,513
	280,120	321,403
Goods in transit	**108,374**	25,065
	388,494	346,468

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

12. INVENTORIES (CONT'D)

Included in the above are inventories of motor vehicles, spare parts and work in progress amounting to Rs 20,392,393 (2017: Rs 27,298,157) stated at net realisable value.

The cost of inventories recognised as an expense during the year is disclosed in note 21. It includes Rs 1,716,050 (2017: Rs 1,846,311) in respect of write-downs of inventory to net realisable value and has been reduced by Rs 2,664,926 (2017: Rs 2,222,096) in respect of the reversal of such write-downs.

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

13. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Current:				
Trade receivables (i)	281,581	295,865	281,456	295,865
Allowance for doubtful debts	(5,210)	(5,552)	(5,210)	(5,552)
	276,371	290,313	276,246	290,313
Advances to related parties	95,596	91,913	95,596	91,913
Other receivables and prepayments	46,270	53,867	46,266	53,687
Loan to associate (ii)	65,000	-	65,000	-
	483,237	436,093	483,108	435,913
Non-current:				
Loan to associate (ii)	-	65,000	-	65,000
	483,237	501,093	483,108	500,913

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

(i) Trade Receivables

The average credit period on sales of goods and services ranges between 1 to 3 months. The Group and the Company recognise 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 define the terms and credit limit accordingly.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) Trade Receivables (Cont'd)

Ageing of past due but not impaired

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
30 - 90 days	**81,702**	120,869	**81,702**	120,869
> 90 days	**48,562**	34,680	**48,562**	34,680
Total	**130,264**	155,549	**130,264**	155,549

Movements in the allowance for doubtful debts:

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
At 1 July	**5,552**	5,934	**5,552**	5,934
Reversal of impairment during the year	**(342)**	(382)	**(342)**	(382)
At 30 June	**5,210**	5,552	**5,210**	5,552

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 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
> 90 days	**5,210**	5,552	**5,210**	5,552

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(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 29: Related party transactions.

14. STATED CAPITAL

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 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.

15. NON-CONTROLLING INTERESTS

	THE GROUP	
	30 June 2018 Rs '000	30 June 2017 Rs '000
At 1 July	**8,400**	8,108
Share of total comprehensive income for the year	**690**	682
Dividend paid	**(421)**	(390)
At 30 June	**8,669**	8,400

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

16. LOANS

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Non-Current		
Bank and other borrowings (Note a)	**252,841**	129,669
Unsecured notes (Note b)	-	200,000
Notes origination costs	-	(2,150)
Amortisation of notes origination costs	-	1,000
	-	198,850
	252,841	328,519
Current		
Bank and other borrowings (Note a)	**380,232**	347,053
Unsecured notes (Note b)	**200,000**	-
Notes origination costs	**(2,150)**	-
Amortisation of notes origination costs	**1,736**	-
	199,586	-
	579,818	347,053
Total	**832,659**	675,572
Repayable within one year		
Loan repayable with interest ranging between 0.25% - 6.50% p.a (2017: 3.75% - 5.75%)	**579,818**	347,053
Repayable between two to five years		
Loan repayable with interest ranging between 5.75% - 6.50% p.a (2017: 4.35% - 5.75%)	**209,291**	273,582
Repayable after five years		
Loan repayable with interest ranging between 6.25% p.a	**43,550**	54,937
	252,841	328,519
	832,659	675,572

a) The bank and other borrowings are secured by fixed and floating charges on movable and immovable properties (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. The fair value of the notes is Rs 200,106,240 at 30 June 2018 (2017: Rs 200,206,720).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

17. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP AND THE COMPANY			
	Minimum lease payment		Present value of minimum lease payments	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Amount payable under finance leases:				
Within one year	**3,715**	4,296	**2,980**	3,336
In the second to fifth years inclusive	**8,898**	12,585	**8,114**	11,085
	12,613	16,881	**11,094**	14,421
Less: future finance charges	**(1,519)**	(2,460)	**-**	-
Present value of minimum lease obligations	**11,094**	14,421	**11,094**	14,421

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. (2017: 7.25% to 9.27%).

