GROWING BY YOUR SIDE

ANNUAL
REPORT
2017

Gamma
dare to dream

“VISION IS WHAT DRIVES SUCCESS. WITH PROPER PLANNING, EACH STEP FORWARD IS RISING US TO A NEW LEVEL IN BUILDING THE WORLD OF TOMORROW.”

DEAR SHAREHOLDER

The Board of Directors is pleased to present to you the Annual Report of Gamma-Civic Ltd for the year ended 31 December 2017, the contents of which are listed hereafter.

This report was approved by the Board of Directors on 29 March 2018.

Carl Ah Teck
Executive Chairman

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ah Teck, Carl, *BSc MPhil*	Executive Chairman
Ah Teck, Patrice, *BA*	Non-executive Director
Ah Teck, Tommy, *BSc MPhil*	Non-executive Vice Chairman
Chan, Boon Hui, *CFA*	Independent Non-executive Director
Chong Ah-Yan, Marie Claire, *BA, Btech(HRM)*	Non-executive Director
Dedieu, Geoffroy, *LLM, MBA*	Managing Director (Non-executive Director until 31 July 2017 and Executive Director following his appointment as Managing Director on 1 August 2017)
Dhunnoo, Twalha, *FCA, MA, MEng, BA*	Chief Financial Officer (appointed as Executive Director on 26 May 2017)
Fon Sing, Clifford, *BSc*	Non-executive Director (resigned on 22 March 2018)
Halpin, Paul, *FCA*	Independent Non-executive Director
How Kin Sang, Paul Cyril, *ACA*	Non-executive Director
Lam Hung, Jean-Claude, *BA, FCA*	Non-executive Director
Lam Pak Ng, Lim Sit Chen, *MBA*	Independent Non-executive Director

AUDITORS

Ernst & Young
Chartered Accountants
Level 9, Tower 1, NeXTeracom
Cybercity
Ebène
Mauritius

BANKERS

ABC Banking Corporation Ltd
AfrAsia Bank Limited
Bank One Limited
Barclays Bank (Mauritius) Limited
HongKong and Shanghai Banking Corporation Ltd
MauBank Ltd
SBI (Mauritius) Ltd
Standard Bank (Mauritius) Limited
SBM Bank (Mauritius) Ltd
The Mauritius Commercial Bank Ltd

REGISTERED OFFICE

Royal Road
Chapman Hill
Beau Bassin
Mauritius

PRINCIPAL PLACE OF BUSINESS

4th Floor, HSBC Centre
18 Bank Street, Cybercity
Ebène 72201
Mauritius

COMPANY SECRETARY

Gamma Corporate Services Ltd
Royal Road, Chapman Hill
Beau Bassin
Mauritius

"BUILDING THE BRIDGE BETWEEN TODAY AND TOMORROW"

GROUP FINANCIAL HIGHLIGHTS

Rs 4.2 billion
Revenue
Up by 11%

Rs 1.40
Dividend per share
Up by 56%

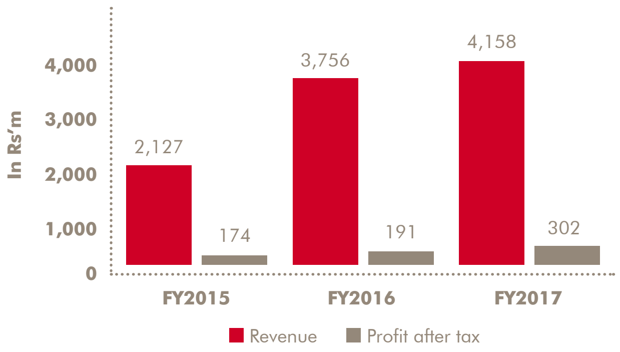
Rs 302 million
Profit after tax
Up by 58%

