ANNUAL REPORT 2018

Ciel Textile

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CIEL TEXTILE AT A GLANCE

CIEL Textile ("CIEL Textile") is a subsidiary of CIEL Limited, listed on the Development & Enterprise Market and Sustainability Index of the Stock Exchange of Mauritius Ltd. CIEL Textile is a world-class global player in textile and garments operations, spanned across Mauritius, Madagascar, India and Bangladesh. It has developed into a regional one-stop shop for textile, with vertically integrated business units, from yarn spinning to finished garments. CIEL Textile positions itself as the best alternative to China's manufacturers with the objective of delivering unbeatable value to medium and upmarket retailers.

3 Clusters

Woven **Fine Knits** **Knitwear**

Garments Exported Annually

36M

N° of Employees

≈ 20,000

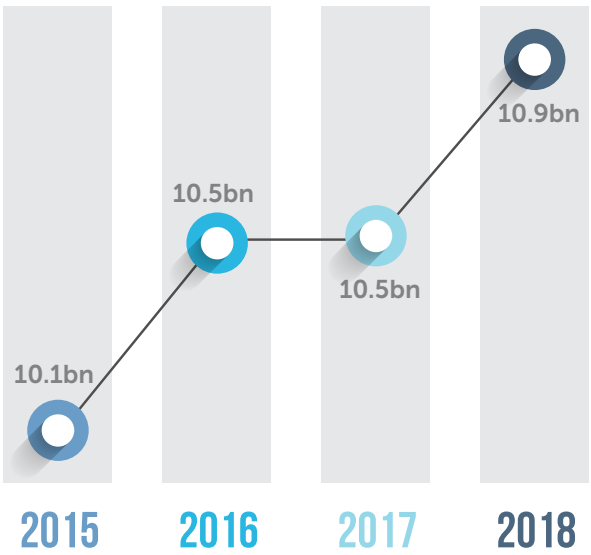
N° of Production Units

19

7 Mauritius
6 Madagascar
5 India
1 Bangladesh

Turnover

MUR. 10.9bn



Profit After Tax

317M

MAP OF GLOBAL OPERATIONS

GROUP FINANCIAL
HIGHLIGHTS AND RATIOS
As at June 30,

	2018	2017	2016	2015	2014
RESULTS					
Turnover (MUR. M)	**10,944**	10,509	10,482	10,119	9,565
EBIT (MUR. M)	**485**	747	912	913	727
Profit after Taxation (MUR. M)	**317**	562	704	762	551
Net Profit Margin (%)	**2.9%**	5.3	6.7	7.5	5.8
Return on Capital Employed (%)	**6.0%**	10.1	13.2	15.1	13.3
INTEREST BEARING DEBT					
Net Debt (MUR. M)	**3,471**	2,647	2,160	1,699	1,658
Capital Employed (MUR. M)	**8,087**	7,380	6,884	6,042	5,461
Debt to Capital Employed (%)	**43**	36	31	28	30
Interest Cover (Times)	**3.9**	9.1	17.9	16.3	9.4
SHARE DATA					
Share Price (MUR. cs)	**49.50**	47.60	38.60	38.00	33.90
Net Assets Value per Share (MUR. cs)	**42.17**	43.62	43.16	40.09	35.60
Earnings per Share (MUR. cs)	**2.29**	4.51	6.15	6.90	5.08
Dividend per Share (MUR. cs)	**2.75**	3.00	3.25	2.50	2.00
P/E Ratio (times)	**21.6**	10.6	6.3	5.5	6.7
Dividend Yield (%)	**5.6**	6.3	8.4	6.6	5.9

CHAIRMAN's STATEMENT

Dear Shareholder,

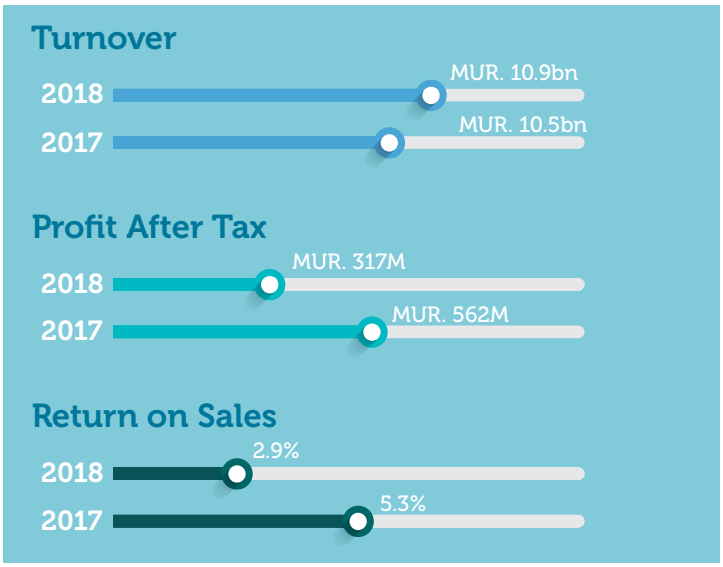
It has been a challenging year for CIEL Textile Limited ("CIEL Textile"), though the business' prospects for the medium-term remain positive.

Internationally, the textile industry continues to be fiercely competitive, making efficiency and speed-to-market more important than ever. The sector is also contending with rising raw material prices, global currency fluctuations and rapidly changing markets and customer expectations, with an increasing number of purchases made online.

During the financial year ended June 30, 2018, CIEL Textile focused on:

- The ongoing restructure of Tropic Knits India and Floreal Knitwear;
- Pursuing our regional strategy to move products upmarket;
- Achieving operational and manufacturing excellence in all of our factories, building upon our substantial investments in automation and technology in recent years;
- Launching a new Aquarelle factory in India;
- Developing our talent, including via the '361° Master in Operational Excellence' being offered at the Leadership & Management Academy recently launched by CIEL Textile's CEO;
- Measures to strengthen our teams and our corporate culture, including via the enhancement of our Human Capital capabilities in-house; and
- More effectively marketing our products as a Group and adopting aggressive commercial strategies to expand our clientele with new e-commerce players.

Financial Results



CIEL Textile's profitability weakened this year due to a dip in our Woven cluster's performance after a year of strong growth in 2017. The cluster was negatively impacted by the removal of Indian export subsidies, while a slide in US dollar values earlier in the year put downward pressures on its results.

Our regional Knitwear operations (Mauritius and Madagascar) were still under pressure mainly due to the ramping up of our new Antsirabe automated factory in Madagascar, though Floreal Bangladesh has put in a good performance. Our regional Knits operations performed satisfactorily both in Mauritius and Madagascar, but our new factory in Coimbatore, India has not yet reached cruising speed, heavily affecting Tropic Knits' results. However, the efficiency of both our Antsirabe and Coimbatore factories is steadily improving thanks to the efforts of their management teams.

Governance and Sustainability

CIEL Textile's Board of Directors ("Board") is committed to complying with the National Code of Corporate Governance for Mauritius (2016) ("Code"). We explain how we adhere to the Code's eight principles in Corporate Governance Report on page 30.

This year, CIEL Textile nominated a new independent Director and established an Operational Excellence Committee. We also adopted position statements and approved new Terms of Reference for our Corporate Governance, Ethics, Nomination & Remuneration Committee and Audit and Risk Committee. These documents are available on the investor's relations page of CIEL's website at www.cielgroup.com.

As the first Sub-Saharan African member of the Sustainable Apparel Coalition ("SAC"), sustainability remains a key concern for our Group. We are making every effort to incorporate it into our management systems and involve all our employees through our ACT for our Community and ACT for our Environment programmes further detailed in the Sustainability Report on page 20.

Outlook

Though the market conditions for the textile sector are likely to remain unsettled in the medium-term, the Board is confident that the outlook for CIEL Textile's earnings is positive.

Our short-term priorities are to consolidate our activities and turn around our loss-making operations, position our operations for expansion into new markets, particularly in Asia, and continue to build our commercial dynamic as a Group.

We aim to achieve this by concentrating on operational excellence and ensuring that our Knitwear, Knits and Woven clusters work more closely together to improve efficiency and save on costs.

Our priorities for next year are to:

- Knitwear: Complete the Floreal Group's regional restructure and achieve breakeven;
- Knits: Improve Tropic Knits India's management capabilities, market positioning and operational performance to reduce Tropic Knits India's losses; and
- Woven: Adjust and expand our customer base in the region, as well as ramp up production at our new Aquarelle India factory.

We will also continue to invest in our talent, which we believe will help improve our ability to adjust to the changeable commercial context.

Finally, as announced in 2017, CIEL Limited has now increased its stake in our Group from 56.31% to 88.48%. The Board believes that will allows us to underwrite CIEL Textile's future growth by providing us with a stable platform from which to formulate a medium-term business strategy.

Acknowledgements

Denis Terrien has now joined our Board as an independent Director and I wish him a very warm welcome. I would also like to take this opportunity to thank my fellow Directors for our productive conversations this year. On behalf of the Board, I extend my thanks to CIEL Textile's CEO, J. Harold Mayer; our recently appointed COO, Eric Dorchies; our committed executive and management teams; and CIEL Textile's extensive and talented staff for their ongoing commitment and hard work, despite this year's occasionally testing circumstances.

P. Arnaud Dalais
Chairman

September 25, 2018

CIEL TEXTILE BUSINESS MODEL

OUR VALUE PROPOSITON

- High quality design products
- Deliver unbeatable value to medium and upmarket retailers
- Vertically integrated business across 3 clusters (Fine Knits, Knitwear and Woven)
- Excellent quality and service at competitive price
- Multi-location sourcing platforms (Mauritius, Madagascar, India and Bangladesh)
- Duty free access to EU and US from Mauritius and Malagasy markets
- Member of Sustainable Apparel Coalition
- Listed on the Development & Enterprise Market and Sustainability Index of the Stock Exchange

INPUT VALUE WE DRAW FROM

Financial Capital
- Reliable operational cash flow

Human Capital
- Learning and development organisation with a decentralised approach empowering 20,000 people to manage their tasks and factories as if it was their own

Manufactured Capital
- 19 production sites equipped with automated manufacturing equipment

Social & Relationship Capital
- Long-term business relationships with trusted suppliers and clients including ASOS, Levi's, Celio, Marks & Spencer, Woolworths, J.Crew or Polo Ralph Lauren

Intellectual Capital
- Technical expertise
- Strategic and managerial know-how to run global textile company
- Unique culture

Natural Capital
- Raw materials (wool and cotton), water, energy (HFO, diesel, LPG, electricity)

MAIN OUTPUT DURING THE YEAR

Financial Capital
- Turnover: MUR. 10.9bn
- Profit After Tax: MUR. 317M Consistent and solid dividend

Human Capital
- 270 participants attended the first 3 classroom courses (Building Olympic Teams, Management Infrastructure, People Performance Management) under the 361° Leadership & Management Academy.

Manufactured Capital
- 36M garments produced annually

Social & Relationship Capital
- 2 programmes at global level:
  - Act for our Community
  - Act for our Environment
- 1st edition of CIEL Textile Chairman's
- Front-End Excellence Awards rewarding best practices

Intellectual Capital
- Innovative designed products winning customers' hearts
- Implementation of digital tools to facilitate customer interactions
- First member of the Sustainable Apparel Coalition in Africa

Natural Capital
- Fabric waste, wastewater, emission, energy consumption

MAIN OUTCOMES DURING THE YEAR

- Launch of the Master in Operational Excellence Academy in January 2018, whose objective is to provide excellent leadership and instead of & management training to our 1200 leaders over the next few years
- 5 yearly strategic plan process completed for the woven cluster
- Successful launch of first production lines our new factory, Aquarelle India in July 2018
- Coordinated sustainability approach gaining recognition with all stakeholders
- Appointment of a Head of Sustainability

TARGETS

- Set-up a second large factory for Laguna India and establish a non-iron facility in the existing main factory
- Complete Floreal Group region restructuring and achieve a break-even for FY19
- Consolidate management capabilities, market positioning and operational performances at Tropic Knits India
- Reduce Tropic Knits India's losses in the current financial year and target break-even for the following year
- Adjust and expand customer base in the region for the woven cluster
- Ramp-up new factory at Aquarelle India
- Further enhance commercial dynamic at CIEL Textile Group level

CEO's REPORT

Dear Shareholder,

CIEL Textile has recorded a modest increase in sales (4.1%) whilst Profit After Tax ("PAT") dropped from MUR. 562M to MUR. 317M. The Return on Sales ("ROS") stood at 2.9%, which is a below average result for the Group (average ROS stands at 5%). However, the Aquarelle Group performed reasonably well with a 5.5% ROS, PAT dropped from MUR. 588M to MUR. 350M. Tropic Knits Group's regional operations (Mauritius and Madagascar) also performed very well with ROS at 7.0%. For the second consecutive year, the two operations that affected this year's result negatively were the Floreal Group and Tropic Knits India.

The Aquarelle Group posted reasonable PAT of MUR. 350M, but these results were 40% lower than last year due to lower performances in both Aquarelle India and Aquarelle regional's (Mauritius and Madagascar) casual operations, both on account of lower sales margins. Laguna Clothing had another exceptional year in India, whilst its regional operation alsoposted much improved profitability. It is important to note that the duty drawback (Government Expat Incentives) were reduced by 50% in India, and had a negative impact of approximately MUR. 70M. The strengths of the Aquarelle Group, i.e. its software, dynamic 'sophisticated marketing' and manufacturing excellence, remained intact. Key management challenges this coming year will be on improving the regional competitiveness, whilst ensuring that our new factory in India performs to expectations.

Tropic Knits Group's PAT dropped by 7.7% to MUR. 76.4M due to significant losses in Tropic Knits India, and slightly reduced profit in the region (a healthy 7.0% ROS). Tropic Knits India has now a new and competent management team, as well as a simplified order book to help the construction of a strong software. The focus, this year, is on enhancing customer satisfaction and factory performance whilst bringing in gradually more profitable export business. We expect an important reduction in losses. Tropic's regional operation (Mauritius and Madagascar) experienced manufacturing challenges (both in its fabric and garment operations) as a result of several leadership transition. A more stable leadership team is expected this year to secure manufacturing excellence, whilst the regional order book remains very strong and profitable.

The Floreal Group had another very difficult year with losses of MUR. 96.6M. Lower sales and margins in its regional operations (Mauritius & Madagascar) were the main reasons; whilst the building of the new Antsirabe factory (fully automated) also weighed on results. The positive point of the year was the good performance of Floreal Bangladesh which delivered reasonable profitability, great customer satisfaction and operational excellence. After 4 years of intense restructuring, which is now 100%

completed, Floreal is perfectly positioned for the future with 2 great factories in Madagascar and 1 in Bangladesh. A return to profitability is expected in the coming financial year, and the management team's focus will be on stabilising operational excellence, delivery performance, the new Antsirabe factory and management infrastructure in general. Order books and margins are much better so far this year.

Performance of our divisions on the non-financial scoreboard can be summarised as follows:

- The customer satisfaction scoreboard was very good across most of our operations, and has significantly improved in both Floreal Group and Tropic Knits India. Our number 1 challenge across the Group, especially in the region (Mauritius and Madagascar), is our competitiveness, and our regional leadership teams are working on reducing our overheads cost per unit and our cost gap with Asia on raw materials.

- Manufacturing excellence remained very strong across the Aquarelle Group, and its new factory in India has started on very strong grounds. Tropic Knits Group manufacturing performance has dropped over the past 18 months, due to significant leadership transition challenges, whilst the Tropic Knits India operations had major challenges due to instability in its workforce. A more stable leadership team is expected to deliver better manufacturing performance this year across the Tropic Knits Group. Floreal factories performed well, except for its new plant in Antsirabe which experienced major challenges in its growth phase.

- Regarding the front-end scoreboard (sophisticated marketing), all arrows are 'up' as the first edition of the CFEA (Chairman's Front End Excellence Awards) was successfully launched under the leadership of the COO, Mr. Eric Dorchies. This excellent training and cross-fertilisation tool has been well capitalised on by all teams and is expected to bring the same culture of excellence as was achieved in manufacturing through the CMEA (Chairman's Manufacturing Excellence Award). Order books for the first half of the non-financial year show a slight improvement on last year (same time).

Finally, we will review our software in each operation, which encompasses

1. The quality and strength of our teams and their corporate culture.

2. The quality of our management infrastructure (systems) and people processes.

The key initiative this year was the launch of our Leadership and Management Academy (The 361° Academy) whose objective is to provide excellent leadership and management training to our 1,200 leaders over the next few years, in a top-down approach. We recognise that our ability to deliver excellence consistently in the future will depend a lot on the quality of training delivered to our leaders. The academy's start has been very encouraging and has been met with a lot of enthusiasm from our leaders. Furthermore, lots of energy and emphasis are being put at top management level on 'talent management, talent development, and succession planning' and the Operational Excellence Committee is monitoring progress very closely.

The 'software' in the Aquarelle Group remains very strong with great stability in its key leadership teams over the years.

The 'software' in the Floreal Group has suffered during the 4 years of deep restructuring that has just ended (except in Bangladesh which has strong and stable software). One of the priorities, this year, is to solidify the management infrastructure across the regional operation.

The 'software' in the Tropic Knits Group's regional activities is good and improving as its talented and young leadership team settles into its new role. In India, the new leadership team in place is gradually building-up the software to CIEL Textile's standard and the progress is obvious and satisfactory.

To conclude, the financial year has yielded below average results for the Group as we faced major challenges in the Floreal Group and Tropic Knits India. Both of these operations are expected to show significant improvement in the coming financial year. We therefore remain in a 'consolidation mode' until all business units get back to profitability. Talent development remains our number 1 'non-financial' priority.

External Factors

A reading of the impact of external factors on our results/ prospects is as follows:

- **Currency**: Throughout the year, the Mauritian Rupee has strengthened versus competitor currencies whilst the Indian Rupee and Madagascar Ariary depreciated. Therefore, the currency impact was globally considered to be neutral.

- **Markets**: Traditional retailers/mid-market retailers are struggling globally as they face tough competition

from pure internet retailers. The South-African retail market is struggling and the Brexit is a concern for our UK customers. Overall, we need to pick the winners of tomorrow for growth whilst being vigilant on current customers facing financial difficulties.

- **Raw material prices**: A significant increase of approximately 30% has been registered on the international wool price; whilst cotton prices have been fairly stable.

- **Geographical competitiveness**: India, Madagascar and Bangladesh (67% of our operations) remain globally very competitive; whilst Mauritius' (33% of our operations) high costs mean that we have to focus on niche markets. The 'USA tariff' threats on China represent an opportunity if they materialise.

In conclusion, external factors were considered to be "neutral" in the last financial year, as well as for the first semester of this year. Our leadership teams are working on ways to limit the 'cost increase' trend we are facing in Mauritius.

Our Strategy

As mentioned earlier, our short-term focus is on consolidation and turning around our loss-making activities. Furthermore, very strong emphasis is being placed on our talent development, and the launch of our leadership and management academy in 2018 should speed up our human capital potential.

The Aquarelle Group has completed its 5-year strategic plan, whilst Tropic Knits and Floreal will be completing theirs before March 2019. The 'Group strategy guidelines' have been completed during the year, and provide for the following:

- Emphasis on 'talent development' (recruitment and training) as this is the key to our continued growth and development.

- 'Asia centric' growth with India identified as our Asia centre of gravity.

- A regional strategy focusing on upmarket movement and developing niche products and markets which are a good fit to our industrial tools. Improved cost competitiveness is a key strategic objective as well.

- Integrating digitisation in our operations and processes.

- Keeping an eye on capitalistic strategies which can boost our globalisation, growth and one-stop shop potential in the medium to long-term.

In a nutshell, whilst we consolidate our operations and leadership teams in the short-term, we are strengthening on how to boost our medium to long-term growth potential in Asia. The 5-year plans will be the roadmap for the short to medium-term.

"The key initiative this year was the launch of our Leadership & Management Academy (The 361° Academy) whose objective is to provide excellent leadership and management training to our 1,200 leaders over the next few years, in a top-down approach. We recognise that our ability to deliver excellence consistently in the future will depend a lot on the quality of training delivered to our leaders."

Outlook

We are expecting a reduction in losses from Tropic Knits India and possibly a return to modest profitability in the Floreal Group. The Aquarelle Group's results are likely to be stable in India, but the regional Group is facing a challenging sales environment. As a result, we are expecting an improvement in profitability for the coming financial year.

Based on current order books, we expect a first semester with slightly improved results compared to last year. The full year results will depend on our marketing teams' ability to deliver on the sales and margins objectives; and on Tropic Knits India and Floreal Group to stabilise their operations throughout the year.

Appreciation

I would like to place on record my gratitude to our leadership teams for their incredible level of commitment to satisfy our customers (better than competition) and moving their operations forward. All our divisions aim to be the Best in their respective fields; and this ambition is increasingly being backed by the required efforts. This year a special appreciation goes to the teams in the Floreal Group's and Tropic Knits India, who have shown remarkable strength, courage and perseverance in the face of highly challenging environments. I have no doubt that their commitment will pay off. The same expression of gratitude goes to our 20,000 employees who live our 'winning family' values on a daily basis.

Last but not least, my appreciation goes to our Chairman, Mr. P. Arnaud Dalais, our Group Chief Executive, Mr. Jean Pierre Dalais and the Board of Directors for their trust and support on the journey.

I invite you to read the individual report of our Executive Operational Directors, which give more details on each of our 3 divisions.

J. Harold Mayer
Chief Executive Officer

September 25, 2018

WOVEN EXECUTIVE REPORT

Aquarelle Group is an international shirt manufacturer supplying a homogeneous upper/middle market segment through 11 production units in Mauritius, Madagascar and India. With a vertically integrated weaving mill, Aquarelle Group also offers dyeing, weaving, finishing and washing operations in-house.

Management Team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1. Eric Dorchies, Chief Executive Officer of the Woven Cluster *(also known as Aquarelle Group)*
2. Nagesh Badida, Deputy Executive Director of the Aquarelle Casual cluster and General Manager of Aquarelle India (Private) Limited ("Aquarelle India")
3. Sarbajit Ghose, Managing Director of Laguna Clothing Limited ("Laguna Clothing")
4. Pascal Walter, Executive Director of Consolidated Fabrics Limited ("CFL")
5. Patrick Cugnet, General Manager of Consolidated Fabrics Limited
6. Maneesh Patel, General Manager of Laguna Clothing (Mauritius) Limited
7. Jean-Francois de Comarmond, Co-General Manager of Aquarelle Casual, Mauritius and Madagascar
8. Ayaz Tajoo, Co-General Manager of Aquarelle Casual, Mauritius and Madagascar

"We have recently completed our 5-yearly strategic plan process and the Leadership team is fully aligned on the way forward: India expansion, region (Mauritius and Madagascar) profit optimisation with an enhanced vertical integration with Consolidated Fabrics Limited. Our initiative is to improve our global market approach: offering on an ad hoc basis to our customers to trade across our 4 business units through one point of contact instead of dealing with each marketing team of each business unit. We are very confident it will substantially enhance our front-end overall performance."

Key Facts and Figures

Turnover
MUR. 6.4bn

Length of Woven Fabric Produced
9.2M Mts

N° of Garments Sold
16.5M

N° of Factories
11
4 Mauritius
3 Madagascar
4 India

N° of Employees
11,000

We have experienced a substantial profit drop in 2017-2018, mainly due to a significant reduction of most export subsidies in India (negative impact of approximately MUR. 70M) and to the lower sales margins at Aquarelle India and Aquarelle Region (Mauritius and Madagascar).

The non-financial score boards remain very solid: customer satisfaction, manufacturing and front-end excellence are all on a positive trend. We successfully launched, in July 2018, its first production lines in our new Aquarelle India factory located 100km away from Bangalore.

The quality of the Group's team and the management software is very good and will further consolidate with the Master in Operational Excellence Academy's well-structured input.

The major short-term challenge is a downward sales volume trend for Aquarelle Region (Mauritius and Madagascar) and CFL, mainly due to competitiveness issues. Management is pro-actively addressing this challenge, but we shall expect some negative impact on the current year's profitability. Aquarelle India's sales are very positive, while the new factory's start-up costs will weigh on this year's profits.

Both Laguna Region and Laguna India are on a very positive trajectory. We are currently working on a project to set-up a second large factory for Laguna India and establish a non-iron facility in the existing main factory.

We have recently completed our 5-yearly strategic plan process and the Leadership team is fully aligned on the way forward: India expansion, region profit optimisation with an enhanced vertical integration with CFL. Our key initiative is to improve our global market approach: offering on an ad hoc basis to our customers to trade across our 4 business units through one point of contact instead of dealing with each marketing team of each Business Unit. We are very confident it will substantially enhance our front-end overall performance.

Outlook

Overall we are expecting a challenging year ahead, mainly on the Aquarelle Region (Mauritius and Madagascar) and CFL fronts, while the positive trend in the Laguna cluster should help maintain our profitability at current levels.

Key Brands

AQUARELLE GROUP

AQUARELLE CASUAL SHIRTS

CFL WOVEN FABRICS

Laguna Clothing FORMAL SHIRTS

FINE KNITS EXECUTIVE REPORT

Tropic Knits Group is one of the largest Fine Knits manufacturers in the Indian Ocean. Integrated Research & Development and Product Designing have, over the years, projected Tropic Knits Group as a full solution provider to international market leaders in a variety of product segments such as T-Shirt, Polos, Sweatshirts and Joggers. Tropic Knits Group is vertically integrated with CDL Knits Ltd ("CDL Knits"), a fine knits mill. The mill has grown in a mature and independent regional market and now sells more than 20% of its capacities independently.

Management Team

1. Bertrand Thevenau, Executive Director and joint CEO of Tropic Knits Group
2. Guillaume Dalais, Executive Director and joint CEO of Tropic Knits Group

"Tropic Knits Group has shown a satisfactory performance in the region (Mauritius and Madagascar) with a stable profitability compared to last year, but which stood slightly below budget. We are completing the reinforcement of the operation team to cover a few existing structural gaps. The marketing performance in the region has been excellent and we are excited to welcome major international brands on board. Research & Development, Design and Product Development performance are highly rated by our customers. As a result, we do have a solid order book."

Key Facts and Figures

Turnover
MUR. 2.5bn

Knitted Fabrics
3,600 Tons

N° of Garments Sold
15M

N° of Factories
4
2 Mauritius
1 Madagascar
1 India

N° of Employees
3,800

The overall performance of the Fine Knits cluster has been stable compared to last year. The Group has posted a 10% increase in Turnover on the back of a capacity increase whilst profitability dropped by 8%. The results were adversely impacted as follows:

- Tropic Knits India in Coimbatore suffered from a weak order book in the first half of the year and a slower than expected progress further to the management restructuring, which affected the results and led to a higher loss than budgeted.

- CDL Knits has, this year again, seen major investments which created some disruption in the mill. Operational performance has been average and is under close monitoring. Team structure is being reinforced.

Tropic Knits Region

Tropic Knits Group has shown a satisfactory performance in the region (Mauritius and Madagascar) with a stable profitability compared to last year, but which stood slightly below budget. We are completing the reinforcement of the operational team to cover a few existing structural gaps. The marketing performance in the region has been excellent and we are excited to welcome major international Brands on board. Research & Development, Design and Product Development performance are highly rated by our customers. As a result of which, we do have a solid order book. On the Operations' side, the year has been challenging with a more complex order book and with customer buying pattern shifting to smaller quantity, shorter lead time and multiplication of order lines: all adding pressure on front end services and planning. CDL Knits has just completed a major investment plan and is starting to reap the benefit of the modernisation programme started 3 years ago. For the year to come, we shall focus on building a stronger team to face the more complex order book and unlock additional agility to improve speed to market requirements. On the human capital, a strong focus is being put on our capabilities to identify and develop the Young Talents within our organisation. Also, we are now reaching cruising speed in the implementation of our 361° Master of Operational Excellence training programme.

Tropic Knits India

Although Indian operations have incurred more losses than expected, we are witnessing a positive trend with a turnover growth, a stronger management infrastructure, a more comfortable order book and a committed leadership team. Coupled with additional support from the Mauritian team, the first quarter of the next financial year is showing encouraging results. Priority is thus given to the right order book and the stabilisation of our operations.

Outlook

Our two major markets, the United Kingdom with the Brexit and South Africa with tough economic and market conditions, are facing challenging times. The prospects for the first semester are reasonably good, but we remain cautious for the rest of the year due to very volatile market conditions.

Our operations in India may still have a negative impact on our results for more than a year. It is good to note that Tropic Knits Group has engaged strongly on the sustainability front and some interesting actions and projects, in close collaboration with our customers, are showing fast and positive progress. At CIEL Textile Group level we are now an active member of the Sustainable Apparel Coalition ("SAC") and other international Initiatives.

Key Brands

TROPIC KNITS GROUP

CDL KNITS

TROPIC WOMAN

TROPIC MAN

KNITWEAR EXECUTIVE REPORT

Floreal Group has more than 40 years of experience in the manufacturing of high quality sweaters and the exportation of quality and innovative knitwear to its customers worldwide. Headquartered in Mauritius, it is an international business with a vertically integrated wool spinning mill and factories in Madagascar and Bangladesh. Floreal Group is assisted by marketing and support offices in the United Kingdom, South Africa, Hong Kong and China.

Management Team

1. Guillaume Dalais, Chief Executive Officer of the Knitwear and Knits Clusters
2. Mushtaq Sooltangos, General Manager of Ferney Spinning Mills Limited

"Floreal's operations in the region and FSM had another challenging financial year imputed principally to a low order book. Floreal Bangladesh has delivered a record year in customer satisfaction, operational excellence and profitability, which is encouraging in our journey to bring the Group back to profitability."

Key Facts and Figures

Turnover
MUR. 2bn

Woolen Yarn Sold
980 Tons

N° of Garments Sold
4.5M

N° of Factories
4
1 Mauritius
2 Madagascar
1 Bangladesh

N° of Employees
5,200

The Knitwear cluster registered a loss of MUR. 96.6M for this financial year as compared to last year's loss of MUR. 108.7M.

The cluster's loss can mainly be attributed to a decrease in its order book and margin, due to challenging market conditions in its main markets, namely in the UK and South Africa.

Floreal's operational restructuring in Madagascar and Mauritius is now completed. Our new factory in Antsirabe has still to deliver operational excellence and remains a priority for management.

Floreal Bangladesh posted a record year in customer satisfaction, operational excellence and profitability.

Our improved marketing structure is starting to show results with a much-improved market presence order book in general. We are confident that the actions in place will enable us to drive turnover and margin in the Region (Mauritius and Madgascar).

The management now plans to stabilise operational excellence at our Anstirabe factory and management infrastructure in general.

FSM Ltd is actively working on growing its order book, both on Floreal Group and non-captive direct customers.

Outlook

With an unprecedented increase in wool prices and high volatility of the currencies on our main markets, such as the GBP, the Knitwear market remains challenging. With our improved order book and operational restructuring, we are confident to progress on the Group's journey back to profitability.

The improvement of our Antsirabe factory's performance towards operational excellence remains high priority and is a high contributor to profitability.

Key Brands

Floreal INTERNATIONAL

Ferney SPINNING MILLS

OUR SUSTAINABILITY JOURNEY

CIEL Textile is committed to sustainable development and is working towards embedding sustainability as a management practice across all its operations. This is enabled through a hierarchy of strong management infrastructure at all levels leading to value-adding operations.

Our Vision

To be the leader of sustainable development in our world
Whereby our 'world' means our sphere of influence

Our Sustainability Policy

Ethics

Honesty
Integrity
Duty of Care & Compliance

Business Partners and Suppliers

Work in partnership for growth and sustained benefits

Environment

Preserve natural resources and reduce environmental offset

Community

Be a responsible and a trusted business for the communities it operates in by contributing to social needs and welfare programmes

Employees

Operate with respect, anti-discrimination, anti-child and forced labour, gender equality, health and safety as core principles towards employees

Customers

Bring world-class sustainable value in its products for customer satisfaction through product safety, quality, innovation and efficiency

Our Sustainability Commitment

Strong Management Infrastructure

- 1st corporate member from the Southern hemisphere/sub-Saharan region of the Sustainable Apparel Coalition ('SAC')
- Sustainability committees at Group, business unit and facility levels
- Empowerment of sustainability experts
- A common environmental management tool across the Group

Control & Continuous Improvement

- Transparency with the Higg Index ratings accessible online
- Zero Discharge of Hazardous Chemicals membership for dyes and chemicals, effluents management and control
- Benchmarking with industry peers
- Progressive improvement targets

Long-Term Commitment

- Sustainable supply chain mapping to be finalised by June 2019
- Investment in new technology and supplies to minimise environmental impact
- Enable product development capacity to minimise a product's environmental impact at design stage to up to 80%
- Develop green product collections with maximum sustainable raw materials and process routes

Our Commitment and Certifications

CIEL Textile works with its customers and capitalise on their feedback to focus on the right areas and to continuously improve our social and environmental compliance programmes. The different certification processes support our strategy and provide a baseline from which to ensure continuous improvement. As for now, multiple certifications are used across our 21 factories, of which a few are listed here. However, retailers and manufacturers are coming together, through the SAC, in an effort to standardise and eliminate duplication and audit fatigue.

OUR SUSTAINABILITY JOURNEY (CONT'D)

Overview of Some of our Certifications

WORLDWIDE RESPONSIBLE ACCREDITED PRODUCTION

Ensures our commitment to promoting safe, lawful, humane and ethical manufacturing, mainly focused on 12 principles (Prohibition of forced and child labour, harassment or abuse, and discrimination; Health & Safety, Security etc.) based on the rule of law and the spirit of the International Labour Organisation conventions.

SEDEX MEMBERS ETHICAL TRADE AUDIT

CIEL Textile factories undergo SMETA every year or every two years as per customer requirements. It is an audit format which is a compilation of good practice in ethical audit techniques (labour standards, health and safety, business ethics, the environment).

BUSINESS SOCIAL COMPLIANCE INITIATIVE

Programme of the Foreign Trade Association of Europe, designed to improve working conditions across the supply chain. Based on labour standards, this initiative aims at improving CIEL Textile's social performance.

OEKO-TEX STANDARD 100

Contributes to high and effective product safety from a consumer's point of view. This certification implies extensive product checks and regular on-site visits of our factories, which ensure that we have put measures in place for the responsible use of chemicals.

GLOBAL ORGANIC TEXTILE STANDARD

Ensures the organic status of textiles from harvesting of the raw materials through environmentally and socially responsible manufacturing to labelling to provide credible assurance to the consumer.

ORGANIC CONTENT STANDARD

Tracks and verifies the content of organically grown materials in our final products.

BETTER COTTON INITIATIVE

Exists to make global cotton production better for the people who produce it, for the environment it grows in and for the sector's future. BCI aims to transform cotton production worldwide by developing Better Cotton as a sustainable mainstream commodity. To achieve this mission, BCI works with a diverse range of stakeholders across the cotton supply chain, to promote measurable and continuing improvements for the environment and farming communities.

COTTON MADE IN AFRICA

Initiative which aims at sustainably improving the living conditions of cotton farmers in Sub-Saharan Africa. Its commitment is not based on donations, but rather, on the principle of helping people to help themselves through trade: African smallholders learn about efficient and environmentally friendly cultivation methods through agricultural training provided by experts. We are part of Cotton Made in Africa's international alliance of textile companies which purchase Cotton Made in Africa raw material.

Global Sustainability Tools

Sustainability Platform

We have joined the Sustainable Apparel Coalition ("SAC") last year, a textile industry coalition for sustainable production bringing together brands and retailers, manufacturers, academia, government and NGOs. Our SAC membership allows us to identify our most pressing sustainability concerns and organise our sustainability priorities, develop successful initiatives through access to best practices and guidance, encourage action within each factory using customised guidelines, get ahead of regulation and become a better company.

The Higg Index suite of tools, developed by the industry for the industry around environment, sourcing, product and social aspects, not only provides measurement possibilities, but will also allow benchmarking, internally within CIEL Textile, and at some point, externally, on a global scale.

Zero Discharge of Hazardous Chemicals ("ZDHC")

The Zero Discharge of Hazardous Chemicals Foundation is an organisation which oversees the adoption of a holistic approach to tackling the issue of hazardous chemicals in the global textile industry. We have joined the ZDHC this year, as Value Chain Affiliate. As ZDHC contributor, CIEL Textile commits to chemical management best practices, to contribute to the development, adoption and implementation of ZDHC tools.

Our first lever of change is our employees. Two main initiatives, *Act for our Community and Act for our Environment* have been implemented across 21 sites in 5 countries

Through these programmes, we educate and sensitise all our employees globally to take actions to make a difference locally.

OUR SUSTAINABILITY JOURNEY (CONT'D)

act CIEL Textile

For our community

Acting for our Community

Money Raised

MUR. 7M

Through our employees in **2017** across **20** operational sites

Employees Mobilised

10,000

To raise funds and give their time for the community across **20** sites in **5** countries

While we have been involved in various CSR-related actions for many years, the Act For Our Community initiative brought employees' involvement to a whole new level. Performing **small actions with great love** has become part of our value system and drives several events throughout the year building solidarity amongst our employees. The various local teams raised more than MUR. 7 million and various projects were identified, sponsored and targeted. The Act For Community Day gathered 10,000 employees in November of last year to engage with NGOs and surrounding communities.

Our engagement and response have aided vulnerable and underserved individuals in our communities such as orphans, drug and alcoholic addicts, the physically or mentally challenged among others, in Mauritius, Madagascar, South Africa, India and Bangladesh.

act CIEL Textile

For our environment

Acting for our Environment

Number of Trees Planted

11,900

By Aquarelle and Tropic Knits in Madagascar through a reforestation programme

Act for our Environment initiative is marked each year and coincides with World Environment Day on June 5.

In 2018, we joined the UN's global call for action on reducing plastic pollution and celebrated World Environment Day with creativity, passion and determination. We focussed on raising awareness and identified plastic reducing initiatives at all levels; at individual employee level, at operational facilities, and within our processes. Several units eliminated the plastic water bottle from their site and issued all employees with a reusable alternative. Competitions in schools to engage the young and street performances for the general public were held in raising self and community awareness. 462 children benefited from these awareness sessions in Mauritius and Madagascar.

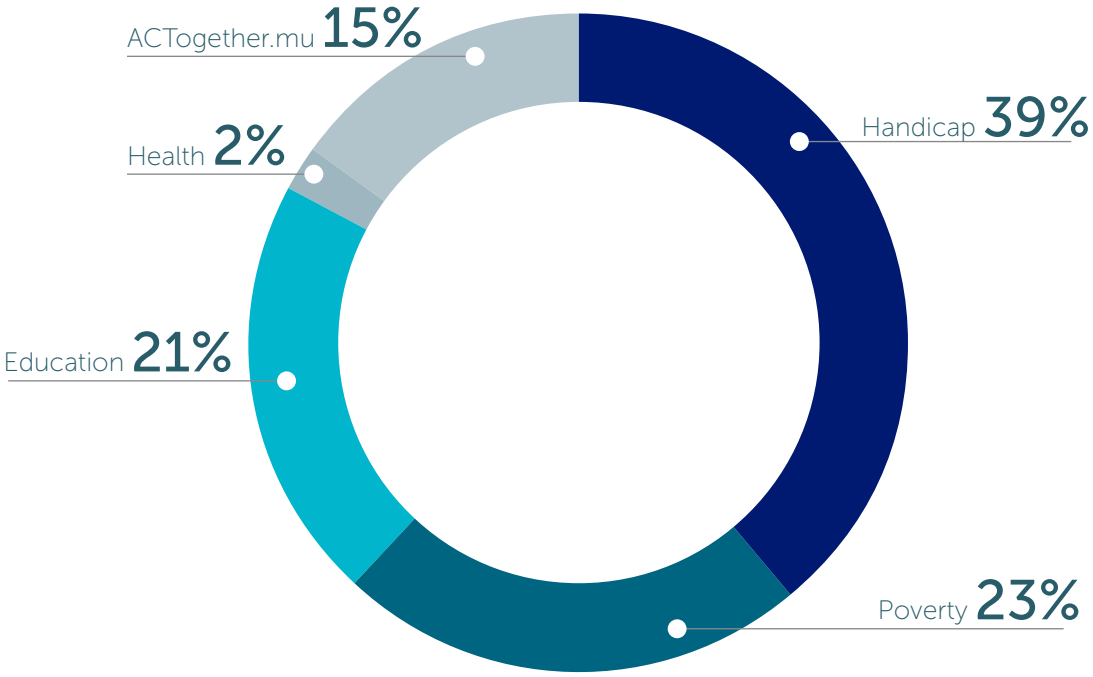
Find out more
www.cielgroup.com

• CIEL Sustainability Initiatives Booklet

Fondation CIEL Nouveau Regard

CIEL continuously endeavours to contribute to the welfare of the communities in which the Group conducts business. It manages this commitment through Fondation CIEL Nouveau Regard ("FCNR"). Over the last 14 years, FCNR has been committed to the fight against poverty and exclusion, and the promotion of education and disability rights.

FCNR has invested some MUR. 90 million since 2005 in various projects managed by local NGOs, with which it has developed close partnerships. This financial year, FCNR has received MUR. 7.5M from the various entities of CIEL, of which **MUR. 4.9M** were from CIEL Textile.



Focus Projects

Actogether.mu
Online communication platform promoting inclusive development

ANFEN-Adolescent Non-Formal Education Network
ANFEN is a NGO network that regroups 18 centres welcoming about 1,000 kids, all dropouts from the classic schooling system. 8 ANFEN social workers do the link between the families and the school

Lakaz Lespwar Solitude
Managed by Caritas, this community development project offers a wide range of services to the vulnerable population of the area

Lakaz Lespwar Solitude
Managed by Caritas, this community development project intends to offer services to the vulnerable population of the area.

Society for the Welfare of the Deaf - Secondary pre-vocational section
School for deaf children: The secondary section runs from Form I to IV with the last year focused on employability

CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE

(Section 75 (3) of the Financial Reporting Act 2004)

Name of Public Interest Entity ("PIE"): CIEL Textile Limited ("CIEL Textile"/"Company")

Reporting Period: June 30, 2018

On behalf of the Board of Directors of CIEL Textile, we confirm, to the best of our knowledge, that throughout the year ended June 30, 2018 and to the best of the Board's knowledge, the Company has partially complied with all the obligations of the National Code of Corporate Governance for Mauritius (2016).

The area of non-compliance, whose reasons are included in the Corporate Governance Report, is as follows, namely:

Principle 4 – Remuneration of Directors

P. Arnaud Dalais
Chairman

Alain Rey
Chairman of the Audit
& Risk Committee

September 25, 2018

CORPORATE GOVERNANCE REPORT

FINANCIAL YEAR ENDED JUNE 30, 2018

CIEL Textile Limited ("CIEL Textile" or "Company") is a public company listed on the Development & Enterprise Market of the Stock Exchange of Mauritius and is a Public Interest Entity ("PIE") as defined by the Financial Reporting Act 2004. The Board of Directors ("Board") of CIEL Textile is committed to maintaining high standards of corporate governance and acknowledges its responsibility in applying and implementing the principles contained in the National Code of Corporate Governance for Mauritius (2016) ("the Code"). Throughout this report, it undertakes to explain its interpretation and application of the eight principles of the Code.

PRINCIPLE 1: GOVERNANCE STRUCTURE

The Role of the Board

The primary function of CIEL Textile's Board is to provide effective leadership and direction to enhance the long-term value of the Company and its subsidiaries ("the Group") for its shareholders and other stakeholders. The Board of CIEL Textile assumes its responsibility in (i) overseeing the business affairs of the Group, (ii) reviewing the Group's strategic plans, performance objectives, financial plans, annual budget, key operational initiatives, major funding, investment proposals, financial performance reviews and corporate governance practices. It also ensures that all legal and regulatory requirements are met.

Code of Ethics - Vision - Mission - Values

Due to the nature of its activity and its continued commitment to meet its stakeholders' interests, CIEL Textile promotes the ethical approach in its way of doing business and strongly believes in values like integrity, transparency and fairness. Ethics start at the top of the organisation, with its Board, senior management extended to employees of the Group, business partners and other stakeholders. It is in that spirit that the Board has approved a code of ethics which espouses the ethical values adopted by CIEL Limited, CIEL Textile's major shareholder, and which embodies the ethics-based culture that it intends to promote. The Corporate Governance, Ethics, Nomination & Remuneration Committee monitors the implementation of the code of ethics and sets the tone for its application by management.

Vision
To be recognised as preferred and best strategic partner

Values
Passion for customer satisfaction - winning family - hard work & results driven - excellence - champion culture

Mission
We deliver unbeatable value to our customers through product innovation, speed and flexibility, service and communication, reliability and competitiveness

Constitution

The constitution of the Company, dated April 13, 2005 is in conformity with the provisions of the Companies Act 2001 and the laws of Mauritius. A copy is available upon request in writing to the Company Secretary at the Registered Office of the Company, 5th Floor, Ebène Skies, rue de l'Institut, Ebène. There are no clauses of the constitution deemed material enough for special disclosure.

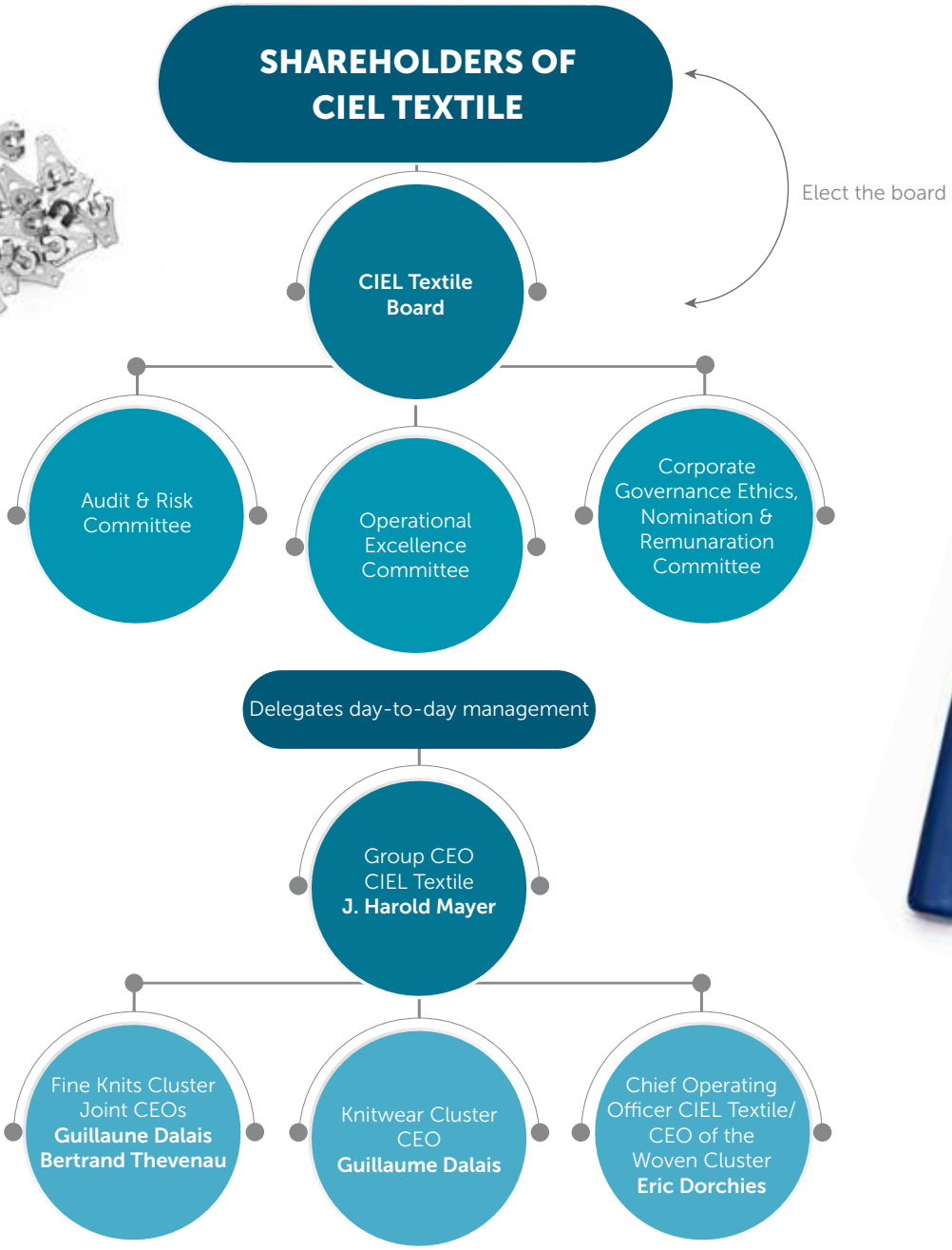
Responsibilities and Accountabilities

CIEL Textile has approved job descriptions for key senior governance positions that provide a clear definition of their roles and responsibilities. It has also implemented a Board charter to define, amongst other items, the composition, role and duties of the Directors and the Chairman of the Board as well as the responsibilities assigned to the Board's committees. The roles of the Chairman of the Board and that of Chief Executive Officer are held separately. P. Arnaud Dalais is the Chairman and J. Harold Mayer the Group Chief Executive Officer.

CIEL Textile's Organisational Chart and Statement of Accountabilities

The Group operates within a defined governance framework, as explained in the chart below, through delegation of authority and clear lines of responsibility while enabling the Board to retain effective control. As such, the Board is ultimately accountable and responsible for the performance and affairs of the Group.

The Board has created three committees tasked to provide specialist guidance to its Directors and each operate within defined terms of reference. A reporting mechanism is in place to ensure that recommendations from the committees escalate to the Board. Reports from the chairmen of these committees are systematically included on the agendas of Board meetings.



Governance within the Group

The guidance under the Code for groups and subsidiaries provides that ultimate holding of group companies should apply all principles of the Code and provide appropriate explanations. Wholly-owned subsidiaries are exempted from applying the principles of the Code. As holding company, CIEL Textile's governance structure contributes to the effective oversight of its subsidiaries considering the nature, scale and complexity of the different risks to which the Group and its subsidiaries are exposed so that the governance structure remains appropriate in light of its growth, increased complexity and geographic expansion.

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

Board Size and Structure

The Board of CIEL Textile is composed of Directors coming from different industries and backgrounds with strong business, international and management experience which are important considering the nature and scope of the Group's business and the number of board committees. The Board is satisfied that its actual composition is balanced and commensurate with the Company's business activity.

7 Non-Executive Directors, including the Chairman

2 Executive Directors

3 Independent Non-Executive Directors

6 Quorum for the Board

5 Board Meetings during the Financial Year

2 Decisions adopted by way of Written Resolution in lieu of holding Board Meetings

Constitution
Not less than 3
or more than 12 Directors

Tenure of Directorships
Between 0 - 2 years : 2
Between 2 - 4 years : 2
Between 4 - 6 years : 3
> 6 years : 5

Type of Mandate
Unitary Board of 12 Directors

Industry/Background Experience
Agro-Industry, Finance, Textile, Private Equity, Corporate Sustainability, Retail, Textile Operations/Production, Engineering

Gender

11 male

1 Female

Board Size and Structure (Cont'd)

Directors	Gender	Age	Board Attendance	Country of Residence	Category
P. Arnaud Dalais, Chairman	M	63	5/5	Mauritius	Non-Executive Chairman
Jean-Pierre Dalais	M	54	5/5	Mauritius	Non-Executive Director
Antoine Delaporte	M	58	5/5	Mauritius	Non-Executive Director
L. J. Jérôme De Chasteauneuf	M	52	5/5	Mauritius	Non-Executive Director
Henri de Simard de Pitray	M	70	4/5	France	Independent Non-Executive Director
Eric Dorchies	M	55	5/5	Mauritius	Executive Director
Hélène Echevin	F	41	5/5	Mauritius	Non-Executive Director
Roger Espitalier Noël	M	63	5/5	Mauritius	Non-Executive Director
J. Harold Mayer	M	53	5/5	Mauritius	Executive Director
Alain Rey	M	58	5/5	Mauritius/ England	Independent Non-Executive Director
Denis Terrien (Appointed on 12.02.2018)	M	53	2/2	France	Independent Non-Executive Director
Eddy Yeung Kan Ching	M	69	4/5	Mauritius	Non-Executive Director

Focus areas during the year

- Quarterly operational reports and financial results
- Terms of reference – Operational Excellence Committee
- Directors' fees
- Share dealing policy
- Conflict of interests/Related party transactions policy
- Reports from the chairmen of sub-committees
- Annual budget
- Annual and quarterly financial statements
- International benchmarking
- Sale of CTL Retail Limited
- Interim and final dividends
- Code of ethics
- In-depth review of Indian operations

Independence on the Board

The Corporate Governance, Ethics, Nomination & Remuneration Committee has defined a list of criteria to assess the independence of the non-executive independent Directors and has undertaken to perform this assessment annually. In its opinion, Henri de Pitray, Alain Rey and Denis Terrien still qualify as non-executive independent Directors since they have, amongst several criteria, demonstrated a strong independence in character and judgement in the discharge of their responsibilities, expressed their viewpoints, debated issues and objectively scrutinised/challenged management.

The Role of the Company Secretary

The company secretariat function is fulfilled by CIEL Corporate Services Limited ("CCS"), through a service agreement it holds with CIEL Textile. CCS is a service company that provides a unique combination of corporate services and strategic support to CIEL and its subsidiaries. It employs qualified secretaries from the Institute of Chartered Secretaries & Administrators to fulfil its duties as Company Secretary. In addition to the service agreement, a position statement defines the duties and responsibilities of the Company Secretary.

Board Processes and Attendance at Board/Committee Meetings

The dates of Board, committee and annual meetings are planned well in advance with the assistance of the Company Secretary. The Board meets at least four times a year and ad-hoc meetings may also be convened to deliberate on urgent substantive matters. Decisions of the Board are also taken by way of written resolutions.

Dedicated Committees Assisting the Board in its Duties

The Board delegates certain roles and responsibilities to its committees. Whilst it retains the overall responsibility, committees probe subjects more deeply and then report on the matters discussed, decisions taken, and where appropriate, make recommendations on items requiring approval of the Board. The committees play a key role in supporting the Board. The company secretary of the Board acts as secretary to these committees.

Minutes of proceedings of committee meetings (except for the Corporate Governance, Ethics, Nomination & Remuneration Committee) are circulated to the Board and the chairmen of each of the committees report verbally on their activities.

The Operational Excellence Committee was constituted during the year and includes members of the Board, the executive team and the CEO of Sun Limited, to promote cross-fertilisation within the CIEL Group.

The Board is satisfied that the committees are appropriately structured, skilled and competent to deal with both the Company's existing and emerging issues, and that they have effectively discharged their responsibilities during the year under review according to their terms of reference.

The Board understands the importance of re-assessing its Board and committee charters as and when necessary. Those of the Corporate Governance, Ethics, Nomination & Remuneration Committee and Audit & Risk Committee were updated, aligned to the exemplar of the Code and approved by the Board on September 25, 2018.

Audit & Risk Committee

7 Meetings

Members and Attendance

- Alain Rey *(Chairman)* 7/7
- L. J. Jérôme De Chasteauneuf 6/7
- Hélène Echevin 6/7
- Henri de Simard de Pitray 3/7

Main terms of reference

- Monitor the integrity of the financial statements - Company and Group - and any formal announcement relating to the Company's financial performance
- Review the Company's internal controls including the systems established to identify, assess, manage and monitor risks, and receive reports from management on the effectiveness of the systems they have established, and the conclusions of any testing carried out by internal and external auditors
- Review the effectiveness of the Company's internal control and risk management systems
- Oversee the process for selecting the external auditor, assess the continuing independence of the external auditor and approve the audit fees
- Monitor and supervise the effective function of the internal audit

Focus areas during the year

- Audited financial statements
- Quarterly unaudited condensed financial statements and cluster results
- Meeting with external auditors to discuss the scope of the audit, key management estimates and judgments, audit risks and significant accounting issues
- Appointment and remuneration of PwC, the external auditors
- Internal audit reports and management letters for local and overseas subsidiaries
- Appointment of internal auditor for the Indian-based business units
- Internal audit plan for the Indian-based operations

Dedicated Committees Assisting the Board in its Duties (Cont'd)

Corporate Governance, Ethics, Nomination & Remuneration Committee

2 Meetings

Members and Attendance

• Henri de Pitray *(Chaiman)*	2/2
• Jean-Pierre Dalais	2/2
• Antoine Delaporte	2/2

Main terms of reference

- Recommend corporate governance provisions to be adopted so that the Board remains effective and complies with prevailing corporate governance principles
- Approve the bonus/remuneration for the Executives
- Recommend to the Board the Directors' remuneration
- Recommend new Board and senior executive nominations
- Monitor the implementation of the Code of Ethics and sets the tone for its application by management

Focus areas during the year

- Corporate governance report
- Executives' bonus
- Board charter
- Share dealing policy
- Conflict of interests/related part transactions policy
- Code of ethics
- Succession planning
- Executives' remuneration
- Nomination of Denis Terrien

Operational Excellence Committee

2 Meetings

Members and Attendance

• J. Harold Mayer *(Chairman)*	2/2
• David J. Anderson	1/2
• Jean-Pierre Dalais	2/2
• Guillaume Dalais	2/2
• Eric Dorchies	2/2
• Hélène Echevin	2/2
• Bertrand Thevenau	2/2

Main terms of reference

- Promote operational excellence within companies of the Group through cross-fertilisation
- Benchmark defined key performance indicators with industry players
- Monitoring of customer satisfaction
- Leadership talent management

Focus areas during the year

- Terms of reference of the committee
- Customer satisfaction dashboards
- Key performance indicators dashboards
- Leadership dashboards

Find out more
www.cielgroup.com

- Terms of Reference of Board Committees

PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURES

Appointment and Re-Election of Directors/Chairman

The Corporate Governance, Ethics, Nomination & Remuneration Committee reviews all new appointments on the Board and committees prior to recommending same to the Board for approval until submission to the shareholders for approval at the annual meeting. Skills, knowledge, industry experience, diversity and independence are important factors that are being considered prior to recommending any appointment.

Directors are re-elected annually by the shareholders at the annual meeting by way of separate resolutions.

The Board charter provides that the Directors shall be a natural person of not less than 18 years old and not more than 75 years old. The Board charter also provides that the chairman shall not be older than 70 years old and shall hold office for a period of five years and may, at the term of his office, be re-elected by the Board for a further period of five years or such other term as may be determined by a simple majority of the Board.

Induction of the Directors

The Board assumes its responsibility for the induction of newly-appointed Directors, through a process which is facilitated by the company secretary. They undergo an induction programme under the guidance of the Chairman and the company secretary, which enables them to gain an in-depth understanding of the Company's business model, governance framework, activities and strategy. Their letter of appointment consists, amongst others, of the following key information:

- Minutes of proceedings of the recent Board and Committee meetings
- Governance documents (Code of ethics, constitution, board charter, terms of reference of Board committees and any policy approved by the Board)
- Details of Directors' fees
- Company profile
- Latest audited financial statements
- Legal duties of Directors

In addition to the aforesaid documents, newly appointed directors meet the CEOs of the Group and perform site visits to acquaint themselves with CIEL Textile's operations and culture. All Directors have unrestricted access to the Company's records.

Directors' Profiles

The biographical details of the Directors of the Company are provided hereunder. The Board has decided to only disclose directorships in listed companies.

P. Arnaud Dalais

- Joined the Board in May 1989 and was appointed Chairman in September 1997

Skills and Experience:

- Joined the CIEL Group in August 1977
- Appointed Group Chief Executive and Director in November 1991
- Under his leadership, the CIEL Group at large went through an important growth both locally and internationally
- Plays an active role at the level of the Mauritian private sector and has assumed the chairmanship of several organisations including the Joint Economic Council from 2000 to 2002 and Business Mauritius from 2015 to 2017

Directorships in other listed companies: Alteo Limited, CIEL Limited (Chairman), Sun Limited

Jean-Pierre Dalais

- Joined the Board in February 2014
- Member of the Corporate Governance, Ethics, Nomination & Remuneration Committee
- Member of the Operational Excellence Committee

Skills and Experience:

- Joined CIEL Group in January 1992 and has been its Group Chief Executive since January 2017, overseeing all Group operations
- Was formerly Executive Director at CIEL, focusing particularly on the development of the Group's Hotels & Resorts, Financial Services and Healthcare clusters
- Before that, Jean-Pierre was the Chief Executive Officer of CIEL Investment Limited
- Graduated with an MBA from the International University of America, San Francisco, and previously worked at Arthur Anderson (Mauritius and France)

Directorships in other listed companies: Alteo Limited, CIEL Limited, Phoenix Beverages Limited (Alternate Director), Sun Limited (Chairman)

Antoine Delaporte

- Joined the Board in September 2013
- Member of the Corporate Governance, Ethics, Nomination & Remuneration Committee

Skills and Experience:

- Founder and Managing Director of Adenia Partners Limited, a private company managing private equity funds in Africa with €400 million under management. Adenia offices are in Ghana, Ivory Coast, Cameroun, Madagascar, Kenya and Mauritius
- Director of several companies in Mauritius and in other African countries

Directorships in other listed companies: CIEL Limited

L. J. Jérôme De Chasteauneuf

- Joined the Board in February 2016
- Member of the Audit & Risk Committee

Skills and Experience:

- Former working experience with PriceWaterhouseCoopers in UK, where he qualified as Chartered Account
- Key leading position within the CIEL Group, becoming its Head of Finance in 2000
- Has assumed the role of CIEL Group Finance Director since January 1, 2017

Directorships in other listed companies: Alteo Limited, CIEL Limited, Harel Mallac & Co. Limited, The Medical & Surgical Centre Limited

Henri de Simard de Pitray

- Joined the Board in October 2003
- Chairman of the Corporate Governance, Ethics, Nomination & Remuneration Committee
- Member of the Audit & Risk Committee

Skills and Experience:

- Former member of the Board of Spencer Stuart Inc., one of the leading global executive search firms, of which he also chaired the Governance Committee
- Currently advises several listed European companies on the functioning of their Boards

Directorships in other listed companies: None

Eric Dorchies

- Joined the Board in September 2014
- Member of the Operational Excellence Committee

Skills and Experience:

- Chief Executive Officer of the woven cluster of the CIEL Textile Group since July 1, 2008
- CIEL Textile Operation Officer (COO) as from October 1, 2017
- Joined the CIEL Textile Group in 1998 as General Manager of Consolidated Fabrics Limited
- Appointed Managing Director of Aquarelle Clothing Limited in 2003

Directorships in other listed companies: None

Directors' Profiles (Cont'd)

Hélène Echevin

- Joined the Board in September 2017
- Member of the Audit & Risk Committee
- Member of the Operational Excellence Committee

Skills and Experience:

- Joined CIEL Group in March 2017 as Chief Officer – Operational Excellence after 17 years' of working experience in similar a position
- Executive Chairperson of CIEL Healthcare Limited
- Former president of the MCCI, Mauritius Chamber of Commerce and Industry in 2015/2016

Directorships in other listed companies: Sun Limited, The Medical and Surgical Centre Limited (Chairperson)

Roger Espitalier Noël

- Joined the Board in June 2012

Skills and Experience:

- Corporate Sustainability Advisor of CIEL
- Former General Manager of Floreal Knitwear Limited
- Holds more than 35 years' experience in the textile industry

Directorships in other listed companies: CIEL Limited, ENL Commercial Limited, ENL Finance Limited, ENL Land Limited, ENL Limited

J. Harold Mayer

- Joined the Board in July 2003
- Chairman of the Operational Excellence Committee

Skills and Experience:

- Chief Executive Officer of the CIEL Textile group since 2006
- Held key positions within the CIEL Textile group since 1990

Directorships in other listed companies: CIEL Limited, Sun Limited

Alain Rey

- Joined the Board in November 2007
- Chairman of Audit & Risk Committee

Skills and Experience:

- Member of the Institute of Chartered Accountants of England and Wales
- Former Chief Executive Officer of Compagnie de Mont Choisy Ltée
- Holds a long international experience in the textile industry at both executive and corporate levels, including Senior Vice President and CFO of a Nasdaq listed company

Directorships in other listed companies: New Mauritius Hotels Limited, MCB Group Limited, Terra Mauricia Limited (Chairman)

Denis Terrien

- Joined the Board in February 2018

Skills and Experience:

- Non-Executive Chairman of Vivarte France since March 2017
- Managing Director and Chairman of Otto Group in France between 2014 and 2016
- Managing Director of 3 SI between 2009 and 2014
- Senior Partner Aloe - Private Equity 2008 - 2009
- President of Sanford Europe 2001 - 2007
- Founder and President of Amazon.fr 1999 – 2001

Directorships in other listed companies: Novartex (Vivarte) (Chairman), Cofidis

Eddy Yeung Kan Ching

- Joined the Board in June 2003

Skills and Experience:

- Has been the Chief Operating Officer of the CIEL Textile Group until June 30, 2008, being accountable for its spinning, weaving and dyeing operations
- Chairman of the Board of Fondation CIEL Nouveau Regard

Directorships in other listed companies: None

Senior Management Team

J. Harold Mayer

Chief Executive Officer - CIEL Textile Group

- Please refer to the section Directors' Profiles

Eric Dorchies

Chief Operations Officer – CIEL Textile Group
Chief Executive Officer of the Woven cluster

- Please refer to the section Directors' Profiles

Guillaume Dalais

Chief Executive Officer of the Knitwear cluster
Joint Chief Executive Officer of the Fine Knits cluster

- Joined the CIEL Textile Group in 2010
- Appointed Deputy General Manager of CDL Knits Limited in 2011 and Executive Director of the Knits Cluster of the CIEL Textile Group in 2012
- Former experience in the investment Banking sector by working at Métier Investments & Advisory Services in South Africa and CIEL Capital Limited in Mauritius as Senior Investment Executive, covering the Sub-Saharan African region

Bertrand Thevenau

Joint Chief Executive Officer of the Fine Knits cluster

- Joined the CIEL Textile Group in 1999 as Marketing and Sales Director of Consolidated Fabrics Limited ("CFL") and was promoted as its Deputy General Manager in 2005
- Appointed Executive Director of Tropic Knits Limited in 2009
- Holds a wide experience in the Fashion and Garment industry having been exposed to international markets all through his career

Professional Development

As part of their duties as Directors, it is critical for Board members to have a thorough knowledge of the environment within which the clusters of the Group operate. During the year, a Board meeting was held in India whereby Directors were able to exchange with the management of the Indian business units and gained an in-depth knowledge of the operations by visiting three factories. They were also invited to attend the Chairman Manufacturing Excellence Award in India, which is an annual event to reward employees of the Group on manufacturing excellence.

Succession Planning

The Board assumes its responsibility for succession planning which is a systematic effort and process of identifying and developing candidates for key leadership positions over time to ensure the continuity of management and leadership in an organisation. The objective of succession planning is to ensure that the organisation continues to operate successfully when individuals occupying critical positions and hard to replace competencies depart.

As part of its terms of reference, the Corporate Governance, Ethics, Nomination & Remuneration Committee has reviewed the succession plan for key executives of the Group and approved the nomination of Eric Dorchies as Chief Operating Officer, in addition to his current role as CEO of the woven cluster since there was a need to reinforce the commercial dynamism and synergies within the Group.

The Operational Excellence Committee also keeps track of the management of leadership talent at operational levels.

PRINCIPLE 4: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

Legal Duties

Directors are made aware of their legal duties upon their appointment and are reminded of same annually by the company secretary when asked to update the register of interests. Several documents and policies have also been implemented to help them fulfil their roles, namely, the code of ethics, conflict of interest/related party transactions policy, share dealings policy and board charter.

Directors' and Officers' Liability Insurance

A Directors' and Officers' Liability insurance policy has been subscribed by CIEL Textile for the Group as part of the CIEL Group cover.

Conflict of Interests/Related Party Transactions Policy

Transactions with related parties are disclosed in the financial statements. A Conflict of Interest/Related Party Transactions Policy has been approved by the Board to ensure that the deliberations and decisions made by CIEL are transparent and in the best interests of the Company. It also aims to protect the interests of the Officers from any appearance of impropriety and to ensure compliance with statutory disclosures and law. Notwithstanding the above, Directors of CIEL Textile are also invited by the company secretary, on an annual basis, to notify the Company of any direct and indirect interest in any transaction or proposed transaction with the Company. Declarations made by the Directors are entered in the interests' register which is maintained by the company secretary. Same is available for inspection by the shareholders upon written request to the company secretary.

Information, Information Technology and Information Security Governance

Board Information

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

Information Technology Policy

The Board recognises that the role of Information Technology ("IT") has grown in significance in the Company's corporate Governance framework as a means to achieve its strategic objectives and as a driver for value-creation. For this reason, all clusters within the CIEL Textile Group have devised their own IT policies which define the parameters regarding the use and monitoring of IT infrastructure and communication systems.

The monitoring of IT governance at cluster level falls within the purview of their respective IT Departments which periodically report to cluster CEOs on such matters. The IT function has also been identified as a key topical area within CIEL Textile's 3-year internal audit plan and would thus be assessed in due course.

Furthermore, CIEL Textile's representatives will henceforth be invited to participate in the IT Forum to be launched at the level of CIEL Limited whereby critical IT-related issues will be debated from a Group-wide perspective. Capital expenditures on IT-related equipment are incurred by the Company's subsidiaries and, if substantial, are reviewed and approved by their respective Boards as part of their annual budgets.

Share Dealing Policy

Directors ensure that their dealings in the shares of the Company are conducted in accordance with law. In that spirit, the Board has approved a Share Dealing Policy that reiterates the procedures to provide clear guidance to the Directors and Officers of CIEL Textile on the practice to be followed when dealing in shares of the Company to avoid the abuse of price-sensitive information (insider dealing). Directors are strictly prohibited to deal in shares of the Company during close periods.

Directors' Interests in the Shareholding of the Company as at June 30, 2018

	Direct	Indirect
Eddy Yeung Kan Ching	13,140	2,389

Save for Eddy Yeung Kan Ching, the other Directors of CIEL Textile who held shares in the Company as at June 30, 2017 accepted the offer made by CIEL Limited under the voluntary take over scheme for a total consideration of MUR. 50 per share, made up of 50% consideration in cash and 50% consideration in ordinary shares of CIEL, being MUR. 25 per share and 3.472 ordinary shares of CIEL Limited.

Board Evaluation

The Board has recommended that the effectiveness of the Board and its committees be examined every two years. That exercise was conducted this year, after the close of the financial year, by the financial services department of BDO, in association with Insync Surveys, using a benchmark survey approach. The results were benchmarked with best practices

which helped in the identification of areas of improvement. The anonymity of all respondents was ensured throughout the process to encourage frank exchange of views. The results of the survey were analysed by the Corporate Governance, Ethics, Nomination & Remuneration Committee prior to being reported at Board level.

Statement of Remuneration Policy

CIEL Textile strives towards remunerating its Directors in a manner that supports the achievements of its strategic objectives, while attracting and retaining scarce skills and rewarding high levels of performance. The Corporate Governance, Ethics, Nomination & Remuneration Committee determines the adequate remuneration to be paid to the Directors.

Directors' Fees

Members of the Board and Board committees were remunerated on the same basis as last year, as follows:

- Non-Executive and Independent Directors - a fixed annual fee of MUR. 150,000 and an attendance fee of MUR. 22,500 per meeting.
- International Director – an annual fee of Euro 10,000 and travelling expenses borne by the Company.

Corporate Governance, Ethics, Nomination & Remuneration Committee:

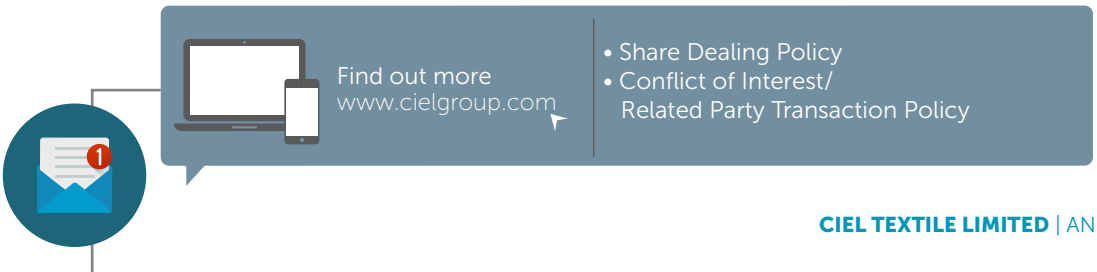
- MUR. 150,000 per year for the Chairman of the Committee
- MUR. 100,000 per year for the other members

Audit & Risk Committee:

- MUR. 225,000 per year for the Chairman of the Committee
- MUR. 150,000 per year for the other members

- No Directors' fees were paid to the members of the Operational Excellence Committee and to the Executive Directors.
- P. Arnaud Dalais, Jean-Pierre Dalais, L. J. Jérôme De Chasteauneuf and Hélène Echevin did not perceive Directors' fees from CIEL Textile, since they were already remunerated by CIEL Corporate Services Limited, itself holding a service agreement with the Company.
- Non-Executive Directors have not received remuneration in the form of share options or bonuses associated with the Company's performance.
- The remuneration of the Executive Directors is composed of a basic pay and an incentive scheme linked to profitability generated/dividends paid by the Group. The main objective of that scheme is to motivate the Executive Directors towards increasing the total value of the Company and to reward them for the creation of long-term value.

The Board believes that the remuneration of individual directors is sensitive information and has resolved not to disclose such information in the Annual Report. For the remuneration and benefits received, or due and receivable by the Directors of the Company and its subsidiaries as at June 30, 2018, please refer to the section Statutory Disclosures made pursuant section 221 of the Mauritius Companies Act 2001.



PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

Risk Management

The Board is responsible for the Company's systems of risk management and internal control, including those established to identify, manage and monitor risk. These systems are designed to mitigate, but cannot completely eliminate, the risks faced by the Company. The Board has delegated the responsibility for overseeing the implementation of these systems to the Audit & Risk Committee.

During the year under review, the Group Risk Officer of CIEL Limited ("CIEL") updated the risk assessment performed by EY in the previous financial year to reflect the most recent risks for CIEL Textile. On a quarterly basis, the Group Risk Officer of CIEL meets with senior management to update the risk register and report to the Audit & Risk Committee.

Some of the prominent risks faced by the Company in its daily operational activities are summarised as:

Financial Risks

These risks comprise currency risks, price risks, credit risks, liquidity risks as reported in the note 29 of the financial statements, where details have been provided. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping reliable credit lines available.

Operational Risks

These risks are defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Company's processes are periodically re-evaluated to ensure their effectiveness.

Compliance Risks

This risk is defined as the risk of not complying with laws, regulations and policies. The Company endeavors to comply with the requirements of the relevant legislations and regulatory authorities. CIEL Textile is also committed to the protection of the environment and towards society at large.

Reputational Risk

This risk arises from losses due to unintentional or negligent failure to meet a professional obligation to stakeholders. The Company's strong reputation revolves around effective communication and building solid relationships. Communication between the Company and its stakeholders has been the foundation for a strong reputation.

ICT Failure

This is a significant or sustained loss of ICT capability which could have a material effect on the ability to do business, especially in certain business units. The Management of business units are encouraged to create a central awareness of ICT risk around and ensure, as far as possible, that appropriate disaster recovery plans are in place.

Whistle Blowing

CIEL Textile fosters a culture of integrity and good governance and encourages all means to achieve same. Employees who have genuine concerns about a wrong-doing including, but not limited to, corruption, illegal, fraudulent or hazardous activities and/or violations of law, regulations, the code of ethics or Company policies are encouraged to promptly report them. A reporting mechanism is detailed in the Code of Ethics.

Employees may first raise concerns verbally or in writing with their direct manager, the HR department or CIEL's Legal department. If for any reason, they feel that it is not appropriate to make such a report to any of the above-mentioned person or department, they may address their report to the Chief Executive Officer. Again, if they believe that in the circumstances, even the Chief Executive Officer is not the appropriate person to whom they can make a report, they may address their report to the Chairman of the Corporate Governance, Ethics, Nomination and Remuneration Committee.

Find out more
www.cielgroup.com

• Code of Ethics

PRINCIPLE 6: REPORTING WITH INTEGRITY

The Directors affirm their responsibilities in preparing the Annual Report and Financial Statements of the Company and its subsidiaries. The Board also considers that, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders and other stakeholders to assess CIEL Textile's position, performance and outlook. Please refer to the Statement of Directors' Responsibilities. The Annual Report of CIEL Textile is available on CIEL's website.

Charitable and Political Contributions

	The Company		Subsidiaries	
	2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
Corporate Sustainability Responsibility ("CSR")*	**2**	4	**6,874**	3,472
Political	**-**	-	**475**	675
Charitable	**-**	-	**5,739**	2,788
Total	**2**	4	**13,088**	6,915

**Includes CSR donations which have been channelled to Fondation CIEL Nouveau Regard ("FCNR"), registered as a special purpose vehicle accredited to receive CSR contributions.*

Environment & Sustainability

CIEL Textile is a full member of the Sustainable Apparel Coalition ("SAC"), an alliance of stakeholders in the Textile & Apparel supply chain, addressing the urgent, global systemic challenges that are impossible to change alone. To that effect, CIEL Textile has appointed a 'Head of Sustainability' in April 2018, to consistently drive the Company into a position of leadership in its industry.

"We strongly believe that sustainable manufacturing is a continuous improvement journey and can only be achieved through a firm leadership commitment and the daily actions of our people. We thus focus on developing and nurturing a strong sense of responsibility amongst our teams, so they can drive a positive change for all our stakeholders"

Key Developments:

- Adoption of SAC's suite of tools to measure CIEL Textile's operations - the Higg Index allows standardised measurement, transparency and benchmarking to drive continuous improvement.
- Commitment to implement in full safer chemistry practices through membership of the ZDHC - 'Zero Discharge of Hazardous Chemicals' to protect consumers, workers and the environment.
- All facilities are structured with sustainability champions who are accountable to the CIEL Textile Sustainability Committee, chaired by the Chief Operating Officer, which meets on a quarterly basis.
- 'Act for our Community' and 'Act for our Environment', two key CSR initiatives rooted in the Group's calendars, to engage its employees in driving community projects through volunteering action.

PRINCIPLE 7: AUDIT

External Auditors

In accordance with the provisions of the Financial Reporting Act 2004 and the Code which requires listed companies to rotate their external auditors every seven (7) years, PWC was appointed as external auditors of the Group for the financial year under review in replacement of Deloitte, following a restricted tender exercise. Their nomination was submitted for the approval of the shareholders at the Annual Meeting held on December 11, 2017.

Significant audit issues are discussed at the Audit & Risk Committee and are reported under the Key Audit Matters section in the auditors' report. Furthermore, critical accounting policies, judgements and estimates are brought to the attention of the members and discussed with the external auditors during Audit & Risk Committees, especially when the audited financial statements of the Company and Group are reviewed. The Audit & Risk Committee regularly meets the external auditors in the presence of management since it has no impact on the objectivity of the meeting. However, the committee has considered that, if the need arises, it would meet the auditors without the presence of management.

The fees paid to the auditors for audit and other services for the financial year are described under Other Statutory Disclosures. The non-audit services provided by the external auditors relate mainly to tax computation, compliance and transaction advisory. The objectivity and independence of the external auditors are thus safeguarded since the teams involved in the provision of audit and non-audit services are separate and distinct. The Board is satisfied that the members of the committees have financial expertise to fulfill their duties and that they have effectively discharged their responsibilities during the year under review according to their terms of reference.

Internal Audit

The internal auditors report to the Audit & Risk Committee and maintain an open and constructive line of communication with management. The internal audit function for the CIEL Textile Group has been outsourced to Ernst & Young ("EY") which, upon their appointment, had performed an enterprise risk assessment exercise whereby top risks identified by management were rated in order of priority for the purpose of providing a basis for EY's 3-year internal audit plan. During the year under review, EY conducted a review of the payroll processes in place at the level of CIEL Textile's local business units and the conclusions of such internal audit exercise, together with EY's recommendations and management's comments, have been reported to the Audit & Risk Committee for discussion. Moreover, Varma & Varma, internal auditor of the CIEL Textile's Indian business units, has conducted internal audits at the level of such units, the scope of which included cash handling, statutory compliance, ledger review, procurement, payroll process and human resources.

In May 2018, EY's Indian office was appointed internal auditor of the Indian business units in replacement of Varma & Varma and a 3-year internal audit plan has been devised based on an initial risk assessment exercise.

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Shareholding

As at June 30, 2018, the stated capital of CIEL Textile was made up of:

- MUR. 685,865,487 represented by 101,807,589 no par value ordinary shares; and
- MUR. 3,500,100 represented by 100 Redeemable B shares.

CIEL Limited was the only shareholder holding more than 5% of the stated capital of the Company as at June 30, 2018 i.e. 88.48%.

Common Directors within the Shareholding Structure as at June 30, 2018

	CIEL Textile	CIEL Limited
P. Arnaud Dalais *(Chairman)*	√	√
Jean-Pierre Dalais	√	√
L. J. Jérôme De Chasteauneuf	√	√
Antoine Delaporte	√	√
Roger Espitalier Noël	√	√
J. Harold Mayer	√	√

Group Structure as at June 30, 2018

CIEL TEXTILE

WOVEN CLUSTER

- **100%** Aquarelle Clothing Limited
  - **50%** Laguna Clothing (Mauritius) Limited
    - **99.20%** Laguna Madagascar SA
    - **98.80%** New Island Clothing Madagascar SA *(In process of winding-up)*
  - **100%** Consolidated Fabrics Limited

- **100%** Aquarelle International Limited
  - **99.99%** Aquarelle Madagascar SA
  - **99.99%** Aquarelle India (Private) Limited
  - **50%** Laguna Clothing Private Limited
  - **33.33%** CIELTEX SA PTY
  - **33.33%** Tinka International Limited

Group Structure as at June 30, 2018 (Cont'd)

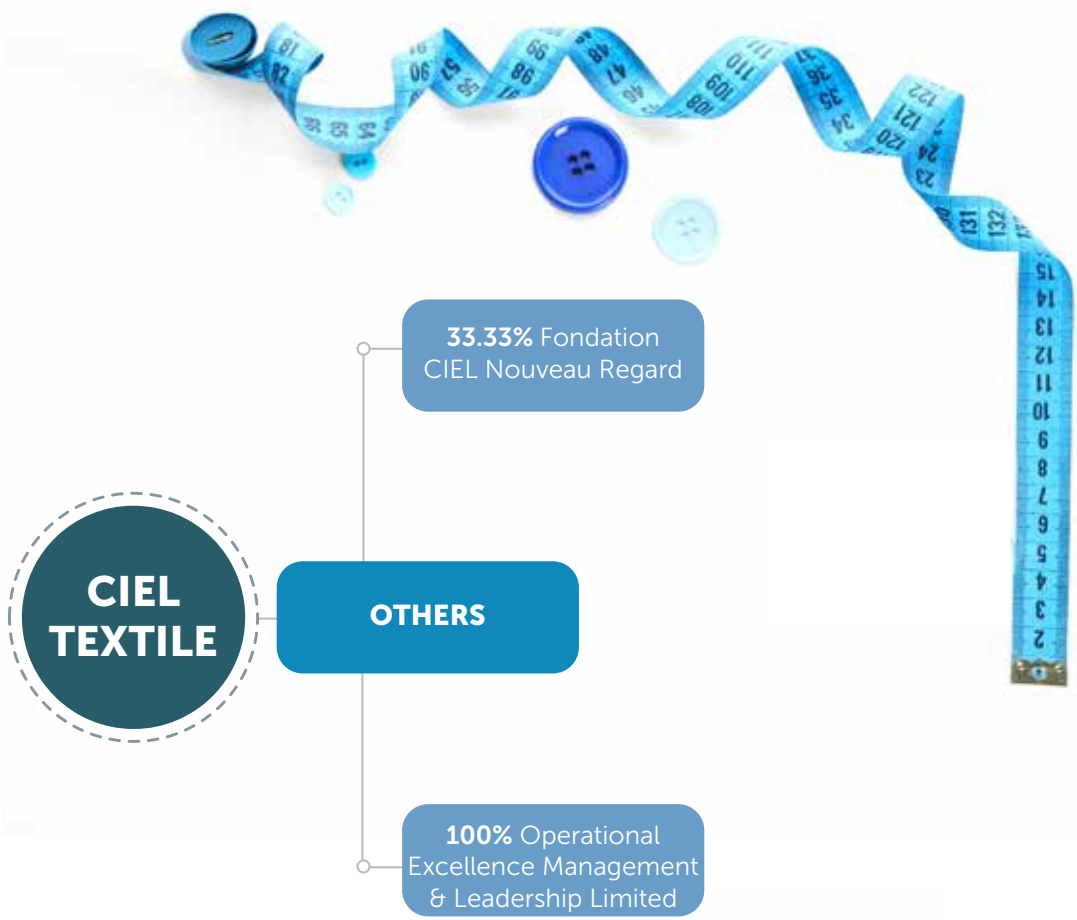
CIEL TEXTILE

KNITWEAR CLUSTER

- **100%** Floreal Knitwear Limited
  - **0.20%** Société Civile Immobilière des Mascareignes
  - **0.06%** Ajax Sweaters Limited
  - **100%** CTL Retail Limited*
  - **100%** Floreal Property Limited
- **100%** Ferney Spinning Mills Limited
- **100%** Floreal International Limited
  - **99.80%** Société Civile Immobilière des Mascareignes
    - **83.53%** Texaro SA
  - **99.48%** Floreal Madagascar SA
  - **99.94%** Ajax Sweaters Limited
    - **20%** Floreal Trading Limited
  - **33.33%** CIELTEX SA PTY
  - **33.33%** Tinka International Limited
  - **0.32%** Société SOBOMA
  - **80%** Floréal Trading Limited
- **99.90%** Antsirabe Knitwear SA

* CTL Retail Limited was disposed of on August 1, 2018

Group Structure as at June 30, 2018 (Cont'd)



Shares in Public Hands

In accordance with the DEM Rules of the SEM, at least 10% of the shareholding of CIEL Textile is in the hands of the public.

Share Option Plan

CIEL Textile has no Employee Share Option plan.

Shareholders' Agreement

To the best knowledge of the Company, there has been no such agreement with any of its shareholders.

Third Parties Main Agreements

- CIEL Textile holds an agreement with CIEL Corporate Services Limited ("CCS") (a subsidiary of CIEL Limited) for the provision of strategic support & Group strategy harmonisation, legal, company secretarial and payroll services to the companies of the Group. Estimated amount payable to CCS for the financial year ended June 30, 2018 - MUR. 24.3M This fee also covers the time allocation dedicated to CIEL Textile by P. Arnaud Dalais, Jean-Pierre Dalais, L. J. Jérôme De Chasteauneuf and Hélène Echevin, who are currently employed by CCS. No Directors fees are paid to them by CIEL Textile.

- CIEL Textile holds a treasury agreement with Azur Financial Services Limited (a subsidiary of CIEL Limited) for the provision of cash management services, treasury advisory services and foreign exchange & money market brokerage services to the Group. CIEL Textile pays a fixed monthly fee for the cash management together with a variable fee, based on the volume of intercompany transactions processed by Azur Financial Services Limited for the Group. An amount of MUR. 3.5M was paid to Azur Financial Services Limited for the financial year ended June 30, 2018.

Dividend

Dividends are normally declared and paid twice yearly, subject to the performance of the Company, its cash availability and future capital commitments or as otherwise decided by the Board. Directors ensure that the Company satisfies the solvency test for each declaration of dividend and sign a certificate of compliance with the solvency test.

The dividends declared per ordinary share have been as follows over the past two years:

	2018 - MUR.	2017 - MUR.
Interim Dividend	**1.25**	1.25
Final Dividend	**1.50**	1.75

The dividends declared per Redeemable B share have been as follows over the past two years:

	2018 - MUR.	2017 - MUR.
Interim Dividend	**25,452**	25,452
Final Dividend	**30,542**	35,633

The Redeemable B Shares are entitled to non-cumulative dividends, do not carry any voting rights and cannot be transferred or pledged in favour of a creditor.

Key Stakeholders

CIEL Textile is committed to engage actively with its stakeholders to meet their expectations and interests in an effective and efficient manner. CIEL Textile's key stakeholders and the way it has responded to their expectations are described below:

Shareholders

CIEL Textile understands the importance of a transparent communication to its stakeholders. Shareholders are invited to attend the annual meeting which is the ideal forum of exchange with Board members and the auditors. In addition to usual agenda items, the Executive Directors make a presentation on the operations. Notices of annual meetings are sent to the shareholders within the prescribed delay imposed by law and are also published in the press.

Financial Partners

Communication with financial institutions and the financial community in general, usually takes places through CIEL (CIEL Textile's holding company) investors' meetings. The main recurring topic of discussion is financial performance. The presentation made to financial analysts is also posted on CIEL's website.

Regulators

CIEL Textile's business activities are conditional on regulatory requirements meaning that regulators have a high level of influence and interest in the Company's operations. The Company ensures at all times that it complies with regulatory provisions and guidelines in the conduct of its activities.

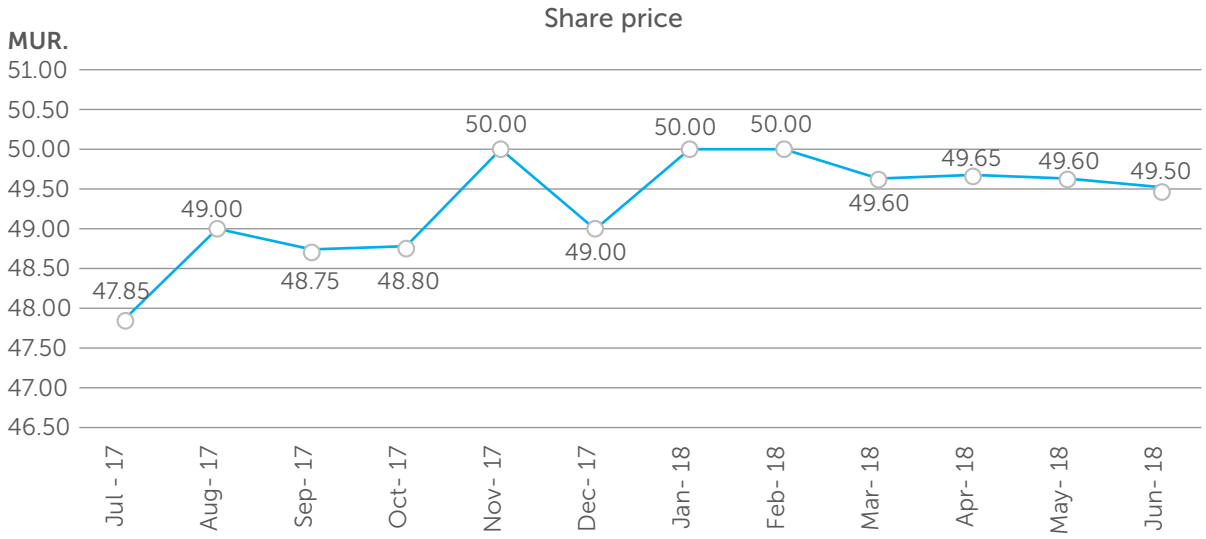
Employees of the Group

CIEL Textile recognises that its workforce is key to its performance and development. During the year, an employee engagement survey has been launched within specific clusters of the Group which provides the basis for improvements in some areas.

Shareholders' Information and Calendar of Events

Event	Month
Financial year end	June 30
Annual Meeting of shareholders	December 2018
Declaration/payment of dividend:	
- Interim	December/January
- Final	June/July
Publication of first quarter results	November
Publication of half yearly results	February
Publication of third quarter results	May
Publication of full year results	September

Share Price Information



This report has been approved by the Board upon recommendation of the Corporate Governance, Ethics, Nomination & Remuneration Committee.

P. Arnaud Dalais
Chairman

Henri de Simard de Pitray
Chairman of the Corporate Governance, Ethics, Nomination & Remuneration Committee

Clothilde de Comarmond, ACIS
Group Company Secretary
For and on behalf of CIEL Corporate Services Ltd

September 25, 2018

OTHER
STATUTORY DISCLOSURES
(Section 221 of the Mauritius Companies Act 2001)

Principal Activity and History

CIEL Textile was incorporated as a private company on January 19, 1971 under the name Floreal Knitwear Limited, was converted to a public company on December 2, 1992 and changed its name to CIEL Textile on August 17, 2001. CIEL Textile is a public company listed on the DEM of the SEM and is registered as a Reporting Issuer with the FSC. It is the holding company of the CIEL Textile Group, a world-class player in textile and garment operations. CIEL Textile is a regional one-stop shop, with vertically integrated business units, from yarn spinning to finished garments.

Shareholding Profile

Ownership by Size of Shareholding	Ordinary Shares		
	Shareholder Count	Number of Shares	Percentage Held
1 - 500	729	94,932	0.09
501 - 1,000	143	112,654	0.11
1,001 - 5,000	276	652,414	0.64
5,001 - 10,000	82	583,405	0.57
10,001 - 50,000	115	2,553,829	2.51
50,001 - 100,000	18	1,302,367	1.28
100,001 - 250,000	15	2,158,181	2.12
250,001 - 500,000	1	384,400	0.38
500,001 - 1,000,000	1	868,145	0.85
Over 1,000,001	2	93,097,262	91.45
Total	**1,382**	**101,807,589**	**100.00**

Ownership by category of shareholding	Ordinary Shares		
Category	Shareholder Count	Number of Shares	Percentage Held
Individuals	1,229	5,284,575	5.19
Insurance & Assurance Companies	3	44,800	0.04
Investment and Trust Companies	46	880,439	0.87
Other Corporate Bodies	90	91,661,461	90.03
Pension and Provident Funds	14	3,936,314	3.87
Total	**1,382**	**101,807,589**	**100.00**

The above number of shareholders is indicative due to consolidation of multi portfolios for reporting purposes.

Directors' Remuneration and Benefits

	The Company		Subsidiaries	
	2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
Directors of the Company				
Executive Directors of CIEL Textile	**-**	-	**97,872**	82,347
Non-Executive & Independent Directors	**2,092**	1,888	**2,290**	2,922
Executive Directors of subsidiaries	**-**	-	**84,369**	99,304

Directors of Subsidiaries

The list of Directors of subsidiaries of CIEL Textile as at June 30, 2018 is as follows:

Annabelle Lonborg-Nielsen	Operational Excellence Management & Leadership Limited
Aquarelle Madagascar SA	Antsirabe Knitwear SA
Ayaz Tajoo	Aquarelle Madagascar SA Laguna Madagascar SA
Bertrand Rivalland	Ajax Sweaters Limited Aquarelle International Limited Aquarelle Madagascar SA CIELTEX SA PTY CTL Retail Limited[1] Floreal International Limited Floreal Madagascar SA Floreal Property Limited Floreal Trading Limited Laguna Madagascar SA Société Bonneterie Malagasy - SOBOMA Société Textile d'Andraharo SA - TEXARO Tinka International Limited TKL International Limited TKL Knits (India) Private Limited Tropic Mad SA

OTHER
STATUTORY DISCLOSURES (CONT'D)
(Section 221 of the Mauritius Companies Act 2001)

Directors of Subsidiaries (Cont'd)

Bertrand Thevenau	CDL Knits Limited Société Bonneterie Malagasy - SOBOMA Tinka International Limited TKL International Limited TKL Knits (India) Private Limited Tropic Knits Limited Tropic Mad SA
Bharat Bhushan Bhugra	Ajax Sweaters Limited
Bruno Monti	Laguna Clothing (Mauritius) Limited Laguna Clothing Private Limited Laguna Madagascar SA
Charles Perrier	Ajax Sweaters Limited CTL Retail Limited[1] Floreal International Limited Floreal Madagascar SA Floreal Property Limited Société Textile d'Andraharo SA - TEXARO
CIEL Textile Limited (Represented by Guillaume Dalais)	Antsirabe Knitwear SA
Dora Brocchetto	CIELTEX SA PTY
Eddy Yeung Kan Ching	Aquarelle Clothing Limited CDL Knits Limited Consolidated Fabrics Limited Ferney Spinning Mills Limited Floreal Knitwear Limited Tropic Knits Limited
Elvis Cateaux	N.I.C. Madagascar SA*

Eric Dorchies	Aquarelle Clothing Limited Aquarelle India (Private) Limited Aquarelle International Limited Aquarelle Madagascar SA Consolidated Fabrics Limited Laguna Clothing (Mauritius) Limited Laguna Clothing Private Limited Laguna Madagascar SA N.I.C. Madagascar SA* Tinka International Limited
Françoise Ip	Ajax Sweaters Limited CTL Retail Limited1 Floreal International Limited Floreal Madagascar SA Floreal Property Limited Société Textile d'Andraharo SA - TEXARO
Guillaume Dalais	Ajax Sweaters Limited Antsirabe Knitwear SA CDL Knits Limited CTL Retail Limited[1] Ferney Spinning Mills Limited Floreal International Limited Floreal Knitwear Limited Floreal Madagascar SA Floreal Property Limited Floreal Trading Limited TKL International Limited TKL Knits (India) Private Limited Tropic Knits Limited
Jane Yee Sak Chan	Société Bonneterie Malagasy - SOBOMA TKL International Limited TKL Knits (India) Private Limited Tropic Mad SA

OTHER
STATUTORY DISCLOSURES (CONT'D)
(Section 221 of the Mauritius Companies Act 2001)

Directors of Subsidiaries (Cont'd)

Jean-Baptiste Doger de Spéville	Floreal Trading Limited
Jean-Pierre Dalais	Aquarelle Clothing Limited CDL Knits Limited Consolidated Fabrics Limited Ferney Spinning Mills Limited Floreal Knitwear Limited Laguna Clothing (Mauritius) Limited Tropic Knits Limited
Jérôme Couve de Murville	Société Bonneterie Malagasy - SOBOMA TKL International Limited Tropic Knits Limited Tropic Mad SA
L. J. Jérôme de Chasteauneuf	Aquarelle Clothing Limited CDL Knits Limited Consolidated Fabrics Limited (Alternate of Eddy Yeung Kan Ching) Ferney Spinning Mills Limited Floreal Knitwear Limited Tropic Knits Limited
J. Harold Mayer	Aquarelle Clothing Limited CDL Knits Limited Consolidated Fabrics Limited Ferney Spinning Mills Limited Floreal Knitwear Limited Laguna Clothing Private Limited N.I.C. Madagascar SA* Operational Excellence Management & Leadership Limited TKL Knits (India) Private Limited Tropic Knits Limited
Krishna Kant Gangwar	TKL Knits (India) Private Limited

Laguna Clothing (Mauritius) Limited (Represented by Navin Kumar Causy)	Laguna Madagascar SA
Lockmanya Shiw Maharaj	Aquarelle International Limited
Louis Baron Stephane Fromet De Rosnay	N.I.C. Madagascar SA*
Manuel Monti	Laguna Clothing (Mauritius) Limited Laguna Madagascar SA
Michel Mayer	CDL Knits Limited
Nagesh Murali	Aquarelle India (Private) Limited
Navin Kumar Causy	Aquarelle International Limited Aquarelle Madagascar SA
Neera Munisamy	Ajax Sweaters Limited Antsirabe Knitwear SA Floreal Trading Limited
Paolo Monti	Laguna Clothing Private Limited
P. Arnaud Dalais	Aquarelle Clothing Limited CDL Knits Limited Consolidated Fabrics Limited Ferney Spinning Mills Limited Floreal Knitwear Limited N.I.C. Madagascar SA* Tropic Knits Limited
Pascal Walter	Consolidated Fabrics Limited
Rajesh Kumar	Laguna Clothing Private Limited

OTHER
STATUTORY DISCLOSURES (CONT'D)
(Section 221 of the Mauritius Companies Act 2001)

Directors of Subsidiaries (Cont'd)

Ramasubramanian Sundaram	CDL Knits Limited TKL International Limited TKL Knits (India) Private Limited Tropic Knits Limited
Roger Espitalier-Noël	Aquarelle Clothing Limited Aquarelle Madagascar SA CDL Knits Limited Consolidated Fabrics Limited CTL Retail Limited[1] Ferney Spinning Mills Limited Floreal Knitwear Limited Floreal Madagascar SA N.I.C. Madagascar SA* Société Textile d'Andraharo SA - TEXARO Tropic Knits Limited Tropic Mad SA
Sarbajit Ghose	Laguna Clothing (Mauritius) Limited Laguna Clothing Private Limited
Sathisha	Aquarelle India (Private) Limited
Shamad Choolun	Floreal Madagascar SA
Sidick Bocus	Tropic Mad SA
Tropic Mad SA	Antsirabe Knitwear SA

Vonifanja Raveloarivony	Aquarelle Madagascar SA
	Floreal Madagascar SA
	Laguna Madagascar SA
	Société Bonneterie Malagasy - SOBOMA
	Société Civile Immobilière des Mascareignes
	Société Textile d'Andraharo SA - TEXARO
	Tropic Mad SA

**In process of winding-up* *[1]. Resigned on August 1, 2018*

External Audit Fees

	The Company		Subsidiaries	
	2018	2017	**2018**	23.813
	MUR'000	MUR'000	**MUR'000**	MUR'000
Audit fees payable to:				
Local firms	**550**	530	**4,250**	4,120
Overseas auditors	**-**	-	**3,796**	3,998
	550	530	**8,046**	8,118
Other fees payable to*:				
Local firms	**40**	31	**735**	659
Overseas auditors	**-**	-	**886**	763
Other firms	**1,015**	1,015	**125**	4,600
	1,055	1,046	**1,746**	6,022

Note: Fees are exclusive of VAT

** Other fees include tax compliance, transaction and consolidation fees*

Internal Audit Fees

Fees paid in respect of the internal audit for the year under review was MUR. 1,885,000.

Retirement Benefit Obligations

The details of the total amount of provisions booked or otherwise recognised by the Company are provided in note 14 of the financial statements.

Related Party Transactions

Transactions with related parties are disclosed in detail in note 28 of the financial statements.

OTHER
STATUTORY DISCLOSURES (CONT'D)
(Section 221 of the Mauritius Companies Act 2001)

Service Contracts

The Group Chief Executive Officer of CIEL Textile and clusters' Chief Executive Officers hold service contracts with the Company, with no expiry terms. Executive Directors of the subsidiaries of the Company also hold service contracts with either the Company or the subsidiaries of the Company, with no expiry terms.

Contract of Significance

There were no contracts of significance subsisting during or at the end of the year in which a Director of the Company is or was materially interested, either directly or indirectly.

Stock Exchange of Mauritius Sustainability Index ("SEMSI")

CIEL Textile has been awarded the Sustainability Index Rating score of 68% by the SEM through its sustainability Index. Such index provides a benchmarking system for Mauritian companies in terms of best sustainable practices on governance, economic, social and environmental grounds.

Share Registry & Transfer Office

CIEL Textile's Share Registry & Transfer Office is administered by MCB Registry & Securities Limited. If you have any queries regarding your account, wish to change your name or address, or have questions about lost certificates, share transfers or dividends, you may contact the Share Registry and Transfer Office, whose contact details are as follows:

MCB Registry & Securities
2nd Floor, MCB Centre
9-11 Sir William Newton Street, Port Louis
Tel: +230 202 5397
Fax: +230 208 1167

On Behalf of the Board

P. Arnaud Dalais
Chairman

Alain Rey
Chairman of the Audit
& Risk Committee

September 25, 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare Financial Statements in accordance with International Financial Reporting Standards ("IFRS") for each financial year, which present fairly the financial position, financial performance and cash flows of the Group and the Company.

The Directors confirm that, in preparing the Financial Statements, they have to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State that IFRS have been adhered to, subject to any material departures being disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business; and
- Ensure application with the Code of Corporate Governance ("Code") and provide reasons in case of non-application with the Code.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and Company to enable them to ensure that the Financial Statements comply with the Mauritius Companies Act 2001, IFRS and the Financial Reporting Act 2004.

They are also responsible for safegarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors hereby confirm that they have complied with the above requirements.

On behalf of the Board,

P. Arnaud Dalais
Chairman

Alain Rey
Chairman of the Audit
& Risk Committee

September 25, 2018

CERTIFICATE FROM THE COMPANY SECRETARY

In our capacity as Company Secretary of CIEL Textile Limited ("Company"), we hereby confirm that, to the best of our knowledge and belief, the Company has lodged with the Registrar of Companies as at June 30, 2018, all such returns as are required for a company in terms of the Mauritius Companies Act 2001, and that such returns are true, correct and up to date.

Clothilde de Comarmond, ACIS
Group Company Secretary
For and on behalf of CIEL Corporate Services Ltd

September 25, 2018

FACTS AND FIGURES

INDEPENDENT AUDITOR'S REPORT
to the shareholders of CIEL Textile Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Our Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of CIEL Textile Limited ("the Company") and its subsidiaries (together the "Group") and of the Company standing alone as at June 30, 2018, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

CIEL Textile Limited's consolidated and separate financial statements set out on pages 73 to 135 comprise:

- the consolidated and separate statements of financial position as at June 30, 2018;
- the consolidated and separate statements of profit or loss for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

Basis for Opinion

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT
to the shareholders of CIEL Textile Limited (Cont'd)

Report on the Audit of the Consolidated and Separate Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter - Company	How our audit addressed the key audit matter
Impairment of investments in subsidiaries As described in note 6, the Company holds investments in subsidiaries which amounted to MUR. 1,212,530,000 as at June 30, 2018 (2017: MUR. 1,212,515,000). Management determines at the end of each reporting period the existence of any indication of impairment of the Company's investments in subsidiaries. If there are indicators of impairment, the shortfall between the recoverable amount of the subsidiaries and their carrying value would be recognised in profit or loss. The assessment of indicators of impairment and where such indicators exist, the determination of the recoverable amounts of the investments in subsidiaries require judgement. The determination of the recoverable amounts when value in use is applicable requires estimates of forecasted revenues, growth rates, tax rates and discount rates.	We have compared the carrying amounts of investments, with the relevant subsidiaries' management accounts to identify whether their net assets, being an approximation of the minimum recoverable amount of the related investments, were in excess of their carrying amounts. For those subsidiaries where the carrying amounts exceeded the net asset value, we have assessed their recoverable amounts based on our understanding of the nature of the subsidiaries' businesses and the economic environment in which they operate. We challenged management's forecast revenues, growth rates and discount rates based on our knowledge of the subsidiaries' operations, and compared them against actual performance. This included obtaining an understanding of management's planned strategies around business expansion, revenue stream growth strategies and cost initiatives, and the analyses of the impact to the recoverable amounts when breakeven or independently derived discount rates were applied.

Key audit matter - Group	How our audit addressed the key audit matter
Deferred income tax assets As described in note 9, the Group has recognised deferred income tax assets amounting to MUR. 30,766,000 as at June 30, 2018 (2017: MUR. 64,031,000). Management has recognised the deferred income tax assets to the extent that it is probable that future taxable profit will be available against which the temporary differences will be utilised and tax losses will be realised. This requires management judgement in estimating future taxable income.	We have evaluated the recognition and measurement of the deferred income tax assets and liabilities by: • assessing the accuracy of current and deferred income tax calculations. • evaluating management's assessment of the expected manner in which the timing differences, including the recoverability of the deferred income tax assets, would be realised by comparing this to evidence obtained in respect of other areas of the audit, including cash flow forecasts, business plans, and minutes of directors' meetings and our knowledge of the business. • challenging the assumptions made by management for uncertain tax positions to assess whether appropriate deferred tax provisions have been recognised and are based on the most probable outcome • assessing management's judgement used in defining the tax rate applicable in light of changes in legislation. • challenging management's assumptions underlying the assessment of future taxable profits.

INDEPENDENT AUDITOR'S REPORT
to the shareholders of CIEL Textile Limited (Cont'd)

Report on the Audit of the Consolidated and Separate Financial Statements (Cont'd)

Other Information

The directors are responsible for the other information. The other information comprises the Corporate Governance Report, the Statement of Compliance, the Statement of Directors' Responsibilities in respect of the preparation of financial statements and the Certificate from the Company Secretary but does not include the consolidated and separate financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report and other reports to be included in the Annual Report which are expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our reporting responsibilities regarding the corporate governance report is dealt with in the "Report on Other Legal and Regulatory Requirements" section of this report.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above 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 not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the 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 Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of 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/or 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 the 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 consolidated and separate financial statements.

INDEPENDENT AUDITOR'S REPORT
to the shareholders of CIEL Textile Limited (Cont'd)

Report on the Audit of the Consolidated and Separate Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Cont'd)

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

- Identify and assess the risks of material misstatement of the 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 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/or 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 consolidated and separate 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 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 the directors 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 the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, 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 these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT
to the shareholders of CIEL Textile Limited (Cont'd)

Report on the Audit of the Consolidated and Separate Financial Statements (Cont'd)

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

a. we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor and tax advisor of the Company and some of its subsidiaries;
b. we have obtained all the information and explanations we have required; and
c. in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Financial Reporting Act 2004

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the "Code") as disclosed in the annual report on pages 30 to 64 and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report on pages 30 to 64 is consistent with the requirements of the Code.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

Robert Coutet, licensed by FRC

September 25, 2018

Consolidated and Separate Statements of Financial Position

As at June 30, 2018

	Notes	THE GROUP		THE COMPANY	
		2018	2017	2018	2017
ASSETS		MUR'000	MUR'000	MUR'000	MUR'000
Non-current assets					
Property, plant and equipment at fair value	4	2,173,800	2,279,684	132,373	128,935
Property, plant and equipment at cost	4	1,956,061	1,799,665	-	-
Intangible assets	5	31,597	38,473	-	-
Investments in:					
- Subsidiary companies	6	-	-	1,212,530	1,212,515
- Available for sale investments	7	6,712	6,712	6,712	6,712
		6,712	6,712	1,219,242	1,219,227
Non-current receivables	8	13,061	12,521	-	-
Deferred income tax assets	9	30,766	64,031	-	-
		4,211,997	4,201,086	1,351,615	1,348,162
Current assets					
Inventories	10	3,249,050	2,909,184	-	-
Trade and other receivables	11	2,903,298	2,584,161	180,659	205,178
Fair value asset on forward contracts	29	87,701	8,011	-	-
Cash and cash equivalents	24(c)	429,194	647,048	2,076	1,429
		6,669,243	6,148,404	182,735	206,607
TOTAL ASSETS		10,881,240	10,349,490	1,534,350	1,554,769
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	12	685,865	685,865	685,865	685,865
Revaluation and other reserves		611,355	705,034	144,977	144,977
Retained earnings		2,996,059	3,050,177	154,561	153,936
Total attributable to owners of the Company		4,293,279	4,441,076	985,403	984,778
Non-controlling interests		322,807	292,053	-	-
Total equity		4,616,086	4,733,129	985,403	984,778
Non-current liabilities					
Borrowings	13	108,650	127,803	-	-
Deferred income tax liabilities	9	191,293	267,491	20,734	21,332
Retirement benefit obligations	14	228,250	234,264	-	-
		528,193	629,558	20,734	21,332
Current liabilities					
Trade and other payables	15	1,751,698	1,580,407	375,495	370,496
Fair value liability on forward contracts	29	8,067	28,474	-	-
Provisions	16	11,621	26,460	-	-
Borrowings	13	3,791,757	3,166,059	-	-
Current income tax liabilities	17(a)	21,107	7,240	7	-
Dividends payable	23	152,711	178,163	152,711	178,163
		5,736,961	4,986,803	528,213	548,659
TOTAL LIABILITIES		6,265,154	5,616,361	548,947	569,991
TOTAL EQUITY AND LIABILITIES		10,881,240	10,349,490	1,534,350	1,554,769

These financial statements have been approved for issue by the Board of Directors on September 25, 2018.

P. Arnaud Dalais
Chairman

Alain Rey
Chairman of the Audit & Risk Committee

The notes on pages 79 to 135 form an integral part of these financial statements.
Auditor's report on pages 68 to 72.

Consolidated and Separate Statements of Profit or Loss

For the year ended June 30, 2018

	Notes		THE GROUP		THE COMPANY	
			2018	2017	**2018**	2017
			MUR'000	MUR'000	**MUR'000**	MUR'000
Revenue	27		**10,943,943**	10,509,069	**285,586**	311,531
Earnings before interest, tax, depreciation and amortisation	18		**759,024**	997,002	**289,082**	314,606
Depreciation and amortisation			**(274,316)**	(250,218)	**(3,520)**	(3,089)
Earnings before interest and income tax			**484,708**	746,784	**285,562**	311,517
Finance income	21		**11,317**	17,680	**43**	99
Finance costs	21		**(135,787)**	(99,800)	**(5,600)**	(6,131)
Net finance costs	21		**(124,470)**	(82,120)	**(5,557)**	(6,032)
Profit before income tax	20		**360,238**	664,664	**280,005**	305,485
Income tax (expense)/credit	17(c)		**(42,961)**	(103,153)	**591**	512
Profit for the year			**317,277**	561,511	**280,596**	305,997
Profit attributable to:						
Owners of the Company			**232,784**	458,645		
Non-controlling interests			**84,493**	102,866		
			317,277	561,511		
Basic and diluted earnings per share	22	MUR.	**2.29**	4.51		

The notes on pages 79 to 135 form an integral part of these financial statements.
Auditor's report on pages 68 to 72.

Consolidated and Separate Statements of Comprehensive Income

For the year ended June 30, 2018

	Notes	THE GROUP		THE COMPANY	
		2018	2017	**2018**	2017
		MUR'000	MUR'000	**MUR'000**	MUR'000
Profit for the year		**317,277**	561,511	**280,596**	305,997
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Revaluation surplus		**-**	29,752	**-**	15,787
Deferred income tax on revaluation surplus	9	**11,771**	(12,773)	**-**	(2,684)
Remeasurements of post employment benefit obligations		**(6,983)**	(29,896)	**-**	-
Deferred income tax on remeasurements of post employment benefit obligations	9	**(914)**	2,078	**-**	-
		3,874	(10,839)	**-**	13,103
Items that may be reclassified subsequently to profit or loss					
Amount recognised in cash flow hedge reserve		**83,645**	(27,785)	**-**	-
Deferred income tax on cash flow hedge reserve	9	**(8,715)**	(2,279)	**-**	-
Exchange differences		**(187,893)**	(26,634)	**-**	-
		(112,963)	(56,698)	**-**	-
Other comprehensive (loss)/income for the year		**(109,089)**	(67,537)	**-**	13,103
Total comprehensive income for the year		**208,188**	493,974	**280,596**	319,100
Total comprehensive income attributable to:					
Owners of the Company		**139,105**	378,494		
Non-controlling interests		**69,083**	115,480		
		208,188	493,974		

The notes on pages 79 to 135 form an integral part of these financial statements.
Auditor's report on pages 68 to 72.

Consolidated and Separate Statements of Changes in Equity

For the year ended June 30, 2018

THE GROUP	Notes	(Attributable to the Owners of the Company)										
		Stated Capital	Capital Reserve Redemption	Revaluation Surplus	General Reserve	Actuarial Losses	Cash Flow Hedge Reserve	Retained Earnings	Translation of foreign operations	Sub-Total	Non-controlling interests	Total Equity
At June 30, 2018		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	**MUR'000**	MUR'000	**MUR'000**
Balance as at July 1, 2017		685,865	75,000	860,559	1,505	(87,846)	(14,405)	3,050,177	(129,779)	**4,441,076**	292,053	**4,733,129**
Profit for the year		-	-	-	-	-	-	232,784	-	**232,784**	84,493	**317,277**
Other comprehensive income		-	-	11,771	-	(7,637)	74,931	-	(172,744)	**(93,679)**	(15,410)	**(109,089)**
Transactions with owners:												
Changes in ownership interest in subsidiaries that do not result in a loss of control		-	-	-	-	-	-	(448)	-	**(448)**	-	**(448)**
Dividends and tax paid by foreign subsidiary	23	-	-	-	-	-	-	(6,483)	-	**(6,483)**	(38,329)	**(44,812)**
Ordinary dividends	23	-	-		-	-	-	(279,971)	-	**(279,971)**	-	**(279,971)**
Balance as at June 30, 2018		**685,865**	**75,000**	**872,330**	**1,505**	**(95,483)**	**60,526**	**2,996,059**	**(302,523)**	**4,293,279**	**322,807**	**4,616,086**
At June 30, 2017												
Balance as at July 1, 2016		685,865	75,000	853,769	1,505	(59,842)	15,609	2,922,721	(100,856)	**4,393,771**	329,916	**4,723,687**
Profit for the year		-	-	-	-	-	-	458,645	-	**458,645**	102,866	**561,511**
Other comprehensive income		-	-	6,790	-	(28,004)	(30,014)	-	(28,923)	**(80,151)**	12,614	**(67,537)**
Transactions with owners:												
Dividends and tax paid by foreign subsidiary	23	-	-	-	-	-	-	(25,766)	-	**(25,766)**	(153,343)	**(179,109)**
Ordinary dividends	23	-	-	-	-	-	-	(305,423)	-	**(305,423)**	-	**(305,423)**
Balance as at June 30, 2017		**685,865**	**75,000**	**860,559**	**1,505**	**(87,846)**	**(14,405)**	**3,050,177**	**(129,779)**	**4,441,076**	**292,053**	**4,733,129**

The notes on pages 79 to 135 form an integral part of these financial statements.
Auditor's report on pages 68 to 72.

Consolidated and Separate Statements of Changes in Equity (Cont'd)

For the year ended June 30, 2018

THE COMPANY	Notes	Stated Capital	Revaluation Surplus	Retained Earnings	Total Equity
		MUR'000	MUR'000	MUR'000	MUR'000
At July 1, 2017		685,865	144,977	153,936	984,778
Profit for the year		-	-	280,596	280,596
Transactions with owners:					
Ordinary dividends	23	-	-	(279,971)	(279,971)
At June 30, 2018		**685,865**	**144,977**	**154,561**	**985,403**
At July 1, 2016		685,865	131,874	153,362	971,101
Profit for the year		-	-	305,997	305,997
Other comprehensive income		-	13,103	-	13,103
Transactions with owners:					
Ordinary dividends	23	-	-	(305,423)	(305,423)
At June 30, 2017		**685,865**	**144,977**	**153,936**	**984,778**

The notes on pages 79 to 135 form an integral part of these financial statements.
Auditor's report on pages 68 to 72.

Consolidated and Separate Statements of Cash Flows

For the year ended June 30, 2018

	Notes	THE GROUP		THE COMPANY	
		2018	2017	**2018**	2017
		MUR'000	MUR'000	**MUR'000**	MUR'000
OPERATING ACTIVITIES					
Cash generated from/(used in) operations	24(b)	**221,318**	887,111	**7,577**	(276)
Dividend received		**-**	-	**311,531**	337,492
Interest received		**11,317**	17,680	**43**	99
Tax paid	17(b)	**(63,780)**	(137,590)	**-**	(8)
Interest paid		**(129,679)**	(93,183)	**-**	(23)
Net cash from operating activities		**39,176**	674,018	**319,151**	337,284
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	4	**(506,390)**	(598,553)	**(6,958)**	-
Purchase of intangible assets	5	**(8,544)**	(22,004)	**-**	-
Investment in subsidiary company		**-**	-	**(15)**	-
Purchase of additional shares in subsidiary		**(448)**	-	**-**	-
Movement in non-current receivables		**(540)**	10,116	**-**	-
Proceeds from disposal of property, plant and equipment		**13,775**	7,888	**-**	-
Net cash used in investing activities		**(502,147)**	(602,553)	**(6,973)**	-
FINANCING ACTIVITIES					
Addition in bank loans		**61,326**	2,800	**-**	-
Repayment in bank loans		**(4,307)**	(12,950)		
Movement in import loans		**395,729**	152,439	**-**	-
Movement in export bills		**132,468**	359,062	**-**	-
Repayment on finance leases		**(35,542)**	(35,809)	**-**	-
Movement in vendors' financing		**(44,097)**	(24,521)	**-**	-
Ordinary dividends paid to owners of the Company	23(b)	**(305,423)**	(330,875)	**(305,423)**	(330,875)
Dividends and tax paid by foreign subsidiary		**(44,812)**	(179,109)	**-**	-
B shares dividends paid		**(6,108)**	(6,617)	**(6,108)**	(6,617)
Net cash from/(used in) financing activities		**149,234**	(75,580)	**(311,531)**	(337,492)
Net (decrease)/increase in cash and cash equivalents		**(313,737)**	(4,115)	**647**	(208)
Exchange differences		**(5,085)**	(399)	**-**	-
At July 1,		**(373,363)**	(368,849)	**1,429**	1,637
At June 30	24(c)	**(692,185)**	(373,363)	**2,076**	1,429

The notes on pages 79 to 135 form an integral part of these financial statements.
Auditor's report on pages 68 to 72.

1. CORPORATE INFORMATION

CIEL Textile Limited is a public company incorporated and domiciled in Mauritius. It is quoted on the Development and Enterprise Market (DEM). Its registered office is situated on the 5th Floor Ebène Skies, Rue de L'Institut, Ebène. The main activity of the Company is that of investment holding, while the Group is engaged in the manufacture and sales of knitted and woven garments. The main activities of the subsidiaries are described in note 6.

2. BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for land and buildings, plan assets and forward contracts that are measured at revalued amounts or fair values at the end of each reporting period.

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 takes into account the characteristics of the asset or liability that market participants would consider when pricing the asset or liability at the measurement date.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2(a).

The financial statements include the consolidated financial statements of the parent company and its subsidiaries (together the "Group") and the separate financial statements of the parent company (the "Company").

Statement of Compliance

The financial statements of CIEL Textile Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs) and comply with the Mauritius Companies Act 2001.

Amendments to published Standards and Interpretations effective in the reporting period

In the current year, the Group and the Company have applied all of the new and revised standard and interpretations issued by the International Accounting Standards Board ("IASB") that are relevant to their operations and effective for accounting periods beginning on July 1, 2017.

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

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

IAS 12 Income tax: Amendments with regards to the recognition of Deferred Tax Assets for Unrealised Losses

IAS 7 Statement of cash flows: Disclosure initiative to explain changes in their liabilities arising from financing activities (refer to note 24(a) for additional disclosures required)

IFRS 12 Disclosure of Interest in Other Entities: Annual improvements 2014-2016 cycle

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:

IFRS 7 Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective January 1, 2018)

2. BASIS OF PREPARATION (CONT'D)

New and revised Standards in issue but not yet effective (Cont'd)

IFRS 9 Financial Instruments - (effective January 1, 2018)

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest. All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option, entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

Based on assessement undertaken to date, the Group and the Company do not expect a material increase in provision for doubtful debts in relation to the trade and other receivables. No further impact is expected on other financial assets and liabilities.

IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely).

IFRS 15 Revenue from Contracts with Customers (effective January 1, 2018) The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers;
- identify the separate performance obligation;
- determine the transaction price of the contract;
- allocate the transaction price to each of the separate performance obligations; and
- recognise the revenue as each performance obligation is satisfied.

The Directors have assessed the impact of IFRS 15 and believe that the new standard will not significantly affect the financial statements of the Group and the Company.

IFRS 16 Leases - IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases (effective January 1, 2019).

IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective January 1, 2018)

IFRIC 23 Uncertainty over Income Tax Treatments (effective January 1, 2019)

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

2. BASIS OF PREPARATION (CONT'D)

(a) Critical accounting judgements and key sources of estimation of uncertainty

Judgements

In the process of applying the Group's accounting policies, the Directors have made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Consolidation of Laguna Clothing (Mauritius) Limited

Laguna Clothing (Mauritius) Limited (formerly known as New Island Clothing Limited) and Laguna Clothing Private Limited have been consolidated in the Group's financial statements, albeit holdings of 50% in each respective company. The Directors of the Company have assessed whether or not the Group has control over these entities based on whether the Group has the practical ability to direct the relevant activities of both Laguna Clothing (Mauritius) Limited and Laguna Clothing Private Limited. Based on the Directors' assessment, the directors have determined that the Group has the power to govern the financial and operating policies of each of those subsidiaries, under an agreement.

Estimates and assumptions

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

Deferred income tax assets

Deferred income tax assets are recognised for all unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Provision for slow-moving inventories

The Directors are required to exercise significant judgement in estimating the provision for slow-moving inventories.

The following are considered to provide for inventories write-off:

- Apply appropriate procedures to identify slow-moving and obsolete stocks;
- Make reasonable and prudent estimates of the prices obtainable in the market in which the goods are expected to be sold at the time at which they will be available for sale; and
- Take into account projected time to completion and sale (for example, repair costs for damaged stocks and sales commission).

Depreciation and amortisation rates

The Group and the Company depreciate or amortise their assets to their residual values over their estimated useful lives. The estimation of useful lives is based on historical performance and expectation about future use and requires significant degree of judgement. The residual value of an asset is the estimated net amount that the Group and the Company would currently obtain from disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

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

Limitation of sensitivity analysis

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

Sensitivity analysis does not take into consideration how the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

2. BASIS OF PREPARATION (CONT'D)

2(b) Significant accounting policies

a) Foreign currencies

Functional currency and presentation currency

The companies in the Group prepare their financial reports in the currency used in the primary economic environment in which they operate, which is known as the functional currency. These reports provide the basis for the consolidated financial statements. The consolidated financial statements are presented in Mauritian Rupees (MUR) being the Group's functional currency, and all values are rounded to the nearest thousand (MUR'000), except when otherwise indicated.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in 'other comprehensive income' as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in profit or loss within 'Earnings before interest, tax, depreciation and amortisation'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss and other changes in carrying amount are recognised in other comprehensive income'. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the fair value reserve in other comprehensive income'.

The statements of financial position and statements of profit or loss and comprehensive income for all foreign operations (none of which has the currency of a hyperinflationary economy) whose functional currency is not the presentation currency are translated into the presentation currency using the following procedures:

- Assets and liabilities for each reporting period presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statements of profit or loss and comprehensive income presented are translated at the average exchange rate for the respective year, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions;
- Equity items are translated at historical rate; and
- All exchange differences that arise are reported in other comprehensive income' and cumulated in the translation of foreign operations' reserve.

Translation of foreign operations

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in 'other comprehensive income'.

b) Financial assets

Classification

The Group and the Company classify their financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Directors determine the classification of financial assets at initial recognition.

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments.

2. BASIS OF PREPARATION (CONT'D)

2(b) Significant accounting policies (Cont'd)

b) Financial assets (Cont'd)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Gains or losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss when the Group's right to receive payments is established.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or the directors intend to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date –the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in 'other comprehensive income'.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as gains and losses from investment securities.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired;
- The Company or the Group retain the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Company or the Group have transferred rights to receive cash flows from the asset and either (a) have transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. BASIS OF PREPARATION (CONT'D)

2(b) Significant accounting policies (Cont'd)

b) Financial assets (Cont'd)

Available-for-sale financial assets (Cont'd)

Financial assets (Cont'd)

Where the Company or the Group have transferred rights to receive cash flows from an asset and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company or the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company or the Group could be required to repay.

Impairment of financial assets

Assets carried at amortised cost

The Group and the Company assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group and the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available for sale

The Group and the Company assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses recognised profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

3. SEGMENTAL INFORMATION - GROUP

a) Accounting policies

Segment information presented relate to operating segments that engage in business activities for which revenues are earned and expenses incurred.

The Chief Operating Officer (COO) of the different clusters of the Group (Fine Knits, Knitwear, Woven and Retail) and Executive Directors form the Chief Operating Decision Makers (CODM). The Directors have determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The CODM consider the business from both a geographic and product perspective. Geographically, the Directors consider the performance in Mauritius, Madagascar, Asia and South Africa. From a product perspective, the Directors separately consider the activities in the Fine Knits, Knitwear, Woven and Retail clusters. The CODM assess performance of the operating segments based on revenue and profit metrics.

b) Segment reporting

THE GROUP

Segment information

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Knitwear	Fine Knits	Woven	Retail	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
June 30, 2018					
Total segment revenues	**1,931,978**	**2,572,949**	**6,382,943**	**56,073**	**10,943,943**
Earnings before interest and income tax	(58,786)	110,084	443,642	(10,232)	484,708
Net finance costs	(39,346)	(35,035)	(49,397)	(692)	(124,470)
(Loss)/profit from ordinary activities before income tax	(98,132)	75,049	394,245	(10,924)	360,238
Income tax credit/(expense)	1,508	1,374	(44,267)	(1,576)	(42,961)
(Loss)/profit for the year	**(96,624)**	**76,423**	**349,978**	**(12,500)**	**317,277**
June 30, 2017					
Total segment revenues	**1,938,482**	**2,329,882**	**6,190,281**	**50,424**	**10,509,069**
Earnings before interest and income tax	(71,608)	116,060	702,722	(390)	746,784
Net finance costs	(31,969)	(21,317)	(28,090)	(744)	(82,120)
(Loss)/profit from ordinary activities before income tax	(103,577)	94,743	674,632	(1,134)	664,664
Income tax (expense)/credit	(5,114)	(11,985)	(86,227)	173	(103,153)
(Loss)/profit for the year	**(108,691)**	**82,758**	**588,405**	**(961)**	**561,511**

Segment revenue reported above represents revenue generated from external customers.

3. SEGMENTAL INFORMATION - GROUP (CONT'D)

June 30, 2018

	Knitwear	Fine Knits	Woven	Retail	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
ASSETS					
Other segment assets	2,923,232	2,229,233	5,243,750	25,065	10,421,280
Deferred income tax assets	3,471	13,126	14,169	-	30,766
Cash in hand and at bank	83,000	44,743	300,674	777	429,194
Consolidated total assets	**3,009,703**	**2,287,102**	**5,558,593**	**25,842**	**10,881,240**
LIABILITIES					
Other segment liabilities	370,064	516,300	1,274,188	12,902	2,173,454
Deferred income tax liabilities	84,365	22,219	84,709	-	191,293
Borrowings	1,362,989	782,996	1,743,676	10,746	3,900,407
Consolidated total liabilities	**1,817,418**	**1,321,515**	**3,102,573**	**23,648**	**6,265,154**
Equity attributable to owners of the Company					4,293,279
Non-controlling interests					322,807
					10,881,240
OTHER INFORMATION					
Capital additions	**73,558**	**89,142**	**351,941**	**293**	**514,934**
Depreciation and amortisation	**77,718**	**62,022**	**133,005**	**1,571**	**274,316**

June 30, 2017

	Knitwear	Fine Knits	Woven	Retail	Consolidation Adjustments	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
ASSETS						
Other segment assets	2,928,755	2,183,324	4,695,812	36,167	(205,647)	9,638,411
Deferred income tax assets	8,839	34,177	19,478	1,537	-	64,031
Cash in hand and at bank	120,506	59,786	466,059	697	-	647,048
Consolidated total assets	**3,058,100**	**2,277,287**	**5,181,349**	**38,401**	**(205,647)**	**10,349,490**
LIABILITIES						
Other segment liabilities	551,157	605,511	1,088,412	19,092	(209,164)	2,055,008
Deferred income tax liabilities	108,794	40,116	118,581	-	-	267,491
Borrowings	1,239,247	674,569	1,369,622	13,051	(2,627)	3,293,862
Consolidated total liabilities	**1,899,198**	**1,320,196**	**2,576,615**	**32,143**	**(211,791)**	**5,616,361**
Equity attributable to owners of the Company						4,441,076
Non-controlling interests						292,053
						10,349,490
OTHER INFORMATION						
Capital additions	**134,554**	**134,320**	**389,749**	**2,783**	**-**	**661,406**
Depreciation and amortisation	**77,140**	**54,909**	**116,702**	**1,467**	**-**	**250,218**

3. SEGMENTAL INFORMATION - GROUP (CONT'D)

Geographical information	Revenues from External Customers		Non-Current Assets		Capital Additions	
	2018	2017	**2018**	2017	**2018**	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000	**MUR'000**	MUR'000
Mauritius	**8,118,674**	7,855,350	**2,352,385**	2,219,221	**256,944**	428,365
Madagascar	**8,414**	11,121	**926,665**	1,095,800	**65,805**	128,234
Asia	**2,333,900**	2,122,158	**901,477**	821,296	**191,928**	104,552
South Africa	**482,955**	520,440	**704**	738	**257**	255
Total	**10,943,943**	10,509,069	**4,181,231**	4,137,055	**514,934**	661,406

Revenues from external customers are presented based on the respective subsidiaries' country of domicile.

There is only one customer, amounting to MUR 322M (2017: MUR 221M), that accounts for more than 10% of total revenues.

The CODM assesses the performance of the operating segments based on a measure of 'Earnings before interest and tax' and 'Profit after tax'.

4. PROPERTY, PLANT AND EQUIPMENT

(a) Accounting policies

Land and buildings comprise mainly factories, retail outlets and offices. Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent accumulated depreciation and subsequent accumulated impairment losses for buildings. Valuations are performed with sufficient regularity (every three years) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less accumulated depreciation and subsequent accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income' and shown as revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus directly in equity; all other decreases are charged to profit or loss.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Accounting policies (Cont'd)

Land is not depreciated. Depreciation on other assets is calculated on the straight-line method to write off the cost of assets, or the revalued amounts, to their residual values over their estimated useful life as follows:

Buildings	2 % - 10% p.a
Buildings on leasehold land	2 % - 10% p.a
Plant and machinery	4% - 20% p.a
Motor vehicles	14.3% - 33.3% p.a
Furniture and equipment	5% - 50% p.a
Computer equipment	20% - 33.3% p.a
Other items	10% - 20% p.a

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(b)

(i) THE GROUP At June 30, 2018	Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture and Equipment	Computer Equipment	Assets Under Construction	Other Items	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	**MUR'000**
COST OR VALUATION								
At July 1, 2017	2,549,666	3,668,159	141,638	450,820	127,130	237,172	25,199	**7,199,784**
Additions	68,092	137,349	15,539	30,052	15,454	238,715	1,189	**506,390**
Disposals	(20,732)	(19,094)	(7,692)	(4,763)	(557)	(352)	-	**(53,190)**
Assets written off	-	(286,351)	-	(35,472)	(12,577)	-	(1,661)	**(336,061)**
Transfer from asset under contruction	13,884	26,064	-	413	-	(40,361)	-	**-**
Reclassifications	(28,233)	22,071	-	4,920	(5,020)	7,506	(1,244)	**-**
Translation adjustments	(115,612)	(85,498)	(4,094)	(6,917)	(4,391)	(8,272)	(565)	**(225,349)**
At June 30, 2018	**2,467,065**	**3,462,700**	**145,391**	**439,053**	**120,039**	**434,408**	**22,918**	**7,091,574**
ACCUMULATED DEPRECIATION								
At July 1, 2017	269,982	2,327,381	87,653	347,284	80,557	-	7,578	**3,120,435**
Charge for the year	48,218	157,590	16,654	18,712	17,638	-	1,362	**260,174**
Disposals	(13,777)	(15,274)	(4,661)	(4,129)	(454)	-	-	**(38,295)**
Reclassifications	(148)	104	-	44	-	-	-	**-**
Assets written off	-	(281,161)	-	(34,821)	(12,494)	-	(1,661)	**(330,137)**
Translation adjustments	(11,010)	(31,221)	(2,422)	(3,156)	(2,453)	-	(202)	**(50,464)**
At June 30, 2018	**293,265**	**2,157,419**	**97,224**	**323,934**	**82,794**	**-**	**7,077**	**2,961,713**
NET BOOK VALUES At June 30, 2018	**2,173,800**	**1,305,281**	**48,167**	**115,119**	**37,245**	**434,408**	**15,841**	**4,129,861**

Assets under construction include buildings, plant and machinery and renovations in progress.

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) (ii) THE GROUP At June 30, 2017

	Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture and Equipment	Computer Equipment	Assets Under Construction	Other Items	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	**MUR'000**
COST OR VALUATION								
At July 1, 2016	2,400,965	3,413,471	147,344	447,393	102,371	203,309	40,375	**6,755,228**
Additions	126,830	403,033	10,087	26,975	24,973	44,048	3,456	**639,402**
Disposals	-	(84,964)	(16,991)	(1,782)	(159)	(2,861)	-	**(106,757)**
Assets written off	(469)	(98,228)	(134)	(23,030)	(1,479)	-	-	**(123,340)**
Revaluation adjustments	(27,595)	-	-	-	-	-	-	**(27,595)**
Transfer to intangibles	-	-	-	-	-	(4,714)	-	**(4,714)**
Transfer from asset under contruction	4,336	3,412	-	221	-	(7,969)	-	**-**
Transfer from other items	4,102	13,569	-	-	-	-	(17,671)	**-**
Translation adjustments	41,497	17,866	1,332	1,043	1,424	5,359	(961)	**67,560**
At June 30, 2017	**2,549,666**	**3,668,159**	**141,638**	**450,820**	**127,130**	**237,172**	**25,199**	**7,199,784**
ACCUMULATED DEPRECIATION								
At July 1, 2016	279,949	2,358,926	84,761	350,793	65,847	-	6,586	**3,146,862**
Charge for the year	44,706	140,321	18,867	20,356	15,384	-	1,323	**240,957**
Disposals	-	(84,872)	(16,562)	(1,776)	(112)	-	-	**(103,322)**
Revaluation adjustments	(57,347)	-	-	-	-	-	-	**(57,347)**
Assets written off	(465)	(94,570)	(134)	(22,993)	(1,431)	-	-	**(119,593)**
Translation adjustments	3,139	7,576	721	904	869	-	(331)	**12,878**
At June 30, 2017	**269,982**	**2,327,381**	**87,653**	**347,284**	**80,557**	**-**	**7,578**	**3,120,435**
NET BOOK VALUES At June 30, 2017	**2,279,684**	**1,340,778**	**53,985**	**103,536**	**46,573**	**237,172**	**17,621**	**4,079,349**

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) THE COMPANY

	Buildings on Leasehold Land	Plant and Machinery	Total
	MUR'000	MUR'000	MUR'000
At June 30, 2018			
COST OR VALUATION			
At July 1, 2017	172,268	-	**172,268**
Additions	6,958	-	**6,958**
At June 30, 2018	**179,226**	**-**	**179,226**
ACCUMULATED DEPRECIATION			
At July 1, 2017	43,333	-	**43,333**
Charge for the year	3,520	-	**3,520**
At June 30, 2018	**46,853**	**-**	**46,853**
NET BOOK VALUES At June 30, 2018	**132,373**	**-**	**132,373**

	Buildings on Leasehold Land	Plant and Machinery	Total
	MUR'000	MUR'000	MUR'000
At June 30, 2017			
COST OR VALUATION			
At July 1, 2016	156,481	5,748	**162,229**
Assets written off	-	(5,748)	**(5,748)**
Revaluation adjustments	15,787	-	**15,787**
At June 30, 2017	**172,268**	**-**	**172,268**
ACCUMULATED DEPRECIATION			
At July 1, 2016	40,244	5,748	**45,992**
Charge for the year	3,089	-	**3,089**
Assets written off	-	(5,748)	**(5,748)**
At June 30, 2017	**43,333**	**-**	**43,333**
NET BOOK VALUES At June 30, 2017	**128,935**	**-**	**128,935**

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) Fair value of land and buildings

An independent valuation of the Group's and the Company's land and buildings was carried out during the year ended June 30, 2017 by professional independent valuers to determine the fair value of the land and buildings. The following table analyses the non-financial assets carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from process) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

	Fair value measurements	
	2018	2017
	Level 3	Level 3
THE GROUP	**MUR'000**	MUR'000
Recurring fair value measurements		
Freehold land and buildings	**1,496,963**	1,633,283
Buildings on leasehold land	**676,837**	646,401
	2,173,800	2,279,684
THE COMPANY		
Recurring fair value measurements		
Buildings on leasehold land	**132,373**	128,935
	132,373	128,935

(i) Fair value measurements using significant unobservable inputs (Level 3)

THE GROUP	Manufacturing sites			
	Mauritius	**Madagascar**	**Asia**	**Total**
	MUR'000	MUR'000	MUR'000	MUR'000
At July 1, 2016	1,184,618	482,558	453,840	2,121,016
Additions	54,738	65,205	6,887	126,830
Depreciation	(7,774)	(33,435)	(3,497)	(44,706)
Reclassifications	236	4,100	-	4,336
Assets written off	(4)	-	-	(4)
Revaluation adjustments	16,008	(19,328)	33,072	29,752
Transfer from work-in-progress	4,102	-	-	4,102
Translation adjustments	-	45,098	(6,740)	38,358
At June 30, 2017	1,251,924	544,198	483,562	2,279,684
Additions	52,437	14,562	1,093	68,092
Depreciation	(28,267)	(10,300)	(9,651)	(48,218)
Reclassifications	-	(28,085)	-	(28,085)
Transfer from work-in-progress	13,884	-	-	13,884
Disposal	(6,955)	-	-	(6,955)
Translation adjustments	-	(81,288)	(23,314)	(104,602)
At June 30, 2018	**1,283,023**	**439,087**	**451,690**	**2,173,800**

THE COMPANY	Manufacturing site Mauritius	
	2018	2017
	MUR'000	MUR'000
Opening balance	**128,935**	116,237
Additions	**6,958**	-
Revaluation adjustments	**-**	15,787
Depreciation	**(3,520)**	(3,089)
Closing balance	**132,373**	128,935

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) Fair value of land and buildings (Cont'd)

(ii) Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's and the Company's land and buildings on a regular basis. The last valuation was performed during the year ended June 30, 2017 and the fair value of the land and buildings have been determined by CDDS Land Surveyors and Property Valuer; Ratsimbazafy Ihanta Evelyne; Kumar & Associates and Jorip O Paridarshan Company Limited for land and buildings held in Mauritius, Madagascar, India and Bangladesh respectively.

The external valuations of level 3 land and buildings have been performed using:

(i) a sales comparison approach, or
(ii) replacement cost less depreciation approach.

Given that there are limited or no similar sites in the vicinity in which the land and buildings of the Group are located, the external valuers have determined the inputs based on the size, age and condition of the land and buildings, the state of the local economy and comparable prices where relevant.

A slight increase in the depreciation factor would result in a significant decrease in the fair value of the buildings and a slight increase in the estimated construction costs would result in a significant increase in the fair value of the buildings and vice versa.

Information about fair value measurements using significant unobservable inputs (Level 3)

	Fair value at June 30,					
Description	**2018**	**2017**	**Valuation techniques**	**Unobservable inputs**	**Range of unobservable inputs (probability–weighted average)**	**Relationship of unobservable inputs to fair value**
	MUR'000	MUR'000				
Manufacturing sites Mauritius	**1,283,023**	1,251,924	Sales comparison and replacement cost less depreciation approach	Price per square metre	MUR. 995 - MUR. 3,435/ square metre (land) and MUR. 400 - MUR. 25,708/ square metre (buildings)	The higher the price per square metre, the higher the fair value
Manufacturing sites Madagascar	**439,087**	544,198	Sales comparison and replacement cost less depreciation approach	Price per square metre	MGA 45,000 - MGA 1,010,000/ square metre (land) and MGA 30,090 - MGA 1,102,200 (buildings)	The higher the price per square metre, the higher the fair value
Manufacturing sites Asia	**451,690**	483,562	Sales comparison and replacement cost less depreciation approach	1 bigha equivalent to 33 decimals and square feet for land and square feet for building	Tk. 1,515,151.51 / decimal for the land and Tk. 850-Tk. 1,075 per sq.ft for he building. INR. 600/sq.ft for land and INR. 500-INR. 1,500 per sq.ft for the building	The higher the price per bigha/square feet, the higher the fair value
	2,173,800	2,279,684				

There were no transfers between Levels 1, 2 and 3 during the year.

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Cost	**1,878,211**	1,960,812	**25,322**	18,364
Accumulated depreciation	**(1,166,737)**	(1,140,183)	**(12,620)**	(12,044)
Net book values	**711,474**	820,629	**12,702**	6,320

(f) Property, plant and equipment above include leased assets as follows:

THE GROUP	Plant and Machinery	Motor Vehicles	Furniture and Equipment	2018 Total
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Cost	**124,361**	**19,277**	**1,606**	**145,244**
Accumulated depreciation	**(22,946)**	**(16,853)**	**(642)**	**(40,441)**
Net book values at June 30, 2018	**101,415**	**2,424**	**964**	**104,803**

THE GROUP	Plant and Machinery	Motor Vehicles	Furniture and Equipment	2017 Total
	MUR'000	MUR'000	MUR'000	MUR'000
Cost	124,361	20,247	1,606	146,214
Accumulated depreciation	(16,444)	(15,598)	(482)	(32,524)
Net book values at June 30, 2017	107,917	4,649	1,124	113,690

(g) Borrowings are guaranteed by fixed and floating charges over all the property, plant and equipment and working capital assets of the Group.

(h) There has been no acquisition of property, plant and equipment under finance leases during the year ended June 30, 2018 (2017: MUR. 40,849,497).

(i) Land and buildings include buildings on leasehold land as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Cost	**852,398**	800,836	**179,226**	172,268
Accumulated depreciation	**(175,561)**	(154,435)	**(46,853)**	(43,333)
Net book values	**676,837**	646,401	**132,373**	128,935

5. INTANGIBLE ASSETS

(a) Accounting policies

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- The Directors intend to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years.

(b) THE GROUP

	Computer Software	Software Licence	Total
	MUR'000	MUR'000	MUR'000
COST			
At July 1, 2017	78,372	12,410	90,782
Additions	5,529	3,015	8,544
Transfer	7,495	(7,495)	-
Write off	(129)	-	(129)
Translation adjustment	(1,699)	(231)	(1,930)
At June 30, 2018	89,568	7,699	97,267
At July 1, 2016	59,331	4,542	63,873
Additions	14,130	7,874	22,004
Transfer from property, plant and equipment	4,714	-	4,714
Translation adjustment	197	(6)	191
At June 30, 2017	78,372	12,410	90,782
ACCUMULATED AMORTISATION			
At July 1, 2017	48,538	3,771	52,309
Charge for the year	13,342	800	14,142
Write off	(129)	-	(129)
Translation adjustment	(652)	-	(652)
At June 30, 2018	61,099	4,571	65,670
At July 1, 2016	40,109	2,893	43,002
Charge for the year	8,383	878	9,261
Translation adjustment	46	-	46
At June 30, 2017	48,538	3,771	52,309
NET BOOK VALUES at June 30, 2018	28,469	3,128	31,597
NET BOOK VALUES at June 30, 2017	29,834	8,639	38,473

The average remaining useful lives of the computer software range between 1 and 5 years.

Impairment assessment

The directors are of the opinion that there has been no indication that intangible assets have been impaired during the year.

6. INVESTMENTS IN SUBSIDIARY COMPANIES

(a) Accounting policies

Separate financial statements of the Company

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

Consolidated financial statements

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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 listed above.

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.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

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

	THE COMPANY	
	Unquoted	
	2018	2017
(b) COST	**MUR'000**	MUR'000
At July 1	**1,212,515**	1,212,515
Additions	**15**	-
At June 30,	**1,212,530**	1,212,515

The Directors have carried out an impairment assessment as at June 30, 2018 and no impairment indicator has been identified.

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(c) The subsidiary companies are as follows:

Year 2018 Name of company	Class of Shares Held	Year Ended	Currency of Country of Incorporation	Stated Capital	Country of Incorporation	Direct Percentage Holding and Voting Power	Indirect Percentage Holding and Voting Power	Proportion of Ownership Interest held by Non-Controlling Interest	Main Business
				000's		%	%	%	
Ajax Sweaters Limited	Ordinary	June 30,	Taka	67,386	Bangladesh	-	100.00	-	Knitwear
Floreal Knitwear Limited	Ordinary	June 30,	MUR	216,450	Mauritius	100.00	-	-	Knitwear
Floreal Madagascar SA	Ordinary	June 30,	MGA	300,000	Madagascar	-	99.70	0.30	Knitwear
Ferney Spinning Mills Limited	Ordinary	June 30,	MUR	15,314	Mauritius	100.00	-	-	Knitwear
Floreal International Limited	Ordinary	June 30,	MUR	14,000	Mauritius	100.00	-	-	Knitwear
Floreal Property Limited	Ordinary	June 30,	MUR	1	Mauritius	-	100.00	-	Knitwear
Société Civile Immobilières des Mascareignes	Ordinary	June 30,	MGA	2,000	Madagascar	-	100.00	-	Knitwear
Société Textile d'Andraharo SA - (Texaro)	Ordinary	June 30,	MGA	260,000	Madagascar	-	83.53	16.47	Knitwear
Antsirabe Knitwear SA	Ordinary	June 30,	MGA	1,000,000	Madagascar	99.99	-	0.01	Knitwear
Floreal Trading Limited	Ordinary	June 30,	Taka	800,000	Bangladesh	-	100.00	-	Knitwear
Operational Excellence Management and Leadership Limited [3]	Ordinary	June 30,	MUR	15	Mauritius	100.00	-	-	Training
CielTex SA (Proprietary) Limited	Ordinary	June 30,	ZAR	1	South Africa	-	100.00	-	Retail
CTL Retail Limited	Ordinary	June 30,	MUR	10,001	Mauritius	-	100.00	-	Retail
Tropic Knits Limited	Ordinary	June 30,	MUR	115,000	Mauritius	100.00	-	-	Knits
Tropic Madagascar SA	Ordinary	June 30,	MGA	3,000,000	Madagascar	-	100.00	-	Knits
CDL Knits Limited	Ordinary	June 30,	MUR	173,000	Mauritius	17.03	82.97	-	Knits
TKL International Limited	Ordinary	June 30,	MUR	3,814	Mauritius	100.00	-	-	Knits
TKL Knits (India) Private Limited [2]	Ordinary	March 31,	INR	110,000	India	-	99.99	0.01	Knits
Societe Bonnetiere Malagasy - (Soboma)	Ordinary	June 30,	MGA	150,000	Madagascar	-	99.99	0.01	Knits
Aquarelle Clothing Limited [4]	Ordinary	June 30,	MUR	180,000	Mauritius	100.00	-	-	Woven
Aquarelle Madagascar SARL	Ordinary	June 30,	MGA	225,000	Madagascar	-	99.99	0.01	Woven
Aquarelle International Limited	Ordinary	June 30,	MUR	7,404	Mauritius	100.00	-	-	Woven
Aquarelle India Private Limited [2]	Ordinary	March 31,	INR	24,000	India	-	99.99	0.01	Woven
Consolidated Fabrics Limited	Ordinary	June 30,	MUR	25,743	Mauritius	-	100.00	-	Woven
Laguna Clothing Private Limited [1] [2]	Ordinary	March 31,	INR	74,900	India	-	50.00	50.00	Woven
Tinka International Limited [2]	Ordinary	March 31,	HKD	100	Hong Kong	-	99.99	0.01	Woven
Laguna Clothing (Mauritius) Limited [1]	Ordinary	June 30,	MUR	20,000	Mauritius	-	50.00	50.00	Woven
New Island Clothing Madagascar SA	Ordinary	June 30,	MGA	10,000	Madagascar	-	49.40	50.60	Woven

[1] The companies are deemed to be subsidiaries of the Group, since the Group maintains control over those companies (refer to note 2(a)).
[2] The companies having as year end March 31, have been consolidated for the 12 months up to June 30, 2018, to be coterminous with the financial year end of the Group.
[3] Operational Excellence Management and Leadership Limited was incorporated on November 29, 2017.
[4] International Fabrics Limited has been amalgamated with Aquarelle Clothing Limited on March 30, 2018.

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(c) The subsidiary companies are as follows:

Year 2017 Name of company	Class of Shares Held	Year Ended	Currency of Country of Incorporation	Stated Capital	Country of Incorporation	Direct Percentage Holding and Voting Power	Indirect Percentage Holding and Voting Power	Proportion of Ownership Interest held by Non-Controlling Interest	Main Business
				000's		%	%	%	
Ajax Sweaters Limited	Ordinary	June 30,	Taka	61,636	Bangladesh	-	100.00	-	Knitwear
Floreal Knitwear Ltd	Ordinary	June 30,	MUR	216,450	Mauritius	100.00	-	-	Knitwear
Floreal Madagascar SA	Ordinary	June 30,	MGA	300,000	Madagascar	-	99.70	0.30	Knitwear
Ferney Spinning Mills Limited	Ordinary	June 30,	MUR	15,314	Mauritius	100.00	-	-	Knitwear
Floreal International Ltd	Ordinary	June 30,	MUR	14,000	Mauritius	100.00	-	-	Knitwear
Floreal Property Ltd	Ordinary	June 30,	MUR	1	Mauritius	-	100.00	-	Knitwear
Société Civile Immobilières des Mascareignes	Ordinary	June 30,	MGA	2,000	Madagascar	-	100.00	-	Knitwear
Société Textile d'Andraharo SA - (Texaro)	Ordinary	June 30,	MGA	260,000	Madagascar	-	83.53	16.47	Knitwear
Antsirabe Knitwear SA	Ordinary	June 30,	MGA	1,000,000	Madagascar	99.99	-	0.01	Knitwear
Floreal Trading Ltd (3)	Ordinary	June 30,	Taka	800,000	Bangladesh	-	100.00	-	Knitwear
CielTex SA (Proprietary) Limited	Ordinary	June 30,	ZAR	1	South Africa	-	100.00	-	Retail
CTL Retail Ltd	Ordinary	June 30,	MUR	10,001	Mauritius	-	100.00	-	Retail
Tropic Knits Limited	Ordinary	June 30,	MUR	115,000	Mauritius	100.00	-	-	Knits
Tropic Madagascar SA	Ordinary	June 30,	MGA	3,000,000	Madagascar	-	100.00	-	Knits
CDL Knits Limited	Ordinary	June 30,	MUR	173,000	Mauritius	17.03	82.97	-	Knits
TKL International Ltd	Ordinary	June 30,	MUR	3,814	Mauritius	100.00	-	-	Knits
TKL Knits (India) Private Ltd [2]	Ordinary	March 31,	INR	100,000	India	-	99.99	0.01	Knits
Societe Bonnetiere Malagasy - (Soboma)	Ordinary	June 30,	MGA	150,000	Madagascar	-	99.99	0.01	Knits
Aquarelle Clothing Limited	Ordinary	June 30,	MUR	180,000	Mauritius	100.00	-	-	Woven
Aquarelle Madagascar SARL	Ordinary	June 30,	MGA	225,000	Madagascar	-	99.99	0.01	Woven
Aquarelle International Limited	Ordinary	June 30,	MUR	7,404	Mauritius	100.00	-	-	Woven
Aquarelle India PrivateLimited [2]	Ordinary	March 31,	INR	24,000	India	-	99.99	0.01	Woven
Consolidated Fabrics Ltd	Ordinary	June 30,	MUR	25,743	Mauritius	-	100.00	-	Woven
International Fabrics Ltd	Ordinary	June 30,	USD	11,328	Mauritius	-	100.00	-	Woven
Laguna Clothing Private Ltd [1] [2]	Ordinary	March 31,	INR	74,900	India	-	50.00	50.00	Woven
Tinka International Ltd [2]	Ordinary	March 31,	HKD	100	Hong Kong	-	99.99	0.01	Woven
Laguna Clothing (Mauritius) Ltd [1]	Ordinary	June 30,	MUR	20,000	Mauritius	-	50.00	50.00	Woven
New Island Clothing Madagascar SA	Ordinary	June 30,	MGA	10,000	Madagascar	-	49.40	50.60	Woven

[1] The companies are deemed to be subsidiaries of the Group, since the Group maintains control over those companies (refer to note 2(a)).
[2] The companies having as year end 31 March, have been consolidated for the 12 months up to June 30, 2017, to be coterminous with the financial year end of the Group.
[3] Floreal Trading Ltd was incorporated on January 12, 2017.

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(d) Subsidiaries with material non-controlling interests

Details for subsidiaries having non-controlling interests that are material to the entity are disclosed below:

Name	Place of Incorporation and Principal Place of Business	Proportion of Ownership Interests and Voting Rights held by Non-Controlling Interests		Profit Allocated to Non-Controlling Interests During the Year	Accumulated Non-Controlling Interests at June 30
		2018	2017		
		%	%	MUR'000	MUR'000
2018					
Laguna Clothing Private Limited	India	50	50	37,217	247,855
Laguna Clothing (Mauritius) Limited	Mauritius	50	50	47,275	74,456
		%	%	MUR'000	MUR'000
2017					
Laguna Clothing Private Limited	India	50	50	66,244	264,060
Laguna Clothing (Mauritius) Limited	Mauritius	50	50	36,621	27,441

(e) Summarised financial information on subsidiaries with material non-controlling interests

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income.

Name	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Revenue	Profit for the Year	Other Comprehensive Income
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2018							
Laguna Clothing Private Ltd	987,791	104,778	(643,684)	(3,574)	1,518,703	74,435	-
Laguna Clothing (Mauritius) Ltd	476,424	31,259	(346,743)	(12,027)	1,203,607	94,551	(519)
2017							
Laguna Clothing Private Ltd	877,941	125,712	(517,837)	(10,950)	1,513,584	132,488	-
Laguna Clothing (Mauritius) Ltd	369,665	30,212	(332,704)	(12,292)	945,796	73,242	275

(ii) Summarised cash flow information:

	2018				2017			
	Operating Activities	Investing Activities	Financing Activities	Net Movement in Cash and Cash Equivalent	Operating Activities	Investing Activities	Financing Activities	Net Movement in Cash and Cash Equivalent
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Laguna Clothing Private Ltd	105,981	(3,052)	(73,291)	29,638	63,084	(6,970)	(204,920)	(148,806)
Laguna Clothing (Mauritius) Ltd	(39,817)	(6,581)	(2,851)	(49,249)	15,306	(8,384)	(3,075)	3,847

The summarised financial information for Laguna Clothing Private Limited disclosed above have been prepared under Indian GAAP and is before intra-group eliminations.

(f) All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

(g) The total non-controlling interest for the year ended June 30, 2018 is MUR 322,807,233 (2017:MUR 292,053,070), of which, MUR 322,311,589 (2017:MUR 291,500,451) is for minority shareholders of Laguna Clothing Private Limited and Laguna Clothing (Mauritius) Limited. The non-controlling interests in respect of Floreal Madagascar SA, Société Textile d'Andraharo SA - (Texaro), TKL Knits (India) Private Limited and New Island Clothing Madagascar SA are not material.

7. AVAILABLE FOR SALE INVESTMENTS

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	MUR'000	MUR'000
At July 1, and at June 30,	6,712	6,712	6,712	6,712

The Directors believe that the fair value of the available-for-sale investments approximates the cost of these investments. The available for sale investments consist of unquoted private equity instruments.

All investments are denominated in MUR.

8. NON CURRENT RECEIVABLES

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Long-term deposits	13,061	12,521

All non-current receivables are due within 2 to 5 years from the end of the reporting period. The fair value of the non-current receivables does not differ from their carrying amount.

9. DEFERRED INCOME TAX LIABILITIES/(ASSETS)

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	MUR'000	MUR'000
Deferred income tax liabilities	191,293	267,491	20,734	21,332
Deferred income tax assets	(30,766)	(64,031)	-	-
Net deferred income tax liabilities	160,527	203,460	20,734	21,332

(a) The movement in deferred income tax during the year is as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	MUR'000	MUR'000
At July 1,	203,460	191,037	21,332	19,173
Translation adjustment	(5,458)	2,195	-	-
Other comprehensive income	(2,142)	12,974	-	2,684
Overprovision of deferred income tax in previous years	(23,363)	(3,853)	-	-
Credit to profit or loss	(11,970)	1,107	(598)	(525)
At June 30,	160,527	203,460	20,734	21,332

9. DEFERRED INCOME TAX LIABILITIES/(ASSETS) (CONT'D)

(b) Deferred income tax assets and liabilities, deferred tax (credit)/charge in Profit or Loss and other comprehensive income are attributable to the following items:

(i) THE GROUP - 2018	At July 01, 2017	Translation Adjustment	Profit or Loss	Other Comprehensive Income	At June 30, 2018
	MUR'000	MUR'000	MUR'000	MUR'000	**MUR'000**
Deferred income tax liabilities					
Accelerated tax depreciation	139,951	(480)	(59,182)	-	**80,289**
Revaluation of properties	127,540	(5,874)	1,109	(11,771)	**111,004**
	267,491	**(6,354)**	**(58,073)**	**(11,771)**	**191,293**
Deferred income tax assets					
Retirement benefit obligations	26,538	(554)	(12,461)	(914)	**12,609**
Tax losses	347	-	740	-	**1,087**
Provisions	8,826	(60)	(855)	-	**7,911**
Investment tax credit	4,216	(471)	321	-	**4,066**
Cash flow hedge reserves	3,641	-	(1,313)	(8,715)	**(6,387)**
Accelerated tax depreciation	12,413	-	296	-	**12,709**
Others	8,050	189	(9,468)	-	**(1,229)**
	64,031	**(896)**	**(22,740)**	**(9,629)**	**30,766**
Net deferred income tax liabilities	**203,460**	**(5,458)**	**(35,333)**	**(2,142)**	**160,527**

During the year ended June 30, 2018, the Group recognised a deferred income tax asset of MUR 11,771,000 on revaluation of properties. This is due to the change in tax rates affecting export companies, coming into effect as from July 1, 2017.

(ii) THE GROUP - 2017	At July 01, 2016	Translation Adjustment	Profit or Loss	Other Comprehensive Income	At June 30, 2017
	MUR'000	MUR'000	MUR'000	MUR'000	**MUR'000**
Deferred income tax liabilities					
Accelerated tax depreciation	141,735	67	(1,851)	-	**139,951**
Revaluation of properties	112,498	2,269	-	12,773	**127,540**
	254,233	2,336	(1,851)	12,773	**267,491**
Deferred income tax assets					
Retirement benefit obligations	22,684	-	1,776	2,078	**26,538**
Tax losses	250	-	97	-	**347**
Provisions	7,504	8	1,314	-	**8,826**
Investment tax credit	1,704	117	2,395	-	**4,216**
Cash flow hedge reserves	6,058	-	(138)	(2,279)	**3,641**
Accelerated tax depreciation	12,413	-	-	-	**12,413**
Others	12,583	16	(4,549)	-	**8,050**
	63,196	141	895	(201)	**64,031**
Net deferred income tax liabilities	**191,037**	**2,195**	**(2,746)**	**12,974**	**203,460**

9. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D)

(iii) THE COMPANY - 2018

	At July 1, 2017	Profit or Loss	Other Comprehensive Income	At June 30, 2018
	MUR'000	MUR'000	MUR'000	**MUR'000**
Deferred income tax liabilities				
Accelerated tax depreciation	10,884	(598)	-	**10,286**
Revaluation of property	10,448	-	-	**10,448**
Net deferred income tax liabilities	21,332	(598)	-	**20,734**

(iv) THE COMPANY - 2017

	At July 1, 2016	Profit or Loss	Other Comprehensive Income	At June 30, 2017
	MUR'000	MUR'000	MUR'000	**MUR'000**
Deferred income tax liabilities				
Accelerated tax depreciation	11,409	(525)	-	**10,884**
Revaluation of property	7,764	-	2,684	**10,448**
Net deferred income tax liabilities	19,173	(525)	2,684	**21,332**

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
(c) Unused tax losses available for offset against future taxable profits	**263,473**	**226,045**

The tax losses will be available until the following years for set off against future taxable profits of the Group:

	THE GROUP
	MUR'000
June 30, 2021	**36,473**
June 30, 2022	**134,642**
June 30, 2023	**91,604**
	262,719
No expiry	**754**
	263,473

(d) At the end of the reporting period, the Group had unused tax losses of MUR. 263,472,868 (2017: MUR. 226,044,906) available to offset against future profits. Deferred tax assets of MUR,1,086,979 (2017: MUR. 347,000) have been recognised on losses of MUR. 36,232,633 (2017: MUR. 2,041,176). No deferred tax assets has been recognised in respect of the remaining MUR. 227,240,235 (2017: MUR. 224,003,730) due to unpredictability of future profit streams.

10. INVENTORIES

(a) Accounting policies

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the first in, first out (FIFO) method.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials - purchase cost on a FIFO basis;
Finished goods and work in progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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.

10. INVENTORIES (CONT'D)

(b)

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Raw materials	1,291,023	1,131,495
Spare parts and other stocks	116,162	102,452
Work in progress	790,662	944,511
Finished goods	721,286	597,796
Goods in transit	357,289	163,343
Less: provision for obsolescence	(27,372)	(30,413)
	3,249,050	2,909,184

(i) The amount of inventories recognised as an expense during the year is MUR. 5,697,329,974 (2017: MUR. 5,056,218,483).

(ii) All inventories are pledged as securities to banks.

11. TRADE AND OTHER RECEIVABLES

(a) Accounting policies

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 - 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance for credit losses account, and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss.

Terms and conditions

Outstanding balances, including related party balances at the year-end, are unsecured, interest free, are repayable on demand and settlement occurs in cash. There have been no guarantees provided except for the advances made to the Executive Directors or received for any related party receivables or payables.

For the years ended June 30, 2018 and 2017, the Group and the Company have not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at the end of each reporting period through examining the financial position of the related party and the market in which the related party operates.

(b)

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	MUR'000	MUR'000
Trade receivables	2,254,994	1,995,207	-	-
Less: provision for impairment	(8,562)	(7,388)	-	-
Trade receivables - net	2,246,432	1,987,819	-	-
Amount receivable from related companies	82	671	180,119	204,608
Advances to Executive Directors	-	500	-	-
Other receivables and prepayments (Note 11 (xii))	656,784	595,171	540	570
	2,903,298	2,584,161	180,659	205,178

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) Included in amount receivable from related companies, for the Company, is an amount of MUR. 155,765,611 (2017: MUR. 181,726,547) representing dividend receivable from subsidiaries at June 30, 2018. The dividends have been received after year end.

(ii) The carrying amount of trade and other receivables approximate their fair values.

(iii) The maximum exposure to credit risk at the end of the reporting period is equal to the carrying value of each class of trade and other receivables mentioned above.

(iv) Trade receivables are unsecured, non interest bearing and are generally on 60 days' term.

(v) At June 30, 2018 and 2017, the ageing analysis of trade receivables net of provision for impairment is as follows:

	Total	Neither past due nor impaired	< 30 days	30 - 60 days	60 - 90 days	> 90 days
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At June 30, 2018	**2,246,432**	**1,873,768**	**250,336**	**52,126**	**20,352**	**49,850**
At June 30, 2017	1,987,819	1,818,604	79,139	34,844	10,853	44,379

The credit quality of those receivables have been assessed by the Directors who are satisfied as to their recoverability.

(vi) The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
MUR	**158,301**	149,879	**180,659**	205,178
USD	**1,128,174**	953,230	**-**	-
GBP	**229,937**	178,528	**-**	-
EUR	**360,996**	458,959	**-**	-
ZAR	**391,308**	331,165	**-**	-
INR	**587,518**	455,197	**-**	-
Others	**47,064**	57,203	**-**	-
	2,903,298	2,584,161	**180,659**	205,178

(vii) Movements on the provision for impairment of trade receivables are as follows:

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
At July 1,	**(7,388)**	(359)
Receivables written off during the year as uncollectible	**501**	359
Amounts reversed	**631**	-
Increase in provision for the year	**(2,306)**	(7,388)
At June 30,	**(8,562)**	**(7,388)**

At June 30, 2018, trade receivables of MUR. 8,562,000 (2017: MUR. 7,388,000) were impaired due to financial difficulties of the customers.

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Accounting policies (Cont'd)

(viii) The other classes within trade and other receivables do not contain impaired assets.

(ix) All other classes of trade and other receivables are neither past due nor impaired. 'Others' are unrated.

(x) No collaterals are held in respect of those receivables.

(xi) The advances to Executive Directors are unsecured, interest free and do not have any terms and conditions.

(xii) **Other receivables and prepayments**

	2018	2017	2018	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Other receivables and prepayments consist of:				
Deposits	**29,818**	31,465	**-**	-
Taxes and grants	**299,714**	271,763	**-**	-
Advance payments to suppliers	**266,875**	250,169	**-**	-
Advances to employees	**20,444**	23,299	**-**	-
Others	**39,933**	18,475	**540**	570
	656,784	595,171	**540**	570

12. STATED CAPITAL

(a) Accounting policies

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from proceeds. Where any group company purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. When such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and related income tax effects is included in equity attributable to the Company's equity holders.

(b)

	THE GROUP AND THE COMPANY	
	2018	2017
	MUR'000	MUR'000
Authorised, issued and fully paid stated capital		
101,807,589 of no par value ordinary shares	**685,865**	685,865

Fully paid ordinary shares carry one vote per share and a right to dividends.

13. BORROWING

(a) Accounting policies

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some, or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Leasing

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

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement date at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(b)

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	MUR'000	MUR'000
Non-current				
Bank loans - Note (c)	63,048	1,261	-	-
Obligations under finance leases - Note (d)	16,536	50,592	-	-
Vendors financing - Note (h)	29,066	75,950	-	-
	108,650	127,803	-	-
Current				
Bank overdrafts - Note (e)	1,121,379	1,020,411	-	-
Export bills - Note (e)	1,242,235	1,109,767	-	-
Bank loans - Note (c)	1,645	6,413	-	-
Import loans - Note (e)	1,364,389	968,660	-	-
Obligations under finance leases - Note (d)	34,461	35,947	-	-
Vendors financing - Note (h)	27,648	24,861	-	-
	3,791,757	3,166,059	-	-
Total borrowings	3,900,407	3,293,862	-	-

13. BORROWINGS (CONT'D)

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
(c) Bank loans	**MUR'000**	MUR'000	**MUR'000**	MUR'000
Within one year	**1,645**	6,413	**-**	-
After one year and before two years	**26,050**	1,261	**-**	-
After two years and before three years	**26,547**	-	**-**	-
After three years and before five years	**10,451**	-	**-**	-
	64,693	7,674	**-**	-

(d) Obligations under finance leases	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Finance lease liabilities - minimum lease payments:				
Within one year	**36,545**	38,494	**-**	-
After one year and before two years	**11,449**	35,804	**-**	-
After two years and before three years	**5,781**	11,491	**-**	-
After three years and before five years	**-**	5,655	**-**	-
	53,775	91,444	**-**	-
Finance charges allocated to future periods	**(2,778)**	(4,905)	**-**	-
Present value of finance lease liabilities	**50,997**	86,539	**-**	-

The present value of finance lease liabilities may be analysed as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Within one year	**34,461**	35,947	**-**	-
After one year and before two years	**10,865**	33,503	**-**	-
After two years and before three years	**5,671**	11,524	**-**	-
After three years and before five years	**-**	5,565	**-**	-
	50,997	86,539	**-**	-

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The Group leases plant and machinery, motor vehicles and equipment under finance leases. The leases have varying terms and purchase options. There are no restrictions imposed on the Group by lease arrangements other than in respect of the specific assets being leased.

(e) The bank overdrafts, export bills and import loans are secured by fixed and floating charges over all the assets of the Group and the Company and bear interest as disclosed in note 29.

(f) The carrying amounts of the Group's and Company's borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
MUR	**96,713**	139,804	**-**	-
USD	**2,767,455**	2,236,947	**-**	-
EUR	**285,761**	420,960	**-**	-
GBP	**268,980**	337,697	**-**	-
INR	**373,577**	136,993	**-**	-
Others	**107,921**	21,461	**-**	-
	3,900,407	3,293,862	**-**	-

(g) The fair values of borrowings are approximately equal to their carrying values and bear interest as disclosed in note 29.

(h) Vendors' financing were contracted for the purchase of plant and machinery and are payable over a period of 3 years.

14. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP	
	2018	2017
Amounts recognised in the statement of financial position:	MUR'000	MUR'000
Pension benefits (Note (b))	49,349	60,204
Other post employment benefits (Note (c))	178,901	174,060
	228,250	234,264
Amounts charged to profit or loss		
Pension benefits (Note (b))	20,278	13,333
Other post employment benefits (Note (c))	6,114	19,148
	26,392	32,481
Amounts charged to other comprehensive income		
Pension benefits (Note (b))	13,577	(3,300)
Other post employment benefits (Note (c))	(20,560)	(26,596)
	(6,983)	(29,896)

(a) Accounting policies

Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment plans.

Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in 'other comprehensive income' in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

14. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Accounting policies (Cont'd)

Other post-employment obligations

Some retired employees are paid benefits directly by the Group's subsidiaries. The entitlement to these benefits is usually conditional on the employee remaining in-service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in 'other comprehensive income' in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Gratuity on retirement

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Employment Rights Act 2008, is calculated by Swan Life Limited and provided for. The obligations arising under this item are not funded.

Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and performance based bonuses, based on a formula that takes into consideration the profit attributable to the shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(b) Pension benefits

Some of the Group's subsidiaries have defined benefit plans, funded and unfunded for existing and former employees, both being administered separately.

The following tables summarise the funded status and amounts recognised in the statements of financial position and the component of net benefit expense recognised in the statements of profit or loss and comprehensive income for the respective plans.

(i) The amounts recognised in the statements of financial position are as follows:

	Funded retirement benefit plan for existing employees		Unfunded retirement benefit plan for existing employees		Unfunded retirement benefit plan for former employees		Total	
Benefit liability	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000	**MUR'000**	MUR'000	**MUR'000**	MUR'000
Defined benefit obligation	**(184,915)**	(174,105)	**(4,339)**	(4,499)	**(12,972)**	(12,662)	**(202,226)**	(191,266)
Fair value of plan assets	**152,877**	131,062	**-**	-	**-**	-	**152,877**	131,062
Benefit liability	**(32,038)**	(43,043)	**(4,339)**	(4,499)	**(12,972)**	(12,662)	**(49,349)**	(60,204)

14. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Pension benefits (Cont'd)

(ii) Amounts recognised in profit or loss are as follows:

Net benefit expense	Funded retirement benefit plan for existing employees		Unfunded retirement benefit plan for existing employees		Unfunded retirement benefit plan fo former employees		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Current service cost	7,275	7,861	120	97	-	-	7,395	7,958
Scheme expenses	701	679	-	-	-	-	701	679
Cost of insuring risk benefits	1,018	1,014	-	-	-	-	1,018	1,014
Interest cost on benefit obligation	2,433	6,463	270	278	45	780	2,748	7,521
Expected return on plan assets	-	(3,839)	-	-	-	-	-	(3,839)
Past service cost	8,367	-	49	-	-	-	8,416	-
Net benefit expense (Note 19)	19,794	12,178	439	375	45	780	20,278	13,333
(iii) Actual return on plan assets							8,187	17,568

(iv) The reconciliation of the opening balances to the closing balances for the defined benefit liability is as follows:

	Funded retirement benefit plan for existing employees	Unfunded retirement benefit plan for existing employees	Unfunded retirement benefit plan for former employees	Total
	MUR'000	MUR'000	MUR'000	MUR'000
At July 1, 2017	(43,043)	(4,499)	(12,662)	(60,204)
Total expense	(19,794)	(439)	(45)	(20,278)
Actuarial losses recognised in other comprehensive income	13,737	599	(759)	13,577
Employer contributions	17,062	-	494	17,556
At June 30, 2018	(32,038)	(4,339)	(12,972)	(49,349)
At July 1, 2016	(36,248)	(4,179)	(12,874)	(53,301)
Total expense	(12,178)	(375)	(780)	(13,333)
Actuarial losses recognised in other comprehensive income	(3,178)	55	(177)	(3,300)
Employer contributions	8,561	-	1,169	9,730
At June 30, 2017	(43,043)	(4,499)	(12,662)	(60,204)

14. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Pension benefits (Cont'd)

(v) Changes in the present value of the defined benefit obligation are as follows:

	Funded retirement benefit plan for existing employees	Unfunded retirement benefit plan for existing employees	Unfunded retirement benefit plan for former employees	Total
	MUR'000	MUR'000	MUR'000	**MUR'000**
At July 1, 2017	(174,105)	(4,499)	(12,662)	**(191,266)**
Interest cost	(10,396)	(270)	(45)	**(10,711)**
Current service cost	(7,275)	(120)	-	**(7,395)**
Past service cost	(8,367)	(49)	-	**(8,416)**
Actuarial losses recognised in other comprehensive income	13,513	599	(759)	**13,353**
Benefits paid	1,715	-	494	**2,209**
At June 30, 2018	**(184,915)**	**(4,339)**	**(12,972)**	**(202,226)**
At July 1, 2016	(147,121)	(4,179)	(12,874)	**(164,174)**
Interest cost	(9,935)	(278)	(780)	**(10,993)**
Current service cost	(7,861)	(97)	-	**(7,958)**
Actuarial losses recognised in other comprehensive income	(13,436)	55	(177)	**(13,558)**
Benefits paid	4,248	-	1,169	**5,417**
At June 30, 2017	(174,105)	(4,499)	(12,662)	**(191,266)**

(vi) Changes in the fair value of plan assets of the funded retirement benefit plan are as follows:

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
At July 1,	**131,062**	110,873
Implied return on plan assets	**7,963**	3,472
Return on plan assets, excluding amounts included in interest expense	**-**	3,839
Remeasurements:		
– Losses on pension scheme assets	**224**	10,258
Contributions by employer	**17,062**	8,561
Scheme expenses	**(701)**	(679)
Benefits paid	**(1,715)**	(4,248)
Cost of insuring risk benefits	**(1,018)**	(1,014)
At June 30,	**152,877**	131,062

(vii) The fair value of the plan assets at the end of the reporting period is as follows:

	THE GROUP			
	2018	2018	2017	2017
	MUR'000	**%**	MUR'000	%
Local equities	**50,449**	**33%**	39,319	30%
Overseas equities	**61,151**	**40%**	58,978	45%
Fixed interest	**41,277**	**27%**	32,765	25%
Total market value of assets	**152,877**	**100%**	131,062	100%

14. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Pension benefits (Cont'd)

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets.

The assets of the plan are invested in the CIEL Group Segregated ("Fund"). The breakdown of the assets above correspond to a notional allocation of the underlying investments based on the long term strategy of the Fund.

The Fund is expected to produce a smooth return, a fairly reasonable indication of future returns can be obtained by looking at historical ones. Therefore, the long term expected return on asset assumption has been based on historical performance of the Fund.

In terms of the individual expected returns, the expected return on equities has been based on an equity risk premium above a risk free rate. The risk free rate has been measured in accordance to the yields on government bonds at the measurement date.

The fixed interest portfolio includes local and foreign deposits. The expected return for this asset class has been based on these fixed deposits at the measurement date.

(viii) The amounts recognised in other comprehensive income are as follows:

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Losses on pension scheme assets	224	10,257
Experience losses/(gains) on liabilities	607	(5,896)
Changes in assumptions underlying the present value of the scheme	12,746	(7,661)
	13,577	(3,300)

(ix) The Group expects to contribute MUR. 13,700,472 to the pension scheme for the year ending June 30, 2019.

(x) The principal assumptions used in determining pension for the Group are shown below:

	2018	2017
Discount rates	5% - 6.5%	6.0%
Future salary increases	4.0%	4.0%
Future pension increases	0.0%	0.0%

(xi) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	Increase	Decrease
At June 30, 2018	MUR'000	MUR'000
Discount rate (1% increase)	-	29,134
Future long term salary assumption (1% increase)	15,467	-

	Increase	Decrease
At June 30, 2017	MUR'000	MUR'000
Discount rate (1% increase)	-	26,955
Future long term salary assumption (1% increase)	12,024	-

An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

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

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

(xii) The weighted average duration of the defined benefit obligations ranges between 5 to 15 years at the end of the reporting period.

(xiii) The defined benefit pension plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

(xiv) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

14. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(c) Other post employment benefits

Other post employment benefits comprise mainly retirement gratuities payable under the Employment Rights Act 2008 and residual liabilities for employees under defined contribution scheme.

(i) The amounts recognised in the statement of financial position are as follows:

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Present value of plan liability	(178,901)	(174,060)
Liability in the statement of financial position	(178,901)	(174,060)

(ii) The amounts recognised in profit or loss are as follows:

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Current service cost	14,647	18,046
Effect of curtailments/settlements	(8,837)	(10,744)
Interest cost	12,205	11,846
Changes in assumptions	(11,901)	-
Total, included in employee benefit expense	6,114	19,148

(iii) Movement in the liability recognised in the statement of financial position:

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
At July 1,	(174,060)	(140,383)
Total expense as above	(6,114)	(19,148)
Actuarial losses recognised in other comprehensive income	(20,560)	(26,596)
Benefits paid	21,833	12,067
At June 30,	(178,901)	(174,060)

(iv) The amounts recognised in other comprehensive income are as follows:

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Experience losses on liabilities	(13,792)	(26,596)
Changes in assumptions underlying the present value of the scheme	(6,768)	-
	(20,560)	(26,596)

Movement in other comprehensive income	THE GROUP	
	2018	2017
	MUR'000	MUR'000
At July 1,	(72,326)	(45,730)
Actuarial losses recognised in other comprehensive income	(20,560)	(26,596)
At June 30,	(92,886)	(72,326)

14. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(c) Other post employment benefits (Cont'd)

(v) The movement in the defined benefit obligation over the year is as follows:

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
At July 1,	(174,060)	(140,383)
Current service cost	(14,647)	(18,046)
Effect of curtailments/settlements	8,837	10,744
Interest Cost	(12,205)	(11,846)
Past service cost	11,901	-
Actuarial losses recognised during the year	(20,560)	(26,596)
Benefits paid	21,833	12,067
At June 30,	(178,901)	(174,060)

(vi) Amounts for the current and previous years are as follows:

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Defined benefit obligation	(178,901)	(174,060)

(vii) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP	
	2018	2017
Discount rates	5% - 6.5%	6.0%
Future long term salary increases	4.0%	4.0%
Retirement Age	60 years	60 years

(viii) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	Increase	Decrease
At June 30, 2018	MUR'000	MUR'000
Discount rate (1% increase)	-	13,717
Future long term salary assumption (1% increase)	15,327	-
At June 30, 2017		
Discount rate (1% increase)	-	10,907
Future long term salary assumption (1% increase)	12,586	-

14. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(c) Other post employment benefits (Cont'd)

(viii) Sensitivity analysis on defined benefit obligations at end of the reporting date: (cont'd)

An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

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

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

(ix) The weighted average duration of the defined benefit obligations ranges between 3 to 15 years at the end of the reporting period.

(x) The defined benefit pension plan exposes the Group to actuarial risks, such as longevity risk, salary risk, interest rate risk and market (investment) risk.

Investment risk: The present value of liablities 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 (for funded benefits only).

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

Longevity risk: The liabilities disclosed are based on the mortality rate A90 and PA92 rated down by three years. Should the experience of the pension plans be less favourable that the standard mortality tables, the liabilities will increase.

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

15. TRADE AND OTHER PAYABLES

(a) Accounting policies

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

(b)

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	MUR'000	MUR'000
Trade payables	852,686	710,050	-	-
Amount payable to related parties	102,307	86,449	371,575	366,069
Other payables and accruals (Note 15(a))	796,705	783,908	3,920	4,427
	1,751,698	1,580,407	375,495	370,496

(c) Other payables and accruals

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
Other payables and accruals consist of:	MUR'000	MUR'000	MUR'000	MUR'000
Accrued expenses	184,033	135,258	-	-
Deposits from customers	66,203	17,931	-	-
Employees related expenses	485,223	497,600	-	-
Other payables	61,246	133,119	3,920	4,427
	796,705	783,908	3,920	4,427

The carrying amount of the Group's and the Company's trade and other payables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	MUR'000	MUR'000
MUR	599,231	582,109	375,495	370,496
USD	454,034	389,870	-	-
GBP	59,139	30,687	-	-
EUR	25,184	35,564	-	-
INR	490,829	366,659	-	-
Others	123,281	175,518	-	-
	1,751,698	1,580,407	375,495	370,496

(d) The carrying amounts of trade and other payables approximate their fair values.

(e) The average credit period on purchase of certain goods and services is 60 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

(f) Amounts payable to related parties are interest-free, unsecured and generally on 60 days' term.

16. PROVISIONS

(a) Accounting policies

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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group and the Company expect some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

	THE GROUP	
	2018	2017
(b) Movement in provisions during the year is as follows:	**MUR'000**	MUR'000
At July 1,	**26,460**	25,250
Additional provisions	**-**	1,628
Amounts used during the year	**(14,839)**	(418)
At June 30,	**11,621**	26,460

Provisions consist mainly of legal claims.

The provision represents the present value of the director's best estimate of the future outflow of economic benefits that will be required under the Group's obligations. The actual results could, however, differ from the estimates.

17. INCOME TAX

(a) Accounting policies

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

17. INCOME TAX (CONT'D)

(a) Accounting policies (Cont'd)

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(b) Income Tax - Statements of financial position

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	MUR'000	MUR'000
At July 1,	7,240	38,778	-	-
Current tax on adjusted profits for the year	106,738	143,806	6	11
Investment tax credit	(37,099)	(43,086)	-	-
Exchange differences	(647)	159	-	-
Under/(over) provision of prior years	2,128	(1,836)	-	-
Corporate Social Responsibility	6,527	7,015	1	2
Paid during the year	(63,780)	(137,590)	-	(8)
Transfer to other receivables	-	(6)	-	(5)
At June 30,	21,107	7,240	7	-

(c) Income Tax - Statements of profit or loss

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	MUR'000	MUR'000
Current tax on adjusted profits for the year	106,738	143,806	6	11
Investment tax credit	(37,099)	(43,086)	-	-
Corporate Social Responsibility	6,527	7,015	1	2
Under/(over) provision of prior years	2,128	(1,836)	-	-
	78,294	105,899	7	13
Deferred income tax	(35,333)	(2,746)	(598)	(525)
	42,961	103,153	(591)	(512)

(d) The tax on the Group's and Company's profit before income tax differs from the theoretical amount that would arise using the basic tax rate of 15% and CSR of 2% of the Group as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	MUR'000	MUR'000
Profit before tax	360,238	664,664	280,005	305,485
Tax calculated at a rate of 17% (2017: 17%)	61,240	112,993	47,601	51,932
Adjustments for:				
Non-deductible expenses	25,488	34,499	7	11
Exempt income	(1,248)	(6,724)	(48,199)	(52,455)
Investment tax credit	(37,099)	(43,086)	-	-
Effect of different tax rate	21,580	18,443	-	-
Over provision of deferred tax in prior years (Note 9(a))	(23,363)	(3,853)	-	-
Utilisation of tax losses	(187)	(2,857)	-	-
Effect of tax losses unrecognised	5,656	40,597	-	-
Under/(over) provision of income tax in prior years	2,128	(1,836)	-	-
Underlying foreign tax credit	(15,285)	(50,850)	-	-
Others	4,051	5,827	-	-
	42,961	103,153	(591)	(512)

18. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION

(a)

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	MUR'000	MUR'000
Revenue	10,943,943	10,509,069	285,586	311,531
Cost of goods produced	(5,697,330)	(5,056,218)	-	-
Logistics	(555,724)	(437,387)	-	-
Utilities	(317,138)	(303,500)	-	-
Repairs and maintenance	(140,384)	(166,116)	-	-
Employee benefit expense (note 19)	(2,888,533)	(3,002,242)	-	-
Transport expenses	(75,411)	(84,552)	-	-
Overseas business travelling and marketing expenses	(329,355)	(320,525)	-	-
Rental and leases	(83,751)	(100,930)	-	-
Office expenses	(146,693)	(173,079)	-	(45)
Professional fees and other services	(122,248)	(136,108)	-	-
Social and events	(36,484)	(25,970)	-	-
Fees and commission	(37,030)	(39,711)	(16)	36
Other operating income (including grants note(b))	245,162	334,271	3,512	3,084
Earnings before interest, tax, depreciation and amortisation (EBITDA)	759,024	997,002	289,082	314,606

(b) Grants

Government grants are recognised where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

Export related grants received from local authorities during the year amount to MUR 175M (2017: MUR 195M).

19. EMPLOYEE BENEFIT EXPENSE

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Wages and salaries	2,447,322	2,498,659
Social security costs	99,516	128,717
Other post employment benefits (Note 14(c))	6,114	19,148
Pension costs-defined benefit plans (Note 14(b))	20,278	13,333
Pension costs-defined contribution plans	6,451	6,504
Others*	308,852	335,881
	2,888,533	3,002,242

* Included in 'others' for the year ended June 30, 2018, is an amount of MUR Nil (2017: MUR 53.4M) incurred for restructuring of knitwear cluster activities in Mauritius and Madagascar.

	2018	2017	2018	2017
No. of employees at year end	19,381	20,671	-	-

20. PROFIT BEFORE INCOME TAX

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
Profit before income taxation is arrived at after	MUR'000	MUR'000	MUR'000	MUR'000
crediting:				
(Loss)/profit on disposal of property, plant and equipment	(1,120)	4,453	-	-
and charging:				
Depreciation on property, plant and equipment				
- owned assets	255,269	231,157	3,520	3,089
- leased assets	4,905	9,800	-	-
Amortisation of intangible assets	14,142	9,261	-	-
Cost of inventories	5,697,330	5,056,218	-	-

21. NET FINANCE COSTS

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
Interest expense on:	MUR'000	MUR'000	MUR'000	MUR'000
- Bank overdrafts	(43,688)	(35,867)	-	(1)
- Export bills	(22,810)	(24,373)	-	-
- Bank and other loans	(14,229)	(1,143)	-	(22)
- Import loans	(41,901)	(25,731)	-	-
- Finance leases	(1,387)	(3,241)	-	-
- B shares dividends	(5,599)	(6,108)	(5,600)	(6,108)
- Money market lines	(6,173)	(3,337)	-	-
Finance costs	(135,787)	(99,800)	(5,600)	(6,131)
Interest income on:				
- Bank balances	10,294	17,632	43	77
- Loans to related parties	-	-	-	22
- Others	1,023	48	-	-
Finance income	11,317	17,680	43	99
Net finance costs	(124,470)	(82,120)	(5,557)	(6,032)

22. EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company;
- By the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

		THE GROUP	
		2018	2017
Profit attributable to owners of the Company	MUR.	232,784,000	458,645,000
Number of shares in issue		101,807,589	101,807,589
Basic and diluted earnings per share	MUR.	2.29	4.51

23. DIVIDENDS

(a) Accounting policies

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's board of Directors.

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	MUR'000	MUR'000
(b) Amounts recognised as distribution to owners of the Company in the year:				
Interim dividend of MUR. 1.25 (2017: MUR. 1.25) per share	**127,260**	127,260	**127,260**	127,260
Final dividend of MUR. 1.50 (2017: MUR. 1.75) per share	**152,711**	178,163	**152,711**	178,163
	279,971	305,423	**279,971**	305,423

(c) Dividends payable to ordinary shareholders at year ended June 30:

THE GROUP AND THE COMPANY	At July 1,	Declared during the year	Paid during the year	At June 30,
	MUR'000	MUR'000	MUR'000	MUR'000
At June 30, 2018	**178,163**	**279,971**	**(305,423)**	**152,711**
At June 30, 2017	203,615	305,423	(330,875)	178,163

(d) Dividend and tax paid by foreign subsidiary

	2018	2017
	MUR'000	MUR'000
(i) Dividend declared by foreign subsidiary		
Owners of the Company	**31,846**	127,405
Non controlling interest	**31,846**	127,405
	63,692	254,810
(ii) Dividend distribution tax		
Owners of the Company	**6,483**	25,766
Non controlling interest	**6,483**	25,938
	12,966	51,704
Total dividend and tax paid by foreign subsidiary	**76,658**	306,514

24. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Accounting policies

Cash and short-term deposits in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. Bank overdrafts are shown within "borrowings" in current liabilities.

24. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

(a) Accounting policies (Cont'd)

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	MUR'000	MUR'000
(b) Cash generated from/(used in) operations				
Profit before income tax	360,238	664,664	280,005	305,485
Adjustments for:				
- Dividend income	-	-	(285,586)	(311,531)
- Depreciation of property, plant and equipment (note 4)	260,174	240,957	3,520	3,089
- Loss/(profit) on disposal of property, plant and equipment	1,120	(4,453)	-	-
- Property, plant and equipment written off	5,924	3,747	-	-
- Amortisation of intangible assets (note 5)	14,142	9,261	-	-
- Retirement benefit obligations	(12,997)	10,684	-	-
- Provisions	(14,839)	1,210	-	-
- Provision for bad debts (note 11(vii))	2,306	7,388	-	-
- Unrealised foreign exchange differences	(12,750)	(78,708)	-	-
- Interest income (note 21)	(11,317)	(17,680)	(43)	(99)
- Interest expense (note 21)	135,787	99,800	5,600	6,131
Cash generated from operations before changes in working capital	727,788	936,870	3,496	3,075
Changes in working capital:				
- Inventories	(339,866)	(163,769)	-	-
- Trade and other receivables and financial derivatives	(317,488)	174,171	(1,426)	2,051
- Trade and other payables and financial derivatives	150,884	(60,161)	5,507	(5,402)
Cash generated from/(used in) operations	221,318	887,111	7,577	(276)
(c) Cash and cash equivalents				
Cash in hand and at bank	429,194	647,048	2,076	1,429
Bank overdrafts (Note 13(b))	(1,121,379)	(1,020,411)	-	-
	(692,185)	(373,363)	2,076	1,429

(d) Net debt reconciliation

Net debt is made up of cash in hand and at bank and borrowings.

	Net debt as at July 1, 2017	Additions	Repayments	Net movements	Net debt as at June 30, 2018
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents	373,363	-	-	318,822	692,185
Bank loans	7,674	61,326	(4,344)	37	64,693
Import loans	968,660	-	-	395,729	1,364,389
Export bills	1,109,767	-	-	132,468	1,242,235
Obligations under finance leases	86,539	-	(35,707)	165	50,997
Vendors' financing	100,811	-	-	(44,097)	56,714
	2,646,814	61,326	(40,051)	803,124	3,471,213

24. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

(d) Net debt reconciliation (Cont'd)

	Net debt as at July 1, 2016	Additions	Repayments	Net movements	Net debt as at June 30, 2017
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents	368,849	-	-	4,514	373,363
Bank loans	17,824	2,800	(12,684)	(266)	7,674
Import loans	816,221	-	-	152,439	968,660
Export bills	750,705	-	-	359,062	1,109,767
Obligations under finance leases	81,499	41,965	(37,117)	192	86,539
Vendors' financing	125,332	-	-	(24,521)	100,811
	2,160,430	44,765	(49,801)	486,906	2,646,814

25. CONTINGENT LIABILITIES

At June 30, 2018, the Group had contingencies in respect of tax assessments, legal cases and bank guarantees to third parties in respect of expatriates amounting to MUR 40.0M (2017: MUR 32.4M).

26. COMMITMENTS

(a) Capital commitments

Capital commitments amounting to MUR 536M (2017: MUR 704M) have been approved by the Board of Directors but not yet contracted for.

(b) Operating lease commitments

The Group leases motor vehicles and other equipment under non-cancellable operating lease agreements. The average lease terms range from three to five years and ownership of the assets lies with the Group. The Group also has state land leases, with expiry dates between 2058 and 2076, renewable for periods of ten years. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	MUR'000	MUR'000
Payments recognised as an expense	**13,903**	18,020
	13,903	18,020

Operating lease commitments - where a group company is the lessee

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Not later than one year	**7,931**	9,939
Later than one year and not later than five years	**14,644**	17,974
After five years	**17,057**	16,415
	39,632	44,328

Operating lease commitments - where a group company is the lessor

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Not later than one year	**3,636**	3,528
	3,636	3,528

27. REVENUE

(a) Accounting policies

(i) Sale of goods and services

Revenue is recognised when significant risks and rewards of ownership of the goods have passed to the buyer and upon customer acceptance, if any, or performance of services, net of value added taxes and discounts, and after eliminating sales within the Group. The Group turnover reflects the invoiced values of knitted and woven garments and fabrics, inclusive of insurance and freight when sold on a 'cost, insurance and freight' basis, and in other cases on its 'free on board' value for sales on 'free on board' basis.

(ii) Other operating income

Other operating income earned by the Group and the Company are recognised on the following basis:

- Interest income - as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.
- Dividend income - when the shareholder's right to receive payment is established.

All revenue of the Group relate to sale of textile products, generated outside the country of domicile of the Company.

The revenue for the Company comprises dividend income from subsidiary companies.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group and the Company recognise revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's and the Company's activities. The Group and the Company base the estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

28. RELATED PARTY TRANSACTIONS

As at June 30, 2018, the Group is controlled by CIEL Limited which owns 88.48% of the Company's shares. The remaining shares are widely held. The following transactions were carried out with related parties.

THE GROUP	Related Companies	Key Management Personnel
June 30, 2018	**MUR'000**	**MUR'000**
Treasury and corporate management fees (fellow subsidiaries)	27,786	-
Purchase of goods (shareholder of a subsidiary)	329,314	-
Amount due to shareholder of a subsidiary (Note 15)	96,786	-
Amount due to (Note 15)	5,521	-
Amount due from (Note 11)	82	-
Short term benefits	-	182,751
Post employment benefits	-	2,129
Dividend	-	5,599

28. RELATED PARTY TRANSACTIONS (CONT'D)

June 30, 2017	Related Companies	Key Management Personnel
	MUR'000	MUR'000
Treasury and corporate management fees (fellow subsidiaries)	31,203	-
Purchase of goods (shareholder of a subsidiary)	441,775	-
Amount due to shareholder of a subsidiary	67,687	-
Amount due to	18,762	-
Amount due from (Note 11)	671	500
Short term benefits	-	179,556
Post employment benefits	-	3,007
Dividend	-	6,108

THE COMPANY	2018	2017
	MUR'000	MUR'000
Amount due from subsidiaries (Note 11)	180,119	204,608
Amount due to subsidiaries (Note 15)	371,575	366,069
Dividend received from subsidiaries	285,570	311,531

The amounts due to and receivable from related parties are unsecured and repayable on demand.

The holding company is CIEL Limited, a public company incorporated in the Republic of Mauritius. It is listed on the Stock Exchange of Mauritius. Its registered office is situated on the 5th Floor Ebène Skies, Rue de l'Institut, Ebène.

29. FINANCIAL RISK MANAGEMENT AND POLICIES

The Group's and Company's principal financial liabilities comprise bank loans and overdrafts, bills discounted, finance leases and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's and the Company's operations. The Group and Company have various financial assets, such as trade and other receivables and cash and cash equivalent which arise directly from its operations.

The Group's and the Company's activities, therefore, expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's and Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and Company's financial performance. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

29.1. Financial risk factors

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to GBP, EUR, USD, ZAR, INR and MGA. Foreign exchange risk arises from future commercial transactions. The Group hedges the risk associated with foreign currencies by entering into forward contracts.

29. FINANCIAL RISK MANAGEMENT AND POLICIES (CONT'D)

29.1. Financial risk factors (Cont'd)

(a) Currency risk (Cont'd)

At June 30, 2018, if MUR had weakened/strengthened by 5% against EUR/GBP/USD with all other variables held constant, pre-tax profit for the year would have been MUR 107,072,000 (2017: MUR 94,163,000) higher/lower as a result of foreign exchange gains/losses on translation of EUR/GBP/USD denominated trade receivables, trade payables and borrowings and is as follows:

	2018	2017
	MUR '000	MUR '000
EUR	**2,503**	122
GBP	**(4,909)**	(9,493)
USD	**(104,666)**	(84,792)
	(107,072)	(94,163)

(b) Interest rate risk

The Group borrows at fixed and variable rates. In respect of the latter, it is exposed to risk associated with effect of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The interest rate risk profile is on the following main liabilities:

Bank Overdrafts	2018	2017
MUR	**5.75% (PLR)**	6.15% (PLR)
EUR	**Euribor + 1.5%/+ 2.75%**	Euribor + 1.5%/+ 2.75%
USD	**Libor + 1.5%/+ 2.75%**	Libor + 1.5%/+ 2.75%
INR	**10% - 10.15%**	10% - 10.15%
Loans		
MUR	**Prime lending rate + 1%**	Prime lending rate + 1%
EUR	**Euribor + 3%**	Euribor + 3%
Finance Lease		
MUR	**7.5% - 10.5%**	7.5% - 10.5%
USD	**2.9% - 5.08%**	2.9% - 5.08%
EUR	**2.75%**	2.75%
Export Bills		
MUR	**5.75% (PLR)**	6.15% (PLR)
EUR	**Euribor + 1.5%/+ 2.75%**	Euribor + 1.5%/+ 2.75%
USD	**Libor + 1.5%/+ 2.75%**	Libor + 1.5%/+ 2.75%
INR	**9.60% -10.25%**	9.60% -10.25%
Vendors' Financing		
USD	**2.3% - 3.0%**	2.3% - 3.0%
GBP	**2.3% - 3.0%**	2.3% - 3.0%

At June 30, 2018, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, pre-tax profit for the year would have been lower/higher as shown in the table below, mainly as a result of higher/lower interest expense on floating rate borrowings as shown below. The Directors believe that a 50 basis point movement is a reasonable basis to determine the sensitivity analysis.

29. FINANCIAL RISK MANAGEMENT AND POLICIES (CONT'D)

29.1. Financial risk factors (Cont'd)

Effect higher/lower on pre-tax profit	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	MUR'000	MUR'000	MUR'000	MUR'000
MUR	465	678	-	-
USD	13,612	10,806	-	-
EUR	1,418	2,082	-	-
GBP	1,345	1,688	-	-
INR	1,868	685	-	-
Others	540	98	-	-
	19,248	16,037	-	-

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group and the Company aim at maintaining flexibility in funding by keeping reliable credit lines available. The Directors monitor rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyses the non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

THE GROUP	At call	Less than 3 months	Between 3 months and 1 year	Over 1 year
	MUR'000	MUR'000	MUR'000	MUR'000
At June 30, 2018				
Borrowings	1,121,379	1,430,517	1,239,861	129,323
Trade and other payables	-	1,480,434	271,264	-
Dividend payable	-	152,711	-	-
At June 30, 2017				
Borrowings	1,020,411	1,544,519	601,129	135,077
Trade and other payables	-	1,247,712	332,695	-
Dividend payable	-	178,163	-	-

The amounts in relation to forward exchange contracts for a contract value of MUR 2.104bn (2017: MUR 2.310bn) will be settled in the short term for an expected net cash inflow of MUR 79.634M (2017: inflow of MUR 20.463M).

THE COMPANY	At call	Less than 3 months	Between 3 months and 1 year	Over 1 year
	MUR'000	MUR'000	MUR'000	MUR'000
At June 30, 2018				
Trade and other payables	-	3,920	371,575	-
Dividend payable	-	152,711	-	-
At June 30, 2017				
Trade and other payables	-	4,427	366,069	-
Dividend payable	-	178,163	-	-

29. FINANCIAL RISK MANAGEMENT AND POLICIES (CONT'D)

29.1. Financial risk factors (Cont'd)

(d) Credit risk

The Group's credit risk is primarily attributable to its trade receivables and bank balances. For banks and financial institutions, the Group only transacts with highly-reputable counterparties. The amounts presented for trade receivables in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

The Group has no other significant concentration of credit risk, except as highlighted in Note 11(i), with exposure spread over a large number of counterparties and customers. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

The Group considers the probability of default upon recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period.

To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the trade receivables as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information and other indicators as follows:

- Internal credit rating;
- External credit rating from credit insurers;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the clients' ability to meet its obligations; and
- Actual or expected significant changes in the operating results and payment status of the client.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor has exceeded its contracted payment term.

For the year ended June 30, 2018, the Group has assessed the credit rating of its trade receivables as per below:

	%	MUR'000
Risk		
Low	52.32	980,222
Medium	47.50	890,065
High	0.16	3,067
Unrated/Not applicable/Other	0.02	414
	100.00	1,873,768

29. FINANCIAL RISK MANAGEMENT AND POLICIES (CONT'D)

29.1 Financial risk factors (Cont'd)

The following table details the forward foreign currency (FC) contracts outstanding at the end of the reporting period:

Outstanding contracts	2018	2017	2018		2017		Contract value		Fair value		Gain/(loss)	
	Average exchange rate		Sell	Buy	Sell	Buy	2018	2017	2018	2017	2018	2017
			FC'000	FC'000	FC'000	FC'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Sell currency EUR and buy currency USD	1.22	1.08	8,587	10,472	600	646	360,221	21,999	376,991	20,577	16,770	(1,422)
Sell currency EUR and buy currency MUR	41.32	38.96	2,620	108,229	2,350	91,557	108,229	91,557	111,999	91,204	3,770	(353)
Sell currency MUR and buy currency EUR	40.12	-	23,069	575	-	-	23,069	-	22,947	-	(122)	-
Sell currency GBP and buy currency USD	1.43	1.25	2,446	3,488	1,196	1,491	3,523	50,772	13,190	48,392	9,667	(2,380)
Sell currency GBP and buy currency MUR	45.80	44.98	6,124	280,457	770	34,632	280,457	34,632	283,963	34,856	3,505	224
Sell currency ZAR and buy currency USD	12.94	13.88	128,404	9,924	243,306	17,530	341,402	596,884	370,718	568,292	29,316	(28,592)
Sell currency ZAR and buy currency MUR	2.63	2.59	168,261	442,570	205,820	532,291	442,570	532,291	474,623	540,858	32,053	8,567
Sell currency USD and buy currency MUR	34.43	34.82	2,760	95,031	12,885	448,604	95,031	448,604	94,555	458,309	(476)	9,705
Sell currency USD and buy currency EUR	1.21	1.14	2,973	2,455	1,418	1,243	97,865	48,427	92,159	48,594	(5,706)	167
Sell currency USD and buy currency ZAR	12.83	13.06	390	5,000	4,562	59,579	2,024	156,096	949	155,937	(1,075)	(159)
Sell currency USD and buy currency INR	67.55	65.53	8,100	547,188	350	22,935	270,967	12,385	263,659	12,360	(7,309)	(25)
Sell currency GBP and buy currency INR	89.38	84.77	600	53,631	2,150	182,256	26,558	98,418	26,176	97,544	(382)	(874)
Sell currency EUR and buy currency INR	81.18	73.53	1,300	105,528	5,485	403,330	52,257	217,798	51,880	212,477	(377)	(5,321)
Total							2,104,173	2,309,863	2,183,809	2,289,400	79,634	(20,463)

Recognised as follows:	2018	2017
On statement of financial position	MUR'000	MUR'000
Fair value asset on forward contracts	87,701	8,011
Fair value liability on forward contracts	(8,067)	(28,474)
	79,634	(20,463)
In statement of profit or loss		
(Loss)/gain on financial derivatives	(4,011)	1,054
In statement of other comprehensive income		
Gain/(loss) on financial derivatives	83,645	(21,517)
	79,634	(20,463)

29. FINANCIAL RISK MANAGEMENT AND POLICIES (CONT'D)

29.2 Fair value estimation of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods namely the capitalised earnings, net asset basis and dividend yield and makes assumptions that are based on market conditions existing at the end of each reporting date.

The valuation method used to determine the fair values of the foreign currency contracts outstanding at the end of the reporting date is the Replacement Cover Method.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

THE GROUP

	Level 1	Level 2	Level 3
	MUR'000	MUR'000	MUR'000
As at June 30, 2018			
Available-for-sale financial assets	-	-	6,712
Forward exchange contracts	-	87,701	-
Total	-	**87,701**	**6,712**
As at June 30, 2017			
Available-for-sale financial assets	-	-	6,712
Forward exchange contracts	-	8,011	-
Total	-	8,011	6,712

THE COMPANY

As at June 30, 2018			
Available-for-sale financial assets	-	-	**6,712**
As at June 30, 2017			
Available-for-sale financial assets	-	-	6,712

29. FINANCIAL RISK MANAGEMENT AND POLICIES (CONT'D)

29.3 Capital risk management

The primary objectives of the Group and Company, when managing capital, are to safeguard the entity's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group and the Company manage their capital structure and make adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the years ended June 30, 2018 and June 30, 2017.

The Group and the Company monitor capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt adjusted capital. Total debt comprise borrowings. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and bank balances.

Adjusted capital comprises all components of equity (i.e. share capital, non-controlling interests, retained earnings, revaluation surplus and the redeemable preference shares).

The gearing ratios at June 30, 2018 and June 30, 2017 were as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Total debt (Note 13)	**3,900,407**	3,293,862	**-**	-
Less: cash and cash equivalents (Note 24(c))	**(429,194)**	(647,048)	**(2,076)**	(1,429)
Net Debt	**3,471,213**	2,646,814	**(2,076)**	(1,429)
Total equity	**4,616,086**	4,733,129	**985,403**	984,778
Gearing Ratio	**42.92%**	35.86%	**N/A**	N/A

The target gearing ratio for the Group as at June 30, 2018 and 2017 is 50%.

30. CASH FLOW HEDGE

(a) Accounting policies

Derivatives are initially recognised at fair value on the date a derivative is entered into and are subsequently re-measured at their fair value. All derivatives are carried in current assets when amounts are receivable by the Group and in current liabilities when amounts are payable by the Group.

At the end of each reporting period, the resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which the timing of recognition in profit or loss depends on the nature of the hedge relationship.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of derivative instruments used for hedging purposes are disclosed in note 29. Movements on the hedging reserve are shown in 'other comprehensive income'. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in 'other comprehensive income'. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of currency forward contracts is recognised in profit or loss.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

The Group is involved in the production and sale of textile apparel, most of which is done through exports to foreign countries. The Group is made up of Knitwear Cluster, Fine knits Cluster and Woven Cluster, and is exposed to foreign exchange risk on the sale of textile products denominated in foreign currency. The Group exports almost all of its production (South African Rand 'ZAR', United States Dollars 'USD', Great Britain Pound 'GBP' and Euro 'EUR').

The Group is mainly faced with the following foreign exchange exposures:

Pre-transaction foreign currency risk

This arises before the transaction ('sale') becomes contractual while a quote is given to the client in foreign currency. Even though the transaction is not confirmed, movement in exchange rate to the disfavour of the Group signifies a potential risk. If a customer later accepts the quote received, there is a risk that the foreign currency price, then converted to MUR, will not bring the desired margin.

Transaction foreign currency risk

Transactional foreign currency risk arises as soon as there is a contractual obligation between the Group and the foreign customers. If nothing is done, there is a certain risk that the foreign exchange rate may weaken and if it so happens, the Group may only lose the intended margin on the transaction and may even incur losses if the exchange rate variations are drastically in disfavour of the Group.

30. CASH FLOW HEDGE (CONT'D)

(a) Accounting policies (Cont'd)

The Group adopted the following strategy:

The Treasury Committee and Chief Executive of the Group are responsible for the decision making, with the intention to take cover, through forward exchange contracts with a view to cover for sale transactions that are judged as being highly probable. The intention is to cover for transactional exposures as they are unveiled. Prerogative is given to the Treasury Committee and Chief Executive of the Group to decide if they would keep part of this position uncovered with the view of benefiting from potential currency appreciation against the MUR.

The Group enters into forward covers to manage its foreign exchange risk on foreign denominated sales. Forward exchange covers are taken for orders received and which are highly probable and this is designated as a cash flow hedge. Forward covers are used as a mechanism to fix the amount of foreign currency denominated sales which are used to modify cash flow between financial instrument and sales receipts upon realisation.

Financial instruments taken to hedge the Group's sales are fair valued and recognised in the statement of financial position as financial assets/liability. For those sales on which a forward has been taken and which has materialised, the resulting fair value gain/loss on re-measurement is accounted for in profit or loss while for those transactions for which the underlying sale has not yet materialised, the fair value gain/loss is recorded in other comprehensive income. The latter is then recycled to profit or loss as soon as the sale materialises and the goods are shipped.

The Group enters into forward contracts (hedge instrument) to buy or sell foreign currencies at a specified future time at a price agreed upon the contract date. The price is locked until delivery of sales order which normally will not exceed 9 months.

Hedge instruments, in this case forward exchange contracts, are expected to be highly effective to mitigate the foreign currency risk exposure on sales (hedged item). By selling forward, the Group expects to mitigate long term currency exchange risk and will revalue in the opposite direction to the underlying transaction.

The objective of the Group is to cover identified exposures (i.e. confirmed orders or highly probable sales orders) to the minimum of 75% and a maximum of 125%. However, this bench mark is determined on a case to case basis by the CEO and treasury committees of the respective business clusters while taking into consideration the specific transaction requirements.

For all sales not yet shipped and for which a forward exchange contract cover has been taken, the Group performs a revaluation of outstanding forward contracts relating to cash flow hedges which is then recorded in the statement of comprehensive income.

Revaluation of outstanding forward contracts relating to transaction for which an asset has already crystallised in the statement of financial position (sales already shipped and debtors raised) will be recorded in profit or loss.

Subsequently, the cash flow hedge recognised in other comprehensive income will be reversed in profit or loss in the following year, as an underlying asset would already have crystallised upon the orders being shipped (Sales not shipped last year would have been shipped this year).

Hedge instruments in the form of forward foreign exchange contracts is expected to be highly effective as the unshipped sales, which represents the hedged item, has a direct economic relationship to the forward foreign exchange contract entered into to mitigate the foreign exchange exposure on the Group's unshipped and confirmed sales orders at year end.

Although effectiveness is certain to be 100% as long as plain vanilla forward contracts are used, a 10 % error margin in the hedge effectiveness is considered as acceptable. To determine effectiveness of the hedge, the list of hedge instruments (forward contracts) are matched with list of sales not yet shipped/highly probable sales (hedged items).

The Group has a single risk category which is the foreign exchange risk on foreign denominated sales.

The Group does not have any forecast transaction for which hedge accounting had been used in the previous period but which is no longer expected to occur.

31. THREE YEAR SUMMARY

(a) THE GROUP

	2018	2017	2016
	MUR'000	MUR'000	MUR'000
Stated capital/Issued and paid up share capital	**685,865**	685,865	685,865
Retained earnings	**2,996,059**	3,050,177	2,922,721
Other reserves	**611,355**	705,034	785,185
Amount attributable to owners	**4,293,279**	4,441,076	4,393,771
Profit before taxation	**360,238**	664,664	861,578
Profit for the year	**317,277**	561,511	703,641
Dividends to Ordinary Shareholders	**279,971**	305,423	330,875

(b) THE COMPANY

	2018	2017	2016
	MUR'000	MUR'000	MUR'000
Stated capital/Issued and paid up share capital	**685,865**	685,865	685,865
Revaluation surplus	**144,977**	144,977	131,874
Retained earnings	**154,561**	153,936	153,362
Total equity	**985,403**	984,778	971,101
Profit before taxation	**280,005**	305,485	384,548
Profit for the year	**280,596**	305,997	385,031
Dividends to Ordinary Shareholders	**279,971**	305,423	330,875

32. FINANCIAL INSTRUMENTS BY CATEGORY

THE GROUP

	June 30, 2018			
Financial assets as per statement of financial position	Loans and receivables	Derivatives used for hedging	Available-for-sale	Total
	MUR'000	MUR'000	MUR'000	**MUR'000**
Available-for-sale financial assets	-	-	6,712	**6,712**
Derivative financial instruments	-	87,701	-	**87,701**
Trade and other receivables	2,316,265	-	-	**2,316,265**
Cash and cash equivalents	429,194	-	-	**429,194**
Total	**2,745,459**	**87,701**	**6,712**	**2,839,872**

Financial liabilities as per statement of financial position	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
	MUR'000	MUR'000	**MUR'000**
Borrowings (excluding finance lease liabilities)	-	3,849,410	**3,849,410**
Finance lease liabilities	-	50,997	**50,997**
Derivative financial instruments	8,067	-	**8,067**
Trade and other payables	-	1,751,698	**1,751,698**
Dividend payable	-	152,711	**152,711**
Total	**8,067**	**5,804,816**	**5,812,883**

32. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

THE GROUP

Financial assets as per statement of financial position	June 30, 2017			
	Loans and receivables	Derivatives used for hedging	Available-for-sale	Total
	MUR'000	MUR'000	MUR'000	**MUR'000**
Available-for-sale financial assets	-	-	6,712	**6,712**
Derivative financial instruments	-	8,011	-	**8,011**
Trade and other receivables	2,038,930	-	-	**2,038,930**
Cash and cash equivalents	647,048	-	-	**647,048**
Total	**2,685,978**	**8,011**	**6,712**	**2,700,701**

Financial liabilities as per statement of financial position	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
	MUR'000	MUR'000	**MUR'000**
Borrowings (excluding finance lease liabilities)	-	3,207,323	**3,207,323**
Finance lease liabilities	-	86,539	**86,539**
Derivative financial instruments	28,474	-	**28,474**
Trade and other payables	-	1,580,407	**1,580,407**
Dividend payable	-	178,163	**178,163**
Total	**28,474**	**5,052,432**	**5,080,906**

THE COMPANY

Financial assets as per statement of financial position	June 30, 2018		
	Loans and receivables	Available-for-sale	Total
	MUR'000	MUR'000	**MUR'000**
Available-for-sale financial assets	-	6,712	**6,712**
Trade and other receivables	180,659	-	**180,659**
Cash and cash equivalents	2,076	-	**2,076**
Total	**182,735**	**6,712**	**189,447**

Financial liabilities as per statement of financial position	Other financial liabilities at amortised cost	Total
	MUR'000	**MUR'000**
Trade and other payables	375,495	**375,495**
Dividend payable	152,711	**152,711**
Total	**528,206**	**528,206**

32. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

Financial assets as per statement of financial position	June 30, 2017 Loans and receivables	Available-for-sale	Total
	MUR'000	MUR'000	MUR'000
Available-for-sale financial assets	-	6,712	6,712
Trade and other receivables	205,178	-	205,178
Cash and cash equivalents	1,429	-	1,429
Total	**206,607**	**6,712**	**213,319**

Financial liabilities as per statement of financial position	Other financial liabilities at amortised cost	Total
	MUR'000	MUR'000
Trade and other payables	370,496	370,496
Dividend payable	178,163	178,163
Total	**548,659**	**548,659**

33. EMPLOYEE BENEFIT LIABILITY

Redeemable B Shares

The Company issued redeemable shares for executives pursuant to resolutions of the Board approved on February 28, 2005 and approved by the shareholders on April 13, 2005. Under the scheme, a fixed number of Redeemable B shares were issued at a fixed price per share. These shares have the following specificities:

100 redeemable shares were issued to the Chief Executive Officer of the Woven Cluster at a consideration of MUR 35,001 each. The shares are not transferable, carry no voting rights and are redeemable at subscription price at the option of the Company.

The shares will entitle the holder to a non-cumulative annual dividend equivalent to 0.02% of the dividend paid to ordinary shareholders.

As the overall contract does not evidence any residual interest to the shareholder, the Directors are thus of opinion that the contract is a financial liability. Dividends payable are recognised as an expense in profit or loss over the term of the contract.

34. SUBSEQUENT EVENTS

On August 1, 2018 Floreal Knitwear Limited ("FKL"), a wholly-owned subsidiary of CIEL Textile Limited ("CTL") announced that it has entered into an agreement with Sun Styled Boutiques Limited ("SSL"), a wholly-owned subsidiary and retail arm of the Sun Limited with respect to the disposal of the entire shares held by FKL in CTL Retail Limited ("CTLR"). CIEL Textile Limited and Sun Limited are both subsidiaries of CIEL Limited.

Corporate Information

REGISTERED OFFICE
5th Floor, Ebène Skies
Rue de l'Institut, Ebène
Republic of Mauritius
Tel: +230 404-2200
Email: info@cielgroup.com

FINANCIAL & SECRETARIAL SERVICES
CIEL Corporate Services Limited
5th Floor, Ebène Skies,
Rue de l'Institut, Ebène
Republic of Mauritius
Tel : +230 404 2200

REGISTRAR & TRANSFER OFFICE
If you are a shareholder and have inquiries regarding your account, wish to change your name and address, or have questions about lost certificates, share transfers or dividends, please contact our Registrar & Transfer Office:

MCB Registry & Securities Limited
2nd Floor MCB Centre
Sir William Newton Street, Port Louis
Republic of Mauritius
Tel: +230 202 5397

MAIN BANKERS
The Mauritius Commercial Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited
Barclays Bank Plc
The State Bank of Mauritius Limited

EXTERNAL AUDITOR
PricewaterhouseCoopers Limited
18 CyberCity, Ebène, Réduit 72201
Republic of Mauritius

INTERNAL AUDITOR
Ernst & Young Limited

NOTARY
Etude Montocchio – d'Hotman

LEGAL ADVISORS
Thierry Koenig SA, ENSafrica (Mauritius)
Maxime Sauzier SC, ENSafrica (Mauritius)
Patrice Doger de Spéville, De Spéville Desvaux

WEBSITE
www.cielgroup.com

How to Contact
Our Main Subsidiaries?

AQUARELLE GROUP
Boundary Road, Quatre Bornes
Republic of Mauritius
Tel: +230 402 1100

CONSOLIDATED FABRICS LIMITED
Royal Road, Solitude
Republic of Mauritius
Tel: +230 204 1670

TROPIC KNITS GROUP
Royal Road, Forest Side
Republic of Mauritius
Tel: +230 602 1000

CDL KNITS LIMITED
Royal Road, Forest Side
Republic of Mauritius
Tel: +230 602 3800

FLOREAL GROUP
Royal Road, Forest Side
Republic of Mauritius
Tel: +230 601 1000

FERNEY SPINNING MILLS LIMITED
Royal Road, Forest Side
Republic of Mauritius
Tel: +230 601 3000

Notice of Annual Meeting

Notice is hereby given that the Annual Meeting ("the Meeting") of the shareholders of CIEL Textile Limited ("the Company") will be held on **December 17, 2018 at 10.00 hours** at the Registered Office of the Company, 5th floor, Ebène Skies, Rue de l'Institut, Ebène to transact the following business:

ORDINARY RESOLUTIONS

1. To receive, consider and approve the Group's and the Company's audited Financial Statements for the financial year ended June 30, 2018, including the Annual Report and the Auditor's Report, in accordance with section 115(4) of the Companies Act 2001.

2. To authorise, in accordance with section 138(6) of the Companies Act 2001, Mr. Henri de Simard de Pitray to continue to hold office as Director of the Company until the next Annual Meeting.

3. To appoint, as Director of the Company to hold office until the next Annual Meeting, Mr. Denis Terrien, who has been nominated by the Board of Directors on February 12, 2018.

4-13. To re-elect, as Directors of the Company to hold office until the next Annual Meeting, the following persons who offer themselves for re-election (as separate resolutions):

4. Mr. P. Arnaud Dalais
5. Mr. Jean-Pierre Dalais
6. Mr. L. J. Jérôme De Chasteauneuf
7. Mr. Antoine Delaporte
8. Mr. Eric Dorchies
9. Mrs. Hélène Echevin
10. Mr. Roger Espitalier Noël
11. Mr. J. Harold Mayer
12. Mr. Alain Rey
13. Mr. Eddy Yeung Kan Ching

14. To take note of the automatic re-appointment of PricewaterhouseCoopers Ltd as auditor of the Company for the financial year ending June 30, 2019, in accordance with section 200 of the Companies Act 2001 and to authorise the Board of Directors of the Company to fix their remuneration.

15. To ratify the remuneration paid to the auditor for the financial year ended June 30, 2018.

ALTERATION OF THE CONSTITUTION - SPECIAL RESOLUTION

16. "Pursuant to section 44(2) of the Companies Act 2001, it is hereby RESOLVED THAT the Company's constitution dated April 13, 2005 ("the Constitution") be altered by inserting the following new sub-clause 17.5 under clause 17 – Distributions:

17.5 Unclaimed dividends

All dividends unclaimed for one year after having been authorised may be invested or otherwise made use of by the Board for the benefit of the Company until claimed, and all dividends unclaimed for five years after having been declared may be forfeited by the Board for the benefit of the Company. The Board may, however, annul any such forfeiture and agree to pay a claimant who produces evidence of entitlement to the Board's satisfaction the amount of its dividend forfeited unless, in the opinion of the Board, such payment would embarrass the Company."

By Order of the Board

Clothilde de Comarmond, ACIS
Group Company Secretary
For and on behalf of CIEL Corporate Services Ltd

October 31, 2018

Notes:

(a) A shareholder of the Company entitled to attend and vote at the Meeting may appoint a proxy, whether a member or not, to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.
(b) Proxy Forms should be deposited at the Company's Share Registry and Transfer Office, MCB Registry & Securities Limited, 2nd Floor, MCB Centre, Sir William Newton Street, Port Louis, not less than 24 hours before the Meeting, and in default, the instrument of proxy shall not be treated as valid.
(c) Postal votes shall reach the Company's Share Registry & Transfer Office, MCB Registry & Securities Limited, 2nd Floor, MCB Centre, Sir William Newton Street, Port Louis, not less than 48 hours before the Meeting, and in default, the postal vote shall not be treated as valid.
(d) A proxy form and postal vote are included in this Annual Report and are also available at the Registered Office of the Company.
(e) For the purpose of this Meeting, the shareholders who are entitled to receive notice and attend the Meeting shall be those shareholders whose names are registered in the share register of the Company as at November 19, 2018.
(f) The minutes of proceedings of the Annual Meeting held on December 11, 2017 are available for consultation by the shareholders of the Company, during normal trading office hours, at the Company's Registered Office.
(g) The profiles and categories of Directors proposed for re-election/election are set out in the Corporate Governance section of the Annual Report.
(h) The rationale behind the proposed amendment to the Company's Constitution is to use all unclaimed dividends exceeding a period of five years from the date of declaration for the financing of investment projects being undertaken from time to time by the Company with a view to enhance shareholder value.
(i) The Constitution is available for inspection by the shareholders of the Company during normal trading office hours, at the Company's Registered Office.

Proxy Form

I/We

of

being a shareholder(s) of CIEL Textile Limited ("the Company") hereby appoint

of

or, failing him/her

of

or, failing him/her the Chairman of the Meeting, as my/our proxy to represent me/us and vote for me/us and on my/our behalf at the Annual Meeting of the shareholders of the Company to be held on **December 17, 2018 at 10.00 hours** at the Company's Registered Office, 5th Floor, Ebène Skies, Rue de l'Institut, Ebène and at any adjournment thereof.

I/We direct my/our proxy to vote in the following manner (Please vote with a tick):

ORDINARY RESOLUTIONS		For	Against	Abstain
1.	To receive, consider and approve the Group's and the Company's audited Financial Statements for the financial year ended June 30, 2018, including the Annual Report and the Auditor's Report, in accordance with section 115(4) of the Companies Act 2001.			
2.	To authorise, in accordance with section 138(6) of the Companies Act 2001, Mr. Henri de Simard de Pitray to continue to hold office as Director of the Company until the next Annual Meeting.			
3.	To appoint, as Director of the Company to hold office until the next Annual Meeting, Mr. Denis Terrien, who has been nominated by the Board of Directors on February 12, 2018.			
4-13.	To re-elect, as Directors of the Company to hold office until the next Annual Meeting, the following persons who offer themselves for re-election (as separate resolutions):			
4.	Mr. P. Arnaud Dalais			
5.	Mr. Jean-Pierre Dalais			
6.	Mr. L. J. Jérôme De Chasteauneuf			
7.	Mr. Antoine Delaporte			
8.	Mr. Eric Dorchies			
9.	Mrs. Hélène Echevin			
10.	Mr. Roger Espitalier Noël			
11.	Mr. J. Harold Mayer			
12.	Mr. Alain Rey			
13.	Mr. Eddy Yeung Kan Ching			
14.	To take note of the automatic re-appointment of PricewaterhouseCoopers Ltd as auditor of the Company for the financial year ending June 30, 2019, in accordance with section 200 of the Companies Act 2001 and to authorise the Board of Directors of the Company to fix their remuneration.			
15.	To ratify the remuneration paid to the auditor for the financial year ended June 30, 2018.			

ALTERATION OF THE CONSTITUTION - SPECIAL RESOLUTION				
16.	"Pursuant to section 44(2) of the Companies Act 2001, it is hereby RESOLVED THAT the Company's constitution dated April 13, 2005 ("the Constitution") be altered by inserting the following new sub-clause 17.5 under clause 17 – Distributions: ***17.5 Unclaimed dividends*** *All dividends unclaimed for one year after having been authorised may be invested or otherwise made use of by the Board for the benefit of the Company until claimed, and all dividends unclaimed for five years after having been declared may be forfeited by the Board for the benefit of the Company. The Board may, however, annul any such forfeiture and agree to pay a claimant who produces evidence of entitlement to the Board's satisfaction the amount of its dividend forfeited unless, in the opinion of the Board, such payment would embarrass the Company."*			

Signed this day of 2018

Signature/s

Notes:

(a) Any shareholder entitled to attend and vote at the Meeting may appoint a proxy, whether a member or not, to attend and vote in his/her stead.

(b) If the instrument appointing the proxy is returned without any indication as how the proxy shall vote on any particular resolution, the proxy will exercise his/her discretion as to whether, and if so, how he/she votes.

(c) Proxy forms should be deposited at the Company's Share Registry & Transfer Office, MCB Registry & Securities Limited, 2nd Floor, MCB Centre, Sir William Newton Street, Port Louis, not less than 24 hours before the Meeting, and in default, the instrument of proxy shall not be treated as valid.

Postal Vote

I/We

of

being a shareholder(s) of CIEL Textile Limited ("Company"), do hereby cast my/our* vote by post, by virtue of section 19.10 of the Constitution of the Company, for the Annual Meeting of the Shareholders of the Company to be held on **December 17, 2018 at 10.00 hours** at the Company's registered office, 5th Floor, Ebène Skies, Rue de l'Institut, Ebène and at any adjournment thereof.

I/We desire my/our vote to be cast on the Resolutions as follows (please vote with a tick):

ORDINARY RESOLUTIONS		For	Against	Abstain
1.	To receive, consider and approve the Group's and the Company's audited Financial Statements for the financial year ended June 30, 2018, including the Annual Report and the Auditor's Report, in accordance with section 115(4) of the Companies Act 2001.			
2.	To authorise, in accordance with section 138(6) of the Companies Act 2001, Mr. Henri de Simard de Pitray to continue to hold office as Director of the Company until the next Annual Meeting.			
3.	To appoint, as Director of the Company to hold office until the next Annual Meeting, Mr. Denis Terrien, who has been nominated by the Board of Directors on February 12, 2018.			
4-13.	To re-elect, as Directors of the Company to hold office until the next Annual Meeting, the following persons who offer themselves for re-election (as separate resolutions):			
4.	Mr. P. Arnaud Dalais			
5.	Mr. Jean-Pierre Dalais			
6.	Mr. L. J. Jérôme De Chasteauneuf			
7.	Mr. Antoine Delaporte			
8.	Mr. Eric Dorchies			
9.	Mrs. Hélène Echevin			
10.	Mr. Roger Espitalier Noël			
11.	Mr. J. Harold Mayer			
12.	Mr. Alain Rey			
13.	Mr. Eddy Yeung Kan Ching			
14.	To take note of the automatic re-appointment of PricewaterhouseCoopers Ltd as auditor of the Company for the financial year ending June 30, 2019, in accordance with section 200 of the Companies Act 2001 and to authorise the Board of Directors of the Company to fix their remuneration.			
15.	To ratify the remuneration paid to the auditor for the financial year ended June 30, 2018.			

ALTERATION OF THE CONSTITUTION - SPECIAL RESOLUTION		For	Against	Abstain
16.	"Pursuant to section 44(2) of the Companies Act 2001, it is hereby RESOLVED THAT the Company's constitution dated April 13, 2005 ("the Constitution") be altered by inserting the following new sub-clause 17.5 under clause 17 – Distributions: ***17.5 Unclaimed dividends*** *All dividends unclaimed for one year after having been authorised may be invested or otherwise made use of by the Board for the benefit of the Company until claimed, and all dividends unclaimed for five years after having been declared may be forfeited by the Board for the benefit of the Company. The Board may, however, annul any such forfeiture and agree to pay a claimant who produces evidence of entitlement to the Board's satisfaction the amount of its dividend forfeited unless, in the opinion of the Board, such payment would embarrass the Company."*			

Signed this _____ day of _____ 2018

Signature/s

Note

Duly signed postal votes shall reach the Company's Share Registry & Transfer Office, MCB Registry & Securities Limited, 2nd Floor, MCB Centre, Sir William Newton Street, Port Louis, not less than 48 hours before the Meeting, and in default, the postal vote shall not be treated as valid.

Application Form

Should you wish to receive by e-mail, future notice of shareholders' meetings, annual reports, accounts, credit advices and other shareholder documents made available to you in your capacity as shareholder of CIEL Textile Limited, kindly fill in that section and return to:

CIEL Textile Limited
C/o MCB Registry & Securities Ltd
9th Floor, MCB Centre
Sir William Newton Street
Port Louis, Mauritius

Dear Sir/Madam,

Re: Authorisation to receive electronic communications

I/We,

Name of shareholder (primary shareholder in case of joint holding)

National Identity Card Number/Passport Number (for individuals)

Business Registration Number (for corporate bodies)

agree to receive by e-mail, notice of shareholders' meetings, annual reports, accounts, credit advices and other shareholder documents made available to me/us in my/our capacity as shareholder of CIEL Textile Limited ("CIEL Textile") and also agree to receive notification that documents such as annual reports and circulars have been posted on CIEL Textile's website for consultation. I/We also agree to abide to the Terms and Conditions defined below.

Email address

Yours faithfully,

Name of signatory Signature/s

Contact number:

Date:

Terms and Conditions:

- Upon approval of my/our request, issuance of paper notice of meetings, annual reports, accounts, credit advices and other shareholder documents shall be discontinued. However, in particular circumstances, I/we understand that CIEL Textile reserves the right to send documents or other information to the shareholders in hard copy rather than by e-mail.
- CIEL Textile cannot be held responsible for any failure in transmission beyond its control any more than it can for postal failures.
- My/our instruction will also apply to any shares that I/we may hold jointly.
- In case of joint holders, the person named first in the share register will be eligible to fill in and sign this document.
- In case of companies, the person/s authorised will be eligible to fill in and sign this document, and, as a corporate shareholder, we shall ensure that the e-mail address provided shall easily be read by/accessible to employees responsible for our shareholding in CIEL Textile and that any de-activation of the said e-mail address will be notified promptly to CIEL Textile, C/o MCB Registry & Securities Ltd, 2nd floor, MCB Centre, Sir William Newton Street, Port Louis, Mauritius.
- I/We shall be responsible for updating the designated e-mail address details, as and when necessary, to CIEL Textile, C/o MCB Registry & Securities Ltd, 2nd floor, MCB Centre, Sir William Newton Street, Port Louis, Mauritius.
- I/We further undertake to hold CIEL Textile and/or its agents harmless in the execution of my/our present instructions and not to enter any action against the aforesaid parties and hereby irrevocably renounce to any rights I/We might have accordingly.
- The present authorisation shall remain valid until written revocation by me/us is sent to CIEL Textile, C/o MCB Registry & Securities Ltd, 2nd floor, MCB Centre, Sir William Newton Street, Port Louis, Mauritius.
- This instruction supersedes any previous instruction given to CIEL Textile regarding the despatch of the documents mentioned above.

CIEL Textile Limited
5th floor, Ebène Skies
Rue de l'Institut, Ebène
Mauritius

www.cielgroup.com

BRN: C06001871