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

18. RETIREMENT BENEFITS OBLIGATIONS

Amount recognised in Statements of financial position

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Defined benefit plan (Note a)	**43,301**	26,641
Other Retirement benefits (Note b)	**27,048**	24,917
	70,349	51,558

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

18. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(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 retirement benefit obligation reporting figures have been based on the latest actuarial report dated 05 September 2018 issued by the Swan Life Ltd.

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

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Present value of funded defined benefit obligations	**61,710**	38,987
Fair value of planned assets	**(18,409)**	(12,346)
	43,301	26,641

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

Pension expense components	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Current service cost	**2,835**	1,808
Cost of insuring risk benefits	**247**	-
Scheme expenses	**2**	-
Net interest cost	**1,285**	1,144
Net periodic pension cost per IAS19	**4,369**	2,952

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

18. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(a) Defined benefit plan (Cont'd)

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

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
At 1 July	**26,641**	16,258
Fair value adjustments on plan asset	**(5,345)**	-
Total expenses as per above	**4,369**	2,952
Actuarial losses recognised in other comprehensive income	**17,635**	7,431
	16,660	10,383
At 30 June	**43,301**	26,641

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

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
At 1 July	**38,987**	28,245
Current service cost	**2,835**	1,808
Interest cost	**2,339**	1,952
Net actuarial losses	**17,549**	6,982
At 30 June	**61,710**	38,987

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

18. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(a) Defined benefit plan (Cont'd)

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

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
At 1 July	**12,346**	11,987
Fair value adjustments on plan assets	**5,345**	-
Interest income	**1,054**	809
Scheme expenses	**(2)**	-
Cost of insuring risk benefits	**(247)**	-
Actuarial losses	**(86)**	(450)
At 30 June	**18,410**	12,346

Analysis of amount recognised in Other comprehensive income

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Losses on pension scheme assets	**86**	450
Experience losses on the liabilities	**16,155**	224
Changes in assumptions underlying the present value of the scheme	**1,394**	6,757
Fair value adjustment on plan assets	**(5,345)**	-
Actual gains recognised in Other comprehensive income	**12,290**	7,431

Cumulative actuarial losses recognised

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Cumulative actuarial losses at start of year	**14,827**	7,396
Actuarial losses recognised this year	**12,290**	7,431
Cumulative actuarial losses at end of year	**27,117**	14,827

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

18. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(a) Defined benefit plan (Cont'd)

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Amounts for the current and previous periods		
Defined benefit obligations	**(61,710)**	(38,987)
Plan assets	**18,410**	12,346
Deficit	**(43,301)**	(26,641)
Experience losses on plan liabilities	**17,549**	6,982
Experience losses on plan assets	**86**	450

General description of the plan

The funded 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 Gratuities under the Employment Right Act (ERA). For those who are members of the pension plan, half of any lump sum and five years of pension (relating to Employer's share of contribution only) payable from the pension plan have been offset from the Retirement Gratuities.

Description of assets

The assets of the plan are invested in the Deposit Administration Policy underwritten by Swan Life. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes. It is a long- term investment policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as Equity Funds. Moreover, the Deposit Adminstration Policy offers a minimum guaranteed return of 4% per annum.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

18. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(a) Defined benefit plan (Cont'd)

Risks associated with the Plan (Cont'd)

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.

Sensitivity analysis

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 2018 Rs '000	30 June 2017 Rs '000
Decrease in defined benefit obligation due to 1% increase in discount rate	**4,379**	2,799
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**4,732**	3,290

The weighted duration of the liabilities as at 30 June 2018 is 8 years.

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Expected employer contributions for next financial year	**9,300**	5,400

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

18. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(a) Defined benefit plan (Cont'd)

The principal accounting assumptions used for accounting purposes were:

	THE GROUP AND THE COMPANY	
	30 June 2018 %	30 June 2017 %
Discount rate	**5.80**	6.00
Future long-term salary increase	**4.50**	4.50
Post retirement mortality tables increases	**Swan Current Annuity rates**	Swan Current Annuity rates

Actual return on plan assets:

The notional return on plan assets was Rs 968,011 for the year ended 30 June 2018 (2017: Rs 359,602).

(b) Other retirement benefits

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

The retirement benefit obligations reporting figures have been based on the latest actuarial report dated 30 August 2018 issued by Feber Associates Limited.

Amount recognised in Statements of financial position:

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Present value of obligations	**27,048**	24,917

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

18. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(b) Other retirement benefits (Cont'd)

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

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Current service cost	**2,119**	2,179
Net interest cost	**1,620**	1,475
Net cost for the year recognised in profit or loss	**3,739**	3,654
Remeasurement recognised in Other Comprehensive Income	**(1,608)**	195
Net cost for the year	**2,131**	3,849

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Net interest cost for the year:		
Interest on obligations	**1,620**	1,475
Remeasurement recognised in Other Comprehensive Income for the year:		
Actuarial (gains)/losses on the obligations	**(1,608)**	195
Changes in the present value of the obligations		
At 1 July	**24,917**	21,068
Interest cost	**1,620**	1,475
Current service cost	**2,119**	2,179
Expected obligations at end of the year	**28,656**	24,722
Remeasurement (gains)/losses recognised in Other Comprehensive Income at end of the year	**(1,608)**	195
Present value of obligations at end of the year	**27,048**	24,917

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2018

18. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(b) Other retirement benefits (Cont'd)

Principal actuarial assumptions at end of the year:

	THE GROUP AND THE COMPANY	
	30 June 2018	30 June 2017
Normal retirement age	65	65
Discount rate	6.35%	6.50%
Expected rate of return on plan assets	0.00%	0.00%
Future salary increases	4.50%	4.50%
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 & nil thereafter	5% up to age 40, decreasing to 0% at age 45 & nil thereafter
Actuarial table for employee mortality	PMA92_PFA92	PMA92_PFA92

Sensitivity

Significant actuarial assumptions for the determination of defined obligations are discount rate, future long term salary and longevity 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 2018 Rs '000	30 June 2017 Rs '000
Effect on present value of funded obligations:		
1% increase in discount rate	**20,176**	18,491
1% decrease in discount rate	**35,864**	33,141
1% increase in salaries	**34,833**	32,198
1% decrease in salaries	**20,930**	19,177
Effect of changing longevity - rate up	**26,636**	24,568
Effect of changing longevity - rate down	**27,436**	25,245

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2018

18. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(b) Other retirement benefits (Cont'd)

The average duration of the retirement benefits at 30 June 2018 is 19.95 years (2017: 19.32 years). This can be analysed a follows:

- Members: 21.30 years (2017: 19.31 years)
- Non-members: 18.60 years (2017: 19.36 years)

Experience adjustments on:

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Plan liabilities	**1,284**	219

(c) State pension plan

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
National pension scheme contribution charges	**8,289**	7,237

19. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Cash at banks and in hand	**39,035**	70,986	**39,035**	70,986
Bank overdrafts	**(75,119)**	(162,195)	**(63,681)**	(150,721)
	(36,084)	(91,209)	**(24,646)**	(79,735)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

20. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Trade payables	**62,836**	74,549	**62,836**	74,549
Other payables and accruals	**85,255**	85,832	**83,764**	85,323
	148,091	160,381	**146,600**	159,872

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 29: Related party transactions.

21. PROFIT FROM OPERATIONS

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

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Cost of operations	**1,544,581**	1,517,692	**1,544,581**	1,517,692
Depreciation of property and equipment	**25,652**	23,516	**25,311**	23,209
Amortisation of intangible assets	**85**	185	**85**	185
Selling and marketing costs	**66,520**	64,291	**66,520**	64,291
Administrative costs	**33,936**	31,715	**33,461**	31,306
Other operating costs	**49,554**	47,425	**51,732**	49,603
Gain on forward contracts	**(2,361)**	(4,646)	**(2,361)**	(4,646)
Net exchange gain	**(21,525)**	(33,446)	**(21,525)**	(33,446)
Other income	**(47,044)**	(49,457)	**(68,863)**	(72,892)
Included in cost of operations:				
Cost of inventories expensed	**1,419,034**	1,382,063	**1,419,034**	1,382,063

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

21. PROFIT FROM OPERATIONS (CONT'D)

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

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Other income				
Interest receivable	**(11,125)**	(14,065)	**(11,125)**	(14,014)
Rental income	**(6,554)**	(5,793)	**(5,454)**	(4,755)
Sundry income	**(5,873)**	(9,005)	**(6,070)**	(9,232)
Profit on disposal of property and equipment	**(1,848)**	(663)	**(1,848)**	(663)
Profit on disposal of disposal of investments	**(11,397)**	(10,514)	**(22,399)**	(21,261)
Dividend received	**(10,247)**	(9,417)	**(21,967)**	(22,967)
	(47,044)	(49,457)	**(68,863)**	(72,892)
Staff costs	**225,216**	226,187	**225,216**	226,187
Included in administrative costs				
Net Impairment loss on other investments	**1,552**	5,223	**1,552**	5,123
Reversal of impairment losses on trade receivables	**(342)**	(382)	**(342)**	(382)