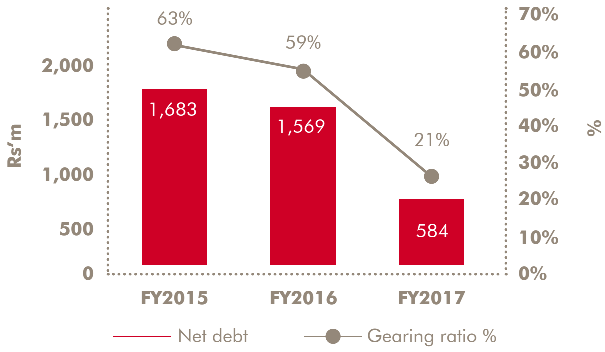
Rs 32.00
Share price
Up by 28%

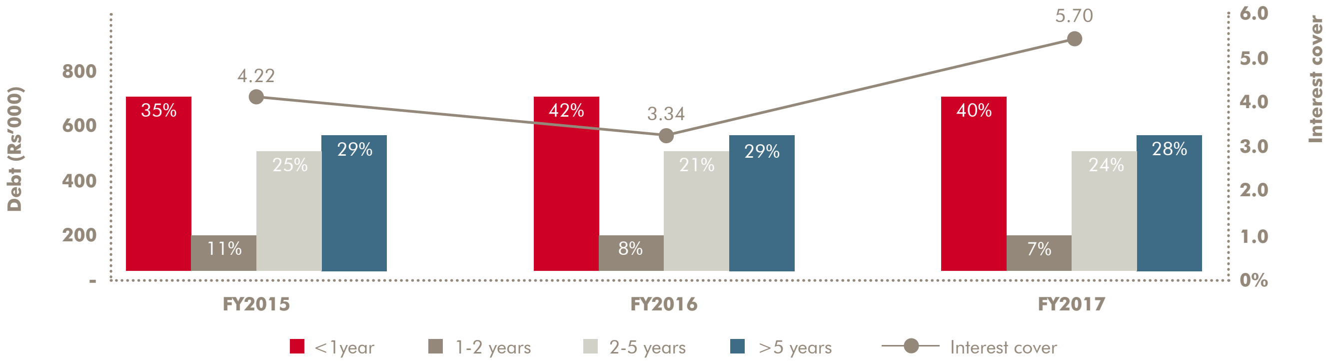
21%
Net gearing ratio
Down by 38%

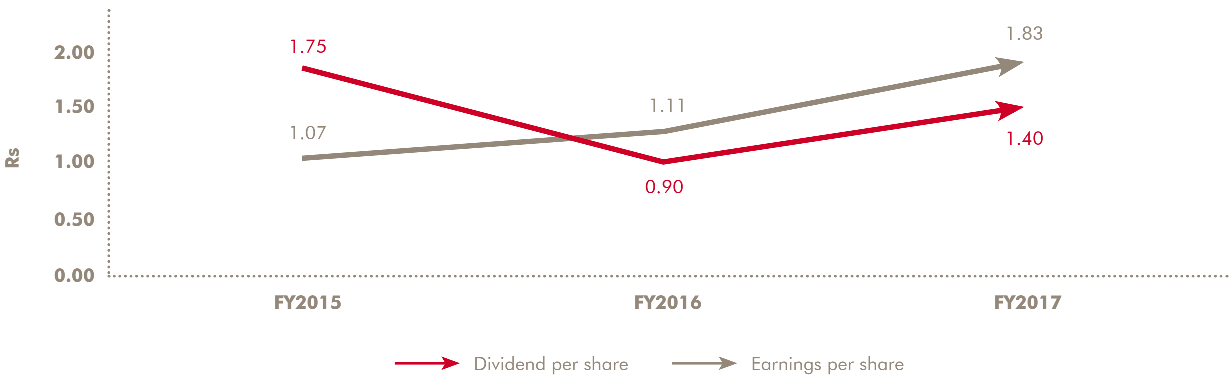
5.6%
Average cost of debt
Down from 6.5%

GROUP FINANCIAL HIGHLIGHTS (CONT'D)









EXECUTIVE CHAIRMAN'S STATEMENT

Dear Valued Shareholder

It is my pleasure to present to you the annual report and financial statements of Gamma-Civic Ltd ("Gamma" or the "Company") and its subsidiaries and affiliates (together, "the Group") for the year ended 31 December 2017.

In addition to my statement as Chairman of the Board, I report to you in my executive capacity having occupied the office of Executive Chairman for the full financial year.

Corporate and Strategic Business Development

Back in 2015, we communicated the business model and framework; Gamma will be an investment holding company driving a private equity approach to the management of its investments. This framework is here to ensure that we continually and tirelessly work towards enhancing the value of our businesses in order to increase total return to shareholders. We strive to create business opportunities, to enhance the financial and strategic performance of our existing businesses and to create value and success through partnership and timely realisation. Having the right people and the appropriate structure are the vital building blocks to ensure the above objectives are achieved and the growth and sustainability of the Group is ensured.

I am pleased to confirm that Mr Twalha Dhunnoo and Mr Geoffroy Dedieu have joined the executive team as Chief Financial Officer and as Managing Director respectively. As the founder of the Group, my objective is to ensure that we are well set to continue our journey to greater success. Equally important for us all is to take the Company forward in new sectors and markets in line with the vision of the Board. At this forthcoming Annual Meeting, I will request the shareholders to renew my appointment as Executive Chairman of the Company and Group until a clear leader emerges in due course for the corporate and strategic development of the Group.

The maturity and realisation of our existing businesses are equally important stages of the private equity approach to our investments. During the year, we successfully completed the sale of HSBC Centre for a gross consideration of Rs634M. This transaction translated into an IRR of around 22% over the 10 years tenure of this investment.

On 14 February 2018, Gamma Treasury management Limited, a wholly owned subsidiary of the Group obtained its licence from the Financial Services Commission, Mauritius. The synergies for the Group is immediate through this new addition and we expect to use this regulated structure to reduce the cost of funding and to introduce discipline to balance sheet management.

On 19 February 2018, we achieved the successful listing of Kolos Cement Ltd ("Kolos"), formerly a wholly owned subsidiary of the Group. I am grateful to the Board of Kolos and the authorities, namely The Stock Exchange of Mauritius Ltd, for enabling this achievement. This is a timely milestone which allows Kolos to raise its visibility in international markets as well as enhancing its status with customers and suppliers at home and overseas. The advantages of being a listed company are well versed but more importantly, it will allow Kolos to access new capital and partners in order to enhance and sustain its reputation as a leading distributor of cement in the region. This is the ambitions of Kolos.

Corporate Governance

As the link between the Company, the Board, the subsidiaries and the shareholders, I am committed that the highest standard of corporate governance is demonstrated in our decision making process and how we report to you.

I am honoured to be surrounded by my fellow board members who individually and collectively bring to the Board a wealth of experience and a range of skills that are so fundamental to the transformation of Gamma and the Group. I am grateful for the wisdom that the Directors bring, the guidance that they impart through their participation in board discussions and the advice that they share with me, with other board members and with the executive management on matters of significance.

Achieving an effective framework of corporate governance remains vital to the long term future of the Group and is our backbone towards sound business development and effective risk management. We welcome the new National Code of Corporate Governance for Mauritius (2016) issued last year which sets out the eight guiding principles that we are required to apply and to explain how we embrace the spirit of the Code through our application. We are confident that our corporate governance model has sufficient scope and flexibility to show to you how we engage ourselves in the proper application of the Code and to show to you our integrity and concerns for our stakeholders.

