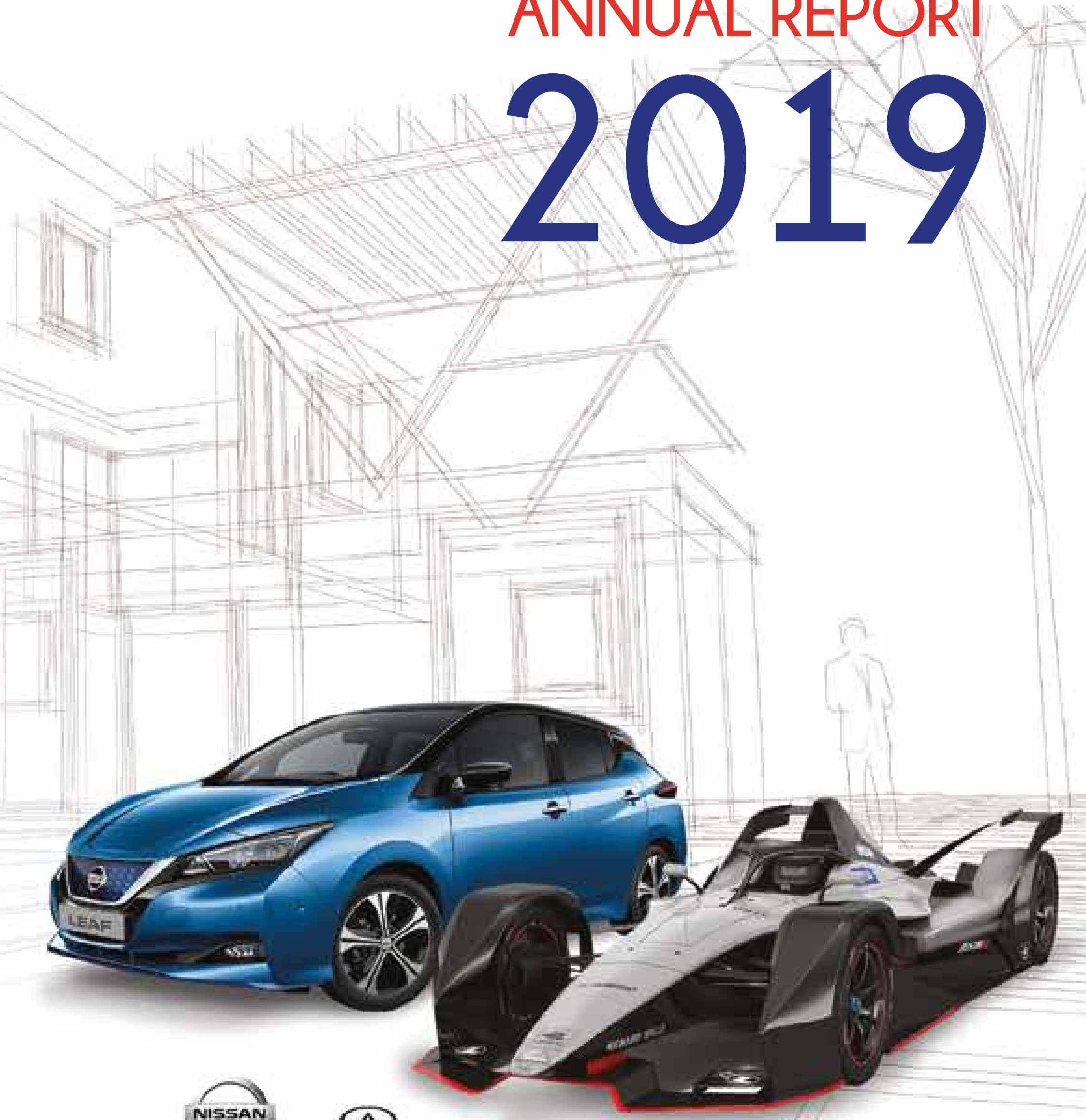
ABC MOTORS COMPANY LIMITED

ANNUAL REPORT 2019



NISSAN INFINITI DATSUN 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

Connected
Agility
Loyalty
Integrity
Tenacity

NOEMI ALPHONSE


NISSAN GT-R


NAVARA

CONTENT

FINANCIAL HIGHLIGHTS

All amounts in million of rupees unless otherwise stated

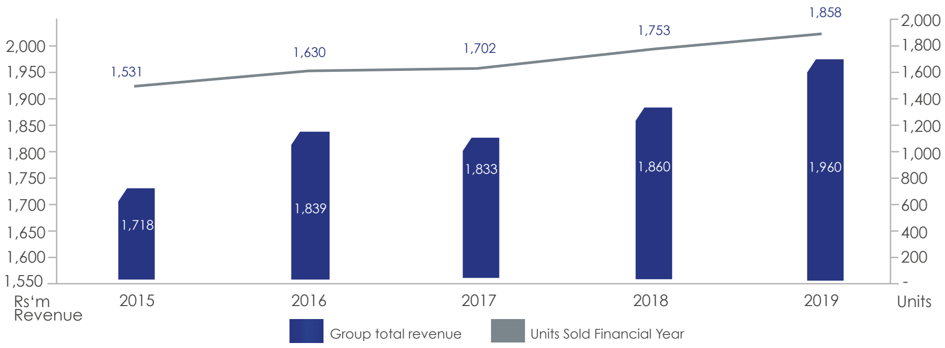
Financial Highlights	THE GROUP					THE COMPANY				
	2019	2018	2017	2016 (Restated)	2015 (Restated)	**2019**	2018	2017	2016	2015
	Rs'M	Rs'M	Rs'M	Rs'M	Rs'M	**Rs'M**	Rs'M	Rs'M	Rs'M	Rs'M
Total revenue [1]	**1,960**	1,860	1,833	1,839	1,718	**1,960**	1,860	1,833	1,839	1,718
Profit for the year (before taxation)	**66**	83	112	106	70	**100**	58	78	75	45
Total comprehensive income	**48**	70	121	87	81	**78**	49	69	45	57
Total Equity	**885**	784	720	623	545	**691**	577	534	488	452

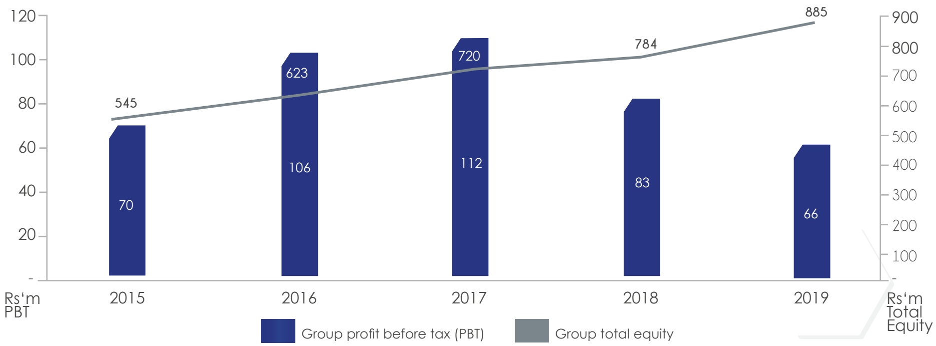
[1] Group revenue increased by 5% to reach Rs 1.96 billion this year. Number of units sold has increased by 105 units to reach 1,858 units and after-sales revenue increased by 5%.

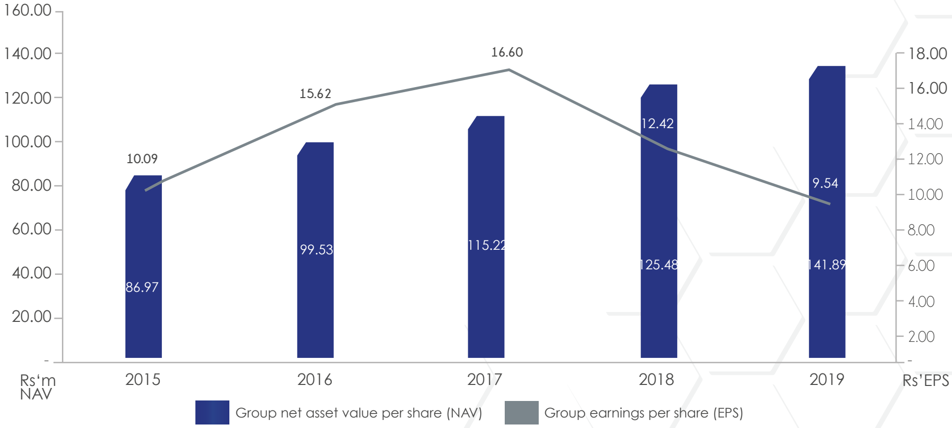
Group Performance Measures	**2019**	2018	2017	2016 (Restated)	2015 (Restated)
Earnings per share (Rs)	**9.54**	12.42	16.60	15.62	10.09
Final dividend declared per share (Rs)	**2.50**	2.24	1.00	2.25	1.50
Interim dividend declared per share (Rs)	**-**	-	1.50	-	-
Net assets value per share (Rs)	**141.89**	125.48	115.22	99.53	86.97
Net Debt to equity ratio *	**1.03**	1.12	1.09	1.24	1.01
Stock price - at reporting date (Rs)	**120.00**	112.00	110.00	85.50	93.00

* 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

DIRECTORS' REPORT

Dear Stakeholders,

We are proud to announce that Nissan has maintained its leadership position for the calendar year ("CY") 2018, making it a cumulative total of 19 years of leadership in the motor vehicle sector in Mauritius. Nissan registered 1,771 units, representing a market share of 15.6%. Maintaining the number one position for 2018 was more challenging due to stiffer competition from Toyota and KIA.

The resilience to strong competition was made possible due to the dedication and passion brought by the entire team that was supported by strong marketing initiatives. It is good to note that during the financial year ("FY") 2019, the Sales academy (launched in 2016) saw the graduation of the first batch of trained sales advisors. In addition, the sales team has been consolidated with a new structure within the department.

In the passenger segment, we managed to take advantage of the growth in total industry sales volume for small cars. We successfully positioned the Datsun Go and Micra in Sub-compact segment which considerably helped us in achieving our number one brand leadership. Our new Qashqai (launched in July 2018) and X-trail have however been facing strong competition in the crossover/SUV segment.

Due to our relentless pursuit to revive the Infiniti brand, we have been successful in our negotiations with Infiniti Australia. This has enabled us to import and sell the whole line-up of Infiniti vehicles since March 2019. A dedicated sales and marketing team together with a new Infiniti showroom have been set up in Port Louis. This will enable us to reinforce our presence in the Luxury car/SUV category.

As for light commercial segment, the addition of the new Model Navara pickup two-wheel drive in our line-up revolutionised the pickup segment. With over 106 units sold for FY19, this model has been a strong contributing factor to maintaining our leadership in light commercials. It is good to note that the Navara is the only model in the 2-wheel drive segment having an automatic transmission and the comfort of coil suspension (instead of traditional leaf spring).

In the heavy commercial segment, I am pleased to announce that we have managed to more than double our sales volume (FY19: 119 units v/s FY18: 56 units). On the UD side, this was made possible by laying strong emphasis on the advanced features of the Croner line-up. This has enabled us to secure some major fleet deals in the food and beverage sector for delivery trucks. As for Eicher, it managed to penetrate strongly in the light and medium duty truck category and benefited from the booming construction sector. Sales grew by 83% in FY19.

On the after-sales side, we have managed to complete the aftersales implementation of ISO 9001-2015 in our Parts Department and Diesel Service Workshop in 2019. Also, we have reinforced our team by the recruitment of highly skilled expatriates, with strong technical expertise.

We are proud to announce that our Body and Paint division is the only car bodywork repairer in Mauritius to be equipped with the latest state-of-the-art repair bench technology, called the Car-o-liner. This equipment allows for more scientific and accurate diagnosis and repair of damaged vehicles and chassis. It can cater for all categories of vehicles, including luxury brands such as Porsche.

With the advent of electric and hybrid cars in a growing market, and with a need for work-related safe practices to using the technology, we have initiated relevant awareness campaign to government and insurance stakeholders.

The Market Dynamics

Total Industry Volume for CY18 was more or less stable. 11,317 new vehicles were registered, representing a growth of 1.5% compared to CY17 (11,151 units) and a growth of 23% compared to CY16. The growth was mainly the result of an increase in demand for vehicles in the Construction, Tourism, Food Processing, Delivery business, ICT, Property Development and Government tender business.

It is worth noting that the passenger segment volume decreased slightly by 1% (CY18: 8,328 units v/s CY17: 8,361 units). This was due to a significant decrease in the compact car segment (sedan cars), despite an increase in the crossover/SUV segment. The light commercial segment grew by 4% (CY18: 2,424 units v/s CY17: 2,335 units) and heavy commercial segment grew by 24% (CY18: 565 units v/s CY17: 455 units). The growth in the Light and Heavy commercial segments reflects the upsurge in construction and related businesses.

On the other hand, the market for second-hand vehicles grew by 7% (CY18: 9,063 units v/s CY17: 8,470 units), due mainly to the increase in imports of hybrid cars (hybrid cars representing 38% of total imported second-hand market in 2018).

Future Outlook and Initiatives

Since 2018, the government through its budget planning has been investing massively into mid to long term infrastructural projects. Major developments such as Metro Express, road decongestion programmes and setting up of new schools and hospitals are on-going. This is having a positive incidence on the demand for commercial vehicles. We have thus geared our strategy towards a targeted approach and provided a dedicated team from Senior Management to support the sales team working in this important economic sector.

For FY20, Nissan's product line-up will be refreshed, with only two new models to be introduced in our market, namely the Nissan Leaf and Kicks. Also, the right variant (automatic transmission on some core models Nissan Micra K14 & Datsun Go) on our existing models is still unavailable for our market. Emphasis will be laid on consolidation of our strategies on existing core model line-up, such as Datsun Go, Micra, Qashqai, pickups and NV200 vans.

With the upsurge in demand for trucks in the light and medium duty truck segment, we are introducing a new model light truck (Eicher PRO 2049). This vehicle can be driven by persons holding a valid private car driver's licence as its gross vehicle weight is less than 3.5 tonnes. We strongly believe that this model will push the Eicher brand to new heights as it will tap into a new market segment.

On the UD side, the new UD Quon heavy duty truck has been launched in early September 2019. This model has the required technical conformity for carriers of petroleum products, namely the ADR system *(Accord Dangereux Routier)*. It will enter a market segment previously dominated by Renault trucks.

With the need to offer a superior experience to our customers, our Port Louis showroom for passenger cars will be renovated and re-organised. This will be done in accordance to Nissan's visual identity guideline. Also, our quality management system ISO 9001-2015 will be extended to the Nissan and Heavy Commercial Sales departments. We expect the whole ABC Motors organisation to be fully ISO compliant by 2020.

DIRECTORS' REPORT (CONT'D)

In line with our objective to enhance human capital development, we have further strengthened our frontline management in our aftersales divisions. In this respect, we have successfully launched the after-sales academy, and placed the new recruits across all after-sales departments.

As for staff welfare, our ABC Group football team that was set up in 2017 has managed to be promoted to a higher division each year. We are continuing in our pursuit for excellence and are thus competing in Division 1 at corporate level for 2019/20, under the coaching and leadership of our dedicated Coach and his team.

With the ever-evolving changes in business and societal environment, the Company has embarked on a culture change programme. The values of the Company have been revisited and streamlined. As such, the new values adopted since this financial year are 'Connected, Agility, Loyalty, Integrity and Tenacity'. It is good to note that these values have been communicated in both English and Creole languages to all employees at all hierarchical levels.

We are continuing our CSR activities, by offering scholarships under the Sir Jean Moilin Ah-Chuen Foundation Scholarship Scheme, with technical scholarship with College Technique St Gabriel and tertiary scholarship with the University of Mauritius. We are also sponsoring a Paralympic athlete, Miss Noemi Alphonse, who was a gold medallist in the last Indian Ocean Island Games. We are also providing support to the NGO TIPA, which works in schools of Zones D'éducation Prioritaires (ZEP).

Despite the challenging market and increasing competitive environment, we will strive to provide superior customer enriching experience. We will also improve our networking with customers, in order to enable us to maintain Nissan's brand leadership and improve both UD Trucks and Eicher market share for the forthcoming year.

It only remains for me to express my heartful gratitude to our stakeholders for their continued constant 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 26 September 2019 and signed on its behalf by

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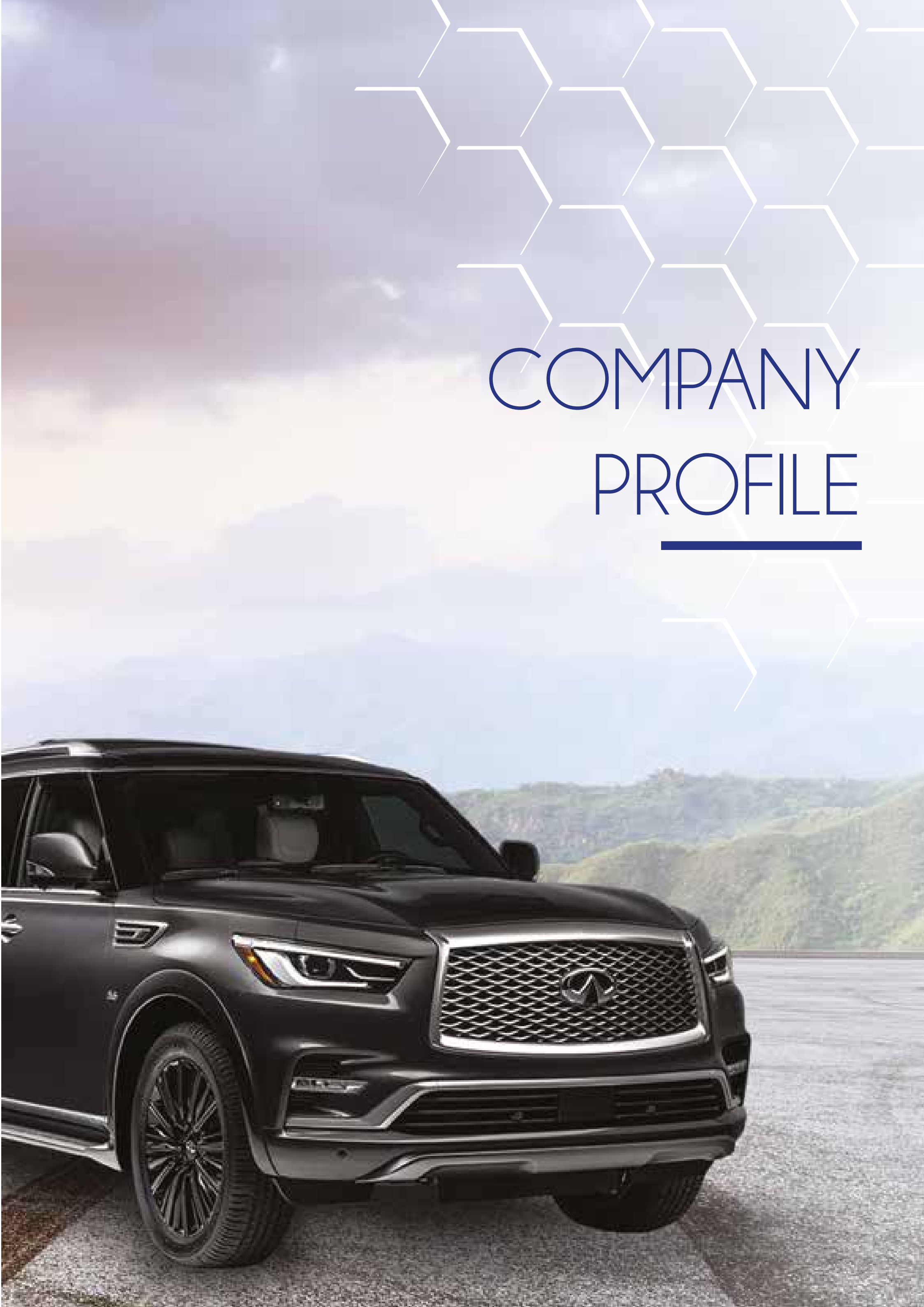
Dean Ah-Chuen
Managing Director

COMPANY PROFILE



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 19 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 can 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 full-fledged 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.

For a few years now, the ABC Car Gallery in Phoenix has been in existence for the convenience and accessibility of customers. 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 specialised 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 capital are always equipped with the proper tools and skills. Friendly policies and schemes are in place to promote workplace fairness, collaboration and effectiveness. As a corporate citizen, ABC Motors contributes generously to the betterment of the local and wider communities and supports employee volunteers in their development of charitable and welfare projects.

CORPORATE INFORMATION AS AT 30 JUNE 2019

CORPORATE INFORMATION AS AT 30 JUNE 2019

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. André 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, *S.A.*

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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Quester

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.

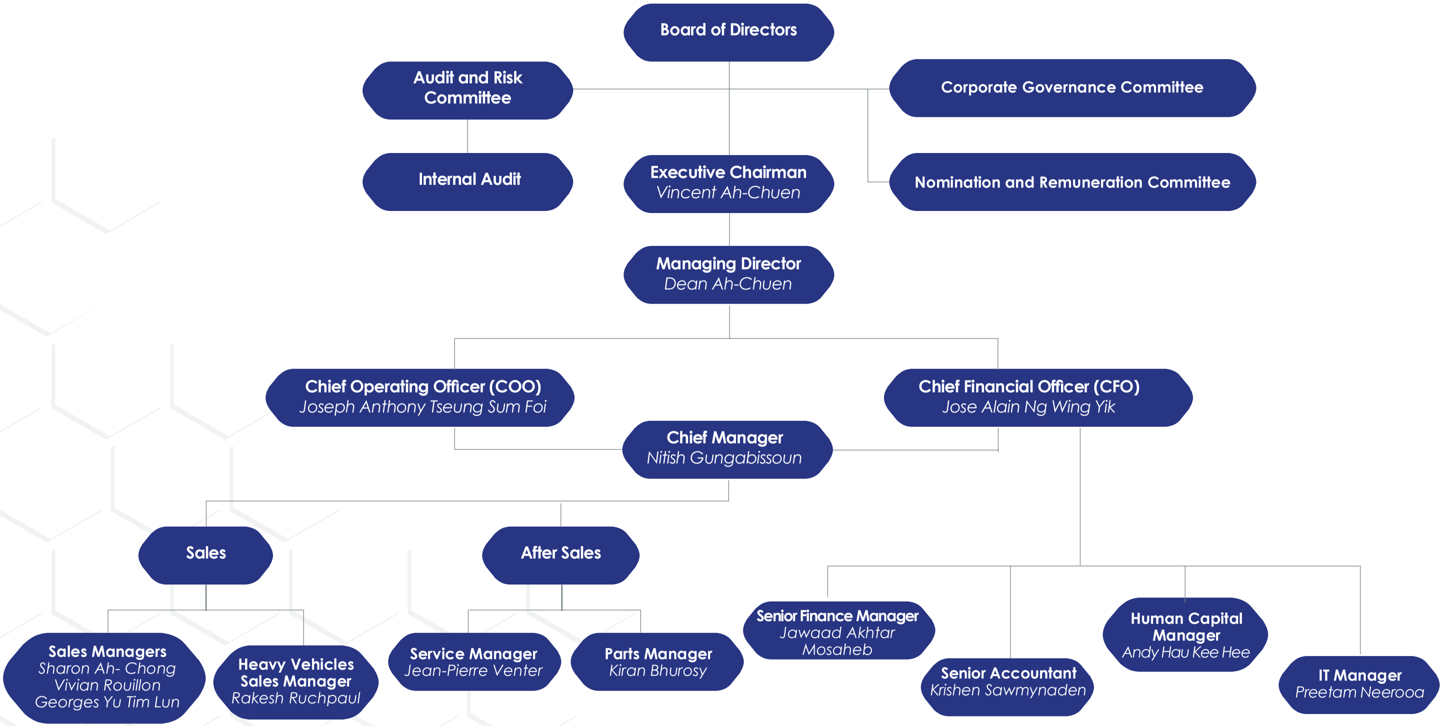
The Code of Conduct & Ethics is actually being designed and will be published on the website upon finalization. The Company's Board Charter is available upon request made to the Company Secretary.

CORPORATE GOVERNANCE REPORT (CONT'D)

PRINCIPLE ONE – GOVERNANCE STRUCTURE (CONT'D)

ORGANISATION CHART

As at 30 June 2019, the Organisation Chart of the Company was as follows:



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 amendments 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.

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

PRINCIPLE ONE – GOVERNANCE STRUCTURE (CONT'D)

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.

ABCPS is represented by Mrs. Cindy Larose, *ACIS*. Mrs. Larose has more than 10 years experience in the corporate secretarial field and is an Associate of the Institute of Chartered Secretaries and Administrators (ICSA). She is also a member of the MIoD.

Board Committees

The Board of Directors is supported by three main 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

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.

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 Executive and Senior Management.

Responsibilities of the Board Committees as set out in the Board Charter may be reviewed on a yearly basis or as and when required with the introduction of, or amendment to laws and regulations.

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.

Board Composition

As at 30 June 2019, 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. André 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. Valerie Ah-Chuen acts as alternate director to Mr. Vincent Ah-Chuen

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

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.

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 29 to 33 of this Annual Report and are available on the website.

Board Balance and Diversity

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

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. With regards to diversity, due consideration is being given to same by the Board in conjunction with the Nomination and Remuneration Committee in order to look for appropriate profiles which would bring value to the Board in terms of skills, and experience.

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 ratified at subsequent Board meeting. During the year under review, the Board met four times. The attendance of directors is set out on page 27 of this Annual Report.

Board Committees

The Board is supported by its Committees that 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 Committee has its own terms of reference that is approved by the Board and is reviewed as and when necessary.

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

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. 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 2019 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

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 two times.

Members of the Corporate Governance Committee as at 30 June 2019 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

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

Nomination and Remuneration Committee

The main responsibilities of the Nomination and Remuneration Committee is to make 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.

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

Members of the Nomination and Remuneration Committee as at 30 June 2019 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			
AH-CHUEN Donald	3			0
AH-CHUEN Vincent	4			1
AH-CHUEN André Marc	4			
AH-CHUEN Dean	3			
AH-CHUEN David Brian(1)	3			
CHUNG TUNG Hai Ping	4	4	2	1
LAM YAN FOON Ah-Lan	3	3	2	
TIN KIONG FONG Kee Koun	4			
WAN MIN KEE Voon Yue Choon	3	4	2	
Total Number of Meetings	4	4	2	1

(1)Mr. David Brian Ah-Chuen acted as the alternate director of Mr. Raymond Ah-Chuen at two Board meetings during the financial year.

PRINCIPLE THREE – DIRECTOR APPOINTMENT PROCEDURES

Appointment and Re-election of Directors

The Nomination and Remuneration Committee makes 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 is not less than (2) or more than 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.

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.

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 Cluster. 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 MUA Stockbroking Ltd and a director of Phoenix Transafrica Holdings Ltd (Kenya). He also holds directorship in listed companies on the Official Market namely MUA Ltd and P.O.L.I.C.Y Limited.

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 Cluster 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, an organisation set up by the Government of Mauritius. Previously, he was a director of the Mauritius Post & Co-operative Bank Ltd. He has been appointed as Non-Executive Director of ABC Banking Corporation Ltd and as Benefactor of the Court of the University of Mauritius since May 2019.

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 a Non-Executive Director of the Stock Exchange of Mauritius Ltd (SEM) and was its Chairperson in 2018. 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.

PROFILE OF DIRECTORS (CONT'D)

MR. ANDRÉ 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 Director of ABC Banking Corporation Ltd, a listed company. In this capacity, he has overseen major projects including the opening of the ABC Banking Representative Office in Hong Kong, the setting up of the Private Banking department and the opening of the ABC Private Banking Lounge.

He previously held various managerial positions within other companies of ABC Group. As Executive Director of ABC Autotech Ltd (ABC Automobile Cluster), he successfully introduced the Alfa Romeo and Fiat brands in Mauritius. Moreover, in a quest for expansion and modernisation, the relocation of Chue Wing & Company Limited (ABC Foods) from Port Louis to Trianon happened during his tenure as Executive Director of that company. He was also the Executive Director of Marina Resort.

Mr. Brian was a past President of the Chinese Chamber of Commerce and Board Member of the Mauritius Chamber of Commerce & Industry (MCCI). He is a Fellow member of the Mauritius Institute of Directors (MIoD) and Alternate Director of the Mauritius Union Group, listed on the SEM.

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 Cluster 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 worked for 10 years in an international firm of Chartered Accountants where he acquired experience in various sectors of the economy. Over 24 years, he worked for a leading Freight Forwarding and Shipping Organisation within Rogers Group where he held the position of Finance & Administration Director and subsequently acted as Managing Director for 6 years up to his retirement. During the period 2000-2016, he provided consultancy services in the various fields of Finance and Management.

Mr. Ah-Lan is the founder member of 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.

Mr. Ah-Lan was the first elected President of The Mauritius Red Cross Society (2007-2010) at national level. He is a member of the Chinese Chamber of Commerce and is currently the Vice President of the Mauritius Economic Society (founded in 1962). He is also the Chairman of ABC Group Pension Fund.

Mr. Ah-Lan holds directorship in the following companies:

ABC Autotech Ltd, Chue Wing & Company Limited, Oriental Foods Limited, Speedfreight Ltd and P.O.L.I.C.Y Limited (a company listed on the Official Market of the Stock Exchange of Mauritius).

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 of the ABC Group.

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 Cluster 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.

PROFILE OF SENIOR MANAGEMENT (CONT'D)

MR. NITISH GUNGABISSOON
CHIEF 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.

Since July 2018, Mr. Nitish has been promoted to the position of Chief Manager of ABC Motors, overseeing the sales and after sales divisions for all the brands represented by ABC Motors.

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 & Ethics

ABC Motors has adopted a Code of Conduct & 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.

The Code of Conduct & Ethics is reviewed as and when required with the introduction of, or amendments to laws and regulations.

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.

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

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

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.

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.

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

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.

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 2019, the executive, non-executive and independent directors were remunerated as follows:

	2019 Rs.	2018 Rs.
Executive Directors	15,204,274	16,555,500
Non-Executive & Independent Directors	8,579,000	5,508,250
	23,783,274	22,063,750

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

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 2019 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 André Marc	3.81%	3.30%
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.

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. Relevant action plans are then initiated to counter risks that may potentially impair the business performance and reputation or negatively impact on the Company's financial stability, cash flow and revenue streams. In the same line, the business planning process provides a structured framework and procedures for the organisation to identify the business opportunities and appropriate strategic directions.

Moreover, the process of risk identification and management has been consolidated through the phased implementation of the ISO 9001:2015 programme. The ISO initiative that started in 2015 with the certification of the Body and Paint workshop has subsequently been extended to the spare parts department and the other service workshops. As at now, the whole aftersales business units are ISO certified. 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.

Moreover, the internal audit function is involved in the Risk Management process. The Internal Auditor 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 quaterly 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 initiated promptly by Management.

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

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

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.
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 148 to 159, Note 30 of the financial statements.

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

Risks	Exposure	Risk Management policies
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.
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.

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

Risks	Exposure	Risk Management policies
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 act with integrity vis-à vis 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.

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

ABC Motors has at heart the Safety, Health and Welfare of its people and commits itself to ensure full compliance with the prevailing legislations under the Occupational Safety and Health Act 2005. As a people centric organisation, the company promotes a healthy and safe working environment, and constantly engage its people in adopting safe and healthy working practices with the ultimate objective of nurturing a risk-based approach culture within the Company's operations.

During the financial year 2018-2019, the Safety and Health department has participated actively in the implementation of ISO 9001:2015. The ISO process has provided an opportunity to level up the safety aspects within the aftersales departments. Much emphasis was laid on the awareness of Safety and Health regulations, and more particularly on Personal Protective Equipment, Manual Handling, Fire Safety, Chemical Handling, Storage and Housekeeping whereby 215 hours of training were dedicated, and 101 staff were trained.

In line with the growing importance of electric and hybrid vehicles, the Company has found it appropriate to share the safety aspects of these type of vehicles to external stakeholders namely representatives of Fire Services, Ministry of Health and Quality of Life, Business Mauritius and Ministry of Public Infrastructure and Land Transport. In that respect, the Company has organised training activities on the safety and emergency protocols to adopt in the event of an accident or a fire-outbreak. They were exposed to real life situations and were able to discuss potential life-threatening incidents as guided by the expertise of our Engineers together with the Safety and Health Officer.

Environmental Issues

ABC Motors is sparing no effort in the betterment of the environment. The Company continues to dispose all its wastes sustainably in order to reduce environmental impact as far as reasonably practicable.

The Company is working in close collaboration with accredited bodies for the proper collection, storage, transport and disposal of used paints, solvents, waste parts, batteries and engine oil generated at its premises to mitigate their impact on the environment.

ABC Motors ensures that its personnel are conscious about the importance of their activities at work and how they contribute in maintaining a safe and clean working environment. The implementation of ISO

PRINCIPLE SIX - REPORTING WITH INTEGRITY (CONT'D)

9001:2015 across the Company has enriched our current practices in enhancing a healthy workplace and thus minimizing the risks of work-related accidents.

Engaging People

Our working eco-system is undergoing a major shift specially in the functions of recruitment and retention.

In order to stay competitive, it is crucial to strengthen our employer brand image. ABC Motors is working closely with the best in class tertiary institutions of Mauritius to find the best fit candidates to onboard as our potential leaders of tomorrow.

We are convinced that in order to attract, acquire and build relationships with talents, especially with the Millennials and Generation Z, we must go digital. Inspired by the core marketing best practices, we have applied recruitment marketing techniques in most of our job advertisements with eye-catching videos and artworks.

ABC Motors launched the transformational leadership programme to equip our managers with leadership skills to meet current requirements as well as prepare them for future challenges. 55 managers and executives have been trained to embrace the mindset of the modern leader.

As announced in last year's Annual Report, ABC Motors, as a responsible and forward-looking employer, has successfully launched the After-Sales Trainee Academy. This will enable the Company to cope with the increasing scarcity of skilled and specialised labour.

After 34 years of existence and with the ever-evolving changes in the business environment and society, the Company has initiated, since the beginning of the financial year, a deep rethinking of the corporate values and has embarked on a journey of culture change in which our Human Capital at all levels will experience a major transformation. Ambassadors have been designated across the Company and at all levels, to act as 'influencers' and promote the new values across all departments.

The New Corporate values adopted are:

- **Connected** – *A Spirit of Togetherness that links us and makes us stronger*
- **Agility** – *The Dexterity Needed to Adapt and React Swiftly to Change and Challenges*
- **Loyalty** – *To Have a Strong Sense of Belonging and Dedication to the Groups' Activities, Beliefs and Values*
- **Integrity** – *A Commitment to Always do the Right Thing, No Matter what the Situation or Potential Gain Involved*
- **Tenacity** – *An Inner Desire to Keep Advancing and Progressing in the Face of Adversity*

The acronym of these values "CALIT" reflects the Company's philosophy towards providing the best in class QUALITY services. To ensure that the new corporate values are deep-rooted at all levels, the values have also been translated and communicated in "Creole" language.

PRINCIPLE SIX - REPORTING WITH INTEGRITY (CONT'D)

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 (referred to as the "Foundation"), which is entrusted to carry out the social mission of ABC Group.

Named after the founder of ABC Group, the Foundation is a not-for-profit entity that implements CSR projects of companies of the Group under one common programme. Since its inception, the Foundation has earmarked four areas of intervention, namely Community Empowerment, Education, Health & Sports and Environment.

In line with its commitment towards its social partners, the Foundation has disbursed Rs1.9 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 regard, the Foundation has joined forces with its long-standing partners with the objective of empowering vulnerable communities and promoting inclusive growth.

This year, the Foundation has partnered with Caritas Ile Maurice for the running of the Centre d'Éveil project, which primarily caters for the pre-schooling of children coming from vulnerable families. The Foundation also renewed its partnership with SAFIRE for the Cycling Academy project, which aims at the rehabilitation and reintegration of street-connected children and youth, using sports as a catalyst.

The Foundation has also supported the Lovebridge Project, an NGO with whom it has been collaborating for the past four years. The latter has for main objective poverty alleviation through the empowerment and support of vulnerable families.

Other NGOs that benefitted from the Foundation's support under Community Empowerment include the SOS Children's Village and the Mouvement Pour le Progrès de Roche Bois for its *Club de lecture et écriture* project.

Education

Education is an enabler of economic and social development. In this context, the Foundation created the Sir Jean Etienne Moilin Ah-Chuen Foundation Scholarship Scheme, to allow full-time students coming from underprivileged backgrounds to pursue tertiary and vocational training in Mauritius.

For the year under review, the Foundation has granted 10 scholarships to such students enrolled in undergraduate courses at the University of Mauritius and 5 enrolled in technical training at the College Technique St Gabriel, a long-time partner of the Foundation that aims at democratising access to professional courses to needy students.

This year, the Foundation, in partnership with the University of Mauritius, has launched the ABC Group Shield of Excellence, a programme that aims at rewarding best performers enrolled in Law & Management and Engineering undergraduate faculties at this tertiary institution. Such reward includes cash prize and an internship opportunity within ABC Group.

PRINCIPLE SIX - REPORTING WITH INTEGRITY (CONT'D)

The Foundation also reiterated its support towards Terrain for Interactive Pedagogy Through Arts (TIPA) for its interactive pedagogy programme in Zone d'Education Prioritaire ("ZEP") schools. Of note, the NGO has been active with ZEP schools since 2007 and has ever since supported the teaching of Arts and the development of skills and values through weekly creativity classes with the collaboration of teachers.

Health & Sports

Sport is a powerful tool for social integration and has always been a core component of our business. Over the years, the Foundation and the ABC Group have partnered with several athletes that have brought Mauritian sport to new heights and who have garnered international recognition for their outstanding performances.

In 2018, the Foundation reiterated its partnership with the Trust Fund For Excellence in Sport, with the objective of supporting local athletes and contributing to their success in international competitions.

In the same vein, the Foundation partnered with two major sports organisations in Mauritius, namely the Fédération Mauricienne de Kickboxing et Disciplines Assimilées and the Magic Club de Quatre Bornes to support two outstanding internationally succesful athletes; World kick-boxing champion Fabrice Bauluck and para-athlete Noemi Alphonse, who was the Team Mauritius' flag-bearer during the Indian Ocean Islands' Games held in July 2019.

Besides, to further contribute to the promotion of social integration of people with disabilities, the Foundation renewed its support towards the Global Rainbow Foundation in 2018.

Environment

The future of our planet heavily depends on our capacity to protect the environment. In keeping with our vision, *Inspired for Future Generations,* we firmly believe in sustainable development and aspire to offer a better world to generations to come.

This year also, the Foundation joined forces with the Mauritius Wildlife Foundation for two major projects, namely the Echo Parakeet Conservation Project and the Rare Plant Project. Both projects aim at protecting and restoring critical components of the native flora and fauna.

Concerned by the protection of the environment and sustainable development, the Foundation partnered with We-recycle, an NGO that collects and prepares PET plastic bottle waste for recycling, with the objective of making Mauritius a clean and plastic-free island.

The Foundation also joined hands with Association des Planteurs de Pandanus du Sud-Est, to encourage the production of reusable pandanus (vacoas) shopping bags, to help in reducing the use of plastic bags and, at the same time, promote local handicraft.

Social issues / Employee Involvement

Since its creation in 2013, the Foundation has always encouraged employee involvement in its charitable and social actions.

In December 2018, the Foundation organised a Christmas Day for 120 needy children residing in the vicinity of Roche Bois and Camp Yoloff, with the support and participation of the Group's Staff Welfare Committees.

PRINCIPLE SIX - REPORTING WITH INTEGRITY (CONT'D)

The event saw the active participation of employees of the Group, who helped with the organisation and the distribution of presents collected during an internal gift donation campaign, to all 120 children.

Charitable and Political contributions Report

Donations made during the year by the Company and its Subsidiaries, ABC Properties Ltd and Stamford Third Ltd (wholly owned by ABC Properties Ltd), were as follows:

	The Company		The Subsidiaries	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
CSR and Donations	611,851	615,823	31,962	31,807
Political Donations	-	-	-	-
	611,851	615,823	31,962	31,807

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	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	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
B. Redefined audit areas and activities based upon organisational structure and other functions	B. Documented audit plan	

PRINCIPLE SEVEN - AUDIT (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:

- Report on the procedures' validity in respect of the work in progress control in workshop
- Report on the operational and financial control
- Report on the overall control adequacy in respect of the stock, debtors and cash cycle

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 External Auditors every seven years. By virtue of the aforementioned Regulation, Deloitte will be in office until the Annual Meeting of Shareholders to be held in November 2019. The process for External Auditors' rotation has already been initiated.

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.

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

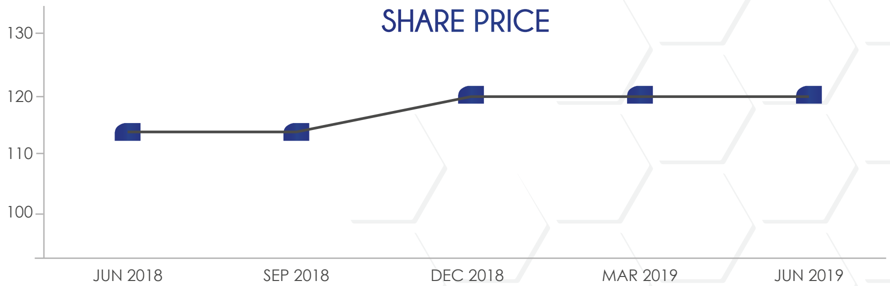
The Company has no share option plan.

Shareholders' Agreement

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

Share Price Information

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



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

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 145 to 147 Note 29 of the Financial Statements.

Website

The website of the Company has been redesigned and will be updated with the disclosures as stipulated in the Code as and when finalised.

Timetable of Important Events

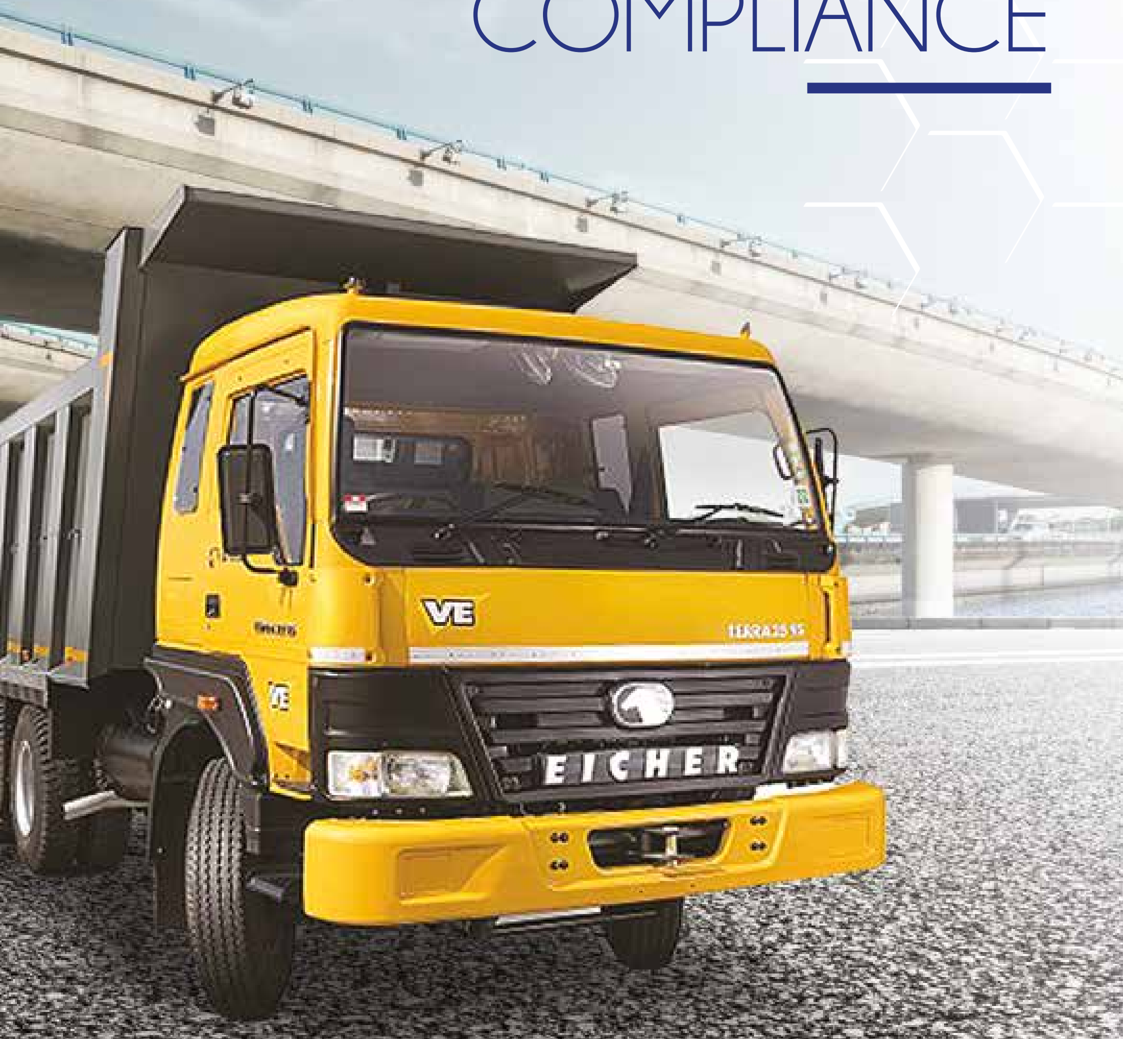
Payment of Dividend - Financial Year 2019	December 2019
Next Financial Year End	June 2020
Next Annual Report	September 2020
Next Annual Meeting of Shareholders	November 2020

Approved by the Board of Directors on 26 September 2019 and signed on its behalf by

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



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 2019

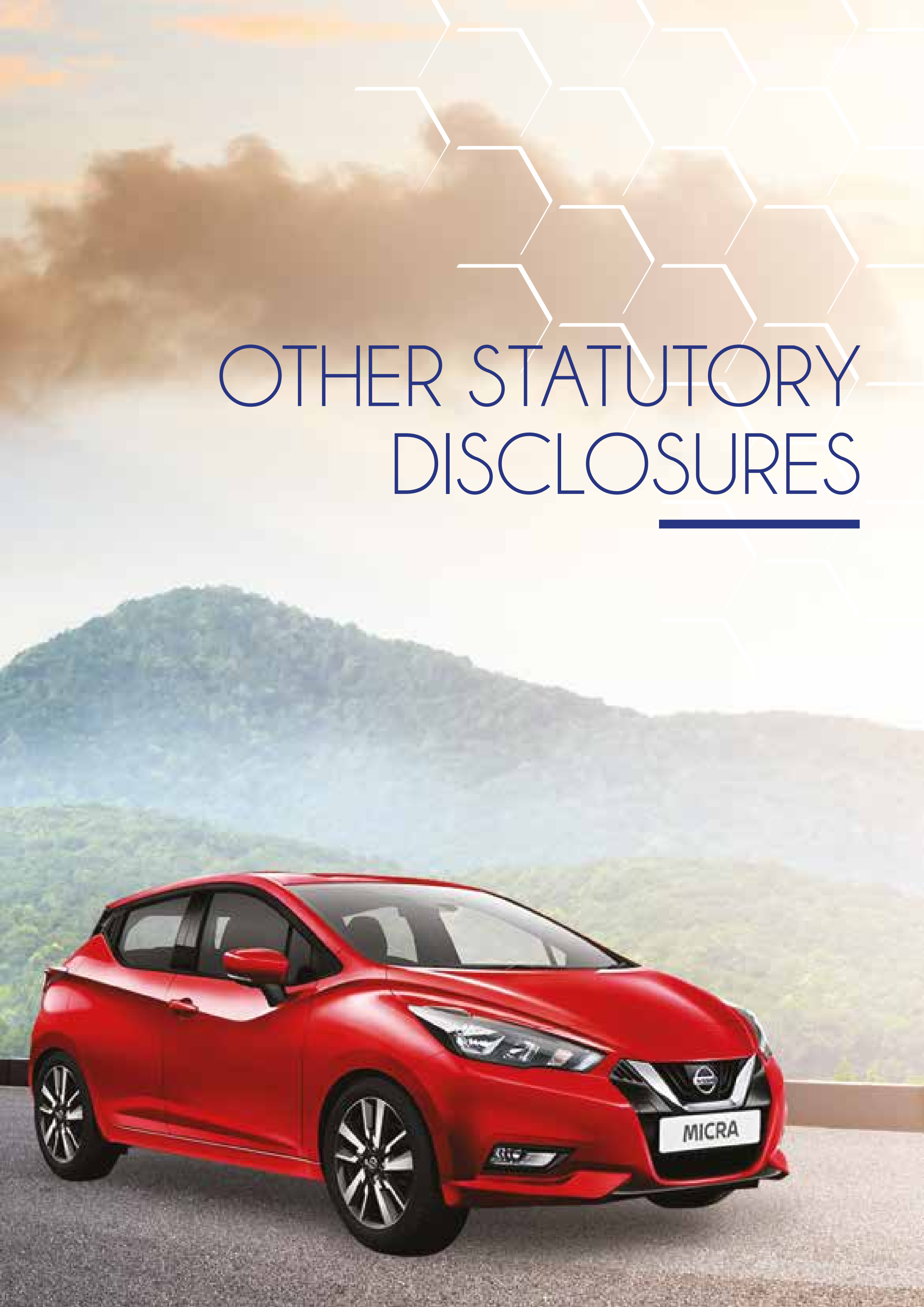
We, the directors of ABC MOTORS COMPANY LIMITED, confirm that to the best of our knowledge, the Company has complied with all of its obligations and requirements under the National Code of Corporate Governance for Mauritius (2016) in all material respects.

26 September 2019

André Marc Ah-Chuen
Acting Chairman of the Board

Dean Ah-Chuen
Managing Director

OTHER STATUTORY DISCLOSURES



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 Subsidiaries 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 Subsidiaries	
	2019 Rs.	**2018 Rs.**	**2019 Rs.**	**2018 Rs.**
CSR and Donations	611,851	615,823	31,962	31,807
Political Donations	-	-	-	-
	611,851	615,823	31,962	31,807

Directors

The directors of the Company and its Subsidiaries as at 30 June 2019 were as follows:

	The Company	ABC Properties Ltd	Stamford Third Ltd
Mr. Raymond Ah-Chuen	⬢		
Professor Donald Ah-Chuen	⬢	⬢	⬢
Mr. John Sun Yue Chu		⬢	
Mr. Vincent Ah-Chuen	⬢	⬢	⬢
Mr. André Marc Ah-Chuen	⬢	⬢	⬢
Mr. Dean Ah-Chuen	⬢	⬢	
Mr. Hai Ping Chung Tung	⬢		⬢
Mr. David Brian Ah-Chuen	⬢	⬡	
Mr. Ah-Lan Lam Yan Foon	⬢		
Mr. Kee Koun Tin Kiong Fong	⬢		
Mr. Voon Yue Choon Wan Min Kee	⬢		
Mr. Georges Stevensen Cyril Nalletamby		⬢	
Mrs. Valerie Ah-Chuen *(alternate director)*	⬡	⬡	⬡
Mr. James Lim Teng Chong *(alternate director)*		⬡	
Mr. Joseph Anthony Tseung Sum Foi *(alternate director)*		⬡	

Key:

⬢ *Director*

⬡ *Alternate Director*

OTHER STATUTORY DISCLOSURES (CONT'D)

Directors' Emoluments

During the financial year ended 30 June 2019, the executive and non-executive & independent directors were entitled to emoluments as follows:

	2019 Rs.	2018 Rs.
Executive Directors	15,204,274	16,555,500
Non-Executive & Independent Directors	8,579,000	5,508,250
	23,783,274	22,063,750

External Auditor

The fees (excluding VAT) payable by the Company and its Subsidiaries to the External Auditors for audit and other services were:

	The Company		The Subsidiaries	
	2019 Rs.	**2018 Rs.**	**2019 Rs.**	**2018 Rs.**
Audit Services	615,000	545,000	61,000	35,000
Other Services *	4,489,728	57,000	11,000	10,000
	5,104,728	602,000	72,000	45,000

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

* *Other services in 2019 pertain to review of tax computations, issuance of independent assurance report for stock count held in bonded warehouse and assistance for financial due diligence.*

Approved by the Board of Directors on 26 September 2019 and signed on its behalf by

....

André Marc Ah-Chuen
Acting Chairman of the Board

....

Dean Ah-Chuen
Managing Director

SECRETARY'S CERTIFICATE

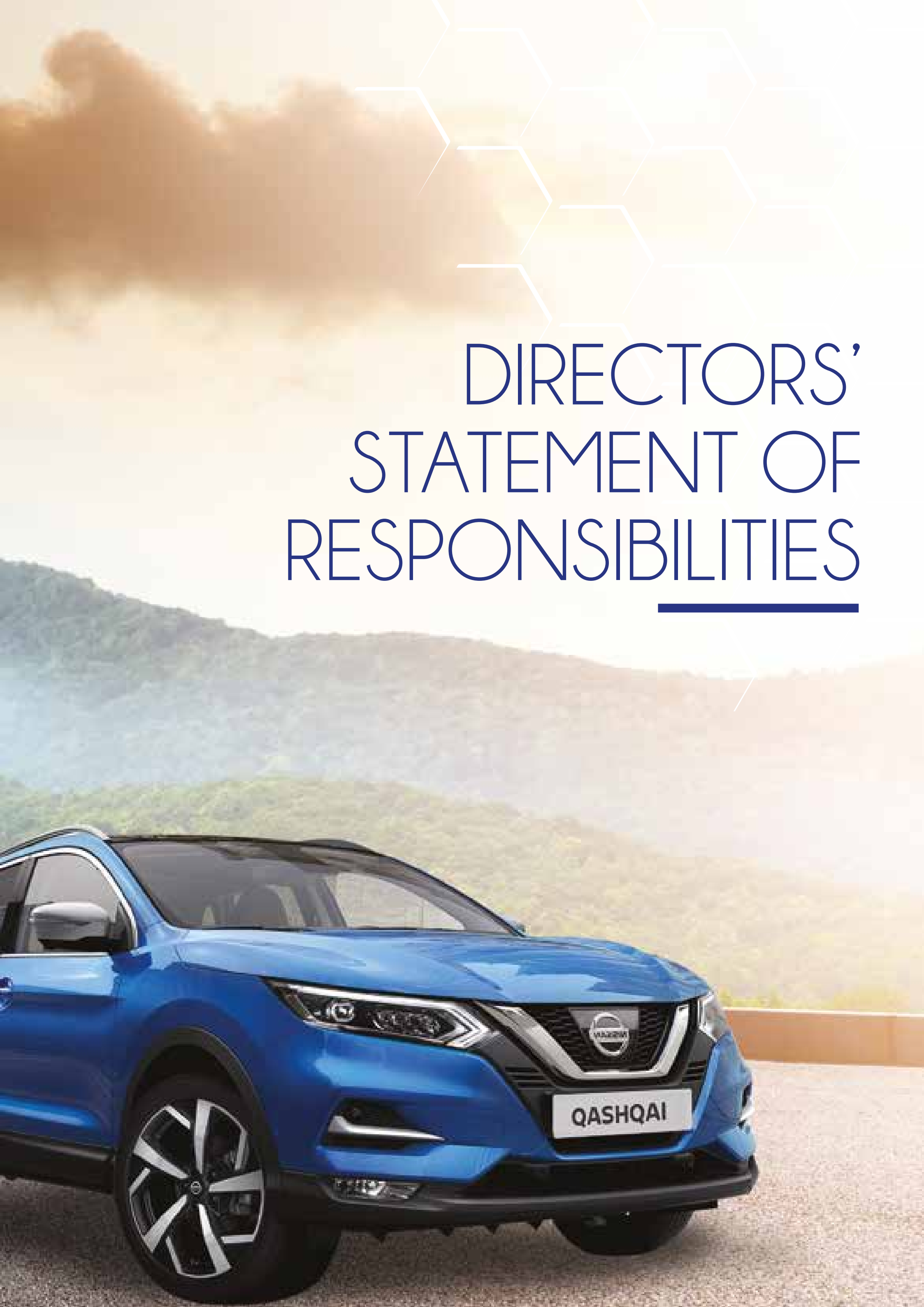
SECRETARY'S CERTIFICATE

(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 2019, 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*

DIRECTORS' STATEMENT OF RESPONSIBILITIES



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.

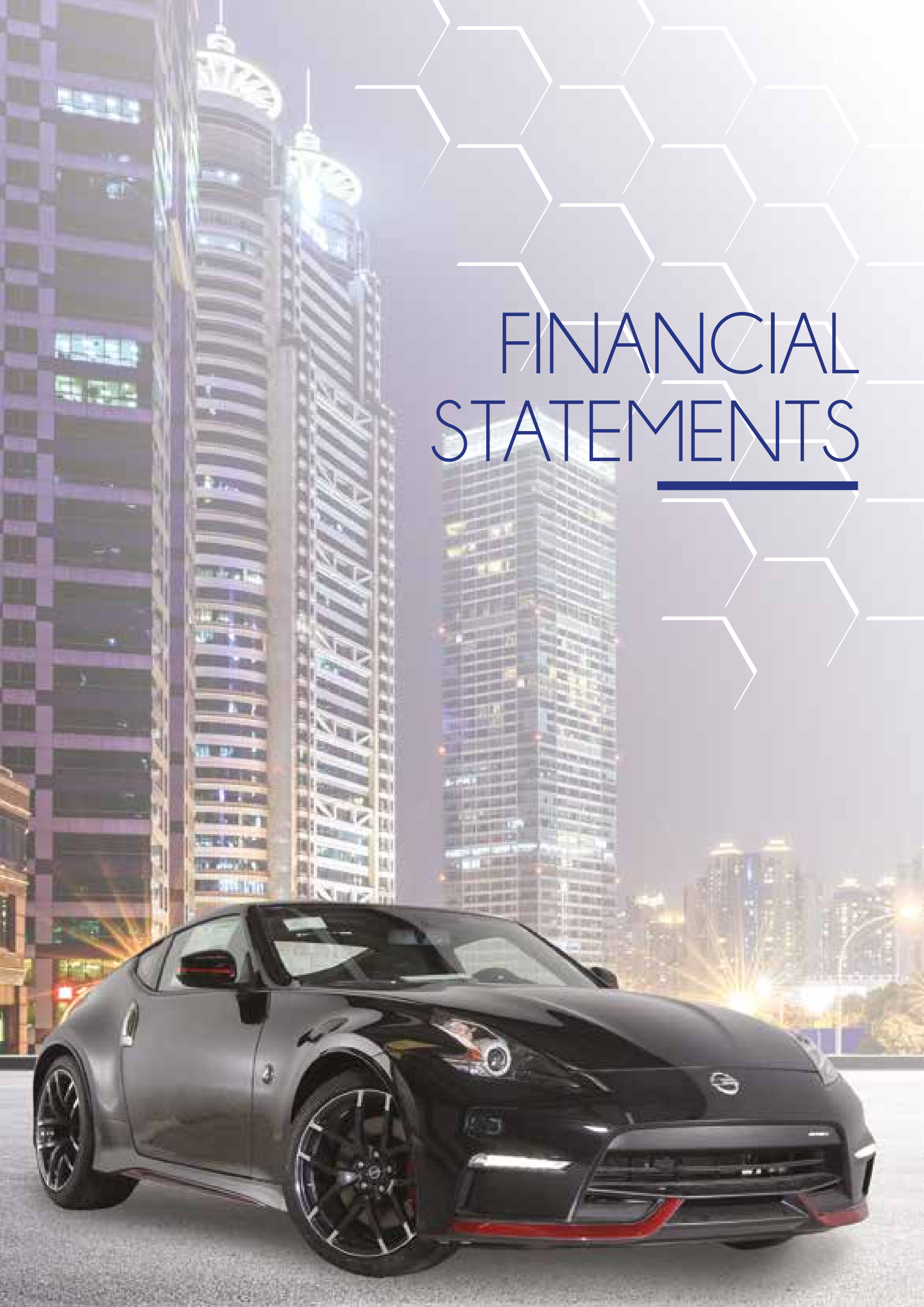
Company law requires the directors to prepare financial statements for the year ended 30 June 2019 which give a true and fair view of the financial position of the Company and the financial performance and cash flows of the Company for that year. In preparing the annual financial statements, the directors 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 26 September 2019 and signed on its behalf by

....	....
Ah-Lan Lam Yan Foon	Dean Ah-Chuen
Chairman of Audit and Risk Committee	Managing Director

FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABC MOTORS COMPANY LIMITED

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of ABC MOTORS COMPANY LIMITED (the "Company") and its subsidiary (the "Group") set out on pages 50 to 105, which comprise the consolidated and separate statement of financial position as at 30 June 2019, 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 2019, 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.

Key audit matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables	
As at 30 June 2019, the Group had trade receivables of Rs 245,932,345 and the Expected Credit Loss ('ECL') allowance for trade receivables amounted to Rs 6,875,834. The ECL on trade receivables is computed based on a provision matrix, which was built up by management using historical loss rates of trade receivables, adjusted by the general economic conditions of the industry in which the debtors operate. The provision matrix requires the use of judgement and assumptions and is thus considered as a key audit matter.	Our audit procedures in relation to the loss allowance on trade receivables included: • Understood the methodology used in developing the provision matrix and how general economic conditions are included in the provision matrix; • Verified the adequacy of the data used in the development of the provision matrix, including the ageing buckets; • Re-performed the calculation of the loss rates and loss allowances; • Verified the application of the provision matrix against the debtors' ageing as at reporting date. Based on the audit procedures performed, we found that the judgement and assumptions used in the calculation of the loss allowance on trade receivables to be reasonable.
Retirement benefit obligation	
The Group has recognised retirement benefit obligation of Rs 79,039,903. 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	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.

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations for non-compliance with any requirement of the Code. From our assessment of the disclosures made on Corporate Governance in the annual report, the Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied 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.

Auditor's Responsibilities of directors for 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.

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

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
26 September 2019

L. Yeung Sik Yuen, ACA
Licensed by FRC

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	THE GROUP 30 June 2019 Rs '000	THE GROUP 30 June 2018 Rs '000	THE COMPANY 30 June 2019 Rs '000	THE COMPANY 30 June 2018 Rs '000
ASSETS					
Non-current assets					
Property and equipment	5	**384,327**	383,222	**367,260**	366,737
Investment properties	6	**154,502**	132,145	**129,502**	132,145
Intangible assets	7	**414**	479	**414**	479
Investment in subsidiary	8	**-**	-	**17,563**	17,563
Investments in associates	9	**331,509**	391,848	**148,738**	196,727
Other investments	10	**232,619**	185,624	**226,710**	179,849
Other financial assets	26	**3,861**	-	**3,861**	-
Deferred tax asset	11	**8,237**	5,774	**8,231**	5,766
Total non-current assets		**1,115,469**	1,099,092	**902,279**	899,266
Current assets					
Inventories	12	**493,533**	388,494	**493,533**	388,494
Trade and other receivables	13	**455,356**	418,237	**454,548**	418,108
Loan to associate	13	**11,500**	65,000	**11,500**	65,000
Other financial assets	26	**13,906**	2,361	**13,906**	2,361
Tax asset	11	**-**	369	**-**	461
Cash and bank balances	19	**45,780**	39,035	**45,664**	39,035
Total current assets		**1,020,075**	913,496	**1,019,151**	913,459
Total assets		**2,135,544**	2,012,588	**1,921,430**	1,812,725
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	14	**61,904**	61,904	**61,904**	61,904
Retained earnings		**691,614**	648,823	**564,661**	495,913
Other reserves		**122,777**	64,173	**64,487**	19,318
Equity attributable to owners of the Company		**876,295**	774,900	**691,052**	577,135
Non-controlling interests	15	**8,597**	8,669	**-**	-
Total equity		**884,892**	783,569	**691,052**	577,135
Non-current liabilities					
Loans	16	**248,762**	252,841	**225,762**	252,841
Obligations under finance leases	17	**4,614**	8,114	**4,614**	8,114
Retirement benefit obligations	18	**79,040**	70,349	**79,040**	70,349
Total non-current liabilities		**332,416**	331,304	**309,416**	331,304
Current liabilities					
Bank overdrafts	19	**180,498**	75,119	**174,564**	63,681
Trade and other payables	20	**124,457**	148,091	**123,711**	146,600
Bills payables		**91,126**	91,707	**91,126**	91,707
Amount due to subsidiary	29	**-**	-	**9,500**	19,500
Loans	16	**518,110**	579,818	**518,110**	579,818
Obligations under finance leases	17	**3,495**	2,980	**3,495**	2,980
Tax liability	11	**550**	-	**456**	-
Total current liabilities		**918,236**	897,715	**920,962**	904,286
Total equity and liabilities		**2,135,544**	2,012,588	**1,921,430**	1,812,725

Approved by the Board of Directors and authorised for issue on

26 September 2019

Dean Ah-Chuen
Managing Director

André Marc Ah-Chuen
Acting Chairman of the Board

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	THE GROUP 30 June 2019 Rs '000	THE GROUP 30 June 2018 Rs '000	THE COMPANY 30 June 2019 Rs '000	THE COMPANY 30 June 2018 Rs '000
Revenue	34	**1,959,680**	1,859,546	**1,959,680**	1,859,546
Profit from operations	21	**88,785**	86,592	**155,522**	107,051
Loss allowance on financial assets	21	**(4,910)**	-	**(4,910)**	-
Finance costs	22	**(50,521)**	(48,480)	**(50,909)**	(49,040)
		33,354	38,112	**99,703**	58,011
Share of results of associates	9	**32,312**	44,811	**-**	-
Profit before taxation		**65,666**	82,923	**99,703**	58,011
Tax expense	11	**(6,476)**	(5,547)	**(5,991)**	(5,023)
Profit for the year		**59,190**	77,376	**93,712**	52,988
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Gain arising on revaluation of available-for-sale financial assets, under IAS 39	10	**-**	5,158	**-**	5,158
Share of loss arising on revaluation of available-for-sale financial assets of associates, under IAS 39	9	**-**	(3,354)	**-**	-
Net fair value gain arising on hedging instruments	30	**13,706**	-	**13,706**	-
		13,706	1,804	**13,706**	5,158
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss on investments in equity instruments designated as at FVTOCI	10	**(19,624)**	-	**(19,624)**	-
Share of fair value gain on investments in equity instruments designated as at FVTOCI of associates	9	**5,272**	-	**-**	-
Remeasurement of defined benefit obligations	18	**(11,203)**	(10,682)	**(11,203)**	(10,682)
Share of remeasurement of defined benefit obligations of associates, net of income tax	9	**(864)**	(122)	**-**	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	11	**1,905**	1,816	**1,905**	1,816
		(24,514)	(8,988)	**(28,981)**	(8,866)
Other comprehensive loss, net of income tax		**(10,808)**	(7,184)	**(15,275)**	(3,708)
Total comprehensive income for the year		**48,382**	70,192	**78,437**	49,280
Profit for the year attribuable to:					
Owners of the Company		**58,889**	76,686		
Non-controlling interests	15	**301**	690		
Profit for the year		**59,190**	77,376		
Total comprehensive income attributable to:					
Owners of the Company		**48,063**	69,502		
Non-controlling interests	15	**319**	690		
Total comprehensive income for the year		**48,382**	70,192		
Earnings per share	23	**9,54**	12.42		

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

a) THE GROUP

		Stated capital				Other Reserves						
	Notes	Share capital Rs '000	Share premium Rs '000	Total Rs '000	Retained earnings Rs '000	Regulatory reserve[1] Rs '000	Investment revaluation reserve[2] Rs '000	Cash flow hedge reserve[3] Rs '000	Total Rs '000	Attributable to owners of the company Rs '000	Non-controlling interests Rs '000	Total equity Rs '000
Balance at 1 July 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 reserve		-	-	-	(6,127)	6,127	-	-	6,127	-	-	-
Adjustment arising from reduction of ownership interest in associate		-	-	-	1,681	(1,718)	37	-	(1,681)	-	-	-
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
Balance at 1 July 2018 (as previously stated)		61,757	147	61,904	648,823	18,715	45,458	-	64,173	774,900	8,669	783,569
IFRS 9 application adjustments	2.1	-	-	-	1,091	-	66,075	-	66,075	67,166	23	67,189
Balance at 1 July 2018 (as restated)		61,757	147	61,904	649,914	18,715	111,533	-	130,248	842,066	8,692	850,758
Profit for the year		-	-	-	58,889	-	-	-	-	58,889	301	59,190
Other comprehensive loss, net of income tax		-	-	-	(10,162)	-	(14,370)	13,706	(664)	(10,826)	18	(10,808)
Total comprehensive income for the year		-	-	-	48,727	-	(14,370)	13,706	(664)	48,063	319	48,382
Transfer from retained earnings to regulatory reserve		-	-	-	(4,912)	4,912	-	-	4,912	-	-	-
Transfer of investment revaluation reserve upon disposal of investments designated as at FVTOCI of associate		-	-	-	1,140	-	(1,140)	-	(1,140)	-	-	-
Adjustment arising from reduction of ownership interest in associate		-	-	-	10,579	(8,979)	(1,600)	-	(10,579)	-	-	-
Dividend	27	-	-	-	(13,834)	-	-	-	-	(13,834)	(414)	(14,248)
Balance at 30 June 2019		**61,757**	**147**	**61,904**	**691,614**	**14,648**	**94,423**	**13,706**	**122,777**	**876,295**	**8,597**	**884,892**

[1] The regulatory reserve represents transfer from retained earnings by the associate in accordance with the Banking Act 2004.

[2] The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of investments in equity instruments designated at FVTOCI, net of cumulative gains/losses reclassified to retained earnings upon disposal.

[3] The cash flow hedge reserve represents the cumulative amounts of gains or losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gains or losses on the hedging instruments is recognised in profit or loss only when the hedged transactions impact the profit or loss.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019 (CONT'D)

b) THE COMPANY

	Notes	Stated capital			Retained earnings Rs '000	Other Reserves			Total equity Rs '000
		Share capital Rs '000	Share premium Rs '000	Total Rs '000		Investment revaluation reserve[1] Rs '000	Cash flow hedge reserve[2] Rs '000	Total Rs '000	
Balance at 1 July 2017		61,757	147	61,904	457,967	14,160	-	14,160	534,031
Profit for the year		-	-	-	52,988	-	-	-	52,988
Other comprehensive loss, net of income tax		-	-	-	(8,866)	5,158	-	5,158	(3,708)
Total comprehensive income for the year		-	-	-	44,122	5,158	-	5,158	49,280
Dividend	27	-	-	-	(6,176)	-	-	-	(6,176)
Balance at 30 June 2018		61,757	147	61,904	495,913	19,318	-	19,318	577,135
Balance at 1 July 2018 (as previously stated)		61,757	147	61,904	495,913	19,318	-	19,318	577,135
IFRS 9 application adjustments	2.1	-	-	-	(1,832)	51,146	-	51,146	49,314
Balance at 1 July 2018 (as restated)		67,757	147	61,904	494,081	70,464	-	70,464	626,449
Profit for the year		-	-	-	93,712	-	-	-	93,712
Other comprehensive loss, net of income tax		-	-	-	(9,298)	(19,683)	13,706	(5,977)	(15,275)
Total comprehensive income for the year		-	-	-	84,414	(19,683)	13,706	(5,977)	78,437
Dividend	27	-	-	-	(13,834)	-	-	-	(13,834)
Balance at 30 June 2019		**61,757**	**147**	**61,904**	**564,661**	**50,781**	**13,706**	**64,487**	**691,052**

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[1] The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of investments in equity instruments designated at FVTOCI, net of cumulative gains/losses reclassified to retained earnings upon disposal.

[2] The cash flow hedge reserve represents the cumulative amounts of gains or losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gains or losses on the hedging instruments is recognised in profit or loss only when the hedged transactions impact the profit or loss.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	THE GROUP 30 June 2019 Rs '000	THE GROUP 30 June 2018 Rs '000	THE COMPANY 30 June 2019 Rs '000	THE COMPANY 30 June 2018 Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**65,666**	82,923	**99,703**	58,011
Adjustments for:					
Interest receivable	21	**(11,630)**	(11,125)	**(11,630)**	(11,125)
Profit on disposal of property and equipment	21	**(472)**	(1,848)	**(472)**	(1,848)
Profit on disposal of investments	21	**(16,198)**	(11,397)	**(72,280)**	(22,399)
Realised gain on forward contracts	26	**2,361**	4,646	**2,361**	4,646
Unrealised gains on forward contracts	21	**-**	(2,361)	**-**	(2,361)
Amortisation of intangible assets	7	**164**	85	**164**	85
Depreciation of property and equipment	5,6	**30,061**	25,652	**29,720**	25,311
Dividend received	21	**(12,135)**	(10,247)	**(23,887)**	(21,967)
Interest expense	22	**50,521**	48,480	**50,909**	49,040
Retirement benefit obligations		**6,689**	8,108	**6,689**	8,108
Contributions paid to plan assets		**(9,202)**	-	**(9,202)**	-
Amortisation of loan origination costs		**414**	736	**414**	736
Net Impairment loss on other investments	21	**-**	1,552	**-**	1,552
Movement in loss allowance on trade receivables	13	**1,326**	(342)	**1,326**	(342)
Loss allowance on other receivables from related parties	21	**4,910**	-	**4,910**	-
Share of results of associates	9	**(32,312)**	(44,811)	**-**	-
Operating profit before working capital changes		**80,163**	90,051	**78,725**	87,447
Increase in inventories		**(105,039)**	(42,027)	**(105,039)**	(42,026)
(Increase)/decrease in trade and other receivables		**(55,479)**	19,200	**(55,508)**	18,147
Decrease in trade and other payables		**(8,379)**	(36,473)	**(7,630)**	(36,457)
Decrease in bills payables		**(781)**	(18,487)	**(781)**	(18,487)
Cash (used in)/generated from operating activities		**(89,515)**	12,264	**(90,233)**	8,624
Interest paid		**(51,462)**	(51,495)	**(50,909)**	(52,055)
Income tax paid	11	**(6,041)**	(8,146)	**(5,560)**	(7,712)
Net cash used in operating activities		**(147,018)**	(47,377)	**(146,702)**	(51,143)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property and equipment		**2,168**	3,469	**2,168**	3,469
Purchase of intangible assets	7	**(99)**	(362)	**(99)**	(362)
Purchase of property and equipment	24	**(30,220)**	(107,980)	**(29,297)**	(105,651)
Disbursement of consideration for purchase of investment property		**(16,365)**	-	**(16,365)**	-
Purchase of investments in associates	9	**(6,834)**	(6,791)	**(6,834)**	(6,791)
Purchase of other investments	10	**(4,634)**	(8,098)	**(4,634)**	(8,098)
Payments for acquisition of subsidiary, net of cash acquired	35	**(7,407)**	-	**-**	-
Proceeds resulting from disposal of interests in associates		**128,212**	40,025	**128,212**	40,025
(Purchase)/redemption of other financial assets		**(3,700)**	3,700	**(3,700)**	3,700
Dividend received		**22,921**	20,987	**23,887**	21,967
Interest received		**11,630**	11,125	**11,630**	11,125
Refund of loan from associate		**53,500**	-	**53,500**	-
Net cash generated from/(used in) investing activities		**149,172**	(43,925)	**158,468**	(40,616)
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans raised		**1,217,891**	1,407,203	**1,194,891**	1,407,203
Repayment of lease obligations		**(2,985)**	(3,327)	**(2,985)**	(3,327)
Decrease in amount due to subsidiary		**-**	-	**(10,000)**	-
Repayment of amount due to entity under common management		**(17,354)**	-	**-**	-
Dividend paid		**(14,248)**	(6,597)	**(13,834)**	(6,176)
Repayment of loans		**(1,084,092)**	(1,250,852)	**(1,084,092)**	(1,250,852)
Repayment of unsecured notes		**(200,000)**	-	**(200,000)**	-
Net cash (used in)/generated from financing activities		**(100,788)**	146,427	**(116,020)**	146,848
Net (decrease)/increase in cash and cash equivalents		**(98,634)**	55,125	**(104,254)**	55,089
Cash and cash equivalents at beginning of year		**(36,084)**	(91,209)	**(24,646)**	(79,735)
Cash and cash equivalents at end of year	19	**(134,718)**	(36,084)	**(128,900)**	(24,646)

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 2018.

2.1 New and revised IFRSs applied affecting disclosures to the financial statements

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Group and the Company have applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Group and the Company have elected to apply the transition provision and not restating the comparatives.

Additionally, the Group and the Company adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities,

2) Impairment of financial assets; and

3) General hedge accounting

Details of these new requirements as well as their impact on the financial statements are described below.

The Group and the Company have applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

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

2.1 New and revised IFRSs applied affecting disclosures to the financial statements (Cont'd)

Impact of initial application of IFRS 9 Financial Instruments (Cont'd)

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group and the Company have assessed their existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 July 2018. Accordingly, the Group and the Company have applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 July 2018 and have not applied the requirements to instruments that have already been derecognised as at 1 July 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 July 2018 have been restated where appropriate.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);

- All other debt instruments and equity instruments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group and the Company may make the following irrecoverable election/designation at initial recognition of a financial asset:

- The Group and the Company may irrecoverably elect to present subsequent changes in fair value of an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

- The Group and the Company may irrecoverably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When an equity instrument designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

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

2.1 New and revised IFRSs applied affecting disclosures to the financial statements (Cont'd)

Impact of initial application of IFRS 9 Financial Instruments (Cont'd)

(a) Classification and measurement of financial assets (Cont'd)

The directors of the Group and the Company reviewed and assessed the Group's and the Company's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's and the Company's financial assets as regards to their classification and measurement:

- The Group's and the Company's investments in equity instruments that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been designated as at FVTOCI. The change in fair value on these equity instruments continues to be accumulated in the investment revaluation reserve.

- The Group's and the Company's investments in equity instruments that were previously classified as available-for-sale financial assets and were measured at cost less impairment at each reporting date under IAS 39 have been designated as at FVTOCI. The change in fair value on these equity instruments is now accumulated in the investment revaluation reserve. Impairment previously recognised on unquoted equity investments have been reclassified from retained eranings to investment evaluation reserve.

- Financial assets classified as loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

- The Group's and the Company's investment in redeemable preference shares that were classified as available-for-sale financial assets under IAS 39 have been reclassified as financial assets at amortised cost under IFRS 9.

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

2.1 New and revised IFRSs applied affecting disclosures to the financial statements (Cont'd)

Impact of initial application of IFRS 9 Financial Instruments (Cont'd)

(a) Classification and measurement of financial assets (Cont'd)

Table of changes in classification of the Group's and the Company's financial assets upon application of IFRS 9:

	IAS 39 classification	IFRS 9 classification	IAS 39 carrying amount 30 June 2018 Rs '000	Remeasurement Rs '000	IFRS 9 carrying amount 1 July 2018 Rs '000	Retained earnings effect on 1July 2018 Rs '000
THE GROUP						
Trade and other receivables, loan to associate and cash equivalents	Loans and receivables	Amortised cost	505,324	(12,831)	492,493	(12,758)
Other investments	Available-for sale	FVTOCI	185,463	61,985	247,448	12,226
		Amortised cost	161	-	161	-
			690,948	49,154	740,102	(532)
THE COMPANY						
Trade and other receivables, loan to associate and cash equivalents	Loans and receivables	Amortised cost	505,196	(12,831)	492,365	(12,758)
Other investments	Available-for sale	FVTOCI	179,688	61,910	241,759	10,926
		Amortised cost	161	-	161	-
			685,045	49,079	734,285	(1,832)

There were no financial assets which the Group and the Company had previously designated at FVTPL under IAS 39 that were subject to reclassification or which the Group and the Company have elected to reclassify upon the application of IFRS 9.

The classification and remeasurement of financial assets at associate level is disclosed in note 2.1 (e).

Note 2.1 (e) details the adjustments arising from the above reclassification of financial assets and its impact on retained earnings.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group and the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

2.1 New and revised IFRSs applied affecting disclosures to the financial statements (Cont'd)

Impact of initial application of IFRS 9 Financial Instruments (Cont'd)

(b) Impairment of financial assets (Cont'd)

Specifically, IFRS 9 requires the Group and the Company to recognise a loss allowance for expected credit losses on:

1) Debt instruments measured subsequently at amortised cost or at FVTOCI;
2) Lease receivables;
3) Trade receivables and contract assets; and
4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Group and the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group and the Company are required to measure the loss allowance for that financial instrument at an amount equal to 12-month ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

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

2.1 New and revised IFRSs applied affecting disclosures to the financial statements (Cont'd)

Impact of initial application of IFRS 9 Financial Instruments (Cont'd)

(b) Impairment of financial assets (Cont'd)

The result of the assessment is as follows:

Items existing as at 1 July 2018 that are subject to the impairment provisions of IFRS 9	Credit risk attributes at 01 July 2018	Cumulative additional loss allowance recognised on 01 July 2018 Rs'000
Trade and other receivables (note 13)	The Group and the Company apply the simplified approach and recognise lifetime ECL for these assets.	437
Loans/amounts receivable from related parties (note 13)	The loans/amounts receivable from related parties are assessed to have low credit risk at each reporting date. As such, the Group and the Company recognise lifetime ECL for these assets until they are derecognised.	12,394
Cash and bank balances (note 19)	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions.	No impact
		12,831

The additional credit loss allowance has been recognised against retained earnings resulting in a net decrease in retained earnings of the same amount. The reconciliation between the ending provision for impairment in accordance with IAS 39 and the provision in accordance with IAS 37 to the opening loss allowance determined in accordance with IFRS 9 for the above financial instruments on 1 July 2018 is disclosed in their respective notes.

The impact of the credit loss allowance at associate level is disclosed in note 2.1 (e).

The consequential amendments to IFRS 7 have also resulted in more extensive disclosures about the Group's and the Company's exposure to credit risk in the financial statements.

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

2.1 New and revised IFRSs applied affecting disclosures to the financial statements (Cont'd)

Impact of initial application of IFRS 9 Financial Instruments (Cont'd)

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Group's and the Company's financial liabilities.

(d) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's and the Company's risk management activities have also been introduced.

The application of IFRS 9 hedge accounting has had no other impact on the results and financial position of the Group and the Company for the current and/or prior years.

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

2.1 New and revised IFRSs applied affecting disclosures to the financial statements (Cont'd)

Impact of initial application of IFRS 9 Financial Instruments (Cont'd)

(e) Impact of application of IFRS 9 on financial performance

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 9 for the prior year.

Impact on profit or loss, other comprehensive income and total comprehensive income:

The application of IFRS 9 has had no impact on financial performance and cash flows of the Group and the Company for the year ended 30 June 2018 as management has opted not to restate the financial statements.

Impact on assets, liabilities and equity as at 1 July 2018

	As previously reported Rs '000	IFRS 9 adjustments Rs '000	As restated Rs '000
THE GROUP			
Investment in associates	391,848	17,800	409,648
Other investments	185,624	61,985	247,609
Other financial assets	-	161	161
Trade and other receivables	483,237	(12,831)	470,406
Deferred tax assets	5,774	74	5,848
Total effect on net assets	1,066,483	67,189	1,133,672
Retained earnings	648,823	1,091	649,914
Investment revaluation reserve	45,458	66,075	111,533
Non-controlling interests	8,669	23	8,692
Total effect on equity	702,950	67,189	770,139
THE COMPANY			
Other investments	179,849	61,910	241,759
Other financial assets	-	161	161
Trade and other receivables	483,108	(12,831)	470,277
Deferred tax asset	5,766	74	5,840
Total effect on net assets	668,723	49,314	718,037
Retained earnings	495,913	(1,832)	494,081
Investment revaluation reserve	19,318	51,146	70,464
Total effect on equity	515,231	49,314	564,545

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

2.1 New and revised IFRSs applied affecting disclosures to the financial statements (Cont'd)

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Group and the Company have applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period beginning on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue'. However, the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position.

The application of IFRS 15 has had no impact on the Group's and the Company's financial performance.

2.2 New and revised IFRSs applied with no material effect on the financial statements

In the current year, the Group and the Company have applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 July 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IAS 28	Investments in Associates and Joint Venture - Amendments resulting from Annual Improvements plan 2014-2016 Cycle (clarifying certain fair value measurements)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception
IFRIC 22	Foreign Currency Transactions and Advance Consideration

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 1	Presentation of Financial Statements Amendments regarding the definition of material (effective 1 January 2020)
IAS 8	Policies, Changes in Accounting Estimates and Errors – Amendments regarding the definition of material (effective 1 January 2020)
IAS 12	Income Taxes - Amendments resulting from Annual Improvements to IFRS Standards 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 from Annual Improvements plan 2015-2017 Cycle (borrowing costs eligible for capitalization) (effective 1 January 2019)
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures (effective 1 January 2019)
IFRS 3	Business Combinations - Amendments resulting from Annual Improvements plan 2015-2017 Cycle (remeasurement of previously held interest) (effective 1 January 2019)
IFRS 3	Business Combinations - Amendments to clarify the definition of a business (effective 1 January 2020)
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective 1 January 2019)
IFRS 16	Leases - Original issue (effective 1 January 2019)
IFRIC 23	Uncertainty over Income Tax Treatments (effective 1 January 2019)

Management anticipates that these IFRSs will be applied on their effective dates in future periods. Management has not yet assessed the potential impact of the application of these amendments.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with IFRSs and 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 financial assets that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or 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 Inventories or value in use in IAS 36 Impairment of Assets.

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, where necessary, to conform to the current year's presentation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases. Control is achieved when the Company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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

The financial statements of the subsidiary is prepared for the same reporting period as the parent company, using consistent accounting policies. Where necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Group's accounting policies.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (Cont'd)

Changes in the Group's ownership interest 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 interests. 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. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate.

(c) Investment in subsidiary

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Investment in associates (Cont'd)

Consolidated financial statements

The results, 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.

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 IFRS 9. 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 from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Investment in associates (Cont'd)

Consolidated financial statements (Cont'd)

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

(e) Revenue recognition

Accounting policy post 1 July 2018

Revenue is based on the consideration to which the Group and the Company expect to be entitled in a contract with a customer. The Group and the Company recognise revenue when they transfer control of a product or service to a customer. Control refers to the customer's ability to use vehicles or services in its operation and to obtain the associated cash flow.

Revenue is net of Value Added Tax, rebates, costs associated to customer loyalty programmes and discounts.

Sale of vehicles

Revenue from sale of vehicles is recognised when the control of the vehicle has been transferred to the customer, normally when the vehicle has been registered onto the name of the customer.

The sale of vehicles may include a contractual right, which entitles the customer to a free vehicle maintenance. Such contractual right is included under the customer royalty programme and revenue is recognised as the free vehicle maintenance is performed as a separate performance obligation.

Sale of vehicle combined with a buyback commitment is recognised when the control of the vehicle has been transferred to the customer. Since the buyback of the vehicle is undertaken by a related party, the Group and the Company do not have any obligation.

Rendering of services

Services include the service and maintenance of vehicles, and sale of spare parts including other after sales products. Revenue is recognised when the control of the service has been transferred to the customer, which is when the Group and the Company incur the associated cost to deliver the service and the customer can benefit from the use of the delivered good and service.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Revenue recognition (Cont'd)

Accounting policy post 1 July 2018 (Cont'd)

'DRIVE' customer loyalty program

The ABC automobile division operates a customer loyalty program through which customer can accumulate points on purchase of vehicles and rendering of services that entitle them to incentives such as discounts or exchange for other related products. This, therefore, constitute a separate performance obligation.

The administration of the customer loyalty program is performed by a related company and revenue from loyalty points is recognised when the points are redeemed by the customer.

Accounting policy prior to 1 July 2018

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.

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset 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 building and 10% per annum on improvement to building.

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

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 estimate 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.

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 accelerated capital allowances, retirement benefit obligations, loss allowance and provisions.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leasing (Cont'd)

The Group and the 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 lease obligations. Lease payments are apportioned between finance charges and reduction of the lease obligations 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 and the Company 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. Re-measurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

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

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Accounting policy post 1 July 2018

Financial assets and liabilities are recognised on the statement of financial position when the Group and the Company become party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Accounting policy post 1 July 2018 (Cont'd)

Financial assets (Cont'd)

Classification of financial assets (Cont'd)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group and the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group and the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
- the Group and the Company may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Accounting policy post 1 July 2018 (Cont'd)

Financial assets (Cont'd)

Classification of financial assets (Cont'd)

(i) Amortised cost and effective interest method (Cont'd)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired where interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

Interest income is recognised in profit or loss and is included in the "Other Income".

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Group and the Company may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is a contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Other Income' line item in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Accounting policy post 1 July 2018 (Cont'd)

Financial assets (Cont'd)

Classification of financial assets (Cont'd)

(ii) Equity instruments designated as at FVTOCI (Cont'd)

The Group and the Company have designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Exchange differences are recognised in profit or loss for financial assets measured at amortised cost.

Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company apply the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast,12 month-ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Accounting policy post 1 July 2018 (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company compare the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the company operates as well as consideration of various sources of actual and forecast economic information that relate to the Group and the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instruments;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligation;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on the other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its obligations.

Irrespective of the outcome of the above assessment, the Group and the Company presume that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group and the Company have reasonable and supportable information that demonstrate otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Accounting policy post 1 July 2018 (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

(i) Significant increase in credit risk (Cont'd)

Despite the foregoing, the Group and the Company assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business condition in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group and the Company consider a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group and the Company regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes part due.

(ii) Definition of default

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors in full.

Irrespective of the above analysis, the Group and the Company consider that default has occurred when a financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Accounting policy post 1 July 2018 (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

(iii) Credit impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) Significant financial difficulty of the issuer or the borrower;

(b) A breach of contract, such as a default or past due event;

(c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) The disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group and the Company write off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery,e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's and the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group and the Company in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the original effective interest rate.

The Group and the Company recognise an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Accounting policy post 1 July 2018 (Cont'd)

Financial assets (Cont'd)

Derecognition of financial assets

The Group and the Company derecognise a financial asset only 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 continues 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 recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group and the Company have elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Accounting policy post 1 July 2018 (Cont'd)

Financial liabilities (Cont'd)

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently 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 costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and retranslated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

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

Derivative financial instruments

The Group and the Company enter into a variety of derivative financial instruments to manage their exposure to foreign exchange risks, including foreign exchange forward contracts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Accounting policy post 1 July 2018 (Cont'd)

Derivative financial instruments (Cont'd)

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. 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 event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group and the Company have both legal right and intention to offset. A derivative is presented as non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group and the Company designate certain derivatives as hedging instruments in respect of foreign currency risk in cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

The Group and the Company discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires, or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Accounting policy prior to 1 July 2018

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 reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Accounting policy prior to 1 July 2018 (Cont'd)

Impairment of financial assets (Cont'd)

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 an allowance account. When the financial asset is considered as irrecoverable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Accounting policy prior to 1 July 2018 (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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (Cont'd)

Accounting policy prior to 1 July 2018 (Cont'd)

Offsetting of financial instruments

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

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.

(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) Expense recognition

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree, if any, over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, the excess is recognised immediately in profit or loss as a bargain purchase gain.

(v) Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit and the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and Company's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's and Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Increase in credit risk

IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group and the Company take into account qualitative and quantitative reasonable and supportable forward looking information.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Calculation of loss allowance

The Group and the Company use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on the past due days of customers grouped into various customer segments that have similar loss patterns (i.e. by customer type and coverage by credit insurance).

The provision matrix is initially based on the Group's and the Company's historical loss rates which represent credit sales not recovered after 1 year. The Group and the Company will calibrate the matrix to adjust the historical loss rate with forward-looking information if required. At every reporting date, the historical observed loss rates are updated and changes in the forward-looking estimates are analysed.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (Cont'd)

Calculation of loss allowance (Cont'd)

When measuring ECL, the Group and the Company use reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Retirement benefit obligations

Retirement benefit obligations are dependent on the actuarial assumptions as disclosed in note 18. The actuarial assumption and calculations are made separately for each defined benefit and defined contribution plan. The actuarial assumptions are reviewed annually by the Directors and modified when deemed appropriate.

Fair value of unquoted equity investments

The Group and the Company hold unquoted equity investments that are not quoted on active markets and which are required to be fair valued at each reporting date. The fair value of unquoted equity investments is based on the Net Assets Value of the investee based on their latest available management accounts as at reporting date. The fair value of the unquoted equity investments are therefore sensitive to changes in the Net Assets Value of the investee.

Inventory obsolescence

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

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 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
Additions during the year	24	657	1,112	1,536	-	7,764	2,049	5,111	635	6,225	4,008	1,123	30,220
Disposals		-	-	-	-	-	-	(6,086)	-	-	-	-	(6,086)
Scrap		-	-	-	-	-	-	-	-	-	(45)	-	(45)
At 30 June 2019		**115,099**	**199,081**	**77,106**	**672**	**15,518**	**37,471**	**57,692**	**15,939**	**36,298**	**26,852**	**2,437**	**584,165**
ACCUMULATED DEPRECIATION													
At 1 July 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
Charge for the year		-	3,966	2,196	67	41	3,446	8,071	1,050	4,509	4,072	-	27,418
Disposals		-	-	-	-	-	-	(4,393)	-	-	-	-	(4,393)
Scrap		-	-	-	-	-	-	-	-	-	(41)	-	(41)
At 30 June 2019		**-**	**26,662**	**57,072**	**268**	**7,795**	**19,264**	**36,132**	**11,109**	**22,047**	**19,489**	**-**	**199,838**
NET BOOK VALUE													
At 30 June 2019		**115,099**	**172,419**	**20,034**	**404**	**7,723**	**18,207**	**21,560**	**4,830**	**14,251**	**7,363**	**2,437**	**384,327**
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

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 freehold 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 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	24	-	290	243	-	3,257	12,389	795	5,266	3,578	102,710	128,528
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		108,373	184,263	75,570	7,754	35,422	58,667	15,304	30,073	22,889	-	538,315
Additions during the year	24	657	1,112	1,536	7,764	2,049	5,111	635	6,225	4,008	200	29,297
Disposals		-	-	-	-	-	(6,086)	-	-	-	-	(6,086)
Scrap		-	-	-	-	-	-	-	-	(45)	-	(45)
At 30 June 2019		**109,030**	**185,375**	**77,106**	**15,518**	**37,471**	**57,692**	**15,939**	**36,298**	**26,852**	**200**	**561,481**
ACCUMULATED DEPRECIATION												
At 1 July 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
Charge for the year		-	3,692	2,196	41	3,446	8,071	1,050	4,509	4,072	-	27,077
Disposals		-	-	-	-	-	(4,393)	-	-	-	-	(4,393)
Scrap		-	-	-	-	-	-	-	-	(41)	-	(41)
At 30 June 2019		**-**	**21,313**	**57,072**	**7,795**	**19,264**	**36,132**	**11,109**	**22,047**	**19,489**	**-**	**194,221**
NET BOOK VALUE												
At 30 June 2019		**109,030**	**164,062**	**20,034**	**7,723**	**18,207**	**21,560**	**4,830**	**14,251**	**7,363**	**200**	**367,260**
At 30 June 2018		108,373	166,642	20,694	-	19,604	26,213	5,245	12,535	7,431	-	366,737

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 187,300,000, 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 that the land and buildings are impaired.

The directors are of opinion that the fair value of the freehold land, freehold building, leasehold land and building on leasehold land has not significantly changed. Should the fair value be recognised, the freehold land, freehold building, leasehold land and building on leasehold land would have been categorised under Level 2 of the fair value hierachy.

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

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

	30 June 2019		30 June 2018	
	Cost Rs '000	NBV Rs '000	Cost Rs '000	NBV Rs '000
Motor vehicles	17,509	7,457	17,715	10,571

6. INVESTMENT PROPERTIES

	THE GROUP Rs '000	THE COMPANY Rs '000
COST		
At 01 July 2017	-	-
Transfer from property and equipment (note 5)	132,145	132,145
At 30 June 2018	132,145	132,145
Additions during the year	25,000	-
At 30 June 2019	**157,145**	**132,145**
ACCUMULATED DEPRECIATION		
At 01 July 2018	-	-
Charge for the year	2,643	2,643
At 30 June 2019	**2,643**	**2,643**
NET BOOK VALUE		
At 30 June 2019	**154,502**	**129,502**
At 30 June 2018	132,145	132,145

The directors consider that the carrying amount of the investment properties approximate their fair value in view of the construction being recently completed and acquisition made during the year. The valuation is carried out every 3 years by an independent valuer. Should the investment properties be fair valued, they would have been categorised under Level 2 of the fair value hierarchy.

AMOUNTS RECOGNISED IN PROFIT OR LOSS IN RESPECT OF INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Rental Income	4,072	-	4,072	-
Direct operating expenses arising from investment properties	(476)	-	(476)	-

7. INTANGIBLE ASSETS

THE GROUP AND THE COMPANY

	Computer Software Rs '000
COST	
At 01 July 2017	7,814
Additions during the year	362
At 30 June 2018	8,176
Additions during the year	99
At 30 June 2019	**8,275**
ACCUMULATED AMORTISATION	
At 01 July 2017	7,612
Charge for the year	85
At 30 June 2018	7,697
Charge for the year	164
At 30 June 2019	**7,861**
CARRYING AMOUNT	
At 30 June 2019	**414**
At 30 June 2018	479

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

8. INVESTMENT IN SUBSIDIARY

	THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
At 1 July and 30 June	**17,563**	17,563

8. INVESTMENT IN SUBSIDIARY (CONT'D)

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 in the seperate financial statements. 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.

Details of non-wholly owned subsidiary that has material non-controlling interests

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 intra group eliminations.

	30 June 2019 Rs '000	30 June 2018 Rs '000
ABC Properties Ltd		
Non-current assets	**47,982**	22,268
Current assets	**10,424**	19,637
Non-current liabilities	**(23,000)**	-
Current liabilities	**(6,774)**	(13,030)
Equity attributable to owners of the Company	**20,035**	20,206
Non-controlling interests	**8,597**	8,669
Revenue	**4,336**	4,541
Expenses	**(2,848)**	(1,717)
Tax expense	**(486)**	(524)
Profit for the year	**1,003**	2,300
Profit attributable to owners of the Company	**702**	1,610
Profit attributable to non-controlling interests	**301**	690
Other comprehensive income attributable to owners of the Company	**42**	-
Other comprehensive income attributable to non-controlling interests	**18**	-
Other comprehensive income for the year	**60**	-
Total comprehensive income attributable to owners of the Company	**744**	1,610
Total comprehensive income attributable to non-controlling interests	**319**	690
Total comprehensive income for the year	**1,063**	2,300
Dividends paid to non-controlling interests	**414**	421
Net cash (outflow)/inflow from operating activities	**(1,265)**	1,466
Net cash inflow/(outflow) from investing activities	**8,265**	(30)
Net cash outflow from financing activities	**(1,381)**	(1,401)
Net increase in cash and cash equivalents	**5,620**	35

9. INVESTMENTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
At 1 July (as previously stated)	**391,848**	379,768	**196,727**	204,237
Adjustment upon application of IFRS9 (note 2.1)	**17,800**	-	**-**	-
At 1 July (as restated)	**409,648**	379,768	**196,727**	204,237
Additions	**6,834**	10,116	**6,834**	10,116
Disposal	**(110,905)**	(28,628)	**(54,823)**	(17,626)
Dividend received from associates,eliminated on consolidation	**(10,788)**	(10,743)	**-**	-
Share of profit of associates (net)	**32,312**	44,811	**-**	-
Items that may be reclassified subsequently to profit or loss:				
Share of loss arising on revaluation of available-for-sale financial assets, under IAS 39	**-**	(3,354)	**-**	-
Items that will not be reclassified subsequently to profit or loss:				
Share of fair value gain on investments in equity instruments designated as at FVTOCI	**5,272**	-	**-**	-
Share of remeasurement of defined benefit obligations, net of income tax	**(864)**	(122)	**-**	-
At 30 June	**331,509**	391,848	**148,738**	196,727

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

	Activity	Class of Share	Direct Holding %		Country of Incorporation
			30 June 2019	30 June 2018	
ABC Banking Corporation Ltd	Banking	Ordinary	9.999%	16.57%	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	33.84%	30.66%	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 rights as three out of nine directors of ABC Banking Corporation Ltd reside on the board of directors of the Company.

The fair value of quoted associate based on the market price ruling on Development Entreprise Market (DEM) was Rs 194,464,097 (2018: Rs 353,929,716). Had the fair value model been applied, the investment would have been categorised under Level 1.

The directors have recognised 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.

9. INVESTMENTS IN ASSOCIATES (CONT'D)

Summarised financial information of the material associate:

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

	30 June 2019 Rs '000	30 June 2018 Rs '000
ABC Banking Corporation Ltd		
Total assets	**18,174,994**	17,104,031
Total liabilities	**(16,403,816)**	(15,593,691)
Revenue	**851,775**	757,990
Profit for the year	**223,888**	242,432
Other comprehensive income/(loss) for the year	**60,830**	(23,558)
Total comprehensive income for the year	**284,719**	218,873
Dividend received from the associate during the year	**9,227**	8,393

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

	30 June 2019 Rs '000	30 June 2018 Rs '000
Net assets of associate	**1,771,178**	1,510,340
Proportion of the Group's ownership	**9.999%**	16.57%
Carrying amount of the Group's interest	**177,091**	250,305

Aggregate information of associates that are not individually material:

	30 June 2019 Rs '000	30 June 2018 Rs '000
The Group's share of (loss)/profit	**(438)**	3,966
The Group's share of other comprehensive (loss)/income	**(5,631)**	489
The Group's share of total comprehensive (loss)/income	**(6,070)**	4,455
Aggregate carrying amount of the Group's interests in these associates	**154,418**	141,543

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 favour of the bank for the associate.

10. OTHER INVESTMENTS

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Investments in equity instruments designated at FVTOCI (2018: Available-for-sale investments)				
Quoted shares	**112,656**	131,441	**112,656**	131,441
Unquoted shares	**119,963**	54,183	**114,054**	48,408
At 30 June	**232,619**	185,624	**226,710**	179,849

	THE GROUP		
	Quoted shares Rs '000	Unquoted shares Rs '000	Total Rs '000
At 1 July 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
At 1 July 2018 (as previously stated)	131,441	54,183	185,624
Adjustment upon application of IFRS 9 (note 2.1)	-	61,985	61,985
At 1 July 2018 (as restated)	131,441	116,168	247,609
Additions	-	4,634	4,634
Net fair value loss	(18,785)	(839)	(19,624)
At 30 June 2019	**112,656**	**119,963**	**232,619**

	THE COMPANY		
	Quoted shares Rs '000	Unquoted shares Rs '000	Total Rs '000
At 1 July 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
At 1 July 2018 (as previously stated)	131,441	48,408	179,849
Adjustment upon application of IFRS 9 (note 2.1)	-	61,910	61,910
At 1 July 2018 (as restated)	131,441	110,318	241,759
Additions	-	4,634	4,634
Net fair value loss	(18,785)	(898)	(19,683)
At 30 June 2019	**112,656**	**114,054**	**226,710**

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

10. OTHER INVESTMENTS (CONT'D)

The fair value of unquoted shares is based on the Net Assets Value of the investees based on their latest available management accounts as at reporting date. In the directors' opinion, these approximate the fair value of the unquoted shares

These investments in equity instruments are not held for trading. Instead, they are held for long-term strategic purposes. Accordingly, the directors of the Group and the Company have elected to designate these investments in equity instruments at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's and the Company's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

(a) Provision for impairment of unquoted investments

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
At 1 July (as previously stated)	**12,226**	10,674	**10,926**	9,374
Adjustment upon application of IFRS 9 (note 2.1)	**(12,226)**	-	**(10,926)**	-
At 1 July (as restated)	-	10,674	-	9,374
Additional provision	-	1,552	-	1,552
At 30 June	-	12,226	-	10,926

The unquoted shares were previously classified as available-for-sale financial assets and were measured at cost less impairment at each reporting date under IAS 39. These are now fair valued and designated as at FVTOCI upon application of IFRS 9 and thus impairment of Rs 12,225,580 and Rs 10,925,580 previously recognised at the Group and the Company level respectively were reclassified to investment revaluation reserve. Changes in fair value of these instruments are accumulated in the investment revaluation reserve.

11. TAXATION

Income Tax

Income tax is calculated at 15% (2018: 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% (2018: 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% (2018: 50%) of their CSR charge to Sir Jean Etienne Moilin Ah Chuen Foundation, a company incorporated for CSR funding activities.

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Tax expense				
Current tax provision	**5,607**	5,318	**5,211**	4,861
Under/(over) provision in income tax in respect of previous year	**567**	(105)	**544**	(105)
Deferred tax charge/(release)	**75**	(631)	**73**	(634)
(Under)/over provision in deferred tax assets in respect of previous year	**(559)**	74	**(559)**	74
Corporate Social Reponsibility	**786**	891	**722**	827
	6,476	5,547	**5,991**	5,023
Tax liability/(asset)				
At 1 July	**(369)**	1,673	**(461)**	1,668
Current tax provision	**5,607**	5,318	**5,211**	4,861
Under/(over) provision in income tax in respect of previous year	**567**	(105)	**544**	(105)
Corporate Social Responsibility	**786**	891	**722**	827
Paid during the year	**(6,041)**	(8,146)	**(5,560)**	(7,712)
At 30 June	**550**	(369)	**456**	(461)

Deferred tax asset

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

11. TAXATION (CONT'D)

Deferred tax asset (Cont'd)

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
At 1 July (as previously stated)	**5,774**	3,401	**5,766**	3,390
Adjustment upon application of IFRS 9 (note 2.1)	**74**	-	**74**	-
At 1 July (as restated)	**5,848**	3,401	**5,840**	3,390
Recognised in profit or loss:				
(Charge)/release for the year	**(75)**	(631	**(73)**	634
Under/(over) provision in respect of prior year	**559**	(74)	**559**	(74)
Movement recognised in profit or loss	**484**	557	**486**	560
Recognised in other comprehensive income	**1,905**	1,816	**1,905**	1,816
At 30 June	**8,237**	5,774	**8,231**	5,766

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Deferred tax asset arises on the following temporary differences:				
Accelerated capital allowances	**(9,939)**	(9,025)	**(9,945)**	(9,033)
Retirement benefit obligations	**14,520**	11,959	**14,520**	11,959
Loss allowance and other provisions	**3,656**	2,840	**3,656**	2,840
	8,237	5,774	**8,231**	5,766

Tax reconciliation

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Profit before tax	**65,666**	82,923	**99,703**	58,011
Tax at 15% (2018:15%)	**9,850**	12,439	**14,955**	8,702
Tax effect of:				
- Non taxable income	**(2,856)**	(3,247)	**(13,045)**	(6,655)
- Non deductible expenses	**3,489**	2,254	**3,365**	2,255
- Depreciation on assets not eligible for capital allowances	**36**	36	**-**	-
- Under/(over) provision of income tax in prior year	**567**	(105)	**544**	(105)
- (Under)/over provision of deferred tax asset in prior year	**(559)**	74	**(559)**	74
- Effect of tax rate differential	**9**	(75)	**9**	(75)
- Corporate Social Responsibility	**786**	891	**722**	827
- Share of results of associates	**(4,846)**	(6,720)	**-**	-
At 30 June	**6,476**	5,547	**5,991**	5,023

12. INVENTORIES

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Motor vehicles	**345,792**	221,074
Spare parts	**53,960**	52,751
Work in progress	**7,568**	6,295
	407,320	280,120
Goods in transit	**86,213**	108,374
	493,533	388,494

Included in the above are inventories of motor vehicles, spare parts and work in progress amounting to Rs 21,725,725 (2018: Rs 20,392,393) stated at net realisable value.

The cost of inventories recognised as an expense during the year is disclosed in note 21. It includes Rs 4,581,224 (2018: Rs 1,716,050) in respect of write-downs of inventory to net realisable value and has been reduced by Rs 2,279,134 (2018: Rs 2,664,926) 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 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Trade receivables (i)	**245,932**	246,956	**245,932**	246,956
Loss allowance (ii)	**(6,876)**	(5,210)	**(6,876)**	(5,210)
	239,056	241,746	**239,056**	241,746
Advances to related parties (iii)	**150,895**	95,596	**150,895**	95,596
Loan to associate (iii)	**11,500**	65,000	**11,500**	65,000
Other receivables from related parties (iii)	**27,190**	40,420	**27,190**	40,420
Other receivables and prepayments	**38,215**	40,475	**37,407**	40,346
	466,856	483,237	**466,048**	483,108

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

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) Trade Receivables

The average credit period on sales of goods and services ranges between 1 to 3 months. No interest is charged on outstanding trade receivables.

(ii) Loss allowance on trade receivables

The Group and the Company measure the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experiences of the debtors adjusted by the general economic conditions of the industry in which the debtors operate at the reporting date. The Group and the Company have recognised a loss allowance of 100% against debtors who are in significant financial difficulty or bankruptcy position as historical experience has indicated that these receivables are generally not recoverable.

The technique used to measure the loss allowance has changed from an incurred loss model under IAS 39 to an expected credit loss model under IFRS 9 as at 30 June 2019.

The Group and the Company write off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
At 1 July (as previously stated)	**5,210**	5,552
Adjustment upon application of IFRS 9 (note 2.1)	**437**	-
At 1 July (as restated)	**5,647**	5,552
Movement in loss allowance	**1,326**	(342)
Written off	**(97)**	-
At 30 June	**6,876**	5,210

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

The following table details a risk profile of trade receivables based on the Group's and the Company's provision matrix. As the Group's and the Company's historical credit loss experience does not show significantly different loss patterns for different local customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer bases.

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(ii) Loss allowance on trade receivables (Cont'd)

	THE GROUP AND THE COMPANY				
	Not past due	31-60 days	61-90 days	>90 days	Total
30 June 2019					
Motor vehicles					
Expected credit loss rate	0.00%	0.00%	0.00%	7.85%	
Estimated total gross carrying amount at default (Rs'000)	69,145	29,139	36,201	33,762	168,246
Lifetime ECL	-	-	-	2,651	2,651
Aftersales					
Expected credit loss rate	0.00%	0.69%	0.67%	13.57%	
Estimated total gross carrying amount at default (Rs'000)	24,673	15,464	7,576	29,973	77,686
Lifetime ECL (Rs'000)	-	107	51	4,067	4,225

	THE GROUP AND THE COMPANY Local trade receivables - past due				
	Not past due	31-60 days	61-90 days	>90 days	Total
30 June 2018					
Motor vehicles					
Expected credit loss rate	0.00%	0.00%	0.00%	10.66%	
Estimated total gross carrying amount at default (Rs'000)	117,161	31,552	8,528	20,671	177,913
Lifetime ECL (Rs'000)	-	-	-	2,204	2,204
Aftersales					
Expected credit loss rate	0.00%	0.29%	0.44%	10.60%	
Estimated total gross carrying amount at default (Rs'000)	18,816	13,844	4,471	31,912	69,043
Lifetime ECL (Rs'000)	-	40	20	3,383	3,443

(iii) Other related party receivables

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Advances to related parties	**166,579**	95,596
Loan to associate	**11,500**	65,000
Other receivables from related parties	**28,810**	40,420
Loss allowance	**(17,304)**	-
	189,585	201,016

Loan to associate is unsecured, bears fixed interest of 6.75% per annum and is fully repayable on 30th June 2020.

Trade and other receivable balances with related parties, including terms and conditions, are disclosed under Note 29: Related party transactions.

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(iii) Other related party receivables (Cont'd)

The Group and the Company apply IFRS 9 to measure loss allowances for expected credit losses on other related party receivables by reference to the related party's financial position and performance and general economic cash flows in which it operates. The application of IFRS 9 resulted in an additional loss allowance of Rs 12,394,172 on related party receivables. An additional loss allowance of Rs 4,909,658 has been recognised during the year against those related parties receivables balances.

14. STATED CAPITAL

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 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 AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
At 1 July (as previously reported)	**8,669**	8,400
Adjustment upon application of IFRS 9 (note 2.1)	**23**	-
At 1 July (as stated)	**8,692**	8,400
Share of profit for the year	**301**	690
Share of other comprehensive income for the year	**18**	-
Dividend paid	**(414)**	(421)
At 30 June	**8,597**	8,669

16. LOANS

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Non-current				
Bank and other borrowings (Note a)	**248,762**	252,841	**225,762**	252,841
Current				
Bank and other borrowings (Note a)	**518,110**	380,232	**518,110**	380,232
Unsecured notes (Note b)	**-**	200,000	**-**	200,000
Notes origination costs	**(2,150)**	(2,150)	**(2,150)**	(2,150)
Amortisation of notes origination costs	**2,150**	1,736	**2,150**	1,736
	-	199,586	**-**	199,586
	518,110	579,818	**518,110**	579,818
Total	**766,872**	832,659	**743,872**	832,659

16. LOANS (CONT'D)

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Repayable within one year Loan repayable with interest ranging between 0.25% - 7.00% p.a (2018: 0.25% - 6.50%)	**518,110**	579,818	**518,110**	579,818
Repayable between two to five years Loan repayable with interest ranging between 5.75 % - 6.25% p.a (2018: 5.75% - 6.50%)	**107,884**	209,291	**100,184**	209,291
Repayable after five years Loan repayable with interest ranging between5.75 % - 6.25% p.a (2018: 5.75% - 6.50%)	**140,878**	43,550	**125,578**	43,550
	248,762	252,841	**225,762**	252,841
	766,872	832,659	**743,872**	832,659

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. Bank loans raised by the Group with a carrying amount of Rs 23M have one year moratorium on capital repayment.

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 were listed on the Development Enterprise Market and carry a fixed rate of 6% per annum. The principal amount and accrued interest were fully paid on 14 January 2019. The fair value of the notes at 30 June 2018 was Rs 200,106,240.

17. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP AND THE COMPANY			
	Minimum lease payments		Present value of minimum lease payments	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Amount payable under finance leases:				
Within one year	**3,664**	3,715	**3,495**	2,980
In the second to fifth years inclusive	**4,939**	8,898	**4,614**	8,114
	8,603	12,613	**8,109**	11,094
Less: future finance charges	**(494)**	(1,519)	**-**	-
Present value of minimum lease obligations	**8,109**	11,094	**8,109**	11,094

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 obligations under finance leases are secured by the lessor's title to the assets.

17. OBLIGATIONS UNDER FINANCE LEASES (CONT'D)

Interest rate underlying all obligations under finance leases are fixed at respective contract dates ranging from 7.25% to 8.00% p.a. (2018: 7.25% to 9.27%).

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

18. RETIREMENT BENEFITS OBLIGATIONS

Amount recognised in Statements of financial position

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Defined benefit plan (Note a)	**47,553**	43,301
Other Retirement benefits (Note b)	**31,487**	27,048
	79,040	70,349

(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 obligations reporting figures have been based on the latest actuarial report dated 06 August 2019 issued by the Swan Life Ltd.

18. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(a) Defined benefit plan (Cont'd)

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

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Present value of funded defined benefit obligations	**74,302**	61,710
Fair value of planned assets	**(26,749)**	(18,409)
	47,553	43,301

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

Pension expense components

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Current service cost	3,322	2,835
Cost of insuring risk benefits	487	247
Scheme expenses	326	2
Net interest cost	2,277	1,285
Net periodic pension cost per IAS 19	6,412	4,369

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

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
At 1 July	43,301	26,641
Fair value adjustments on plan assets	-	(5,345)
Total expenses as per above	6,412	4,369
Actuarial losses recognised in other comprehensive income	6,867	17,635
Employer's contributions	(9,026)	-
	4,253	16,659
At 30 June	47,554	43,301

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

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
At 1 July	61,710	38,987
Current service cost	3,322	2,835
Interest cost	3,561	2,339
Net actuarial losses	6,349	17,549
Benefits paid	(640)	-
At 30 June	74,302	61,710

18. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(a) Defined benefit plan (Cont'd)

Movement in the present value of the plan assets

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
At 1 July	18,410	12,346
Fair value adjustments on plan assets	-	5,345
Interest income	1,284	1,054
Employer's contribution	9,026	-
Scheme expenses	(326)	(2)
Cost of insuring risk benefits	(487)	(247)
Actuarial losses	(518)	(86)
Benefits paid	(640)	-
At 30 June	**26,749**	**18,410**

Analysis of amount recognised in Other comprehensive income	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Losses on pension scheme assets	518	86
Experience losses on the liabilities	1,944	16,155
Changes in assumptions underlying the present value of the scheme	4,405	1,394
Fair value adjustment on plan assets	-	(5,345)
Actual gains recognised in Other comprehensive income	**6,867**	**12,290**

Cumulative actuarial losses recognised

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Cumulative actuarial losses at start of year	32,462	14,827
Actuarial losses recognised this year	6,867	17,635
Cumulative actuarial losses at end of year	**39,329**	**32,462**

Amounts for the current and previous periods

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Defined benefit obligation	(74,302)	(61,710)
Plan assets	26,749	18,409
Deficit	(47,553)	(43,301)
Experience losses on plan liabilities	6,349	17,549
Experience losses on plan assets	518	86

18. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(a) Defined benefit plan (Cont'd)

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 Ltd. 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 Administration 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.

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 obligations 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.

18. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(a) Defined benefit plan (Cont'd)

Sensitivity analysis (Cont'd)

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Increase in defined benefit obligations due to 1% decrease in discount rate	**5,358**	4,847
Decrease in defined benefit obligations due to 1% increase in discount rate	**4,871**	4,379
Increase in defined benefit obligations due to 1% increase in future long-term salary assumption	**5,222**	4,732
Decrease in defined benefit obligations due to 1% decrease in future long-term salary assumption	**4,831**	4,343

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sentivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The weighted duration of the liabilities as at 30 June 2019 is 8 years.

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Expected employer contributions for next financial year	**9,800**	**9,300**

The principal accounting assumption used for accounting purposes were:

	THE GROUP AND THE COMPANY	
	30 June 2019 %	30 June2018 %
Discount rate	**4.90**	**5.80**
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 766,100 for the year ended 30 June 2019 (2018: Rs 968,011).

18. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(b) Other retirement benefits

Other retirement benefits relate 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 09 August 2019 issued by MUA Pension Ltd.

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Amount recognised in Statements of financial position:		
Present value of obligations	**31,487**	**27,048**

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

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Current service cost	**2,345**	2,119
Net interest cost	**1,487**	1,620
Curtailment / settlement gain	**(3,554)**	-
Net cost for the year recognised in profit or loss	**278**	3,739
Remeasurement recognised in Other Comprehensive Income	**4,336**	(1,608)
Net cost for the year	**4,614**	2,131
Net interest cost for the year:		
Interest on obligations	**1,487**	1,620
Remeasurement recognised in Other Comprehensive Income for the year:		
Actuarial losses/ (gains) on the obligations	**4,336**	(1,608)

18. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(b) Other retirement benefits (Cont'd)

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Changes in the present value of the obligation		
At 1 July	**27,048**	24,917
Interest cost	**1,487**	1,620
Current service cost	**2,345**	2,119
Benefits paid	**(175)**	-
Curtailment / settlement gain	**(3,554)**	-
Expected obligation at end of the year	**27,151**	28,656
Remeasurement losses/(gains) recognised in Other Comprehensive Income at end of the year	**4,336**	(1,608)
Present value of obligation at end of the year	**31,487**	27,048
Principal actuarial assumptions at end of the year:		
Normal retirement age	**65**	65
Discount rate	**4.34%-6.01%**	4.82%-6.55%
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 obligation 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.

18. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(b) Other retirement benefits (Cont'd)

Sensitivity (Cont'd)

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Effect on present value of funded obligations:		
1% increase in discount rate	**23,585**	20,176
1% decrease in discount rate	**41,526**	35,864
1% increase in salaries	**40,215**	34,833
1% decrease in salaries	**24,558**	20,930
Effect of changing longevity - rate up	**31,012**	26,636
Effect of changing longevity - rate down	**31,936**	27,436

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sentivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The average duration of the retirement benefits at 30 June 2019 is 18.16 years (2018: 18.59 years). This can be analysed a follows:

- Members: 17.95 years (2018: 18.30 years)

- Non-members: 22.57 years (2018: 24.45 years)

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Experience adjustments on:		
Plan liabilities	**(104)**	1,284

(c) State pension plan

National pension scheme contribution charges	**8,530**	8,289

19. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Cash at banks and in hand	**45,780**	39,035	**45,664**	39,035
Bank overdrafts	**(180,498)**	(75,119)	**(174,564)**	(63,681)
At 30 June	**(134,718)**	(36,084)	**(128,900)**	(24,646)

The bank overdrafts are secured by floating charges on assets of the Group and the Company. The interest rate profile is disclosed in note 30.

20. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Trade payables	**56,245**	62,836	**56,245**	62,836
Other payables and accruals	**68,212**	85,255	**67,466**	83,764
At 30 June	**124,457**	148,091	**123,711**	146,600

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 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Cost of operations	**1,623,059**	1,544,581	**1,623,059**	1,544,581
Depreciation of property and equipment	**30,061**	25,652	**29,720**	25,311
Amortisation of intangible assets	**164**	85	**164**	85
Selling and marketing costs	**77,832**	66,520	**77,832**	66,520
Administrative costs	**40,118**	33,936	**38,738**	33,461
Other operating costs	**45,852**	49,554	**48,030**	51,732
Loss on forward contracts	**2,523**	1,403	**2,523**	1,403
Net exchange gain	**(31,495)**	(25,289)	**(31,495)**	(25,289)
Other income	**(56,693)**	(47,044)	**(123,352)**	(68,863)
Included in cost of operations:				
Cost of inventories expensed	**1,490,766**	1,419,034	**1,490,766**	1,419,034
Other income				
Interest receivable	**(11,630)**	(11,125)	**(11,630)**	(11,125)
Rental income	**(10,795)**	(6,554)	**(9,511)**	(5,454)
Sundry income	**(5,463)**	(5,873)	**(5,572)**	(6,070)
Profit on disposal of property and equipment	**(472)**	(1,848)	**(472)**	(1,848)
Profit on disposal of investments	**(16,198)**	(11,397)	**(72,280)**	(22,399)
Dividend received	**(12,135)**	(10,247)	**(23,887)**	(21,967)
	(56,693)	(47,044)	**(123,352)**	(68,863)
Staff costs	**242,260**	225,216	**242,260**	225,216
Loss allowance on financial assets				
Loss allowance on other receivables from related parties	**4,910**	-	**4,910**	-
Net Impairment loss on other investments, under IAS 39	**-**	1,552	**-**	1,552
Movement in loss allowance on trade receivables	**1,326**	(342)	**1,326**	(342)

22. FINANCE COSTS

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Interest on:				
- Bank and other borrowings	**37,552**	34,457	**38,426**	35,720
- Bills payable	**6,416**	8,474	**6,416**	8,474
- Lease obligations	**738**	897	**738**	897
- Bank overdrafts	**5,815**	7,667	**5,329**	6,964
	50,521	51,495	**50,909**	52,055
Less: amount included in cost of qualifying assets	**-**	(3,015)	**-**	(3,015)
	50,521	48,480	**50,909**	49,040

The capitalisation rate on funds borrowed is 6% p.a. in 2018 which represents the rate of the unsecured notes as per note 16(b). The asset was completed in 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 2019 Rs '000	30 June 2018 Rs '000
Profit for the year attributable to owners of the Company (Rs '000)	**58,889**	76,686
Number of ordinary shares	**6,175,680**	6,175,680
Earnings per share (Rs)	**9.54**	12.42

24. NOTES TO THE STATEMENTS OF CASH FLOWS

Purchase of property and equipment

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Additions to property and equipment (note 5)	**30,220**	130,857	**29,297**	128,528
Less: interest included in cost of qualifying assets (note 22)	**-**	(3,015)	**-**	(3,015)
At 30 June	**30,220**	127,842	**29,297**	125,513
Financed as follows:				
Cash	**30,220**	107,980	**29,297**	105,651
Included under other payables	**-**	19,862	**-**	19,862
	30,220	127,842	**29,297**	125,513
Cash flows:				
Cash disbursed	**46,585**	107,980	**45,662**	105,651

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) Included in the construction cost is an amount of Rs Nil (2018: Rs 3,015,016), representing borrowing costs capitalised for qualifying assets, as disclosed in note 22.

(ii) Included in the cost of the investment property is Rs Nil (2018: Rs 19,861,697) which was payable at reporting date.

(iii) Included in loans are the loan origination costs of Rs 414,236 (2018: Rs 735,729) of the unsecured notes.

25. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's and the 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.

	THE GROUP			
	Opening balance Rs'000	Financing Cash flows Rs'000	Non-cash movements Rs'000	Closing balance Rs'000
30 June 2019				
Loans	832,659	(66,201)	414	766,872
Obligations under finance leases	11,094	(2,985)	-	8,109
	843,753	**(69,186)**	**414**	**774,981**

	THE COMPANY			
	Opening balance Rs'000	Financing Cash flows Rs'000	Non-cash movements Rs'000	Closing balance Rs'000
30 June 2019				
Loans	832,659	(89,201)	414	743,872
Obligations under finance leases	11,094	(2,985)	-	8,109
	843,753	**(92,186)**	**414**	**751,981**

	THE GROUP AND THE COMPANY			
	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

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

26. OTHER FINANCIAL ASSETS

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Financial assets measured at amortised cost (note (a))	**3,861**	-
Foreign currency forward contracts (note (b))	**13,906**	2,361
At 30 June	**17,767**	2,361

26. OTHER FINANCIAL ASSETS (CONT'D)

(a) Financial assets measured at amortised cost

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
At 1 July (as previously stated)	-	-
Adjustment upon application of IFRS 9 (note 2.1)	**161**	-
At 1 July (as restated)	**161**	-
Additions	**3,700**	-
	3,861	-

The financial assets carry interest at 6% p.a. payable on an annual basis. The financial assets mature on 30 June 2021.

The directors have assessed that the above financial assets at amortised cost have low credit risk and, as such, the Group and the Company did not account for any loss allowance.

(b) Foreign currency forward contracts

It is the policy of the Group and the Company to enter into foreign currency forward contracts to manage the foreign currency risk associated with anticipated purchases (imports) transactions 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 2019					
Forward exchange contract - buy	ZAR:MUR	2.48	ZAR 48,500	MUR 111,846	8,188
Forward exchange contract - buy	JPY:MUR	0.33	JPY 30,000	MUR 9,849	-
Forward exchange contract - buy	USD:MUR	35.35	USD 800	MUR 28,295	(15)
Forward exchange contract - sell	USD:ZAR	14.71	USD 1,000	ZAR 15,164	1,132
Forward exchange contract - sell/buy	USD:ZAR	14.82	USD 2,300	ZAR 34,949	4,601
					13,906

26. OTHER FINANCIAL ASSETS (CONT'D)

(b) Foreign currency forward contracts (Cont'd)

		Average exchange rate	Foreign currency '000	Currency notional value '000	Fair value assets/ (liabilities) Rs '000
30 June 2018					
Forward exchange contract - buy	ZAR:MUR	2.59	ZAR 52,500	MUR 134,091	1,884
Forward exchange contract - buy	EUR:USD	1.16	EUR 200	USD 238	(184)
Forward exchange contract - sell	EUR:USD	1.16	EUR 600	USD 747	1,732
Forward exchange contract - sell	USD:EUR	0.86	USD 150	EUR 128	(62)
Forward exchange contract - sell	USD:ZAR	13.77	USD 250	ZAR 3,035	(1,009)
					2,361

The above forward exchange contracts are classified under Level 2 of the fair value hierarchy. The foreign currency risk management is disclosed in note 30.

27. DIVIDEND

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Final dividend paid of Rs 2.24 per share (2018: Rs 1.00 per share)	**14,248**	6,597	**13,834**	6,176

At a Board Meeting on 26 September 2019, the directors declared a final dividend of Rs 2.50 (2018: Rs 2.24) per share in respect of the year ended 30 June 2019.

28. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Contingent liabilities	**154,889**	107,580	**154,889**	107,580
Group's share of associates' contingent liabilities	**165,720**	242,114		

The contingent liabilities represent guarantees provided to bankers and third parties which have not been provided for in these financial statements as the directors consider that the probability for default in respect of those guarantees is remote.

The Group's share of associates' contingent liabilities represents financial guarantees, undrawn credit facilities and letters of credit and other obligations on account of customers.

29. RELATED PARTY TRANSACTIONS

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Transactions during the year				
Subsidiary				
Rendering of services	**-**	-	**108**	198
Receipts of goods and services	**-**	-	**2,178**	2,178
Interest expense on advances	**-**	-	**875**	1,263
Dividend received	**-**	-	**966**	980
Advances repaid	**-**	-	**10,000**	-

29. RELATED PARTY TRANSACTIONS (CONT'D)

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Transactions during the year (Cont'd)				
Associates				
Rendering of goods and services	**39,216**	34,775	**39,035**	34,775
Receipts of goods and services	**52,737**	54,404	**52,737**	54,404
Dividend received	**10,788**	10,743	**10,788**	10,743
Advances granted	**121,010**	36,169	**121,010**	36,169
Advances repaid	**55,746**	34,071	**55,746**	34,071
Refund of loan from associate	**53,500**	-	**53,500**	-
Loan repaid	**-**	25,000	**-**	25,000
Leases repaid	**2,618**	2,768	**2,618**	2,768
Purchase of investments	**6,834**	10,116	**6,834**	10,116
Redemption of unsecured notes	**1,500**	-	**1,500**	-
Interest paid	**3,030**	5,159	**3,030**	5,159
Interest received	**10,214**	9,127	**10,214**	9,127
Investment activities with associates have been disclosed in note 9.				
Enterprises that have a member of key management / directors in common				
Rendering of goods and services	**39,684**	52,745	**39,684**	52,745
Receipts of goods and services	**106,416**	111,491	**106,128**	111,491
Dividend received	**1,103**	523	**1,103**	523
Advances granted	**23,704**	29,995	**23,704**	29,995
Advances repaid	**13,869**	28,410	**13,869**	28,410
Loan received	**8,000**	24,500	**7,000**	24,500
Loan repaid	**21,000**	27,000	**21,000**	27,000
Redemption of unsecured notes	**750**	-	**750**	-
Interest paid	**573**	1,296	**573**	1,296
Interest received	**1,122**	1,934	**1,122**	1,934
Purchase of other investments	**1,875**	8,098	**1,875**	8,098
Purchase/(redemption) of preference shares	**3,700**	(3,700)	**3,700**	(3,700)
Loss allowance on other receivables	**(17,304)**	-	**(17,304)**	-
Corporate social responsibility	**393**	445	**361**	414
Transactions with key management personnel				
Interest paid	**299**	-	**299**	-
Redemption of unsecured notes	**4,975**	-	**4,975**	-

29. RELATED PARTY TRANSACTIONS (CONT'D)

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Outstanding balances with related parties				
Subsidiary				
Current account with subsidiary	**-**	-	**-**	(3)
Advances from subsidiary	**-**	-	**9,500**	19,500
Associates				
Advances and loans	**157,890**	147,127	**157,890**	147,127
Receivables	**39,319**	36,832	**39,319**	36,797
Bank overdraft	**53,181**	605	**53,181**	605
Payables	**10,209**	9,520	**10,209**	9,497
Obligations under finance leases	**7,653**	11,080	**7,653**	11,080
Enterprises that have a member of key management / directors in common				
Advances	**4,505**	13,469	**4,505**	13,469
Receivables	**23,620**	40,548	**23,620**	40,548
Payables	**9,732**	17,591	**9,715**	17,591
Loans	**1,000**	15,000	**-**	14,000
Key management personnel				
Interest payable	**-**	124	**-**	124
Unsecured notes	**-**	4,975	**-**	4,975

The outstanding balances with related parties (as disclosed above) bear an average interest rate of 4.75% - 8.00% per annum (2018: 5.00% - 7.10%). These balances are unsecured and do not have any fixed terms of repayment unless stated otherwise.

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 2019 Rs '000	30 June 2018 Rs '000
Short term benefits	**88,183**	**84,750**

30. FINANCIAL INSTRUMENTS

Capital risk management

The Group and the Company manage their capital to ensure that entities in the Group and the Company 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 and the Company's overall strategy remains unchanged from 2018.

The Capital structure of the Group and the Company consist of debt, net of cash and cash equivalents, and equity attributable to owners of the Company comprising issued capital, reserves and retained earnings.

Gearing ratio

The gearing ratio at the year end was as follows:

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Debt	**955,479**	918,872	**936,045**	926,934
Cash in hand and at bank	**(45,780)**	(39,035)	**(45,664)**	(39,035)
Net debt	**909,699**	879,837	**890,381**	887,899
Equity attributable to owners of the Company	**876,295**	774,900	**691,052**	577,135
Net debt to equity ratio	**1.04**	1.14	**1.29**	1.54

(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.

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.

30. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments

	THE GROUP		THE COMPANY	
	Financial Assets Rs '000	Financial liabilities Rs '000	Financial assets Rs '000	Financial liabilities Rs '000
30 June 2019				
At amortised cost				
Trade and other receivables	437,200	-	437,110	-
Loan to associate	11,500	-	11,500	-
Other financial assets	3,861	-	3,861	-
Cash and cash equivalents	45,780	-	45,664	-
Loans	-	766,872	-	743,872
Bank overdrafts	-	180,498	-	174,564
Obligations under finance lease	-	8,109	-	8,109
Trade and other payables	-	104,140	-	103,674
Bills payables	-	91,126	-	91,126
Amount due to subsidiary	-	-	-	9,500
Designated as at FVTOCI				
Other investments	232,619	-	226,710	-
Derivative financial assets	13,906	-	13,906	-
	744,866	**1,150,745**	**738,751**	**1,130,845**

	THE GROUP		THE COMPANY	
	Financial Assets Rs '000	Financial liabilities Rs '000	Financial assets Rs '000	Financial liabilities Rs '000
30 June 2018				
Loan and receivables (including cash and cash equivalents)	505,324	-	505,196	-
Derivative financial assets	2,361	-	2,361	-
Other investments	185,624	-	179,849	-
Amortised cost	-	1,132,882	-	1,139,766
	693,309	1,132,882	687,406	1,139,766

30. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (Cont'd)

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
(i) Financial assets exclude the following:				
Prepayments	**16,611**	16,606	**16,611**	16,606
Valued added tax	**717**	-	**-**	-
Income taxes withheld under tax deduction at source	**828**	342	**828**	341
	18,156	16,948	**17,439**	16,947
(ii) Financial liabilities exclude the following:				
Valued added tax	**6,692**	5,739	**6,692**	5,668
Advances from customers	**11,700**	18,126	**11,422**	17,886
National Pension Funds/Income taxes retained	**1,807**	1,834	**1,807**	1,834
Tax deduction at source	**119**	89	**117**	87
	20,318	25,788	**20,038**	25,475

Financial risk management

Market risk

The Group's 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.

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management

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 2019				
Currency				
Mauritian Rupee	705,952	937,346	699,837	917,446
US Dollar	15,204	57,087	15,204	57,087
South African Rand	13,099	24,805	13,099	24,805
Japanese Yen	2,092	22,685	2,092	22,685
Euro	8,106	108,695	8,106	108,695
Great Britain Pound	413	-	413	-
Singapore Dollar	-	127	-	127
	744,866	**1,150,745**	**738,751**	**1,130,845**
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

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.

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Foreign currency risk management (Cont'd)

	Impact on profit or loss THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
US Dollar	(2,094)	(681)
Japanese Yen	(1,030)	(2,347)
South African Rand	(585)	(1,716)
Euro	(5,029)	(5,033)

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

Currency derivatives - foreign currency forward contracts

It is the Group's and the Company's policy to enter into foreign currency forward contracts to cover specific foreign currency payments. The Group and the Company enter into foreign currency forward contracts to manage the risks associated with purchase transactions. Exchange rate exposures are managed within approved policy parameters utilising foreign currency forward foreign contracts. The instruments purchased are primarily denominated in the currency of the Group's and the Company's principal market.

The Group and the Company perform a qualitative assessment of the effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movement in the underlying exchange rates.

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Foreign currency risk management (Cont'd)

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

The following table details the effectiveness of the hedge relationships and the amounts reclassified from hedging reserve to profit or loss:

	Changes in fair value of hedging instrument recognised in OCI	Hedges ineffectiveness recognised in profit or loss	Amount reclassified from cost of hedging reserve to profit or loss	Line item in profit or loss affected by the reclassification
Cash flow hedges				
Forecast purchases	13,706	-	(2,523)	Profit from operations

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 2019 was:

		THE GROUP		THE COMPANY	
		30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Financial Assets					
Non-interest bearing	N/A	**561,571**	532,714	**555,456**	526,811
Fixed interest bearing	7.00%-8.00%	**20,000**	68,823	**20,000**	68,823
Variable interest rate instruments	5.00%-7.10%	**163,295**	91,772	**163,295**	91,772
		744,866	693,309	**738,751**	687,406

The above comprise mainly of advances to related parties, loan to associate, cash at bank and preference shares.

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Interest rate risk management (Cont'd)

		THE GROUP		THE COMPANY	
		30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Financial liabilities					
Non-interest bearing	N/A	**191,825**	199,914	**185,425**	198,736
Finance lease liability	7.25%-8.00%	**8,109**	11,094	**8,109**	11,094
Fixed interest bearing	0.25%-6.00%	**347,325**	450,275	**347,325**	450,275
Variable interest rate instruments	4.52%-6.85%	**603,486**	471,599	**589,986**	479,661
		1,150,745	1,132,882	**1,130,845**	1,139,766

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

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.

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Interest rate sensitivity analysis (cont'd)

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the effect on the Group's and the Company's profit would have been as follows:

	THE GROUP		THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000	30 June 2019 Rs '000	30 June 2018 Rs '000
Profit or Loss	**2,201**	1,899	**2,133**	1,939

Other comprehensive income would have been unaffected as there is no interest bearing financial instruments designated as at FVTOCI.

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 2019 and 30 June 2018 would have been unaffected as the quoted equity investments are classified as FVTOCI (2018: available-for-sale); and
- Other comprehensive income would have increased/decreased by Rs 18,001,051 (2018: Rs 23,315,336) for the Group and by Rs 5,632,701 (2018: Rs 6,571,949) for the Company as a result of the changes in fair value of the investments in equity instruments.

The methods and assumptions used in preparing the sensitivity analysis above have not changed significantly from prior year.

The Group and the Company's sensitivity to equity prices have changed significantly due to fair value loss recognised during the year on quoted equity investments.

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

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 and the Company's exposure and the credit ratings of its counterparties are continuously monitored.

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. Trade receivables are monitored on a monthly basis through internal management meetings.

The Group and the Company have policies to ensure that the vetting criteria are assessed and reviewed in order to take into consideration economic realities. All credit applications go through a vetting process and are subject to management approval. At the level of operations, outstanding debts are continuously monitored and relevant diminution in value is recognised as and when they become apparent. The recoverable amount of each past due debt is reviewed on an individual basis at each reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. As such, the Group's and the Company's credit risk is significantly reduced.

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 concentration of credit risk.

All bank balances are assessed to have low credit risk at reporting date since they are held with reputable banking institutions.

The carrying amount of the financial assets presented in the financial statements represent the maximum exposure of the Group and the Company to credit risk at reporting date.

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.

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Liquidity risk management (Cont'd)

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 table includes both interest and principal cash flows.

	THE GROUP			
	Less than 1 year Rs '000	1 - 5 years Rs '000	5 + years Rs '000	Total Rs '000
30 June 2019				
Non-interest bearing	235,341	48,802	29,267	313,410
Finance lease liability	3,664	4,939	-	8,603
Fixed interest bearing	347,325	-	-	347,325
Variable interest rate instruments	345,349	127,968	130,168	603,485
	931,679	**181,709**	**159,435**	**1,272,823**
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

	THE COMPANY			
	Less than 1 year Rs '000	1 - 5 years Rs '000	5 + years Rs '000	Total Rs '000
30 June 2019				
Non-interest bearing	233,287	45,300	29,111	307,698
Finance lease liability	3,664	4,939	-	8,603
Fixed interest bearing	347,325	-	-	347,325
Variable interest rate instruments	345,849	109,568	125,568	589,985
	939,125	**159,807**	**154,679**	**1,253,611**
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. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

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 assets that are measured subsequently to initial recognition at fair value.

THE GROUP	30 June 2019			
	Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000	Total Rs '000
Quoted shares	112,656	-	-	112,656
Unquoted shares	-	-	119,963	119,963
Forward foreign exchange contracts	-	13,906	-	13,906
				246,525

	30 June 2018			
	Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000	Total Rs '000
Quoted shares	131,441	-	-	131,441
Forward foreign exchange contracts	-	2,361	-	2,361
				133,802

THE COMPANY	30 June 2019			
	Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000	Total Rs '000
Quoted shares	112,656	-	-	112,656
Unquoted shares	-	-	114,054	114,054
Forward foreign exchange contracts	-	13,906	-	13,906
				240,616

	30 June 2018			
	Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000	Total Rs '000
Quoted shares	131,441	-	-	131,441
Forward foreign exchange contracts	-	2,361	-	2,361
				133,802

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Fair value of financial instruments (Cont'd)

Fair value hierarchy of the Group's and the Companiy's financial assets that are measured at their value on a recurring basis

Financial assets	Valuation techniques	Significant unobservable inputs	Relationship and sensitivity of unobservable inputs to fair value
Quoted shares	Market value	N/A	N/A
Unquoted shares	Net Assets Value	N/A	N/A
Forward foreign exchange contracts	Future cash flows are estimated based on forward exchange rates and contract forward rates.	N/A	N/A

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 and the Company do not have an option to purchase the leased assets at the expiry of the lease period.

	30 June 2019 Rs '000	30 June 2018 Rs '000
Payments recognised as expense:		
Minimum lease payments	**19,879**	18,630
Non-cancellable operating lease commitments		
Payable in next twelve months	**27,412**	18,757
Payable 2 - 5 years	**50,306**	43,127
Payable thereafter	**87,982**	92,465
	165,700	154,349

32. COMMITMENTS FOR EXPENDITURE

	THE GROUP AND THE COMPANY	
	30 June 2019 Rs '000	30 June 2018 Rs '000
Commitments for the acquisition of property and equipment	**3,497**	19,862

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 and the Company's revenue for the year:

	30 June 2019 Rs '000	30 June 2018 Rs '000
Sale of goods	**1,854,870**	1,755,739
Rendering of services	**104,810**	103,807
	1,959,680	1,859,546

35. BUSINESS COMBINATION

Acquisition of subsidiary

On 17th April 2019, the subsidiary, ABC Properties Ltd, acquired 100% of the issued share capital of STAMFORD THIRD LTD, a land promoter and property developer registered as a Private Company under the laws of Mauritius.

Details of the purchase consideration, the net asset acquired is as follows:

	30 June 2019 Rs '000
Purchase consideration:	
Cash Paid	7,420

The fair value of the 10,000 shares issued as whole of the consideration paid for STAMFORD THIRD LTD (Rs 7,420,300) was based on its net asset value on 28th February 2019.

The amount recognised in respect of the identifiable assets acquired and liabilities accrued are as follows:

	Fair Value Rs '000
Cash and cash equivalents	13
Other receivables	702
Investment property	25,000
Trade payables	(18,295)
Net assets acquired	7,420
Net cash outflow arising on acquisition	
Cash consideration	7,420
Less: cash and cash equivalents balances acquired	(13)
	7,407

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Cautionary note

The report contains several forward-looking statements with rspect 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 CO. LTD

We care for you !

ABC Centre, Military Road, Port-Louis, Mauritius | Tel: 206 9900 | Fax: 242 1193
Phoenix Showroom: Motorway M1, Phoenix Trunk Road, Phoenix | Tel: 601 9900 | Fax: 601 9992
Email: marketing@abcmotors.mu | www.abcmotors.mu