22. FINANCE COSTS

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Interest on:				
- Bank and other borrowings	**34,457**	33,208	**35,720**	34,410
- Bills payable	**8,474**	8,875	**8,474**	8,875
- Finance lease	**897**	565	**897**	565
- Bank overdrafts	**7,667**	8,324	**6,964**	7,606
	51,495	50,972	**52,055**	51,456
Less: amount included in cost of qualifying assets	**(3,015)**	(559)	**(3,015)**	(559)
	48,480	50,413	**49,040**	50,897

The capitalisation rate on funds borrowed is 6% p.a. (2017: 6%) which represents the rate of the Notes as per note 16(b).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

23. 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 2018	30 June 2017
Profit for the year attributable to owners of the Company (Rs '000)	**76,686**	102,514
Number of ordinary shares	**6,175,680**	6,175,680
Earnings per share (Rs)	**12.42**	16.60

24. PURCHASE OF PROPERTY AND EQUIPMENT

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Additions to property and equipment	**130,857**	59,345	**128,528**	58,977
Less: interest included in cost of qualifying assets	**(3,015)**	(559)	**(3,015)**	(559)
At 30 June	**127,842**	58,786	**125,513**	58,418
Financed as follows:				
Finance leases	**-**	11,618	**-**	11,618
Cash disbursed	**107,980**	47,168	**105,651**	46,800
Included under other payables	**19,862**	-	**19,862**	-
	127,842	58,786	**125,513**	58,418

25. NON-CASH TRANSACTIONS

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

(i) The Group and the Company have acquired additional investment in associates for an aggregate of Rs 10,116,180 out of which Rs 3,325,590 was payable at reporting date.

(ii) Included in the construction cost is an amount of Rs 3,015,016 (2017: Rs 559,022), representing borrowing cost capitalised for qualifying assets, as disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

25. NON-CASH TRANSACTIONS (CONT'D)

(iii) Included in the cost of the investment property is an amount of Rs 19,861,697 which was payable at reporting date.

(iv) Included in loans are the loan origination costs of Rs 735,729 (2017: Rs 691,335) of the unsecured notes.

26. OTHER FINANCIAL ASSETS

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

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

		Average exchange rate	Foreign currency '000	Currency notional value '000	Fair value assets/ (liabilities) Rs '000
30 June 2018					
Forward exchange contract	ZAR:MUR	**2.59**	ZAR 52,500	**MUR 134,091**	1,884
Forward exchange contract	EUR:USD	**1.16**	EUR 800	**USD 985**	1,548
Forward exchange contract	USD:EUR	**0.86**	USD 150	**EUR 128**	(62)
Forward exchange contract	USD:ZAR	**13.77**	USD 250	**ZAR 3,035**	(1,009)
					2,361
30 June 2017					
Forward exchange contract	ZAR:MUR	**2.74**	ZAR 47,500	**MUR 125,504**	4,646

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

27. DIVIDEND

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Final dividend paid of Rs 1.00 per share (2016: Rs 2.25 per share)	**6,597**	14,286	**6,176**	13,896
Interim dividend paid of Rs Nil per share (2017: Rs 1.50 per share)	-	9,264	-	9,264
	6,597	23,550	**6,176**	23,160

At a Board Meeting on 27 September 2018, the directors declared a final dividend of Rs 2.24 (2017: Interim dividend of Rs 1.50 and final dividend of Re 1.00) per share in respect of the year ended 30 June 2018.

28. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Contingent liabilities	**107,580**	116,317	**107,580**	116,317
Group's share of associates' contingent liabilities	**242,114**	212,887	-	-

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

29. RELATED PARTY TRANSACTIONS

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

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Transactions during the year				
Subsidiary				
Rendering of services	-	-	**198**	228
Receipts of goods and services	-	-	**2,178**	2,178
Interest expense on advances	-	-	**1,263**	1,202
Dividend received	-	-	**980**	910
Advances received	-	-	-	4,000
Associates				
Rendering of goods and services	**34,775**	57,608	**34,775**	57,608
Receipts of goods and services	**54,404**	47,216	**54,404**	47,216
Dividend received	**10,981**	12,640	**10,981**	12,640
Advances granted	**36,169**	33,248	**36,169**	33,248
Advances repaid	**34,071**	18,671	**34,071**	17,569
Loan received	-	15,000	-	15,000
Loan repaid	**25,000**	10,000	**25,000**	10,000
Leases taken	-	11,617	-	11,617
Leases repaid	**2,768**	1,896	**2,768**	1,896
Purchase of investments	**10,116**	6,578	**10,116**	6,578
Interest paid	**5,159**	3,734	**5,159**	2,950
Interest received	**9,127**	8,379	**9,127**	8,379

Investment activities with associates have been disclosed in notes 9.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

29. RELATED PARTY TRANSACTIONS (CONT'D)

Transactions durind the year (Cont'd)

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Enterprises that have a number of key management / directors in common				
Rendering of goods and services	**52,745**	83,346	**52,745**	83,346
Receipts of goods and services	**111,491**	92,436	**111,491**	92,436
Dividend received	**523**	1,115	**523**	1,115
Advances granted	**29,995**	30,177	**29,995**	30,177
Advances repaid	**28,410**	71,373	**28,410**	71,373
Loan received	**24,500**	5,000	**23,500**	5,000
Loan repaid	**27,000**	-	**27,000**	-
Interest paid	**1,296**	941	**1,296**	941
Interest received	**1,934**	3,382	**1,934**	3,351
Purchase of other investments	**8,098**	-	**8,098**	-
Redemption of preference shares	**3,700**	-	**3,700**	-

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Outstanding balances with related parties				
Associates				
Receivables	**36,832**	39,704	**36,797**	39,667
Payables	**9,520**	16,474	**9,497**	16,474
Current account with subsidiary	**-**	-	**(3)**	8
Enterprises that have a number of key management / directors in common				
Receivables	**40,548**	31,530	**40,548**	31,530
Payables	**17,591**	24,012	**17,591**	24,012
Outstanding advances with related parties				
Advances from subsidiary	**-**	-	**19,500**	19,500

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

29. RELATED PARTY TRANSACTIONS (CONT'D)

Outstanding balances with related parties (Cont'd)

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Advances to related parties				
Associates	**147,127**	133,714	**147,127**	133,677
Enterprises that have a number of key management / directors in common	**13,469**	23,237	**13,469**	23,237
Bank balances				
Associates	**(605)**	(52,348)	**(605)**	(52,348)
Bank and other borrowings				
Associates	**-**	25,000	**-**	25,000
Loans				
Enterprises that have a number of key management / directors in common	**15,000**	17,500	**14,000**	17,500
Obligation under finance lease				
Associates	**11,080**	14,054	**11,080**	14,054

The amounts outstanding are unsecured, with no repayment terms and will be settled in cash. Except for the guarantee disclosed in note 9, no further 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) bear an average interest rate of 5.00% - 7.10% per annum (2017: 5.0% - 8.0%). 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 2018 Rs '000	30 June 2017 Rs '000
Short term benefits	**84,750**	81,441

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

30. 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 2017.

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

Gearing ratio

The gearing ratio at the year end was as follows:

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Debt	**918,872**	852,188	**926,934**	860,214
Cash in hand and at bank	**(39,035)**	(70,986)	**(39,035)**	(70,986)
Net debt	**879,837**	781,202	**887,899**	789,228
Equity	**783,569**	719,974	**577,135**	534,031
Net Debt to equity ratio	**1.12**	1.09	**1.54**	1.48

(i) Debt is defined as long and short term borrowings as described in notes 16, 17, 19 and 29.

(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 2018

30. 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 and 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 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Financial assets				
Loan and receivables (including cash and cash equivalents)	**505,324**	546,543	**505,196**	546,415
Derivative financial assets	**2,361**	4,646	**2,361**	4,646
Other investments	**185,624**	177,620	**179,849**	171,845
	693,309	728,809	**687,406**	722,906
Financial Liabilities				
Amortised cost	**1,132,882**	1,099,791	**1,139,766**	1,107,621

(i) Financial assets exclude the following:

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Prepayments	**16,606**	24,696	**16,606**	24,696
Income taxes withheld under tax deduction at source	**342**	840	**341**	788
	16,948	25,536	**16,947**	25,484

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

30. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial liabilities exclude the following:

	THE GROUP		THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Valued added tax	**5,739**	5,420	**5,668**	5,352
Advances from customers	**18,126**	15,679	**17,886**	15,440
National Pension Funds/Income taxes retained	**1,834**	1,747	**1,834**	1,747
Tax deduction at source	**89**	126	**87**	120
	25,788	22,972	**25,475**	22,659

Financial risk management

Market risk

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

Foreign currency risk management

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

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

	THE GROUP		THE COMPANY	
	Financial Assets Rs '000	Financial Liabilities Rs '000	Financial Assets Rs '000	Financial Liabilities Rs '000
30 June 2018				
Currency				
Mauritian Rupee	**657,515**	**901,448**	**651,612**	**908,332**
US Dollar	**18,993**	**32,618**	**18,993**	**32,618**
South African Rand	**8,641**	**42,969**	**8,641**	**42,969**
Japanese Yen	**2,755**	**49,699**	**2,755**	**49,699**
Euro	**5,386**	**106,037**	**5,386**	**106,037**
Great Britain Pound	**19**	**-**	**19**	**-**
Singapore Dollar	**-**	**111**	**-**	**111**
	693,309	**1,132,882**	**687,406**	**1,139,766**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

30. 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 2017				
Currency				
Mauritian Rupee	**659,588**	**981,866**	**653,685**	**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**
	728,809	**1,099,791**	**722,906**	**1,107,621**

The Group and the Company are significantly exposed to Japanese Yen, US Dollar, South African Rand and Euro.

The following table details the Group and the Company's sensitivity to a 5% increase in the Rupee against the relevant significant 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 2018 Rs '000	30 June 2017 Rs '000
Profit or loss	**(681)**	1,778

	JAPANESE YEN IMPACT	
	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Profit or loss	**(2,347)**	(631)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

30. 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 2018 Rs '000	30 June 2017 Rs '000
Profit or loss	**(1,716)**	(2,297)

	EURO IMPACT	
	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Profit or loss	**(5,033)**	(1,278)

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 details the sensitivity analysis of the impact of a 5% increase in exchange rate at reporting date on the Group and the Company's Profit and Equity:-

		% increase	Impact on Profit	Impact on equity
30 June 2018				
Exposure on foreign exchange effects on Forward exchange contracts	ZAR:MUR	5%	(94)	(94)
Exposure on foreign exchange effects on Forward exchange contracts	EUR:USD	5%	(77)	(77)
Exposure on foreign exchange effects on Forward exchange contracts	USD:EUR	5%	3	3
Exposure on foreign exchange effects on Forward exchange contracts	USD:ZAR	5%	50	50

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

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

		% increase	Impact on Profit	Impact on equity
30 June 2017				
Exposure on foreign exchange effects on Forward exchange contracts	ZAR:MUR	5%	(232)	(232)

A decrease of 5% in the exchange rate fluctuations at reporting date would result in an opposite but comparable impact of the Group and the Company's Profit and Equity.

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 risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings.

The interest rate profile of the Group and the Company at 30 June 2018 was:

		THE GROUP		THE COMPANY	
		30 June 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Financial Assets					
Non-interest bearing	N/A	**532,714**	973,830	**526,811**	980,714
Fixed interest bearing	7.00%-8.00%	**68,823**	68,667	**68,823**	68,667
Variable interest rate instruments	5.00%-7.10%	**91,772**	90,385	**91,772**	90,385
		693,309	1,132,882	**687,406**	1,139,766
Financial liabilities					
Non-interest bearing	N/A	**199,914**	302,296	**198,736**	310,126
Finance lease liability	5.00% - 7.50%	**11,094**	14,421	**11,094**	14,421
Fixed interest bearing	0.25%-6.00%	**450,275**	450,275	**450,275**	450,275
Variable interest rate instruments	4.52%-6.85%	**471,599**	332,799	**479,661**	332,799
		1,132,882	1,099,791	**1,139,766**	1,107,621

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 to last repayment of instalments. The floating rates financial liabilities are bank overdrafts, loans and import loans bearing varying interest rates which are pegged.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Interest rate risk management (Cont'd)

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 2018 Rs '000	30 June 2017 Rs '000	30 June 2018 Rs '000	30 June 2017 Rs '000
Loss	**(1,633)**	(3,114)	**(1,674)**	(3,154)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial 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 2018 and 30 June 2017 would have been unaffected as the quoted equity investments are classified as available for sale; and

- Other equity reserves would increase/decrease by Rs 23,315,336 (2017: Rs 9,844,757) for the Group and by Rs 6,571,949 (2017: Rs 6,314,092) for 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 their 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Credit risk management (Cont'd)

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.

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 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 tables includes both interest and principal cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Liquidity risk tables

	THE GROUP			
	Less than 1 year Rs '000	1 - 5 years Rs '000	5 + years Rs '000	Total Rs '000
30 June 2018				
Non-interest bearing	**208,157**	**-**	**-**	**208,157**
Finance lease liability	**3,715**	**8,898**	**-**	**12,613**
Fixed interest bearing	**463,376**	**-**	**-**	**463,376**
Variable interest rate instruments	**187,279**	**158,612**	**180,762**	**526,653**
	862,527	**167,510**	**180,762**	**1,210,799**
30 June 2017				
Non-interest bearing	240,781	-	-	240,781
Finance lease liability	4,296	12,585	-	16,881
Fixed interest bearing	12,000	212,000	-	224,000
Variable interest rate instruments	542,968	107,182	64,536	714,686
	800,045	331,767	64,536	1,196,348

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Liquidity risk tables (Cont'd)

	THE COMPANY			
	Less than 1 year	1 - 5 years	5+ years	Total
	Rs '000	Rs '000	Rs '000	Rs '000
30 June 2018				
Non-interest bearing	206,978	-	-	206,978
Finance lease liability	3,715	8,898	-	12,613
Fixed interest bearing	463,376	-	-	463,376
Variable interest rate instruments	195,952	158,612	180,762	535,326
	870,021	**167,510**	**180,762**	**1,218,293**
30 June 2017				
Non-interest bearing	240,345	-	-	240,345
Finance lease liability	4,296	12,585	-	16,881
Fixed interest bearing	12,000	212,000	-	224,000
Variable interest rate instruments	550,995	107,182	64,536	722,713
	807,636	**331,767**	**64,536**	**1,203,939**

Fair value of financial instruments

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

Fair value hierarchy

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

	THE GROUP		THE COMPANY	
	30 June 2018 Level 1 Rs '000	30 June 2017 Level 1 Rs '000	30 June 2018 Level 1 Rs '000	30 June 2017 Level 1 Rs '000
Financial assets				
Available-for-sale quoted financial assets	**131,441**	126,283	**131,441**	126,283

Movement in level 1 has been disclosed in note 10. There has been no transfer between levels 1 and 2 during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

31. 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 2018 Rs '000	30 June 2017 Rs '000
Payments recognised as expense:		
Minimum lease payments	**14,067**	**14,370**
Non-cancellable operating lease commitments		
Payable in next twelve months	15,298	12,289
Payable 2 - 5 years	25,998	32,045
Payable thereafter	90,702	89,488
	131,998	**133,822**

32. COMMITMENTS FOR EXPENDITURE

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Commitments for the acquisition of property and equipment	**19,862**	**115,565**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

33. 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.

34. REVENUE

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

	THE GROUP AND THE COMPANY	
	30 June 2018 Rs '000	30 June 2017 Rs '000
Sale of goods	1,755,739	1,727,203
Rendering of services	103,807	105,570
	1,859,546	**1,832,773**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2018

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's and Company's liabilities arising from financing activities. Liabilities from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows from financing activities.

	Opening balance Rs '000	Financing Cash flows Rs '000	Non-cash movements Rs '000	Closing balance Rs '000
30 June 2018				
Loans	675,572	156,351	736	832,659
Obligations under finance leases	14,421	(3,327)	-	11,094
	689,993	**153,024**	**736**	**843,753**
30 June 2017				
Loans	748,838	(73,957)	691	675,572
Obligations under finance leases	4,825	(2,022)	11,618	14,421
	753,663	**(75,979)**	**12,309**	**689,993**

The cash flows from loans and obligations under finance leases represent the net amount of proceeds and repayments in the statements of cash flows.

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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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