Financial and Business Performance

In the financial year ended 31 December 2017, the Group achieved a revenue of Rs4.2billion which equated to a year on year increase of 11%. At the bottom line, profit after tax figure improved to Rs302M, an improvement of 58% from the previous year. It represents a measure of the robust and sustained financial performance of our underlying businesses but equally because of a substantially better financing cost of Rs80M in the year compared to Rs121M in 2016, a reduction of 33%.

Cement

The cement sector has performed better in 2017, on the back of increased demand from construction projects and bulk customers. The volume of cement sold grew by 10% compared to 2016 and this translates to a revenue of Rs1,030M (2016: Rs941M) and a profit after tax of Rs189M (2016: Rs152M) for Kolos Cement Ltd. New cement products will soon be launched to better meet our client demands. We expect the cement market to grow in 2018 driven by major public infrastructure projects.

EXECUTIVE CHAIRMAN'S STATEMENT (CONT'D)

Construction

I remain pleased with the overall performance of our construction business which is reporting a second consecutive year of profitability with profit after tax of Rs21M (2016: Rs35M). Volume of work is key to our underlying performance and we achieved our target revenue of Rs1.2billion (2016:Rs1.1billion). The Board is aware of the challenging environment as well as the competitive landscape that we operate in and we are addressing this collectively to develop long-term strategies on how to achieve sustainable profitability. During the year, the Company was able to successfully closed legacy projects, demarcate itself as a reliable contractor by winning and successfully delivering fast track projects such as St Geran renovation and achieving breakthrough in complex building and maintenance projects such as Parc de Mont Choisy.

We expect 2018 to be a determining year for this business as we go forward with full awareness of our strength and capabilities and how we want to leverage this for sustainability and at the same time upholding our position in the market.

Lottery

Lottotech Ltd continued its efforts throughout 2017 to restore shareholders' value with its share price moving from a low of Rs3.00 in October 2015 to a high point of Rs9.12 in October 2017. The court case lodged against the Gambling Regulatory Authority in 2016 has resulted in both parties agreeing to submit the dispute to the Mediation Division of the Supreme Court. The mediation process has progressed to 2018. I remain confident at this time that the case will be positively resolved in the best interest of all stakeholders and shareholders.

As a result of the ongoing and systematic focus on increasing the player base through innovation and responsible cost management, the business reported a stronger performance with a net profit of Rs111M (2016: Rs88M). Revenue for the year was Rs1,852M (2016: Rs1,652M).

Building Materials

Our presence in the building materials segment is through Gamma Materials Ltd, our joint venture company with Ingénérie et Participations Financières ("IPF"), a fully owned subsidiary of Colas SA. The business has maintained its performance in line with prior years with a net profit of Rs138M demonstrating our resilience and competitiveness in this business sector.

Outlook is promising with major public infrastructure works starting in 2018 like the Metro Express, the Road Decongestion Programme, sports infrastructure in Cote D'Or, new Supreme Court and ENT Hospital among others.

Hospitality

I specially wish to underline the improved performance of the Hilton Mauritius Resort & Spa which is held through Morning Light Co Ltd, an associate company of the Group. The hotel is managed and operated by Hilton International, the worldwide hotel group. Whilst revenue for the year amounted to Rs607M representing an increase of 16% from the corresponding period, the bottom line performance is a significant turnaround with a profitability of Rs28M compared to the loss of Rs13M in 2016.

The early financial results of 2018 sets for a positive performance for the year and Hilton Mauritius Resort & Spa is committed to pursue new business opportunities in order to achieve a successful year.

Corporate Social Responsibility ("CSR")

Our aim is to adopt best practices based on global standards. In Lottotech Ltd, we follow the framework developed by the European Lottery Association to operate in a socially responsible way and to integrate global Sustainable Development Goals ("SDG") which were developed by the United Nations. We have identified five specific SDG's to focus on at Lottotech Ltd: gender equality and empowerment; employee volunteer programs; responsible consumption and production and climate action by reducing negative impacts and embracing eco-friendly initiatives. In addition to the Rs1.2M in funds that impacted over 700 beneficiaries, throughout 2017 Lottotech Ltd invested more than 200 hours of volunteering in schools specifically in the Information Technology discipline to improve the children's literacy and provide them with the right tools for future education and employment.

In Kolos Cement Ltd, our CSR program centres around "BatirAgir" where we contributed Rs5M towards different projects to fight against poverty and enhancing building techniques and skills among construction workers via its "Ecole des Macons".

Through Gamma Materials Ltd, we supported a number of non-governmental organizations namely APRIM, SAPHIRE in collaboration with Fédération du Cyclisme, L'Atelier Mozart from Roche Bois, Centre Joie de Vivre from Poste de Flacq and Flamboyant Education Centre from Riche Lieu.

Future Outlook

I, together with the Board and the management, remain confident for the future of the Group. The maturity and the solid performance of all our businesses, the strength of our balance sheet will catalyse business development and enhance the value creation process. I am conscious of making this statement against an ever more competitive landscape that is itself going through a context of transformation and globalisation. The years ahead will test our commitment and determination to follow our vision and to provide the sustainable growth through enhancement and diversification. In the same spirit, I am equally confident that under my leadership, we will continue to consolidate our contribution to the Mauritian economy.

EXECUTIVE CHAIRMAN'S STATEMENT (CONT'D)

Words of Appreciation

In my own name and on behalf of the Board, I would like to express my sincere thanks to all the employees of the Group for their commitment and invaluable dedication to the excellent financial and operational performance of Gamma.

I would also like to thank my fellow directors for their trust in me to hold the position of Executive Chairman and for their participation and commitment to the Gamma transformation.

Carl Ah Teck
Executive Chairman

29 March 2018

“STEPPING FORWARD TO NEW HEIGHTS”

DIRECTORS' REPORT

The directors are pleased to submit their report to the shareholders together with the audited financial statements of Gamma-Civic Ltd and the Group for the year ended 31 December 2017.

Main Investments

Gamma-Civic Ltd is a listed investment holding company. Its main objectives are to safeguard and enhance its shareholders' wealth, deliver an acceptable level of return to shareholders and to continue to build a sustainable platform for growth and profitability.

Gamma has investments in different sectors and the principal ones are:
- Contracting;
- Building Materials;
- Lottery;
- Hospitality; and
- Properties (Real Estate).

The operations within the sectors mentioned above as carried out by different companies, which in relation to Gamma are subsidiaries, associates and joint venture.

Contracting

Gamma Construction Ltd, a wholly-owned subsidiary, is involved in asphalt production, asphalt and road works and building and civil engineering contracting works both in the private and public sectors.

Building Materials

Gamma Materials Ltd, a joint venture, supplies building materials including aggregates, sand and blocks to the construction industry.

Kolos Cement Ltd, a subsidiary, trades in and distributes cement. On 19 February 2018, Kolos Cement Ltd was successfully admitted to the Development & Enterprise Market of the Stock Exchange of Mauritius Ltd ("SEM").

Lottery

Lottotech Ltd, a subsidiary, operates, under licence, the Mauritius National Lottery and is listed on the Official List of the SEM.

Hospitality

Morning Light Co Ltd, an associate company, operates in the hotel industry through Hilton Mauritius Resort & Spa and is listed on the Development & Enterprise Market of the SEM.

Properties (Real Estate)

Burford Development Ltd owned HSBC Centre and disposed of it in August 2017.

The Group has several units in Standard Chartered Tower (formerly known as Raffles Tower) and also holds a bank of undeveloped lands.

DIRECTORS' REPORT (CONT'D)

Results

Group Performance

Group Statement of Profit or Loss and Other Comprehensive Income	
Revenue	Net Profit after Taxation
Dec 2017: Rs4,158M Dec 2016: Rs3,756M	Dec 2017: Rs302M Dec 2016: Rs191M

Company

Company Statement of Profit or Loss and Other Comprehensive Income	
Revenue	Net Profit after Taxation
Dec 2017: Rs480M Dec 2016: Rs474M	Dec 2017: Rs346M Dec 2016: Rs173M

Business Review

For the year ended 31 December 2017, the Group and the Company reported net profit after taxation of Rs302M and Rs346M respectively.

More details on the business review are included in the Executive Chairman' Statement.

Future Outlook

More details on the future outlook are included in the Executive Chairman' Statement.

Dividend

A final dividend of Rs0.65 per share (2016: Rs0.65 per share) in respect of the financial year ended 31 December 2016 was declared on 24 March 2017 and paid in May 2017.

An interim dividend of Rs0.25 per share (2016: Rs0.25 per share) in respect of the financial year ended 31 December 2017 was declared on 11 August 2017 and paid in September 2017.

A special dividend of Rs0.50 per share (2016: RsNil per share) in respect of the financial year ended 31 December 2017 was declared on 10 November 2017 and paid in December 2017.

On behalf of the Board of Directors

Geoffroy Dedieu
Managing Director

Paul Halpin
Director

29 March 2018

STATEMENT OF COMPLIANCE

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

NAME OF PIE: Gamma-Civic Ltd
REPORTING PERIOD: Financial Year Ended 31 December 2017

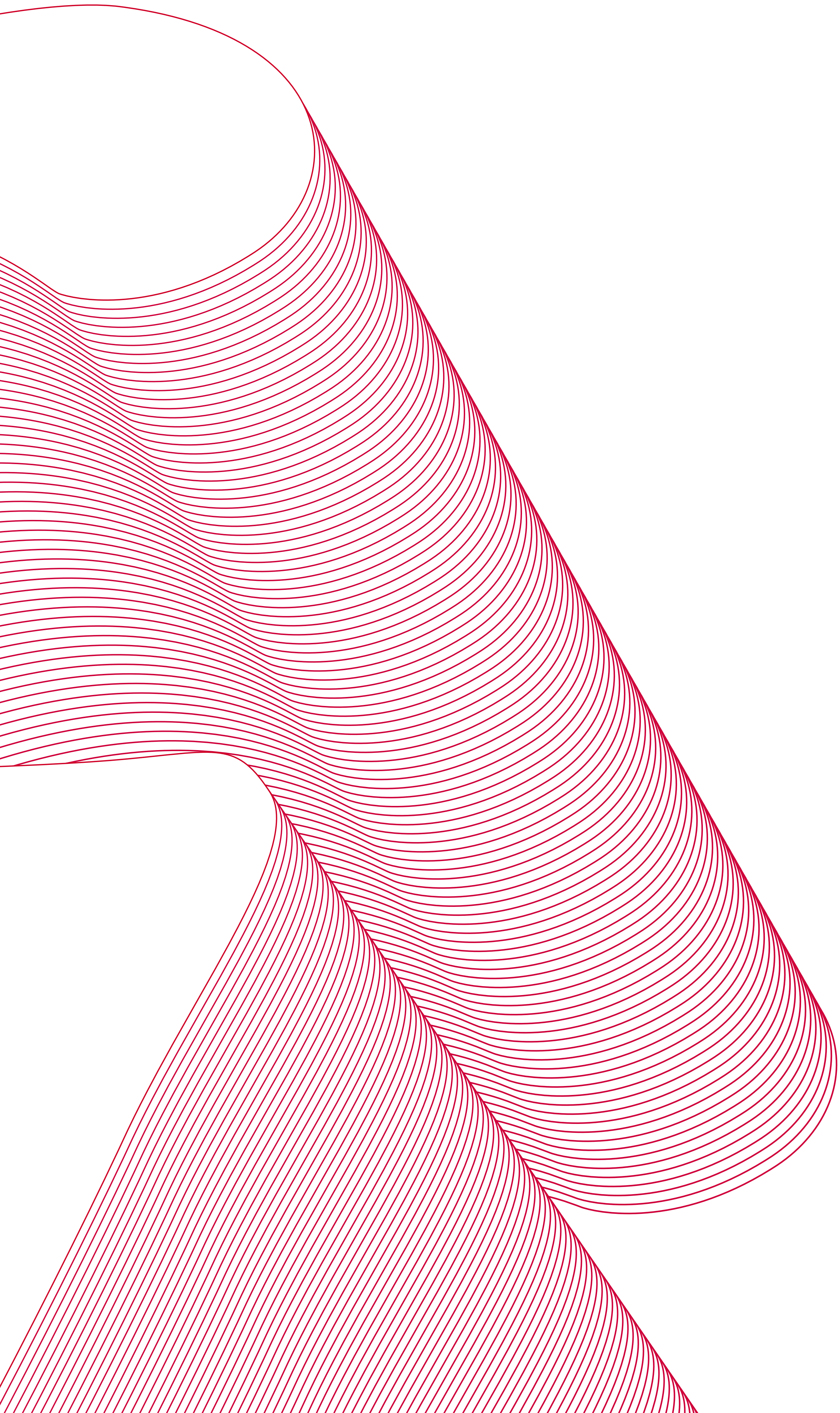
We, the Directors of Gamma-Civic Ltd, confirm that to the best of our knowledge that Gamma-Civic Ltd has not complied with the hereunder section of the Code of Corporate Governance for Mauritius ("Code"), and reason for the non- compliance is as follows:

- Section 2.8- Remuneration of Directors- Due to the contractual obligation binding the Company and the Executive Directors, and the confidentiality of the information, no detailed breakdown of remuneration by Director is given in the Corporate Governance Report.

Carl Ah Teck
Executive Chairman

Lim Sit Lam Pak Ng
Director

29 March 2018



CORPORATE GOVERNANCE REPORT

(including statutory disclosures pursuant to section 221 of the Companies Act 2001)

1. Holding Structure
2. Directorship
3. Shareholders Holding more than 5%
4. Dividend Policy
5. Role and Function of the Chairman
6. Board of Directors
7. Directors' Profiles
8. Board Attendance
9. Senior management
10. Role of the Company Secretary
11. Directors' Share Interests
12. Related Party Transactions
13. Contracts of Significance
14. Directors' Dealings in Shares of the Company
15. Conflict of Interest
16. Constitution
17. Shareholders' Agreement
18. Third Party management Agreement
19. Directors' Remuneration
20. Directors' Service Contracts
21. Statement of Remuneration Philosophy
22. Board Committees
23. Risk management, Internal Controls and Internal Audit
24. Share Option Plan
25. Calendar of Events
26. Share Price Information
27. Policies & Practices - Social, Ethical, Safety, Health and Environment Issues
28. Auditors' Remuneration
29. Statement of Directors' Responsibilities

1. Holding Structure

Gamma-Civic Ltd is an investment holding company, having investment in different industries, namely contracting, lottery, building materials, hospitality and property development, through operating subsidiaries.

The status of Gamma within the subsidiary companies is diverse. In some companies it has a 100% shareholding, others majority owned, or joint venture and associate position.

For the year under review, within the Gamma Group of companies, Gamma-Civic Ltd and Lottotech Ltd are listed on the Official Market of the Stock Exchange of Mauritius and Morning Light Co. Ltd on the Development and Enterprise Market ("DEM") of the SEM. In February 2018, Kolos Cement Ltd, which operates in the cement industry, was admitted to the DEM.

The list of subsidiaries, associates and joint venture of Gamma-Civic Ltd is found in Notes 7 and 8 to the Financial Statements.

2. Directorship

A list of Directors of the Company and its subsidiaries in office at 31 December 2017 is as follows:

		Carl Ah Teck	Tommy Ah Teck	Paul Cyril How Kin Sang	Patrice Ah Teck	Marie Claire Chong Ah-Yan	Clifford Fon Sing	Adam Issop Moollan	Boon Hui Chan	Paul Halpin	Lim Sit Chen Lam Pak Ng	Michelle Carinci	Narghis Bundhun	Banoomatee Veerasamy	Kavita Achameesing	Friedrich Stickler	Roland Rakotondrasoa	Muhammad Khalid Peyrye	Alex Burstein	Allagappen Veeramootoo	Shailesh Beejhadarsing	Dominique Billon	Javier De Benito	Jacques Bernard Jauffret	Clement Leu San	Fahmida Jeerooburkhan	Aboo Twalha Dhunnoo	Geoffroy Dedieu	Jean Pierre Bisiaux	Jean-Claude Lam Hung
1	A.S. Burstein management Ltd																	✓	✓											
2	Accacias Co Ltd		✓	✓	✓	✓																								
3	Aggregate Resources Co Ltd		✓	✓	✓		✓																							
4	Bitumen Storage Ltd		✓	✓	✓	✓																								
5	Boron Investments Ltd		✓	✓	✓	✓																								
6	BR Capital Ltd		✓	✓	✓	✓																								
7	BR Hotel Resorts Ltd		✓	✓	✓	✓																								
8	Broadgate Holding Ltd	✓	✓	✓	✓	✓																								
9	Broadgate Investment Ltd	✓	✓	✓																		✓								
10	Burford Development Ltd		✓	✓	✓	✓																								
11	Burford Investments Ltd		✓	✓	✓	✓	✓																							
12	Burford Property Ltd		✓	✓	✓	✓																								
13	Burford Realty Ltd		✓	✓	✓	✓																								
14	Cement Logistics Ltd	✓	✓	✓																		✓								
15	Centreview Development Ltd		✓	✓	✓	✓																								
16	Damalot Technical Services Ltd		✓	✓	✓																									
17	Finepoint Property Ltd		✓	✓	✓	✓																								
18	Finepoint Realty Ltd		✓	✓	✓	✓																								
19	Gamlot Technologies Ltd		✓	✓	✓	✓																								
20	Gamma Asia Construction Ltd		✓	✓		✓																								
21	Gamma Cement Holdco Ltd	✓																								✓				
22	Gamma Cement International Ltd		✓	✓																										
23	Gamma Cement Ltd		✓	✓	✓	✓																								
24	Gamma Construction Ltd	✓	✓		✓	✓		✓		✓							✓				✓						✓	✓		
25	Gamma Corporate Services Ltd	✓																								✓				
26	Gamma Energy Holdings Ltd		✓	✓	✓	✓																								
27	Gamma Energy Ltd		✓	✓	✓	✓																								
28	Gamma Land Ltd (formerly Land Securities Ltd)		✓	✓	✓	✓																								
29	Gamma Leisure Ltd		✓	✓	✓	✓																								
30	Gamma Treasury management Limited	✓																									✓	✓		
31	Gamma-Civic Cement Holdings Ltd	✓	✓	✓																		✓								
32	Gamma Civic Construction Holdings Ltd			✓	✓	✓																								
33	Gamma-Civic Construction Ltd		✓	✓	✓	✓																								
34	Gamma-Civic Hotel Holdings Ltd		✓	✓	✓	✓																								
35	Gamma-Civic Ltd	✓	✓	✓	✓	✓	✓		✓	✓	✓																✓	✓		✓
36	Gammafin Ltd	✓																												
37	Gammafin Resource Ltd	✓																												
38	Glot Holdings (Mauritius) Ltd		✓	✓	✓	✓																								
39	Glot management Ltd		✓	✓	✓	✓																								
40	Govenland Co Ltd		✓	✓	✓	✓																								
41	G-Traxx Equipment & Rental Ltd		✓	✓	✓	✓																								
42	Insignia Leisure Resorts Ltd		✓	✓	✓	✓																								
43	Insignia Resorts Ltd		✓	✓	✓	✓																								
44	Kolos Building Materials Ltd		✓	✓																		✓								
45	Kolos Cement Ltd	✓	✓	✓	✓	✓				✓												✓	✓				✓	✓	✓	
46	Lottotech Ltd	✓	✓	✓	✓					✓		✓	✓	✓	✓	✓				✓								✓		
47	Lottotech management Ltd		✓	✓	✓																									
48	Lotwin Investments Ltd		✓	✓	✓																									
49	Ludgate Investments Ltd		✓	✓	✓	✓																								
50	Maurilot Investments Ltd		✓	✓	✓	✓																								
51	Natlot Investments Ltd		✓	✓	✓	✓																								
52	North Point Holdings Ltd		✓	✓	✓		✓																							
53	North Point Stone Products Ltd		✓	✓	✓		✓																							
54	Osterley Investments Ltd		✓	✓	✓	✓																								
55	Princegate Holdings Ltd		✓	✓	✓	✓																								
56	RHT Media Ltd		✓	✓	✓	✓																								
57	Stamford Properties Ltd			✓			✓																	✓						
58	Star Cement Ltd	✓	✓	✓																		✓								
59	Traxx Ltd		✓	✓	✓																									
60	Westbourne Properties Ltd		✓	✓	✓	✓																								
61	Westview Realty Ltd		✓	✓	✓	✓																								

.3. Shareholders Holding more than 5%

The shareholders holding more than 5% of the ordinary shares of the Company at 31 December 2017 were:

	No. of Shares	% Shareholding
Consolidated Holdings Limited	20,647,370	15.50
Fortier Capital Limited	19,306,460	14.49
JHD Holdings Ltd	19,135,810	14.36
Landcorp Capital Limited	15,279,920	11.47
Bluesilver Ltd	10,069,390	7.56
Cyril How Kin Sang	9,247,140	6.94
Patrice Ah Teck	9,237,070	6.93

4. Dividend Policy

According to the Gamma Charter, the Company aims at distributing a dividend which is equivalent to a 3% dividend yield, subject to meeting the requirements of the Solvency Test, and as a rule for each financial year the Company declares and pays an interim and a final dividend.

5. Role and Function of the Chairman

The Chairman is elected by members of the Board and he presides over the meeting of Directors and shareholders.

The Chairman is responsible for corporate governance in the Company, ensuring that the Board carries out its responsibilities efficiently and that it has a clear comprehension of its role, function and deliverables as well as those of the management and shareholders. He is also responsible for ensuring that resolutions of the Board are promptly executed and implemented by management. The Chairman of the Board acts for and on behalf of the Board.

Furthermore, it is part of the Chairman's responsibility to ensure that new Directors are properly introduced to the businesses of the Company, with the assistance of the Company Secretary.

For the period under review, a Board appraisal, with two components, namely a self and a peer assessment, has been carried out, under the aegis of the Chairman's office and the Corporate Governance Committee.

6. Board of Directors

As per the constitution the Board shall consist of not less than two and more than twelve Directors, and presently the Board is composed of 3 Independent Non-Executive Directors, 6 Non-Executive Directors and 3 Executive Directors.

The composition of the Board is in line with the National Code of Corporate Governance, having the appropriate mixed of executive, non-executive and independent directors. Furthermore the Board has the required mixed of skills, experience, independence and knowledge to play its role fully in serving the interests of all the stakeholders of the Company.

7. Directors' Profiles

The names of the Company's Directors as at 31 December 2017 and their profiles are set out below:

Chian Yew Ah Teck (also called Carl Ah Teck) – Executive Chairman

Carl holds a first class degree in Civil Engineering from Lancaster University and an MPhil. Degree in Soil Mechanics from the University of Cambridge. After university, he joined consulting firm Sir Alexander Gibb and Partners in Mauritius. He is a registered professional engineer. He has also attended several executive management programs at NUS/Stanford University, London Business School and INSEAD.

After 5 years with Sir Alexander Gibb, where he held various positions in both the design office and on site for major projects, he founded Gamma Construction Co Ltd in 1987 which subsequently acquired Randabel & Sons Ltd (now known as Gamma-Civic Ltd).

From 1987 to 2011, he was the Chief Executive of the Gamma Group before becoming the Executive Chairman of Gamma-Civic Ltd in February 2011. During this time, Carl has also been a Director and the Chairman of companies in the Gamma Group.

Upon his resignation as an employee of the Company in July 2015, Carl became a Non-Executive Director and Chairman of the Company.

In March 2016, Carl was mandated the responsibility of Corporate Development and Strategic planning of Gamma-Civic Ltd and its Group companies in line with the vision of the holding of the company, by the Board, whereby the Chairman's Office acts as an incubator for identifying and/ or initiating projects (including development of green field projects, establishment of strategic partnerships, mergers and acquisition activities including identification of potential acquisitions, divestment activities, etc.), and nurturing these projects until a stage of viability for presentation to the Board for consideration.

In November 2016, the Board appointed Carl as the Executive Chairman.

Directorship in listed companies: Two (Morning Light Co. Ltd and Lottotech Ltd).

Boon Hui Chan – Independent Non-Executive Director

Boon Hui studied law under the Commonwealth Trust scholarship at Cambridge University. He also holds the CFA charter. He founded and currently acts as the managing director of Chancery Capital, a boutique private equity and corporate advisory practice. This follows more than 18 years of regional and international investment banking experience with the OCBC & BNP Paribas Groups in Singapore and the Rothschild Group in Singapore and New York.

He is currently a member of a select group of private and publicly listed company boards. For the listed companies, he also acts as a member or chairs certain committees in his role as a non-executive director. The directorships in private companies are those in which he has significant investments or where he acts as founder and mentor.

Directorship in listed companies: None in Mauritius.

Chian Luck Ah Teck (also called Patrice Ah Teck) – Non-Executive Director

Patrice holds a BA (Hons) Accounting and Finance from South Bank University. He worked as a Trainee Accountant with Nunn, Crick and Bussell in the UK, and in 1993 he joined the Gamma Group as Sales and Marketing Manager. He was appointed Sales and Marketing Director in 2000 and he has occupied the post of Deputy Managing Director. Since July 2015, he is no longer an Executive Director, and is a member of the Board in a Non-Executive capacity.

Directorship in listed companies: Two (Morning Light Co. Ltd and Lottotech Ltd).

7. Directors' Profiles (Cont'd)

Chian Tat Ah Teck (also called Tommy Ah Teck) – Non-Executive Director

Tommy holds a BSc (Hons) Engineering from University of Westminster and an MPhil in Mechanical Engineering from Loughborough University of Technology. He worked as a Trainee Accountant with Griffin & Partners, Chartered Accountants in London, UK. He occupied the post of Managing Director of Gamma from 1987 to January 2011. He was appointed Group CEO in February 2011. Since July 2015, he is no longer an Executive Director, and is a member of the Board in a Non- Executive capacity.

Tommy is also the Vice Chairman of the Company, whereby he is responsible for Public Relations and networking for the resolution of issues across the Group under the guidance of the Chairman who is in charge of Corporate Development of the Company. He also chairs the Gamma Foundation.

Directorship in listed companies: Two (Morning Light Co. Ltd and Lottotech Ltd).

Clifford Fon Sing – Non-Executive Director

Clifford holds a BSc Economics from University College London (London, UK). In 1989, he joined the family business, namely the Jade Group which specializes in property development and management.

He has been the Managing Director of Jade Group since 2004.

Directorship in listed companies: None.

Geoffroy Dedieu – Executive Director/ Managing Director

Geoffroy holds a DEA Business Law from Université Panthéon-Assas, a LLM from the National University of Singapore and an MBA from INSEAD. After his studies, Geoffroy started his career as a corporate lawyer in Asia. He was previously the Managing Director at a top-5 Swiss bank in Singapore and he subsequently set up a single-family office holding company in the UK. He is an experienced family business manager with focus on the entrepreneurial family model. Geoffroy is also a Charter Member of the UK Chartered Institute for Securities & Investments and a Certified Financial Planner. He has joined the Company in August 2017 as Managing Director.

Directorship in listed companies: Two (Morning Light Co. Ltd and Lottotech Ltd).

Kune Foo Jean Claude Lam Hung (also called Jean Claude Lam Hung) – Non-Executive Director

Jean Claude is a Fellow of the Institute of Chartered Accountants in England and Wales. He was awarded the Edward Billington Scholarship to read for a BA (Hons) Business Studies at Liverpool John Moores University. He graduated with a first class honours degree. From 1998 to 2009, he trained and qualified as a Chartered Accountant with Ernst & Young (London) before assuming senior manager and director roles at Deloitte (London) and BDO (London) respectively. In November 2009, he became a partner at Mazars LLP (London). From August 2012 to Oct 2015 he was the Group CFO of Gamma-Civic Ltd and he is currently the Chief Executive Officer of CG Re (Africa) Ltd, an insurance broker company. In January 2017, Jean Claude joined the Board of Directors as Non-Executive Director.

Directorship in listed companies: None.

Lim Sit Chen Lam Pak Ng (also called Maurice Lam Pak Ng) – Independent Non-Executive Director

Maurice holds an MBA degree from the Graduate School of Business of Columbia University, New York, N.Y., USA. He is the founding partner of Stewardship Consulting, a strategy consulting firm in Singapore. Prior to Stewardship Consulting, Maurice was in investment banking, advising multinational companies, government agencies and fund management companies in financial strategy, investment management, treasury and risk management. He has worked in London, New York, Singapore and Tokyo.

Directorship in listed companies: None.

7. Directors' Profiles (Cont'd)

Paul Cyril How Kin Sang (also called Cyril How Kin Sang) – Non-Executive Director

Cyril studied accountancy at The University of West London and is a member of the Institute of Chartered Accountants in England & Wales. From 1985 to 1988, he trained and worked as a Chartered Accountant in the UK with a number of accounting firms including KPMG.

He joined Gamma in 1989 and has occupied several posts within the Group, including Group Finance Director and Supervisory Executive Director of Lottotech Ltd, and is involved in the business development of the Group.

He was appointed as the Managing Director of Gamma in February 2011. Since July 2015, he is no longer an Executive Director, and is a member of the Board in a Non- Executive capacity.

Directorship in listed companies: Two (Morning Light Co. Ltd and Lottotech Ltd).

Paul Halpin – Independent Non-Executive Director

Paul Halpin is a Chartered Accountant. He is a business services entrepreneur and a former Partner at PwC Johannesburg, London and Dublin. He is widely experienced in matters of corporate governance, board effectiveness and prudential supervision of companies in regulated and non-regulated industries across international borders and in the following sectors: Financial Services, ICT, Healthcare, Real Estate, Construction, Renewables and Heavy Manufacturing. In his capacity as non-executive director, he has chaired Audit and Risk Board Committees. He is now building a portfolio of non-executive directorships.

Directorship in listed companies: One (Lottotech Ltd).

Sui Lien Chong Ah-Yan (also called Marie Claire Chong Ah-Yan) – Non-Executive Director

Marie Claire qualified in 1988 with a Bachelor's degree from the Faculty of Arts from the University of Jean Moulin-Lyon III, France. She further holds a Bachelor's Degree in Human Resources management from the University of Natal, South Africa.

Marie Claire was the head of human resource at Group level since 2000 and in year 2012, she was subsequently appointed HR Director of Gamma-Civic Ltd. She is one of the co-trustees of the Gamma Foundation, which is in charge of all CSR projects at Gamma Group level. She is a Fellow of the Mauritius Institute of Directors. In February 2015 Marie Claire has been awarded the FT NED Diploma (Financial Times Non-Executive Director Diploma).

Since July 2015, Marie Claire is no longer an Executive Director, and is a member of the Board in a Non-Executive capacity.

Directorship in listed companies: Alternate Director in Morning Light Co. Ltd

Twalha Dhunnoo – Executive Director/ Chief Financial Officer

Twalha holds a BA, MEng and MA (Cantab) from Cambridge University, and is also a fellow (FCA) of the Institute of Chartered Accountants for England & Wales (ICAEW). He started his career with Ernst & Young London in 1998, and left as an Audit Manager in 2004. Between 2004 and 2007, Twalha worked mainly in Financial Services with major global organisations, namely Mellon Bank and Deutsche Bank. During the last six years, he was the Chief Financial Officer and Executive Director of a bank in London. He has joined the Company in April 2017 as Chief Financial Officer and he was appointed as executive director in May 2017.

Directorship in listed companies: One (Morning Light Co Ltd).

Note: At the date of signing the Corporate Governance Report, Kolos Cement Ltd, a subsidiary of the Company has been admitted on the DEM and the hereunder Directors are also Directors of Kolos Cement Ltd, namely:

- *Carl Ah Teck;*
- *Cyril Ah Teck;*
- *Geoffroy Dedieu;*
- *Marie Claire Chong Ah-Yan;*
- *Patrice Ah Teck;*
- *Paul Halpin;*
- *Tommy Ah Teck; and*
- *Twalha Dhunnoo.*

8. Board Attendance

For the period under review the Board met 5 times and attendance at the Board meetings were as per hereunder table:

Directors	Category	Attendance
Carl Ah Teck	Executive Chairman	5/5
Boon Hui Chan	Independent Director	4/5
Clifford Fon Sing	Non-Executive Director	2/5
Geoffroy Dedieu	Executive Director	5/5
Jean Claude Lam Hung	Non-Executive Director	5/5
Lim Sit Chen Lam Pak Ng	Independent Director	5/5
Patrice Ah Teck	Non-ExecutiveDirector	5/5
Paul Cyril How Kin Sang	Non-Executive Director	5/5
Paul Laurence Halpin	Independent Director	5/5
Tommy Ah Teck	Non-Executive Director	5/5
Twalha Dhunnoo[1]	Executive Director	3/3
Sui Lien Chong Ah-Yan	Non-Executive Director	5/5

Note:
1. *Twalha Dhunnoo was appointed on 26.05.2017*

9. Senior management

For the financial year 2017, the senior management team of Gamma-Civic Ltd comprises of the Managing Director, Mr Geoffroy Dedieu, the Chief Financial Officer, Mr Twalha Dhunnoo, and the Group Financial Controller, Mr Yive Men Leu San (also known as Clement Leu San).

Profile of The Senior Managers

Geoffroy Dedieu – Managing Director

Please refer to Geoffroy's profile under the 'Directors' Profile' section of this report.

Twalha Dhunnoo – Chief Financial Officer

Please refer to Twalha's profile under the 'Directors' