INTEGRATED REPORT 2018

Ciel

Beyond Horizons

ABOUT THIS REPORT

This integrated report aims at providing a clear overview of CIEL's investment portfolio and unique approach to create value for its stakeholders.

Reporting from an investment holding company perspective, we have chosen to focus on CIEL's overall strategy, governance, risk management and Group actions versus reporting separately on each cluster as previously done. This hopefully provides a balanced, concise and comprehensive overview of how CIEL creates value for its stakeholders.

INTEGRATED REPORTING PRINCIPLES

This report has been developed following the guidelines of the International Integrated Reporting Council. It does not cover all our operations in details but rather provides key information - considered material at CIEL level - to understand and assess CIEL's performance, effective management and strategic directions. More in-depth information can be found in each Group companies' respective annual report and/or on our website.

REPORTING SCOPE AND PROCESS

This report covers the financial year to 30 June 2018 in terms of performance as well as some key material initiatives that occurred in the first quarter of the current financial year. We have included only what we believe is material, issues that we think have or can have a significant positive or negative impact on the operations, profitability or brand equity of CIEL.

It was prepared by CIEL Head Office in close collaboration with its clusters' management teams. We welcome your feedback on the report and invite you to share your comments or questions to:
investorrelations@cielgroup.com

FORWARD-LOOKING STATEMENT

The report contains forward-looking statements which, by their nature, involve risk and uncertainty because they relate to future events and circumstances that may be beyond our control. We therefore advise readers to use caution in interpreting any forward-looking statements in this report.

NAVIGATION

Cross-Referencing

Committees

Content available online at www.cielgroup.com

DEAR SHAREHOLDER,

The Board of Directors of CIEL Limited ("the Company") is pleased to present its Integrated Report for the financial year ended 30 June 2018.

We invite you to join us at the Annual Meeting of the Company to be held:

Date: 18 December 2018
Time: 14:00 hours
Place: 5th Floor, Ebène Skies, Rue de l'Institut, Ebène

Sincerely,

P. Arnaud Dalais
Chairman

Jean-Pierre Dalais
Group Chief Executive

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CIEL Today

5 STRATEGIC CLUSTERS

Textile

Agro & Property

Finance

Hotels & Resorts

Healthcare

Listed on
the Official Market of
The Stock Exchange of Mauritius

35,000
employees in investee companies

Key Figures (as at 30 June 2018)

GROUP CONSOLIDATED REVENUE	GROUP EBITDA	GROUP PROFIT AFTER TAX
MUR 22.61bn ▲ 9%	MUR 2,953M ▲ 3.8%	MUR 1,090M ▼ 2.6%
MUR 20.66bn - 30 June 2017	MUR 2,845M - 30 JUNE 2017	MUR 1,120M - 30 JUNE 2017

OUR PURPOSE

FOR A WORLD WE CAN ALL FEEL PROUD OF

OUR VALUES

PEOPLE AT HEART

EXCELLENCE AT CORE

ETHICAL & SUSTAINABLE

106 YEARS OF TRACK RECORD

MARKET CAPITALISATION

MUR **11.5** bn

AS AT 30 JUNE 2018

Committed to long-term sustainable development

MUR **90M**

invested in social projects through Fondation CIEL Nouveau Regard

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

MUR **442** M ▼ 3.7%

MUR 459M - 30 JUNE 2017

COMPANY NAV PER SHARE

MUR **8.49** ▲ 8.8%

MUR 9.31 - 30 JUNE 2017

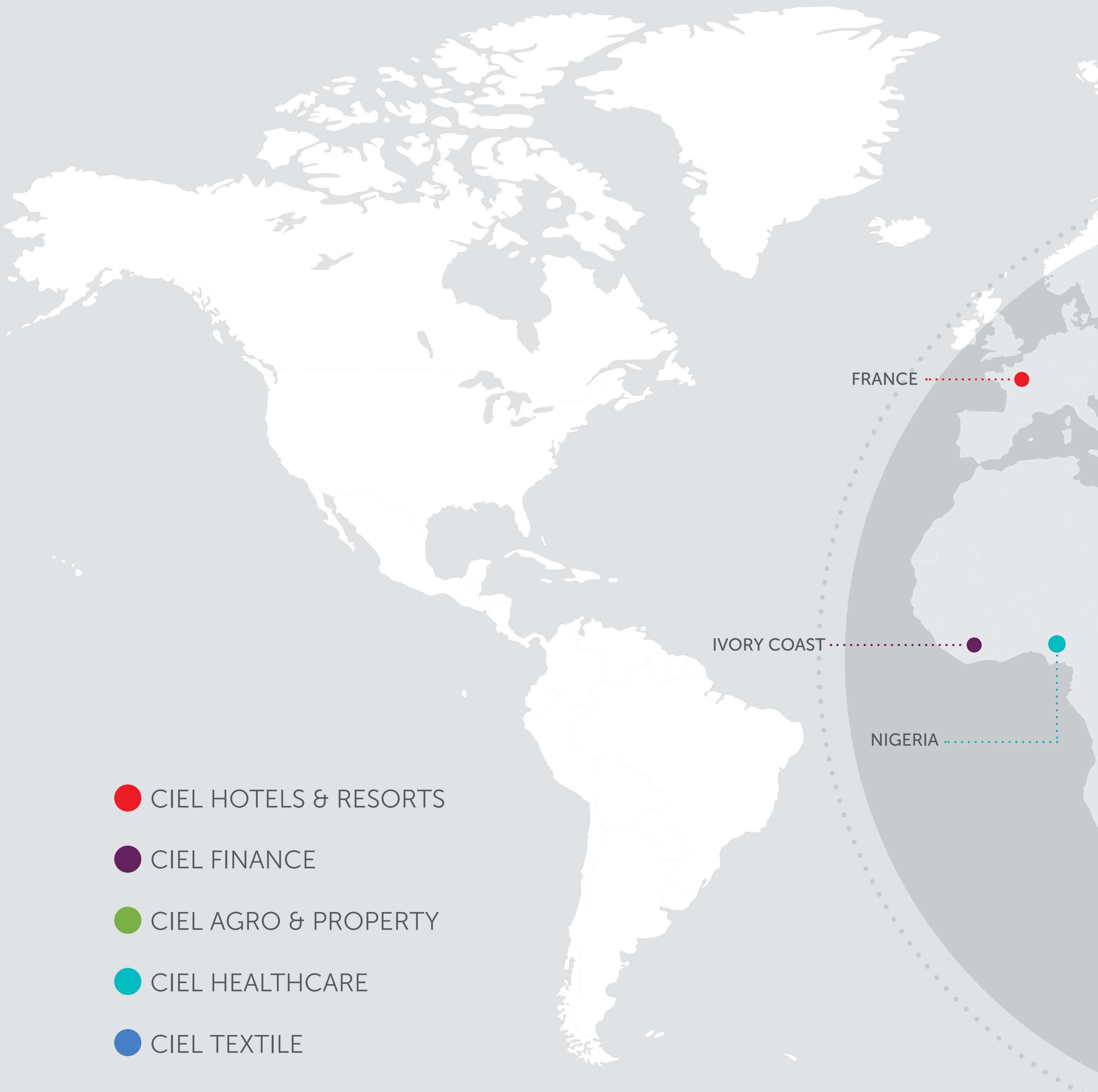
DIVIDEND PER SHARE

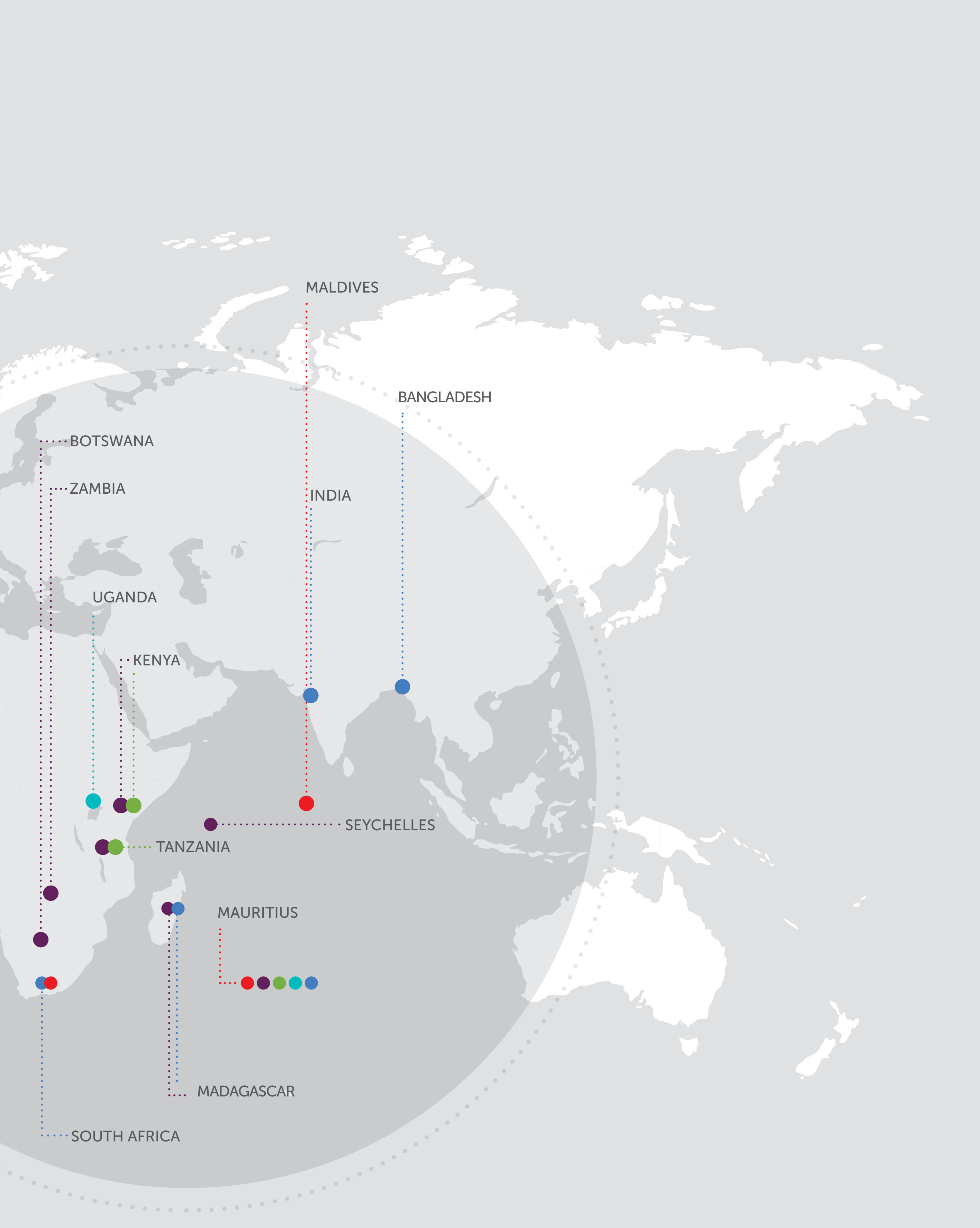
MUR **0.20**

MUR 0.20 - 30 JUNE 2017

A Global Presence

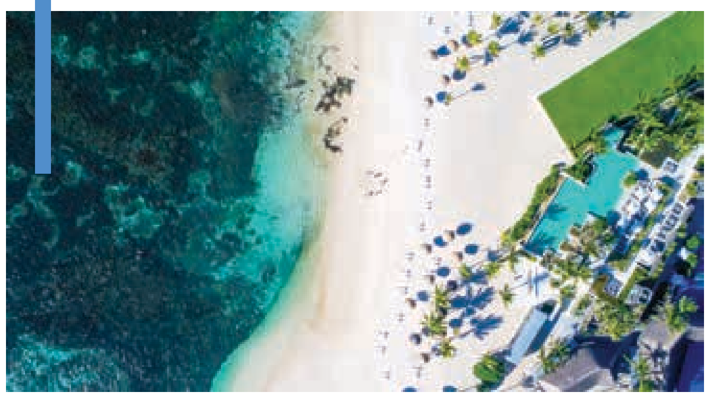
An international investment Group headquartered in Mauritius




MALDIVES
BANGLADESH
BOTSWANA
ZAMBIA
INDIA
UGANDA
KENYA
SEYCHELLES
TANZANIA
MAURITIUS
MADAGASCAR
SOUTH AFRICA

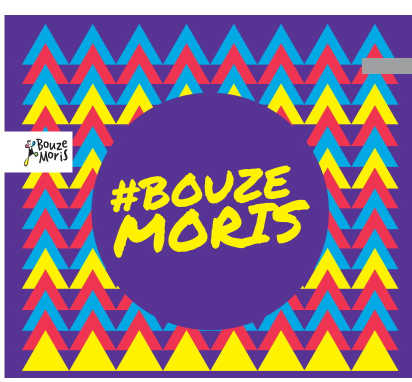
Key Events this Year

August 2017
Successful implementation of Sun Limited's refinancing plan with a MUR 5bn multi-currency note issue and an additional MUR 1.86bn raised through a rights issue and a private placement.
CIEL's share in Sun Limited is now at 50.10%



August 2017
Increased stake of CIEL in CIEL Textile Limited:
from **56.31% to 88.48%**

May 2018
World Environment Day celebrated throughout the Group via several activities such as tree planting and cleaning campaigns around all clusters



May 2018
Launch of **#BouzeMoris initiative**: a platform where Mauritians can share positive ideas and actions to make Mauritius a better place

June 2018

New management team and new look for Ferney Falaise Rouge Restaurant

April 2018

Nerve monitor launched at Wellkin Hospital

October 2018

Anahita's 10th anniversary

July 2018

Launch of SEDAM, a new diagnosis centre for people suffering from Autism Spectrum Disorder, thanks to Fondation CIEL Nouveau Regard's financial support, in partnership with Wellkin Hospital and Sun Limited.

August 2018

Bank One's 10th anniversary

Key Events this Year (Cont'd)

September 2018

3,700 participants for the 11th edition of CIEL Ferney Trail

August 2018

Reinforcement of The Medical and Surgical Centre Ltd's ('MSCL') management team: Olivier Schmitt appointed Chief Executive Officer of MSCL as from 1 January 2019

December 2017

Bubble Lodge introduced at Ile aux Cerfs

March 2018

CIEL **rewarded in 2 categories** (Risk Management and Online Reporting) at the PwC Corporate Reporting Awards

2018

Fortis Clinique Darné celebrates 65 years of innovation in the Healthcare sector in Mauritius

October 2018

1st edition of the CIEL Textile Front-End Excellence Awards, acknowledging the essential role of front-end teams in the international clothing retail market

October 2017

Launch of CIEL Textile 361° Leadership & Management Academy to nurture talent within the Company

Key Events this Year (Cont'd)

July 2018

Bank One

partners with
UnionPay International

November 2017

New company within the Group:
Reinette Facilities Management Ltd
offering catering services

2018

Launch of **13**
new branches
at BNI Madagascar
for a total of 74

November 2017
ACT For Our
Community Day
for CIEL Textile teams
giving time and
energy for social good

October 2018
2nd CIEL Annual Symposium with
+350 participants discussing the
theme of Innovation at Ferney

A Strong **Leadership and Governance**

CIEL's Board of Directors

A highly qualified Board to set CIEL's strategy and control its execution.

Mauritian entrepreneurs with a deep understanding of their country which they have contributed to develop. They have a proven track-record of developing successful businesses or effectively leading them through transformation.

P. Arnaud Dalais
Chairman of CIEL and key instigator of CIEL's growth journey for the past 30 years

Jean-Pierre Dalais
Group Chief Executive of CIEL overseeing all five clusters of the Group

Marc Dalais
Founder and current CEO of Celero Group, a leading logistics and shipping group operating mainly in Mauritius and Madagascar

R. Thierry Dalais
Founder and Executive Chairman of Metier, a proven leader in private equity, alternative assets and related advisory services

L. J. Jérôme De Chasteauneuf
Group Finance Director of CIEL, overseeing the Group's finances

Roger Espitalier Noël
Corporate Sustainability Committee's Chairman and former executive of CIEL Textile, leading its expansion in Madagascar in early 2000

M. A. Louis Guimbeau
Former executive within several companies in Mauritius

J. Harold Mayer
CEO of CIEL Textile, in the driver's seat of CIEL Textile's international strategy and expansion for the past 20 years

Catherine McIlraith
Proven investment banker who held senior positions in corporate and specialised finance for Ridge Corporate Finance, BoE, NatWest and Investec amongst others

CIEL's Board is further enhanced with recognised international business professionals lending their global expertise, network and investment experience.

Sébastien Coquard
Head of investments at FFP, a listed investment company majority-owned by the Peugeot family

Pierre Danon
French entrepreneur, Chairman of Solocal Group, Volia, the Ukrainian leading cable and broadband company and TDC in Copenhagen

Antoine Delaporte
Founder and Managing Director of Adenia Partners Ltd, a private company managing private equity funds in the Indian Ocean region

Marc Ladreit de Lacharrière
Founder of Fimalac which operates in four business areas: capital investment, digital media, entertainment and leisure activities and hotels through the Group Barrière

Jean-Louis Savoye
Deputy General Manager of Dentressangle, the investment holding company of the Dentressangle family

Xavier Thiéblin
Manager and administrator of several companies, including OXACO, a family holding company

Read the full biographies of our Board Members on page 88 of the Corporate Governance Report.

A Strong **Leadership and Governance** (Cont'd)

Dedicated Committees Assisting the Board in its Duties

Strategic & Advisory Committee

Main Responsibilities

Analyses and recommends portfolio management strategies, reviewing key investments/divestments decisions as well as financing and treasury strategies.

Focus Areas during the Year
- Deep dive on Sun Limited
- Risk appetite for the five clusters of the Group
- Budget review FY 2019
- Follow-up on voluntary offer made by CIEL to the minority shareholders of CIEL Textile Limited

Meeting
4

Chairman
R. Thierry Dalais

Audit & Risk Committee

Main Responsibilities

Reviews and monitors financial statements, internal controls and key risks identified as well as formal announcements relating to the Company's financial performance.

Focus Areas during the Year
- Audited financial statements
- Quarterly condensed financial statements and financial review document
- Enterprise Risk Management Policy
- Risk management report and risk dashboard
- Internal audit reports
- Appointment of the internal auditor
- Updated terms of reference of the committee
- Directors' and Officers' liability insurance cover

Meeting
4

Chairman
Catherine McIlraith

Corporate Governance, Ethics, Nomination & Remuneration Committee

Main Responsibilities

Recommends corporate governance provisions and new board/senior executive nominations and approves bonus/remuneration for the Executives.

Focus Areas during the Year
- Corporate governance report
- Job descriptions of key senior governance positions
- Independence criteria for the Board
- Executives' bonus
- Chairman's fee
- Succession planning review
- Nominations on Board committees and subsidiaries
- Statement of remuneration policy
- Group engagement survey review
- Updated terms of reference of the committee

Meeting
2

Chairman
Antoine Delaporte

Corporate Sustainability Committee

Main Responsibilities

Defines and approves CIEL Group's environmental and social policy, strategy and action plan. Monitors and reports on the implementation of a proper sustainability management system within the Group.

Focus Areas during the Year
- CIEL's Environmental and Social Action Plan, including the establishment of a full-fledged sustainability governance structure within clusters of the Group, adoption of a responsible investment policy at Group level and the formalisation and implementation of Environmental and Social Management Systems at subsidiary level
- CIEL's 2020 sustainability action plan
- Reports on sustainability initiatives undertaken at cluster level
- CIEL's sustainable growth strategy centered around its 3 core values
- Risk crisis and reporting procedure on a Group-wide basis

Meeting
3

Chairman
Roger Espitalier Noël

Find out more on pages 84 and 85 of the Corporate Governance Report.

CIEL's Executive Management Team

An international and experienced executive management team dedicated to nurturing investments and improving the performance of their respective cluster's operations.

Jean-Pierre Dalais
Group Chief Executive of CIEL, overseeing all five clusters of the Group

L. J. Jérôme De Chasteauneuf
Group Finance Director of CIEL, overseeing the Group's financials, and Executive Director of CIEL's shared services

J. Harold Mayer
CEO of CIEL Textile overseeing Aquarelle, Tropic Knits and Floreal Knitwear growth strategies

Hélène Echevin
Chief Officer – Operational Excellence of CIEL, Executive Chairperson of CIEL Healthcare Limited

Marc-Emmanuel Vives
CEO of CIEL Finance Limited with 25 years' experience as a senior executive at Société Générale

David J. Anderson
CEO of Sun Limited with a leadership experience in the international hospitality industry

Patrick de L. d'Arifat
CEO of Alteo Limited and experienced professional in the sugar industry in the region

CIEL **Investment Model**

WE INVEST IN 5 STRATEGIC SECTORS

	Textile	Hotels & Resorts
		
OUR PURPOSE - FOR A WORLD WE CAN ALL FEEL PROUD OF		
Our rationale for investing in these sectors	• Global rising demand for textile • Region (Mauritius and Madagascar) positioned as alternative to China's manufacturers • Closer to end user market in India	• Potential real estate development • Unique position on the Mauritian market • Strong growth of tourists arrival in Mauritius • Unique *savoir-faire*
OUR INVESTMENT APPROACH		
Entrepreneurial attitude with more than 106 years of track-record	• **40 years** track record investing in Textile • First Mauritian Group to invest in Madagascar, then India and Bangladesh	• **30 years'** experience investing in Hospitality industry leading to control in 2015
Controlling stakes in the business we invest in with a hands-on approach	88.48% of CIEL Textile Limited	50.1% of Sun Limited
Long-term partnerships bringing capital and expertise to our operations and expansion	• Monti	• Four Seasons • Shangri-La • Dentressangle

Financial Services

- Low banking penetration rates in the region (Madagascar and Africa)
- Regional opportunities with a fast expanding financial services sector

- First investment in financial services in **1992**

75.1%
of CIEL Finance Limited which owns 50% of Bank One and 31.8% of BNI Madagascar

- Amethis Finance
- Proparco
- I&M Bank
- Axian
- Telma

Healthcare

- Healthcare needs bound to grow with rising population and middle-class in Africa
- Gap in terms of provision of public healthcare services in certain African countries leaving space for private healthcare operators

- First investment in healthcare in **2008**
- Took over and turnaround Clinique Darné in Mauritius

53.03%
of CIEL Healthcare Limited which owns 58.6% of The Medical and Surgical Centre Limited and 90.1% of International Medical Group Limited ('IMG')

- Fortis Healthcare
- International Finance Corporation
- Proparco
- IFHA-II
- Kibo

Agro & Property

- Captive sugar markets in Africa given sugar deficit
- Energy deficit in Mauritius
- Rising property prices in Mauritius
- Rise of eco-tourism

- **106 years** of track-record investing in sugar industry
- First Mauritian Group to invest in Africa and to launch a luxury property development in Mauritius

100% of CIEL Agro & Property Limited which owns
20.96% of Alteo Limited and 71.06% of Ferney Limited

- Tereos
- Albioma
- Quadran
- IBL

Portfolio **Overview**

CIEL Textile

OUR CLUSTERS

CIEL Textile Limited

Woven
- Aquarelle Clothing
- Consolidated Fabrics
- Laguna Clothing

Knits
- Tropic Knits
- CDL Knits

Knitwear
- Floreal Knitwear
- Ferney Spining Mills

% OF CIEL'S PORTFOLIO

27%

KEY FACTS

- **3 clusters** (Knits, Knitwear, Woven)
- **4** countries
- **19** production units
- **36M** garments exported
- Approx. **20,000** employees

CIEL Hotels & Resorts

OUR CLUSTERS

Sun Limited
- Ambre
- Long Beach
- La Pirogue
- Sugar Beach
- Kanuhura
- Shangri-La's Le Touessrok
- Four Seasons at Anahita
- Solea
- World Leisure Holidays

Anahita Golf & Spa Resort

% OF CIEL'S PORTFOLIO

30%

KEY FACTS

- **9 owned properties in** the Indian Ocean
- **2** tour operators
- More than **1,500 rooms**
- Approx. **4,100** employees

FIND OUT MORE
www.cielgroup.com

- Detailed Group shareholding structure

CIEL Finance

CIEL Finance Limited
- Bank One
- BNI Madagascar
- IPRO
- MITCO
- KIBO Capital Partners

CIEL Corporate Services Limited

16%

7 countries

2 banks

1 fiduciary business

1 asset management business

1 private equity business with 2 funds

Approx. **1,400** employees

CIEL Healthcare

CIEL Healthcare Limited
- The Medical and Surgical Centre Limited ("MSCL")
  - Fortis Clinique Darné
  - Wellkin Hospital
- IMG
- Hygeia

5%

3 countries

6 hospitals

32 clinics

2 Health membership organisations

Approx. **2,700** employees

CIEL Agro & Property

CIEL Agro & Property Limited
- Alteo
- Ferney
  - La Vallée de Ferney
- CIEL Properties
- Ebène Skies

22%

3 countries

3 sugar factories

3 power plants

2,800 hectares of land in Ferney

200 hectares of nature reserve

Approx. **6,350** employees

Portfolio **Value Proposition**

Textile

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

Hotels & Resorts

- Strategically located hotels on the nicest beaches of Mauritius
- Most recently renovated hotel properties in Mauritius
- Strategic partners (Four Seasons and Shangri-La) elevating the hotel industry standards in Mauritius and offering career development opportunities to Mauritians
- In-house Tour Operators (Solea and World Leisure Holidays) bringing complementarity to hotel business
- Owner of strategically located land in Mauritius for potential property development

Finance

- Uniquely complete financial services platform in Mauritius (banking + fiduciary + portfolio management), giving CIEL an edge to serve better, in both international markets (foremost Africa) and domestic customers
- Innovative leadership in banking in Madagascar
- Focus within our portfolio companies on:
  - Customer satisfaction and innovation (starting with but not limited to cutting-edge information technology)
  - The permanent search for higher operational efficiency
  - A strong risk management and culture
  - Developing synergies (within each company, within the Group and with our partners)
- Transparent and open governance facilitating the dialogue and interaction with our shareholders and partners

Healthcare

- An investment portfolio comprising leading private hospitals in their markets, good clinics network adapted to the African market and Health Membership Organisations, both leaders in Nigeria and Uganda
- Strategic investors and a solid shareholders' base
- Highly reputed network of empanelled doctors
- Referral hospitals in Mauritius with high level of care and technicity, welcoming patients from the Region
- Benefited from Fortis Healthcare's experience and now growing our own management teams

Agro & Property

- Over 100 years' experience in sugar industry, Alteo is the N° 1 sugar producer in Mauritius
- Strategic presence in Kenya and Tanzania
- Regional sugar cane industry player creating value throughout the sugar cane value chain with the production of raw sugars, refined sugars, bagasse, molasses and energy
- Pioneer in establishing dual bagasse-coal power plants
- Strategically located high-value land bank for property development
- High-end luxury property development expertise
- Wildlife conservation in Ferney, Mauritius, home to worldwide unique endemic species

STRATEGY AND PERFORMANCE

"Our recent investments and strong international footprint are key assets to capture emerging markets' growth prospects. We are now in a consolidation phase, focusing on operational excellence and asset optimisation"

Jean-Pierre Dalais, CIEL Group Chief Executive

Our **Value Creation** Process

Input Value We Draw From

HUMAN CAPITAL

- Decentralised approach with 35,000 talented individuals
- Technical expertise
- Unique *savoir-faire*

FINANCIAL CAPITAL

- Equity
- Debt

MANUFACTURED CAPITAL

- Fixed assets such as land and buildings, factories, hotels, hospitals and equipment

INTELLECTUAL CAPITAL

- Solid brands and reputation
- Systems and processes

SOCIAL & RELATIONSHIPS CAPITAL

- 106-year track record
- Strategic partnerships

NATURAL CAPITAL

- Strategically located beach front land
- 2,800 hectares of land in Ferney, Mauritius

CIEL Portfolio Activities

TEXTILE

We design and manufacture innovative garments for global retailers through our vertically integrated operations

HOTELS & RESORTS

We own and manage high-end and luxury hotels to delight our customers

FINANCIAL SERVICES

We offer a wide range of financial services from banking to asset management, fiduciary services and private equity

HEALTHCARE

We operate a network of leading private healthcare facilities in Mauritius, Uganda and Nigeria

AGRO & PROPERTY

We bring value to our land bank by growing and transforming sugar cane and developing property projects

CIEL Added Value	Main Output During the Year
GROWTH ACCELERATOR **Leverages capabilities to deliver value above what individual portfolio businesses could generate autonomously:** • Embodiment and driver of CIEL's purpose, values and guiding principles • Asset optimisation through investment/divestments • Establishing a Group strategy that builds the business of tomorrow • Ensuring cluster strategies are aligned with the Group's strategy and the Group's risk appetite • Shareholder liaison and relationship building • Active participation in cluster/company Boards and key Management meetings • Provision of seasoned Directors with strong leadership skills and an entrepreneurial mindset • Holding CEO's accountable to clear targets and continuous improvement • Leveraging relationships with business community, regulators, national stakeholders • Assistance and guidance in crisis situations • Securing funding for capex and restructuring • Transactions and partnerships • Talent management and culture • Nurturing operational excellence • Communication and brand value optimisation • Facilitating the sharing of best practices through Group Forums	• Group employee engagement survey • New People Performance Management System aligned with CIEL values • CIEL's Annual Symposium gathering full managements teams • Revenue: MUR 22.6bn • Profit After Tax: MUR 1.1bn • EBIDTA: MUR 2.953M • Total assets: MUR 53,6bn • Dividend: MUR 0.20 • New Aquarelle factory in India • Successful renovation of La Pirogue Hotel • Good growth of Corporate and Retail banking at BNI Madagascar • Good progression of Wellkin Hospital's performance • Set-up of Operational Excellence committees at cluster level • Set-up or Reinforcement of Group Function Forums to foster the sharing of best practices, drive ideas and innovations
GOVERNANCE GUARDIAN **Discharge legal, regulatory and fiduciary responsibilities to protect shareholders and employees through:** • Legal expertise • Regulatory and disclosure expertise • Risk management coordination • Company secretarial services	• Launch of #BouzeMoris initiative, to promote positive behaviours and actions • 11th edition of CIEL Ferney Trail with 3,700 participants • Significant contribution from Fondation CIEL Nouveau Regard
COST SAVER **Harness scale art Group level to maximise cost efficiency in non-market facing activities through:** • Finance services (includes accounting and payroll) • Treasury and debt management services • Corporate sustainability	• Act for our Environment Day embraced by all Group companies • Sustainability governance within clusters fully operational

Chairman's Statement

> "Our Company has achieved a balanced portfolio of investments both within Mauritius' historical industries and the growth industries of the future."

P. ARNAUD DALAIS
CHAIRMAN

Dear Shareholder,

It is my pleasure to present CIEL Limited's ("CIEL") integrated report for the financial year ended 30 June 2018. The past year has been one of consolidation following a series of major investments in 2016-2017, and in line with the long-term strategy that we have defined for our Group.

This year, we have:

- Reduced Sun Limited's debt and finance costs and welcomed a new strategic partner, Dentressangle, thereby strengthening the business' financial stability;
- Increased our stake in CIEL Textile Limited ("CTL") from 56.31% to 88.48%;
- Strengthened our market share in emerging economies via organic growth; and
- Reinforced our management teams and our succession planning.

Financial Performance

CIEL saw healthy growth in revenue during the 2017-2018 financial year, on the back of a strong performance from our banking assets in our Finance cluster and a turnaround at Sun Limited in our Hospitality cluster. However, our profit after tax and EBITDA have stagnated due to challenging market conditions in some of the industries that we operate in. Dividends were maintained at the same level as last year (2017: MUR 0.20).

Our Textile Cluster was affected by fierce international competition, the reduction of subsidies in India and a weaker US dollar, all of which limited CTL's profitability; while our Agro & Property cluster was negatively impacted by low sugar prices in Mauritius and a lack of cane in Kenya. Adverse currency fluctuations also affected our returns from our African investments, and in particular from our operations in Madagascar. While our Healthcare cluster remained loss-making this year, its performance was nonetheless promising. Wellkin Hospital, which CIEL acquired in January 2017, is now well-poised for future growth.

CIEL's Strategy and Approach

Our Board of Directors (the "Board") remains confident that our strategy will result in increased profitability.

CIEL has consistently anticipated the evolution of the Mauritian economy and of its historical industries. Throughout the past two decades, we have acted decisively to pre-empt developments in the Mauritian textile and sugar sectors while investing in strategic industries including hospitality, healthcare and financial services, both locally and in regional and emerging markets.

Thanks to this, our Company has achieved a balanced portfolio of investments both within Mauritius' historical industries and the growth industries of the future. Our Healthcare and Finance clusters are particularly well placed to tap into rapidly growing middle classes in Mauritius and in African economies. To strengthen our positioning as a Group and build upon our recent gains, CIEL must continue to focus on operational excellence and ensure that our head office and businesses work together as a single, cohesive entity.

A Spirit of Partnership

Our history has also been marked by successful partnerships with carefully selected associates, as well as by an openness to international talent and expertise. We strongly believe that this spirit of openness is more important than ever in the Mauritian economy, which is becoming increasingly linked to and exposed to world markets.

Our partnership approach extends to how we work with our businesses and our people. CIEL is both an investor and a Group: our philosophy remains to work closely with our companies, providing them with the advice and support they need to grow without impeding their ability to manoeuvre.

We also believe that investing in our people and offering them an engaging, inclusive work environment enable us to attract and retain first-rate talent. We are therefore deeply committed to continuing to strengthen our organisational culture – building upon the purpose statement and corporate value system that we announced last year, which places "People at Heart" – and human resource capabilities, including training opportunities and Group-level succession planning. For more information, please see our Human Capital report.

> "We strongly believe that this spirit of openness is more important than ever in the Mauritian economy, which is becoming increasingly linked to and exposed to world markets."

Risk Management

CIEL's Board believes that embedding a culture of risk management across the Group is crucial to our ability to deliver on our strategy, anticipate and effectively manage potential setbacks and ensure our Group's future growth.

Throughout our history, we have sought to manage risk by diversifying across industries and geographically, surrounding ourselves with robust, knowledgeable partners, prioritising effective governance, and hiring the right talent. Our Group has also worked hard to establish respectful, frank relationships with relevant authorities, the communities in our areas of operation and our wider stakeholders.

This year, I am pleased to report that we have successfully implemented a risk management framework across the Group. We have also defined CIEL's risk appetite statement and strengthened our Audit and Risk Committees' oversight, both within our Company's Board and the Boards of each of our businesses.

I invite you to read the Risk Management section of this report on page 72.

Embedding Sustainability Across our Group

CIEL's commitment to sustainability is built into its purpose statement of creating "a world we can all feel proud of". It is one of our core values and an issue dear to my heart. I believe that sustainability must guide how we do business day to day and be embedded into our working culture if we are to create lasting, transformative change and – as a Group – continue to create value for both our stakeholders and wider society.

We are now in the third year of a five-year strategy whose aim is to engrain a sustainability culture across our Group. I am extremely satisfied with the excellent work that is being carried out by our Board's Corporate Sustainability Committee – we are seeing the emergence of a real Group sustainability dynamic, with policies actively disseminated and adopted across clusters and businesses. I am also heartened by the genuine engagement of teams across our Group, and by the numerous ongoing programmes and initiatives.

Despite an increasingly worrying context for CSR in Mauritius, we remain committed to making a positive impact through the work of CIEL Fondation Nouveau Regard and the Group's other CSR activities. Our Social and Relationships Capital Report sets out CIEL's progress towards our goals.

Chairman's Statement (Cont'd)

Good Governance

It is my belief that good governance and a sense of ethics are important not only within our Group, but also at a national level in the countries in which we operate. Our Board of Directors is firmly convinced that transparent, effective governance reinforces the stability of businesses and governments alike. It is an issue that we take into account wherever we invest.

As a Group, CIEL continues to hold itself to the highest standards of corporate governance. We have sought to comply with the National Code of Corporate Governance for Mauritius (2016).

The Board has now approved updated Terms of Reference for the Corporate Governance, Ethics, Nomination & Remuneration ("CGENR") Committee, and is currently reviewing those of the Audit and Risk Committee ("ARC"). It has also adopted position statements, an IT Policy and an EU General Data Protection Policy that aligns with EU General Data Protection Regulation ("GDPR"), which came into effect on 25 May 2018.

The Board sets out how it complies with each of the Code's eight principles in the Corporate Governance section of this report. Governance-related documents are available on our website at ***http://www.cielgroup.com/***

Outlook

In the short to medium term, CIEL aims to build upon its achievements and focus on profitability rather than invest in additional assets. The Board is confident that the last few years' investments will allow us to generate more profits and create greater value for shareholders in the medium term.

Our Textile cluster is set to complete its four-year restructure in the coming year. CTL's Indian and Madagascan operations are working increasingly efficiently and we are confident this will translate into increased earnings in the future. We also intend to continue our expansion into Asian markets, which remain of crucial importance to the textile industry.

CIEL's Hotels & Resorts cluster is striving to optimise performance by keeping a strong thrust on its sales and marketing function, implementing new cost-control measures and improving the financial performance of the Kanuhura, Sun Resorts' recently renovated property in the Maldives. Likewise, we anticipate that our Finance cluster will continue to perform strongly, and our priority will be to support the cluster's organic growth into emerging markets.

While the outlook for our Agro & Property cluster remains challenging in light of persistently low sugar prices in Mauritius, the prospects for our sugar operations in Kenya and Tanzania are more positive, as are those for our property activities in Mauritius.

Within our Healthcare Cluster, we will focus on strengthening Wellkin Hospital's financial recovery and taking over the management of The Medical and Surgical Centre Limited, which owns Wellkin Hospital and Clinique Darné, when Fortis Healthcare's management contract comes to an end in December 2018. We believe that our Healthcare cluster has the potential for strong future growth both in Mauritius and in the region, and that the team we have in place is the right one to achieve these goals.

> "The challenge is now to establish ourselves as a regional leader and to excel in each of our areas of operation in order to successfully generate future growth."

Acknowledgements

On behalf of the Board of Directors, I would like to thank our executive team, who continues to rise the occasion under the astute leadership of our Group Chief Executive, Jean-Pierre Dalais. Jean-Pierre has shown great vision and engagement during his first full year in post.

I would also like to extend my heartfelt thanks to all of our people – including CIEL's Board of Directors, our management and head office, and the teams within our businesses – not only for what they do, but for who they are.

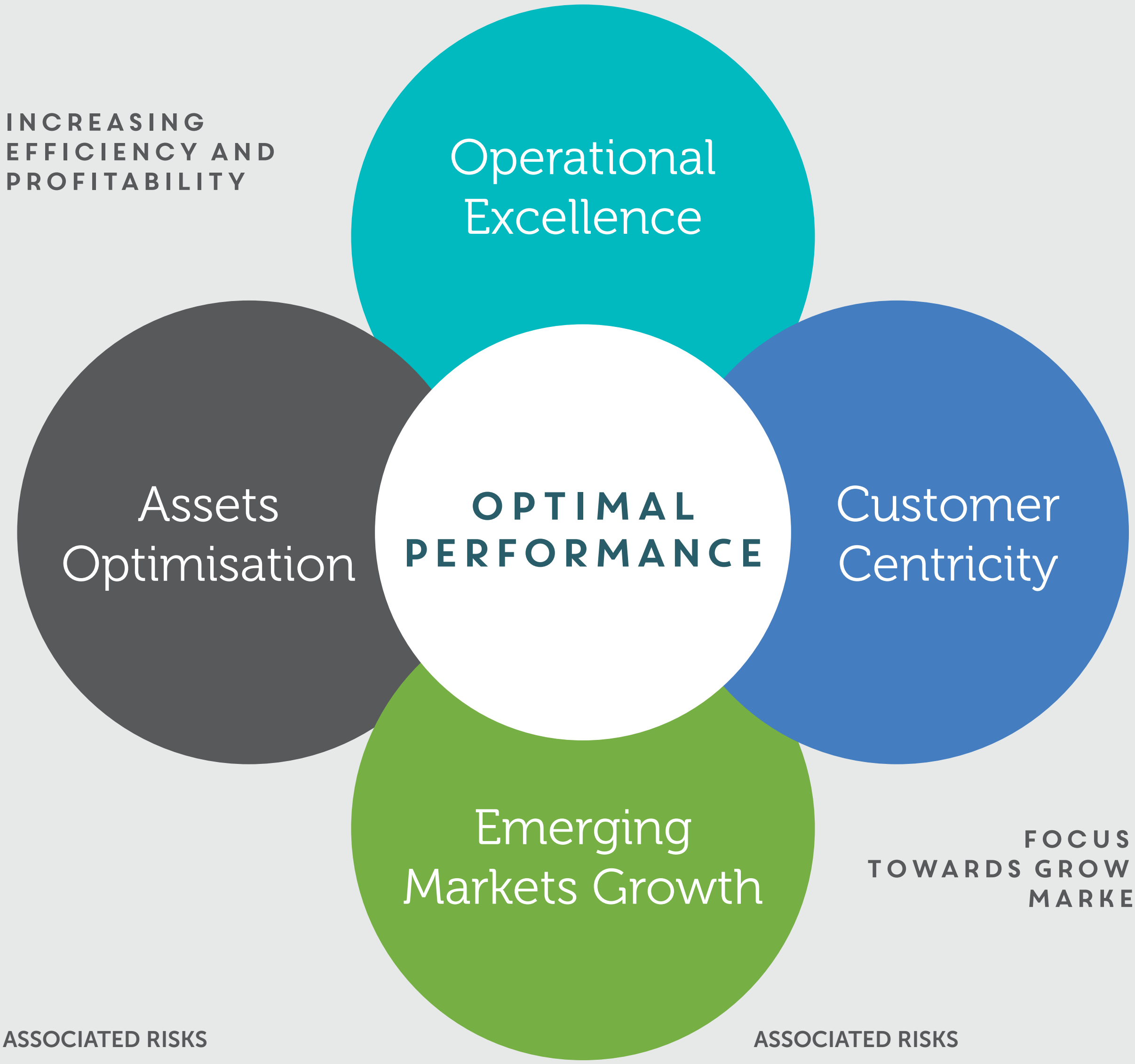
It is thanks to their attitude and spirit that we are able to hold our own in today's increasingly competitive, fast-changing world, and that we will create sustainable value for all of our stakeholders going forward.

P. Arnaud Dalais
Chairman

27 September 2018

Strategic Priorities and Associated Risks

INCREASING EFFICIENCY AND PROFITABILITY



FOCUSED TOWARDS GROWTH MARKETS

ASSOCIATED RISKS

- Client and business concentration
- Credit risk at CIEL Finance
- Cyber attacks
- IAA (CIEL Healthcare) partnership agreement
- Reputation of CIEL, CIEL Corporate Services and brand established subsidiaries
- Strategy execution
- Sun turnaround plan
- Systems and processes fraud
- Talent management
- Technology disruption
- Transformative projects
- Wellkin turnaround plan

ASSOCIATED RISKS

- EU sugar production liberalisation
- Foreign exchange risks
- Political instability in African and Asian countries

Find out more by reading our Risk Management Report

Group Chief Executive's Interview

JEAN-PIERRE DALAIS
GROUP CHIEF EXECUTIVE

Overall, how has CIEL performed against its targets to June 2018?

CIEL's top line grew by a healthy 9% to MUR 22.6bn (2017: MUR 20.7bn), though our EBITDA saw a more limited rise of 4% to MUR 2,953M (2017: MUR 2,845M). Our bottom line has remained relatively flat, with profit after tax of MUR 1,090M for the year (2017: MUR 1,120M).

We have seen a substantial financial turnaround within our Hotels & Resorts cluster, with Sun Limited returning to profitability on the back of a 12% increase in revenue.

Our Finance cluster has put in another strong financial performance, with its bottom line growing 15% thanks to our banking activities in Mauritius and Madagascar.

The Healthcare cluster is not yet breaking even, but we are seeing promising results from our recently acquired Wellkin Hospital.

Our Textile cluster exhibited a weaker performance than last year. This was due to the Aquarelle shirt business being negatively affected by lower margins, fluctuations in USD exchange rates and the removal of Indian export subsidies. Additionally, the Fine Knits and Knitwear operations recently completed two important strategic moves which have yet to bear fruit: Floreal Knitwear migrated its Mauritian manufacturing activities and invested in a brand-new automated factory in Madagascar, while Tropic Knits launched its first fine knits operation in India. Both of these operations significantly impacted our results over the last year.

Our Agro & Property sector has had a difficult year due to low sugar prices in Mauritius and a reduction in the availability of sugar cane in Kenya. These results were partially mitigated by our Tanzanian sugar business and a strong performance from our property operations.

You've now been the CIEL Group Chief Executive for a year and a half. How is CIEL currently positioned in your view?

CIEL is now in a consolidation phase following several years of investment, an in-depth restructure and the implementation of a Group-level strategic plan.

Over the years, our Group has successfully transformed from an industrial sugar and textile operation into a service-oriented Group with an increasingly international footprint. More than 50% of both our turnover and profitability now originate from outside of Mauritius, while CIEL's sugar, textile, healthcare, hospitality and financial services businesses are increasingly targeting emerging markets, both for operational expansion and for their clientele.

CIEL is listed on the official market of the Stock Exchange of Mauritius, and we are a majority shareholder in four of our clusters (Textile, Hospitality, Finance and Healthcare). Each of our clusters also has a defined strategy and is increasingly well-positioned for local and international growth.

While we are clearly in a position of strength, we must continue to focus on operational excellence and improve how we work as a Group if we are to build upon these achievements.

> "CIEL is now in a consolidation phase following several years of investment, an in-depth restructure and the implementation of a Group-level strategic plan."

What measures have been taken to achieve operational excellence at CIEL?

Our Group has made heartening progress towards this goal in 2017-2018. We have created Operational Excellence ("OPEX") Committees for each of our businesses, to ensure that their Boards take an active role in driving their performance and efficiency.

Working closely with business CEOs, OPEX Committees are responsible for key issues such as customer satisfaction, cost benchmarking and team structuring.

Within our head office, a Chief Officer for Operational Excellence was also appointed in March 2017. She has been tasked with providing support and advice to CIEL businesses in order to disseminate best practices across our clusters.

> "Our Group has successfully transformed from an industrial sugar and textile operation into a service-oriented Group with an increasingly international footprint."

How important is building up a pool of talent for CIEL?

Developing our talent is constantly at the top of our agenda. CIEL has now appointed a Chief Officer of Talent and Culture whose role is to nurture our Group culture, develop our Human Resource (HR) capabilities and position our head office HR function as a strategic partner to Group businesses. We have also launched a centralised recruitment platform in association with LinkedIn and are about to partner with a top European business school to strengthen our internal training. As outlined in this report, we are also vigorously pursuing new training and development initiatives. These include the launch of a new academy within our Textile cluster this year, a project that is being actively led by CIEL Textile's CEO.

At CIEL, we are convinced that our people are crucial to our ability to deliver on our ambitions. Our geographical diversification and the breadth of our activities allow us to offer our team members attractive career opportunities, making it easier to retain them. Our team is also becoming increasingly international, with an ever-larger number of hires from the emerging markets we are expanding into. This multiculturalism has allowed us to adapt and make a success of most of our projects outside of Mauritius. It is also an opportunity to bring new expertise and ways of doing business into our Group.

> "Developing our talent is constantly at the top of our agenda."

Last year, you announced that CIEL was adopting a new organisational model. What has been achieved?

CIEL is actively moving towards a new organisational model as announced in 2017. The intention is to position CIEL's head office as a growth accelerator for our businesses and clusters by providing them with support and advice, as well as to infuse our Group-level functions with fresh dynamism.

We strongly believe that working more effectively as a Group and strengthening our corporate functions will not only help us achieve efficiencies and save on costs, but also create greater value for our teams, external clients and partners, and other stakeholders.

Over the past year, we have therefore created Group Function Forums whose purpose is to systematically share best practice across our businesses, clusters and head office. These forums bring together the expertise that exists across the Group and promote collaboration on issues such as operational excellence, human resources and financial management.

We are also placing considerable emphasis on innovation and on digitalisation in particular. We believe that making better use of data and technology will allow us to scale our businesses, drive efficiency and deliver better customer service. CIEL has therefore set up a data competency centre within CIEL Finance to extract greater value from the information held by our Finance businesses. Going forward, we intend to build up these data and IT capabilities and apply them at a Group level: we have already created a dedicated Digital Forum to bring together the Group's digital expertise and disseminate ideas for digital innovation.

We also intend to position our head office as a guardian of good governance across the Group, with our head office functions working with our businesses to ensure that their governance, risk management, and corporate and legal practices remain as effective and compliant as possible.

CIEL's finance and treasury teams also play a key role in ensuring that we steer our Group in the right direction.

Group Chief Executive's Interview (Cont'd)

What measures have been taken to strengthen the new Enterprise Risk Management systems that CIEL announced last year?

Risk management is one of CIEL's main priorities. As a Group that is active across five clusters and in more than 10 countries, the risks we face are diversified both geographically and across economic sectors. However, it is clear that we incur geopolitical risk by expanding internationally. We must confront and manage these risks if we are to take advantage of the substantial business opportunities that exist in emerging markets.

CIEL has made good progress on embedding its new risk management framework this year. We have now developed a Group risk appetite statement, defined as a mutual understanding between the Board and the executives regarding what risk levels are acceptable, considering the strategic objectives of the organisation. We have also strengthened the risk management processes within CIEL's Audit & Risk Committee and the governing bodies of each of our companies and increased the number of Risk Champions and of risk oversight committees throughout the Group.

In particular, we are actively working to mitigate IT and cybersecurity related risks, and have created a Group IT forum and a Cybersecurity Forum to address disaster recovery, business continuity and cybersecurity related risks. I invite you to read the Risk Management section of this report for more information.

What impact have CIEL's new Purpose Statement and Values had on its growth?

CIEL redefined its Group's purpose ("For a world we can all feel proud of") and value system ("People at Heart", "Excellence at Core", and "Ethical and Sustainable") last year. This purpose and value system reflect the CIEL way of doing business and are deeply entrenched within our DNA. I firmly believe that our identity and culture not only set CIEL apart, but help us attract and retain top talent as well as build trust with our teams, partners, clients and other stakeholders.

Over the years, we have had a positive impact on the emerging markets that surround us by creating career opportunities for local talent and investing in the community. As CIEL continues to expand in Mauritius and Madagascar as well as throughout Africa and Asia in the coming years, it will be more important than ever for us to rally our stakeholders around a common purpose and way of working, in order to constantly "go beyond" and make a difference.

> "Our identity and culture not only set CIEL apart, but help us attract and retain top talent as well as build trust with our teams, partners, clients and other stakeholders."

What measures has CIEL taken to build upon its sustainability strategy?

CIEL is continuing to implement its five-year sustainability roadmap, whose aim is to embed sustainability considerations into our management systems and day-to-day decision-making. We believe that the only way we can create "A world we can all feel proud of" is by placing sustainability concerns at the heart of how we work.

I am pleased to report that, in addition to the Sustainability Committee that we created at Board level in 2014, most of our clusters and businesses now have a dedicated Sustainability Committee. We have also nominated Sustainability Champions within each of our clusters.

As a next step, we are defining a Group-wide sustainability audit system that will both provide us with a clear roadmap and compel us to transparently track and report on our progress. The audit system will be based on mostly non-financial KPIs that have been defined against each of our core values. They include:

- Engagement levels;
- Training hours per employee;
- Customer satisfaction; and
- Waste and other environmental parameters that would eventually allow us to measure our carbon footprint.

Our clusters also continue to engage with sector-specific sustainability initiatives. For instance, CIEL Textile is an active member of Sustainable Apparel Coalition, while Sun Limited is EarthCheck certified. Our sustainability strategy is set out in greater detail on page 54.

> "We believe that the only way we can create "A world we can all feel proud of" is by placing sustainability concerns at the heart of how we work."

How has CIEL given back to its community this year, in line with its values?

CIEL runs Fondation CIEL Nouveau Regard, a highly active foundation that has been at the forefront of CSR in Mauritius since its establishment in 2004. The foundation supports Mauritian NGOs including Lakaz Lespwar and ANFEN, and this year helped launched SEDAM, an autism detection and support centre.

At corporate level, CIEL fosters individual action days such as our common Act for our Environment Day, during which the Group's teams take part in environmental activities to celebrate World Environment Day. In 2017, we planted 2,000 trees in La Vallée de Ferney. Above their CSR tax collected through Fondation CIEL Nouveau Regard, companies from the Group have voluntarily donated MUR 8.4M for social initiatives throughout the year. In addition, our Group seeks to contribute to health and well-being in Mauritius by supporting the #BouzeMoris initiative and organising the yearly CIEL Ferney Trail.

While the regulatory framework for CSR is increasingly challenging, CIEL remains committed to contributing to social initiatives in Mauritius and will seek out alternative sources of funding in order to do so. I invite you to read our capital reports on page 62.

What do you hope to accomplish in 2018-2019, and what challenges and opportunities do you anticipate in the medium term?

I am optimistic about our Group's performance in the coming year and in the medium term, though we will be keeping a watchful eye on macro-economic factors including currency fluctuations and trade deals.

In 2018-2019, CIEL will seek to:

- Continue with its consolidation in order to increase profitability;
- Support Sun Limited in its performance ambitions while continuing to meet customer expectations;
- Ensure that CIEL Textile Limited capitalises on its recent strategic positioning, which is already yielding operational improvements;
- Complete the turnaround of Wellkin Hospital, which is already well underway, and ensure a smooth transition at the conclusion of our management contract with Fortis Healthcare; and
- Grow our Finance cluster by taking Bank One to new operational heights while striving to position BNI as the leading bank in Madagascar.

We must also keep pursuing operational excellence and a stronger Group dynamic, and continually review our corporate strategic plan to position ourselves as competitively as possible for the future.

CIEL's motto, "Go Beyond", distils much of our way of working. It reflects our strategy and geographical ambitions as well as our teams' constant efforts to outdo themselves.

CIEL's Chairman, P. Arnaud Dalais, and our supportive, committed Board have offered me invaluable help and advice over the past year. Our Group's executives, management and teams continue to do incredible work across our operations. Their efforts and engagement give me great confidence in CIEL's future.

Progress Report on CIEL's
Medium-Term Strategic Priorities

	TEXTILE	HOTELS & RESORTS
Drive operational excellence through • Processes and best practices • Synergies • Talent management	• Good progress of Floreal Bangladesh • Successful launch of CIEL Textile leadership academy and of CIEL Textile Chairman Front End Excellence Award • Restructuring of Floreal Knitwear still ongoing • Tropic Knits India still below expectations	• Continue to reposition our resorts in their aspirational competitive set • Increased average daily rate with a higher portion of direct bookings • Successful launch of Chapter 2 at Long Beach • Successful renovation and relaunch of La Pirogue • Improvement in employee engagement score
Consolidate and leverage our strong international footprint in emerging economies	• New Aquarelle factory in India	• Ramp up phase for Kanuhura in Maldives still in progress after first full year operations
Focus on customer experience and satisfaction to drive our businesses	• Solid progress in terms of sustainability journey with Higg index	• Successful launch of Timeless Memories gaining traction with stakeholders • Service culture with targeted training for all associates • Driving operational excellence with benchmarking exercise and customer satisfaction index
Foster additional value through existing assets	• New dynamic on 3 clusters joint marketing approach • Good progress with emerging and fast growing e-commerce retailers	• Developing the unutilised land with real estate value
Key outcomes	• 36M garments • Successful launch of first production lines in new Aquarelle India factory • 5-yearly strategic plan process completed for the Woven cluster • Coordinated sustainability approach gaining recognition with all stakeholders & appointment of a Head of Sustainability	• Overall guest satisfaction score on *Trust You* slightly improved/ maintained for all resorts • Improvement in *TripAdvisor* ratings for all resorts except Ambre

FINANCE	HEALTHCARE	AGRO & PROPERTY
• Reinforcement of Bank One management team • Operational Excellence action plans defined per affiliate, and Process Optimisation programmes launched by the 3 main affiliates • Increased synergies between Bank One and IPRO, MITCO and Bank One	• Reinforcement of the MSCL management team as well as instituting a new management team in IMG to ensure continuous improvement and the implementation of CIEL's strategic vision	• Full roll-out of Group's Vision, Mission and Values completed
• Development of new products to facilitate attracting new customers through financial inclusion in Madagascar • Set-up of MITCO's representative offices in Ivory Coast, Kenya and South Africa	• Improved international desk to welcome more patients in Mauritius	• Solid results of Alteo in Tanzania • Deficit of sugar cane in Kenya
• Successful implementation of core systems at BNI and MITCO; In progress at Bank One BNI : • Deployment of an ambitious omnichannel strategy • Digitalisation of the Client on-boarding process • Launching of innovative Mobile Financial Services with Telma	• Initiatives instituted across the Group to track patient satisfaction implemented • Investment in IT systems to improve patient experience • Net Promotor Score increasing	• N/A
• Network and Retail development at BNI • Development of e-commerce offer at Bank One and BNI	• Consolidation of investment activities to foster value creation and drive long term sustainability of businesses	• Launch of Helios Beau Champ project, a solar farm developed in Joint Venture between Alteo and Quadran • Good momentum with sales of northern parcels of Anahita • Development of Alteo's Master Plan and new property projects
BNI: • Launch of 13 new branches at BNI Madagascar for a total of 74 • Recaptured No 1 position in the corporate segment • Successful launch of Mobile Financial Services • Increasing of customer base by 23%	• Positive EBIDTA at Wellkin after 10 years	• 280,000 tons of raw sugar produced in FY18 • 327.3 GWh exported to national grid in FY 18 - 11.8% of energy production in Mauritius • Launch of new solar plant in Mauritius

Operational Focus for FY2019

Textile

CIEL Textile

- Further enhance Group commercial dynamic
- Emphasis on talent development through training (MOE leadership academy) and recruitment
- Integrate digitalisation in operations and processes
- Articulate and finalise the next 5 years' strategic process at CIEL Textile level and for the 3 clusters

Knitwear

- Complete Floreal Group region (Mauritius and Madagascar) restructuring

Knits

- Consolidate management capabilities, market positioning and operational performances at Tropic India
- Reduce Tropic India losses in the current financial year

Woven

- Improve Aquarelle Region competitiveness and turn around negative sales trend on Consolidated Fabrics Limited fabric business
- Adjust and expand customer base in the region
- Ramp up new factory at Aquarelle India

Hotels & Resorts

Branded Resorts

- Improve profitability at Shangri-La's le Touessrok through growth rate and cost optimisation
- Maintain profitability level at Four Seasons at Anahita with increased competition

Revenue Growth

- Increased investment in digital marketing to improve direct bookings and brand awareness
- Pursue the golf strategy with enhanced marketing actions
- More synchronised approach with the regional sales offices in charge of all distribution channels in their zone

Operational Excellence

- Guest centric approach to drive guest satisfaction scores and improve reputation ratings
- Invest heavily in training for associates
- Improve associates work place with engagement survey
- Capitalise on Timeless Memories initiative

Corporate Initiative

- Initiate a re-branding exercise to become an aspirational B2C hospitality brand

Finance

- Continue improving revenue growth and get the 2 banks at a Cost/Income ratio below 50%, to deliver much improved returns
- Execute action plans to reach operational excellence objectives, including improving key processes efficiency
- Improve the capacity to exploit data, through the newly created Data Competence Centre
- Improve Digital Marketing capability for improved customer experience

Bank One

- Deliver on operational transformation
- Reactivate the retail banking business

BNI

- Successfully launch KRED (nano-finance product)
- Tap into massive cross-selling opportunities on customer bases referred by Telma, CNAPS (national social security institution) and others

MITCO

- Continued execution of the strategic plan, possibly to be adjusted in view of the on-going tax and regulatory changes, to complete on-going turnaround

IPRO

- Implementation of the planned business restructuring

KIBO

- Successfully manage private equity exits

Healthcare

Patient Experience

- Reinforce patient experience and customer satisfaction through better insights
- Continuous improvement of the facilities through new Capex mainly in Mauritius and Uganda
- Increased focus on total quality management with new dedicated resources and clear objectives of certification for Mauritian hospitals
- Reinforce collaboration with doctors

Operational Excellence

- Full deployment of new management team in Mauritius and Uganda with new key strategic functions
- Better synergies and efficiencies through purchasing and support services
- New core IT system with implementation of new HIS (Hospital Information System)

Business Development

- Increase our clinics foot print in Uganda and investigate opportunities for specialities expansion in Mauritius

Agro & Property

Sugar (Alteo)

- Far-reaching restructuring and reengineering of Alteo's sugar operation in Mauritius
- Completion of turnaround of Alteo's Kenyan operations
- Further consolidation and optimisation of Alteo's Tanzanian operations

Property (Ferney and Alteo)

Ferney

- Launch Residential Project at Falaise Rouge
- Develop Eco-Tourism offering
- Launch new brand to increase visibility

Alteo

- Completion of Anahita's development
- Imminent launching of two real estate developments projects
- Alteo's master plan development for the unlocking of considerable real estate value

Energy (Alteo)

- Pursue ongoing discussions with Mauritian Government regarding power plant project to optimise the usage of biomass

KEY CAPITALS

"The diversity and quality of our People is a key strength we must build upon. I am confident that our efforts to enhance our Group dynamic, leveraging on each other's knowledge, talents and experiences will drive innovation and value creation for all our stakeholders"

Jean-Pierre Dalais, CIEL Group Chief Executive

Group Finance Director's Report

L. J. JÉRÔME DE CHASTEAUNEUF
GROUP FINANCE DIRECTOR

FINANCIAL CAPITAL

Group revenue for the year under review increased by 9% to MUR 22.6bn (2017 Restated: MUR 20.7bn), while Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') rose to MUR 2,953M (2017 Restated: MUR 2,845M), leading to an EBITDA margin of 13.1% (2017 Restated: 13.8%).

Group Profit after Tax ('PAT') for the year was MUR 1,090M (2017 Restated: MUR 1,120M) and CIEL Group's profit attributable to ordinary shareholders stood at MUR 442M (2017 Restated: MUR 459M) for the year under review. Earnings per share stood at MUR 0.27 (2017 Restated: MUR 0.30).

Net cash from operating activities and working capital movements improved by 99% to MUR 3,661M (2017 Restated: MUR 1,843M). The increase includes net deposits of MUR 980M from banking customers (BNI Madagascar).

At Company level, the Net Asset Value ("NAV") per share stood at MUR 8.49 as at 30 June 2018 - down 8.8 percentage points from MUR 9.31 restated as at 30 June 2017 – reflecting mainly the fall in the share price of Alteo, The Medical and Surgical Centre Limited ("MSCL") and the takeover of CIEL Textile Limited ("CTL") financed by debt together with the issuance of ordinary shares at CIEL level.

+9%

REVENUE

MUR 22.608

+3.8%

EBITDA

MUR 2,953

We ended the year with a net interest bearing debt position of MUR 15,498M (2017 Restated: MUR 15,229M), a slight increase of 2%. There was a slight improvement in the Group's gearing ratio following SUN's rights issue and the private placement at the end of August 2017. Dividend per share remained stable at 20 cents at the end of the financial year (2017: 20 cents).

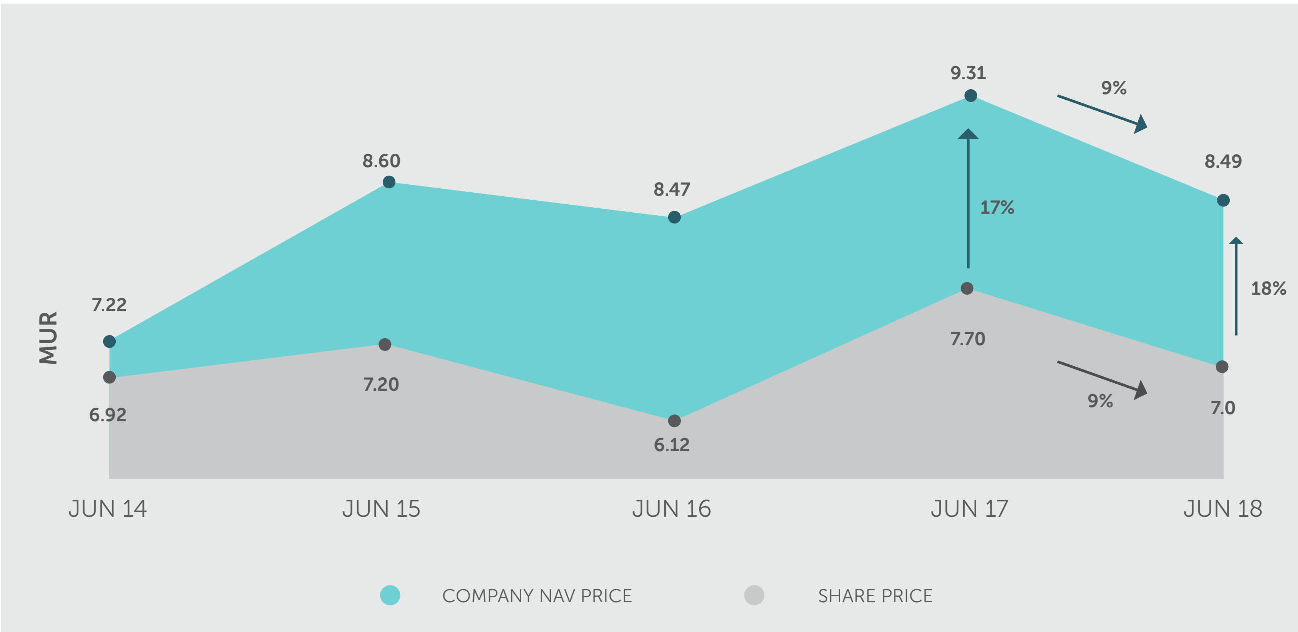
FINANCIAL OVERVIEW

MUR million	2018	2017 Restated	% change	2016 Restated
Revenue	**22,608**	20,661	9%	18,822
Earnings Before Interests, Taxation, Depreciation and Amortisation (EBITDA)	**2,953**	2,845	3.8%	2,467
EBITDA margin	**13.1%**	13.8%	(0.7%)	13.1%
Profit attributable to:	**1,090**	1,120	(3%)	1,182
Owners of the Parent	**442**	459	(4%)	477
Non-controlling interests	**649**	662	(2%)	705
Earnings per share (EPS)	**0.27**	0.30	-	0.31
Net cash from operating activities and working capital movements*	**3,661**	1,843	99%	1,220
Company Net Asset Value per share (NAV)	**8.49**	9.31	(9%)	8.42
Equity	**24,748**	23,377	6%	23,134
Return on Equity (ROE)	**4.4%**	4.8%	(0.4%)	5.1%
Net interest bearing debt	**15,498**	15,229	2%	13,242
Gearing = Debt/(Debt+Equity)	**38.5%**	39.4%	(1%)	36.0%
Debt/EBITDA multiple	**5.2**	5.4	(0.1)	5.4
Dividend per share	**0.20**	0.20	0%	0.18
Market capitalisation	**11,500**	11,756	(2%)	9,333

**Includes changes in specific banking current assets*

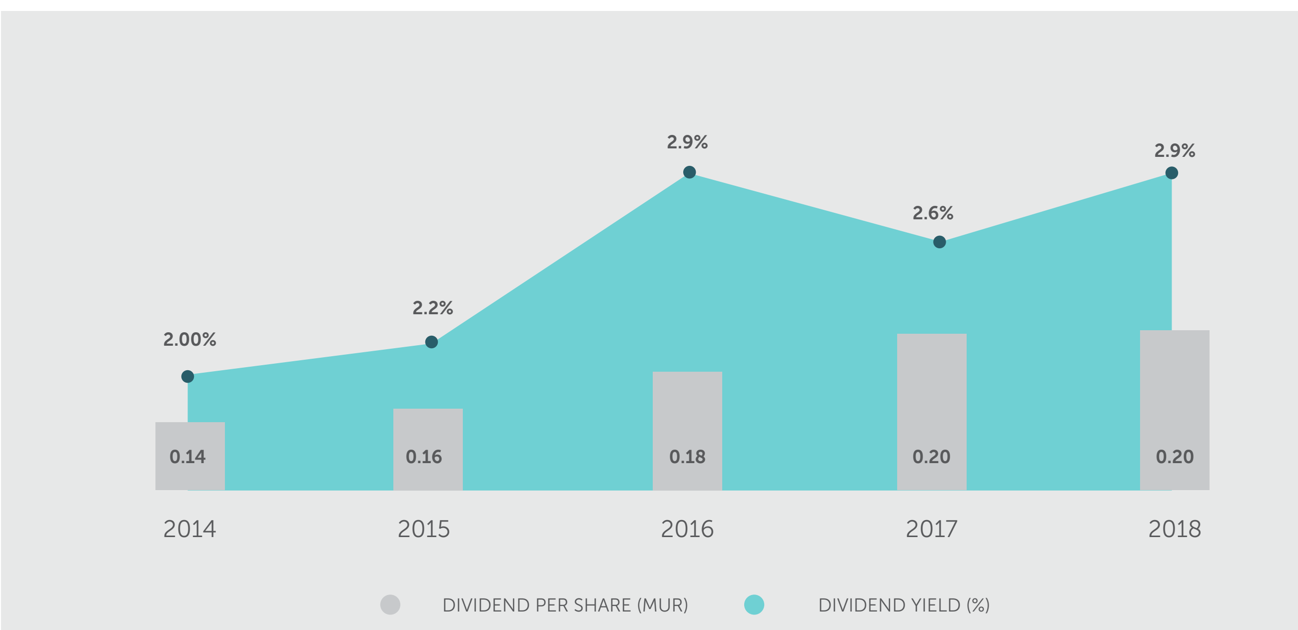
Group Finance **Director's Report** (Cont'd)

Shareholders' Return



NAV per share is down by 9% to MUR 8.49.

Share Price fell by 9% since June 2017 and is trading at 18% discount to NAV.

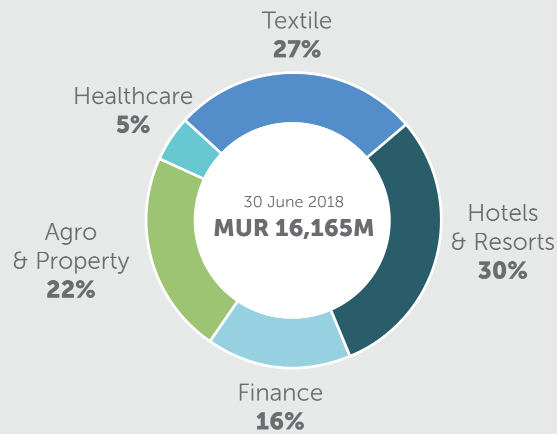


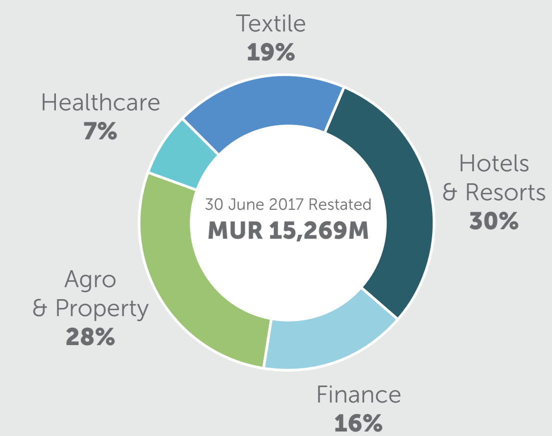
Dividend stable at 20 cents per share as at 30 June 2018.

Company Investment Portfolio

All listed subsidiaries are valued at market price except for SUN which is valued at market price plus a 10% premium (new valuation policy). Please refer to note 13(a)(iii) of the Notes to the Financial Statements.

- The Company's investment portfolio has grown by 6% from MUR 15,269M in June 2017 to MUR 16,165M in June 2018 following the Voluntary Takeover Scheme in CTL and SUN's Rights issue.
- The stake of CIEL in CTL rose from 56.31% to 88.48%. CTL's share price of MUR 48 (ex-dividend price) fell 4% at the end of the year compared to the latest transaction price of MUR 50 used as at 30 June 2017.
- Despite the dilution effect following the investment of Dentressangle in SUN through a Private Placement, CIEL's investment of MUR 447M in SUN through a Rights issue and SUN's new valuation policy of MUR 55.60 as at 30 June 2018, have contributed positively to the valuation of the Hotels & Resorts portfolio.
- There has been an increase in the Finance cluster's portfolio valuation mainly due to Bank One's higher NAV and increased profitability.
- Alteo's (Agro & Property cluster) ex-dividend share price fell by 26% from MUR 33.80 as at 30 June 2017 to MUR 25.17 as at 30 June 2018.
- The Healthcare cluster's value has decreased due to the lower performance of the underlying investee companies (unquoted), a fall in market multiples applied to the valuation of these subsidiaries and a drop in the share price of MSCL from MUR 3.40 in June 2017 to MUR 2.65 in June 2018.





Group Finance **Director's Report** (Cont'd)

Group Net Debt and Gearing

CIEL has successfully raised MUR 1.27bn of secured notes in February 2018 by way of a private placement under its Multicurrency Note Programme. The notes issue has a tenor of between 3 and 10 years and was rated CARE MAU AA (stable) by CARE Ratings. The proceeds from this notes issue was used to refinance the short-term notes issued by the Company on 30 June 2017.

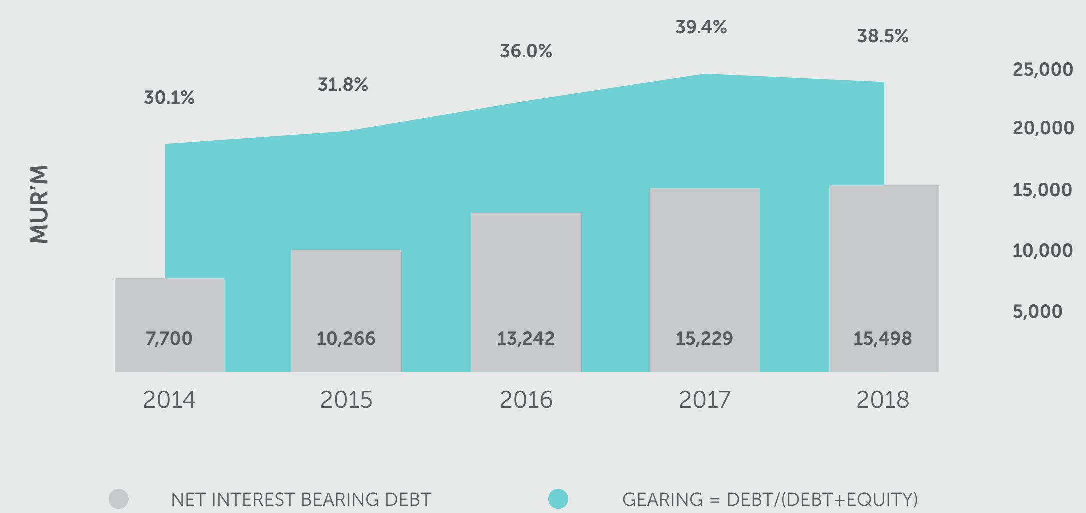
This new debt has led to an increase in CIEL Company's Debt to EBITDA multiple from 3 to 6.3. We are focusing on bringing the ratio down to 2-3 in the years to come.

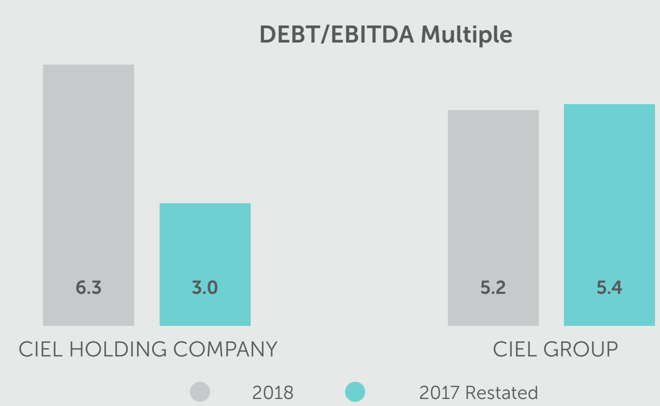
There was a slight improvement in CIEL's gearing ratio following SUN's rights issue and the private placement at the end of August 2017.

Performance improvement measures continue to be implemented across all clusters to help improve the Group's cash position, the consolidated gearing ratio and net indebtedness.

The increase in net debt through the years is mainly attributable to:

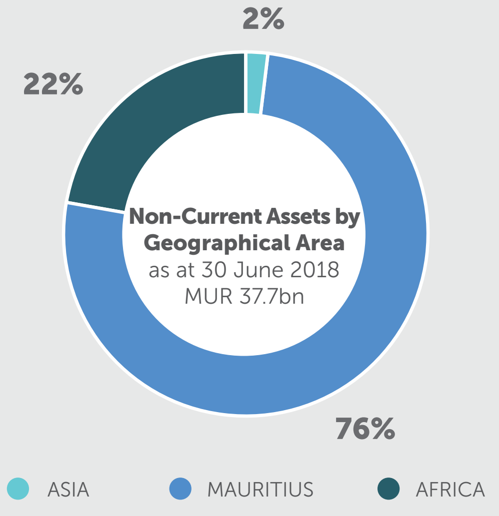
- SUN's acquisition of Anahita Hotel Limited ('AHL') – the owner of Four Seasons Resorts Mauritius;
- Various renovations at SUN level;
- CTL's opening of new factories in India and Madagascar and various working capital requirements; and
- the acquisition of Wellkin by the Healthcare cluster;

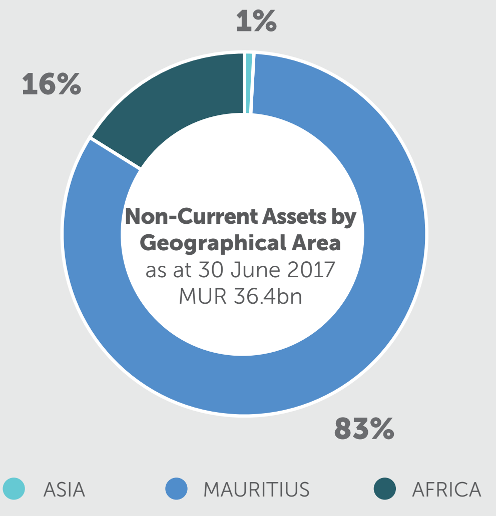




Assets

It is important to note that as from the June 2018 financial year, the specific banking assets – 'Other loans to customers' amongst others – and the specific banking liabilities – 'Deposits from customers' amongst others – have been reclassified under the assets and liabilities sections of the Group Statement of Financial Position respectively. In the previous financial years they were classified separately under 'Specific Banking Assets' and 'Specific Banking Liabilities'.





With the opening of the CTL's new factory in Antsirabe, Madagascar, and the investment of BNI Madagascar S.A. into a new Core Banking Systems, Non-Current Assets in Africa have increased from 16% as at 30 June 2017 to 22% as at 30 June 2018.

Key Income Statement Figures

The Group's revenue was 9% up on 2017 revenue of MUR 20.66bn mainly attributable to the Hotels and Resorts cluster which has contributed an additional MUR 717M to the Group's revenue in the 2018 financial year. SUN's revenue grew by 12% to reach MUR 6.9bn owing to the yield maximisation strategy adopted which has led to an 18% growth in Average Daily Rate (ADR). SUN's resorts showed good progress with Long Beach and Ambre resorts in particular, which recorded an increase in revenue of 14% and 13% respectively.

The consolidation of Wellkin Hospital in the Healthcare cluster for a twelve-month period for the first time and the overall performance of the Textile cluster have also helped boost revenue.

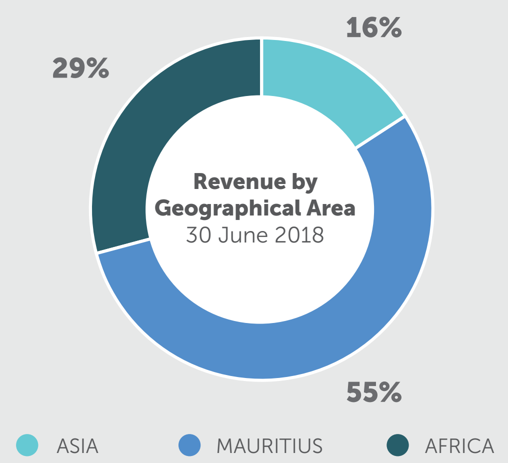
The Finance cluster has also contributed to the increase in Group revenue mainly owing to the higher net interest income and other income of its banking arm – BNI Madagascar S.A.

Our presence in Africa was marked by the Textile and the Finance clusters. 16% of total revenue was generated by our Asian Textile activities.

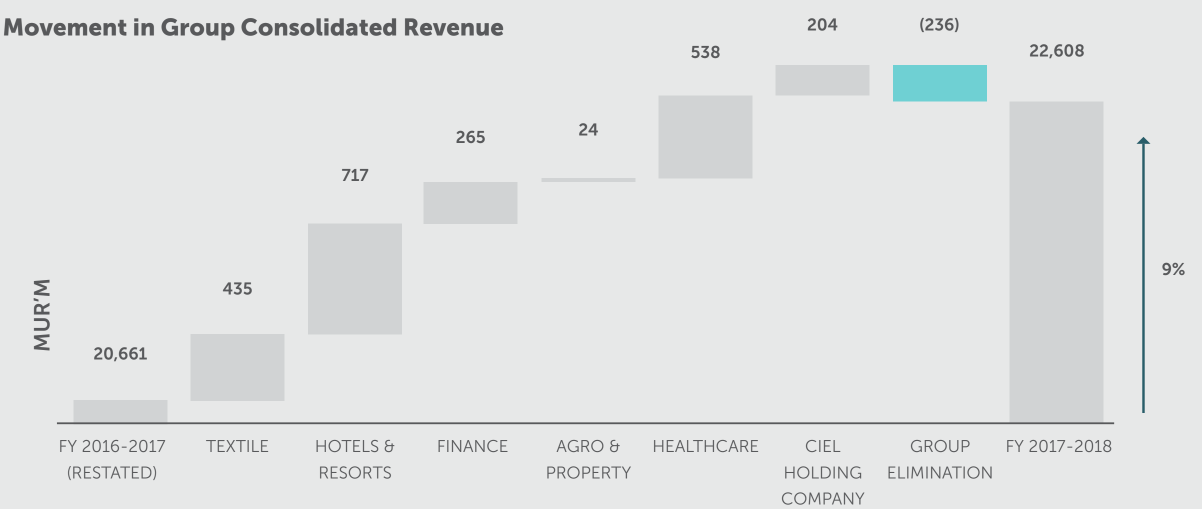
+9%

GROUP REVENUE

MUR 22.61 bn

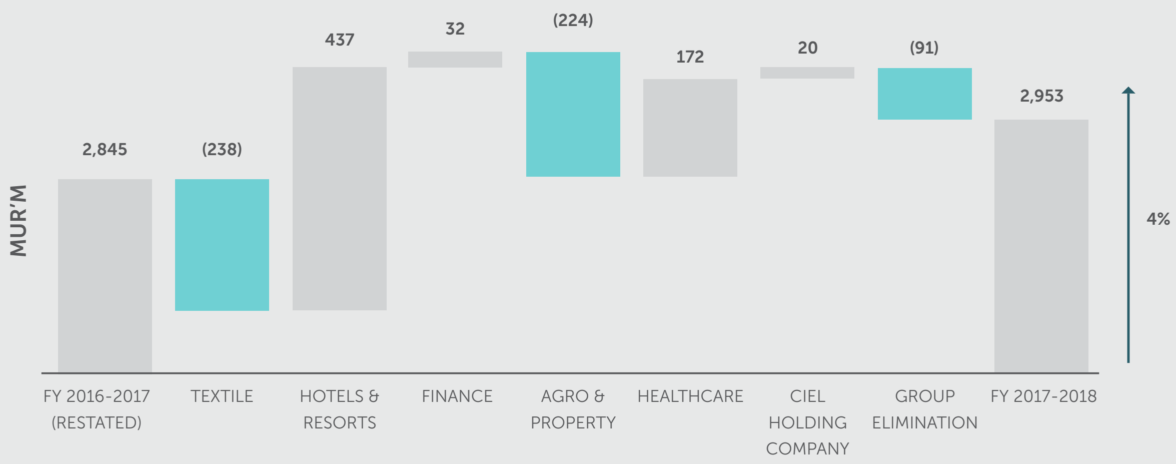


Movement in Group Consolidated Revenue



Key Income Statement Figures (Cont'd)

Movement in Group Consolidated EBITDA



IN MUR'M	YEAR	TEXTILE	HOTELS & RESORTS	FINANCE	AGRO & PROPERTY	HEALTHCARE	CIEL HOLDING COMPANY	GROUP ELIMINATION	TOTAL
EBITDA	2018	759	1,290	805	63	131	347	(442)	2,953
	2017 Restated	997	853	773	287	(41)	327	(351)	2,845

EBITDA for the year rose by 3.8% from MUR 2,845 in 2017 with the improvement of the Hotels & Resorts cluster. Owing to effective cost management, SUN's EBITDA margin has improved from 16.2% last financial year to 19% and its EBITDA grew by 32% from the financial year 30 June 2017 to 30 June 2018. This had a positive impact on the Group EBITDA.

The Healthcare cluster has contributed an additional MUR 172M to EBITDA with the continuously good performance of Fortis Clinique Darné and the improved results of Wellkin, driven by patient care and medical excellence.

EBITDA was however somewhat driven down by the Textile cluster's performance. Though the Woven segment remains the main contributor to CTL's revenue, the results of its operations in the region have been negatively impacted by declining margins attributable to tough competition in international markets and higher than anticipated costs. The adverse movements in the US dollar in the first semester of the current financial year and the removal of the duty drawback (export incentive) in India have also affected the results.

Last year's result for the Agro & Property cluster included non-recurring gains from land revaluation of MUR 226M at Ferney Limited.

+3.8%

Group EBITDA
MUR 2,953M

Group Finance **Director's Report** (Cont'd)

Key Income Statement Figures (Cont'd)

+20%
Group depreciation and Amortisation
MUR 1,166M

The year-on-year increase is a direct consequence of the higher asset base in the Hotels & Resorts cluster, the amortisation of a new banking software at BNI Madagascar level in the Finance cluster and the consolidation of Wellkin for a twelve-month period.

+10%
Finances Costs
MUR 754M

Finance costs were driven up mainly by CIEL's MUR 1.27bn secured notes raised to fund SUN's rights issue and CTL's voluntary offer. Additional funds were also contracted by CTL to cater for capital expenditure projects both in Madagascar and India and various working capital requirements.

+10%
Share results of joint ventures net of tax
MUR 272M

The increase is mainly attributable to the improvement in the results of Bank One which was further enhanced by a one-off cash settlement following the resolution of a long outstanding international court case and the improved profitability of Anahita Golf Spa & Resort.

-16%
Share results of associates Net of Tax
MUR 74M

The decrease is primarily driven by the lower results of the Healthcare cluster's Nigerian operations where the trading environment of its hospitals and health insurance business has been difficult.

To a lesser extent, the Agro & Property cluster has been negatively affected by Alteo's local operations due to the reduced export sugar price. The results were also driven down compared to prior year by the low sugar prices and the reduced sugar cane availability in Kenya. These negative impacts have somehow been mitigated by the commendable performance of Alteo's Tanzanian operations and favourable gains from sale of land together with a much improved performance of its Property cluster. Last year's result for the Agro & Property cluster included non-recurring gains from land revaluation of MUR 226M at Ferney Limited.

-2%
Profit Before tax
MUR 1.379M

Profit before tax fell slightly from MUR 1,412M to MUR 1,379M during the year under review, mainly due to the reduced contribution from the Woven segment of CTL, partially mitigated by the better performance of SUN.

+1%
Taxation
MUR 289M

The tax charge for the year is up 1% compared to 2017 due to SUN's increase in profits partly offset by the lower profitability of the Textile cluster.

Key Income Statement Figures (Cont'd)

-2.6%

Profit After Tax

MUR 1,090M

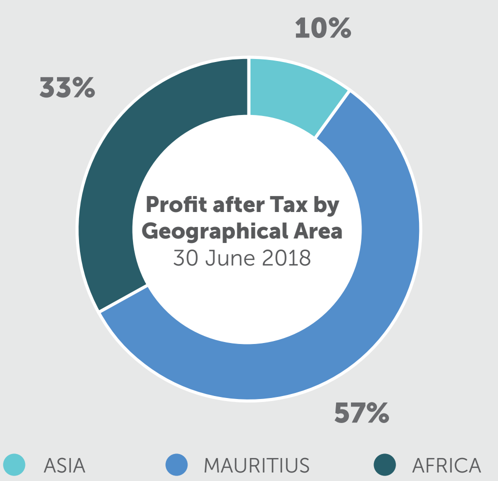
IN MUR'M	YEAR	TEXTILE	HOTELS & RESORTS	FINANCE	AGRO & PROPERTY	HEALTHCARE	CIEL HOLDING COMPANY	GROUP ELIMINATION	TOTAL
PAT	2018	317	198	724	104	(63)	251	(441)	1,090
	2017 Restated	562	(129)	630	337	(194)	239	(325)	1,120

Group Profit after Tax fell 2.6% from MUR 1,120M in 2017 mainly due to the performance of the Textile and Agro & Property clusters.

While the Woven segment of CTL continues to face challenging market conditions, the Knits Indian operations and the Knitwear regional segment remain loss-making. Loading and efficiencies of those factories are, however, improving and prospects are encouraging in a current challenging environment.

The results of the Agro & Property cluster for the year ended 30 June 2018 were driven down by the challenges faced by the Kenyan and Mauritian operations of its associated undertaking – Alteo. The performance of the cluster was partially alleviated by the profitable Tanzanian activities of Alteo and the realised gain on sale of land at Alteo. Last year's result for the Agro & Property cluster included non-recurring gains from land revaluation of MUR 226M at Ferney Limited.

Alteo's African operations and BNI Madagascar had contributed to the results in Africa.



The Outlook

This year's Group's result has been impacted by the Textile cluster's results and fell short of expectations. We remain confident that the important investments made by CIEL over the last few years will start generating improved EBITDA which in turn should create shareholders value in the medium term. This should improve our Return on Equity (ROE) which currently stands at 4.4%. Gearing remains at the top of our priority list and our objective is to bring the ratio down in the coming years. We are targeting a Debt to EBITDA multiple of 2-3 in the medium term.

The global economic outlook remains uncertain, with price and exchange rates volatility inherent in some of our business lines. Management's efforts to consolidate the portfolio, implementing strict cost control and focusing on operational efficiencies should enhance margins and generate sustainable cash flow. Capital discipline will continue to maintain asset integrity and meet compliance requirements.

I would like to conclude by thanking our stakeholders for their support during 2018 and, most of all, our finance teams across the Group for their hard work and ongoing commitment in producing quality financial reporting in a particularly challenging financial year with the appointment of PwC as external auditor of the Group.

L. J. Jérôme De Chasteauneuf
Group Finance Director

Investing in Talent

Human Capital

A word from Dev Sewgobind, Chief Officer – Talent and Culture

CIEL is a truly unique organisation underpinned by a rich history of entrepreneurship. Our strength is based on the relationships and partnerships that have been forged over time and have culminated in a business which is uniquely diverse in terms of our activities, our geographic presence but more importantly our People.

At the heart of our growth over the years, has been our People, hence our value of 'People at Heart' which is now well-embedded in our ways of doing business. Our people's skills, experience and diversity enable us to provide competitive and reliable products and services. We have prioritised investment in employee engagement as well as development to deliver best customer experience. Across our various clusters, we have witnessed, in 2017/2018, an unprecedented level of investment in the development of our leaders and our colleagues translating into more than 16,000 days of training for our organisation. By investing in our people, we also stay focused on employee retention.

Sharing of best practices is also key in driving the continuous learning and development process within the Group. Significant progress has been made during this year through the launch and implementation of group forums across multiple disciplines. Forums have instituted clear terms of reference and cross fertilisation of ideas has now started to materialise across the organisation.

At the very core of this approach is the winning culture which CIEL wants to nurture and this can only become a reality if we develop strong leaders who in turn are able to create the best teams for our organisation. As an organisation, we proudly hold an annual Symposium, gathering our senior leaders so as to create a shared vision, understanding and buy in, into the culture that we want all of them to embrace.

Nurturing talent for future senior roles within the organisation is also a key element of our people strategy. The succession planning process of key and critical roles within the organisation has started as well as the development of an accelerated leadership development programme for future senior leaders. Furthermore, our ambition for the next 3 years remains to firmly establish CIEL as an employer of choice by offering career experiences through mobility across the Group.

Ultimately our people strategy focuses on creating a workplace that can attract and retain the best talent in the markets where we operate.

OUR AMBITIONS

- **Develop a clear and compelling Employee Value Proposition** to become a magnet for talent.
- **Become a true learning organisation** growing our people's skills and competencies (hard and/ or soft) and careers.
- **Facilitate talent mobility within the Group** to foster cross-fertilisation and retain our talent by offering multi-sectorial and international career opportunities.
- **Develop and promote Leadership and Managerial Excellence** to drive operational excellence, enhance employee engagement and boost our business results.

PROGRESS THIS YEAR

- **Set up of Group Forums** to create a real community of practice across various functions (Finance, Human Resources, Marketing and Communication, Digital and CSR) within the Group, to identify and replicate best practices and work on common strategies where relevant.
- **Design of a new Group Onboarding Process and content** to onboard all managers and employees around CIEL Values and guiding principles.
- **Roll-out of an Employee Engagement Survey** to better understand employees' perception and address issues. An overall Employee Effectiveness score of 56% was achieved for the Group (excluding Textile and Healthcare) and clear priorities have been established to attain a benchmark of 75% within the next 2 years.
- **Implementation of a new People Performance Management system** at Head Office Level, aligned with CIEL values, and designed to encourage clear regular conversation and development of our employees.
- **Significant training investment** within the Group and particularly at SUN (deliver customer experience through timeless memories), CIEL Textile (Leadership and Management Academy for excellence at grass roots) and MSCL (design of the GROVE leadership academy).
- **Recruitment of a Group Talent Acquisition resource** to enhance recruitment process for all Group companies.
- **Digitalising our recruitment platform through the implementation of a Group LinkedIn career page** to promote employer brand and build our talent pool.

NEXT STEPS

- **Development of HR capabilities across Group Companies** through new structures and training on key HR competencies.
- **Improve people analytics to support management decision** by digitalising people process where relevant through Human Capital Systems (HCM) and development of a consolidated CIEL Group people dashboard.
- **Encourage Talent Mobility within the Group** by developing a clear process and platform for employees to identify and apply for new opportunities.
- **Launch CIEL Leadership Academy in partnership** with an international business school to develop CIEL top talent through an executive leadership programme specifically designed for CIEL.
- **Achieve a higher employee engagement score** to enhance our operational excellence and business results.
- **Develop strategic approach and roadmap for further digitalising the employes' experience** by fully exploiting the scope of digital workplaces and addressing the challenges poised by the future of work.

Key figure

Training hours – more than

16,000
DAYS

of training for our colleagues

Sustainability as a Management Practice

Natural and Social Capital

Our Sustainability Journey

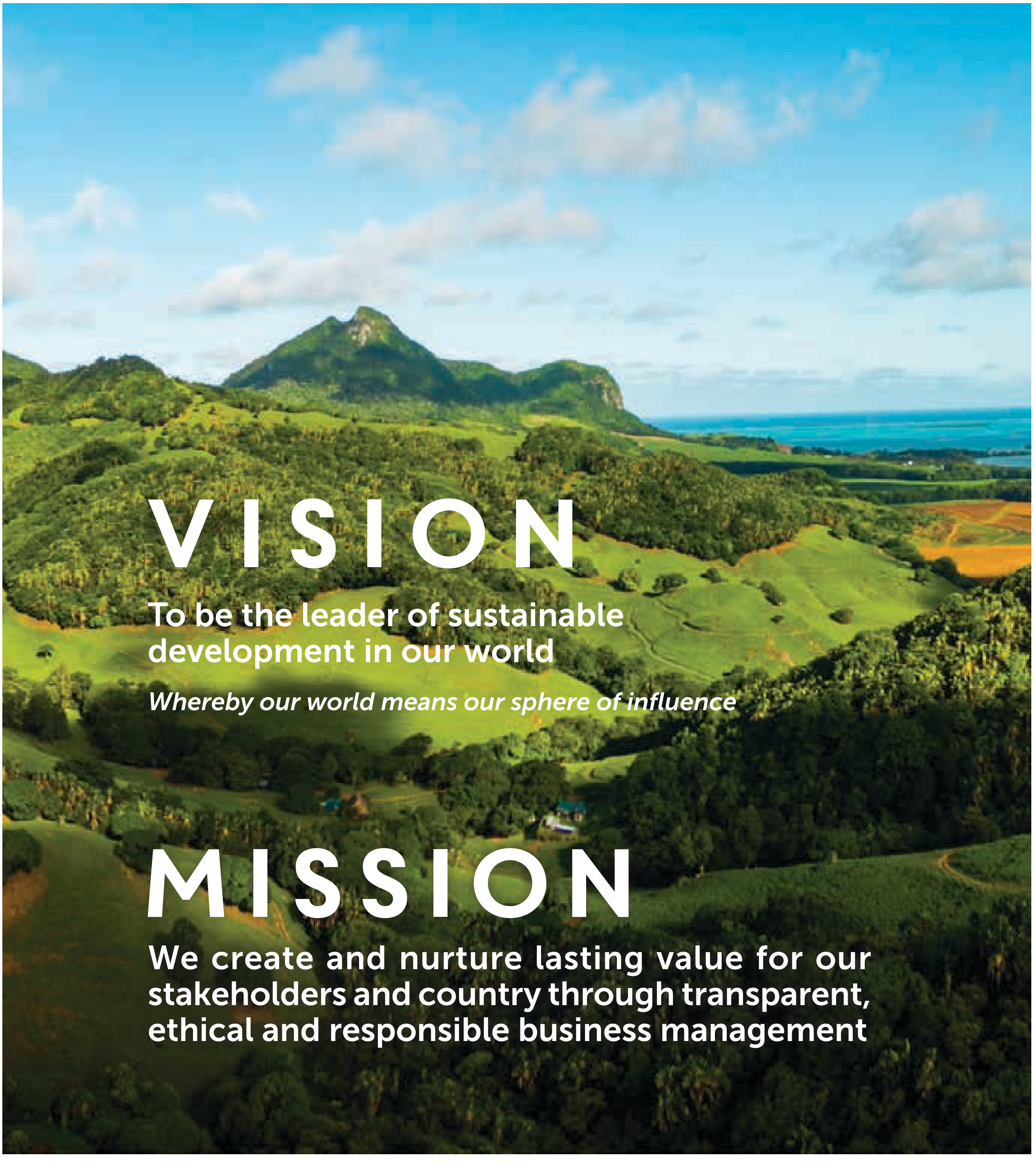
CIEL's Board of Directors adopted a 5-year sustainability roadmap in 2015 with the view to embed sustainability as a management practice while creating value for all its stakeholders and promoting the sustainable development of Mauritius, and the communities in which CIEL operates. This ambition is enabled through a clear sustainability governance structure at different levels.

The International Finance Corporation's ('IFC') Performance Standards have been identified and provide for an overarching approach to assessing the minimum requirements CIEL aspires to reach throughout its main investee companies by 2020. Beyond IFC's Performance Standards, CIEL has established its own Sustainability Policy around 5 pillars: Business Ethics, Labour Practices, Environmental Responsibility, Stakeholder Engagement and Sustainable Design, Planning and Procurement. The following table provides an overview of the different measures taken at the level of our 5 clusters.

In line with this, CIEL aspires to contribute to the greater good. CIEL has mapped its current contribution to the United Nations Sustainable Development Goals ('SDGs'). The 17 SDGs define global sustainable development priorities and seek to mobilise global efforts around a common set of goals. The SDGs call for worldwide action among governments, business and civil society. While at the beginning of SDG reporting, CIEL strives to embrace these international goals and has highlighted below how it does so.

FIND OUT MORE
www.cielgroup.com

- Our Integrated Approach to Sustainability



VISION

To be the leader of sustainable development in our world

Whereby our world means our sphere of influence

MISSION

We create and nurture lasting value for our stakeholders and country through transparent, ethical and responsible business management

Sustainability as a Management Practice (Cont'd)

CIEL Management Infrastructure and Sustainability Pillars	CIEL	CIEL Textile	CIEL Hotels & Resorts
GOVERNANCE STRUCTURE	**CIEL Corporate Sustainability Committee, as sub-committee of the Board**		
Cluster and operational site sustainability committee up and running	• Corporate Sustainability working group	✓	✓
BUSINESS ETHICS			
Implementation of new National Code of Corporate Governance in progress	✓	✓	✓
Code of Ethics	• Implemented	• Implemented at operational level; in process at cluster level	• Implemented
HUMAN RIGHTS AND LABOUR PRACTICES	**HR Forum gathering peers from across the Group around HR practices and employee engagement initiatives**		
Training and learning opportunities	✓	• In-house training centre • Sustainability awareness campaign	• Partnerships with hospitality management schools • Internal training platform
Welfare Committee up and running	✓	• 90% compliance	✓

CIEL Healthcare	CIEL Finance	CIEL Agro & Property	Sustainable Development Goals
			16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels • We consistently report on the composition of the highest governance body and its committees, and its role in the identification and management of economic, environmental and social impacts, risks and opportunities through our corporate governance and risk management reports. CIEL's Corporate Sustainability Committee is a sub-committee of the Board of Directors.
✓	✓	✓	
✓	✓	✓	
• In the process of implementation at cluster level	• Implemented at operational level; in process at cluster level	• In the process of implementation	
			8.1 Sustain per capita economic growth in accordance with national circumstances • We consistently report on the direct economic value generated and distributed from year to year through our strategy and performance, notes to the financial statements and sustainability sections. • We strongly enforce policies that prevent employment of children by our investee companies and through the supply chain, abiding by the IFC's Exclusion List and our Sustainability Policy.
• In-house technical and professional training at almost all operational sites	• E&S awareness campaign • Management System Capacity Building Training	• Health and Safety training • Awareness sessions • Coaching programme	
• 90% compliance	✓	✓	**4.7. Ensure that all learners acquire the knowledge and skills needed to promote sustainable development.** • Events are highly effective platforms to transfer knowledge to stakeholders and are an important way for advancing sustainability, driving innovation and developing the society. We strive to report on the different sustainability initiatives designed to raise awareness, share knowledge and impact behaviour change and results achieved through our website and Information Booklet – Sustainable Initiatives.

Sustainability as a Management Practice (Cont'd)

CIEL Management Infrastructure and Sustainability Pillars	CIEL	CIEL Textile	CIEL Hotels & Resorts
ENVIRONMENTAL RESPONSIBILITY	**Cluster Sustainability Champions Meeting gathering peers around sustainability initiatives and projects**		
Energy saving initiative and/or awareness campaign	✓	• Energy efficiency management (resource efficient machinery and renewable resource where possible)	• Energy efficiency management (resource efficient machinery and renewable resource where possible)
Waste segregation and/or management	✓	• Waste management system in place • Segregation and reuse where possible	• Waste segregation practices in place
Participation in Act for Our Environment Day	✓	✓	✓
Pollution Prevention or Biodiversity protection and conservation	• La Vallée de Ferney Conservation Programme	• Member of the Zero Discharge of Hazardous Chemicals	• Marine Conservation Project

SUSTAINABLE DESIGN, PLANNING & PROCUREMENT			
Responsible procurement	• Responsible Supply Chain Management	• Supplier code of conduct implementation in progress	• Supplier charter implementation in progress

CIEL Healthcare	CIEL Finance	CIEL Agro & Property	Sustainable Development Goals
			15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species. • La Vallée de Ferney is considered as an area of high biodiversity value, fully-owned and managed by Ferney Limited and La Vallée de Ferney Conservation Trust. The 200-hectare nature reserve is not subject to legal protection but recognised for important biodiversity features by governmental and non-governmental organisations. La Vallée de Ferney Conservation Trust is taking significant action to reduce the degradation of natural habitats, halt the loss of biodiversity, and protect and prevent the extinction of threatened endemic bird and plant species.
• Awareness Campaign	• Awareness Campaign	• Generation of renewable energy using sugarcane waste	
• Waste management system and segregation practices in place	• Waste segregation practices in place, with paper waste reduction programme	• Waste management system and practices in place	
✓	✓	✓	
	• Biodiversity and conservation initiatives at some operational sites		
			12.6 Encourage companies, especially large companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle. • We strive to encourage our investee companies to adopt sustainable practices, including actions promoting social corporate responsibility, and to integrate sustainability trends in communication (internal and external) programmes.
		• Environmental and social clauses implementation in progress • Bonsucro Supply Chain Standard	

Sustainability as a Management Practice (Cont'd)

CIEL Management Infrastructure and Sustainability Pillars	CIEL	CIEL Textile	CIEL Hotels & Resorts
STAKEHOLDER ENGAGEMENT & SATISFACTION	**CSR Forum gathering peers around CSR and community engagement initiatives**		
Contribution to Fondation CIEL Nouveau Regard and ACTogether.mu	✓	✓	
Participation in CIEL Ferney Trail: Annual gathering with 3,500 participants at La Vallée de Ferney, in partnership with Inclusion Mauritius	✓	✓	✓
Sponsorship Programmes	• Mama Jazz Festival, Festival Ile Court, Quatre Bornes Volley Ball Club, etc.	• Education and youth	• Education
Specific Initiatives	• #BouzeMoris: participative platform promoting positive actions and behaviours for Mauritius	• Act for Community Day: - Community engagement initiatives at all operational sites - Member of the Sustainable Apparel Coalition - Industrial Waste Symbiosis Project	• Sun Cancer Trust & SUNCARE programme • MoU with University of Mauritius, the International Center for Sustainable Tourism • Partnership with the Fashion Design Institute
STANDARDS USED	**IFC Performance Standards** • **Assessment and Management of Environmental & Social Risks and Impacts** • **Labour and Working Conditions** • **Resource Efficiency and Pollution Prevention** • **Community Health, Safety and Security** • **Biodiversity Conservation**		
Certifications and Frameworks used	• Integrated Reporting	• Sustainable Apparel Coalition and Higg Index	• Earthcheck, • Travel Life, • ISO 22000
Specific to Cluster		• Listed on the Stock Exchange of Mauritius Sustainability Index	• Listed on the Stock Exchange of Mauritius Sustainability Index

CIEL Healthcare	CIEL Finance	CIEL Agro & Property	Sustainable Development Goals
			 **1.2 Reduce the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.** • We strive to contribute to the welfare of communities through Fondation CIEL Nouveau Regard with significant mobilisation of resources from a variety of sources in order to provide adequate means to several NGOs.  **4.1 Ensure that all girls and boys complete free, equitable and quality primary and secondary education, leading to relevant and effective learning outcomes.** • We strive to provide our support to a Non-Formal Education Network and a School for Deaf Children through Fondation CIEL Nouveau Regard.
	✓	✓	
✓	✓	✓	
	• Education and sports	• Waste issues in Mauritius, in partnership with Mission Verte	
• Partnership with health-related NGO and Fondation CIEL Nouveau Regard	• Community Engagement initiative in partnership with Caritas • Kestrel Card initiative in partnership with the Mauritian Wildlife Foundation	• Community engagement programme in partnership with Caritas and Fondation CIEL Nouveau Regard	

		• Bonsucro

Working Together with our **Stakeholders for Shared Value**

Natural and Social Capital

CIEL values stakeholder engagement to better understand its audiences' needs and expectations and how it can best address those. Engaging regularly with its stakeholders also creates value through information sharing and partnership opportunities that arise from fruitful collaboration.

OUR STAKEHOLDERS

OUR STAKEHOLDERS	KEY CONSIDERATIONS
Investors Shareholders Analysts	• Strong governance and transparency • Alignment with International Standards • Financial and non-financial performance • Environmental and social management system and initiatives • Responsible investment practices • Access to management team
Employees	• Good working conditions • Training and career opportunities • Work-life balance and recognition • Environmental and social management system • Sustainability leadership • Regular communication • Group privileges
Operational sites Suppliers Partners	• Compliance management • Business opportunities • Labour and human resources practices • Environmental management • Community engagement
Trade unions Suppliers Partners	• Working conditions • Social and environmental issues
Local Communities	• Impact on communities • Community engagement and involvement • Financial support
Government Regulators	• Economic performance • Legal compliance • Job creation • Governance and ethics • Biodiversity conservation
Private Sector Peers	• National interest initiatives for the economy and the sustainable development of Mauritius
Civil Society	• Human rights • Fair working conditions • Environmental impact • Biodiversity conservation • Community engagement • Products and services stewardship

<table>
<tr><th>PREFERRED CHANNELS</th><th>OUR RESPONSE</th></tr>
<tr><td rowspan="8">• TELECONFERENCES
• GROUP MEETINGS
• ONE-TO-ONE MEETINGS
• CORPORATE MAGAZINE HORIZONS
• CIEL STORIES MONTHLY E-NEWS
• SOCIAL MEDIA
• GROUP FUNCTIONS FORUMS
• GROUP/COMPANY EVENTS
• WEBSITE
• EMAILING</td><td>• Board meetings in Paris and Mauritius
• Shareholders’ meetings
• Bi-annual analyst meetings
• Integrated reporting
• Information booklet on environmental and social initiatives</td></tr>
<tr><td>• Awareness sessions and activities
• Regular engagement with management teams
• Routine meetings and working sessions
• Group Function Forums
• Second Edition of CIEL Annual Symposium
• 11th edition of CIEL Ferney Trail
• Employee engagement survey</td></tr>
<tr><td>• Site visits
• Audits and audit reports
• Gap analyses</td></tr>
<tr><td>• Meetings
• Supply chain assessment and management</td></tr>
<tr><td>• Social investment (Fondation CIEL Nouveau Regard)
• Platform for citizens and NGOs (ACTogether.mu)
• Community events
• Cultural and sports sponsorships (Festival Ile Courts, Festival Mama Jazz, AfrAsia Bank Mauritius Open, Exhibition Regard Croisés)
• Yearly sporting event (CIEL Ferney Trail)</td></tr>
<tr><td>• Meetings with the authorities and parastatal bodies
• Partnership with specific ministries (La Vallée de Ferney Conservation Trust)
• Regular meetings and communications</td></tr>
<tr><td>• Participation in Business Mauritius
• Participation in sectorial organisations</td></tr>
<tr><td>• Citizen platforms (ACTogether.mu and BouzeMoris.mu)
• Partnership with NGOs (SEDAM, Inclusion Mauritius, Mauritian Wildlife Foundation)
• Environmental management system
• Reforestation programme (La Vallée de Ferney)</td></tr>
</table>

Working Together with our **Stakeholders for Shared Value** (Cont'd)

ACTING FOR OUR ENVIRONMENT

act
For our environment

World Environment Day 2018 was celebrated across CIEL's 5 clusters through different activities from cleaning neighbouring areas and beaches to tree planting, to awareness sessions and educational activities. The objective of this initiative is to sensitise CIEL's employees and communities to the need to embrace sustainability in day-to-day life, with a particular focus on environmental issues.

Protecting Endangered Forests and Halting Biodiversity Loss

la vallée de ferney
FOREST AND WILDLIFE RESERVE

Created in 2006 to preserve and protect La Vallée de Ferney's unique fauna and flora, La Vallée de Ferney Conservation Trust has been carrying out a reforestation programme in a bid to restore natural habitats in the reserve. This project was born of a partnership with the Ministry of Agro-Industry and Food Security, the Mauritian Wildlife Foundation, the GEF Small Grants Programme UNDP, in collaboration with the National Parks and Conservation Services and other partners such as the Durrell Wildlife Conservation Trust, the Chester Zoo and HSBC.

The project aims at restoring the native and endemic forest and plants in order to recreate the Mauritian endemic forest as it was 400 years ago and provide adequate habitat conditions for endemic birds.

A total of 15,000 endemic trees have been planted, a field station was set up for the consultancy and monitoring of La Vallée de Ferney's conservation developments by the Mauritian Wildlife Foundation and a total of 174 endemic birds have been reintroduced in their natural habitat, including Pink Pigeons, Kestrels, Echo Parakeets, amongst others.

The work undertaken for the conservation of the endemic plant species includes the selection of young plants in the forest, the sampling and extraction of species from the mountain to the nursery, the seedling in the nursery, replanting in the forest once the plants have reached the adequate level of maturity, and finally the weeding of the restored area to prevent invasive species propagation. 12 workers are involved in the whole process to ensure the restoration of a part of the Mauritian endemic forest.

Through all these initiatives, La Vallée de Ferney intends to become a Conservation Hub where Mauritians and foreign visitors would come to discover the primary forest of Mauritius, with its luxuriant fauna and flora, and become aware of the importance of conserving and protecting our natural environment.

LA VALLEE DE FERNEY CONSERVATION TRUST KEY FIGURES:

2,000
endemic trees planted this year

5 birds
species reintroduced for a total of 174 birds

A TOTAL OF
15,000
endemic trees reintroduced in 12 years, including 25 different varieties

12 workers

10 hectares
of endemic forest
restored

7,750
students and teachers
from 145 educational institutions have visited La Vallée de Ferney in 4 years

Working Together with our **Stakeholders for Shared Value** (Cont'd)

ACTING FOR OUR COMMUNITY

act
For our community

Community engagement projects are organised throughout the course of the year across CIEL's 5 clusters through different activities. Each Company follows its own Corporate Social Responsibility ("CSR") programme based on local needs and focuses on topics relevant to each community. Community engagement includes initiatives and activities revolving around education, health, culture and sports. The purpose of this initiative is to give back to the community.

FIND OUT MORE
www.cielgroup.com

- CIEL Sustainability Initiatives Booklet

ZOOM ON FONDATION CIEL NOUVEAU REGARD

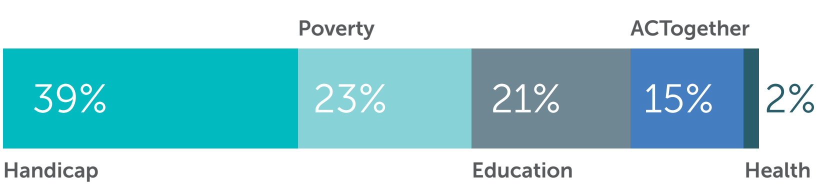
fondation CIEL
nouveau regard

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 fourteen years, FCNR has been committed to the fight against poverty and exclusion, and to the promotion of education and disability rights.

Since February 2010, FCNR has been empowered to receive CSR tax through funding from subsidiary companies of CIEL. Since 2005 the Foundation has invested some MUR 90M in various projects managed by local NGOs, with which it has developed close partnerships.

Those partnerships are categorised as: focus and satellite projects. Both funded by FCNR, the difference between the two are explained by scope and reach. Satellite projects are smaller in size and are funded in exchange of services of those NGOs provided to focus projects. Satellite projects allow FCNR to better understand the social context experienced by the beneficiaries, as well as to slowly build future collaboration in order to facilitate social integration of communities within future developments.

This financial year, FCNR has received MUR 7.6M of CSR tax from the various entities of the Group amongst which MUR 6.4M have been allocated as follows:



KEY FIGURES:

MUR
14.8M

invested this year in community projects across the Group through voluntary donations and Corporate Social Responsibility Tax

MUR
90M

invested in communities through Fondation CIEL Nouveau Regard in **14 years**

5,501 & **17,500**

Direct **beneficiaries**

Indirect **beneficiaries**

through Fondation CIEL Nouveau Regard

127

non-governmental organisations registered since 2008 on ACTogether.mu including **25 new ones this year**

Working Together with our **Stakeholders for Shared Value** (Cont'd)

IMPACT OF FONDATION CIEL NOUVEAU REGARD

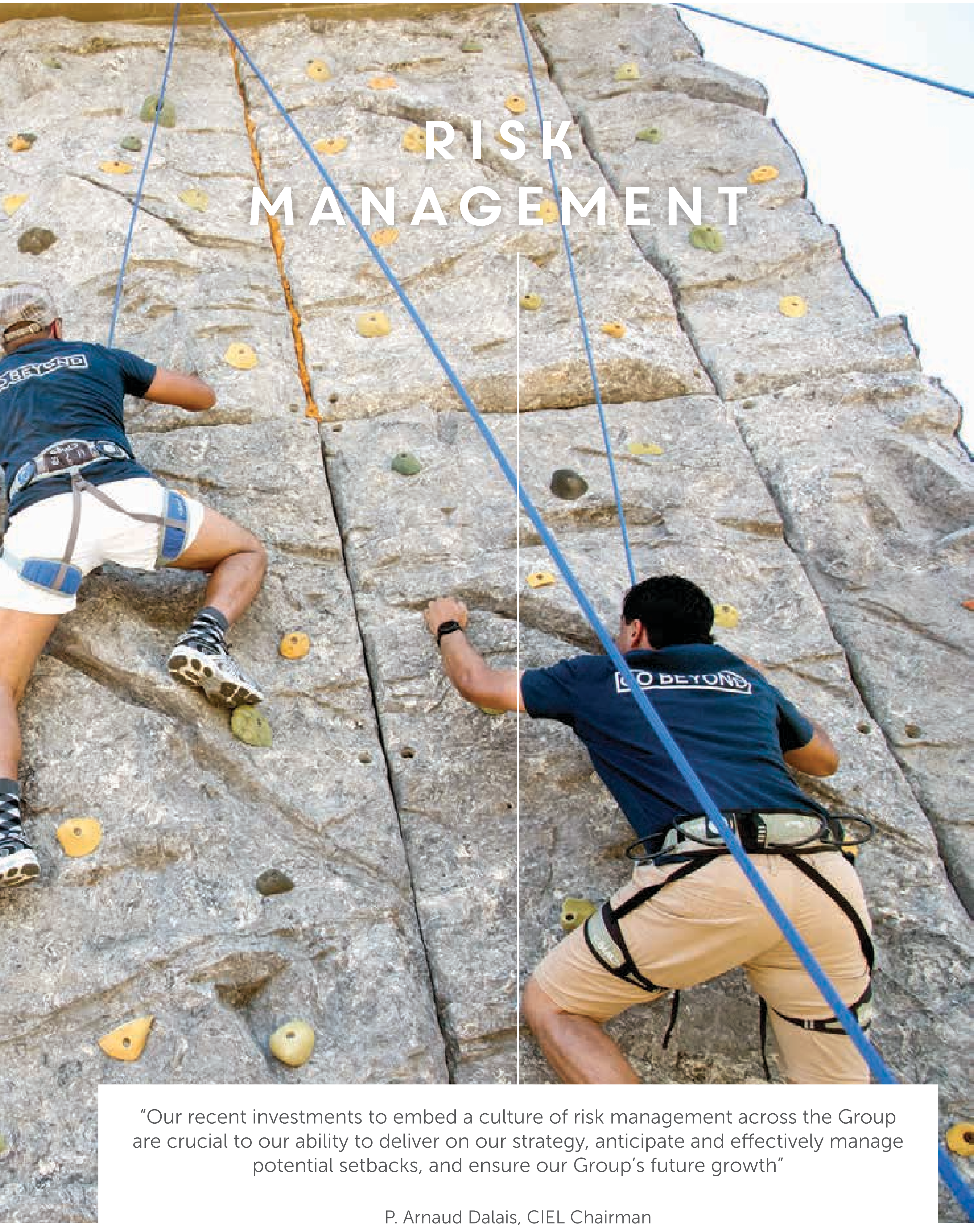
FOCUS PROJECTS	DESCRIPTION	START DATE & BUDGET INVESTED
Lakaz Lespwar Solitude	• Managed by Caritas, this community development project offers a wide range of services to the vulnerable population of the area	September 2010 MUR 12.7M invested 90% in running costs and 10% in setting up
Society for the Welfare of the Deaf – Secondary pre-vocational section	• This is a school for deaf children. The secondary section runs from form I to IV with the last year focused on employability	January 2010 MUR 6.1M invested 90% in running and 10% in set-up costs
ANFEN – Adolescent Non-Formal Education Network Social workers programme	• ANFEN is a network NGO that regroups 18 centres welcoming about 1,000 kids, all drop-outs from the classic schooling system • The social workers act as the link between the families and the school – ANFEN currently employs 8 social workers	July 2010 MUR 4.8M invested in salaries of social workers
SEDAM (Service d'Evaluation et de Diagnostic de l'Autisme à Maurice)	• Managed by Autisme Maurice, an NGO, this service is the only one of its kind, providing a precise diagnosis for autism in Mauritius. • This project is conducted in partnership with Wellkin hospital, which provides free consultation rooms to the multi-disciplinary professional team. Free accommodation was provided by Sun Resorts to the training team coming from Réunion island	Training started in February 2018 Diagnosis service started in June 2018 MUR 1,125,000
ACTogether.mu	• A citizen platform for NGOs and the public of Mauritius and Rodrigues. • Around the platform, synergies between NGOs are encouraged with a Christmas Market, professional workshops or participation to fairs	MUR 980,000

SATELLITE PROJECTS	DESCRIPTION
DLD Teen Hope	An ANFEN center in Port-Louis area
Friends in Hope	An NGO giving service to mentally handicap
Inclusion Mauritius	A network of NGOs working with handicapped young adults to help them find a place within society
Befrienders	An NGO working towards suicide prevention
Mahebourg Espoir Education Centre	An ANFEN center in Ville Noire
Rêve et Espoir	A school for handicapped children including autistic children with specialised classrooms

IMPACT	NEXT STEPS
• 4,530 direct and 14,000 indirect beneficiaries since 2010 • Year 2017/2018 – 235 families being direct beneficiaries and 1,000 indirect • Over the same period, an impact assessment has been made on 240 direct beneficiaries from all age groups: 40% of them are now autonomous and left the project, 36% have made significant progress and 24% are still in need of help	• Maintain the level of service to the population • Stay close to the field and the people to understand the needs and stay flexible in adapting the services offered • Empower teenagers to ensure the leadership of the project by the community in the future • Keep the evaluation process updated and accurate • Build on emotional recovery of the people • Strengthen resource-persons' capacities on the project to avoid the constant need of external consultant/professionals such as counselors, etc.
• 255 direct beneficiaries amongst whom 80% are now employed • Out of the 15 students who left the school in 2017, 9 are now employed, 4 are on training and only 2 are unemployed	• Empower the students towards employability by developing partnerships with other institutions • Improve the level of the curriculum to enhance the potential of the students • Review the school structure and service with the help of professional consultants
• 700 direct and 3,500 indirect beneficiaries • More than 10,000 kids have received education from the ANFEN network in 15 years	• An impact assessment has revealed that the youngsters' needs have changed; they require more employability abilities and, at the same time, need emotional stability. FCNR will accompany one of the centres as a pilot project
• Since June 2018, 16 children and their parents have undertaken the initial interviews and will go through full testing • Some more 45 children are on the waiting list	• Promote and advertise the service to the local population so that all children in Mauritius have access to a proper diagnosis and a life plan drawn by professionals to help them grow to their maximum potential
• 90,000 web visits per year • 10,000 likes on Facebook • 26 e-newsletters sent	• Consolidate the presence of ACTogether.mu on the field • Encourage new NGOs to become members • Increase the number of NGOs working in the field of environment

AMOUNT INVESTED	IMPACT
MUR 250,000	Allows FCNR to better understand the reality of school failure
MUR 200,000	Friends in Hope participates in the Christmas Market organised each year by ACTogether.mu
MUR 15,000	40 teenagers & young adults were invited to participate in CIEL Ferney Trail 4-km race
MUR 125,000	The NGO is doing preventive sessions with the beneficiaries of the focus project
MUR 325,000	A pilot project around youngsters' emotional capacity has been launched in May 2018, conducted with the staff involved in work undertaken at ANFEN
MUR 456,400	The school has set up two specialised classrooms for autistic children. This project is coupled with the SEDAM project


GO BEYOND



RISK MANAGEMENT

"Our recent investments to embed a culture of risk management across the Group are crucial to our ability to deliver on our strategy, anticipate and effectively manage potential setbacks, and ensure our Group's future growth"

P. Arnaud Dalais, CIEL Chairman

Enterprise Risk Management Journey

This financial year marked yet another significant leap forward along the Enterprise Risk Management ("ERM") journey – a journey that began with the vision to instill a culture of risk management in every employee and to embed a mature and effective ERM system in the organisation. CIEL recognises that to achieve this vision there is a long road ahead. Nonetheless, the Group has made remarkable progress thus far.

ACHIEVEMENTS THIS FINANCIAL YEAR

- ✓ Developed CIEL's risk vs reward profile in terms of expected returns and financial beta
- ✓ Developed CIEL's Risk Appetite Statement
- ✓ Performed risk assessment for SUN Ltd ("SUN") and The Medical and Surgical Centre Ltd ("MSCL")
- ✓ Set up of SUN's and CIEL Healthcare's ("CHL") Risk Oversight Committee
- ✓ Developed business continuity guidelines for CIEL and its clusters ("Group")
- ✓ The ERM governance structure at head office has produced a standardised and repeatable process of ERM disclosures
- ✓ Held a cyber awareness workshop
- ✓ Set up a Group IT Forum and a Group Cyber Security Forum
- ✓ Summarised all insurance policies across the Group into a reportable format for the ARC
- ✓ Performed a competitor benchmarking exercise for CIEL Textile
- ✓ Updated the automated Excel tool to incorporate the six capitals of integrated reporting
- ⊗ The Risk Oversight Committee ("ROC") of one of our clusters is not working as well as we had planned – more time is needed to get this up and running

OUTLOOK FOR NEXT FINANCIAL YEAR & BEYOND

- Develop the business continuity plan for CIEL Corporate Services
- Ensure that all clusters have a business continuity plan in place
- Ensure that CIEL's Risk Appetite Statement is a living document and that it is embedded in the operations
- Ensure that each cluster develop their own Risk Appetite Statement
- Ensure that the nominated risk champions live and breathe ERM and ensure that the governance structure at cluster-level also produces a standardised and repeatable process of ERM disclosures
- Develop the quantification tools for ERM including a loss-event database, key risk indicators and eventually analytical models
- Develop the IT systems to easily capture the data required for ERM
- Develop the expertise to advise senior management on its strategic decisions by providing insights on current and emerging risks, internal and external
- Pave the way for cross-fertilisation by implementing an integrated ERM system for the Group

RISK APPETITE

If the business was a motor car, the speed limits outside would represent the laws within which a business may operate, the driver represents the major decision makers of the business guiding the car to its destination and taking the best route possible (i.e. finding the most strategically effective way to reach sustainable value maximisation). The engine, wheels, brakes, gears, etc., all form part of the operations of the business. The passengers are the employees – the driver shares the joy of the road trip with them but is also responsible to drive them safely.

You can find the risk appetite on the car's dashboard. The speedometer is the KPI that tells you how fast you are going but it can also be used to see how fast you can go. The tachometer is the KPI that shows you at what RPM you are when shifting gear, but it may also warn you when you need to shift gear. The same logic applies to the fuel gauge as well as other warning lights.

In the formal sense, a risk appetite statement is a mutual understanding between the Executive Management and the Board of Directors about what risk levels are acceptable, considering the enterprise's strategy in maximising value. If there is a breach in any of these levels, a warning light will be turned on.

CIEL has developed its first risk appetite statement, part of which is disclosed here:

- CIEL will not invest in a manner that conflicts with its Responsible Investment Policy
- CIEL's primary target markets are Africa and Asia
- CIEL considers overseas investments in which it has prior experience in the Mauritian market
- CIEL endeavours to maintain a debt rating of AA
- CIEL endeavours to adhere to IFC's environmental and social performance standards
- Data is a valuable resource and CIEL undertakes to manage same accordingly and as per law
- Regarding employee engagement, CIEL endeavours to beat the industry norm
- Any situation and action resulting in a negative impact on CIEL's reputation will be avoided and, if an undesirable situation arises, it will be managed proactively to preserve CIEL's image
- CIEL will not operate in a manner that conflicts with the Code of Ethics

A total of 31 major risks were identified during the financial year by the risk management function of CIEL with assistance of management at each cluster and at head office. This was narrowed down to 17 by the CIEL ROC for the purposes of this report and agreed by the CIEL ARC and Board of Directors.

Political Risks

Risk Nature	Risk Level & Trend	Context	Management Comments
EU Production Liberalisation	CIEL ↑ Hotels & Resorts Textile Finance Healthcare Agro & Property ↑	• It is expected that all sugar exports to the EU (EU imports) will be reduced by 50% over the next five years. This may have a drastic effect on Alteo Ltd ("ALTEO") since it imports a significant portion of sugar to the EU.	• ALTEO has diversified its business into the property and energy sector. It has also placed more focus on sugar exports to, and production in, regional countries (Tanzania and Kenya). • The quota abolition and price liberalisation has had an immediate and substantial impact on the sugar price of EU exports.
Political Instability in African & Asian Countries	CIEL ↑ Hotels & Resorts Textile ↑ Finance ↑ Healthcare Agro & Property ↔	• Corruption and a lack of government expertise lead to poor and erratic government policy decisions which place pressure on businesses. This appears to be the case in some of the countries in which CIEL operates. • News of social unrest over new electoral laws in Madagascar has come to light as the elections approach. • Highly volatile sugar prices were seen in Kenya this financial year because of government intervention on the import market.	• The affected clusters have adequately diversified their business into various regional countries to mitigate political risks. • CIEL Finance ("CFL") and CIEL Textile ("CTL") have each set up a crisis committee. • The sugar price dropped significantly and then surged this year. This indicates the challenges of operating in an environment such as Kenya.

HIGH MEDIUM LOW

↑ Risk increased ↔ Risk remained consistent with 2017 levels

↓ Risk decreased in 2018

Enterprise Risk Management Journey (Cont'd)

Economic Risks

Risk Nature	Risk Level & Trend	Context	Management Comments
Foreign Exchange Risk	CIEL ↔ Hotels & Resorts Textile Finance Healthcare Agro & Property	• Some of the countries in which the clusters operate in are more prone to foreign exchange volatility due to economic and political instability.	• Azur Financial Services Ltd, a subsidiary of CIEL, is effective in managing the FX risk. This is in accordance with Management policy and is therefore in line with CIEL's strategy. The clusters further mitigate the risk by diversifying their business activities into more than one country. • The treasury policies across the Group will be reinforced through CIEL's risk appetite statement.

Sociological Risks

Risk Nature	Risk Level & Trend	Context	Management Comments
Talent Management	CIEL ↔ Hotels & Resorts Textile Finance Healthcare Agro & Property	• The effort to attract, nurture and retain talent is made difficult by operating in countries far removed from first world giants and in industries that are highly competitive and dynamic. • The Fortis management contract with MSCL is due to expire in December. The transition will naturally be challenging as new management employees are being onboarded.	• A new groupwide engagement survey was conducted this financial year, the results of which will be used to improve work satisfaction and productivity. • Fortis and CIEL are working closely together to ensure a smooth handover.

Technological Risks

Risk Nature	Risk Level & Trend	Context	Management Comments
Cyber-Attacks	CIEL ↓ Hotels & Resorts Textile Finance Healthcare Agro & Property	• Valuable and sensitive information on the servers is held by the various clusters and at head office, and it is recognised that the likelihood of cyberattacks is increasing at a rate that is difficult to manage in today's modern world.	• A cyber-attack awareness workshop was held with CIEL level staff. • A groupwide privacy policy has been implemented, in line with EU GDPR, which encourages data protection. • A new CIEL level IT policy has also been implemented and shared across the Group. • An IT forum has been set up with disaster recovery key on the agenda. • A Group cyber security forum has been set up. • CIEL has taken cyber-attack insurance.
Technology Disruption	CIEL ↓ Hotels & Resorts Textile Finance ↓ Healthcare Agro & Property	• The fast progress in technology has reshaped the social and business landscape. It has influenced customers' lifestyle and has allowed businesses to reap the benefits by better understanding customers' needs. Customers are now beginning to redefine their expectations. Businesses are also taking advantage of the fact that technology provides solutions that are cost-effective and efficient.	• A groupwide digitalisation forum has been initiated this financial year in collaboration with external consultants to address our ability to adapt to current and future technological changes. • CFL has taken its first steps toward establishing a data competency centre to take advantage of the rich value derived from data.

Environmental Risks

Risk Nature	Risk Level & Trend	Context	Management Comments
Natural Disasters & Climate Change[1]	CIEL Hotels & Resorts Textile Finance Healthcare Agro & Property	• As history suggests, Island nations and developing countries are, in general, at greater risk of the effects of climate change and are more vulnerable to the damage caused by natural disasters.	• CIEL has developed and shared business continuity guidelines with the Group. • Crisis communication protocols have been developed and shared with the Group. • CIEL and its clusters have taken insurance against natural disasters.

Financial Risks

Risk Nature	Risk Level & Trend	Context	Management Comments
SUN Turnaround Plan	CIEL Hotels & Resorts Textile Finance Healthcare Agro & Property	• SUN had been making loss over the last few years and had not been able to make any distribution of dividends to its shareholders. This is mainly due to the poor EBITDA generated by SUN.	• Following renovations, the major hotels have returned to profitability. SUN has declared dividends this financial year.
Wellkin Turnaround Plan	CIEL Hotels & Resorts Textile Finance Healthcare Agro & Property	• The Medical and Surgical Centre Ltd ("MSCL") has recently acquired Wellkin Hospital ("Wellkin") which is currently lossmaking. A turnaround plan is being implemented but is dependent on several conditions – if Wellkin can increase its market share, internally reengineer its operations, and if it can adequately manage its Capex and working capital.	• Wellkin has posted a positive quarterly EBITDA for the first time this year. MSCL should be back to profitability by next financial year.
IAA (CHL) Partnership Agreement	CIEL Hotels & Resorts Textile Finance Healthcare Agro & Property	• IAA, a subsidiary of IMG, is a HMO in Uganda that provides medical insurance. Four years ago, IAA entered into a partnership with Resolution Health East Africa Ltd ("RHEAL") to provide regional health cover to Ugandan-based corporate clients. RHEAL did not perform well on its contractual obligations and as such it was decided to unwind the partnership.	• The unwinding of the partnership with RHEAL has thus far been successful and the process is near completion.

Enterprise Risk Management Journey (Cont'd)

Reputational Risks

Risk Nature	Risk Level & Trend	Context	Management Comments
Reputation of CIEL, CCS, and brand-established subsidiaries	CIEL ↔ Hotels & Resorts Textile Finance Healthcare Agro & Property	• CIEL has a multinational footprint and is large enough to have widespread public awareness. CIEL therefore has a reputation to uphold. CIEL has invested in companies which are, in general, susceptible to reputational damage and therefore require active management.	• Management is investing more in making the brand resilient, proactively managing reputational risks and keeping CIEL's culture alive.

Operational Risks

Risk Nature	Risk Level & Trend	Context	Management Comments
Transformative Projects[2]	CIEL NEW Hotels & Resorts Textile Finance Healthcare Agro & Property	• CIEL and its subsidiaries are continuously running transformative projects (e.g. hotel renovations, business expansion abroad, implementation of IT systems, centralisation of business functions, etc.) to ensure long-term growth. However, if these projects are not managed properly, it can result in missed timelines, cost overruns, slow revenue generation and in extreme cases project failures.	• Fine Knits has expanded its business into India. The first factory built there is currently lossmaking due to production-related issues such as staff turnover, quality issues on fabrics and a soft order book. • SUN will be rolling out a project governance framework, new feasibility assessments and new pre-opening and opening plans. • Fortis Clinique Darné is implementing a new hospital information system which will require a change in management.
Systems & Processes	CIEL NEW Hotels & Resorts Textile Finance Healthcare Agro & Property	• Processes can be ineffective (fail to achieve the objective) or inefficient (achieve the objective but at great cost). Many processes need the assistance of technology to be effective or efficient. As technology has become increasingly necessary in more and more areas of business, operational risk events due to systems failures have correspondingly become increasingly significant.	• At BNI (a bank in Madagascar and a subsidiary of CFL), the migration to a new core banking system had strongly mobilised the teams and resources, taking longer than expected and temporarily impacting growth momentum.
Fraud	CIEL NEW Hotels & Resorts Textile Finance Healthcare Agro & Property	• Frauds occur periodically and can happen anywhere. In many organisations, fraud is a costly problem. However, as long as there are effective internal controls in place, fraud can be greatly mitigated.	• Fraud has been detected this financial year but is not material for CIEL. We will continue to reassess and reinforce internal controls, despite fraud occurring on rare occasions.

Strategy Risks

Risk Nature	Risk Level & Trend	Context	Management Comments
Credit Risk at CIEL Finance	CIEL Hotels & Resorts Textile Finance Healthcare Agro & Property	• Credit Risk is an inherent top risk for the banking activity. Historically, the banks in CFL's portfolio have had a relatively high non-performing ratio due to legacy loan book issues. Although the quality of their inflows has significantly improved over the last years, both banks have a high concentration in corporate (for BNI) / international (for Bank One) with big ticket sizes due to the relatively low size of portfolios and are hence vulnerable to a single non-performing loan.	• CFL has set up a governance framework to manage and mitigate credit risk, with due consideration to the aggressive growth plan of each bank. The main features of the framework are: credit risk policies, clear mandate for approving loans, active participation of CFL in all credit committees, CFL provides on-site training for BNI, CFL actively engages with senior members of the banks, including the CROs.
Strategy Execution	CIEL NEW Hotels & Resorts Textile Finance Healthcare Agro & Property	• Many industries today are undergoing a sea of change and face an environment marked by growing consolidation, rising customer expectations, increasing regulatory requirements, uprising technological innovation and mounting competition. In Africa, economic environments are volatile and there are issues in attracting talent. This has increased the risk in the execution of strategy.	• CFL subsidiaries have adopted a relatively aggressive development plan which translates to higher execution risks as opposed to 'business as usual' strategies. • CTL clients in the formal shirt business are increasingly stringent against subcontracting. This may lead to additional Capex for the cluster.
Client & Business Concentration	CIEL Hotels & Resorts Textile Finance Healthcare Agro & Property	• Certain business units of CTL (Aquarelle, Tropic Knits, and Floreal international) are each highly exposed to one or two clients. • At BNI, some clients own controlling shares in several businesses whose exposures with BNI in aggregate make up a significant portion of the bank's equity, although within regulatory limits. • Alteo is highly reliant on its sugar operations in Tanzania	• An immediate and entire loss of a client is highly unlikely for CTL. The risk is that a client slowly diminishes its business over time. CTL has a long-term strategy in place and is in the process of diversifying their client base. • BNI is in the process of reducing the exposure with some clients to a proportion of equity that is in line with best practice.

[1] The previous year's risk was: 'natural disasters and epidemics'. This financial year, it was decided to separate 'epidemics' into its own risk (not shown here as it is not as significant) and to group 'natural disasters' with 'climate change' instead.

[2] Transformative Projects is a new risk which expands the scope of a risk from previous year: "Fine Knits India: opening of new factory". This was decided to enable the grouping of large-scale projects into a single risk.

[2] CIEL has removed risks: 'Terrorists attacks & overall security' and 'Changing consumer preferences an competitive environment'. While these two risks from previous year are still significant, CIEL has reprioritised the key risks to include new risks.

FIND OUT MORE
www.cielgroup.com

- ERM Risk Definitions
- ERM Governance Structure
- ERM Risk Assessment Process
- ERM Process & Governance Walkthrough


Ciel
WELCOME
BIENVENUE

CORPORATE GOVERNANCE

"Good governance is a sine qua non for sustainable growth. We must lead by example and do what is right in the long-term for the Group, our People and the countries we operate in"

P. Arnaud Dalais, CIEL Chairman

Corporate Governance Report

Financial Year ended 30 June 2018

GROUP PROFILE - A GLOBAL INVESTMENT GROUP WITH AN INTERNATIONAL FOOTPRINT

CIEL Limited ("CIEL" or "Company") is a public company **listed** on the Official Market of the Stock Exchange of Mauritius ("SEM") and is a **Public Interest Entity** as defined by the Financial Reporting Act 2004.

CIEL and its subsidiaries ("Group") **operate five business clusters** spread across Mauritius, Africa and Asia. The Group employs more than **35,000 people** through its investee companies.

The Board of Directors ("Board") of CIEL is committed to maintaining high standards of corporate governance and acknowledges its responsibility for applying and implementing the principles contained in the National Code of Corporate Governance for Mauritius (2016) ("Code"). Throughout this report, it undertakes to explain its interpretation and application of the eight principles of the Code.

PRINCIPLE 1: CIEL'S GOVERNANCE STRUCTURE

The Role of the Board

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group, for its shareholders and other stakeholders. As an investment holding company, the Board of CIEL assumes its responsibility in (i) overseeing the business affairs of the Group, (ii) reviewing its 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, Values and Purpose Statement

CIEL has, over the years and since the beginnings of the Group in 1912, developed a unique way of doing business. CIEL constantly wants to reaffirm to its stakeholders its strong commitment in doing business ethically and sustainably and believes that ethics start at the top, 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 developed and approved a code of ethics, shared and acknowledged by the employees at the head office. The code of ethics highlights key areas which CIEL believes are crucial in doing business fairly and ethically, namely: **Business Integrity - Workplace Culture - Data Privacy - Reputation & Goodwill - Environmental & Social Values.** The Corporate Governance, Ethics, Nomination & Remuneration Committee monitors the implementation of the code of ethics and sets the tone for its implementation. In addition to its code of ethics, CIEL has defined a purpose statement - **for a world we can all feel proud of** - which rests on core values - **People at Heart - Excellence at Core - Ethical and Sustainable** - which are CIEL's way of doing business.

Responsibilities and Accountabilities

CIEL has approved job descriptions for key senior governance positions (Board Chairman, Group Chief Executive, Group Finance Director and Company Secretary) to 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 sub-committees. The roles of the Board Chairman and that of Group Chief Executive are held separately. P. Arnaud Dalais is the Chairman of the Board and Jean-Pierre Dalais the Group Chief Executive.

Constitution

The constitution of CIEL complies with the provisions of the Companies Act 2001 and the Listing Rules of the SEM. There are no clauses of the constitution deemed material enough for special disclosure.

CIEL's Organisational Chart and Statement of Accountabilities

The Group operates within a defined governance framework, as explained in the chart below, through delegation of authorities 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 four committees tasked to provide specialist guidance to its Directors and each operates within approved terms of reference. A reporting mechanism is in place to ensure that recommendations from the committees escalate to the Board. Reports from the chairpersons of these committees are systematically included on the agendas of Board meetings. The Group Chief Executive is responsible for the affairs of the Group and closely interacts with the CEOs of the five clusters of the Group. He has the support of the Group Finance Director and the management team of CIEL Corporate Services Limited, a wholly-owned subsidiary of CIEL which provides a combination of corporate services and strategic support to the main operational clusters of CIEL.

FIND OUT MORE
www.cielgroup.com

- Code of Ethics
- Board Charter
- Constitution
- Job Descriptions of Key Senior Governance Positions

Corporate Governance Report (Cont'd)

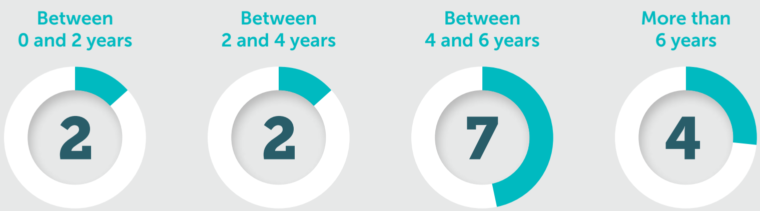
Financial Year ended 30 June 2018

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

Board Size and Structure

The Board of CIEL 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 ownership structure and size.

Tenure of Directorships:



Type of Mandate: Unitary Board of 15 Directors

Constitution: Not less than 8 or more than 16 Directors

Board Meetings during the Financial Year: 4

Decisions adopted by way of Written Resolution in lieu of holding Board Meetings: 6

Industry/Background Experience: Agro-Industry, Finance, Textile, Private Equity, Hospitality & Leisure, Banking, Asset & Risk Management, Corporate Sustainability Strategic Business Development

Quorum for the Board: 7 Directors

Gender:

Board Size and Structure (Cont'd)

Directors	Gender	Age	Board Attendance	Country of Residence	Category
P. Arnaud Dalais (Chairman)	M	63	4/4	Mauritius	NEC
Sébastien Coquard	M	43	4/4	France	NED
Jean-Pierre Dalais	M	54	4/4	Mauritius	ED
Marc Dalais	M	54	4/4	Mauritius	NED
R. Thierry Dalais	M	59	4/4	Mauritius	NED
Pierre Danon	M	62	4/4	France	INED
L. J. Jérôme De Chasteauneuf	M	52	4/4	Mauritius	ED
Antoine Delaporte	M	58	4/4	Mauritius	NED
Roger Espitalier Noël	M	63	4/4	Mauritius	NED
M. A. Louis Guimbeau	M	68	4/4	Mauritius	NED
J. Harold Mayer	M	53	3/4	Mauritius	NED
Marc Ladreit de Lacharrière*	M	77	1/4	France	NED
Catherine McIlraith	F	54	4/4	Mauritius	INED
Jean-Louis Savoye	M	45	3/3	France	NED
Xavier Thiéblin	M	75	4/4	France	NED
Alternate Director					
*Jacques Toupas, Alternate of Marc Ladreit de Lacharrière	M	40	4/4	France	NED

NEC - Non-Executive Chairman **NED** - Non-Executive Director **INED** - Independent Non-Executive Director
ED - Executive Director

Focus Areas during the Year

- Quarterly investment reports including economic updates of countries within which the Group operates, peer review and financial results
- Short-term notes – multi-currency note programme
- Group data privacy policy/Personal data breach policy/IT policy
- Job descriptions of key senior governance positions
- Annual budget
- Reports from the chairpersons of Board committees
- Annual and quarterly financial statements
- Updated terms of reference of the Corporate Governance, Ethics, Nomination & Remuneration Committee
- Issue of additional shares in CIEL as an outcome of the take-over scheme proposed by CIEL to CIEL Textile shareholders

The Board is of the view that its composition is adequately balanced and that the current Directors have the range of skills, expertise and experience to carry out their duties properly.

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, Catherine McIlraith and Pierre Danon 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 Ltd ("CCS"), through a service agreement it holds with CIEL. 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 the 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 chairs of each of the committees report verbally on their activities.

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 terms of reference of the committees are updated as and when necessary. Those of the Corporate Governance, Ethics, Nomination & Remuneration Committee were updated and aligned, where appropriate, to the exemplar of the Code.

Strategic & Advisory Committee

Meetings
4

Members	Attendance
• R. Thierry Dalais, Chairman	4/4
• Sébastien Coquard	4/4
• P. Arnaud Dalais	4/4
• Jean-Pierre Dalais	4/4
• L. J. Jérôme De Chasteauneuf	4/4
• Antoine Delaporte	4/4
• Anne-Sophie Rakoutz[1]	4/4

[1] Up to 27 September 2018, was replaced by Damien Braud

Main Terms of Reference

- Share with management the key objectives for the enterprise and its investment and development strategies that reasonably meet these objectives
- Recommend strategies to be adopted and reflect on investments/divestments prior to making recommendations to the Board
- Ensure that effective and regular access exists for the debate of the Group's investment strategy options and changes thereto. The committee sees to a rigorous analysis and the application of relevant criteria/features in asset allocation and investment selection
- Ensure regular review and analysis of the Group's current asset allocation and the investment performance implied in its holdings
- Understand the ranking of investment and divestment choices available to the Group
- Understand and matches the Group's investment strategy options with its financing and treasury strategies
- Be a forum to debate deal flow opportunities

Focus Areas during the Year

- Deep dive on Sun Limited
- Risk appetite for the five clusters of the Group
- Pros and cons of a possible dual listing
- Budget review FY 2019
- Follow-up on voluntary offer made by CIEL to the minority shareholders of CIEL Textile Limited

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

Audit & Risk Committee

Meetings
4

Members	Attendance
Catherine McIlraith, Chairman	4/4
Pierre Danon	3/4
M. A. Louis Guimbeau	4/4

Main Terms of Reference

- Monitor the integrity of the financial statements of the Company and the Group and any formal announcements relating to the Company's financial performance, before submission to the Board
- 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

CIEL Group Risk Oversight Committee

- Reports to the Audit & Risk Committee
- Ensures that the key risks of the five clusters of the Group are objectively prioritised
- Highlights the steps taken to address the key risks, drives implementation of control measures and ensures risks are reported on a timely, presentable and accurate manner

Focus Areas during the Year

- Audited financial statements
- Quarterly condensed financial statements and financial review document
- Enterprise Risk Management Policy
- Risk management report and risk dashboard
- Internal audit reports
- Appointment of the internal auditor
- Updated terms of reference of the committee
- Directors' and Officers' liability insurance cover

Corporate Governance, Ethics, Nomination & Remuneration Committee

Meetings
2

Members	Attendance
Antoine Delaporte, Chairman	2/2
R. Thierry Dalais	2/2
Xavier Thiéblin	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, including the Chairman fee
- Recommend new Board and senior executive nominations
- Monitor the implementation of the code of ethics and set the tone for its implementation

Focus Areas during the Year

- Review of corporate governance report
- Approval of job descriptions of key senior governance positions
- Definition of independence criteria for the Board
- Executives' bonus
- Chairman's fee
- Succession planning process
- Nominations on Board committees and subsidiaries
- Statement of remuneration policy
- Group engagement survey review
- Updated terms of reference of the committee

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

Corporate Sustainability Committee

Meetings
3

Members	Attendance
Roger Espitalier Noël, Chairman	3/3
Alex Alexander[1]	1/3
Amélie Audibert[1]	1/3
Delphine Bouic[2]	2/3
Odile Conchou[3]	2/3
Jean-Pierre Dalais	1/3
Eric Dorchies[5]	2/3
Hélène Echevin[2]	2/3
Noëlle Gourrège[4]	1/3
Pami Kular[6]	1/3
Sandrine Petit	1/3
Mathieu Razé[2]	2/3
Jean-Marc Rivet	3/3
Dev Sewgobind[6]	1/3
Oumhany Sy[6]	1/3
Kamini Vencadasmy	3/3

[1] Up to 18 December 2017
[2] As from 18 December 2017
[3] Up to 25 January 2018
[4] Up to 4 April 2018
[5] Up to 28 June 2018
[6] As from 28 June 2018 and in attendance for one meeting

Main Terms of Reference

- Define and approve the CIEL Group's environment and social policies
- Define and approve an environmental and social management system
- Supervise and implement any environmental and social action plans
- Identify and manage the environment and social risks of each of its main subsidiaries and material investee companies (and, on a best effort basis, of its other investee companies)
- Define actions to achieve compliance with the environmental and social plan in a defined timeframe
- Report the environment and social performances of the Company and each of its subsidiaries and material investee companies

Focus Areas during the Year

- Monitor the implementation of CIEL's Environmental and Social Action Plan, including the establishment of a full-fledged sustainability governance structure within clusters of the Group, adoption of a responsible investment policy at Group level and the formalisation and implementation of Environment and Social Management Systems at subsidiary level
- Review the progress made on the implementation of CIEL's 2020 sustainability action plan
- Consider reports on the sustainability initiatives undertaken at cluster level
- Develop and spearhead CIEL's sustainable growth strategy centered around its 3 core values
- Monitor the establishment of a crisis risk and reporting procedure on a group-wide basis

FIND OUT MORE
www.cielgroup.com

- Terms of Reference of Board Committes

PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURES

Appointment and Re-Election of Directors/Chairman

The Corporate Governance, Ethics, Nomination & Remuneration Committee reviews all new appointments to 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 80 years old. The board charter also provides that the Chairman shall not be older than 75 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 simple majority of the Board. P. Arnaud Dalais, has been chairing the Board since the effective date of the amalgamation, 24 January 2014. His mandate, which is due to expire on 24 January 2019 has been extended to 24 January 2024.

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 enable 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 which include the Company's 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's operations and culture.

All Directors have unrestricted access to the Company's records.

Corporate Governance Report (Cont'd)

Financial Year ended 30 June 2018

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

Chairman/Non-Executive Director, joined the Board in November 1991

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 Mauritian private sector level 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 Textile Limited (Chairman), Sun Limited

Sébastien Coquard

Non-Executive Director, joined the Board in May 2014

Skills and Experience:

- Head of Investments at FFP, the listed investment company majority-owned by the Peugeot family
- Representative of FFP Invest on the Board of Directors of OPCI Lapillus II, IDI Emerging Markets SA and on the Advisory Board of IDI SCA
- Former representative of FFP Invest on the Board of Directors of Onet, Ipsos and LT Participations
- Held long-term Investments positions at Allianz France, worked at Oddo Corporate Finance on M&A and ECM transactions and in the corporate banking division of Paribas

Directorships in other Listed Companies:

IDI SCA

Jean-Pierre Dalais

Executive Director and Group Chief Executive, joined the Board in February 1995

Skills and Experience:

- Joined CIEL Group in January 1992 and is 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 Dalais 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 Textile Limited, Phoenix Beverages Limited (Alternate Director), Sun Limited (Chairman)

Marc Dalais

Non-Executive Director, joined the Board in June 2017

Skills and Experience:

- Founder and current CEO of Celero group, a leading logistics and shipping group operating mainly in Mauritius and Madagascar
- Previous international working experience with Nedlloyds shipping in RSA and the Bollore group in Paris
- Worked at IBL group as General Manager of a trading division then heading and growing its Aviation, Logistics & Shipping division in the Indian Ocean
- Served on boards of Mauritius Export Association and a company pioneering freeport operations in Mauritius

Directorships in other Listed Companies:

None

R. Thierry Dalais

Non-Executive Director, joined the Board in August 2013

Skills and Experience:

- More than 30 years' experience in the financial services and private equity investment industry
- Co-founder of two private equity investment firms and acted as a key person and principal in numerous private investment programmes over the last 25 years
- Former director and trustee on numerous boards, including listed companies in Mauritius and abroad
- Degrees in Commerce and Accounting at the University of the Witwatersrand and qualified as a Chartered Accountant in South Africa

Directorships in other Listed Companies:

Sun Limited

Pierre Danon

Independent Non-Executive Director, joined the Board in January 2014

Skills and Experience:

- Chairman of Solocal Group, the European leader in digital communication
- Chairman of Volia in Kiev, the Ukrainian leading cable and broadband company
- Vice Chairman of AgroGeneration, a public company listed on the Alternext of NYSE, Euronext in Paris and a Non-Executive Director of Standard Life in Edinburgh
- Former Chairman of Eircom in Dublin and TDC in Copenhagen, Chief Operating Officer of the Capgemini Group, one of the world's foremost providers of consulting, technology and outsourcing services and Chief Officer of British Telecom Retail

Directorships in other Listed Companies:

None

L. J. Jérôme De Chasteauneuf

Executive Director and Group Finance Director, joined the Board in April 2012

Skills and Experience:

- Former working experience with PricewaterhouseCoopers in the UK, where he qualified as Chartered Accountant
- Key leading position within CIEL Group, becoming its Head of Finance in 2000
- Involved in the financial reengineering which accompanied the development of CIEL Group

Directorships in other Listed Companies:

Alteo Limited, CIEL Textile Limited, Harel Mallac & Co. Limited, Sun Limited, The Medical & Surgical Centre Limited

Antoine Delaporte

Non-Executive Director, joined the Board in August 2013

Skills and Experience:

- Founder and Managing Director of Adenia Partners Ltd, 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 Textile Limited

Directors' Profiles (Cont'd)

Roger Espitalier Noël

Non-Executive Director, joined the Board in January 2014

Skills and Experience:

- Former Corporate Sustainability Advisor of CIEL
- Former General Manager of Floreal Knitwear Limited
- Holds more than 35 years' experience in the textile industry
- Involved in the restructuring and restart of the Madagascar Production Units after the political unrest of 2001, and as from 2008, acting as consultant for CIEL Textile Limited where his activities were focused on the environmental, logistics, utilities as well as the retail aspects of the Knits division

Directorships in other Listed Companies:

CIEL Textile Limited, ENL Commercial Limited, ENL Finance Limited, ENL Land Limited, ENL Limited

M. A. Louis Guimbeau

Non-Executive Director, joined the Board in July 1991

Skills and Experience:

- Held senior positions in different sectors of the Mauritian economy, gaining a vast experience in strategy development, administration, finance and accounting until his retirement in 2010
- Co-founder of La Meule Permaculture Farm in 2014, a sustainable living project
- Former Director of Sun Limited

Directorships in other Listed Companies:

None

J. Harold Mayer

Non-Executive Director, joined the Board in January 2014

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 Textile Limited, Sun Limited

Marc Ladreit de Lacharrière

Non-Executive Director, joined the Board in September 2014

Skills and Experience:

- Founder of Fimalac, a formerly listed company held by Group Marc de Lacharrière, which operates in four business areas: capital investment with Warburg Pincus, digital media in entertainment through Webedia, entertainment with the organisation of shows and venue management (FIMALAC Entertainment), leisure activities and hotels through the Group Barrière
- Former Executive of Banque de Suez et de l'Union des Mines, which was renamed Indosuez following the integration of Banque de l'Indochine
- Former CFO of L'Oréal where he progressively became Vice-Chairman Deputy CEO

Directorships in other Listed Companies:

None

Catherine McIlraith

Independent Non-Executive Director, joined the Board in January 2015

Skills and Experience:

- Member of the South African Institute of Chartered Accountants since 1992
- Fellow Member of the Mauritius Institute of Directors
- Serves as an Independent Non-Executive Director and as a member of various Committees of several public and private companies in Mauritius, South Africa and England
- Served her Articles with Ernst & Young in Johannesburg before joining the investment banking industry where she held senior positions in corporate and specialised finance for Ridge Corporate Finance, BoE NatWest and BoE Merchant Bank in Johannesburg
- Former Head of Banking at Investec Bank (Mauritius Branch)

Directorships in other Listed Companies:

Astoria Investments Ltd, Grit Real Estate Income Group Limited, Les Gaz Industriels Ltd, The Mauritius Union Assurance Company Limited

Jean-Louis Savoye
Non-Executive Director, joined the Board in September 2017

Skills and Experience:
- Deputy General Manager of Dentressangle, a French *société par actions simplifiée* which is the investment holding company of the Dentressangle family
- Has been instrumental in helping Dentressangle to realise its investment strategy during the last 14 years
- Prior to joining Dentressangle in 2003 as CFO, Jean-Louis Savoye, served with PwC and ran due diligence acquisitions in M&A for various Private Equity firms and French leading industrial companies
- Is a graduate of the Toulouse Business School with a major in Finance

Directorships in other Listed Companies:
Sun Limited

Xavier Thiéblin
Non-Executive Director, joined the Board in December 2013

Skills and Experience:
- Started in the banking sector before joining, in 1970, Société Sucrière de Quartier Français
- Former Chairman of that group which became a major player in the sugar industry
- Played important roles in the sectors of sugar and rum, in Réunion, Paris and Brussels
- Manages and administers several companies, including OXACO, a family holding which invests in the Indian Ocean and Europe, and assumes some professional responsibilities in several enterprises

Directorships in other Listed Companies:
None

Jacques Toupas
Joined the Board as Alternate Director of Marc Ladreit de Lacharrière in February 2016

Skills and Experience:
- Joined Fimalac Group in 2009. Member of its investment team and responsible for the financial portfolio monitoring and investment
- Serves as Board member of various Fimalac Group's subsidiaries
- Former working experience in investment banking, both in Paris and London. Started his career at Arthur Andersen in Paris as a financial auditor prior to moving to PwC as a senior auditor and later as a manager in the Transaction Services department
- Worked in Private Equity as a manager at European Capital.

Directorships in other Listed Companies:
None

Senior Management Team

Jean-Pierre Dalais
Group Chief Executive of CIEL - Refer to Directors' Profiles

L. J. Jérôme De Chasteauneuf
Group Finance Director of CIEL - Refer to Directors' Profiles

J. Harold Mayer
Chief Executive Officer of CIEL Textile - Refer to Directors' Profiles

David J. Anderson
Chief Executive Officer of Sun Limited

- CEO of Sun Limited since February 2016 with more than 25 years of experience in the hotel industry.
- Served as the Regional Vice President of Wyndham Hotel Group, directly managing a portfolio of 182 hotels across 5 brands.
- Former Managing Director of Dolce Hotels and Resorts for four years, a respected leader in the meeting and conference space and luxury accommodation. The Wyndham Hotel Group acquired Dolce Hotels & Resorts in April 2015.
- Prior to joining the Dolce Hotels & Resorts in January 2012, David Anderson held senior leadership roles at Louvre Hotel Group, Northern Europe where he was the Vice President of Operations.

Marc-Emmanuel Vives
Chief Executive Officer of CIEL Finance Limited

- CEO of CIEL Finance since September 2014. More than 25 years' experience at Société Générale ("SG"). After initial steps within the General Inspection of the Group, he spent the next 18 years of his career in various assignments in emerging countries, first in Argentina as Commercial Director, then as Chairman and CEO of SG Argentina.
- Then moved to Russia as CEO of SG Vostok, before becoming First Deputy Chairman of Rosbank, and finally to India as Country Manager.
- Holds a Master's Degree in Business Administration from HEC Business School France and a degree in History from Sorbonne University in Paris.

Senior Management Team (Cont'd)

Hélène Echevin
Executive Chairperson of CIEL Healthcare Limited

Joined CIEL Group in March 2017 as Chief Officer – Operational Excellence after 17 years of working experience in a similar position. Her main role is to support the consolidation and growth of the global operations of the CIEL Group through the deployment of new principles and tools of operational excellence and heading the Healthcare cluster of CIEL Group as Executive Chair of CIEL Healthcare Limited. Holds a degree in Food Sciences and Technology from Polytech Engineering School, Montpellier, France and followed a Management Executive Programme at INSEAD. Has been the President of The Mauritius Chamber of Commerce and Industry in 2015/2016.

Patrick de L. d'Arifat
CEO Alteo Limited

Holds a BSC degree in Economics and Accountancy from City University, London. He started his career with the Mauritius Chamber of Agriculture in 1982, and in 1991 he was appointed Director of the Mauritius Sugar Producers Association. He has chaired that same association for three years and the Mauritius Sugar Syndicate for two years. He joined CIEL Agro-industry as Chief Executive Officer in July 2001 and has been appointed CEO of Alteo in 2012 at the time of the merger. He has, throughout those years, been closely associated with the policy formulation and implementation of the modernisation process of the sugar industry in Mauritius and in the region.

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. An investment report is issued to the Directors on a quarterly basis; it includes economic updates on countries within which the Group operates, peer review and financial results.

During the financial year, members of the Audit & Risk Committee were invited to attend the Chief Finance Officers' Forum held in March 2018, during which a series of topics were debated by PwC and CIEL's employees, namely, tax, IFRS, the Code, treasury management, EU general data protections regulations, pension schemes and integrated reporting.

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.

It has identified the Top 10 roles to kick-start the succession planning process as part of a long-term initiative to prepare potential candidates. Incumbents in the current Top 10 roles were consulted for their inputs on succession plan. The committee will track and monitor the progress achieved in the implementation of the succession plan on an annual basis.

The successors were identified in 4 categories, namely:

Emergency	The individual is ready to step in to the role/job/position in case of an emergency vacancy but may not be the most suitable long-term successor. Typically oversees role for 3-6 months pending permanent replacement.
Ready Now	This indicates that this employee was in the highest level of readiness and could transition into the role with minimal development.
Ready C+1	The employee will be ready for the role within the next two to three years and may include one additional role or assignment for development purposes.
Ready C+2	The employee will be ready for the role in 3 to 5 years and may include one or two additional roles or assignments for development purposes.

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 covering the Company, its subsidiaries and some of its associates.

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 are also invited by the Company Secretary, on an annual basis, to notify the Company of any direct and indirect interest in any transactions 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

An Information Technology Policy has been created using accepted standards (ITIL and COBIT 5) to regulate the use, security standards, control and access rights for the entities of CIEL, hosted at the Company's head office in Ebène. The Information Technology Policy, as approved by the Board, is being implemented, monitored and revised as needed by the IT and Digital Officer. The document has been circulated

Information Technology Policy (Cont'd)

to all the staff using the Information Technology Infrastructure at the Company's head office in Ebène, and awareness sessions are planned in a timely manner for them to commit to it. Even though each cluster of the Group operates its own IT policy, a Group IT Forum has been launched by CIEL, whereat critical IT-related issues are debated from a Group-wide perspective. For example, CIEL Finance cyber security forum will be extended to companies of the Group. A budget for information technology is allocated annually, based on business needs for the financial year.

EU General Data Protections Regulations

In compliance with the EU General Data Protection Regulations ("GDPR") and the Data Protection Act 2017, CIEL has approved (i) a Group Data Privacy Policy ("Group Policy") with a view to promoting a privacy culture within the Group and ensuring that all clusters, business units and employees protect the privacy of personal information of individuals in their daily operations and (ii) a Personal Data Breach Policy to define the methodology for assessing the severity of any potential personal data breach, the escalation process when discovering a breach and the procedures to notify the relevant authorities in the event of a breach.

The Group Policy defines the Group's requirements regarding the collection, storage, use, transmission, disclosure to third parties and retention of personal information. The Group Policy is used as a general guideline to the clusters and business units, which remain responsible for adopting their own policies on data privacy to address the specific context of their respective activities without derogating from the core principles.

Anusha Dabee-Ramphul, Barrister-at-law, who forms part of the legal team of CIEL Corporate Services Ltd, has been appointed Group Data Protection Officer. She monitors compliance with and provide advice on the data protection laws as well as coordinate with the supervisory authority.

Share Dealing Policy

Directors ensure that their dealings in the shares of the Company are conducted in accordance with the principles of the Model Code for Securities Transactions by Directors of Listed Companies, as detailed in Appendix 6 of Listing Rules of the SEM. 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 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 30 June 2018

	Direct	Indirect
P. Arnaud Dalais	673,307	100,849,007
Sébastien Coquard	Nil	Nil
Jean-Pierre Dalais	28,223,721	28,100,814
Marc Dalais	13,715,520	Nil
R. Thierry Dalais	Nil	38,819,460
Pierre Danon	367,701	1,049,138
L. J. Jérôme De Chasteauneuf	2,357,786	Nil
Antoine Delaporte	Nil	Nil
Roger Espitalier Noël	21,005	2,167,409
M. A Louis Guimbeau	11,611,365	Nil
Marc Ladreit de Lacharrière	Nil	50,263,138
J. Harold Mayer	3,517,694	Nil
Catherine McIlraith	Nil	Nil
Jean-Louis Savoye	Nil	Nil
Xavier Thiéblin	Nil	30,736,500
Alternate Director		
Jacques Toupas	Nil	Nil

None of the Directors hold Redeemable Restricted A Shares ("RRAS") in the Company. P. Arnaud Dalais, Jean-Pierre Dalais, R. Thierry Dalais, Xavier Thiéblin and M. A. Louis Guimbeau indirectly hold less than 10% of the RRAS. During the year under review, the following Directors increased their shareholding in the Ordinary Shares of the Company as follows:

	Direct	Indirect
	No. of Shares	**No. of Shares**
P. Arnaud Dalais	403,895	17,620,564
Jean-Pierre Dalais	9,778,621	9,469,535
Marc Dalais	1,231,404	-
L. J. Jérôme De Chasteauneuf	1,172,791	-
Roger Espitalier Noël	18,505	479,017
J. Harold Mayer	3,486,929	-
Pierre Danon	367,700	-

Board Evaluation

The Board has recommended that the effectiveness survey be conducted every two years. The last effectiveness survey was performed in August 2017 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

The Board has approved a policy that sets the purpose, process, performance measures and quantum for the remuneration of its Directors. CIEL strives towards remunerating its Directors in a manner that supports the achievements of CIEL's 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

- Non-Executive Directors (except for the Chairman of the Board) receive a retainer fee reflecting the workload, the size and the complexity of the business as well as the responsibility involved. The following annual fees have been approved for the Non-Executive and Independent Directors:
  - Director Fee - MUR 350,000
  - Chair of the Corporate Governance, Ethics, Nomination & Remuneration Committee - MUR 150,000
  - Other members of the Corporate Governance, Ethics, Nomination & Remuneration Committee - MUR 100,000
  - Chair of the Strategic & Advisory Committee - MUR 400,000
  - Other members of Strategic & Advisory Committee - MUR 300,000
  - Chair of the Audit & Risk Committee - MUR 350,000
  - Other members of the Audit & Risk Committee - MUR 200,000
  - Chair of the Corporate Sustainability Committee - MUR 400,000.

- The remuneration of the Executive Directors is composed of a basic pay and an incentive scheme linked to (i) market capitalisation growth with an annual high watermark principle, (ii) annual ordinary dividend pay out and (iii) Group profit after tax. The main objective of that scheme is to motivate the executives towards increasing the total value of the Company and reward them for the creation of long-term value. The bonus is payable either in cash or in ordinary shares, out of the treasury shares held by the Company. The Executive Directors are remunerated by CIEL Corporate Services Ltd (a wholly-owned subsidiary of CIEL), with which CIEL holds an agreement for the provision of combined corporate services and strategic support.

- The Chairman receives a monthly chairman fee and an incentive scheme linked to (i) market capitalisation growth with an annual high watermark principle, (ii) annual ordinary dividend pay out and (iii) Group profit after tax.

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 30 June 2018, please refer to the section Statutory Disclosures made pursuant Section 221 of the Mauritius Companies Act 2001.

FIND OUT MORE
www.cielgroup.com

- Share Dealing Policy
- Conflict of Interest/ Related Party Transactions Policy
- IT Policy

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

Risk Management

The Board has the ultimate responsibility for risk governance and internal control systems as well as determining the nature and extent of the principal risks it is willing to take to achieve its strategic objectives, while ensuring that an appropriate risk culture has been embedded throughout the Group. CIEL's Enterprise Risk Management ("ERM") has been designed to facilitate the identification, assessment and mitigation of the inherent business risks to which the Company is exposed, while providing reasonable assurances pertaining to compliance with regulatory obligations, reliability of financial information and safeguarding of assets under management. The ERM is not intended towards eliminating such risks but can be considered as an adequate protection against material misstatement or loss which might result from adverse events.

The ERM governance structure and identification of the keys risks for the Company and how they are managed are detailed in the risk management section of the report.

Whistle Blowing

CIEL 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. If for any reason, they feel that it is not appropriate to make such a report to any of the above-mentioned person or departments, they may address their report to the Group Chief Executive. Again, if they believe that in the circumstances, even the Group Chief Executive 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 & Remuneration Committee.

FIND OUT MORE
www.cielgroup.com

- Code of Ethics

PRINCIPLE 6: REPORTING WITH INTEGRITY

Since 2017, CIEL has adopted the integrated reporting format to provide additional and transparent information to its stakeholders. It has been developed following the guidelines of the International Integrated Reporting Council ("IIRC"). The annual report provides key information - considered material at Group level - to understand and assess the governance, performance and strategy of our Group and its five clusters. More in-depth information can be found in each company's Annual Report.

The Directors affirm their responsibilities in preparing the annual report and the financial statements of the Company and its subsidiaries which comply with International Financial Reporting Standards and the Mauritius Companies Act 2001. The Board also considers that taken as a whole, they are fair, balanced and understandable, and provide the necessary information for shareholders and other stakeholders to assess CIEL's position, performance and outlook. Please refer to the Statement of Directors' Responsibilities.

Charitable and Political Contributions

	The Company		Subsidiaries	
	2018 MUR'000	2017 MUR'000	2018 MUR'000	2017 MUR'000
Charitable*	225	328	13,819	10,185
Political	475	675	1,000	750

* 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, Health and Safety

The Group aims to act as a good employer in providing and maintaining a safe and healthy work environment for all its employees. The objective being the optimisation of work efficiency and the prevention of accidents at work, through the implementation of safety standards in all its operations across the Group. In this respect, the Corporate Sustainability Committee assists the Board in fulfilling its oversight responsibilities by monitoring and reviewing performance and recommending for approval policies and management systems with respect to health, environmental, safety and social responsibility related matters affecting the whole Group.

FIND OUT MORE
www.cielgroup.com

• CIEL Annual Report

PRINCIPLE 7: AUDIT

External Auditors

In line with the Code and the Financial Reporting Act 2004, PricewaterhouseCoopers Ltd was appointed external auditors of the Group, following a restricted tender exercise for the financial year under review in replacement of BDO & Co. Their nomination was submitted for the approval of the shareholders at the Annual Meeting held on 12 December 2017. Significant audit issues are discussed at the Audit & Risk Committee, which are reported under the Key Audit Matters in the auditors' report. Furthermore, critical 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 accounts of the Company and Group are tabled for consideration.

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. It has considered that if the need arises, they would meet the auditors without 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. Hence, the objectivity and independence of the external auditors are safeguarded since the teams involved are not the same as the one providing audit services.

The Board is satisfied that the members of the Audit & Risk Committee have financial expertise to fulfil 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. During the year under review, KPMG Advisory Services Ltd performed the following assignments:

Reviewed by CIEL Audit & Risk Committee

- CIEL Limited: Consolidation and Internal Financial Close
- CIEL Corporate Services Ltd: Information Technology Process

Internal Audit (Cont'd)

Reviewed by Azur Financial Services Ltd ('Azur') Audit & Risk Committee

- Azur Treasury Management and Business Continuity Processes

Following a restricted tender exercise and upon recommendations of the Audit & Risk Committee, the Board of CIEL has, on 29 June 2018, appointed EY as internal auditors of CIEL in replacement of KPMG Advisory Services Ltd at the end of their 3-year assignment. EY will perform professional services for CIEL and designated subsidiaries. Their scope of services includes (i) the assistance in the assessment of the business risks, (ii) the development of an internal audit plan to address their areas of focus, and, (ii) the execution of the internal audit plan. A 3-year internal audit plan has been submitted to the Audit & Risk Committee for its approval. The internal auditors have unlimited access to the Company's records and management.

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Shareholding Structure

- 1,689,901,209 Ordinary Shares of no par value (of which 47,082,915 were held as treasury shares)
- 3,008,886,600 RRAS of no par value

Shares in Public Hands

In accordance with the Listing Rules of the SEM, more than 25% of the shareholding of CIEL is in the hands of the public.

Shareholder's Agreements

Following a private placement which was completed in May 2014, the Company entered shareholders' agreements with some of the main strategic investors to provide, amongst other things, some usual reserved matters, seats on Board and sub-committees of the Board, and tag along rights.

Common Directors Within the Holding Structure as at 30 June 2018

	FFP Invest	Synora Investment Ltd	Di Cirne Holding Ltd	Société de Mercoeur	Deep River Ltd	Hugnin Frères Ltd	Deep River Holding Ltd
P. Arnaud Dalais				Administrator	Director/ Chairman		Director/ Chairman
Sébastien Coquard	Nominee						
Jean-Pierre Dalais					Director		Director
Marc Dalais					Director		Director
R. Thierry Dalais					Director		Director
Antoine Delaporte		Director			Director		
M. A. Louis Guimbeau					Director		
Roger Espitalier Noël					Director	Director	Director
Jean-Louis Savoye			Nominee				
Xavier Thiéblin					Director		

Corporate Governance Report (Cont'd)

Financial Year ended 30 June 2018

Third Party Agreements

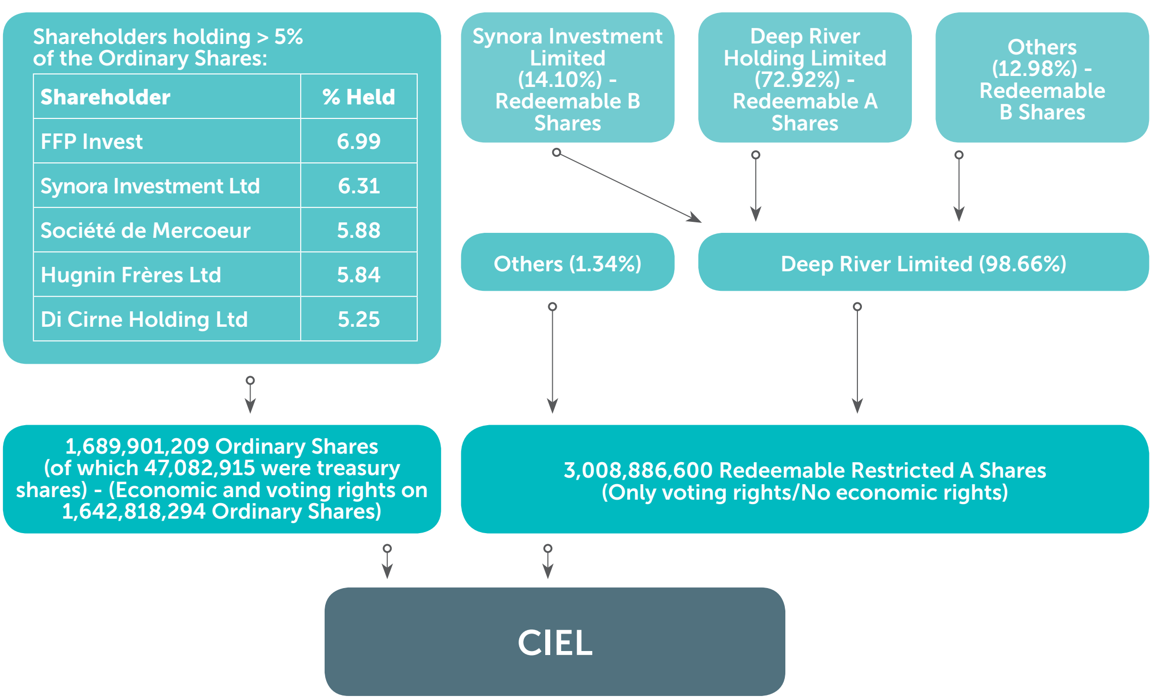
- CIEL holds an agreement with CIEL Corporate Services Ltd ("CCS") (a subsidiary of CIEL) for the provision of strategic support and Group strategy harmonisation, legal, company secretarial and payroll services to the companies of the Group. Estimated amount payable to CCS for the financial year ended 30 June 2018 – MUR 48.5M.

- CIEL holds a treasury agreement with Azur Financial Services Ltd (a subsidiary of CIEL) for the provision of cash management services, treasury advisory services and foreign exchange & money market brokerage services to the Group. CIEL 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 Ltd for the Group. An amount of MUR 0.75M was paid to Azur Financial Services Ltd for the financial year ended 30 June 2018.

Dividend

Policy: A minimum of 75% of net profits after tax, depending on the cash flow and financial needs of the Company	Final dividend – June 2018 **MUR 0.13 per share**
Interim dividend – December 2017 **MUR 0.07 per share**	Total dividend – paid for the financial year **MUR 0.20 per share**

Cascade Holding Structure as at 30 June 2018



- Ordinary Shares and Redeemable Restricted A Shares ("RRAS") issued by CIEL hold voting rights
- Ordinary Shares are listed on the Stock Exchange of Mauritius ("SEM") and are entitled to dividends
- RRAS are not listed on the SEM and are not entitled to dividends

Key Stakeholders

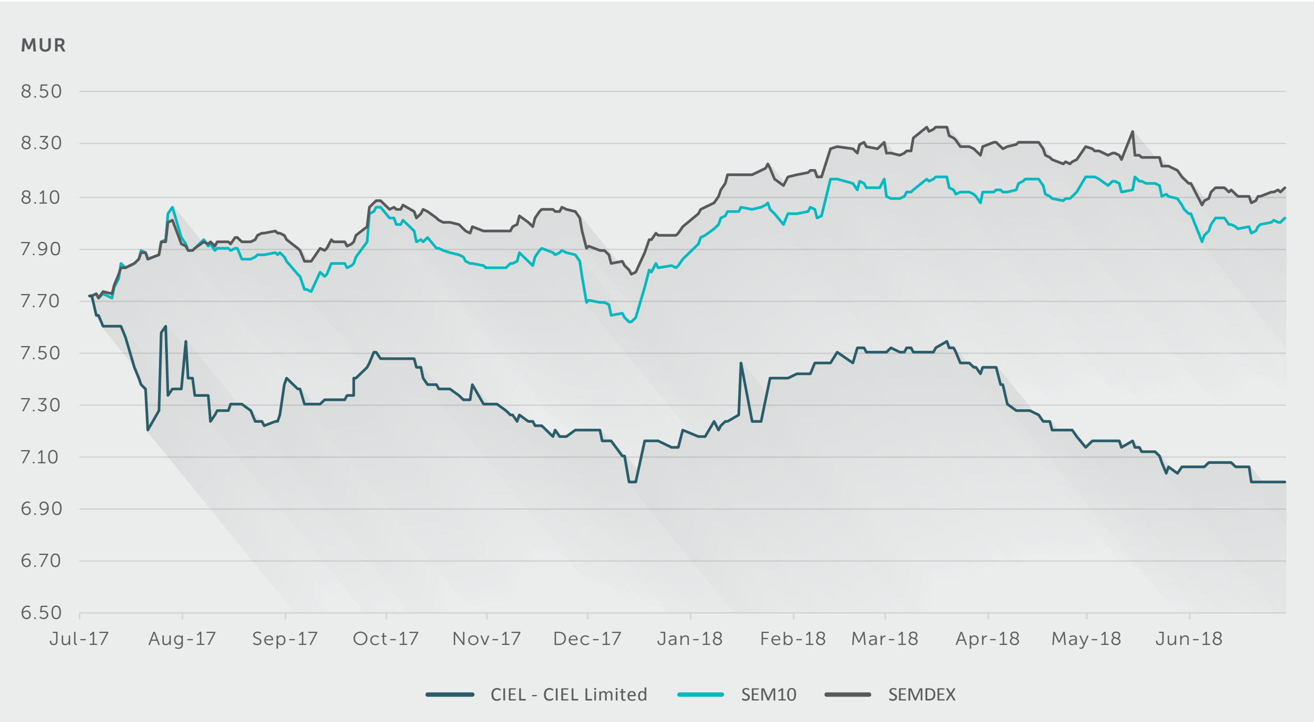
CIEL is committed to engage actively with its stakeholders to meet their expectations and interests in an effective and efficient manner. CIEL's key stakeholders and the way it has responded to their expectations are described below:

Shareholders	CIEL understands the importance of a transparent communication to its stakeholders and as such, has developed a website which provides a good presentation on the Group's activities, leadership, governance, initiatives, etc. 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. The annual report, which includes the notice of annual meeting, may also be viewed on the Company's website. The Company also publishes, on a quarterly basis, a financial review document together with its unaudited abridged financial statements. This document provides a detailed review on the clusters of the Group to facilitate the understanding of the financial results. Additionally, CIEL strives to promote dialogue through analysts' meetings which are conducted biannually with a presentation of the financial statements being made by the Executives of the Group.
Financial Partners	Communication with financial institutions and the financial community in general usually takes place through investor 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'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 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	30 June
Annual Meeting of Shareholders	18 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 of the Board

Antoine Delaporte
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

27 September 2018

Statement of **Compliance**

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

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

Reporting Period: 30 June 2018

On behalf of the Board of Directors of CIEL, we confirm, to the best of our knowledge, that throughout the year ended 30 June 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:

- Principle 4 – Remuneration of Directors.

P. Arnaud Dalais
Chairman

Catherine McIlraith
Chairman of the Audit & Risk Committee

27 September 2018

Other Statutory **Disclosures**

(Section 221 of the Mauritius Companies Act 2001)

Principal Activity and History

CIEL Limited, formerly known as Deep River Investment Limited, incorporated on 31 August 1948, is a public company listed on the Official Market of the SEM since 4 February 2014. On 24 January 2014, CIEL Investment Limited was amalgamated with and into Deep River Investment Limited ('DRI'). DRI, as surviving company post Amalgamation, was renamed CIEL Limited. CIEL is also registered as a Reporting Issuer with the FSC since the promulgation of the Securities Act 2005. CIEL is an investment holding Company, with investments in five distinct clusters:

- CIEL Agro & Property
- CIEL Finance
- CIEL Hotels & Resorts
- CIEL Textile
- CIEL Healthcare

Directors' Service Contracts

The Executive Directors are remunerated by CIEL Corporate Services Ltd, a subsidiary of CIEL, with no expiry terms to the terms and conditions of their employment. The persons who held office as Directors of CIEL as at 30 June 2018 are disclosed in the Corporate Governance Report.

Shareholding Profile

Ownership by Size of Shareholding	Ordinary Shares		
	Shareholder Count	Number of Shares	Percentage Held
1 - 500	528	88,836	0.01
501 - 1,000	192	155,097	0.01
1,001 - 5,000	509	1,326,316	0.08
5,001 - 10,000	318	2,396,303	0.15
10,001 - 50,000	627	15,548,589	0.95
50,001 - 100,000	233	16,900,585	1.03
100,001 - 250,000	241	38,934,217	2.37
250,001 - 500,000	118	42,732,489	2.60
500,001 - 1,000,000	74	50,420,259	3.07
Over 1,000,001	134	1,474,315,603	89.73
Total	**2,974**	**1,642,818,294**	**100.00**

Ownership by Category of Shareholding	Ordinary Shares		
Category	Shareholder Count	Number of Shares	Percentage Held
Individuals	2,591	538,106,494	32.76
Insurance and Assurance Companies	21	63,576,726	3.87
Pension and Provident Funds	67	138,851,330	8.45
Investment and Trust Companies	69	271,646,597	16.54
Other Corporate Bodies	226	630,637,147	38.38
Total	**2,974**	**1,642,818,294**	**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	-	-	46,030	35,708
Non-Executive Directors	5,450	5,450	68,824	59,005
Independent Directors	1,250	1,250	997	582
Directors of Subsidiaries				
Executive Directors	-	-	245,495	235,277
Non-Executive Directors	-	-	4,235	4,766
Independent Directors	-	-	3,924	3,510

Directors of Subsidiaries

Directors of subsidiaries as at 30 June 2018 are listed in Annexure A.

Audit Fees as at 30 June 2018

The fees paid to the auditors for audit and other services were as follows:

	Company		Subsidiaries	
	2018 MUR'000	2017 MUR'000	2018 MUR'000	2017 MUR'000
Local External Auditors				
Audit Fees - PwC	750	-	16,983	-
Audit Fees - BDO	-	467	1,320	13,156
Other Fees	970	929	15,269	8,018
Foreign External Auditors				
Audit Fees	-	-	9,640	9,904
Other Fees	-	-	-	1,089

The fees in respect of other services pertain mainly to review of quarterly financial statements, tax computation and compliance, Group accounts consolidation as well as fees paid with regard to transaction advisor.

Retirement Benefit Obligations

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

Related Party Transactions

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

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.

Other **Statutory Disclosures** (Cont'd)

(Section 221 of the Mauritius Companies Act 2001)

Share Registry & Transfer Office

CIEL'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

Catherine McIlraith
Chairman of the Audit & Risk Committee

27 September 2018

Certificate from the **Company Secretary**

In our capacity as Company Secretary of CIEL Limited ("the Company"), we hereby confirm that, to the best of our knowledge and belief, the Company has lodged with the Registrar of Companies as at 30 June 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

27 September 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
- Ensure application of 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 accurancy 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 safeguarding 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.

Approved by the Board of Directors on 27 September 2018.

On behalf of the Board,

P. Arnaud Dalais
Chairman

Catherine McIlraith
Chairman of the Audit & Risk Committee

FACTS & FIGURES

Celebrating the 50th anniversary of the Independance of Mauritius

"Management's efforts to consolidate the portfolio, implementing strict cost control and focusing on operational efficiencies should enhance margins and generate sustainable cash flow"

L. J. Jérôme De Chasteauneuf, CIEL Group Finance Director

Independent **Auditor's Report**

To the Shareholders of CIEL 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 Limited (the 'Company') and its subsidiaries (together the 'Group') and of the Company standing alone as at 30 June 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 Limited's consolidated and separate financial statements set out on pages 112 to 227 comprise:

- the consolidated and separate statements of financial position as at 30 June 2018;
- the consolidated and separate statements of profit or loss and other 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.

Key audit matter relating to the separate financial statements	How our audit addressed the key audit matter
Valuation of investments in subsidiaries, associates, joint ventures and other financial assets As explained in note 13 to the financial statements, the Company carries its investments in subsidiaries, associates and joint ventures at fair value in its separate financial statements. Management applies different approaches to estimating fair values of its investments. The valuation of the Company's investments in subsidiaries, associates, joint ventures and other financial assets held at fair value was a key area of audit focus due to their significance. Management makes significant judgement because of the complexity of the techniques and assumptions used in valuing its unquoted investment securities given the limited external evidence and unobservable market data available to support the Company's valuations.	For the more judgemental valuations, which may depend on unobservable inputs, we evaluated the assumptions, methodologies and models used by the Company. We performed an independent valuation of a sample of positions, in order to assess whether management's valuations were within a reasonable range of outcomes in the context of the inherent uncertainties disclosed in the financial statements. We also involved our valuation experts to review the appropriateness of the methodologies used in the context of the relevant investment securities held.

Key Audit Matters (Cont'd)

Key audit matter relating to the consolidated financial statements	How our audit addressed the key audit matter
Impairment of goodwill The Group has goodwill totalling MUR 3.2 billion as at 30 June 2018, arising from past business combinations. As disclosed in note 12 to the financial statements, management assessed goodwill for impairment at 30 June 2018, using a discounted cash flow model to determine the recoverable amount of the cash-generating unit to which the goodwill relates. This requires the use of a number of key assumptions and judgements, including the estimated future cash flows, long-term growth rates, profitability levels and discount rates applied. This was an area of focus in light of the amounts involved and the level of judgement and estimation required.	The reasonableness of the recoverable values assigned to each cash-generating unit tested was assessed on a sample basis. The assumptions used in the cash flows models were tested by comparing these assumptions to our independently derived expectations, which are based on historical experience of the businesses, as well as expectations for the markets in which the individual businesses operate. In order to assess the reasonableness of the forecasted cash flows used in the models, the budgeted figures used were compared to the actual experience of the businesses, where applicable. Terminal growth rates have been assessed for reasonableness based on market expected long-term growth rates. In order to determine the reasonableness of the discount rates, the rates used in the cash flow models (on a sample basis) were compared to a range of discount rates independently calculated by us based on the markets in which the businesses operate, taking into account the nature of the individual businesses. Market multiples have been compared to those of similar entities operating in similar sectors. We also verified the integrity and mathematical accuracy of the models. We assessed whether appropriate disclosures were made by management in the financial statements with regards to the inherent uncertainties in the calculation.
Impairment of loans and advances Impairment loss on loans and advances represents management's best estimates of the losses incurred within the loan portfolio at 30 June 2018. As disclosed in note 2 to the financial statements, the provision for impairment loss on loans and advances is calculated on a collective basis for portfolios of loans of a similar nature and on an individual basis for significant non-performing loans. The calculation of both collective and individual impairment allowances is inherently judgemental. Collective impairment losses are calculated using historical loan loss ratios, adjusted for management estimates relating to the impact of current economic conditions. For specific impairments, judgement is required to determine when an impairment event has occurred and then to estimate the amount and timing of expected future cash flows related to that loan. The audit was focused on impairment due to the materiality of the loan balances and the subjective nature of the calculations.	We obtained an understanding of the policies and procedures related to impairment. These include, among others, assessment of key elements of impairment identification and measurement, such as timing, completeness, consistency, accuracy, collateral assessment, early warning system and validation. We recalculated the impairment allowances on the whole loan portfolio. We assessed the appropriateness of the adjustments introduced to the impairment models to reflect the changes in estimates pertaining to the calculation of loan loss provisions and their rationale. In the case of individually significant exposures from the performing portfolio, we analysed whether impairment triggers exist in the selected sample of exposures in accordance with IAS 39. In the case of impaired exposures, for a selected sample of accounts tested we analysed the valuation of collateral and assumptions regarding other future cash flows prepared by management.

Other Information

The Directors are responsible for the other information. The other information comprises the corporate governance report, the other statutory disclosures (section 221 of the Mauritius Companies Act 2001), the statement of compliance, the statement of directors' responsibilities in respect of the preparation of financial statements, the certificate from the company secretary, the annexure A – other statutory disclosures (section 221 of the Mauritius Companies Act 2001) and the risk report, 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, which is 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, 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 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.

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 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.

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:

- 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 and dealings in the ordinary course of business with some of its subsidiaries;

- We have obtained all the information and explanations we have required; and

- In our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

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 80 to 100 and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report on pages 80 to 100 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.

Robert Coutet
Licensed by FRC
PricewaterhouseCoopers

28 September 2018

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

Year ended 30 June 2018

			THE GROUP		THE COMPANY	
			2018	Restated 2017	2018	Restated 2017
	Notes		MUR'000	MUR'000	MUR'000	MUR'000
REVENUE	4		**22,608,499**	20,660,562	**446,267**	402,359
Earnings before interests, taxation, depreciation and amortisation	5		**2,952,622**	2,845,480	**365,268**	357,524
Depreciation and amortisation			**(1,165,936)**	(975,594)	**-**	-
Earnings before interests and taxation			**1,786,686**	1,869,886	**365,268**	357,524
Finance income	6		**26,614**	38,407	**6,477**	5,393
Finance costs	6		**(780,711)**	(724,539)	**(98,339)**	(61,111)
Share of results of joint ventures	14		**272,237**	140,181	**-**	-
Share of results of associates	15		**74,084**	88,269	**-**	-
Profit before taxation			**1,378,910**	1,412,204	**273,406**	301,806
Income tax	37		**(288,574)**	(291,947)	**(600)**	(936)
Profit for the year			**1,090,336**	1,120,257	**272,806**	300,870
Profit attributable to:						
Owners of the parent			**441,817**	458,570	**272,806**	300,870
Non-controlling interests			**648,519**	661,687	**-**	-
			1,090,336	1,120,257	**272,806**	300,870
Basic and Diluted Earnings per share	9	MUR	**0.27**	0.30	**0.17**	0.20

The notes on pages 123 to 227 form an integral part of these financial statements.
Auditor's report on pages 108 to 111.

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

Year ended 30 June 2018

		THE GROUP		THE COMPANY	
		2018	2017	**2018**	2017
	Notes	**MUR'000**	MUR'000	**MUR'000**	MUR'000
Profit for the year		**1,090,336**	1,120,257	**272,806**	300,870
Other comprehensive income:	29				
Items that will not be reclassified to profit or loss:					
Gain on revaluation of land and buildings		**706,216**	371,157	**-**	-
Deferred tax on revaluation gain	32	**(64,851)**	(13,296)	**-**	-
Share of other comprehensive income of associates and joint ventures		**-**	(17,343)	**-**	-
Remeasurements of post employment benefit obligations	33	**52,122**	(63,538)	**-**	-
Deferred tax on remeasurements of post retirement benefit obligations	32	**(17,902)**	7,195	**-**	-
Items that may be reclassified subsequently to profit or loss:					
Change in value of available-for-sale financial assets		**110,070**	(90,851)	**(1,038,546)**	1,371,801
Share of other comprehensive income of associates and joint ventures		**79,366**	(199,761)	**-**	-
Impairment of investments		**-**	137,918	**-**	-
Currency translation differences		**(366,794)**	(163,369)	**-**	-
Cash flow hedges		**(1,674)**	(48,955)	**-**	-
Deferred tax on cash flow hedges	32	**(8,715)**	(2,279)	**-**	-
Other comprehensive income for the year		**487,838**	(83,122)	**(1,038,546)**	1,371,801
Total comprehensive income for the year		**1,578,174**	1,037,135	**(765,740)**	1,672,671
Total comprehensive income attributable to:					
Owners of the parent		**756,201**	363,614	**(765,740)**	1,672,671
Non-controlling interests		**821,973**	673,521	**-**	-
		1,578,174	1,037,135	**(765,740)**	1,672,671

The notes on pages 123 to 227 form an integral part of these financial statements.
Auditor's report on pages 108 to 111.

Consolidated and Separate Statements of Financial Position

Year ended 30 June 2018

		THE GROUP			THE COMPANY		
			Restated	Restated		Restated	Restated
		30 June 2018	30 June 2017	1 July 2016	**30 June 2018**	30 June 2017	1 July 2016
	Notes	**MUR'000**	MUR'000	MUR'000	**MUR'000**	MUR'000	MUR'000
Non-current assets							
Property, plant and equipment at Fair Value	10	**20,928,864**	20,212,956	19,807,137	**-**	-	-
Property, plant and equipment at Amortised Cost	10	**4,187,957**	4,116,482	2,668,669	**-**	-	-
Investment properties	11	**1,548,101**	1,575,640	1,437,716	**-**	-	-
Intangible assets	12	**3,583,624**	3,600,635	3,232,586	**-**	-	-
Investments in subsidiary companies	13	**-**	-		**16,005,880**	15,102,355	13,670,692
Investments in joint ventures	14	**1,558,349**	1,367,847	1,226,806	**45,000**	45,000	45,000
Investments in associates	15	**4,746,720**	4,611,465	4,890,110	**27,214**	28,026	54,373
Investments in other financial assets	16	**382,976**	254,734	225,993	**86,763**	93,704	156,366
Deposit on investments	17	**-**	-		**43,318**	43,318	24,000
Loans and advances to customers	24	**4,424,600**	4,364,504	3,479,115	**-**	-	-
Loans to banks	25	**262,974**	-	-	**-**	-	-
Investments in securities	26	**2,253,396**	1,749,147	-	**-**	-	-
Leasehold rights and land prepayments	18	**538,322**	421,612	437,706	**-**	-	-
Non-current receivables	19	**30,379**	29,442	115,228	**-**	-	-
Deferred income tax assets	32	**95,427**	141,641	82,212	**-**	-	-
		44,541,689	42,446,105	37,603,278	**16,208,175**	15,312,402	13,950,431
Non-current assets classified as held-for-sale	23	**91,062**	49,812	19,693	**-**	-	-
		44,632,751	42,495,917	37,622,971	**16,208,175**	15,312,402	13,950,431
Current assets							
Inventories	20	**3,599,163**	3,365,320	3,088,659	**-**	-	-
Trade and other receivables	21	**5,941,246**	5,017,191	4,748,332	**291,788**	234,605	231,930
Derivative financial instruments	43	**124,837**	8,881	57,414	**-**	-	-
Loans and advances to customers	24	**6,969,261**	5,731,572	5,035,548	**-**	-	-
Loans to banks	25	**653,890**	797,970	1,134,140	**-**	-	-
Investments in securities	26	**727,240**	1,043,016	1,298,545	**-**	-	-
Current tax assets	37	**11,492**	21,421	-	**-**	-	-
Cash and cash equivalents	22	**6,224,796**	4,632,327	4,449,211	**1,784**	2,908	1,852
		24,251,925	20,617,698	19,811,849	**293,572**	237,513	233,782
TOTAL ASSETS		**68,884,676**	63,113,615	57,434,820	**16,501,747**	15,549,915	14,184,213

These financial statements have been approved for issue by the Board of Directors on 27 September 2018.

P. Arnaud Dalais
CHAIRMAN

Catherine McIlraith
DIRECTOR

The notes on pages 123 to 227 form an integral part of these financial statements.
Auditor's report on pages 108 to 111.

Consolidated and Separate Statements of Financial Position (Cont'd)

Year ended 30 June 2018

EQUITY AND LIABILITIES	Notes	THE GROUP **30 June 2018** **MUR'000**	THE GROUP Restated 30 June 2017 MUR'000	THE GROUP Restated 1 July 2016 MUR'000	THE COMPANY **30 June 2018** **MUR'000**	THE COMPANY Restated 30 June 2017 MUR'000	THE COMPANY Restated 1 July 2016 MUR'000
Capital and reserves							
Stated capital	27	**5,072,296**	4,251,153	4,249,417	**5,072,296**	4,251,153	4,249,417
Redeemable restricted A shares	28	**39,233**	39,233	39,233	**39,233**	39,233	39,233
Retained earnings		**6,201,102**	7,093,502	6,999,198	**2,459,641**	2,515,244	2,519,629
Revaluation, fair value and other reserves		**3,307,689**	2,513,783	2,573,436	**6,615,089**	7,659,172	6,291,130
		14,620,320	13,897,671	13,861,284	**14,186,259**	14,464,802	13,099,409
Less treasury shares	27	**(234,263)**	(243,188)	(255,061)	**(234,263)**	(243,188)	(255,061)
Owners' interest		**14,386,057**	13,654,483	13,606,223	**13,951,996**	14,221,614	12,844,348
Non-controlling interests		**10,362,278**	9,722,839	9,716,571	**-**	-	-
Total equity		**24,748,335**	23,377,322	23,322,794	**13,951,996**	14,221,614	12,844,348
Non-current liabilities							
Borrowings	31	**11,696,430**	11,402,613	5,696,975	**1,670,152**	700,050	1,000,050
Deferred tax liabilities	32	**1,135,809**	1,099,920	1,125,086	**-**	-	-
Retirement benefit obligations	33	**662,529**	707,880	569,774	**-**	-	-
Deposits from customers	39	**1,131,070**	636,428	6,323	**-**	-	-
Provisions for other liabilities and charges	34	**12,090**	12,919	20,469	**-**	-	-
Other payables and deferred revenue	35	**104,218**	60,000	-	**-**	-	-
		14,742,146	13,919,760	7,418,627	**1,670,152**	700,050	1,000,050
Current liabilities							
Borrowings	31	**5,104,146**	5,410,203	8,952,563	**639,313**	364,255	96,948
Trade and other payables	36	**6,067,764**	4,724,847	4,135,506	**26,720**	65,372	74,889
Derivative financial instruments	43	**45,027**	34,386	59,506	**-**	-	-
Deposits from customers	39	**17,824,389**	15,340,312	13,260,715	**-**	-	-
Current tax liabilities	37	**123,311**	81,831	117,341	**-**	130	210
Provisions for other liabilities and charges	34	**15,992**	26,460	-	**-**	-	-
Dividend payable	38	**213,566**	198,494	167,768	**213,566**	198,494	167,768
		29,394,195	25,816,533	26,693,399	**879,599**	628,251	339,815
		44,136,341	39,736,293	34,112,026	**2,549,751**	1,328,301	1,339,865
TOTAL LIABILITIES		**44,136,341**	39,736,293	34,112,026	**2,549,751**	1,328,301	1,339,865
TOTAL EQUITY AND LIABILITIES		**68,884,676**	63,113,615	57,434,820	**16,501,747**	15,549,915	14,184,213
Net asset value per share (MUR)	9	**8.76**	8.94	8.91	**8.49**	9.31	8.42

These financial statements have been approved for issue by the Board of Directors on 27 September 2018.

P. Arnaud Dalais
CHAIRMAN

Catherine McIlraith
DIRECTOR

The notes on pages 123 to 227 form an integral part of these financial statements.
Auditor's report on pages 108 to 111.

Consolidated Statements of Changes in Equity

Year ended 30 June 2018

THE GROUP		Attributable to Owners of the Parent			
		Stated Capital	Redeemable Restricted A Shares	Treasury Shares	Share Appreciation Rights & Other Scheme
	Notes	MUR'000	MUR'000	MUR'000	MUR'000
Balance at 1 July 2017					
- As previously stated		4,251,153	39,233	(243,188)	30,359
- Prior year adjustment					
- As restated		4,251,153	39,233	(243,188)	30,359
Profit for the year		-	-	-	-
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	-	-
Issue of shares	27	818,876	-	-	-
Treasury shares acquired		-	-	-	-
Issue of shares to non-controlling interests	13	-	-	-	-
Change in ownership interest that do not result in a loss of control	13	-	-	-	-
Employee share option scheme		2,267	-	8,925	(5,536)
Dividends and tax paid by foreign subsidiary		-	-	-	-
Dividends	38	-	-	-	-
Other movements		-	-	-	-
Total transactions with owners of the parent		821,143	-	8,925	(5,536)
Movement in reserves of joint ventures and associates		-	-	-	-
Balance at 30 June 2018		**5,072,296**	**39,233**	**(234,263)**	**24,823**

Other movements is mainly made up of:

(i) Statutory reserve, which comprises the accumulated annual transfer of 15% of the net profit for the year in line with Article 41 of Ordinance n° 88-005 dated 15 April 1988 pertaining to the regulations applicable to the banking sector in Madagascar.

(ii) Movements in the General Banking Reserve is at the discretion of BNI and the shareholders choose to increase the reserve by the profit for the year net of dividends payable and the amount transferred to statutory reserve.

The notes on pages 123 to 227 form an integral part of these financial statements.
Auditor's report on pages 108 to 111.

Consolidated Statements of Changes in Equity (Cont'd)

Year ended 30 June 2018

Attributable to Owners of the Parent					
Fair Value Reserve	Revaluation and Other Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
73,164	2,612,170	7,141,535	13,904,426	9,759,140	23,663,566
	(201,910)	(48,033)	(249,943)	(36,302)	(286,245)
73,164	2,410,260	7,093,502	13,654,483	9,722,838	23,377,321
-	-	441,817	441,817	648,519	1,090,336
4,763	309,621	-	314,384	173,454	487,838
4,763	309,621	441,817	756,201	821,973	1,578,174
-	-	-	818,876	-	818,876
-	-	-	-	-	-
-	-	-	-	928,035	928,035
-	-	(517,927)	(517,927)	(676,682)	(1,194,609)
-	-	-	5,656	-	5,656
-	-	-	-	-	-
-	-	(328,409)	(328,409)	(428,213)	(756,622)
-	23,567	(26,856)	(3,289)	207	(3,082)
-	23,567	(873,192)	(25,093)	(176,653)	(201,746)
-	461,491	(461,025)	466	(5,880)	(5,414)
77,927	**3,204,939**	**6,201,102**	**14,386,057**	**10,362,278**	**24,748,335**

Movement in reserves of joint ventures and associates is mainly made up of:

(i) Statutory reserve movements which comprise the accumulated annual transfer of 15% of the net profit for the year in line with Section 21(1) of the Mauritian Banking Act 2004.

(ii) General Banking reserve movements which comprise provisions in line with the Bank of Mauritius macroprudential guidelines.

(iii) Movement between revaluation and retained earnings of Alteo due to their group restructuring at Alteo Limited and Alteo Agri Limited.

Consolidated Statements of Changes in Equity (Cont'd)

Year ended 30 June 2018

STATEMENT OF CHANGES IN EQUITY (CONT'D)

THE GROUP	Notes	Stated Capital MUR'000	Redeemable Restricted A Shares MUR'000	Treasury Shares MUR'000	Share Appreciation Rights & Other Scheme MUR'000
		Attributable to owners of the parent			
Balance at 1 July 2016					
- As previously stated		4,249,417	39,233	(255,061)	34,117
- Prior year adjustment					
- As restated		4,249,417	39,233	(255,061)	34,117
Profit for the year, as previously stated		-	-	-	-
Impact of prior year restatement		-	-	-	-
Profit for the year, as restated		-	-	-	-
Other comprehensive income for the year		-	-	-	-
Impact of prior year restatement		-	-	-	-
Other comprehensive income, as restated		-	-	-	-
Total comprehensive income for the year		-	-	-	-
Issue of shares	27	1,736	-	11,873	(13,609)
Treasury shares acquired		-	-	-	-
Issue of shares to non-controlling interests		-	-	-	-
Change in ownership interest that do not result in a loss of control		-	-	-	-
Employee share option scheme		-	-	-	9,851
Dividends and tax paid by foreign subsidiary		-	-	-	-
Dividends	38	-	-	-	-
Other movements		-	-	-	-
Total transactions with owners of the parent		1,736	-	11,873	(3,758)
Movement in reserves of joint ventures and associates		-	-	-	-
Balance at 30 June 2017		**4,251,153**	**39,233**	**(243,188)**	**30,359**

Other movements is mainly made up of:

(i) Statutory reserve, which comprises the accumulated annual transfer of 15% of the net profit for the year in line with Article 41 of Ordinance n° 88-005 dated 15 April 1988 pertaining to the regulations applicable to the banking sector in Madagascar.

(ii) Movements in the General Banking Reserve is at the discretion of BNI and the shareholders choose to increase the reserve by the profit for the year net of dividends payable and the amount transferred to statutory reserve.

The notes on pages 123 to 227 form an integral part of these financial statements.
Auditor's report on pages 108 to 111.

Consolidated Statements of Changes in Equity (Cont'd)

Year ended 30 June 2018

Attributable to owners of the parent					
Fair Value Reserve	Revaluation and Other Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
191,171	2,548,738	7,026,654	13,834,269	9,749,787	23,584,056
	(200,590)	(27,456)	(228,046)	(33,216)	(261,262)
191,171	2,348,148	6,999,198	13,606,223	9,716,571	23,322,794
-	-	479,147	479,147	664,773	1,143,920
-	-	(20,577)	(20,577)	(3,086)	(23,663)
-	-	458,570	458,570	661,687	1,120,257
(118,007)	24,267	-	(93,740)	11,834	(81,906)
-	(1,320)	-	(1,320)	-	(1,320)
(118,007)	22,947	-	(95,060)	11,834	(83,226)
(118,007)	22,947	458,570	363,510	673,521	1,037,031
-	-	-	-	-	-
-	-	-	-	(7,784)	(7,784)
-	-	-	-	2,683	2,683
-	-	2,306	2,306	(22,965)	(20,659)
-	-	-	9,851	-	9,851
-	-	(14,509)	(14,509)	(37,368)	(51,877)
-	-	(305,255)	(305,255)	(601,812)	(907,067)
-	23,595	(24,349)	(754)	(7)	(761)
-	23,595	(341,807)	(308,361)	(667,253)	(975,614)
-	15,570	(22,459)	(6,889)	-	(6,889)
73,164	**2,410,260**	**7,093,502**	**13,654,483**	**9,722,839**	**23,377,322**

Movement in reserves of joint ventures and associates is mainly made up of:

(i) Statutory reserve movements which comprise the accumulated annual transfer of 15% of the net profit for the year in line with Section 21(1) of the mauritian Banking Act 2004.

(ii) General Banking reserve movements which comprise provisions in line with the Bank of Mauritius macroprudential guidelines.

Separate Statements of Changes in Equity

Year ended 30 June 2018

STATEMENT OF CHANGES IN EQUITY

THE COMPANY	Notes	Stated Capital MUR'000	Redeemable Restricted A Shares MUR'000	Treasury Shares MUR'000	Hedge Reserve MUR'000	Share Appreciation Rights & Other Schemes MUR'000	Fair Value Reserves MUR'000	Retained Earnings MUR'000	Total Equity MUR'000
Balance at 1 July 2017									
- As previously stated		4,251,153	39,233	(243,188)	-	30,359	7,628,812	2,600,675	14,307,044
- Prior year adjustment		-	-	-	-	-	-	(85,431)	(85,431)
- As restated		4,251,153	39,233	(243,188)	-	30,359	7,628,812	2,515,244	14,221,613
Profit for the year		-	-	-	-	-	-	272,806	272,806
Other comprehensive income for the year		-	-	-	-	-	(1,038,546)	-	(1,038,546)
Total comprehensive income for the year		-	-	-	-	-	(1,038,546)	272,806	(765,740)
Issue of shares	27	818,876	-	-	-	-	-	-	818,876
Dividends	38	-	-	-	-	-	-	(328,409)	(328,409)
Employee share option scheme		2,267	-	8,925	-	(5,536)	-	-	5,656
Total transactions with owners of parent		821,143	-	8,925	-	(5,536)	-	(328,409)	496,123
Balance at 30 June 2018		**5,072,296**	**39,233**	**(234,263)**	**-**	**24,823**	**6,590,266**	**2,459,641**	**13,951,996**

The notes on pages 123 to 227 form an integral part of these financial statements.
Auditor's report on pages 108 to 111.

Separate Statements of Changes in Equity (Cont'd)

Year ended 30 June 2018

STATEMENT OF CHANGES IN EQUITY (CONT'D)

THE COMPANY	Notes	Stated Capital MUR'000	Redeemable Restricted A Shares MUR'000	Treasury Shares MUR'000	Hedge Reserve MUR'000	Share Appreciation Rights & Other Schemes MUR'000	Fair Value Reserves MUR'000	Retained Earnings MUR'000	Total Equity MUR'000
Balance at 1 July 2016									
- As previously stated		4,249,417	39,233	(255,061)	-	34,117	6,257,013	2,595,209	12,919,928
- Prior year adjustment		-	-	-	-	-	-	(75,580)	(75,580)
- As restated		4,249,417	39,233	(255,061)	-	34,117	6,257,013	2,519,629	12,844,348
Profit for the year, as previously stated		-	-	-	-	-	-	310,720	310,720
Impact of prior year adjustment		-	-	-	-	-	-	(9,850)	(9,850)
Profit for the year, as restated		-	-	-	-	-	-	300,870	300,870
Other comprehensive income for the year		-	-	-	-	-	1,371,801	-	1,371,801
Total comprehensive income for the year		-	-	-	-	-	1,371,801	300,870	1,672,671
Issue of shares	27	1,736	-	11,873	-	(13,609)	-	-	-
Dividends	38	-	-	-	-	-	-	(305,255)	(305,255)
Employee share option scheme		-	-	-	-	9,850	-	-	9,850
Total transactions with owners of parent		1,736	-	11,873	-	(3,759)	-	(305,255)	(295,405)
Balance at 30 June 2017		**4,251,153**	**39,233**	**(243,188)**	**-**	**30,358**	**7,628,814**	**2,515,244**	**14,221,614**

Consolidated and Separate Statements of Cash Flow

Year ended 30 June 2018

		THE GROUP		THE COMPANY	
		2018	Restated 2017	**2018**	2017
Cash flows from operating activities	**Notes**	**MUR'000**	MUR'000	**MUR'000**	MUR'000
Cash generated from operations	40(a)	**4,569,342**	2,867,776	**274,357**	317,037
Interest paid		**(780,711)**	(712,387)	**(75,576)**	(61,111)
Interest received		**26,614**	26,255	**6,477**	5,393
Rent received		**-**	24,095	**-**	-
Tax paid	37	**(154,482)**	(362,764)	**-**	(1,016)
Net cash generated from operating activities		**3,660,763**	1,842,975	**205,258**	260,303
Cash flows from investing activities					
Purchase of property, plant and equipment	10	**(1,420,480)**	(2,261,403)	**-**	-
Purchase of investment properties	11	**(601)**	(3,066)	**-**	-
Acquisition of interests in subsidiary company		**-**	(21,150)	**(1,269,976)**	(2,650)
Net cash outflow from acquisition of business operations		**-**	(619,799)	**-**	-
Disposal of interest in subsidiary company		**-**	491	**-**	-
Changes in deposit on investments		**-**	-	**-**	(19,317)
Purchase of investments in associated companies	15	**(5,611)**	(10,810)	**-**	(2,649)
Purchase of investments in joint ventures		**-**	(19,318)	**-**	-
Purchase of available-for-sale financial assets		**(52,036)**	(30,722)	**-**	-
Purchase of intangible assets	12	**(87,135)**	(184,346)	**-**	-
Purchase of leasehold rights	18	**(253,069)**	-	**-**	-
Redemption of investment	15	**12,960**	-	**154,534**	3,371
Proceeds from disposal of leasehold rights	18	**80,000**	-	**-**	-
Proceeds from disposal of property, plant and equipment		**45,228**	35,374	**-**	-
Proceeds from disposal of investment property	11	**2,037**	36,406	**-**	-
Dividends received from associates and joint ventures	14/15	**91,620**	67,739	**-**	-
Proceeds from disposal of held-for-sale financial assets	23	**30,119**	-	**-**	-
Proceeds from disposal of available-for-sale financial assets		**21,042**	82,158	**-**	69,220
Net cash (used in)/generated from investing activities		**(1,535,926)**	(2,928,446)	**(1,115,442)**	47,975
Cash flow from financing activities					
Proceeds from borrowings		**2,657,332**	8,989,122	**1,270,102**	-
Repayment of borrowings		**(2,967,883)**	(5,863,480)	**(300,000)**	-
Issue of shares to non-controlling interests		**594,542**	2,683	**-**	-
Dividends paid to non-controlling interests		**(387,894)**	(601,812)	**-**	-
Dividends and tax paid by foreign subsidiary		**-**	(51,877)	**-**	-
Dividends paid		**(313,333)**	(274,529)	**(313,333)**	(274,529)
Net cash generated from/(used in) financing activities		**(417,236)**	2,200,107	**656,769**	(274,529)
Increase		**1,707,601**	1,114,636	**(253,415)**	33,749
Movement in cash and cash equivalents					
At 1 July		**3,180,501**	2,052,337	**(61,347)**	(95,096)
Exchange differences		**(207,335)**	13,528	**-**	-
Increase		**1,707,601**	1,114,636	**(253,415)**	33,749
At 30 June	40(b)	**4,680,767**	3,180,501	**(314,762)**	(61,347)

The notes on pages 123 to 227 form an integral part of these financial statements.
Auditor's report on pages 108 to 111.

1. GENERAL INFORMATION

On 24 January 2014, CIEL Investment Limited has been amalgamated with and into Deep River Investment Limited (DRI). The surviving company was subsequently renamed CIEL Limited.

CIEL Limited (the 'Company') is a public company incorporated in Mauritius and listed on the Official Market of the Stock Exchange of Mauritius. Its registered office is situated at 5th Floor, Ebène Skies, Rue de l'Institut, Ebène, Republic of Mauritius.

Its main activity is to provide long term growth and dividend income for distribution to investors.

CIEL Limited invests in a diversified portfolio of equity and equity related investments in five strategic sectors namely, Textile, Agro and Property, Hotels and Resorts, Finance and Healthcare.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements of CIEL Limited are prepared in compliance with the Companies Act 2001 and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board ('IASB').

The financial statements are prepared on a going concern basis and include the consolidated financial statements of the parent company and its subsidiary companies (The Group) and the separate financial statements of the parent company (The Company).

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Where necessary, comparative figures have been amended to conform to change in presentation in the current year.

As at 30 June 2018, the Group and the Company had net current liabilities of MUR 5,142M (2017: MUR 5,198M) and MUR 586M (2017: MUR 391M) respectively, arising principally at Group level from the normal operations of the banking segment whereby the current liabilities exceed the current assets.

The Board of Directors has made an assessment of the Group's and Company's ability to continue as a going concern and is satisfied that both have the resources to meet their liabilities in the foreseeable future.

The Company has a centralised treasury management – Azur Financial Services Limited - which shares banking arrangements with subsidiaries across the Group. It is important to mention the Company has a CARE AAA credit rating on its short-term facilities whilst the long-term debt is credit-rated CARE AA. This status together with a well-established network of banking partners provides sufficient comfort that banking facilities can be arranged to meet cash flow requirements.

The Directors, having assessed the Company's and Group's forecasts and projections presented by management (taking account of reasonably possible changes in trading activities), have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the CIEL Group to continue as a going concern or its ability to continue with the current facilities.

On the basis of their assessment of the Company's and Group's financial position, the Board of Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. BASIS OF PREPARATION (CONT'D)

A discussion on the Group's critical accounting judgements and key sources of estimation uncertainty is detailed below. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Amounts in the financial statements are stated in Mauritian Rupees and all values are rounded to the nearest thousands, except when otherwise indicated.

This section describes the critical accounting judgements that management has identified as having a potentially material impact on the Group's consolidated financial statements and sets out the significant accounting policies that relate to the financial statements as a whole. Where an accounting policy is generally applicable to a specific note to the financial statements, the policy is described within that note.

We have also detailed below the new accounting pronouncements that we will adopt in future years and where relevant, the Group is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of CIEL Limited and its subsidiaries as at 30 June 2018.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without loss of control, is accounted for as equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. BASIS OF PREPARATION (CONT'D)

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 1 July 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 regard 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 1 January 2018).

IFRS 9 Financial Instruments – (effective 1 January 2018)

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

It replaces the multiple classification and measurement models in IAS39 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 Group'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.

2. BASIS OF PREPARATION (CONT'D)

Standards, Amendments to published Standards and Interpretations issued but not yet effective

IFRS 9 Financial Instruments – (effective 1 January 2018) (Cont'd)

IFRS 9 also introduces a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. On initial recognition, entities will record a day-1 loss equal to the 12-month ECL, unless the assets are considered credit impaired.

The Group does not expect major changes in the classification of the financial assets and liabilities. On adoption of IFRS 9, the Group will classify its existing instruments as follows:

FSLI	Instruments	IAS 39 classification	IFRS 9 classification
Investment in other financial assets	Equity investments	Available for sales	Financial assets at fair value through other comprehensive income
Loans and advances to banks	Debts instruments	Loans and receivables	Financial assets at amortised cost
Loans and advances to customers	Debts instruments	Loans and receivables	Financial assets at amortised cost
Investment securities – held to maturity	Debts instruments	Held to maturity	Financial assets at amortised cost
Trade and other receivables	Other receivables	Loans and receivables	Financial assets at amortised cost
Cash and cash equivalent	Debts instruments	Loans and receivables	Financial assets at amortised cost
Borrowings	Debts instruments	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Deposit from customers	Debts instruments	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Trade and other payables	Other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost

Impact assessment:

Based on assessment undertaken to date, the Group does not expect a material impact on the Group's financial statements for non-banking activities.

The Finance cluster of the Group has assessed its expected credit loss in accordance with IFRS 9 by multiplying the following variables: Exposure at default, EAD, Loss given default, LGD and Probability of default, PD.

EAD is the expected exposure in the event of a default and is derived from the counterparty's current exposure and all potential changes to the current amount allowed under the contract including amortization. These potential changes are estimated using an internally developed EAD-ECL tool which models the range of possible exposure outcomes at multiple points in time using scenario and statistical techniques.

The EAD-ECL tool differentiates the different category of financial assets. Financial assets EAD is its gross carrying amount. Overdrafts and financial guarantees EAD includes the amount drawn and 50% of the undrawn amount as per Basel guidelines.

LGD is the possible loss rate after a default event occurred. For both LGD and PD, the bank internally developed LGD models once adequate data is available to support the relevant LGD models.

PD is the likelihood that a particular borrower will default. PD are point in time estimates which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures.

The Group anticipates that its provision for impairment will increase by 7% - 10% on adoption by IFRS 9.

2. BASIS OF PREPARATION (CONT'D)

Standards, Amendments to published Standards and Interpretations issued but not yet effective (Cont'd)

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 1 January 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 Lease – effective 1 January 2019

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.

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

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

The Directors anticipate that these amendments will be applied in the Group's and 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.

Annual Improvements 2015 - 2017 Cycle - (1 January 2019)

IAS 23 Borrowing Costs – clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

Management is still assessing the impact from the adoption of these new or amended standards and interpretations on the Group's financial statements.

Amendment to published standard issued but not yet effective, and early adopted by the Group

IFRS 2 Share based payment - Net settlement feature for withholding tax obligations.

The Group has early adopted the amendment to IFRS 2, which stipulates that when tax laws or regulations oblige an entity to withhold an amount for an employee's tax obligation associated with a share-based payment and transfer that amount, normally in cash, to the tax authority on the employee's behalf, the payment may be accounted for as a deduction from equity for the shares withheld.

2. BASIS OF PREPARATION (CONT'D)

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

Management has identified accounting estimates and assumptions relating to the items below that it considers to be critical due to their impact on the Group's financial statements.

(i) Impairment of goodwill

Assets that have an indefinite useful life (including Goodwill) are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

In determining the carrying amount of goodwill, the Group carries out the test on impairment of goodwill on an annual basis. This exercise requires an estimation of the value in use of the cash-generating units to which goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the generating unit and also to choose a suitable discount rate in order to compute the present value of future cash flows.

Financial assets classified as available-for-sale

The Group assesses 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 considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity is removed from equity and recognised in profit or loss.

If the fair value of a previously impaired debt security classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed and the reversal recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

(ii) Impairment of financial assets

Financial assets carried at amortised cost

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying value and the present value of the 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 value of the asset is reduced and, the amount of the loss is recognised in profit or loss. If a loan or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2. BASIS OF PREPARATION (CONT'D)

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

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

Financial assets carried at amortised cost (Cont'd)

An allowance for loan impairment is established if there is the objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of the loans.

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

Impairment losses on loans and advances

Loan portfolios are assessed for impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is any observable data indicating an impairment trigger followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a bank, or national or local economic conditions that correlate with defaults on assets in the company. The Directors use estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Specific provisioning

The Company reviews its loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in profit or loss, the Bank makes judgements based on any observable data which could indicate an impairment followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. Where cash flows for large credits include the realisable value of collateral securing the credit, the value of such collateral is based on the opinion of independent and qualified appraisers.

Portfolio provisioning

In assessing the portfolio provisioning, Management considers factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions are made to define how inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

2. BASIS OF PREPARATION (CONT'D)

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

(iii) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions.

(iv) Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The fair value is determined by the Directors' valuation based on independent valuation by valuers.

(v) Fair value of securities

The fair value of securities not quoted in an active market may be determined by the Group using valuation techniques including third party transactions values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Group would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Determination of fair value

The fair value of publicly traded available-for-sale securities is based on:
- Their market value which is calculated by reference to the Stock Exchange and the Development Enterprise Market (DEM)
- Quoted prices at the close of business at the end of reporting period
- Quoted prices plus premium or
- Recent transaction

In assessing the fair value of unquoted investments, the Group uses a combination of discounted cash flow, price to book, earnings multiple, net asset base and dividend yield basis. The valuation policy is summarised below:
- 50% stake or more in investee companies – price earnings multiple or discounted cash flow, except for listed subsidiaries, new investments, banks and property companies.
- Less than 50% stake in investee companies – earnings multiple
- Property investee companies – net asset basis whereby properties are revalued on a regular basis on their open market value
- Investments in new ventures are valued at cost for the first year less any impairment loss recognised to reflect irrecoverable amounts
- Investment entities – net asset basis
- Banking sector – mix of price to book and price earnings ratios or dividend discounting model as appropriate
- Recent transaction price, where applicable

(vi) Asset lives and residual values

Property, plant and equipment are depreciated over their useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

2. BASIS OF PREPARATION (CONT'D)

(b) Significant accounting policies applied to the current reporting period that relate to the financial statements as a whole

The financial statements are prepared under the historical cost convention except that:
(i) Certain property, plant and equipment are carried at revalued amounts;
(ii) Investment properties are stated at fair value;
(iii) Available-for-sale investments and relevant financial assets and financial liabilities are stated at fair value; and
(iv) Loans receivable and relevant financial assets and financial liabilities are carried at amortised cost.

(c) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using Mauritian Rupees, the currency of the primary economic environment in which the entity operates ('functional currency'). The consolidated financial statements are presented in Mauritian Rupees, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. 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 equity as qualifying cash-flow hedges and qualifying net investment hedges. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from that of the presentation currency of the Company, are translated as follows:
(a) Assets and liabilities are translated at the closing rate at the end of that statement of financial position;
(b) Income and expenses are translated at average exchange rates (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 dates of the transactions); and
(c) The resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. In the event of disposal of a foreign operation, such exchange differences are recognised in the profit or loss as part of the gain or loss on sale.

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.

2. BASIS OF PREPARATION (CONT'D)

(d) Financial instruments

Financial instruments recognised on the statement of financial position include Loans and advances to banks, Loans and advances to customers, Investment securities – held to maturity, Investment in other financial assets, Cash and cash equivalents, Trade and other trade receivables, Trade and other payables, Borrowings, Deposits from customers. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Recognition and measurement of financial assets

Purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets not carried at fair value through profit or loss, are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. 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 financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity. Financial liabilities include Trade and other payable, Borrowings and Deposits from customers on the statement of financial position.

Recognition and measurement of financial liabilities

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the raising of the funds, for all financial liabilities carried at amortised cost. All financial liabilities measured at fair value through profit or loss are initially recognised at fair value. The best evidence of the fair value at initial recognition is the transaction price (i.e. the fair value of the consideration received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Financial liabilities held at amortised cost are recognised initially at fair value and are subsequently stated at amortised cost using the effective-interest rate method. Any differences (other than transaction charges) between net proceeds and the redemption value are recognised in profit or loss over the period of the borrowing using the effective-interest rate method.

Financial liabilities at fair value through profit or loss are subsequently measured at fair value, with any resultant gains and losses recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any measurement gains or losses and interest expense on the financial liability.

These financial liabilities are classified as current liabilities if they are either held for trading or expected to be settled within twelve months of the reporting date.

Financial liabilities, or a portion thereof, are derecognised when the obligation specified in the contract is discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and settlement amounts paid are included in profit or loss.

3. SEGMENT INFORMATION

The reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The Group has six reportable segments:

- Textile derives income mainly from the sale of knitwear, woven and fine knits products.
- Agro and Property earns income mainly from sugar production, land and property development.
- Hotels and Resorts derives income through the ownership and management of portfolio of hotels.
- Financial services derives income mainly from banking, fiduciary products and portfolio management.
- Healthcare derives income through the running of healthcare facilities.
- CIEL - Holding Company derives income through dividend derived from its investments.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Group evaluates performance on the basis of profit or loss from operations.

THE GROUP

Year ended 30 June 2018	Textile	Agro & Property	Hotels & Resorts	Financial Services	Healthcare	CIEL Limited *	Eliminations/ Unallocated	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Total revenue	10,943,943	106,060	6,723,879	2,611,073	2,263,697	585,057	(625,210)	**22,608,499**
Earnings before interest and taxation	759,024	62,747	1,290,403	805,321	131,275	346,134	(442,282)	**2,952,622**
Depreciation and amortisation	(274,316)	(18,373)	(546,079)	(184,312)	(140,886)	(1,970)	-	**(1,165,936)**
Finance income	11,317	668	16,312	63	799	32,095	(34,640)	**26,614**
Finance costs	(135,787)	(17,025)	(479,821)	(17,437)	(42,759)	(123,174)	35,292	**(780,711)**
Share of result of joint ventures	-	-	4,476	267,761	-	-	-	**272,237**
Share of result of associates	-	83,345	-	(2,350)	(8,992)	1,879	202	**74,084**
Profit before taxation	360,238	111,362	285,291	869,046	(60,563)	254,964	(441,428)	**1,378,910**
Income tax	(42,961)	(7,281)	(86,747)	(145,005)	(2,146)	(4,434)	-	**(288,574)**
Profit for the year	**317,277**	**104,081**	**198,544**	**724,041**	**(62,709)**	**250,530**	**(441,428)**	**1,090,336**
Assets excluding associates & joint ventures	10,881,240	2,946,991	22,172,556	23,778,319	2,862,699	16,338,473	(16,400,671)	**62,579,607**
Joint ventures	-	152	-	1,506,841	-	45,000	6,356	**1,558,34**
Associated companies	-	1,374,714	702,445	314,105	352,437	27,214	1,975,806	**4,746,720**
Segment assets	10,881,240	4,321,857	22,875,001	25,599,265	3,215,136	16,410,687	(14,418,509)	**68,884,676**
Segment liabilities	6,265,154	463,959	12,011,680	21,562,767	790,054	2,909,958	132,769	**44,136,341**

*CIEL and Others consist of CIEL Limited, CIEL Corporate Services, Azur Financial Services and Rockwood Textile.

3. SEGMENT INFORMATION (CONT'D)

THE GROUP

Year ended 30 June 2017 (Restated)	**Textile**	**Agro & Property**	**Hotels & Resorts**	**Financial Services**	**Healthcare**	**CIEL Limited ***	**Eliminations/ Unallocated**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Total revenue	10,509,069	82,851	6,007,284	2,345,795	1,730,075	499,982	(514,494)	**20,660,562**
Earnings before interest and taxation	997,002	286,800	852,704	772,938	(40,955)	327,253	(350,262)	**2,845,480**
Depreciation and amortisation	(250,218)	(15,914)	(457,956)	(145,549)	(104,212)	(1,745)	-	**(975,594)**
Finance income	17,680	319	12,152	59	-	4,094	4,103	**38,407**
Finance costs	(99,800)	(9,904)	(504,069)	(16,470)	(26,063)	(89,090)	20,857	**(724,539)**
Share of result of joint ventures	-	(43)	(17,088)	157,312	-	-	-	**140,181**
Share of result of associates	-	86,098	(1,400)	5,288	(3,132)	1,415	-	**88,269**
Profit before taxation	664,664	347,356	(115,657)	773,578	(174,362)	241,927	(325,302)	**1,412,204**
Income tax	(103,153)	(10,061)	(13,488)	(143,535)	(19,175)	(2,535)	-	**(291,947)**
Profit for the year	**561,511**	**337,295**	**(129,145)**	**630,043**	**(193,537)**	**239,392**	**(325,302)**	**1,120,257**
Assets excluding associates & joint ventures	10,349,490	4,670,767	21,045,826	19,924,036	2,784,216	15,457,886	(17,097,918)	**57,134,303**
Joint ventures	-	(66)	-	1,318,735	-	45,000	4,178	**1,367,847**
Associated companies	-	1,363,375	702,445	365,175	324,334	28,026	1,828,110	**4,611,465**
Segment assets	10,349,490	6,034,076	21,748,271	21,607,946	3,108,550	15,530,911	(15,265,629)	**63,113,615**
Segment liabilities	5,616,361	376,148	13,528,451	17,673,111	857,315	1,607,603	77,304	**39,736,293**

*CIEL and Others consist of CIEL Limited, CIEL Corporate Services, Azur Financial Services and Rockwood Textile.

3. SEGMENT INFORMATION (CONT'D)

THE GROUP

Geographical information

	Revenues from External Customers		Non-Current Assets	
	2018	Restated 2017	**2018**	Restated 2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Mauritius	**16,026,736**	14,827,120	**29,362,094**	30,741,406
Madagascar	**2,330,403**	2,062,569	**8,802,364**	6,422,328
Asia	**2,333,900**	2,122,158	**901,477**	550,026
Maldives	**896,958**	210,925	**4,536,173**	4,507,963
South Africa	**293,241**	520,440	**5,260**	738
Others	**727,261**	917,350	**1,025,383**	273,456
	22,608,499	20,660,562	**44,632,751**	42,495,917

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

4. REVENUE

Accounting policies

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, value added taxes, rebates and other similar allowances and after eliminating sales within the Group.

Group

Sale of goods

Sales of goods are recognised when the goods are delivered and titles have passed, at which time all of the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be reliably measured;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of services are recognised in the accounting year in which the services are rendered (by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided). Income from the rendering of services include the following:

Type	**Timing of recognition**
Dividend income	When the shareholder's right to receive payment is established
Interest income	On a time-proportion basis using the effective interest method
Management fees	Accruals basis
Rental income	Accruals basis
Information and communication technology income	Accruals basis
Income from foreign exchange dealings	On a settlement basis
Fees and commission	Accruals basis

Company

The Company's main source of revenue is dividend income generated from its subsidiaries. Dividend is recognised when the shareholder's right to receive payment is established.

4. REVENUE (CONT'D)

	THE GROUP		THE COMPANY	
	2018	Restated 2017	**2018**	Restated 2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Revenue from:				
- Textile	**10,943,943**	10,509,069	**-**	-
- Hotel	**6,723,879**	6,007,115	**-**	-
- Banking	**2,321,989**	2,051,448	**-**	-
- Healthcare	**1,935,295**	1,667,030	**-**	-
- Agro & Property	**24,291**	-	**-**	-
Dividend income				
- Listed	**-**	-	**43,694**	-
- DEM	**1,053**	1,054	**248,792**	173,049
- Unquoted	**561**	4,584	**151,406**	225,816
Others:		-	**-**	-
Management and service fees	**576,403**	317,261	**-**	-
Rental income	**27,543**	33,671	**-**	-
Other income	**53,542**	69,330	**2,375**	3,494
	22,608,499	20,660,562	**446,267**	402,359

5. EARNINGS BEFORE INTERESTS, TAXATION, DEPRECIATION AND AMORTISATION

	THE GROUP		THE COMPANY	
	2018	Restated 2017	**2018**	Restated 2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Revenue	**22,608,499**	20,660,562	**446,267**	402,359
Profit on disposal of property, plant and equipment	**25,974**	22,312	**-**	-
Profit on disposal of investment in other financial assets	**7,053**	43,383	**6,053**	43,383
Investment and other write off	**-**	(3,986)	**-**	-
Other operating income	**268,547**	350,961	**-**	-
Net foreign exchange differences	**37,021**	51,290	**937**	1,187
Cost of sales - Textile	**(5,697,330)**	(5,056,218)	**-**	-
Cost of sales - Hotel	**(1,402,479)**	(1,307,161)	**-**	-
Cost of sales - Banking	**(578,109)**	(428,485)	**-**	-
Cost of sales - Healthcare	**(991,710)**	(587,649)	**-**	-
Cost of sales - Agro & Property	**(23,643)**	-	**-**	-
Employee benefit expenses (Note 7)	**(6,376,306)**	(5,996,042)	**-**	-
Management fees and services	**(244,339)**	(196,320)	**(49,254)**	(39,814)
Professional, legal and consultancy fees	**(109,373)**	(167,852)	**(14,337)**	(10,344)
Rental and leases	**(616,235)**	(687,040)	**-**	-
Logistics and utilities	**(1,431,727)**	(1,193,124)	**-**	-
Office expenses	**(247,853)**	(303,979)	**(3,642)**	(4,484)
Transport expenses	**(172,726)**	(141,457)	**-**	-
Marketing expenses	**(636,859)**	(575,884)	**-**	-
Repairs and maintenance	**(475,596)**	(503,706)	**-**	-
Social and events	**(45,521)**	(32,691)	**-**	-
Provision for impairment	**(118,013)**	(14,534)	**(5,656)**	(15,350)
Other expenses	**(865,148)**	(1,030,114)	**(15,100)**	(19,413)
	2,914,127	2,902,266	**365,268**	357,524
Increase in fair value of investment properties (Note 11)	**38,495**	241,880	**-**	-
Impairment on investment in associated companies (Note 15)	**-**	(137,918)	**-**	-
Closure, marketing launch, restructuring, branding and transaction costs (Note 8)	**-**	(160,748)	**-**	-
	2,952,622	2,845,480	**365,268**	357,524

6. NET FINANCE COSTS

	THE GROUP		THE COMPANY	
	2018	Restated 2017	**2018**	Restated 2017
Interest expense on:	**MUR'000**	MUR'000	**MUR'000**	MUR'000
Bank overdrafts	**(62,323)**	(59,663)	**(176)**	(685)
Loans repayable by instalments	**(235,561)**	(334,363)	**-**	(2,703)
Bills discounted	**(22,810)**	(24,373)	**-**	-
Import loans	**-**	(25,731)	**-**	-
Debentures	**(275,805)**	(171,214)	**-**	-
B shares dividend	**(5,599)**	(6,108)	**-**	-
Loans at call	**(69,592)**	(449)	**(18,422)**	(908)
Finance leases	**(23,638)**	(25,514)	**-**	-
Fixed rate secured notes	**(85,383)**	(56,815)	**(79,210)**	(56,815)
Other loans	**-**	(20,309)	**(531)**	-
Finance costs	**(780,711)**	(724,539)	**(98,339)**	(61,111)
Interest income on:				
Bank balances	**26,614**	38,359	**352**	-
Others	**-**	48	**6,125**	5,393
Finance income	**26,614**	38,407	**6,477**	5,393
Net finance costs	**(754,097)**	(686,132)	**(91,862)**	(55,718)

7. EMPLOYEE BENEFIT EXPENSE

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Wages and salaries	**5,213,120**	5,217,638
Social security costs	**590,203**	260,300
Pension costs - defined contribution plans	**144,122**	66,665
Pension costs - defined benefit plans	**59,681**	40,076
Other post-retirement benefits	**45,489**	72,060
Others	**323,691**	339,303
	6,376,306	5,996,042

8. CLOSURE, MARKETING LAUNCH, RESTRUCTURING, BRANDING AND TRANSACTION COSTS

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Closure costs	-	85,654
Marketing launch	-	17,562
Depreciation	-	20,922
Relocation and relaunching costs	-	36,610
	-	160,748

9. EARNINGS AND NET ASSETS PER SHARE

		THE GROUP		THE COMPANY	
		2018	Restated 2017	**2018**	Restated 2017
Basic and diluted earnings per share					
Profit attributable to owners of parent (MUR'000)		**441,817**	458,570	**272,806**	300,870
Weighted average number of ordinary shares		**1,627,254,987**	1,525,353,078	**1,627,254,987**	1,525,353,078
Earnings per share	**MUR**	**0.27**	0.30	**0.17**	0.20
Net asset value per share					
Owners' interest (MUR'000)		**14,386,057**	13,654,483	**13,951,996**	14,221,614
Number of shares in issue	**MUR**	**1,642,818,294**	1,526,878,008	**1,642,818,294**	1,526,878,008
Net asset value per share		**8.76**	8.94	**8.49**	9.31

10. PROPERTY, PLANT AND EQUIPMENT

Accounting policies

Land and buildings are stated at their fair value based on periodic valuations by Directors of the Group subsequent to valuation carried out by external valuers, less subsequent depreciation for buildings. 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 are stated at historical cost less depreciation. 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 Group and the cost of the item can be measured reliably.

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 revaluation surplus directly in equity; all other decreases are charged to profit or loss.

Properties in the course of construction for production and administrative purposes are carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets borrowing costs capitalised. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

	Rate per annum
Buildings	2% to 5%
Buildings on leasehold land	2%
Plant, equipment and machinery	10% to 20%
Motor vehicles and boats	20%
Furniture, fittings and equipment	5% to 20%
Farming buildings and equipment	2.5% to 10%
Office, computer and other equipment	10% to 33%

Land is not depreciated.

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted prospectively, if appropriate at end of each reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds to carrying amount and are included in profit or loss. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

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

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

THE GROUP	Restated Land and Buildings at Fair Value	Restated Assets Under Construction	Restated Plant and Machinery	Restated Motor Vehicles	Restated Furniture Fittings & Equipment	Restated Office and Other Equipment	Restated Deer Farming Buildings & Equipment	Restated Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
COST OR VALUATION								
At 1 July 2017	21,606,514	228,108	5,499,919	330,048	3,316,288	980,772	50,837	32,012,486
Revaluation surplus	41,408	-	-	-	-	-	-	41,408
Additions	492,328	263,454	263,288	75,136	260,005	62,005	4,264	1,420,480
Transfer to intangible assets (Note 12)	-	-	-	-	(5,183)	-	-	(5,183)
Transfer (to)/from work in progress	18,958	(48,193)	26,064	-	413	-	2,758	-
Transfer to non-current assets held for sale (Note 23)	(20,847)	-	-	-	-	-	-	(20,847)
Transfers	15,307	(36,064)	361,375	(2,276)	7,043	(348,925)	-	(3,540)
Write offs	(1,088)	-	(290,860)	(6,586)	(37,133)	(73,679)	-	(409,346)
Translation adjustment	(197,286)	(10,430)	(101,216)	(13,732)	(26,128)	(36,445)	-	(385,237)
Disposals	(20,732)	(352)	(26,788)	(14,664)	(6,595)	(4,528)	-	(73,659)
At 30 June 2018	**21,934,562**	**396,523**	**5,731,782**	**367,926**	**3,508,710**	**579,200**	**57,859**	**32,576,562**
DEPRECIATION								
At 1 July 2017	1,393,558	4,803	3,327,937	187,988	2,052,782	689,628	26,352	7,683,048
Revaluation surplus	(664,808)	-	-	-	-	-	-	(664,808)
Charge for the year	352,920	-	312,275	45,334	271,829	72,219	2,498	1,057,075
Transfers	(1,335)	-	248,011	(236)	1,292	(251,438)	293	(3,413)
Write offs	(959)	-	(285,589)	(6,120)	(36,482)	(73,592)	-	(402,742)
Translation adjustment	(59,901)	-	(40,420)	(7,933)	(17,929)	(28,828)	-	(155,011)
Disposal adjustment	(13,777)	-	(19,634)	(10,886)	(5,724)	(4,387)	-	(54,408)
At 30 June 2018	**1,005,698**	**4,803**	**3,542,580**	**208,147**	**2,265,768**	**403,602**	**29,143**	**7,459,741**
NET BOOK VALUES								
At 30 June 2018	**20,928,864**	**391,720**	**2,189,202**	**159,779**	**1,242,942**	**175,598**	**28,716**	**25,116,821**

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

(b) THE GROUP

	Land and Buildings at Fair Value	Assets Under Construction	Plant and Machinery	Motor Vehicles	Furniture Fittings & Equipment	Office and Other Equipment	Deer Farming Buildings & Equipment	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
COST OR VALUATION								
At 1 July 2016	19,807,137	730,215	5,000,591	278,915	2,780,686	880,317	47,096	29,524,957
Revaluation surplus	298,369	-	-	-	-	-	-	298,369
Additions	262,881	1,212,810	461,881	50,950	135,044	132,803	3,741	2,260,110
Acquisition of business operations	-	-	-	9,751	248,039	-	-	257,790
Transfer from investment properties (Note 11)	64,876	-	-	-	-	-	-	64,876
Transfer to intangible assets (Note 12)	-	(4,952)	-	-	-	(15,643)	-	(20,595)
Transfer (to)/from work in progress	4,336	(7,969)	3,412	-	221	-	-	-
Transfer to non-current assets held for sale (Note 23)	(19,334)	-	-	-	-	-	-	(19,334)
Transfers	1,213,624	(1,618,373)	209,946	8,062	207,594	(20,853)	-	-
Write offs	(469)	(80,205)	(100,976)	(838)	(47,198)	(3,232)	-	(232,918)
Translation adjustment	(23,988)	7,289	10,124	2,685	(6,080)	8,127	-	(1,843)
Disposals	(918)	(10,707)	(85,059)	(19,477)	(2,018)	(747)	-	(118,926)
At 30 June 2017	**21,606,514**	**228,108**	**5,499,919**	**330,048**	**3,316,288**	**980,772**	**50,837**	**32,012,486**
DEPRECIATION								
At 1 July 2016	1,136,747	4,803	3,214,815	164,216	1,878,957	625,639	23,973	7,049,150
Revaluation surplus	(72,788)	-	-	-	-	-	-	(72,788)
Charge for the year	315,506	-	262,321	41,127	221,814	88,859	2,379	932,006
Transfer to intangible assets	-	-	-	-	-	(2,457)	-	(2,457)
Transfers	415	-	24,637	-	(5)	(25,047)	-	-
Write offs	(465)	-	(94,570)	(838)	(47,161)	(3,184)	-	(146,218)
Translation adjustment	14,401	-	5,637	1,696	1,123	6,360	-	29,217
Disposal adjustment	(258)	-	(84,903)	(18,213)	(1,946)	(542)	-	(105,862)
At 30 June 2017	**1,393,558**	**4,803**	**3,327,937**	**187,988**	**2,052,782**	**689,628**	**26,352**	**7,683,048**
NET BOOK VALUES								
At 30 June 2017	**20,212,956**	**223,305**	**2,171,982**	**142,060**	**1,263,506**	**291,144**	**24,485**	**24,329,438**

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

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Net book value	**13,361,489**	13,482,910

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

(d) Leased assets included above also comprise the following:

	THE GROUP			
	Plant & Machinery MUR'000	**Motor Vehicles MUR'000**	**Furniture & Fittings MUR'000**	**Office Equipment MUR'000**
2018				
Cost - capitalised finance leases	124,361	31,375	1,606	-
Accumulated depreciation	(22,946)	(18,694)	(642)	-
Net book amount	**101,415**	**12,681**	**964**	**-**
2017				
Cost - capitalised finance leases	277,463	32,454	90,820	4,639
Accumulated depreciation	(142,965)	(25,131)	(57,805)	(4,639)
Net book amount	**134,498**	**7,323**	**33,015**	**-**

(e) Fair value of land and buildings

The Group carries its land and buildings at fair value. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and shown in 'revaluation surplus' in statements of changes in equity.

Details of the Group's land and buildings measured at fair value and information about the fair value hierarchy as at 30 June 2018 are as follows:

THE GROUP			
2018		2017	
Level 2	**Level 3**	Level 2	Level 3
MUR'000	**MUR'000**	MUR'000	MUR'000
2,653,151	18,275,713	2,628,972	17,583,984
2,653,151	**18,275,713**	**2,628,972**	**17,583,984**

The Group's main land and buildings were last revalued on 30 June 2017 and 2018.

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

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

Hotel segment

Freehold land and buildings were revalued on 30 June 2018 by Broll Indian Ocean Limited, Chartered Valuer. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. Freehold land have been valued taking into consideration comparable sales evidences. The basis of valuation in estimating the market value has been undertaken in accordance with the principles set out by the International Valuation Standards Committee as per the International Valuation Application 1 (IVA 1) which deals with Valuation for Financial Reporting and which is to be used in the context of International Accounting Standards (IASs) published by the International Accounting Standards Board (IASB). The buildings, structures and site improvement have been valued on a depreciated replacement cost basis taking into consideration their replacement cost, with adjustments being made for age and condition.

The following summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

	Valuation technique and key inputs	Sensitivity used	Effect on fair value	
			Level 2	Level 3
			MUR'000	MUR'000
Leasehold land improvement & buildings	Depreciated replacement cost approach	1% increase in current cost of replacing property	127,103	119,647
		1% decrease in current cost of replacing property	(127,103)	(119,647)
		1% increase in current cost of replacing property	5,168	(8,096)
Site improvements	Depreciated replacement cost approach	1% decrease in current cost of replacing property	(5,168)	8,096

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

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

Textile segment

During the year ended 30 June 2017, an independent valuation was performed by independent qualified valuers, 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) Sales comparison approach, and
(ii) Replacement cost less depreciation approach,
where 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 unobservable inputs based on the size, age and condition of the land and buildings, the state of the local economy and comparable prices where relevant.

Information about fair value measurements for the textile cluster using significant unobservable inputs

(Level 3)

Description	Fair Value at 30 June		Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs (Probability-weighted Average) and Relationship of Unobservable Inputs to Fair Value
	2018 MUR'000	2017 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			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. 1515151.51 / decimal for the land and Tk.850-Tk.1,075 per sq.ft for the 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

There were no transfer between level 1, 2 and 3 during the year.

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

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

Ferney Limited

At 30 June 2017, an independent valuation was performed by independent qualified valuers, Messrs Chasteau Doger de Spéville. The fair value of the land was derived using the sales comparison approach. Estimates of values for each category of land is based on land transactions in the vicinity.

Significant valuation input:	**Fair value 2017**	**Range**
	MUR'000	MUR'000
Price per hectare - land	997,024	473 - 9,476

The range relates to hunting ground, sugar cane fields with no future development plans, sugar cane fields earmarked for future development and land earmarked for sales. The higher the range, the higher the fair value.

Banking segment

At 30 June 2016, an independent valuation was performed by an independent qualified valuer, Ratsimbazafy Ihanta Evelyne for land and buildings located at the headquarters in Madagascar. Land and buildings in Madagascar have been revalued by Pack Immo, independent qualified valuers located elsewhere. The properties were valued at MUR 676M. The external valuations have been performed using sales comparison approach and depreciated replacement cost basis. The Directors have reassessed the values at 30 June 2017 and considered that the carrying value reflect the fair value.

Healthcare segment

The revalued land and buildings consist of office and clinic premises. Management determined that these constitute one class of assets under IFRS 13, based on the nature, characteristics and risks of the property

The Medical and Surgical Centre Limited Group revalued its land and building in June 2017. The valuation was performed by an independent valuer Noor Dilmohamed & Associates, Certified Practising Valuer, who has the appropriate qualification and experience in the fair value measurement of properties in the relevant location. Valuation is performed by the valuer using on-market comparable method, i.e it is based on latest available market prices, significantly adjusted for difference in nature, location or condition of the specific property. In 2018, the fair value of the land and building was not performed by an independent valuer. However, management had made an assessment of the fair value of land and buildings as the assets had not experienced volatile changes in fair value.

The IMG Group engaged Messrs PBR Real Estate Limited independent valuers to value its properties in October 2014. In 2018, the fair value of land and building was not performed by an independent valuer. However, management has made an assessment of the fair value of land and building as the assets have not experienced volatile changes in fair value. A full valuation exercise will be carried out in the next financial year.

The land and buildings are classified as level 3 on the fair value hierarchy.

Significant unobservable valuation input:		**The Group June 2018 / 2017 Range**
Land - Price per square metre (sqm)	MUR	3,000 - 4,850
Building - Price per square metre (sqm)	MUR	11,000 - 30,000

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis at 30 June 2018 and 2017 are shown below:

	Valuation technique(s) and key input(s)	**Sensitivity used**	**Effects on fair value**	
			2018	2017
			MUR'000	MUR'000
Land	On-market comparables	1% increase in price	**1,553**	1,553
		1% decrease in price	**(1,553)**	(1,553)
Building	On-market comparables	1% increase in price	**5,795**	5,795
		1% decrease in price	**(5,795)**	(5,795)

11. INVESTMENT PROPERTIES

Accounting policies

Investment properties, held to earn rentals or for capital appreciation or both and not occupied by the Group are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, representing open-market value as determined periodically by the Directors subsequent to the valuation carried out by external valuer.

Changes in fair values are included in profit or loss. When the use of property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

	THE GROUP	
	2018	2017
Fair value model	**MUR'000**	MUR'000
At 1 July	**1,575,640**	1,437,716
Additions	**601**	3,066
Disposals	**(2,037)**	(36,406)
Transfer (to)/from land & buildings (Note 10)	**-**	(64,876)
Transfer to non-current assets held for sale (Note 23)	**(50,522)**	(10,785)
Increase in fair value	**38,495**	241,880
Exchange differences	**(14,076)**	5,045
At 30 June	**1,548,101**	1,575,640

(a) In June 2017 the investment properties of Ferney Limited were revalued by Messrs Chasteau Doger De Spéville, a qualified valuer. The land was derived using the sales comparison approach by reference to land transactions in the vicinity.

The investment properties are classified as level 3 on the fair value hierarchy.

	Fair value	
Significant valuation input:	**2018**	**Range**
	MUR'000	**MUR'000**
Price per hectare - land	1,326,433	948 - 9,476

The range relates to sugar cane fields with no future development plans and land surrounding houses being rented. The higher the range, the higher the fair value.

(b) In April 2016, the investment properties of BNI Madagascar (subsidiary of CIEL Finance Limited) were fair valued by Cabinet Razafindratandra, an independent professionally qualified valuer. The fair value was determined on an open-market basis by reference to market evidence of transaction prices for similar properties. The Directors have reassessed the values at 30 June 2017 and 2018 and considered that the carrying value reflects the fair value.

12. INTANGIBLE ASSETS

Accounting policies

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill is tested annually for impairment. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives (4 - 5 years).

Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software controlled by the Group and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives, not exceeding 3 years.

(a) THE GROUP	Computer Software MUR'000	Development Cost MUR'000	Goodwill MUR'000	Total MUR'000
2018				
COST				
At 1 July 2017	593,298	11,764	3,266,372	3,871,434
Additions	84,120	3,015	-	87,135
Acquisition of business operations	-	-	6,972	6,972
Transfer from plant & equipment (Note 10)	7,495	(7,495)	5,183	5,183
Translation adjustment	(39,487)	(808)	6,447	(33,848)
Write-offs	(835)	-	-	(835)
At 30 June 2018	**644,591**	**6,476**	**3,284,974**	**3,936,041**
AMORTISATION				
At 1 July 2017	232,993	4,774	33,032	270,799
Charge for the year	95,189	800	-	95,989
Translation adjustment	(13,192)	(566)	-	(13,758)
Write-offs	(613)	-	-	(613)
At 30 June 2018	**314,377**	**5,008**	**33,032**	**352,417**
NET BOOK VALUES				
At 30 June 2018	**330,214**	**1,468**	**3,251,942**	**3,583,624**

12. INTANGIBLE ASSETS (CONT'D)

	Computer Software MUR'000	Development Cost MUR'000	Goodwill MUR'000	Total MUR'000
(b) THE GROUP				
2017				
COST				
At 1 July 2016	383,635	3,855	3,073,002	3,460,492
Additions	176,472	7,874	-	184,346
Acquisition of business operations	18,608	-	330,904	349,512
Transfer from plant & equipment (Note 10)	20,595	-	-	20,595
Translation adjustment	8,251	35	(137,534)	(129,248)
Write-offs	(14,263)	-	-	(14,263)
At 30 June 2017	**593,298**	**11,764**	**3,266,372**	**3,871,434**
AMORTISATION				
At 1 July 2016	191,019	3,855	33,032	227,906
Transfer from plant & equipment	2,457	-	-	2,457
Charge for the year	50,639	938	-	51,577
Translation adjustment	2,222	(19)	-	2,203
Write-offs	(13,344)	-	-	(13,344)
At 30 June 2017	**232,993**	**4,774**	**33,032**	**270,799**
NET BOOK VALUES				
At 30 June 2017	**360,305**	**6,990**	**3,233,340**	**3,600,635**

(c) Goodwill relating to the Hotel segment, has been allocated for impairment testing purposes to the following cash generating units ('CGU') :

	2018 MUR'000	2017 MUR'000
Tour Operator CGU - Solea Vacances SA and others (note i)	**7,543**	7,428
Hotel Property CGU - Property companies - Maldives (note i)	**1,697,462**	1,691,130
Hotel Property CGU - Anahita Hotel Limited (note ii)	**223,689**	223,689
	1,928,694	1,922,247

Management has assessed the recoverable amounts, as at 30 June 2018 of cash generating units (CGUs) to which goodwill has been allocated and CGUs that have indicators for impairment. Note 7 sets out the CGUs to which goodwill has been allocated for impairment testing purposes.

The growth in revenue is based on management's best estimates of the occupancy rates and the average daily room rates the Group for the year, taking into consideration historical entity specific data and future sales strategies. Room departmental profits are based on historical entity specific data and the anticipated improvement in cost optimisation strategies.

The rate used to discount the cash flows is the weighted average cost of capital ('WACC') and reflects the risks specific to each GCU, taking into consideration the time value of money, individual risks of the underlying assets that have not been incorporated in the cash flow estimates, the specific circumstances of the CGU and the estimated evolution of the cost of debt and cost of equity. The discount rates used varied between 10.19% and 11.10% (2017: 9.42% - 11.10%).

The terminal value has been computed by discounting the free cash flows prevailing at the end of the 5-year projection, using a perpetual growth rate of 3%.

12. INTANGIBLE ASSETS (CONT'D)

(c) Goodwill relating to the Hotel segment, has been allocated for impairment testing purposes to the following cash generating units ('CGU') (Cont'd)

(i) Hotel property CGU: Property Companies - Maldives

As at 30 June 2018, the recoverable amount of the hotel property CGU in Maldives which was determined based on the key assumptions in the table below, exceeded its net carrying amount by MUR 446 million. The following reasonable change in material assumptions may lead to a situation where the recoverable amount of the CGU equates to its net carrying amount

	SRL Kanuhura Limited	
	Assumptions	**Sensitivities**
Occupancy rate	56% to 68%	Decrease by 7.4%
Departmental profit	84% to 88%	Decrease by 6.0%
Change in WACC	11.10%	Increase of 1.0%

Hotel Property CGU - Long Beach Resort Limited

As at 30 June 2018, the hotel property CGU of Long Beach Resort Limited had non-current assets in the form of property, plant and equipment and intangibles of MUR 2.8 billion. Its recoverable amount of the hotel property CGU of Long Beach Resort Limited was determined based on the key assumptions in the table below and exceeded its net carrying amount by MUR 446 million. The following reasonable change in material assumptions may lead to a situation where the recoverable amount of the CGU equates to its net carrying amount:

	Long Beach Resort Limited	
	Assumptions	**Sensitivities**
Occupancy rate	73% to 78%	Decrease by 2.9%
Departmental profit	80% to 85%	Decrease by 2.7%
Change in WACC	10.19%	Increase of 0.5%

(d) Goodwill relating to the Healthcare segment, has been allocated for impairment testing purposes to the following cash generating units ('CGU'):

		2018	2017
		MUR'000	MUR'000
		476,731	476,731
IMG Group	(i)	**590,946**	578,791
Medical & Surgical Centre Group	(ii)	**1,067,677**	1,055,522

(i) The recoverable amounts of these cash-generating units are determined based on fair value less cost to sell. The expected future cash flows for 10 years have been discounted at an appropriate discount rate and added to the estimated terminal value. The discount rate calculation is based on specific circumstances of the cash generating units and a rate of **17.5%** (2017: 15.55%) has been estimated. The terminal value has been computed by capitalising the net income prevailing at the end of the cash flow projections, using a growth rate of 9.9% (2017: 5%) and discounting at an appropriate rate.

Valuation Technique	**Unobsevable inputs**	**Range of inputs**		**Impact**	**2018**	2017
		2018	2017		**MUR'M**	MUR'M
Discounted cash flows	Discount rate	17.50%	15.55%	+/-1% point	(79)/104	(61)/74
	Growth rate	9.90%	5%	+/-1% point	91/(70)	31/(26)

12. INTANGIBLE ASSETS (CONT'D)

(d) Goodwill relating to the Healthcare segment, has been allocated for impairment testing purposes to the following cash generating units ('CGU') (Cont'd)

(ii) The goodwill is attributable to the workforce and expected synergies of acquired businesses. The balance consists of a goodwill of MUR 240M for which the recoverable amount of this cash-generating unit has been determined using its fair value, as it is a quoted company.

The recoverable amount of the cash-generating units for the remaining balance of MUR 351M has been determined based on their value in use. These calculations use cash flow projections based on financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projections is 11% (2017: 11%).

Management has used its past experience in determining the value of each assumption. As a result of the analysis, management did not identify any impairment.

(e) Goodwill amounting to MUR 256M relates to CGUs operating in the financial services segment. The Directors have reviewed the carrying amount of the goodwill and are of opinion that it has not suffered any impairment.

Impairment tests for goodwill

A segment-level summary of the goodwill allocation is presented below.

	2018 **MUR '000**	2017 MUR '000
Indian Ocean Financial Holdings Limited (Group)	**71,381**	71,381
Investment Professionals Limited	**17,712**	17,712
Mitco Group Limited	**166,478**	166,478
	255,571	255,571

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2018 and 2017 reporting period, the recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use dividend payout projections based on financial budgets approved by management covering three – five years. Dividend payouts beyond the three - five year period are extrapolated using growth rates consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

2018	**BNI Madagascar SA**	**Investment Professionals Limited**	**Mitco Group Limited**
Risk-free rate (%)	13.00%	5.00%	5.00%
Equity beta	1.00	1.00	1.00
Specific risk premium (%)	4.00%	1.00%	1.00%
Equity market risk premium (%)	7.30%	6.72%	6.72%
Weighted Average Cost of Capital (%)	24.30%	17.72%	12.72%
Growth (%)	2.00%	3.00%	3.00%
Model	Dividend Discount Model	Dividend Discount Model	Dividend Discount Model
Number of years	4	3	3

12. INTANGIBLE ASSETS (CONT'D)

(e) Impairment tests for goodwill (Cont'd)

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determining values
Risk-free rate (%)	Reflects the risk-free rate applicable to the country, for instance, the 10-year bond rate.
Equity beta	Volatility of a stock compared to the market. Applicable rate in country used.
Specific risk premium (%)	Return in excess of the risk free rate that an asset is supposed to yield based on country in which the investment operates as well as its segment.
Weighted Average Cost of Capital (%)	Firm's cost of capital and is not determined by management but rather by external factors. However, this is validated against the general risk appetite framework put in place by the controlling shareholder.
Growth (%)	Based on forecasts and business plans of the investee company.

Significant estimate: Impact of possible changes in key assumptions

2018	BNI Madagascar SA	Investment Professionals Limited	Mitco Group Limited
Weighted Average Cost of Capital (%)	+ 5%	+ 5%	+ 5%
Impact on Goodwill	Nil	Nil	Nil

13. INVESTMENTS IN SUBSIDIARY COMPANIES

Accounting policies

Separate financial statements

In the separate financial statements of the investor, investments in subsidiary companies are carried at fair value. The carrying amount is reduced to recognise any impairment in the value of individual investments. Gains and losses arising on the fair value of investments are recognised in other comprehensive income.

Consolidated financial statements

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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between 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.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount being recognised in profit and 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 and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Fair value hierarchy

This section explains the judgements and estimates made in determining fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its investments in subsidiaries into the three levels prescribed under the accounting standards.

(a) **THE COMPANY**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
VALUATION	**Level 1**	**Level 2**	**Level 3**	**Total**
At 1 July 2017 (as restated)	**-**	**2,866,600**	**12,235,754**	**15,102,354**
Additions	**-**	**1,641,507**	**447,345**	**2,088,852**
Redemption	**-**	**-**	**(140,588)**	**(140,588)**
Disposals	**-**	**-**	**-**	**-**
Fair value adjustment	**-**	**(183,930)**	**(860,808)**	**(1,044,738)**
Transfers	**4,324,177**	**534,578**	**(4,858,755)**	**-**
At 30 June 2018	**4,324,177**	**4,858,755**	**6,822,948**	**16,005,880**

13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

THE COMPANY	MUR'000	MUR'000	MUR'000	MUR'000
VALUATION	Level 1	Level 2	Level 3	Total
At 1 July 2016 (as restated)	-	2,474,315	11,196,377	13,670,692
Additions	-	-	5,299	5,299
Write-off	-	-	(1,250)	(1,250)
Fair value adjustment	-	392,286	1,035,328	1,427,613
At 30 June 2017 (as restated)	-	2,866,600	12,235,754	15,102,355

(i) On 20 July 2017, CIEL Limited acquired an additional 32,755,024 shares in CIEL Textile Limited under the Voluntary Takeover Scheme, for a total consideration of MUR 1.6bn, payable 50% as a cash consideration amounting to MUR 818.9M and 50% in shares in CIEL Limited equivalent to 113,725,443 new ordinary shares worth MUR 818.9M, thus increasing its shareholding from 56.31% to 88.48%. The implications on the statement of change in equity were to reduce the non-controlling interest by MUR 1,429M and reducing the retained earnings by MUR 212M.

(ii) On 28 August 2017, Sun Limited successfully completed a rights issue of 19,129,924 new ordinary shares and a Private Placement of 28,684,380 new ordinary shares both at an issue price of MUR 39.00 per share thus raising MUR 1.86bn and reducing CIEL's stake in Sun Limited from 59.96% to 50.10%. The net implications on the statement of change in equity were to increase the non-controlling interest by MUR 741M and reducing the retained earnings by MUR 294M.

(iii) During the year, the Group's shareholding in CIEL Healthcare Limited decreased from 53.88% to 53.03%. An amount of MUR 10.9 million has been transferred from retained earnings to Non-Controlling interest.

Specific valuation techniques used to value the Company's investments include:

Level 1 investments - Unadjusted quoted prices have been used to value these investments.

Level 2 investments - The quoted prices, adjusted by a 10% premium, have been used to value these investments in 2018.

This is explained by the fact that the Company holds a controlling stake in these subsidiaries and would expect to offer such a premium, should it wish to acquire more shares in these entities. This premium falls within the range of those offered on previous similar transactions.

In 2017, the value of the level 2 investments was based on a recent transaction.

Level 3 investments - The net asset value has been used to value the level 3 investments. These represent intermediate investment holding companies, which have also accounted for their respective investments at fair value using appropriate valuation techniques.

There were transfers between the three levels for recurring fair value measurements during the year. The Group's and Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Transfers between levels 1 and 2

In 2018, the Company transferred the investment in a listed entity from level 2 to level 1. In 2017, the Directors deemed that the price of MUR 50, used for the acquisition of additional shares in its investment in July 2017, was most reflective of the fair value of its investment at 30 June 2017. The price of this transaction was published on the entity's website, and was thus observable to the public. In 2018, in the absence of a recent transaction, the Group has used the unadjusted quoted price to value its investment.

13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Transfers between levels 2 and 3

In 2017, the Company valued the investment in one of its quoted entities using a third party valuation performed in the context of a recent transaction. This valuation was not directly observable to the public and as such, was deemed to be a level 3 investment. In 2018, in the absence of a recent valuation, the Company has used the quote price, adjusted by a 10% premium.

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair Value at	Valuation Technique	Unobservable Inputs	Range of Inputs	
	30 June 2018	**30 June 2018**	**30 June 2018**	**30 June 2018**	
	MUR'000				
CIEL Finance Limited	2,602,435	Price-earnings ratio	Price-earnings ratio	10.96	(i)
		Dividend discount model	Weighted-average cost of capital	24.30%	(ii)

Relationship of unobservable inputs to fair value

(i) Increase in PE ratio by 2.5 would increase fair value by MUR 68M.
(ii) Increase in the WACC by 5% would decrease fair value by MUR 233M.

CIEL Agro & Property Limited and CIEL Healthcare Limited hold mainly investments in two quoted entities, which have been valued using the prevailing quoted price.

Valuation process

Management performs the valuation of the investment portfolio and reports directly to the Audit & Risk Committee. Discussions of valuation processes and results are held between the management team and the Audit & Risk Committee on a quarterly basis, in line with the Group's quarterly reporting periods.

The main level 3 inputs used by the Group are derived and evaluated as follows:

(i) The Price Earnings Multiple applied to value the investment is derived from the applicable multiple for the banking and insurance sector on the Official Market in Mauritius, as there are no similar companies listed on the market – this is then adjusted by a liquidity discount and a control premium, as needed.

(ii) The weighted average cost of capital applied to value the investment is determined using inputs that reflect current market conditions and the risk specific to this particular investment.

Changes in level 2 and level 3 fair values are analysed at the end of each reporting period during the quarterly valuation discussion between the CFO, Audit & Risk Committee and the valuation team.

The portfolio is revalued on a quarterly basis and movements in fair value are explained to the Audit & Risk Committee.

13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) The list of the Group's significant subsidiaries is as follows:

Name of subsidiary company	Class of Shares	Year End	Denominated Currency	Stated Capital 2018	Stated Capital 2017
CIEL LIMITED				**000's**	**000's**
CIEL Agro & Property Limited	Ordinary	30 June,	MUR	3,346,260	3,067,318
CIEL Corporate Services Limited	Ordinary	30 June,	MUR	25	25
CIEL Finance Limited	Ordinary	30 June,	MUR	1,933,231	1,933,231
CIEL Healthcare Limited	Ordinary	30 June,	MUR	2,647,339	1,490,895
CIEL Textile Limited	Ordinary	30 June,	MUR	685,865	685,865
Rockwood Textiles Limited	Ordinary	30 June,	MUR	1	9,637
Sun Limited	Ordinary	30 June,	MUR	5,084,284	3,249,287

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

2018	Current Assets MUR'000	Non-Current Assets MUR'000	Current Liabilities MUR'000	Non-Current Liabilities MUR'000
CIEL Textile Limited - Group	**6,669,243**	**4,211,997**	**5,736,961**	**528,193**
Sun Limited - Group	**1,670,968**	**21,204,033**	**2,330,258**	**9,681,422**
CIEL Finance Limited - Group	**15,339,084**	**10,260,181**	**20,018,481**	**1,544,286**
CIEL Healthcare Limited - Group	**689,907**	**2,525,229**	**790,054**	**872,038**

Summarised cash flow information:

2018	Operating Activities MUR'000	Investing Activities MUR'000	Financing Activities MUR'000	Net Increase/(decrease) in Cash and Cash Equivalents MUR'000
CIEL Textile Limited - Group	**39,176**	**(502,147)**	**149,234**	**(313,737)**
Sun Limited - Group	**1,068,648**	**(805,444)**	**(48,818)**	**214,386**
CIEL Finance Limited - Group	**2,703,711**	**(196,445)**	**(280,724)**	**2,226,542**
CIEL Healthcare Limited - Group	**226,678**	**(98,964)**	**(9,403)**	**118,671**

	Profit Allocated to Non-Controlling Interests During the Year MUR'000	Accumulated Non-Controlling Interests at 30 June 2017 MUR'000
CIEL Textile Limited - Group	**111,310**	**817,393**
Sun Limited - Group	**137,627**	**5,840,076**
CIEL Finance Limited - Group	**474,957**	**2,018,149**
CIEL Healthcare Limited - Group	**34,393**	**880,893**

The summarised financial information above is the amount before intra-group eliminations.
For subsidiary companies having a different reporting date, management accounts have been prepared as at 30 June.

Percentage Holding 2018 Direct	Percentage Holding 2017 Direct	Proportion of ownership interests held by non- controlling interests 2018	Proportion of ownership interests held by non- controlling interests 2017	Country of Incorporation	Main Business
%	%	%	%		
100.00	100.00	-	-	Mauritius	Investment
100.00	100.00	-	-	Mauritius	Management Services
75.10	75.10	24.90	24.90	Mauritius	Investment
53.03	53.88	46.97	46.12	Mauritius	Investment
88.48	56.31	11.52	43.69	Mauritius	Investment
100.00	100.00	-	-	Mauritius	Property
50.10	59.96	49.90	40.04	Mauritius	Investment

Revenue MUR'000	Profit/ (Loss) for the Year MUR'000	Other Comprehensive Income MUR'000	Dividend Paid to Non Controlling Interests MUR'000
10,943,943	**317,277**	**(109,089)**	**70,561**
6,723,879	**194,067**	**702,149**	**44,018**
2,611,071	**742,247**	**(277,004)**	**304,931**
2,263,697	**(62,711)**	**7,450**	**-**

13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

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

2017	Current Assets MUR'000	Non-Current Assets MUR'000	Current Liabilities MUR'000	Non-Current Liabilities MUR'000	Revenue MUR'000	Profit/ (Loss) for the Year MUR'000	Other Comprehensive Income MUR'000	Dividend Paid to Non Controlling Interests MUR'000
CIEL Textile Limited - Group	6,148,404	4,201,086	4,986,803	629,558	10,509,069	561,511	(67,537)	260,674
Sun Limited - Group	1,621,838	20,126,432	2,973,521	10,554,929	6,007,284	(112,059)	(211,977)	274
CIEL Finance Limited - Group	14,064,078	7,543,868	16,618,985	1,054,126	1,917,369	648,251	3,801	322,209
CIEL Healthcare Limited - Group	495,802	2,554,836	799,403	669,270	1,730,075	(193,537)	29,288	7,079

Summarised cash flow information:

2017	Operating Activities MUR'000	Investing Activities MUR'000	Financing Activities MUR'000	Net Increase/ (Decrease) in Cash and Cash Equivalents MUR'000
CIEL Textile Limited - Group	674,018	(602,553)	(75,580)	(4,115)
Sun Limited - Group	381,592	(1,276,049)	1,742,817	171,437
CIEL Finance Limited - Group	(54,828)	(343,473)	(178,683)	(576,984)
CIEL Healthcare Limited - Group	40,174	(683,969)	741,352	97,557

	Profit Allocated to Non-Controlling Interests During the Year MUR'000	Accumulated Non-Controlling Interests at 30 June 2017 MUR'000
CIEL Textile Limited - Group	303,248	2,232,359
Sun Limited - Group	(47,452)	3,766,541
CIEL Finance Limited - Group	435,567	2,169,090
CIEL Healthcare Limited - Group	(95,457)	892,505

The summarised financial information above is the amount before intra-group eliminations.

14. INVESTMENTS IN JOINT VENTURES

Accounting policies

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Separate financial statements

In the separate financial statements of the investor, investments in joint ventures are carried at fair value. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

Joint ventures are accounted for using the equity method (refer to Note 14).

	2018 MUR'000	2017 MUR'000
(a) THE GROUP		
At 1 July	**1,367,847**	1,226,806
Additions	**-**	19,318
Movement in reserves	**(42,185)**	(5,458)
Share of results	**272,237**	140,181
Dividend	**(39,550)**	(13,000)
At 30 June	**1,558,349**	1,367,847

	2018 MUR'000	2017 MUR'000
Made up as follows:		
Net assets	**1,383,864**	1,193,362
Goodwill	**174,485**	174,485
	1,558,349	1,367,847

(b) THE COMPANY	2018 MUR'000	2017 MUR'000
Unlisted	**Level 3**	Level 3
At 1 July	**45,000**	45,000
Write-off	**-**	-
Fair value adjustment	**-**	-
At 30 June	**45,000**	45,000

The fair value has been based on an independent valuer's report.
The Directors are of the opinion that there were no indicators of impairment on the investment in joint venture at year end.

14. INVESTMENTS IN JOINT VENTURES (CONT'D)

(c) The results of the joint ventures, all of which were incorporated in Mauritius and unlisted, have been included in the consolidated financial statements.

Details of the joint ventures are as follows:

Name of Joint Ventures	Year End / Reporting Date	Effective Percentage Holding Direct	Effective Percentage Holding Indirect	Principal Activity
		%	%	
2018				
Anahita Residence and Villas Limited	June	50%	-	Hotels and Resorts
Bank One Limited	December	-	37.55%	Banking
Domaine de l'Etoile Limited	June	-	50%	Leisure
2017				
Anahita Residence and Villas Limited	June	50%	-	Hotels and Resorts
Bank One Limited	December	-	37.55%	Banking
Domaine de l'Etoile Limited	June	-	50%	Leisure

For the joint ventures having a different reporting date, management accounts have been prepared as at 30 June 2018 and 2017 respectively.

The Directors have concluded that the Group has joint control over Bank One Limited. This is because the Group is the largest shareholder of CIEL Finance Limited, which has joint control over Bank One Limited.

14. INVESTMENTS IN JOINT VENTURES (CONT'D)

(d) Summarised financial information in respect of each of the joint ventures is set out below:

	Assets	Liabilities	Revenue	Profit/ (Loss) for the Year	Share of Profit/(Loss)	Other Comprehensive Income
2018	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Anahita Residence and Villas Limited	**603,975**	**441,566**	**321,775**	**7,074**	**4,258**	**(4,161)**
Bank One Limited	**31,401,749**	**28,755,453**	**1,203,635**	**535,522**	**267,761**	**(80,210)**
Domaine de l'Etoile Limited	**2,399**	**8,973**	**2,858**	**437**	**219**	**-**
					272,237	
2017						
Anahita Residence and Villas Limited	621,888	463,582	223,978	(34,175)	(17,088)	(1,709)
Bank One Limited	27,188,518	24,918,434	1,050,408	314,623	157,312	(8,977)
Domaine de l'Etoile Limited	2,399	8,973	2,252	(86)	(43)	(230)
					140,181	

The above amounts of assets, liabilities and results include the following:

	Cash & Cash Equivalents	Non-Current Financial Liabilities	Current Financial Liabilities	Depreciation & Amortisation	Interest Income	Interest Expense	Income Tax
2018	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Anahita Residence and Villas Limited	**1,263**	**313,901**	**124,260**	**24,189**	**-**	**18,679**	**4,233**
Bank One Limited	**4,167,889**	**-**	**28,755,453**	**47,648**	**1,203,635**	**372,312**	**(31,141)**
Domaine de l'Etoile Limited	**-**	**-**	**7,401**	**244**	**-**	**23**	**-**
2017							
Anahita Residence and Villas Limited	1,505	334,441	119,786	19,147	-	9,452	-
Bank One Limited	5,576,102	23,873,297	1,045,137	37,573	1,050,408	350,534	(44,671)
Domaine de l'Etoile Limited	-	-	8,908	365	-	60	-

14. INVESTMENTS IN JOINT VENTURES (CONT'D)

(e) Reconciliation of the summarised financial information to the carrying amount recognised in the financial statements:

	Opening Net Assets MUR'000	Issue of Shares MUR'000	Dividends MUR'000	Profit/ (Loss) for the Year MUR'000	Other Comprehensive for the Year MUR'000	Closing Net Assets MUR'000	Ownership Interest MUR'000	Goodwill MUR'000	Interest in Joint ventures MUR'000
2018									
Anahita Residence and Villas Limited*	**123,214**	**-**	**-**	**8,516**	**(4,161)**	**127,569**	**63,785**	**-**	**63,785**
Bank One Limited	**2,270,084**	**-**	**(79,100)**	**535,522**	**(80,210)**	**2,646,296**	**1,323,148**	**174,485**	**1,497,633**
Domaine de l'Etoile Limited	**(6,574)**	**-**	**-**	**437**		**(6,137)**	**(3,069)**	**-**	**(3,069)**
							1,383,864	**174,485**	**1,558,349**
2017									
Anahita Residence and Villas Limited*	120,462	38,636	-	(34,175)	(1,709)	123,214	61,607	-	61,607
Bank One Limited	1,990,438	-	(26,000)	314,623	(8,977)	2,270,084	1,135,042	174,485	1,309,527
Domaine de l'Etoile Limited	(6,258)	-	-	(86)	(230)	(6,574)	(3,287)	-	(3,287)
							1,193,362	174,485	1,367,847

All the joint ventures operate in Mauritius.

*The Company has undertaking towards the banks to meet the future cash-flow requirements of the investee Company.

15. INVESTMENTS IN ASSOCIATES

Accounting policies

Separate financial statements

In the separate financial statements of the investor, investments in associates are carried at fair value.

Any change in fair value is recognised in other comprehensive income. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method except when classified as held-for-sale. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

Any excess of the cost of acquisition and the Group's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

	2018 MUR'000	Restated 2017 MUR'000
(a) THE GROUP		
At 1 July	**4,611,465**	5,068,765
Disposal	**-**	(141,750)
Loan converted to equity	**-**	37,300
Share of results	**74,084**	88,269
Dividends	**(52,070)**	(54,739)
Additions	**5,611**	10,810
Redemption	**(12,960)**	-
Impairment	**-**	(137,918)
Movement in reserves	**121,551**	(259,272)
Other	**(961)**	-
At 30 June	**4,746,720**	4,611,465

Disposal relates to non-cash transactions.

15. INVESTMENTS IN ASSOCIATES (CONT'D)

	2018 MUR'000	Restated 2017 MUR'000
Made up as follows:		
Net assets	**4,617,576**	4,483,418
Goodwill	**129,144**	128,047
	4,746,720	4,611,465
Group's share of net assets		
Listed	**3,476,065**	3,320,625
Unquoted	**1,141,511**	1,162,793
	4,617,576	4,483,418

(b) THE COMPANY

	Level 3 Unquoted MUR'000	TOTAL 2018 MUR'000	2017 MUR'000
At 1 July	**28,026**	**28,026**	54,373
Fair value adjustment	**(812)**	**(812)**	(26,347)
At 30 June	**27,214**	**27,214**	28,026

(c) The results of the following associated companies, all of which were incorporated in Mauritius, have been included in the consolidated financial statements.

Details of the associates are as follows:

Name of associates	Year End / Reporting Date	Effective Percentage Holding Indirect 2018	Indirect 2017	Direct 2018	Direct 2017	Principal Activity
Alteo Limited	June	**20.96%**	20.96%	**-**	-	Agro-Property
Laboratoire Internationale Bio Analyse Ltée	June	**35.00%**	18.86%	**-**	-	Healthcare
Hygeia Nigeria Limited	December	**12.09%**	12.29%	**-**	-	Healthcare
Jersey Hygeia Investments Limited	December	**12.80%**	13.01%	**-**	-	Healthcare
Procontact Limited	June	**-**	-	**33.37%**	33.37%	Call Centre
The Kibo Fund LLC	December	**29.79%**	29.79%	**-**	-	Investment Entity
Kibo Capital Partners Limited	December	**37.55%**	37.55%	**-**	-	Fund Management
EastCoast Hotel Investment Limited	June	**15.03%**	17.99%	**-**	-	Investment Holding

For the associates having a different reporting date, management accounts have been prepared as at 30 June 2017 and 2016 respectively.

The Directors confirm that the Company has significant influence over the above associates despite holding less than 20%, through their controlling interests in CIEL Finance, CIEL Healthcare and Sun Limited.

15. INVESTMENTS IN ASSOCIATES (CONT'D)

(d) Summarised financial information in respect of each of the associates is set out below:

	Current Assets MUR'000	Non-Current Assets MUR'000	Current Liabilities MUR'000	Non-Current Liabilities MUR'000	Revenue MUR'000	Profit/(Loss) for the Year Attributable to Shareholders MUR'000	Share of Profit/(Loss) MUR'000	Dividends Received during the Year MUR'000
2018								
Alteo Limited	**6,616,133**	**23,827,402**	**5,169,584**	**6,238,471**	**8,176,275**	**397,818**	**83,383**	**52,069**
Laboratoire Internationale Bio Analyse Ltée	**5,227**	**3,105**	**7,885**	**361**	**19,857**	**466**	**163**	**-**
HNL Investment Limited (Group)	**686,448**	**892,834**	**492,237**	**56,667**	**1,271,407**	**(39,419)**	**(8,991)**	**-**
Procontact Limited	**56,551**	**9,090**	**11,495**	**1,923**	**131,196**	**5,630**	**1,879**	**-**
The Kibo Fund LLC	**9,168**	**633,701**	**16,936**	**19,371**	**1,225**	**(6,653)**	**(2,639)**	**-**
Kibo Capital Partners Limited	**42,828**	**12,299**	**10,128**	**6,210**	**47,946**	**580**	**290**	**-**
EastCoast Hotel Investment Limited	**2,341,483**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
							74,084	
Restated 2017								
Alteo Limited	5,398,753	23,137,646	4,533,721	5,539,015	8,929,348	410,771	86,098	54,739
Laboratoire Internationale Bio Analyse Ltée	3,954	4,999	8,495	1,573	15,757	(2,080)	(728)	-
HNL Investment Limited (Group)	612,059	802,446	374,018	364,354	1,070,367	(10,540)	(2,404)	-
Procontact Limited	55,798	16,100	4,094	8,778	132,497	4,244	1,416	-
The Kibo Fund LLC	11,109	768,076	13,535	20,677	8,194	(7,380)	(2,928)	-
Kibo Capital Partners Limited	39,277	6,941	10,614	4,488	61,994	16,431	8,215	-
Anahita Golf Limited	-	-	-	-	-	(5,600)	(1,400)	-
EastCoast Hotel Investment Limited	2,341,483	-	-	-	83,914	-	-	-
							88,269	

15. INVESTMENTS IN ASSOCIATES (CONT'D)

Reconciliation of the summarised financial information to the carrying amount recognised in the financial statements:

	Opening Net Assets	Redemption/ Issue of Shares	Other Movement	Results Net of Dividends	Other Comprehensive Income for the Year	Closing Net Assets	Ownership Interest	Goodwill	Interest in Associates
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2018									
Alteo Limited	**15,843,071**	**12,863,450**	**(12,863,450)**	**149,394**	**592,213**	**16,584,678**	**3,476,150**	**-**	**3,476,150**
Laboratoire Internationale Bio Analyse Limitée	**-**	**4,857**	**-**	**466**	**-**	**5,323**	**1,863**	**-**	**1,863**
Hygeia Nigeria Limited	**912,291**	**124**	**-**	**(39,419)**	**157,386**	**1,030,382**	**235,144**	**117,293**	**352,437**
Procontact Limited	**42,660**	**-**	**(3,003)**	**5,752**	**-**	**45,409**	**15,153**	**11,851**	**27,004**
The Kibo Fund LLC	**560,798**	**-**	**(29,366)**	**(6,653)**	**(102,392)**	**422,387**	**167,351**	**-**	**167,351**
Kibo Capital Partners Limited	**31,115**	**-**	**5,201**	**580**	**1,892**	**38,788**	**19,470**	**-**	**19,470**
EastCoast Hotel Investment Limited	**2,632,367**	**-**	**-**	**-**	**-**	**2,632,367**	**702,445**	**-**	**702,445**
							4,617,576	**129,144**	**4,746,720**
Restated 2017									
Alteo Limited	15,879,382	-	(38,183)	150,788	(148,916)	15,843,071	3,320,708	-	3,320,708
Laboratoire Internationale Bio Analyse Limitée	2,080	-	-	(2,080)	-	-	-	-	-
Hygeia Nigeria Limited	961,044	14,617	-	(10,540)	(52,830)	912,291	208,138	116,196	324,334
Procontact Limited	38,416	-	-	4,244	-	42,660	14,236	11,851	26,087
The Kibo Fund LLC	699,069	22,173	-	(7,380)	(153,064)	560,798	222,259	-	222,259
Kibo Capital Partners Limited	11,214	4,299	-	16,431	(829)	31,115	15,633	-	15,633
EastCoast Hotel Investment Limited	2,341,483	-	-	-	-	2,341,483	702,445	-	702,445
							4,483,418	128,047	4,611,465

All the associates operate in Mauritius.

The fair value of the Company's interest in associates at 30 June 2018 which are listed / quoted on the Stock Exchange of Mauritius is as follows:

	2018	2017
	MUR'000	MUR'000
Alteo Limited	**1,680,233**	2,256,331

16. INVESTMENTS IN OTHER FINANCIAL ASSETS

Accounting policies

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

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs, and subsequently measured at fair value. Investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured are measured at cost.

Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income. When the financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses on financial assets.

Available-for-sale

The movement in investments in financial assets are summarised as follows:

(a) THE GROUP	2018				2017
	Level 1	Level 1 DEM	Level 3		
	Listed	Quoted	Unquoted	Total	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July	8	24,854	229,872	254,734	225,993
Additions	10.00	26	52,000	52,036	172,233
Translation difference	-	-	(1,091)	(1,091)	560
Disposals	-	(1)	(13,988)	(13,989)	(38,775)
Write-offs	-	-	-	-	(3,986)
Fair value adjustment	-	3,216	88,070	91,286	(101,291)
At 30 June	18	28,095	354,863	382,976	254,734

Additions include MUR Nil relating to non-cash transactions (2017: MUR 141M).

(b) THE COMPANY	2018				Restated 2017
	Level 1	Level 1 DEM	Level 3		
	Listed	Quoted	Unquoted	Total	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July	-	24,854	68,852	93,706	156,366
Redemption	-	-	(13,946)	(13,946)	(3,371)
Disposals	-	-	-	-	(25,837)
Write-offs	-	-	-	-	(3,986)
Fair value adjustment	-	3,216	3,787	7,003	(29,466)
At 30 June	-	28,070	58,693	86,763	93,706

16. INVESTMENTS IN OTHER FINANCIAL ASSETS (CONT'D)

(c) Details of those companies, other than subsidiary and associated companies, in which the Company holds more than 10% of the issued shares are:

Name of company	Class of Shares Held	Percentage Holding 2018	Percentage Holding 2017
		%	%
Cathedrale Development Limited*	Ordinary shares	**20.00**	**20.00**

* The Company does not exercise any significant influence on the above company and as such has not accounted for this investment as associate.

(d) Available-for-sale financial assets are denominated in the following currencies:

	THE GROUP		THE COMPANY	
				Restated
	2018	2017	**2018**	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Rupee	**240,951**	129,592	**50,817**	47,413
US Dollar	**128,554**	114,720	**35,946**	46,293
Euro	**232**	294	**-**	-
Ariary	**13,239**	10,128	**-**	-
	382,976	254,734	**86,763**	93,706

(e) None of the financial assets are impaired.

17. DEPOSIT ON INVESTMENTS

	THE COMPANY	
		Restated
	2018	2017
	MUR'000	MUR'000
Deposit on shares	**43,318**	43,318
	43,318	43,318

Deposit on investment relates to Anahita Residence & Villas and will be converted to shares in the future.

18. LEASEHOLD RIGHTS AND LEASEHOLD LAND PREPAYMENTS

Accounting policies

Leasehold land upfront payments to acquire long-term leasehold interest in property are treated as prepayments and are amortised over the period of the leases.

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
COST		
At 1 July	**485,281**	488,743
Addition	**253,069**	-
Disposal	**(80,000)**	-
Translation difference	**(3,544)**	(3,462)
	654,806	485,281
ACCUMULATED AMORTISATION		
At 1 July	**63,669**	51,037
Charge for the year	**52,867**	12,933
Translation difference	**(52)**	(301)
	116,484	63,669
NET BOOK VALUE		
At 30 June	**538,322**	421,612

18. LEASEHOLD RIGHTS AND LEASEHOLD LAND PREPAYMENTS (CONT'D)

(i) Leasehold land has been valued taking into consideration comparable sales evidences and lease terms and conditions. The valuation, carried out by Broll Indian Ocean Limited, valued leasehold land held by the subsidiaries in Mauritius at MUR 6,132M and the subsidiary in Maldives at USD 16M as at 30 June 2018.

An amendment to lease contract with Apavou for Ambre rental was made whereby the amount remaining on contract was prepaid, based on a discounted amount of EUR 9.5M. An amount of EUR 6.9M was paid up to 30 June 2018.

Sun Limited is under a lease agreement under which the Company is leasing the Ambre Resort & Spa, a 297-room hotel, and sub-lease the land on which the Hotel stands for an initial period of five (5) years, effective from 1 October 2012. On 7 July 2015, the term of the lease agreement was renewed for another five years as from 1 October 2017 to 30 September 2022, at the option of the Company.

Sun Limited entered into a new agreement on 23 January 2018 where the second lease amount has been agreed to be prepaid in full until 30 September 2022. The amount above shows the amount prepaid until 30 June 2018.

MUR 40M included in charge for the year relates to release of prepayment on land and buildings.

19. NON-CURRENT RECEIVABLES

Accounting policies

Long term receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of the asset is reduced by the difference between the asset's carrying amount and the present value of estimated cash flows discounted using the effective interest rate. The amount of loss is recognised in profit or loss. Long-term receivables without fixed maturity terms are measured at cost. If there is objective evidence that an impairment loss has been incurred, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value (PV) of estimated cash flows discounted at the current market rate of return of similar financial assets.

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Long-term deposits	**13,061**	12,522
Loans under Executive Share Scheme (Note a)	**16,920**	16,920
Others	**398**	-
	30,379	29,442

(a) Loans under Executive Share Scheme - Hotel Segment

Loans under Executive Share Scheme relates to the old scheme granted to key executives where cash was advanced to certain individuals to acquire shares in the Company at market value at grant date. The terms of the scheme was such that when the shares are disposed, the proceed is to be used to settle the loan advanced. The loan carries interest of 3% which is payable half yearly in December and June. The interest for the year has been waived by the Board. The scheme has now been discontinued and replaced by the Phantom Share Option Scheme, refer to note note 30 (c).

20. INVENTORIES

Accounting policies

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in and first-out method. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

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

Raw materials - purchase cost on a weighted average cost 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.

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Raw materials	**1,291,023**	1,131,495
Work in progress	**790,662**	944,521
Finished goods	**721,286**	640,808
Other stocks	**199,762**	183,384
Food and beverages	**75,867**	61,560
Operating supplies	**102,633**	41,452
Spare parts	**9,023**	7,025
IHS - Rooms	**-**	55,258
Operating equipment	**75,102**	122,575
Fabric and linen	**-**	38,715
Goods in transit	**362,289**	169,208
Provision for obsolescence	**(28,484)**	(30,681)
	3,599,163	3,365,320

The cost of inventories recognised as an expense is MUR 7.17bn (2017: MUR 6.0bn)

Some of the inventories have been pledged as security for the borrowings of the Group.

21. TRADE AND OTHER RECEIVABLES

Accounting policies

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 receivables. 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 effective interest rate. The amount of provision is recognised in profit or loss.

21. TRADE AND OTHER RECEIVABLES (CONT'D)

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Trade receivables	**3,307,599**	2,908,816	**-**	-
Provision for impairment	**(124,212)**	(139,138)	**-**	-
	3,183,387	2,769,678	**-**	-
Receivable from subsidiary companies	**-**	-	**290,605**	232,655
Receivable from associated companies	**29,664**	40,619	**-**	-
Receivable from related corporations	**1,023**	10,566	**-**	-
Prepayments and other receivables	**2,630,190**	2,163,362	**1,183**	1,950
Advance payments	**95,453**	27,506	**-**	-
Current accounts with other financial institutions	**1,529**	5,460	**-**	-
	5,941,246	5,017,191	**291,788**	234,605

(a) Prepayment and other receivables

	THE GROUP		THE COMPANY	
Prepayments and other receivables consist of:	**2018**	**2017**	**2018**	**2017**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**
Export documentary remittances	**1,332,722**	1,034,235	**-**	-
Advance payment	**416,321**	250,169	**-**	-
Taxes and grants	**299,714**	271,763	**-**	-
Deposits	**29,818**	31,465	**-**	-
Prepayments	**128,575**	105,754	**1,183**	1,949
Others	**423,040**	469,976	**-**	-
	2,630,190	2,163,362	**1,183**	1,949

(b) The carrying amount of trade and other receivables approximate their fair value.

The Group does not hold any collateral as security but for the hotel segment, there is an insurance cover against irrecoverable debts.

The receivables from associated companies, related corporations and other receivables are neither past due nor impaired.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable, net of insurance cover. At year end, trade receivables of MUR 139.1M were impaired and fully provided for.

(c) Ageing of past due trade receivables but not impaired

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
0 to 3 months	**997,570**	435,243
3 to 6 months	**225,449**	11,786
Over 6 months	**111,947**	104,045
	1,334,966	551,074

The balance of trade receivables is neither past due nor impaired.

21. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Rupee	**853,615**	777,114
Ariary	**484,076**	631,182
US Dollar	**2,064,264**	1,603,503
Euro	**953,566**	794,735
UK Pound	**377,201**	249,359
ZAR	**451,910**	371,243
INR	**587,518**	455,197
Other currencies	**169,095**	134,859
	5,941,246	5,017,192

(e) The movement in the provision for impairment of trade receivables is as follows:

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Opening balance	**139,138**	114,830
Amounts written-off	**(26,803)**	(33,711)
Unused amounts reversed	**-**	-
Provision for the year	**11,877**	58,019
	124,212	139,138

22. CASH AND CASH EQUIVALENTS

Accounting policies

Cash and cash equivalents include cash in hand, deposits at call, short-term bank deposits and cash in transit.

	THE GROUP		THE COMPANY	
		Restated		
	2018	2017	**2018**	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Cash in hand	**855,937**	687,974	**-**	-
Foreign currency notes and coins	**229,126**	109,728	**-**	-
Balances with the Central Bank	**2,403,376**	356,063	**-**	-
Balances due in clearing	**45,788**	(51,066)	**-**	-
Balances with banks	**1,448,295**	2,585,575	**1,784**	2,908
Placements	**1,242,274**	944,053	**-**	-
	6,224,796	4,632,327	**1,784**	2,908
Broken down as follows:				
Banking segment	**5,133,796**	3,256,324		
Non-banking segment	**1,091,000**	1,376,003		
	6,224,796	4,632,327		

The balances with the central bank relates to cash held at Central Bank of Madagascar for BNI Madagascar SA.

23. NON CURRENT ASSETS HELD FOR SALE

Accounting policies

Non-current assets classified as held-for-sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. This condition is regarded as met only, when the sale is highly probable and the asset is available for immediate sale in its present condition.

	THE GROUP	
	2018	2017
The movement for the year is as follows:	**MUR'000**	MUR'000
At 1 July	**49,812**	19,693
Disposal	**(30,119)**	-
Transfer from property, plant and equipment (note 10)	**20,847**	19,334
Transfer from investment properties (Note 11)	**50,522**	10,785
As at 30 June	**91,062**	49,812

(a) Non-current assets held-for-sale consist of land which has been earmarked for sale and is in process of finalisation.

24. LOANS AND ADVANCES TO CUSTOMERS

Accounting policies

Loans and advances to customers are non derivative financial assets with fixed or determinable payments and are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Refer to accounting policy on impairment of financial assets.

(a)

	THE GROUP	
	2018	2017
	MUR '000	MUR '000
Retail customers:		
Mortgages	**150,449**	144,580
Other retail loans	**1,951,692**	1,763,803
Corporate customers	**10,435,095**	9,485,749
	12,537,236	11,394,132
Less allowances for credit impairment		
Retail customers:		
Other retail loans	**(475,734)**	(537,542)
Corporate customers	**(667,641)**	(760,514)
	(1,143,375)	(1,298,056)
	11,393,861	10,096,076
(b) Remaining terms to maturity		
Within one year	**6,969,261**	5,731,572
Over 1 year and up to 5 years	**3,787,068**	3,322,897
Over 5 years	**637,532**	1,041,607
	11,393,861	10,096,076

24. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

(c) Allowance for credit impairment - Portfolio and Specific Allowance

	Specific MUR '000	Portfolio MUR '000	Total MUR '000
At 1 July 2017	**1,207,992**	**90,064**	**1,298,056**
Reversal of impairment allowance	**(167,947)**	**-**	**(167,947)**
Increase of impairment allowance	**91,996**	**35,135**	**127,131**
Foreign currency translation adjustments	**(105,965)**	**(7,900)**	**(113,865)**
At 30 June 2018,	**1,026,076**	**117,299**	**1,143,375**
At 1 July 2016	1,267,431	94,496	1,361,927
Reversal of impairment allowance	(153,881)	-	(153,881)
Increase of impairment allowance	94,442	(4,432)	90,010
At 30 June 2017	1,207,992	90,064	1,298,056

(d) The fair value of loans and advances at 30 June 2018 was MUR 11.3bn (2017: MUR 10bn).

25. LOANS AND ADVANCES TO BANKS

Accounting policies

Loans and advances to customers are non derivative financial assets with fixed or determinable payments and are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Refer to accounting policy on impairment of financial assets.

	THE GROUP		
	2018 MUR '000	2017 MUR '000	2016 MUR '000
		Restated	Restated
Loans to banks - non-current	**262,974**	-	-
Loans to banks - current	**653,890**	797,970	1,134,140
	916,864	797,970	1,134,140
Remaining terms to maturity			
Within one year	**653,890**	797,970	1,134,140
Over 1 year and up to 5 years	**262,974**	-	-
	916,864	797,970	1,134,140

The fair value of loans and advances to banks as at 30 June 2018 was MUR 900M (2017: MUR 798M).

26. INVESTMENTS IN SECURITIES

Accounting policies

In accordance with IAS 39 guidance, the banking segment classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the banking segment evaluates its intention and ability to hold such investments to maturity. If the banking segment were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the banking segment is required to reclassify the entire category as available-for-sale. Accordingly, the investments would be measured at fair value instead of amortised cost.

	THE GROUP	
Held-to-maturity investment securities	**2018**	2017
	MUR '000	MUR '000
At July 1	**2,792,163**	1,298,545
Additions	**2,154,800**	3,224,543
Net disposals	**(1,715,152)**	(1,803,810)
Increase in fair value	**-**	10,440
Translation adjustment	**(251,174)**	62,445
	2,980,636	2,792,163
Non-Current	**2,242,171**	1,749,147
Current	**738,465**	1,043,016
Remaining terms to maturity		
Within one year	**738,465**	1,043,016
Over 1 year and up to 5 years	**2,242,171**	1,749,147
	2,980,636	2,792,163

The investment in securities are denominated in Ariary.
The current securities have coupon rates ranging from 2.08% to 9.74% (2017: 7.5% to 13.5%).
The non-current securities have coupon rates ranging from 10.15% to 12.70% (2017: 10.25% to 13.40%).
None of the financial assets are either past due or impaired.

27. STATED CAPITAL AND TREASURY SHARES

Accounting policies

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from proceeds. Where the Company purchases its equity share capital (treasury shares), the consideration paid, including any directly 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 net consideration received is included in equity attributable to the Company's equity holders.

	THE GROUP AND THE COMPANY		
	Stated Capital MUR'000	Treasury Shares MUR'000	Total MUR'000
At 30 June 2016	4,249,417	(255,061)	3,994,356
Issue of shares to executives (Note 1)	1,736	5,058	6,794
Issue of shares on exercise of rights (Note 2)	-	6,815	6,815
At 30 June 2017	**4,251,153**	**(243,188)**	**4,007,965**
Issue of shares	**818,875**	**-**	**818,875**
Issue of shares to executives (Note 3)	**2,268**	**5,782**	**8,050**
Issue of shares on exercise of rights (Note 4)		**3,143**	**3,143**
At 30 June 2018	**5,072,296**	**(234,263)**	**4,838,033**

	THE GROUP AND THE COMPANY		
	Number of shares		
	Stated Capital 000's	Treasury Shares 000's	Total 000's
At 30 June 2016	1,576,176	(51,137)	1,525,039
Issue of shares to executives (Note 1)	-	1,025	1,025
Issue of shares on exercise of rights (Note 2)	-	814	814
At 30 June 2017	**1,576,176**	**(49,298)**	**1,526,878**
Issue of shares (Note 3)	**113,725**	**-**	**113,725**
Issue of shares to executives (Note 4)	**-**	**1,162**	**1,162**
Issue of shares on exercise of rights (Note 5)	**-**	**1,053**	**1,053**
At 30 June 2018	**1,689,901**	**(47,083)**	**1,642,818**

The stated number of ordinary shares is 1,642,818,294 at no par value (2017: 1,526,878,008 shares at no par value).

Fully paid up ordinary shares carry one voting right and a right to dividend.

27. STATED CAPITAL AND TREASURY SHARES (CONT'D)

Note 1

In June 2016, an amount of MUR 6,669K net of tax worth of CIEL Limited ordinary shares was granted to selected staff members of the Group. Based on the share price as at 30 June 2015 of MUR 7.20, 480,376 shares and on the share price as at 30 June 2016 of MUR 6.12, 544,877 shares were issued in 2017.

Note 2

During the year, executives of the Group have exercised their rights to acquire 813,810 of CIEL Limited ordinary shares under the Share Appreciation Rights Scheme.

Note 3

On the 11 August 2017, CIEL Limited increased its stake in Ciel Textile Limited from 56% to 89% and thus 113,725,443 ordinary shares of CIEL Limited were issued.

Note 4

In June 2016, an amount of MUR 6,669K net of tax worth of CIEL Limited ordinary shares was granted to selected staff members of the Group. Based on the share price as at 30 June 2016 of MUR 6.12. 544,877 shares were issued in 2017 and 2018.

In June 2017, an amount of MUR 9,513K net of tax worth of CIEL Limited ordinary shares was granted to selected staff members of the Group. Based on the share price as at 30 June 2017 of MUR 7.64. 617,044 shares were issued in 2018.

Note 5

During the year 2018, executives of the Group have exercised their rights to acquire 1,052,922 of CIEL Limited ordinary shares under the Share Appreciation Rights Scheme.

28. REDEEMABLE RESTRICTED A SHARES

	THE GROUP AND THE COMPANY	
	Redeemable Restricted A Shares	Number of Shares
	MUR'000	000's
At 30 June 2017 & 2018	**39,233**	**3,008,887**

At a Special Meeting held on 30 October 2013, shareholders approved that the share capital of the Company be reorganised into 2 classes of shares, as follows:
- Existing Ordinary Shares which hold all economic rights including the right to dividends and voting rights.
- Redeemable Restricted A Shares, being a new class of shares, with no economic rights attached but with voting rights.

Shareholders of the Company had the option for every Ordinary Share held by them after the share split, to choose between receiving:
(i) Either a cash dividend of 5 cents;
(ii) Or 4 'Redeemable Restricted A Shares'.

The rights attached to the Redeemable Restricted A Shares are as follows:
(i) The right to vote at general meetings and on a poll to cast one vote for each share held;
(ii) The right to participate in a rights issue together with the holders of Ordinary Shares on the condition that the holders of each class of shares shall be entitled to subscribe to Shares of that class only;
(iii) No right to any Distribution;
(iv) No right to any surplus assets of the company in case of winding up; and
(v) No right to be transferred except with the consent of the holders of at least 75% of the shares of that class.

The Redeemable Restricted A Shares shall be redeemed at the option of the Company for no consideration, should the holders either directly or indirectly through successive holding entities, in the aggregate, hold less than 10% of the issued Ordinary Shares in the capital of the Company.

29. OTHER COMPREHENSIVE INCOME

(a) GROUP

	Revaluation Surplus	Available-For-Sale Fair Value Reserve	Cash Flow/ Hedging Reserve	Translation of Foreign Operation	Other Reserves	Actuarial Reserves	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
2018							
Items that will not be reclassified to profit or loss:	-	-	-	-	-	-	-
Remeasurement of defined benefit obligations	-	-	-	-	-	52,122	52,122
Deferred tax on remeasurements of post	-	-	-	-	-	-	-
Retirement benefit obligations	-	-	-	-	-	(17,902)	(17,902)
Gain on revaluation of land and buildings	629,594	-	-	-	-	-	629,594
Deferred tax on revaluation gain	11,771	-	-	-	-	-	11,771
Items that may be reclassified subsequently to profit or loss:	-	-	-	-	-	-	-
Fair value adjustment	-	110,070	-	-	-	-	110,070
Share of joint venture & associates	130,170	(71,293)	(2,205)	44,113	(21,544)	125	79,366
Currency translation differences	-	-	-	(366,794)	-	-	(366,794)
Cash flow hedges	-	-	(1,674)	-	-	-	(1,674)
Deferred tax on cash flow hedges	-	-	(8,715)	-	-	-	(8,715)
	771,535	38,777	(12,594)	(322,681)	(21,544)	34,345	487,838

29. OTHER COMPREHENSIVE INCOME (CONT'D)

(a) GROUP	Revaluation Surplus MUR'000	Available-For-Sale Fair Value Reserve MUR'000	Cash Flow/ Hedging Reserve MUR'000	Translation of Foreign Operation MUR'000	Other Reserves MUR'000	Actuarial Reserves MUR'000	Total MUR'000
2017							
Items that will not be reclassified to profit or loss:							
Remeasurement of defined benefit obligations	-	-	-	-	-	(63,538)	(63,538)
Deferred tax on remeasurements of post retirement benefit obligations	-	-	-	-	-	7,195	7,195
Gain on revaluation of land and buildings	371,157	-	-	-	-	-	371,157
Deferred tax on revaluation gain	(13,296)	-	-	-	-	-	(13,296)
Items that may be reclassified subsequently to profit or loss:							
Impairment of investments	-	-	-	137,918	-	-	137,918
Fair value adjustment	-	(90,851)	-	-	-	-	(90,851)
Share of joint venture & associates	(2,101)	(58,795)	(854)	(137,704)	(307)	(17,343)	(217,104)
Currency translation differences	-	-	-	(163,369)	-	-	(163,369)
Cash flow hedges	-	-	(48,955)	-	-	-	(48,955)
Deferred tax on cash flow hedges	-	-	(2,279)	-	-	-	(2,279)
	355,760	(149,646)	(52,088)	(163,155)	(307)	(73,686)	(83,122)

	2018	Restated 2017
	MUR'000	MUR'000
Revaluation surplus	**3,492,583**	2,566,363
Fair value reserve	**77,927**	123,812
Cash flow reserve	**17,651**	(5,240)
Translation reserve	**(268,459)**	(107,359)
Actuarial reserves	**(204,460)**	(221,970)
Other reserves	**167,624**	127,818
	3,282,866	2,483,424

29. OTHER COMPREHENSIVE INCOME (CONT'D)

(b) COMPANY

	Fair Value Reserve	Total	Total
	2018	**2018**	2017
	MUR'000	**MUR'000**	MUR'000
Fair value adjustment	**(1,038,546)**	**(1,038,546)**	1,371,801
	(1,038,546)	**(1,038,546)**	1,371,801

(c) *Revaluation surplus*

The revaluation surplus relates to the revaluation of property.

Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets that has been recognised in other comprehensive income until investments are derecognised or impaired.

Hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Translation of foreign operations

The translation reserve comprises all foreign currency difference arising for the translation of the financial statements of foreign operation.

Actuarial gains/(losses)

The actuarial gains/(losses) reserve represents the cumulative remeasurement of defined benefit obligation recognised.

30. SHARE APPRECIATION RIGHTS SCHEME AND SHARE BASED SCHEME

(a) Share Appreciation Rights Scheme

The Group operates a Share Appreciation Rights Scheme (SARS) for selected executives employed by one of the subsidiaries of the CIEL Group. Under the Scheme, selected executives are granted a number of rights based on their current salary. The rights will be settled by CIEL Limited issuing shares to the holder of the rights, equivalent to the difference between the exercise price and the grant price per share, multiplied by the number of SARS exercised. CIEL Limited may buy back shares from the market, or utilise its treasury shares. The rights vest after three years from grant date and lapse after seven years from grant date. The Scheme operated previously under ex-CIEL Investment Limited before the amalgamation with Deep River Investment Limited in January 2014. Following the amalgamation and the issue of 344,827,586 new no par value ordinary shares by way of private placement by CIEL Limited, the number of SARS originally granted and the grant price of the underlying shares were adjusted accordingly. The last issue of the SARS dates back to April 2013. The said scheme has been brought to an end since that date.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

30. SHARE APPRECIATION RIGHTS SCHEME AND SHARE BASED SCHEME (CONT'D)

(a) Share Appreciation Rights Scheme (Cont'd)

Accounting policies

The proceeds, if any, received net of any directly attributable transaction costs are credited to stated capital when the options are exercised.

Movements in the rights outstanding:	**Grant Price**	**Number of rights**
Granted		
- in respect of financial year March 2008	6.95	4,332,086
- in respect of financial year March 2009	4.36	7,049,710
- in respect of financial year March 2010	5.44	5,647,572
- in respect of financial year March 2011	4.90	4,159,523
- in respect of financial year March 2012	4.09	5,251,546
- in respect of financial year March 2013	3.75	6,048,089
Total granted		32,488,526
Rights exercised during 2015		
- relating to financial year March 2009	(1,171,533)	
- relating to financial year March 2011	(700,000)	
		(1,871,533)
Rights exercised during 2016		
- relating to financial year March 2009	(5,878,177)	
- relating to financial year March 2010	(937,534)	
- relating to financial year March 2011	(366,912)	
- relating to financial year March 2012	(400,000)	
		(7,582,623)
Rights lapsed and not exercised in 2016		
- relating to financial year March 2008 at MUR 2.18 per right	(4,332,086)	
		(4,332,086)
Rights exercised during 2017		
- relating to financial year March 2010	(4,710,038)	
- relating to financial year March 2012	(625,000)	
		(5,335,038)
Rights exercised during 2018		
- in respect of financial year March 2011	(3,092,611)	
- in respect of financial year March 2012	(354,622)	
		(3,447,233)
Outstanding at year end		9,920,013

The exercise price of the SARS is the market value of the underlying shares on the business day immediately preceding the exercise date.

- in respect of financial year March 2012	3,871,924
- in respect of financial year March 2013	6,048,089

The exercise price of the SARS is the market value of the underlying shares on the business day immediately preceding the exercise date. Participants have been issued with shares worth MUR 7.9M during 2018 (2017 - MUR 5.3M, based on the weighted average market price of MUR 7.50 (2017 - MUR 6.42).

30. SHARE APPRECIATION RIGHTS SCHEME AND SHARE BASED SCHEME (CONT'D)

The fair value of the rights were determined using the Black Scholes model, the assumptions of the model is tabled below:

Grant year	2014	2013	2012	2011	2010
Share Price at Grant Date (in MUR)	3.75	4.09	4.90	5.44	4.36
Vesting Period (in Years)	3	3	3	3	3
Expected Volatility	36%	37%	38%	39%	40%
Expected Dividend Yield	2.2%	2.5%	2.0%	2.5%	2.5%
Risk Free Rate	4.90%	5.50%	5.25%	5.75%	6.50%
Value of SARS (in MUR)	0.96	1.07	1.34	1.50	1.26
Fair value of rights issued (in MUR'000)	5,821	5,621	5,590	8,472	8,849
Amortised SARS value	2,425	4,216	5,590	8,472	8,849

The fair value of the SARS issued is amortised over a 3-year period, i.e. between the grant date and vesting date.

The volatility assumptions, measured at the standard deviation of the expected share prices is based on statistical analysis of historical share prices.

(b) Share Based Scheme - equity settled

In July 2014, an incentive scheme was set up in order to remunerate some key executives of the Group.

The annual entitlement is payable 50% in cash and 50% in terms of shares in CIEL Limited.

The entitlement for the years ended 30 June 2018 and 2017 is as follows:

	2018	2017
	MUR'000	MUR'000
Cash settlement	**8,673**	11,391
Equity settlement	**8,673**	11,391
	17,346	22,782

For the entitlement relating to 2017, based on the share price as at 30 June 2017 of MUR 7.64, this will represent 1,267,359 shares which will be issued in June 2018 and June 2019.

For the entitlement relating to 2018, based on the share price as at 30 June 2018 of MUR 7.00, this will represent 1,238,972 shares which will be issued in June 2019 and June 2020.

(c) Loans under Executive Share Scheme

The Company has a long-term incentive plan, the Phantom Share Option Scheme, for executives and senior employees of the hospitality cluster. In accordance with the terms of the plan, as approved by shareholders at a shareholders meeting, executives and senior employees are granted an option over a number of phantom shares at a base or option price which is equal to the market value of the share at date of the grant of the option. On exercise date, the holder of the options is entitled to a cash or share bonus, which subject to the rules of the plan, is equivalent to the difference between the market value of the phantom shares at exercise date and the option price.

The number of phantom shares granted is calculated in accordance with the performance-based formula approved by the Board and the remuneration committee. The formula rewards senior executives to the extent of the Company's and the individual's achievement judged against both qualitative and quantitative criteria from the following financial measures:
- Improvement in share price
- Improvement in net profit

31. BORROWINGS

Accounting policies

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred.

Borrowings are subsequently stated 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.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

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

Finance leases are capitalised at the lease's inception 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 so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss unless they are attributable to qualifying assets in which case, they are capitalised in accordance with the policy on borrowing costs.

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
Current	**MUR'000**	MUR'000	**MUR'000**	MUR'000
Bank overdrafts	**1,394,029**	1,451,826	**-**	-
Bank loans repayable by instalments	**564,137**	1,454,823	**-**	-
Fixed rate secured notes (Note (b))	**322,766**	300,000	**322,766**	300,000
Finance lease obligation	**38,335**	54,845	**-**	-
Cash at call with subsidiaries	**605**	-	**166,547**	64,255
Other loans	**27,650**	70,282	**-**	-
Money market line	**150,000**	-	**150,000**	-
Bills discounted	**1,242,235**	1,109,767	**-**	-
Import loan	**1,364,389**	968,660	**-**	-
	5,104,146	5,410,203	**639,313**	364,255
Non-current				
Bank loans repayable by instalments (Note (c))	**4,388,384**	5,103,194	**-**	-
Fixed rate secured notes (Note (b))	**1,670,152**	700,050	**1,670,152**	700,050
Other loans (note (d))	**5,212,020**	5,180,999	**-**	-
Finance lease obligation (note (e))	**425,874**	418,370	**-**	-
	11,696,430	11,402,613	**1,670,152**	700,050
Total borrowings	**16,800,576**	16,812,816	**2,309,465**	1,064,305

(a) The bank borrowings are secured by fixed and floating charges over the assets of the Group.

31. BORROWINGS (CONT'D)

(b) Break-down of the notes based on maturity and coupon rate is as follows:

Date of issue	Maturity	Coupon rate	No of notes issued	MUR'000
2015	4 years	5.85%	3,000	300,000
2015	5 years	5.83%	4,000	400,050
2018	3 years	3.40%	3,000	300,000
2018	5 years	4.00%	3,800	380,102
2018	7 years	4.98%	3,000	300,000
2018	10 years	5.45%	2,900	290,000
				1,970,152

These notes are secured against shares held in a listed company.

(c) Non-current bank loans repayable by instalments can be analysed as follows:

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
- after 1 year and before 2 years	**827,479**	719,104
- after 2 years and before 3 years	**636,360**	1,502,665
- after 3 years and before 5 years	**1,291,554**	1,187,721
- after 5 years	**1,632,991**	1,693,704
	4,388,384	5,103,194

(d) Other loans

Other loans include a loan taken of MGA 1bn from the social security authority in Madagascar (CNaPs) in December 2015 has a term of 5 years and bears a fixed coupon rate of 12.50% per annum. They also include a loan contracted by BNI Madagascar in September 2015 with Proparco for EUR 5M which has a remaining term of 3 years and bears a fixed coupon rate of 7.82%.

There are also bonds are secured by floating charges over all the assets of the Hotel Segment and are repayable in the year 2020 to 2023. The bonds are arranged at floating and fixed interest rates and the average interest as at the end of the reporting period was 5.3%. There are also vendors financing of MUR 29M (2017: MUR 76M) contracted for the purchase of plant and machinery and are payable over a period of 3 years.

All borrowings are denominated in MUR except for the below:

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
(i) Proparco loans denominated in Euros	**201,337**	183,000
(ii) Social security authority denominated in Ariary	**10,000**	10,665
	211,337	193,665
Repayable:		
Within one year		
After one year but before two years	**-**	-
After two years but before three years	**2,328,996**	-
After three years but before five years	**1,588,724**	3,919,508
After five years	**1,294,300**	1,261,491
Non-current liabilities	**5,212,020**	5,180,999
Total	**5,212,020**	**5,180,999**

31. BORROWINGS (CONT'D)

(e) Finance lease liabilities - minimum lease payments:

The obligations under finance leases are secured by the underlying assets and the maturity profiles are as follows:

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Not later than 1 year	**60,923**	61,544
Later than 1 year and not later than 2 years	**35,517**	57,479
Later than 2 years and not later than 3 years	**29,534**	31,769
Later than 3 years and not later than 5 years	**1,054,015**	335,270
	1,179,990	486,062
Future finance charges on finance leases	**(715,781)**	(12,847)
Present value of finance lease liabilities	**464,209**	473,215
The present value of finance lease facilities may be analysed as follows:		
Not later than 1 year	**57,742**	54,845
Later than 1 year and not later than 2 years	**33,065**	52,194
Later than 2 years and not later than 3 years	**26,684**	31,078
Later than 3 years and not later than 5 years	**346,718**	335,098
	464,209	473,215

(f) Lease liabilities are effectively secured as the rights to the lease assets 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. The Group has the option to purchase equipment at the end of the lease period. The obligations under finance leases are secured by the lessors' title to the leased assets.

The effective interest rates at the end of the reporting period were as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
Mauritian rupee	**%**	%	**%**	%
Bank overdrafts	**4.57% - 6.75%**	4.9% - 6.65%	**5.75% - 6.25%**	6.25% - 6.65%
Bank loans repayable by instalments	**4.57% - 5.07%**	4.33% - 6.9%		-
Fixed rate multicurrency notes	**3.40% - 5.85%**	5.3% - 5.85%	**3.40% - 5.85%**	3.40% - 5.85%
Finance lease obligations	**6.25% - 10.5%**	7.5% - 12.2%		-
Bills discounted	**5.75% (PLR)**	PLR + 6.15%		-
Money market line	**3%**	-	**3%**	4.00%
US Dollar				
Bank overdrafts	**Libor + 1.5%/+ 2.75%**	Libor + 1.5%/+ 2.75%	**-**	-
Bank loans repayable by instalments	**3.98 % - 7.50%**	Libor + 2.75% - 3.75%	**-**	-
Finance lease obligations	**2.9% - 5.08%**	2.9% - 5.08%	**-**	-
Bills discounted	**Libor + 1.5%/+ 2.75%**	Libor + 1.5%/+ 2.75%	**-**	-
Euro				
Bank overdrafts	**Euribor + 1.5%/+ 2.75%**	Euribor + 1.5%/+ 2.75%	**-**	-
Bank loans repayable by instalments	**Euribor + 3%**	Euribor + 3%	**-**	-
Finance lease obligations	**2.75%**	2.75%	**-**	-
Bills discounted	**Euribor + 1.5%/+ 2.75%**	Euribor + 1.5%/+ 2.75%	**-**	-
			-	-
Indian Rupee				
Bank overdrafts	**10% - 10.15%**	10%	**-**	-
Bills discounted	**9.60% -10.25%**	9.60% -10.25%	**-**	-

31. BORROWINGS (CONT'D)

(g) The carrying amounts of the borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Rupee	**6,441,679**	5,714,286	**2,309,465**	1,064,305
Euro	**5,846,924**	6,167,677	**-**	-
US dollars	**3,584,120**	4,051,355	**-**	-
UK Pound	**414,563**	503,618	**-**	-
INR	**373,577**	136,993	**-**	-
Ariary	**24,545**	224,307	**-**	-
Others	**115,167**	14,580	**-**	-
	16,800,576	16,812,816	**2,309,465**	1,064,305

(h) The carrying amounts of borrowings are not materially different from their fair values.

(i) The bills discounted and the import loans are secured by fixed and floating charges over the assets of the CIEL Textile Limited.

(j) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Non current assets				
Fixed and floating charge				
Property, plant and equipment	**22,791,024**	20,971,867	**-**	-
Investment properties	**31,597**	-	**-**	-
Intangible assets	**2,378,205**	2,414,243	**-**	-
Investment in subsidiaries	**16,030,880**	15,127,355	**16,005,880**	15,102,355
Investment in joint ventures	**45,000**	45,000	**45,000**	45,000
Investment in associates	**729,659**	730,471	**27,214**	28,026
Investment in other financial assets	**289,716**	192,518	**86,763**	93,704
Deposit on investments	**43,318**	43,718	**43,318**	43,718
Leasehold rights and land prepayments	**503,234**	382,473	**-**	-
Non-current receivables	**13,061**	12,521	**-**	-
First mortgage				
Freehold land and buildings	**65,000**	65,000	**-**	-
Investment properties	**-**	-	**-**	-
Total non-current assets pledged as security	**42,920,694**	39,985,166	**16,208,175**	15,312,803
Current assets				
Fixed and floating charge				
Inventories	**3,514,471**	3,228,743	**-**	-
Trade and other receivables	**4,322,041**	3,821,630	**291,788**	234,605
Cash cash equivalents	**1,155,971**	1,212,760	**1,784**	2,908
Floating charge				
Property, plant and equipment	**12,025**	17,696	**-**	-
Investment in other financial assets	**1,700**	-	**-**	-
Trade and other receivables	**2,714**	7,925	**-**	-
Cash cash equivalents	**8,150**	13,582	**-**	-
Total current assets pledged as security	**9,017,072**	8,302,337	**293,572**	237,513

32. DEFERRED INCOME TAXES

Accounting policies

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax 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, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 17% (2017 - 15%).

(a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred taxes relates to the same fiscal authority. The following amounts are shown in the statement of financial position:

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Deferred tax liabilities	**1,135,809**	1,099,920
Deferred tax assets	**(95,427)**	(141,641)
	1,040,383	958,279

(b) The movement on the deferred income tax account is as follows:

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
At 1 July	**958,278**	960,267
Impact of prior year adjustment	**-**	85,451
Acquisition of business operations	**-**	(83,019)
Translation difference	**(9,343)**	121
Credited to profit or loss (Note 29)	**(21)**	(13,094)
Charged to other comprehensive income	**91,468**	8,552
At 30 June	**1,040,383**	958,278

32. DEFERRED INCOME TAXES (CONT'D)

(c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority, is as follows:

THE GROUP	Accelerated Tax Depreciation	Revaluation of Properties	Total
Deferred tax liabilities	**MUR'000**	**MUR'000**	**MUR'000**
At 1 July 2016	660,079	664,230	**1,324,309**
Adjustment to opening balance	12,775	307	**13,082**
Translation difference	1,772	293	**2,065**
Credited to profit or loss	(3,439)	(4,971)	**(8,410)**
Charged to other comprehensive income	-	13,296	**13,296**
At 30 June 2017	671,187	673,155	**1,344,342**
Under / (over) provision	110,772	(11,366)	**99,406**
Translation difference	470	(5,515)	**(5,045)**
Credited to profit or loss	73,482	12,097	**85,579**
Charged to other comprehensive income	-	64,851	**64,851**
At 30 June 2018	855,911	733,222	**1,589,133**

	Provisions/ Others	Retirement Benefit Obligation	Tax Losses Carried Forward	Share Appreciation Rights Scheme	Total
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Deferred tax assets					
At 1 July 2016	39,813	82,581	156,425	2,616	**281,435**
Adjustment to opening balance	(207)	839	9,607	-	**10,239**
Acquisition of business operations	-	-	83,019	-	**83,019**
Translation difference	141	-	1,630	-	**1,771**
Credited/(charged) to profit or loss	2,408	3,708	65	(1,497)	**4,684**
Credited to other comprehensive income	(2,279)	7,195	-	-	**4,916**
At 30 June 2017	39,876	94,323	250,746	1,119	**386,064**
Under / (over) provision	(7,924)	4,399	101,941	1,056	**99,472**
Translation difference	3,954	(322)	599	-	**4,231**
Credited/(charged) to profit or loss	(16,532)	(10,681)	114,988	(2,175)	**85,600**
(Charged)/credited to other comprehensive income	(8,715)	(17,902)	-	-	**(26,617)**
At 30 June 2018	10,659	69,817	468,274	-	**548,750**

At the end of the reporting period, the Group had not recognised deferred tax assets of MUR 230M (2017 - MUR 224M) due to unpredictability of future profit streams.

33. RETIREMENT BENEFIT OBLIGATIONS

Accounting policies

Defined benefit plans

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, year 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.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefits payments. Net Interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

CIEL Textile Limited, CIEL Corporate Services Limited, The Medical & Surgical Centre Limited and Sun Limited, subsidiary companies of CIEL Limited, contribute to a defined benefit plan for certain employees.

Defined contribution plans

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.

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

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 (Amended) is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

33. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Amounts recognised in the statement of financial position:		
Defined pension benefits (note (a)(ii))	**224,161**	211,577
Other post employment benefits (note (b)(i))	**438,368**	496,303
	662,529	707,880
Analysed as follows:		
Non-current liabilities	**662,529**	707,880
Amounts charged to profit or loss:		
- Defined pension benefits (note (a)(v))	**59,681**	54,496
- Other post employment benefits (note (b)(iii))	**45,489**	61,347
	105,170	115,843
Amounts charged to other comprehensive income:		
- Defined pension benefits (note (a)(vi))	**5,651**	28,683
- Other post employment benefits (note (b)(iv))	**(57,773)**	34,855
	(52,122)	63,538

(a) Defined pension benefits

(i) Some companies of the Group operate defined benefit pension plans. The plan is a final salary plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

Group companies participate in the United Mutual Superannuation Fund, CIEL Group Segregated Fund and Sugar Industry Pension Fund and other pension schemes present in respective companies.

The assets of the plan are independently administered separately. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
(ii) The amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	**913,157**	828,102
Present value of funded obligations	**(1,107,091)**	(974,114)
Deficit of funded plans	**(193,934)**	(146,012)
Present value of unfunded obligations	**(30,227)**	(65,565)
Liability in the statement of financial position	**(224,161)**	(211,577)

The net defined benefit liability is arrived at as follows:

	2018	2017
	MUR'000	MUR'000
Balance at 1 July	**211,577**	150,996
Acquisition of business operations	**-**	21,048
Charged to profit or loss	**59,681**	54,496
Charged to other comprehensive income	**5,651**	28,683
Contributions paid	**(52,748)**	(43,646)
Balance at 30 June	**224,161**	211,577

33. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	THE GROUP	
	2018	**2017**
	MUR'000	**MUR'000**
(iii) The movement in the defined benefit obligation is as follows:		
Balance at 1 July	**1,046,382**	904,498
Acquisition of business operations	**-**	22,455
Current service cost	**48,417**	41,563
Interest expense	**63,185**	61,601
Past service cost	**(1,978)**	115
Experience losses	**-**	4,297
Employees contributions	**6,400**	5,530
Actuarial gains/(losses)	**11,344**	29,204
Liability losses due to change in financial assumptions	**(2,018)**	9,048
Benefits paid	**(34,414)**	(38,632)
Balance at 30 June	**1,137,318**	1,039,679

	THE GROUP	
	2018	**2017**
	MUR'000	**MUR'000**
(iv) The movement in the fair value of plan assets of the year is as follows:		
Balance at 1 July	**828,101**	753,500
Acquisition of business operations	**-**	1,407
Expected return on plan assets	**53,024**	48,038
Return on plan assets, excluding amounts included in interest expense	**1,263**	3,349
Actuarial gains/(losses)	**2,367**	4,100
Scheme expenses	**(1,458)**	(1,389)
Cost of insuring risk benefits	**(1,802)**	(1,705)
Experience losses	**26,332**	10,257
Employer contributions	**35,762**	41,810
Employee contributions	**2,110**	5,530
Benefits paid	**(32,542)**	(36,795)
Balance at 30 June	**913,157**	828,102

	THE GROUP	
	2018	**2017**
	MUR'000	**MUR'000**
(v) The amounts recognised in profit or loss are as follows:		
Current service cost	**48,417**	41,563
Scheme expenses	**(10,513)**	1,389
Cost of insuring risk benefits	**1,802**	1,705
Expected return on plan assets	**-**	(3,839)
Past service cost	**9,993**	115
Interest expense	**9,982**	13,563
Total, included in employee benefit expense	**59,681**	54,496

33. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Remeasurement on the net defined benefit liability:		
(Gains)/losses on pension scheme assets	**2,788**	(14,357)
Liability experience losses	**44,143**	11,096
Changes in assumptions	**27,277**	22,406
Actuarial losses	**74,209**	19,145
Return on plan assets excluding interest income	**(1,324)**	490
Liability losses due to change in financial assumptions	**17,363**	9,048
	90,248	28,683

(vii) The fair value of the plan assets at the end of the reporting period were:

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Cash and cash equivalents	**17,261**	75,693
Local equities	**264,853**	149,406
Overseas equities	**398,104**	359,770
Debt instruments	**232,898**	243,177
Property	**41**	56
Total market value of assets	**913,157**	828,102

The fair value of the above equity and debt instruments are determined based on quoted market prices in active markets. The fair value of properties are not based on quoted market prices in active markets.

The breakdown of the assets above corresponds to a notional allocation of the underlying investments based on the long term strategy of each 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 with 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 principal actuarial assumptions used for accounting purposes were:

	THE GROUP	
	2018	2017
	%	%
Discount rate	**5.0-6.5**	6.0-7.0
Future salary increases	**4-0.5.5**	4-5.5.0

33. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	2018		2017	
	Increase	**Decrease**	Increase	Decrease
	MUR'000	**MUR'000**	MUR'000	MUR'000
Discount rate (1% increase)	**-**	**120,737**	-	145,245
Future long-term salary assumption (1% increase)	**72,252**	**-**	43,998	-

(x) 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.

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

Longevity risk

The obligation for the members is calculated based on the best estimate of plan participants' mortality after retirement. Sensitivity has also been performed in respect of the mortality assumption. An increase in the life expectancy of the plan participants will increase the liability.

Salary risk

The present value of the liability is calculated based on the future salary increase of the non-members and members of the plan. A Sensitivity analysis of salary increase assumption has been performed to assess its impact on the liability. An increase in salary increase assumption leads to an increase the present value of the obligations.

Interest rate risk

The present value of the obligation is calculated using a discount rate based on the yields of long term government bonds. An increase or decrease in the discount rate can have a significant impact on the liabilities.

Market (investment) risk

Market risk is the risk that the value of an investment will decrease due to moves in market factors. The fair value of the plan assets depends on all the components of the investment value. Hence, an increase or decrease in the components of investment value may have a significant impact on the fair value of the plan assets.

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

(xii) The Group expects to pay MUR 36M in contributions to its post-employment benefit plans for the year ending 30 June 2018.

(xiii) The weighted average duration of the defined benefit obligations ranges between 5 and 13 years at the end of the reporting period.

Experience adjustment on plan liabilities MUR 29.2M (2017: MUR 3.3M).

33. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Other post employment benefits

Other post employment benefits comprise pensions to be paid on retirement or on death before retirement as per the Sugar Industry Remuneration Order and gratuity on retirement under the Employment Rights Act 2008.

	2018	2017
	MUR'000	MUR'000
(i) The amounts recognised in the statement of financial position are as follows:		
Defined benefit liability	**438,368**	496,303
(ii) Movement in the liability recognised in the statement of financial position:		
Balance at 1 July	**496,303**	418,778
Total expense	**45,489**	61,347
Liability experience gain	**(78,254)**	8,343
Actuarial losses recognised in other comprehensive income	**20,481**	26,512
Benefits paid	**(45,651)**	(18,677)
Balance at 30 June	**438,368**	496,303

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
(iii) The amounts recognised in the profit or loss are as follows:		
Current service cost	**23,967**	29,266
Past service cost	**(10,966)**	453
Interest cost	**32,488**	31,628
At 30 June	**45,489**	61,347

	THE GROUP	
	2018	2017
(iv) Amounts for the current year are as follows:	MUR'000	MUR'000
Present value of defined benefit obligation	**438,368**	496,303
Actuarial losses	**(57,773)**	34,855

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

	2018	2017
	%	%
Discount rate	**5.0 - 6.8**	6.0-6.5
Future salary increases	**3.5 - 4.0**	4.0-5.0

33. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	2018		2017	
	Increase	**Decrease**	Increase	Decrease
	MUR'000	**MUR'000**	MUR'000	MUR'000
Discount rate (1% increase)	**-**	**42,476**	-	45,905
Future long-term salary assumption (1% increase)	**15,683**	**-**	12,737	-

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.

(vii) The weighted average duration of the defined benefit obligations ranges between 9 and 20 years at the end of the reporting period.

34. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Accounting policies

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reasonably estimated will be required to settle the obligation.

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

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Legal claims, severance allowances and penalties	**28,082**	39,379

	2018	2017
Repayable:	**MUR'000**	MUR'000
Within one year	**15,992**	26,460
After one year	**12,090**	12,919

35. OTHER PAYABLES AND DEFERRED INCOME

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Other payables (i)	**40,000**	60,000
Deferred revenue (ii)	**64,218**	-
	104,218	60,000

(i) Other payables include an amount of MUR 60M (current: MUR 20M (Note 36) & non-current: MUR 40M) which relates to acquisition of Wellkin Hospital and is payable in 3 yearly installments as from January 2018. The payable relates to the outstanding lease balance for medical equipment of the previous owner of Wellkin that the group has agreed to settle as part of the business acquisition.

(ii) During the year, 14 rooms under the Invest Hotel Scheme were sold generating a revenue of MUR 134.8M with a profit before tax of MUR 46.6M generated on the transaction. The rooms were sold by Long Beach ÍHS to investors who immediately leased the rooms to Long Beach Resort Limited, for a period until the end of the Government Lease (i.e) 2070. The transactions take the form of a sale and lease back and accounted as a finance lease in the consolidated financial statements. As such, excess sales proceeds over the carrying amount have been deferred over the period of the lease term.

36. TRADE AND OTHER PAYABLES

Accounting policies

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

	THE GROUP		THE COMPANY	
	2018	Restated 2017	**2018**	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Trade payable	**1,414,405**	1,175,155	**13,275**	-
Client advances	**323,972**	138,147	**-**	-
Payable to subsidiary companies	**-**	-	**13,445**	30,139
Payable to related companies	**6,707**	49,873	**-**	-
Other payables	**1,247,224**	1,223,295	**-**	35,233
Export documentary remittances	**1,177,297**	553,781	**-**	-
Clearing account	**124,829**	78,489	**-**	-
Deposits from customers	**485,223**	497,600	**-**	-
Employees related expenses	**86,246**	133,119	**-**	-
Accrued expenses	**967,645**	862,465	**-**	-
Current accounts with other banks	**205,700**	14,716	**-**	-
Other payables to banks	**8,518**	28,961	**-**	-
Employee related expenses	**60,000**	29,246	**-**	-
	6,107,764	4,784,847	**26,720**	65,372
Less non-current portion:				
Other payables (Note 35)	**(40,000)**	(60,000)	**-**	-
	6,067,764	4,724,847	**26,720**	65,372

36. TRADE AND OTHER PAYABLES (CONT'D)

Accounting policies (Cont'd)

The carrying amount of trade and other payables approximate their fair value.

Included in other payables is the provision for an unfavorable event occurred which has caused a loss to one client. However, after seeking appropriate legal advice, the Directors of the Company have considered that the Company is insured for such events under their professional indemnity and consequently a claim has been lodged to the insurance company. Management considers that a provision of USD 927,181 has to be paid back to the client and simultaneously, it expects to receive compensation from the insurer an amount of USD 857,181 which has been accounted under other receivables.

Payables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
USD	**1,640,906**	957,148	**-**	-
EURO	**422,426**	202,288	**-**	-
MUR	**2,424,378**	2,217,441	**26,721**	65,372
GBP	**80,744**	47,631	**-**	-
INR	**490,829**	372,879	**-**	-
ARIARY	**573,656**	536,453	**-**	-
OTHERS	**474,824**	451,007	**-**	-
	6,107,764	4,784,847	**26,721**	65,372

37. INCOME TAX

Accounting policies

The tax expense for the period comprises current and deferred 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.

Current tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

	THE GROUP		THE COMPANY	
		Restated		
	2018	2017	**2018**	2017
(a) CHARGE	**MUR'000**	MUR'000	**MUR'000**	MUR'000
Current tax on the adjusted profit for the year	**272,106**	282,823	**600**	936
Under provision in previous years	**2,482**	22,218	**-**	-
CSR	**14,007**	-	**-**	-
Deferred tax (note 32)	**(21)**	(13,094)	**-**	-
Charge for the year	**288,574**	291,947	**600**	936
(b) LIABILITY				
At 1 July	**60,410**	117,341	**130**	210
Opening balance adjustment	**-**	(4,565)	**-**	-
Under provision in previous years	**2,482**	19,203	**-**	-
Charge for the year	**272,106**	282,823	**600**	936
Paid during the year	**(123,109)**	(192,068)	**(730)**	(1,016)
CSR	**14,007**	-	**-**	-
Advance payment for current year	**(18,288)**	(116,218)	**-**	-
Exchange difference	**(82,703)**	8,372	**-**	-
Tax deducted at source	**(13,085)**	(54,478)	**-**	-
At 30 June	**111,819**	60,410	**-**	130
Analysed as follows:				
Current tax liabilities	**123,311**	81,831	**-**	130
Current tax assets (Note 15)	**(11,492)**	(21,421)	**-**	-
	111,819	60,410	**-**	130

The tax on the profit before taxation differs from the theoretical amount that would arise using the basic tax rate:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Profit before taxation	**1,378,910**	1,433,023	**273,406**	311,657
Tax calculated at a rate of 17% (2017: 15%)	**234,415**	214,953	**46,479**	46,749
Tax effect of:				
Income not subject to tax	**(118,995)**	(109,105)	**(79,445)**	(66,846)
Expenses not deductible for tax purposes	**182,868**	170,091	**33,566**	21,033
Effect of different tax rate	**82,796**	49,899	**-**	-
Under provision in previous years	**2,482**	22,218	**-**	-
Foreign tax credit	**(22,724)**	(38,887)	**-**	-
Investment tax relief	**-**	(56,434)	**-**	-
Other adjustments	**(72,267)**	39,212	**-**	-
Tax charge	**288,574**	291,947	**600**	936

38. DIVIDENDS PER SHARE

Accounting policies

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are declared.

	THE GROUP & THE COMPANY	
	2018	2017
	MUR'000	MUR'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend payable for year ended 2018 of 13 cents per share (2017: 13 cents per share)	**213,566**	198,494
Interim dividend paid for the year ended 2018 of 7 cents per share (2017: 7 cents per share)	**114,843**	106,761
	328,409	305,255

39. DEPOSITS FROM CUSTOMERS

Accounting policies

Deposits from cutomers are classified as financial liabilities at amortised cost. They are initially measured at fair value and subsequently carried at amortised cost.

	THE GROUP	
	2018	2017
Banking Segment	**MUR'000**	MUR'000
Demand deposits	**13,867,733**	12,041,528
Savings deposits	**2,569,658**	2,442,089
Time deposits with remaining terms to maturity:		
Within 1 year	**1,386,998**	856,695
Over one year and up to five years	**1,131,070**	636,428
	18,955,459	15,976,740
Current	**17,824,389**	15,340,312
Non-current	**1,131,070**	636,428
Indviduals	**4,921,395**	4,763,458
SMEs	**2,031,751**	1,865,306
Mid Caps	**1,701,503**	1,442,476
Other corporate	**10,300,810**	7,905,500
	18,955,459	15,976,740

40. NOTES TO THE STATEMENTS OF CASH FLOWS

	Notes	THE GROUP		THE COMPANY	
		2018	Restated 2017	2018	Restated 2017
(a) Cash flow from operating activities		**MUR'000**	MUR'000	**MUR'000**	MUR'000
Reconciliation of profit before taxation to cash generated from operations:					
Profit before taxation		**1,378,910**	1,412,204	**273,406**	301,806
Amortisation of intangible assets	12	**95,989**	51,577	**-**	-
Depreciation	10	**1,057,075**	932,006	**-**	-
Rental income		**-**	(24,095)	**-**	-
Interest expense	6	**780,711**	712,387	**98,339**	61,111
Interest income	6	**(26,614)**	(26,255)	**(6,477)**	(5,393)
Amortisation of leasehold land	18	**52,867**	12,933	**-**	-
Fair value gain on investment property	11	**(38,495)**	(241,880)	**-**	-
Fair value difference on derivatives	43	**(106,989)**			
Impairment of deposit on investments		**-**	-	**5,656**	9,850
Impairment on investment in associated companies		**-**	137,918	**-**	-
Share of result of joint ventures	14	**(272,237)**	(140,181)	**-**	-
Share of result of associated companies	15	**(74,084)**	(88,269)	**-**	-
Intangible assets written-off	12	**222**	919	**-**	-
Property, plant & equipment written-off	10	**6,604**	86,700	**-**	-
Loss on disposal of associate		**-**	239	**-**	-
Provision for impairment of inventories		**29,816**	41,934	**-**	-
Provision for impairment of receivables	5	**118,013**	-	**-**	-
Share based scheme	5	**5,656**	9,851	**-**	-
Investment and other write-off		**-**	3,986	**-**	6,055
Movement in provisions and deferred revenue		**32,921**	-	**-**	-
Retirement benefit obligations	33	**6,771**	53,520	**-**	-
Unrealised exchange difference		**-**	(97,180)	**-**	-
Profit on disposal of investment	5	**(7,053)**	(43,383)	**-**	(43,383)
Profit on disposal of plant and equipment	5	**(25,974)**	(22,312)	**-**	-
		3,014,109	2,772,619	**370,924**	330,046
Changes in working capital:					
- trade and other receivables		**(1,072,287)**	(145,893)	**(57,783)**	(3,493)
- loans and advances		**(2,367,563)**	(1,195,203)	**-**	-
- investment securities		**(450,043)**	(1,420,733)	**-**	-
- loans and advances to banks		**(118,894)**	336,170	**-**	-
- inventories		**(270,631)**	(249,135)	**-**	-
- trade and other payables		**1,478,121**	566,131	**(38,784)**	(9,516)
- deposits from customers		**4,356,530**	2,203,820	**-**	-
Cash generated from operating activities		**4,569,342**	2,867,776	**274,357**	317,037

40. NOTES TO THE STATEMENTS OF CASH FLOWS

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Cash in hand and at bank	**855,937**	687,974	**1,784**	2,908
Foreign currency notes and coins	**229,126**	109,728	**-**	-
Balances with Central Bank	**2,403,376**	356,063	**-**	-
Balances due in clearing	**45,788**	(51,066)	**-**	-
Balances with bank	**1,448,295**	2,585,575	**-**	-
Placements	**1,242,274**	944,053	**-**	-
	6,224,796	4,632,327	**1,784**	2,908
Bank overdrafts	**(1,394,029)**	(1,451,826)	**-**	-
Cash at call	**-**	-	**(166,546)**	(64,255)
Money market line	**(150,000)**	-	**(150,000)**	-
	4,680,767	3,180,501	**(314,762)**	(61,347)

(c) Net debt reconciliation

	THE GROUP			THE COMPANY		
	Cash/Bank Overdraft	**Total Borrowings**	**Total**	**Cash/Bank Overdraft**	**Total Borrowings**	**Total**
	MUR'000	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Net debt as at 1 July 2017	(3,180,501)	15,360,989	**12,180,488**	61,347	1,000,050	**1,061,397**
Cashflows	(1,707,601)	-	**(1,707,601)**	253,415	-	**253,415**
Additions	-	2,657,332	**2,657,332**	-	1,292,868	**1,292,868**
Repayments	-	(2,967,883)	**(2,967,883)**	-	(300,000)	**(300,000)**
Foreign exchange adjustment	207,334	206,108	**413,442**	-	-	**-**
Net debt as at 30 June 2018	**(4,680,768)**	**15,256,546**	**10,575,778**	**314,762**	**1,992,918**	**2,307,680**

41. CONTINGENCIES

At 30 June 2018, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities would arise.

CIEL Finance Group has a floating charge of Euro 4M in favour of a bank to counter-guarantee BNI Madagascar in respect of credit concentration limits imposed by the Malagasy regulator.

Sun Limited has provided corporate financial guarantee for an amount of MUR 59M (2017: MUR 62M) in respect of bank loans to one of its subsidiaries. The Directors consider that no liabilities will arise as the probability for default in respect of the guarantee is remote.

CIEL Textile Limited Group had bank guarantees amounting to MUR 32.7M (2017: MUR 32.4M) to third parties in respect of expatriates.

CIEL Healthcare Group has contingent liabilities in respect of bank and other guarantees of MUR 2.0M (2017: MUR 1.2M). A claim dated 16 March 2018 ('Notice') from Metropolis Bramser Lab Services (Mtius) Limited ("Metropolis") was served. Our subsidiary has disclaimed liability and is defending the action. Legal advice obtained indicates that it is unlikely that any significant liability will arise. The Directors are of the view that no material losses will arise in respect of the legal claim at the date of these financial statements.

42. COMMITMENTS

	THE GROUP	
	2018	2017
	MUR'000	MUR'000
(a) Capital Commitments		
Authorised by the Directors and contracted for	**501,800**	185,408
Authorised by the Directors but not contracted for	**536,000**	922,601
	1,037,800	1,108,009

(b) Operating lease commitments

The Group leases land and motor vehicles under non-cancellable operating lease arrangements.

The future minimum lease payments are as follows:	THE GROUP	
	2018	2017
	MUR'000	MUR'000
Not later than 1 year	**192,744**	386,786
Later than 1 year and not later than 5 years	**569,562**	1,544,230
After 5 years	**19,528,342**	19,651,082
	20,290,648	21,582,098

42. COMMITMENTS (CONT'D)

(b) Operating lease commitments (Cont'd)

Hotel segment

The above operating lease arrangements include state leasehold land rentals for periods up to which the rental amounts have been agreed. The state leasehold land rentals terms go up to a maximum of 60 years and do not contain any option to buy at the end of the lease term. Sun Limited opted to enter into the 60 years state lease agreement offered by the Government of Mauritius in respect of three properties.

The operating lease for the corporate office has an initial lease term of 5 years with an option to buy at the end of the lease term. The Group has exercised its option in 2012 to renew the lease for a further period of four years.

Sun Limited has entered into a lease agreement under which the Company is leasing the Ambre Resort & Spa, a 297-room hotel, and sub-lease the land on which the Hotel stands for an initial period of five (5) years, effective from 1 October 2012. On 7 July 2015, the term of the lease agreement was renewed for another five years as from 1 October 2017 to 30 September 2022.

Rental of office

One of the subsidiaries leases offices under non-cancellable operating lease. The lease has varying terms, purchase options, escalation clauses and renewable rights. Renewals are at the specific entity that holds the lease.

The future minimum lease receivables are as follows:	**THE GROUP**	
	2018	2017
	MUR'000	MUR'000
Not later than 1 year	**62,973**	7,159
Later than 1 year and not later than 5 years	**245,135**	7,136
After 5 years	**180,000**	-
	488,108	14,295

(c) Guarantees and other obligations on account customers and commitment - Banking Segment

The guarantees and other obligations on account of customers and commitments for the banking segment amounted to MUR 3.9bn as at 30 June 2018 (2017: MUR 2.7bn) denomenated in Ariary.

43. DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policies

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. 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 either:

- Hedges of the fair value of recognised liabilities (fair value hedge);
- Hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment 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 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; it is classified 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.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group applies only fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs. The gain or loss relating to the ineffective portion is recognised in profit or loss.

Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in profit or loss within finance costs.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

Cash flow hedge

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

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

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 the income statement. 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.

43. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss.

Gains or losses accumulated in equity are included in profit or loss when the foreign operation is partially disposed of or sold.

Derivatives at fair value through profit or loss

Certain derivative financial instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

Some of the Group companies utilise foreign currency derivatives in the management of their exchange rate exposures.

The fair values of the derivative financial instruments are detailed below:

At 30 June 2018	Level 2 MUR'000	Level 3 MUR'000	Total MUR'000
Assets			
Derivatives used for hedging	**121,977**	**2,860**	**124,837**
Liabilities			
Derivatives used for hedging	**45,027**	**-**	**45,027**
Total	**76,951**	**2,860**	**79,811**

At 30 June 2017	Level 2 MUR'000	Level 3 MUR'000	Total MUR'000
Assets			
Derivatives used for hedging	8,011	870	8,881
Liabilities			
Derivatives used for hedging	31,454	2,932	34,386
Total	(23,443)	(2,062)	(25,505)

Derivatives include forward exchange contracts and interest rate swaps with a notional amount of MUR 2.1Bn (2017: MUR 2.3Bn).

44. CASH FLOW HEDGE

Textile Segment

The Textile Group is involved in the production and sale of textile apparel, most of which is done through exports to foreign countries. The Textile 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 Textile Group exports almost all of its production (South African Rand ('ZAR'), United States Dollars ('USD'), Great Britain Pound ('GBP') and Euro ('EUR').

The Textile Group is mainly faced to 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 Textile 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 Textile 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.

The Textile 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 Textile 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 Textile 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 Textile 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.

44. CASH FLOW HEDGE (CONT'D)

Textile Segment (Cont'd)

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 Textile Group expects to mitigate long term currency exchange risk and will revalue in the opposite direction to the underlying transaction.

The objective of the Textile 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 Textile 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 Textile 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 Textile Group has a single risk category which is the foreign exchange risk on foreign denominated sales.

The Textile 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.

44. CASH FLOW HEDGE (CONT'D)

Textile Cluster (Cont'd)

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

Outstanding contracts	2018 Average exchange rate	2017 Average exchange rate	2018 Sell FC'000	2018 Buy FC'000	2017 Sell FC'000	2017 Buy FC'000	Contract value 2018 MUR '000	Contract value 2017 MUR '000	Fair value 2018 MUR '000	Fair value 2017 MUR '000	Gains/(loss) 2018 MUR '000	Gains/(loss) 2017 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	135,004	**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 MUR '000	2017 MUR '000
On statement of financial position		
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)

44. CASH FLOW HEDGE (CONT'D)

Hotel Cluster

Interest rate swaps contract

The Hotel Group is exposed to variability in future interest cash flows as follows:

(i) One of the subsidiaries of the Hotel Group, Anahita Hotel Limited, entered into an Euro denominated debt. In 2011, Anahita Hotel Limited entered into interest rate swap contracts as cash flow hedges of these interest rate risks. The interest rate swaps are settled on a half yearly basis. The floating rate on the loan is the 6 months EURIBOR.

(ii) Under these interest rate swap contracts, the Hotel Group agrees to exchange from a floating rate of interest to a fixed rate of interest on amounts calculated on agreed notional principal amounts. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Hotel Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously. The Hotel Group will settle the difference between the floating and the fixed interest rate on a net basis.

Cash flow hedges

The notional principal value of the loan amounts for the Anahita Hotel Limited amounts to EURO Nil at 30 June 2018 (2017: EURO 10.25M).

The carrying amount of these interest rate swaps at year end for the Hotel Group are as follows:

	2018	2017
Carrying amount (MUR'000)	-	2,026
Carrying amount (EUR'000)	-	51

During the year, the Hotel Group recognised an amount of MUR 1.7M (30 June 2017: MUR 8.7M) in the profit and loss in respect of the cashflow hedge.

44. CASH FLOW HEDGE (CONT'D)

Hotel Cluster (Cont'd)

The hedge of the variability of cash flows due to exchange rate fluctuations

The hedge of the variability of cash flows due to exchange rate fluctuations is considered to be a cash flow hedge. The Group bills and receives some of its revenues in Euros and GBP. This exposes the Company to variability in cash flow and profits due to fluctuations in the Euro/MUR and GBP/MUR exchange rate. The risk management objective is to hedge the changes in cash flows arising from foreign exchange rate risk associated with future revenues and cash flows of the Group's hotels. The hedging strategy is to enter into loan agreements, including Euro bonds, in Euros and GBP with future principal payments that will be matched by the future remittances from customers in Euros and GBP.

The Company has 30% stake in one of its associated companies, whereby as per the share subscription agreement, the latter is to distribute guaranteed dividends in Euros to Sun Limited up to October 2031. In order to hedge the future Euro revenues with respect to exchange risk, the Company took a loan in order to hedge a portion of the currency risk arising from receipt of dividends in Euro. The Company expects the repayment of the Euro denominated loan to match the receipts of the preference dividends thereby mitigating the risks of fluctuations in Euro/MUR exchange rate on the dividend revenues of the Company.

The final repayment of the bank borrowings and bonds identified as the hedge instrument range from 31 December 2025 to 31 March 2026 for the Group and range from 31 December 2021 to 31 March 2026. The foreign exchange loss on translation of the borrowings of MUR 6.0M (2017: MUR 4.2M) was recognised in other comprehensive income during the year

The fair value of the denominated bank loans and bonds as at 30 June 2018 is MUR 8,620M (2017: MUR 10,316M). These financial assets are classified under Level 3 of the Fair Value Hierarchy.

Finance Cluster - Azur Financial Services Limited

Azur Financial Services Limited had forward foreign exchange contracts which were entered by the company and out standing at the end of the reporting period.

	Notional Amount		Carrying Amount	
	Buy	Sell	Assets	Liabilities
	MUR '000	MUR '000	MUR '000	MUR '000
Year 30 June 2018				
EURO to MUR	**83,654**	**116,930**	**2,623**	**547**
EURO to USD	**80,500**	**61,970**	**5,409**	**2,095**
GBP to MUR	**78,908**	**97,118**	**1,241**	**1,449**
GBP to USD	**18,823**	**-**	**841**	**-**
USD to MUR	**736,048**	**713,491**	**11,643**	**20,346**
ZAR to MUR	**154,269**	**154,269**	**12,520**	**12,523**
	1,152,202	**1,143,778**	**34,276**	**36,960**
Year 30 June 2017				
EURO to MUR	95,108	175,327	6,647	2,537
EURO to USD	87,719	2,136	7	346
USD to MUR	738,776	601,836	19,710	21,627
ZAR to USD	100,927	-	345	4,217
ZAR to MUR	134,299	238,389	3,414	4,375
	1,156,829	1,017,68	30,123	33,103

45. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) THE GROUP

		Dividend Income	Rental and Other Income	Management Fees Receivable	Amount Owed by Related Parties	Amount Owed to Related Parties
		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Associated companies	**2018**	**-**	**29,014**	**175**	**29,664**	**6,707**
	2017	-	40,606	6,298	40,619	49,873
Enterprises that have a number of common Directors	**2018**	**-**	**617**	**-**	**-**	**-**
	2017	651	679	-	-	-
Joint ventures in which the Company is a venturer	**2018**	**-**	**-**	**-**	**1,023**	**-**
	2017	-	-	-	10,566	-

(b) THE COMPANY

		Dividend Income	Management Fees and Other Expenses	Interest, Rental and Other Income	Financial Charges	Amount Owed by Related Parties	Amount Owed to Related Parties
		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Subsidiary companies	**2018**	**442,278**	**49,254**	**6,125**	**531**	**290,605**	**179,992**
	2017	393,228	39,814	4,841	2,703	232,655	94,393
Joint ventures in which the company is a venturer	**2018**	**-**	**-**	**-**	**-**	**43,318**	**-**
	2017	-	-	-	-	43,318	-
Enterprises that have a number of common Directors	**2018**	**-**	**-**	**-**	**-**	**-**	**-**
	2017	651	-	-	-	-	-

(c) The above transactions have been made in the normal course of business. Amounts owed to/by related parties are unsecured. There has been no guarantees provided or received for any related party receivables/payables. The company has not recorded any impairment of receivables during the year. This assessment is undertaken each year through examining the financial position of the related party.

Management fees and other expenses relate to services provided for Strategic, Corporate Governance, Company Secretary & Registry, Legal Support, Communication and Corporate Finance.

(d) Key management personnel salaries and compensation

	THE GROUP 2018	THE GROUP 2017
	MUR'000	MUR'000
Salaries and short-term employee benefits	**423,335**	389,651
Post-employment benefits	**15,859**	17,505
Termination benefit	**-**	-
Share based payments	**5,599**	6,108
	444,793	413,264

46. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's objective is to provide long term capital growth and regular appreciation in dividend income distribution to investors. This objective is being fulfilled through investing in a diversified portfolio of equity and equity related investments.

Non banking specific segment

The Group's activities expose it to a variety of financial risks including the effects of changes in equity market prices, foreign currency exchange rates, credit risk and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group seeks to minimise these risks by investing in various sectors to avoid risk concentration in a particular industry. There is an investment committee which operates under guidelines and policies, embodied in an investment manual approved by the Board of Directors and which actively participates in the monitoring of the financial and operational performance of the various companies in which it has invested.

Banking specific segment

One of the Group's subsidiary, BNI Madagascar, is a bank in Madagascar. The Group analyses the financial risk management of BNI Madagascar separately as the Banking operations are different compared to other entities in the Group which are involved in various non-banking sectors.

The Bank's activities expose it to financial risks such as market risk (including currency and interest rate risk), credit risk and liquidity risk.

(i) Credit risk

Non banking specific segment

Textile Cluster

The cluster's credit risk is primarily attributable to its trade receivables. The amount presented within the Group's segmental note is net of allowances for doubtful receivables, estimated by the management based on prior experience and the current economic environment. The cluster has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Hotels & Resorts Cluster

The cluster has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The cluster only transact with entities of good credit rating. This information is supplied by independent rating agencies where available and, if not available, the cluster uses other publicly available financial information and its own trading records to rate its major customers. The cluster's exposure and the credit risks of its counterparties are continuously monitored. The carrying amount of financial assets recorded, which is net of impairment losses, represents the cluster's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Agro & Property Cluster

The cluster's risk is primarily attributable to its receivables. The amount presented within the Group's segmental note is net of allowances for doubtful receivables, estimated by the management based on prior experience and the current economic environment.

Healthcare Cluster

The cluster's risk is primarily attributable to its trade receivables. The amount presented within the Group's segmental note is net of allowances for credit losses, estimated by the management based on prior experience and the current economic environment. The cluster has a dedicated debtors recovery team that monitors its debtors balance. Where applicable, the cluster takes necessary legal actions in order to recover its balances from the debtors.

46. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

Non banking specific segment (Cont'd)

The Group has no significant concentration of credit risk, 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 maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The Group does not hold any collateral security for receivables relating to the non banking segment.

Banking specific segment

Credit Risk is the risk of suffering financial loss, should any of the Group`s loans and advances to customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit Risk arises mainly from commercial and consumer advances, credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, financial guarantees, letters of credit, endorsements and acceptances. The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities, including non-equity trading portfolio assets, and settlement balances with market counterparties.

Credit Risk Management

BNI Madagascar has put in place clear policies to manage its credit risks. This includes setting risk tolerance thresholds, maximum exposure limits, having an approval process that maintains the equilibrium between sales objectives and risk management, and the responsibility and accountability for credit risk management has been clearly defined. All policies and limits are presented to BNI Madagascar board for information.

The strategy is to set a global acceptable level of risk and exposure limits and then to put in place the required controls to ensure that the risks taken remain within the acceptable threshold. The Risk Strategy and related thresholds are reviewed and approved by the Risk Committee of Indian Ocean Financial Holdings Limited – a global limit is set as regards sovereign risk including the State, the Central Bank and other government institutions whilst for the corporate sector, the limits are set per sector – Telecommunications, Transport-transit, real estate and textile. Limits have also been set for the retail clients as well as Professionals (hotel and tourism, transport/ transit, BTP and textile). The credit policies are reviewed annually and aligned with the budget.

Credit risk exposure for BNI Madagascar

The credit quality of BNI Madagascar's financial assets is as follows:	**2018** **MUR '000**	**2017** **MUR '000**
Retail customers:	**1,626,408**	1,370,842
Financial institution	**916,864**	797,970
Corporate customers	**9,767,454**	8,725,235
Total loans and advances	**12,310,725**	10,894,046
Central Bank of Madagascar:		
- Investment in treasury bills	**2,969,411**	2,792,163
- Cash and cash equivalent	**2,403,376**	356,063
Other balance with Banks	**1,793,913**	2,286,244
Other receivables	**1,545,618**	1,184,844
	21,023,043	17,513,360
<u>Loans and advances</u>		
Neither past due nor impaired	**12,198,063**	10,794,261
Past due but not impaired	**-**	-
Impaired	**1,256,037**	1,397,841
Gross	**13,454,100**	12,192,102
Less: allowance for credit impairment	**(1,143,375)**	(1,298,056)
Net	**12,310,725**	10,894,046
Fair value of collaterals of impaired loans	**929,223**	748,247

46. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

Credit risk exposure for BNI Madagascar (Cont'd)

Other assets	**2018 MUR '000**	2017 MUR '000
Neither past due nor impaired	**1,542,536**	1,208,895
Past due but not impaired	**3,082**	(24,051)
Impaired	**45,083**	55,598
Gross	**1,590,701**	1,240,442
Less: allowance for credit impairment	**(45,083)**	(55,598)
Net	**1,545,618**	1,184,844

All other financial assets were neither past due nor impaired.

Types of collateral and credit enhancements held at year end:

- Fixed and floating charges on properties and other assets
- Lien on vehicle/equipment/machinery
- Lien on deposits
- Bank Guarantee/Personal Guarantee/Government Guarantee

The maximum exposure to credit risk before collateral for BNI Madagascar is as follows:

Credit risk exposure to on-balance sheet assets:	**2018 MUR '000**	**2017 MUR '000**
Cash and cash equivalents	**4,197,289**	2,642,307
Loans to banks	**916,864**	797,970
Loans and advances to customers	**11,393,861**	10,096,076
Investment in securities	**2,969,411**	2,792,163
Other assets	**1,545,618**	1,184,844
Total on balance sheet exposure	**21,023,043**	17,513,360
Credit risk exposure to off-balance sheet assets:		
Acceptances, guarantees, letter of credit and other obligations on account of customers	**3,898,899**	2,512,036
Total on and off balance sheet exposure	**24,921,942**	20,025,396

46. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

Credit risk exposure for BNI Madagascar (Cont'd)

Concentration risk

2018	Retail MUR '000	SMES MUR '000	Corporate MUR '000	Financial Institutions MUR '000	Central Bank MUR '000	Other MUR '000	Total MUR '000
Loans and advances to customers	1,326,608	299,800	9,767,452	-	-	-	**11,393,860**
Loans and advances to banks	-	-	-	916,863	-	-	**916,863**
Held to maturity	-	-	-	-	2,969,411	-	**2,969,411**
Cash and cash equivalent	-	-	-	1,656,863	2,403,376	-	**4,060,239**
Trade and other receivables	-	-	-	-	-	2,369,687	**2,369,687**
	1,326,608	**299,800**	**9,767,452**	**2,573,726**	**5,372,787**	**2,369,687**	**21,710,060**

Credit rating	A Rated	B Rated	C Rated	Unrated	Total
Loans and advances to customers	172,432	8,935,399	61,204	2,224,825	**11,393,860**
Loans and advances to banks	916,864	-	-	-	**916,864**
Held to maturity	-	-	-	2,969,408	**2,969,408**
Cash and cash equivalent	-	-	-	4,060,239	**4,060,239**
Trade and other receivables	-	-	-	2,369,687	**2,369,687**
	1,089,296	**8,935,399**	**61,204**	**11,624,158**	**21,710,057**

2017	Retail MUR '000	SMES MUR '000	Corporate MUR '000	Financial Institutions MUR '000	Central Bank MUR '000	Other MUR '000	Total MUR '000
Loans and advances to customers	1,040,237	330,612	8,725,228	-	-	-	**10,096,077**
Loans and advances to banks	-	-	-	797,970	-	-	**797,970**
Held to maturity	-	-	-	- -	2,792,163	-	**2,792,163**
Cash and cash equivalent	-	-	-	2,124,591	356,063	-	**2,480,654**
Trade and other receivables	-	-	-		-	1,184,843	**1,184,843**
	1,040,237	**330,612**	**8,725,228**	**2,922,561**	**3,148,226**	**1,184,843**	**17,351,707**

Credit rating	A Rated	B Rated	C Rated	Unrated	Total
Loans and advances to customers	-	8,033,318	77,942	1,984,816	**10,096,076**
Loans and advances to banks	797,970	-	-	-	**797,970**
Held to maturity	-	-	-	2,792,162	**2,792,162**
Cash and cash equivalent	-	-	-	2,481	**2,481**
Trade and other receivables	-	-	-	1,184,843	**1,184,843**
	797,970	**8,033,318**	**77,942**	**5,964,302**	**14,873,532**

46. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as available-for-sale.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

Diversification of the portfolio is done in accordance with the limits set by the Group.

Sensitivity analysis

The table below summarises the impact of increases/decreases in the fair value of the investments in other financial assets on the Group's equity. The analysis is based on the assumption that the fair value had increased/decreased by 5%, with other factors remaining constant.

	THE GROUP		THE COMPANY	
	2018 MUR'M	2017 MUR'M	2018 MUR'M	2017 MUR'M
Available-for-sale securities	19.1	12.7	4.3	4.7

(iii) Market risk - Banking Segment

Market risk arises from activities undertaken in or impacted by financial markets generally. This includes the risk of gain or loss arising from the movement in market price of a financial asset or liability as well as ancillary risks such as liquidity and funding risk.

The Bank is exposed to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risk arising from trading and non-trading activities are concentrated in the Bank's Treasury and Market Risk teams. Regular reports are submitted to the Management and the Board of Directors. The Board of Directors approves the risk strategy, risk policies and prudential limits within which the operations are to be carried out. Implementation of the policies and business strategies are delegated to Management and the Risk Management Unit.

(iv) Interest rate risk

Non banking specific segment

The Group is exposed to interest rate cash flow and fair value risk as it borrows at variable and fixed rates. This risk is somehow mitigated by non-current receivables and loans at call being granted at variable rates.

The risk for the group is managed by maintaining an appropriate mix between fixed and floating rate borrowings, and the use of interest rate swap contracts.

Had interest rate on financial liabilities been 1% higher/lower with all other variables held constant, the effect on profit or loss would be as follows for the Group, excluding CIEL Finance Group, which comprises mainly of BNI Madagascar.

	THE GROUP		THE COMPANY	
	2018 MUR'M	2017 MUR'M	2018 MUR'M	2017 MUR'M
Profit or loss	**163.8**	163.8	**23.1**	10.6

46. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

(iv) Interest rate risk (Cont'd)

The interest sensitivity of assets and liabilities for the CIEL Finance Group is as follows:

2018	< 3 months MUR'000	3-6 months MUR'000	6-12 months MUR'000	1-3 years MUR'000	> 3 years MUR'000	Non-interest bearing MUR'000	Total MUR'000
Assets							
Cash and cash equivalents	1,241,841	-	-	-	-	4,029,223	5,271,064
Investment securities	-	-	130,278	2,579,200	4,424,600	259,933	2,969,411
Loans and advances to customers	6,614,952	-	-	354,309	-	-	11,393,861
Loans and advances to banks	-	-	916,864	-	-	-	916,864
Other investments	-	-	-	-	-	111,244	111,244
Trade and other receivables	-	-	-	-	-	1,545,618	1,545,618
	7,856,793	**-**	**1,047,142**	**2,933,509**	**4,424,600**	**5,946,018**	**22,208,062**
Liabilities							
Deposits from customers	3,863,433	248,061	992,314	1,125,742	5,328	12,720,581	18,955,459
Borrowings	261,708	-	-	211,337	-	-	473,045
Trade and other payables	-	-	-	-	-	1,917,807	1,917,807
	4,125,141	**248,061**	**992,314**	**1,337,079**	**5,328**	**14,638,388**	**21,346,311**
Interest rate sensitivity gap	**3,731,652**	**(248,061)**	**54,829**	**1,596,430**	**4,419,272**	**(8,692,370)**	**861,751**

	< 3 months MUR '000	3-6 months MUR '000	6-12 months MUR '000	1-3 years MUR '000	> 3 years MUR '000	Non-interest bearing MUR '000	Total MUR '000
2017							
Assets							
Cash and cash equivalents	943,791	-	-	-	-	2,487,957	3,431,748
Investment securities	-	662,294	110,332	1,893,436	-	126,101	2,792,163
Loans and advances to customers	5,492,787	-	-	224,980	4,378,310	-	10,096,076
Loans and advances to banks	-	629,336	168,635	-	-	-	797,970
Other investments	-	-	-	-	-	79,135	79,135
Trade and other receivables	-	-	-	-	-	1,184,844	1,184,844
	6,436,578	**1,291,630**	**278,967**	**2,118,416**	**4,378,310**	**3,878,037**	**18,381,937**
Liabilities							
Deposits from customers	4,421,950	113,428	395,512	636,428	-	10,409,422	15,976,740
Borrowings	241,902	-	-	-	193,655	-	435,557
Trade and other payables	-	-	-	-	-	1,104,916	1,104,916
	4,663,852	**113,428**	**395,512**	**636,428**	**193,655**	**11,514,338**	**17,517,213**
Interest rate sensitivity gap	**1,772,726**	**1,178,202**	**(116,545)**	**1,481,988**	**4,184,655**	**(7,636,301)**	**864,724**

46. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

(v) Foreign exchange risk

Non banking specific segment

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

The Group has a treasury department in place where foreign exchange exposure risk is monitored and managed. If necessary, management can also use financial instruments to hedge currency risk.

The textile segment is primarily exposed to GBP, Euro, USD, SA Rand and INR. Foreign exchange risk arises from future commercial transactions.

Forward contracts are used to mitigate foreign currency risks.

The hotel segment enters into a variety of forward contracts and swaps to manage its exposure to foreign currency risk.

Banking specific segment

Currency risk is the potential movements in foreign exchanges rates that may adversely affect the bank's financial position.

The Bank's transactions in foreign currencies are mainly in EUR and USD. The Bank's foreign currency exposure of 1.6% is within the regulatory maximum of 20% of capital applied in Madagascar.

	THE GROUP		
At 30 June 2018	**USD**	**EURO**	**OTHERS**
Assets	**MUR '000**	**MUR '000**	**MUR '000**
Non banking specific segment			
Investment in associates	41,616	452,585	176,406
Investment in other financial assets	199,168	-	82,131
Trade and other receivables	1,226,731	661,652	1,485,381
Cash and cash equivalents	87,345	179,051	469,176
	1,554,860	**1,293,288**	**2,213,094**
Banking specific segment			
Investments in other financial assets	-	232	-
Investment in securities	2,969,411	-	-
Loans and advances	284,641	777,897	5
Trade and other receivables	752,139	293,419	-
Cash and cash equivalents	1,073,502	818,493	63,048
	5,079,693	**1,890,041**	**63,053**
	6,634,553	**3,183,329**	**2,276,147**

	THE GROUP		
At 30 June 2018	**USD**	**EURO**	**OTHERS**
Liabilities	**MUR '000**	**MUR '000**	**MUR '000**
Non banking specific segment			
Trade and other payables	617,059	132,859	797,814
Borrowings	3,574,907	5,436,275	896,045
	4,191,966	**5,569,134**	**1,693,859**
Banking specific segment			
Trade and other payables	921,334	289,867	45
Deposits from customers	1,337,851	1,307,165	33,904
	2,259,185	**1,597,032**	**33,949**
	6,451,151	**7,166,166**	**1,727,808**
Net on balance sheet position	**183,402**	**(3,982,837)**	**548,339**

46. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

(v) Foreign exchange risk (Cont'd)

THE GROUP At 30 June 2017 Assets	USD MUR '000	EURO MUR '000	OTHERS MUR '000
Non banking specific segment			
Investments in associates	15,633	222,259	324,334
Investments in other financial assets	114,720	68	-
Trade and other receivables	1,138,015	662,952	1,254,241
Cash and cash equivalents	521,836	161,142	513,842
	1,790,204	**1,046,421**	**2,092,417**
Banking specific segment			
Investments in other financial assets	-	226	10,128
Investment in securities	-	-	2,792,163
Loans and advances	198,702	428,609	9,468,763
Trade and other receivables	465,357	131,783	587,599
Cash and cash equivalents	1,564,475	1,226,288	1,221,694
	2,228,534	**1,786,906**	**14,080,347**
	4,018,738	**2,833,327**	**16,172,764**

		THE GROUP	
At 30 June 2017 **Liabilities**	USD MUR '000	EURO MUR '000	OTHERS MUR '000
Non banking specific segment			
Trade and other payables	637,179	98,851	963,652
Borrowings	4,051,355	6,167,677	672,138
	4,688,534	**6,266,528**	**1,635,790**
Banking specific segment			
Trade and other payables	400,174	103,278	444,318
Borrowings	-	-	207,360
Deposits from customers	1,585,436	1,614,144	12,777,160
	1,985,610	**1,717,422**	**13,428,838**
Net on balance sheet position	**2,033,128**	**1,115,905**	**2,743,926**

		THE COMPANY	
	2018		
	USD MUR '000	EURO MUR '000	OTHERS MUR '000
Assets			
Investments in associates	**29,301**	**221,944**	**-**
Investments in other financial assets	**97,680**	**-**	**-**
Cash and cash equivalents	**1,762**	**25**	**2**
	128,743	**221,969**	**2**

All other assets and liabilities are denominated in Mauritian Rupees.

46. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

(v) Foreign exchange risk (Cont'd)

The following table details the Group's sensitivity to a 5% increase or decrease in the rupee against the relevant foreign currencies:

	THE GROUP	
	2018	2017
	Profit or loss	Profit or loss
	MUR'M	MUR'M
US Dollar	**(9.2)**	(101.7)
Euro	**199.1**	(55.8)

	THE COMPANY	
	2018	2017
	Profit or loss	Profit or loss
	MUR'M	MUR'M
US Dollar	**2.9**	1.3
Euro	**12.7**	9.4

(vi) Liquidity risk

Non banking specific segment

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims at maintaining flexibility in funding by keeping committed credit lines available. The hotel segment has implemented a Refinancing Plan to match debt servicing with future cash flows based on a strategic plan, and an effective hedging whereby a portion of the MUR debt would be converted into Euro. Going forward, Sun Group continues to focus on reducing the gearing level and management expects positive cash flow with all resorts in full operation as from December 2016. Management monitors rolling forecasts of Sun Group's liquidity reserve on the basis of expected cash flow.

Banking specific segment

The following table analyses the Group's 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 on an undiscounted basis.

The Group anticipates that it will have sufficient pay to repay its liabilities when they fall due from expected cash in flows from loans customers and its operating activities. The Group also maintain a balance of MUR 2,403,376,000 with the Central Bank of Madagascar as a liquidity measure to ensure repay its liabilities arising from deposit from customers.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The hotel segment has implemented a Refinancing Plan to match debt servicing with future cash flows based on a strategic plan, and an effective hedging whereby a portion of the MUR debt would be converted into Euro. Going forward, Sun Group continues to focus on reducing the gearing level and management expects positive cash flow with all resorts in full operation as from December 2016. Management monitors rolling forecasts of Sun Group's liquidity reserve on the basis of expected cash flow.

46. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

(vi) Liquidity risk (Cont'd)

THE GROUP	Less than 1 year MUR '000	Between 1 and 2 years MUR '000	Greater than 2 years MUR '000
At 30 June 2018			
Borrowings	**95,732**	**39,120**	**419,925**
Deposits from customers	**17,922,172**	**1,323,352**	**-**
Trade and other payables	**1,917,807**	**-**	**-**
Total on balance sheet	**19,935,712**	**1,362,472**	**419,925**
Off balance sheet commitment	**3,497,967**	**400,932**	**-**
Total on and off balance	**23,433,679**	**1,763,404**	**419,925**

THE GROUP			
At 30 June 2017			
Borrowings	33,008	39,120	498,165
Deposits from customers	15,395,569	744,393	-
Trade and other payables	1,104,916	-	-
Total on balance sheet	16,533,493	783,513	498,165
Off balance sheet commitment	1,968,859	784,719	-
Total on and off balance	18,502,351	1,568,232	498,165

THE COMPANY	MUR '000	MUR '000	MUR '000
At 30 June 2018			
Borrowings	**639,313**	**448,389**	**1,662,855**
Trade and other payables	**26,722**	**-**	**-**
Dividend payable	**213,566**	**-**	**-**
Current Tax Liabilities	**-**	**-**	**-**
Total	**879,601**	**448,389**	**1,662,855**

THE COMPANY			
At 30 June 2017			
Borrowings	364,255	336,565	472,240
Trade and other payables	65,370	-	-
Dividend payable	198,494	-	-
Current Tax Liabilities	130	-	-
Total	628,249	336,565	472,240

(vii) Financial instruments by category

	THE GROUP		THE COMPANY	
	2018 MUR'000	2017 MUR'000	**2018 MUR'000**	2017 MUR'000
Financial Assets				
Loans and receivables	**23,662,536**	19,945,321	**292,389**	1,949
Financial asset at fair value through profit or loss	**124,837**	8,881	**-**	235,564
Held to maturity	**2,980,636**	-	**-**	-
Available for sale	**-**	-	**16,208,175**	-
Total	**26,768,009**	19,954,202	**16,500,564**	237,513
Financial Liabilities				
At amortised cost	123,311	37,812,276	2,549,751	1,328,171
At fair value through profit or loss	-	81,831	-	-
Total	**123,311**	37,894,107	**2,549,751**	1,328,171

46. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company/Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments are disclosed in Note 2.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the Group for similar financial instruments.

(c) Capital risk management

The Group's objective when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets in order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, issue new shares or sell assets.

The assets of the Company are financed through equity and borrowings.

The gearing ratio, excluding banking deposits and cash and cash equivalents, as at 30 June 2017 is as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	MUR'000	MUR'000	**MUR'000**	MUR'000
Total debt	**16,589,238**	16,605,455	**2,309,465**	1,064,305
Less cash & cash equivalents	**(1,091,000)**	(1,376,003)	**(1,784)**	(2,908)
	15,498,238	15,229,452	**2,307,681**	1,061,397
Total equity	**24,748,335**	23,377,322	**13,951,996**	14,221,614
Gearing	**38.51%**	39.45%	**14.19%**	6.94%

Banking segment

The minimum required capital adequacy ratio in Madagascar is 8%. As at 30 June 2018, the capital adequacy ratio of BNI Madagascar was 11.28% as follows:

Capital base	MUR'000	**1,600**
Risk weighted	MUR'000	**14,180**
Capital adequacy ratio		**11.28%**

47. PRIOR PERIOD ADJUSTMENTS - GROUP

During the year ended 30 June 2018, the following prior year adjustments have been noted. In accordance with the requirements of IAS 8, the Group has restated the audited statements of financial position as at 30 June 2017 and at 1 July 2016. The Statements of Profit or Loss and Other Comprehensive Income and Cash flows for the year ended 30 June 2017 have also been restated, where applicable.

		At 30 June 2017			At 1 July 2016		
Statement of financial position	Note	As Previously Stated MUR'000	Adjustments MUR'000	As Restated MUR'000	As Previously Stated MUR'000	Adjustments MUR'000	As Restated MUR'000
Property, Plant and Equipment at Fair Value	c	19,889,459	323,497	20,212,956	19,477,517	329,620	19,807,137
Property, Plant and Equipment at Amortised Cost	e	4,196,687	(80,205)	4,116,482	-	-	-
Investments in Associates	a	4,807,429	(195,964)	4,611,465	5,068,765	(178,655)	4,890,110
Retained Earnings	a,b,c	(7,141,535)	48,033	(7,093,502)	(7,026,654)	27,456	(6,999,198)
Revaluation, Fair Value and Other Reserves	a	(2,715,693)	201,910	(2,513,783)	(2,774,026)	200,590	(2,573,436)
Non-Controlling Interest	b	(9,759,140)	36,302	(9,722,838)	(9,749,787)	33,216	(9,716,571)
Deferred tax liabilities	b	(1,014,469)	(85,451)	(1,099,920)	(1,042,479)	(82,607)	(1,125,086)
Borrowings - Finance Lease Obligations	c	(11,074,287)	(328,327)	(11,402,614)	(5,367,355)	(329,620)	(5,696,975)
Trade and other payables	e	(4,805,052)	80,205	(4,724,847)	-	-	-

Statement of profit or loss and other comprehensive income		Year ended 30 June 2017		
		MUR'000	MUR'000	MUR'000
Revenue	d	(20,258,331)	(402,230)	20,660,561)
Earnings before interests, taxation, depreciation and amortisation	c	(2,802,993)	(42,487)	(2,845,480)
Share of results of associates	a	(104,258)	15,989	(88,269)
Finance income	d	-	(38,407)	(38,407)
Finance costs	c	644,938	79,601	724,539
Income tax	b	288,932	3,016	291,948
Deferred tax on revaluation gain	b	13,468	(172)	13,296

47. PRIOR PERIOD ADJUSTMENTS - GROUP (CONT'D)

Statement of cash flows		**Year Ended 30 June 2017**		
		As Previously Stated	**Adjustments**	**As Restated**
		MUR'000	**MUR'000**	**MUR'000**
Profit before taxation	a	(1,433,023)	20,819	(1,412,204)
Share of results of associated companies	a	(104,258)	15,989	(88,269)
Depreciation	c	925,883	6,123	932,006
Property plant and equipment written off	e	6,495	80,205	86,700
Purchase of property plant and equipment	c	(1,931,783)	(329,620)	(2,261,403)
Trade and other payables	e	646,336	(80,205)	566,131
Borrowings	c	8,660,795	328,327	8,989,122

(a) One of the associates' audited financial statements have been restated for a few prior year errors, on Property, Plant and Equipment, Investment properties, intangible assets., deferred expenditure, deferred income taxes, biological assets and deferred milling expenses.

The net impact of the above adjustments on the opening reserves of the associate amounted to MUR 935M.

The Group's share of these adjustments has been accounted on the following financial statements line items: Share of results of associates; Investment in associates; Retained Earnings; and Revaluation, Fair Value and other reserves.

(b) One of the company's subsidiaries had incorrectly accounted for deferred tax at 15%, instead of 17% (15% tax rate and 2% CSR rate).

The impact of the change in tax rate amounts to MUR 82.6M on the opening retained earnings at 1 July 2016.

(c) One of the Group's subsidiaries, operating in the hospitality industry, entered into several sale and finance leaseback transactions in the previous years under the Invest Hotel Scheme - I.H.S. 76 hotel units were sold between 2011 and 2015 and the group had recognised these transactions as operating leases. To correct this error, the audited financial statements have been restated to re-instate an asset and a corresponding finance lease obligation.

(d) Interest income and other fees and commissions arising from the Company's financial institution has been accounted on a net of interest expense, within the revenue line item.

This is in contravention of IAS 1 'Presentation of Financial Statements' which states that an entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an IFRS. Interest income and other fees and commissions have now been accounted within Revenue, with interest expense accounted seperately within Earnings before interest, taxation, depreciation and amortisation. The comparatives have been restated.

(e) During the current year, one of the group's subsidiary renovation project was finalised. Some project items accrued for at 30 June 2017 were not implemented and resulted in a savings/ over capitalisation of MUR 80,205,000 in property, plant and equipment. A prior year adjustment was made by restating the opening balances of property, plant and equipment and capital creditors at 30 June 2017.

47. PRIOR PERIOD ADJUSTMENTS - COMPANY

During the year ended 30 June 2018, the following prior year adjustments have been noted. In accordance with the requirements of IAS 8, the Company has restated the audited statements of financial position as at 30 June 2017 and at 1 July 2016. The Statements of Profit or Loss and Other Comprehensive Income and Cash flows for the year ended 30 June 2017 have also been restated, where applicable.

		At 30 June 2017			At 01 July 2016		
	Note	**As Previously Stated**	**Adjustments**	**As Restated**	**As Previously Stated**	**Adjustments**	**As Restated**
Statement of financial position		**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**	**MUR'000**
Investments in subsidiary companies	a,b	11,459,158	3,643,196	15,102,354	10,630,964	3,039,729	13,670,693
Investments in joint ventures	a	1,142,308	(1,097,308)	45,000	985,960	(940,960)	45,000
Investments in associates	a	2,535,601	(2,507,575)	28,026	2,137,896	(2,083,523)	54,373
Investments in other financial assets	a	145,093	(51,388)	93,705	184,686	(28,321)	156,365
Deposit on investments	b	115,673	(72,355)	43,318	86,505	(62,505)	24,000
Retained earnings	b	(2,600,675)	85,430	(2,515,245)	(2,595,209)	75,580	(2,519,629)

Statement of profit or loss and other comprehensive income		Year ended 30 June 2017		
		MUR'000	**MUR'000**	**MUR'000**
Revenue	c	(407,752)	5,393	(402,359)
Earnings before interests, taxation, depreciation and amortisation	c	(371,581)	14,057	(357,524)
Finance income	c	-	(5,393)	(5,393)
Finance costs	c	59,924	1,186	61,110

Statement of cash flows		Year ended 30 June 2017		
		MUR'000	**MUR'000**	**MUR'000**
Profit before taxation	b	(311,657)	9,850	(301,807)
Impairment charge	b	-	(9,850)	(9,850)

(a) Companies, in which CIEL Limited only has indirect investments, have been classified as subsidiaries, associates or joint ventures, in the stand-alone financial statements of CIEL Limited. Companies, in which CIEL Limited only has indirect investments should not be included as separate investments in associates, joint ventures or other financial assets in the stand-alone financial statements. The financial statements have been restated to reflect the correct classification.

(b) CIEL Limited holds 100% of the ordinary shares of CIEL Corporate Services Limited. CIEL Corporate Services Limited has not made any profit in the last two years and it is not forecasted to make any profit in the foreseeable future. Moreover, CIEL Corporate Services Limited was not set up with the aim of making profit. The investments and deposit on investments have accordingly been fully impaired, with retrospective effect.

(c) Interest income and exchange difference have been reclassified as finance income and in earnings before interest, taxation depreciation and amortisation during the financial year, with comparatives restated.

48. EVENTS AFTER THE REPORTING PERIOD

(a) Healthcare segment

The Board of Directors of The Medical and Surgical Centre Limited ("MSCL") announced on 21st August 2018 the end of the 10-year Operation and Management Agreement ("O&M Agreement") between MSCL and Fortis Healthcare International Limited. The executive management team of the Company will assume the direct management of both Wellkin Hospital and Fortis Clinique Darné as from 1 January 2019.

(b) Textile segment

On 1 August 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.

49. FINANCIAL SUMMARY

THE GROUP	**2018 MUR'000**	Restated 2017 MUR'000	2016 MUR'000
(a) Statement of profit or loss and other comprehensive income			
REVENUE	**22,608,499**	20,660,562	18,821,526
Earnings before interests, taxation, depreciation and amortisation	**2,914,127**	2,902,266	2,766,212
Depreciation and amortisation	**(1,165,936)**	(975,594)	(749,554)
Earnings before interests and taxation	**1,748,191**	1,926,672	2,016,658
Finance income	**26,614**	38,407	55,250
Finance costs	**(780,711)**	(724,539)	(640,955)
Share of results of joint ventures	**272,237**	140,181	146,998
Share of results of associates	**74,084**	88,269	56,254
Profit before non-recurring items	**1,340,415**	1,468,990	1,634,205
Closure, marketing launch, restructuring, branding and transaction costs	**-**	(160,748)	(534,208)
Increase in fair value of investment properties	**38,495**	241,880	265,135
Impairment of goodwill	**-**	-	(29,917)
Impairment on investment in associated companies	**-**	(137,918)	-
Profit before taxation	**1,378,910**	1,412,204	1,335,215
Income tax	**(288,574)**	(291,947)	(153,281)
Profit for the year	**1,090,336**	1,120,257	1,181,934
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on revaluation of land and buildings	**706,216**	371,157	209,880
Deferred tax on revaluation gain	**(64,851)**	(13,296)	(59,916)
Share of other comprehensive income of associates	**-**	(17,343)	8,605
Remeasurements of post employment benefit obligations	**52,122**	(63,538)	(59,621)
Deferred tax on remeasurements of post retirement benefit obligations	**(17,902)**	7,195	8,170
	675,585	284,175	107,118

49. FINANCIAL SUMMARY (CONT'D)

	30 June 2018 MUR'000	Restated 30 June 2017 MUR'000	Restated 01 July 2016 MUR'000
(a) Statement of profit or loss and other comprehensive income (Cont'd)			
Items that may be reclassified subsequently to profit or loss:			
Change in value of available-for-sale financial assets	**110,070**	(90,851)	(14,374)
Share of other comprehensive income of associates and joint ventures	**79,366**	(199,761)	(102,721)
Exchange difference charged to profit or loss	**-**	137,918	-
Currency translation differences	**(366,794)**	(163,369)	67,144
Cash flow hedges	**(1,674)**	(48,955)	(4,700)
Deferred tax on cash flow hedges	**(8,715)**	(2,279)	8,279
	(187,747)	(367,297)	(46,372)
Other comprehensive income for the year	**487,838**	(83,122)	60,746
Total comprehensive income for the year	**1,578,174**	1,037,135	1,242,680
Profit attributable to:			
Owners of the parent	**441,817**	458,570	477,150
Non-controlling interests	**648,519**	661,687	704,784
	1,090,336	1,120,257	1,181,934
Total comprehensive income attributable to:			
Owners of the parent	**756,201**	363,614	425,803
Non-controlling interests	**821,973**	673,521	816,877
	1,578,174	1,037,135	1,242,680
Earnings per share	**0.27**	0.30	0.31
(b) Statement of financial position			
ASSETS			
Non-current assets	**44,541,689**	42,446,105	37,603,278
Current assets	**24,251,925**	20,617,698	19,811,849
Non-current assets held-for-sale	**91,062**	49,812	19,693
Total assets	**68,884,676**	63,113,615	57,434,820
EQUITY AND LIABILITIES			
Capital and reserves	**14,386,057**	13,654,483	13,606,223
Non-controlling interests	**10,362,278**	9,722,839	9,716,571
Total equity	**24,748,335**	23,377,322	23,322,794
LIABILITIES			
Non-current liabilities	**14,742,146**	13,919,760	7,418,627
Current liabilities	**29,394,195**	25,816,533	26,693,399
	44,136,341	39,736,293	34,112,026
Total equity and liabilities	**68,884,676**	63,113,615	57,434,820

Annexure A – Other Statutory Disclosures
Year ended 30 June 2018

Directors of Subsidiaries as at 30 June 2018

Alain Lepatre Lamontagne	BNI Madagascar SA Indian Ocean Financial Holdings Ltd
Alain Rey	CIEL Textile Ltd
Alastair Nairn	MITCO Advisory Ltd
Alexandre Espitalier-Noel	Solea Vacances SA
Alexis Caude	Sun Ltd
Amal Autar	Halifax International Ltd Mauritius International Trust Co Ltd MITCO Advisory Ltd MITCO Corporate Services Co Ltd MITCO Fund Services Ltd* MITCO International Holdings Ltd MITCO Ltd MITCO Services Ltd MITKEN Services Ltd
Amélie Vitry Audibert	Fondation CIEL Nouveau Regard
Annabelle Lonborg-Nielsen	Operational Excellence Management & Leadership Ltd
Antoine Delaporte	CIEL Corporate Services Ltd CIEL Textile Ltd
Aquarelle Madagascar SA	Antsirabe Knitwear Ltd
Ashish Bhatia	The Medical & Surgical Centre Ltd
Ayaz Tajoo	Aquarelle Madagascar SA Laguna Madagascar SA
Bernadette Suzanne Julie	SRL Maldives Ltd SRL Management Ltd
Bertrand Rivalland	Ajax Sweaters Ltd Aquarelle International Ltd Aquarelle Madagascar SA Azur Financial Services Ltd CIELtex Pty SA CTL Retail Ltd Floreal International Ltd Floreal Madagascar SA

Bertrand Rivalland (Cont'd)	Floreal Property Ltd Floreal Trading Ltd Laguna Madagascar SA Société Bonneterie Malagasy - SOBOMA Société Textile d'Andraharo SA - TEXARO Tinka International Ltd TKL International Ltd TKL Knits (India) Private Ltd Tropic Mad SA
Bertrand Thevenau	CDL Knits Ltd Société Bonneterie Malagasy - SOBOMA Tinka International Ltd TKL International Ltd TKL Knits (India) Private Ltd Tropic Knits Ltd Tropic Mad SA
Bharat Bhushan Bhugra	Ajax Sweaters Ltd
Bishwarnath Bachun	Halifax International Ltd Mauritius International Trust Co Ltd MITCO Advisory Ltd MITCO Corporate Services Co Ltd MITCO International Holdings Ltd MITCO Ltd MITCO Services Ltd
Brinda Devi Dabysing	IPRO Funds Ltd
Bruno Monti	Laguna Clothing (Mauritius) Ltd Laguna Clothing Private Ltd Laguna Madagascar SA
Catherine McIlraith	CIEL Finance Ltd
Chad Menton	MITCO Fund Services Ltd*
Charity Melody Mubeezi	IMG Pharmaceuticals Ltd
Charles Perrier	Ajax Sweaters Ltd CTL Retail Ltd Floreal International Ltd Floreal Madagascar SA Floreal Property Ltd Société Textile d'Andraharo SA - TEXARO
CIEL Textile Ltd	Antsirabe Knitwear Ltd

Annexure A – Other Statutory Disclosures (Cont'd)

(Section 221 of the Mauritius Companies Act 2001)

Christine Sauzier	C Healthcare (EA) Ltd CIEL Agro & Property Ltd CIEL Healthcare Ltd Ferney Ltd Ferney Trail Ltd Healthcare East Africa Ltd Investment Professionals Ltd IPRO Funds Ltd TBLIMG Ltd The Medical & Surgical Centre Ltd
Clair Mathe-Lisenda	IPRO Botswana F-Management (Proprietary) Ltd IPRO (Botswana) (Propriety) Ltd
Damien Braud	CIEL Healthcare Ltd
Daniella Hoareau	SRL Maldives Ltd (as alternate of Stephanie Germain and Bernadette Suzanne Julie) SRL Management Ltd (as alternate of Stephanie Germain and Bernadette Suzanne Julie)
David J. Anderson	Ambre Resort Ltd Anahita Hotel Ltd City & Beach Hotels (Mauritius) Ltd GreenSun Management Ltd Loisirs des Iles Ltée Long Beach IHS Ltd Long Beach Resort Ltd Solea Vacances SA SRL FS, Ltd SRL Kanuhura Ltd SRL Maldives Ltd SRL Management Ltd SRL Marketing Ltd SRL Property Ltd SRL Touessrok Hotel Ltd SRL Touessrok Residences &Villas Ltd Sun Centralised Services Ltd Sun Hotel Holdings Ltd Sun Hotel Investment Ltd Sun International Hotel Holdings Ltd Sun International Investment Ltd Sun International Management Ltd Sun International Realty Development Ltd Sun Leisure Hotels Ltd Sun Leisure Investments Ltd Sun Ltd Sun Logistics Ltd

Annexure A – Other Statutory Disclosures (Cont'd)

(Section 221 of the Mauritius Companies Act 2001)

David J. Anderson (Cont'd)	Sun Real Estates Ltd Sun Resorts CSR Fund Ltd Sun Resorts Hotel Management Ltd Sun Resorts International Ltd Sun Styled Boutiques Ltd Sun Support Ltd Sun Training Institute Ltd Supply Chain Experts Ltd Washright Services Ltd Wolmar Sun Hotels Ltd World Leisure Holidays (Pty) Ltd
Denis Moreau	MITCO Group Ltd (as alternate of Juan Carlos Albizzati)
Denis Terrien	CIEL Textile Ltd
Didier Harel	Sun Ltd
Dora Brocchetto	CIELtex Pty SA
Dr. Ian Clarke	IMG Pharmaceuticals Ltd International Air Ambulance Ltd International Hospital Kampala Ltd International Medical Centre Ltd International Medical Group Ltd
Eddy Yeung Kan Ching	Aquarelle Clothing Ltd CDL Knits Ltd CIEL Textile Ltd Consolidated Fabrics Ltd Ferney Spinning Mills Ltd Floreal Knitwear Ltd Fondation CIEL Nouveau Regard Tropic Knits Ltd
Elaine Mercia Durr	World Leisure Holidays (Pty) Ltd
Elvis Cateaux	N.I.C. Madagascar SA*
Emmett Moriarty	CIEL Healthcare Ltd
Eric Dorchies	Aquarelle Clothing Ltd Aquarelle India (Private) Ltd Aquarelle International Ltd Aquarelle Madagascar SA CIEL Textile Ltd Consolidated Fabrics Ltd Laguna Clothing (Mauritius) Ltd

Eric Dorchies (Cont'd)	Laguna Clothing Private Ltd Laguna Madagascar SA N.I.C. Madagascar SA* Tinka International Ltd
Francois Cottignies	Solea Vacances SA
Françoise Ip	Ajax Sweaters Ltd CTL Retail Ltd Floreal International Ltd Floreal Madagascar SA Floreal Property Ltd Société Textile d'Andraharo SA - TEXARO
George Allan Pavey	CIEL Finance Ltd
Grace Tshegofatso Ramontsho	IPRO Botswana F-Management (Proprietary) Ltd
Guillaume Dalais	Ajax Sweaters Ltd Antsirabe Knitwear Ltd CDL Knits Ltd CTL Retail Ltd Ferney Spinning Mills Ltd Floreal International Ltd Floreal Knitwear Ltd Floreal Madagascar SA Floreal Property Ltd Floreal Trading Ltd TKL International Ltd TKL Knits (India) Private Ltd Tropic Knits Ltd
Guy Adam	The Medical & Surgical Centre Ltd
Haingo Fanaperana Rabesisoa	BNI Madagascar SA
Hassane Muhieddine	BNI Madagascar SA
Hassanein Hiridjee	Indian Ocean Financial Holdings Ltd
Hélène Echevin	CIEL Healthcare Africa Ltd CIEL Healthcare Ltd CIEL Properties Ltd CIEL Textile Ltd Ebène Skies Ltd IMG Pharmaceuticals Ltd International Hospital Kampala Ltd International Medical Centre Ltd

Hélène Echevin (Cont'd)	International Medical Group Ltd La Vallée de Ferney Company Ltd Le Café du Volcan Ltée Reinette Facilities Management Ltd Sun Ltd The Medical & Surgical Centre Ltd
Henri de Simard de Pitray	CIEL Textile Ltd
Henri Rabarijohn	BNI Madagascar SA
Jane Yee Sak Chan	Société Bonneterie Malagasy - SOBOMA TKL International Ltd TKL Knits (India) Private Ltd Tropic Mad SA
Jean-Baptiste Doger de Spéville	Floreal Trading Ltd
Jean Louis Savoye	Sun Ltd
Jean-Marc Rivet	Ferney Trail Ltd La Vallée de Ferney Company Ltd
Jean-Pierre Bosquet	SRL Marketing Ltd
Jean-Pierre Dalais	Ambre Resort Ltd Anahita Hotel Ltd Aquarelle Clothing Ltd BNI Madagascar SA Bois des Amourettes Ltd C Healthcare (EA) Ltd CDL Knits Ltd CIEL Agro & Property Ltd CIEL Corporate Services Ltd CIEL Finance Ltd CIEL Healthcare Ltd CIEL Hotels & Resorts Ltd CIEL Textile Ltd City & Beach Hotels (Mauritius) Ltd Consolidated Fabrics Ltd Ferney Ltd Ferney Spinning Mills Ltd Floreal Knitwear Ltd Fondation CIEL Nouveau Regard GolfCoast Ltd Healthcare East Africa Ltd Indian Ocean Financial Holdings Ltd Laguna Clothing (Mauritius) Ltd

Annexure A – Other Statutory Disclosures (Cont'd)
(Section 221 of the Mauritius Companies Act 2001)

Jean-Pierre Dalais (Cont'd)	Loisirs des Iles Ltée Long Beach IHS Ltd Long Beach Resort Ltd Rivière Champagne Ltd Rockwood Textiles Ltd Solea Vacances SA SRL Kanuhura Ltd SRL Maldives Ltd SRL Management Ltd SRL Marketing Ltd SRL Property Ltd SRL Touessrok Hotel Ltd Sun Centralised Services Ltd Sun Hotel & Resorts GMBH Sun Hotel Holdings Ltd Sun Hotel Investment Ltd Sun International Hotel Holdings Ltd Sun International Investment Ltd Sun International Management Ltd Sun International Realty Development Ltd Sun Leisure Hotels Ltd Sun Leisure Investments Ltd Sun Logistics Ltd Sun Ltd Sun Real Estates Ltd Sun Resorts (Seychelles) Ltd Sun Resorts CSR Fund Ltd Sun Resorts Hotel Management Ltd Sun Resorts International Ltd Sun Styled Boutiques Ltd Sun Support Ltd SUN Training Institute Ltd Supply Chain Experts Ltd TBLIMG Ltd Tropic Knits Ltd Washright Services Ltd Wolmar Sun Hotels Ltd World Leisure Holidays (Pty) Ltd
Jérôme Couve de Murville	Société Bonneterie Malagasy - SOBOMA TKL International Ltd Tropic Knits Ltd Tropic Mad SA

L. J. Jérôme De Chasteauneuf	Anahita Hotel Ltd Aquarelle Clothing Ltd Azur Financial Services Ltd BNI Madagascar SA Bois des Amourettes Ltd CDL Knits Ltd CIEL Agro & Property Ltd CIEL Corporate Services Ltd CIEL Finance Ltd CIEL Healthcare Africa Ltd CIEL Healthcare Ltd CIEL Hotels & Resorts Ltd CIEL Properties Ltd CIEL Textile Ltd Consolidated Fabrics Ltd (as alternate of Eddy Yeung Kan Ching) Ebène Skies Ltd Ferney Ltd Ferney Spinning Mills Ltd Floreal Knitwear Ltd Fondation CIEL Nouveau Regard Indian Ocean Financial Holdings Ltd Investment Professionals Ltd La Vallee de Ferney Company Ltd MITCO Group Ltd Reinette Facilities Management Ltd Rivière Champagne Ltd Rockwood Textiles Ltd SRL Touessrok Hotel Ltd Sun Ltd The Medical & Surgical Centre Ltd Tropic Knits Ltd
J. Harold Mayer	Aquarelle Clothing Ltd CDL Knits Ltd CIEL Textile Ltd Consolidated Fabrics Ltd Ferney Spinning Mills Ltd Floreal Knitwear Ltd Fondation CIEL Nouveau Regard Laguna Clothing Private Ltd N.I.C. Madagascar SA* Operational Excellence Management & Leadership Ltd Sun Ltd TKL Knits (India) Private Ltd Tropic Knits Ltd
Joseph Musisi	International Air Ambulance Ltd

José Pierre Yvon Raserijaona	Indian Ocean Financial Holdings Ltd
Juan-Carlos Albizzati	Investment Professionals Ltd (Alternate Director) MITCO Group Ltd
Kapil Aggarwal	SRL Touessrok Hotel Ltd SRL Touessrok Residences & Villas Ltd
Kate Li Kwong Wing	Mauritius International Trust Co Ltd MITCO Group Ltd
Kevindra Teeroovengadum	CIEL Agro & Property Ltd Ferney Ltd MITCO Group Ltd
Krishna Kant Gangwar	TKL Knits (India) Private Ltd
Khushhal Chand Khushiram	Investment Professionals Ltd IPRO Funds Ltd
Laguna Clothing (Mauritius) Ltd	Laguna Madagascar SA
Laureen Kouassi-Olsson	CIEL Finance Ltd
Laurent Demey	CIEL Finance Ltd
Lebang Mogaetsho Mpotokwane	IPRO (Botswana) (Propriety) Ltd
Liliane Joelisoa	BNI Madagascar SA
Lockmanya Shiw Maharaj	Aquarelle International Ltd
Louis Baron Stephane Fromet de Rosnay	N.I.C. Madagascar SA*
Louis Guimbeau	CIEL Agro & Property Ltd CIEL Corporate Services Ltd Ferney Ltd
Manuel Monti	Laguna Clothing (Mauritius) Ltd Laguna Madagascar SA
Marc Amelot	GreenSun Management Ltd
Marc C. P. Dalais	CIEL Corporate Services Ltd

Marc-Emmanuel Vives	BNI Madagascar SA CIEL Finance Ltd Indian Ocean Financial Holdings Ltd Investment Professionals Ltd IPRO (Botswana) (Propriety) Ltd IPRO Fund Management Ltd IPRO Funds Ltd Mauritius International Trust Co Ltd MITCO Fund Services Ltd* MITCO Group Ltd
Maryeven Mootoo	La Vallée de Ferney Company Ltd
Maryvonne Labeille	Solea Vacances SA
Menka Anil Shah	CIEL Healthcare Ltd
Michel Mayer	CDL Knits Ltd
Michel Thomas	The Medical & Surgical Centre Ltd
Micheline Hery Manantenansoa	BNI Madagascar SA
Naderasen P. Veerasamy	Sun Ltd Sun Resorts CSR Fund Ltd
Nagesh Murali	Aquarelle India (Private) Ltd
Navin Kumar Causy	Aquarelle International Ltd Aquarelle Madagascar SA
Neelmanee Ramlagun	Sun Training Institute Ltd
Neera Munisamy	Ajax Sweaters Ltd Antsirabe Knitwear Ltd Floreal Trading Ltd
Olivier Riché	Sun Ltd
Olivier Schmitt	Le Café du Volcan Ltée
Paolo Monti	Laguna Clothing Private Ltd

P. Arnaud Dalais	Aquarelle Clothing Ltd CDL Knits Ltd CIEL Agro & Property Ltd CIEL Corporate Services Ltd CIEL Hotels & Resorts Ltd CIEL Textile Ltd Consolidated Fabrics Ltd Ferney Ltd Ferney Spinning Mills Ltd Floreal Knitwear Ltd Fondation CIEL Nouveau Regard N.I.C. Madagascar SA* Rockwood Textiles Ltd Sun Ltd Sun Resorts (Seychelles) Ltd Tropic Knits Ltd
Pascal Walter	Consolidated Fabrics Ltd
Philippe Koch	IPRO Fund Management Ltd IPRO Funds Ltd
Pierre Danon	CIEL Finance Ltd
Pierre Vaquier	Sun Ltd
Rajesh Kumar	Laguna Clothing Private Ltd
Rajiv Puri	The Medical & Surgical Centre Ltd
Ramasubramanian Sundaram	CDL Knits Ltd TKL International Ltd TKL Knits (India) Private Ltd Tropic Knits Ltd
Rameswarsingh Jeenarain	World Leisure Holidays (Pty) Ltd
Robert Hovenier	Halifax International Ltd Mauritius International Trust Co Ltd MITCO Corporate Services Co Ltd MITCO Côte d'Ivoire MITCO Group Ltd MITCO International Holdings Ltd MITCO Services Ltd MITKEN Services Ltd

Annexure A – Other Statutory Disclosures (Cont'd)

(Section 221 of the Mauritius Companies Act 2001)

Roger Espitalier-Noël	Aquarelle Clothing Ltd Aquarelle Madagascar SA CDL Knits Ltd CIEL Agro & Property Ltd CIEL Textile Ltd Consolidated Fabrics Ltd CTL Retail Ltd Ferney Ltd Ferney Spinning Mills Ltd Floreal Knitwear Ltd Floreal Madagascar SA Fondation CIEL Nouveau Regard N.I.C. Madagascar SA* Société Textile d'Andraharo SA - TEXARO Tropic Knits Ltd Tropic Mad SA
Roger Hogarth	CIEL Healthcare Ltd
Samila Sivaramen	Azur Financial Services Ltd Investment Professionals Ltd (Alternate Director) Mauritius International Trust Co Ltd (Alternate Director) MITCO Group Ltd
Sarbajit Ghose	Laguna Clothing (Mauritius) Ltd Laguna Clothing Private Ltd
Sathisha	Aquarelle India (Private) Ltd
Satuda Runghen	Azur Financial Services Ltd
Sebastien Daruty	Ebène Skies Ltd
Seewoosagur Domun	CIEL Healthcare Ltd (Alternate Director)
Shamad Choolun	Floreal Madagascar SA
Shane PETERS	MITCO Fund Services Ltd*
Sheela Baguant	Fondation CIEL Nouveau Regard
Sidick Bocus	Tropic Mad SA
Stéphane Henry	Investment Professionals Ltd IPRO Botswana F-Management (Proprietary) Ltd IPRO (Botswana) (Propriety) Ltd IPRO Fund Management Ltd IPRO Funds Ltd

Stephanie Germain	SRL Maldives Ltd SRL Management Ltd
Thierry Dalais	Sun Ltd
Thierry Hugnin	CIEL Healthcare Ltd Ferney Trail Ltd IPRO Funds Ltd Mauritius International Trust Co Ltd (Alternate Director) MITCO Group Ltd
Thierry Lagesse	Ferney Ltd
Tommy Wong Yun Shing	Ambre Resort Ltd Anahita Hotel Ltd Azur Financial Services Ltd City & Beach Hotels (Mauritius) Ltd GreenSun Management Ltd Loisirs des Iles Ltée Long Beach IHS Ltd Long Beach Resort Ltd Solea Vacances SA SRL FS, Ltd SRL Kanuhura Ltd SRL Marketing Ltd SRL Property Ltd SRL Touessrok Residences & Villas Ltd Sun Centralised Services Ltd Sun Hotel & Resorts GMBH Sun Hotel Holdings Ltd Sun Hotel Investment Ltd Sun International Hotel Holdings Ltd Sun International Investment Ltd Sun International Management Ltd Sun International Realty Development Ltd Sun Leisure Hotels Ltd Sun Leisure Investments Ltd Sun Ltd Sun Logistics Ltd Sun Real Estates Ltd Sun Resorts CSR Fund Ltd Sun Resorts France SARL Sun Resorts Hotel Management Ltd Sun Resorts International Ltd Sun Styled Boutiques Ltd Sun Support Ltd SUN Training Institute Ltd Supply Chain Experts Ltd

Annexure A – Other Statutory Disclosures (Cont'd)

(Section 221 of the Mauritius Companies Act 2001)

Tommy Wong Yun Shing (Cont'd)	Washright Services Ltd Wolmar Sun Hotels Ltd World Leisure Holidays (Pty) Ltd
Tom Rostand	CIEL Healthcare Ltd (Alternate Director)
Tropic Mad SA	Antsirabe Knitwear Ltd
Urban Basima Dabutha	IPRO (Botswana) (Propriety) Ltd
Véronique Perdigon	BNI Madagascar 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
Yougendranath Kissoondary	CIEL Properties Ltd IMG Pharmaceuticals Ltd International Air Ambulance Ltd International Hospital Kampala Ltd International Medical Centre Ltd International Medical Group Ltd Reinette Facilities Management Ltd

* In process of winding up

Corporate **Information**

COMPANY SECRETARY
CIEL Corporate Services Ltd
5th Floor, Ebène Skies
Rue de l'Institut, Ebène
Republic of Mauritius
Tel: +230 404 2200
Fax: + 230 404 2201

REGISTRAR & TRANSFER OFFICE
If you are a shareholder and have queries 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 Ltd
2nd Floor, MCB Centre
9-11 Sir William Newton Street, Port Louis
Republic of Mauritius
Tel: +230 202 5397
Fax: +230 208 1167

REGISTERED OFFICE
5th Floor, Ebène Skies
Rue de l'Institut, Ebène
Republic of Mauritius
Tel: +230 404 2200
Fax: +230 404 2201

MAIN BANKERS
The Mauritius Commercial Bank Ltd
Bank One Limited

WEBSITE
www.cielgroup.com

BUSINESS REGISTRATION NUMBER
C06000717

EXTERNAL AUDITOR
PricewaterhouseCoopers Ltd
18 Cybercity, Ebène, Réduit 72201
Republic of Mauritius

INTERNAL AUDITOR
Ernst & Young
9th Floor, NeXTeracom Tower I, Cybercity Ebène
Republic of Mauritius

LEGAL ADVISERS
Me. Thierry Koenig SA – ENSafrica (Mauritius)
Me. Maxime Sauzier SC– ENSafrica (Mauritius)
Me. Patrice Doger de Spéville SC – Etude de Spéville Desvaux

NOTARY
Etude Montocchio – d'Hotman

Notice of **Annual Meeting**

Notice is hereby given that the Annual Meeting of the Shareholders ("Meeting") of CIEL Limited ("Company") will be held on **18 December 2018 at 14:00 hours** at the Registered Office of the Company, 5th Floor, Ebène Skies, rue de l'Institut, Ebène, to transact the following business in the manner required for passing Ordinary Resolutions:

1. To receive, consider and approve the Group's and the Company's audited Financial Statements for the financial year ended 30 June 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. Marc Ladreit de Lacharrière to continue to hold office as a Director until the next Annual Meeting of the Shareholders of the Company.
3. To authorise, in accordance with Section 138(6) of the Companies Act 2001, Mr. Xavier Thiéblin to continue to hold office as a Director until the next Annual Meeting of the Shareholders of the Company.

4-16. 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. Sébastien Coquard
6. Mr. Jean-Pierre Dalais
7. Mr. Marc Dalais
8. Mr. R. Thierry Dalais
9. Mr. Pierre Danon
10. Mr. L. J. Jérôme De Chasteauneuf
11. Mr. Antoine Delaporte
12. Mr. Roger Espitalier Noël
13. Mr. M. A Louis Guimbeau
14. Mr. J. Harold Mayer
15. Mrs. Catherine McIlraith
16. Mr. Jean-Louis Savoye

17. To take note of the automatic re-appointment of PricewaterhouseCoopers Ltd as auditor of the Company for the financial year ending 30 June 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.
18. To ratify the remuneration paid to the auditor for the financial year ended 30 June 2018.

By Order of the Board

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

31 October 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 & 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 should 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 such Meeting shall be those shareholders whose names are registered in the share register of the Company as at 20 November 2018.

(f) The minutes of the Annual Meeting held on 12 December 2017 are available for consultation by the shareholders of the Company during normal trading office hours, at the Registered Office of the Company.

(g) The profiles and categories of Directors proposed for appointment and re-election are set out under the corporate governance section of this Report.

Proxy Form CIEL Limited

I/We ....

of ....

being shareholder(s) of CIEL Limited ("Company") do 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 act on my/our behalf at the Annual Meeting of the Shareholders of the Company to be held on **18 December 2018 at 14.00 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):

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 30 June 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. Marc Ladreit de Lacharrière to continue to hold office as a Director until the next Annual Meeting of the Shareholders of the Company.			
3.	To authorise, in accordance with Section 138(6) of the Companies Act 2001, Mr. Xavier Thiéblin to continue to hold office as a Director until the next Annual Meeting of the Shareholders of the Company.			
4- 16.	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. Sébastien Coquard			
	6. Mr. Jean-Pierre Dalais			
	7. Mr. Marc Dalais			
	8. Mr. R. Thierry Dalais			
	9. Mr. Pierre Danon			
	10. Mr. L. J. Jérôme De Chasteauneuf			
	11. Mr. Antoine Delaporte			
	12. Mr. Roger Espitalier Noël			
	13. Mr. M. A Louis Guimbeau			
	14. Mr. J. Harold Mayer			
	15. Mrs. Catherine McIlraith			
	16. Mr. Jean-Louis Savoye			
17.	To take note of the automatic re-appointment of PricewaterhouseCoopers Ltd as auditor of the Company for the financial year ending 30 June 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.			
18.	To ratify the remuneration paid to the auditor for the financial year ended 30 June 2018.			

Signed this .... day of .... 2018.

Signature(s) ……………………………………………

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) If the instrument appointing the proxy is returned without an indication as to how the proxy shall vote on any particular resolution, the proxy shall exercise his/her discretion as to whether, and if so, how he/she votes.

(c) The signed proxy form shall 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 CIEL Limited

I/We ....

of ....

being shareholder/s of CIEL Limited ("Company"), do hereby cast my/our vote by post, by virtue of clause 20.10 of the Constitution of the Company, for the Annual Meeting of the Shareholders of the Company to be held on **18 December 2018 at 14.00 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).

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 30 June 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. Marc Ladreit de Lacharrière to continue to hold office as a Director until the next Annual Meeting of the Shareholders of the Company.			
3.	To authorise, in accordance with Section 138(6) of the Companies Act 2001, Mr. Xavier Thiéblin to continue to hold office as a Director until the next Annual Meeting of the Shareholders of the Company.			
4- 16.	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. Sébastien Coquard			
	6. Mr. Jean-Pierre Dalais			
	7. Mr. Marc Dalais			
	8. Mr. R. Thierry Dalais			
	9. Mr. Pierre Danon			
	10. Mr. L. J. Jérôme De Chasteauneuf			
	11. Mr. Antoine Delaporte			
	12. Mr. Roger Espitalier Noël			
	13. Mr. M. A Louis Guimbeau			
	14. Mr. J. Harold Mayer			
	15. Mrs. Catherine McIlraith			
	16. Mr. Jean-Louis Savoye			
17.	To take note of the automatic re-appointment of PricewaterhouseCoopers Ltd as auditor of the Company for the financial year ending 30 June 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.			
18.	To ratify the remuneration paid to the auditor for the financial year ended 30 June 2018.			

Signed this ………………….. day of ……………………………… 2018.

Signature/s ………………………………………….

Note:
The signed postal vote 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 Limited, kindly fill in that section and return to:

CIEL Limited
C/o MCB Registry & Securities Ltd
2nd 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 Limited ("CIEL") and also agree to receive notification that documents such as annual reports and circulars have been posted on CIEL's website for consultation. I/We also agree to abide to the Terms and Conditions defined below.

Email address

Yours faithfully,

....

Name of signatory

Contact number:..

....

Signature/s

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 reserves the right to send documents or other information to the shareholders in hard copy rather than by e-mail.
- CIEL 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 and that any de-activation of the said e-mail address will be notified promptly to CIEL, 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, C/o MCB Registry & Securities Ltd, 2nd floor, MCB Centre, Sir William Newton Street, Port Louis, Mauritius.
- I/We further undertake to hold CIEL 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, 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 regarding the despatch of the documents mentioned above.

Notes

Notes

CIEL Limited
5th floor, Ebène Skies,
Rue de l'Institut,
Ebène, Mauritius

www.cielgroup.com

BRN: C06000717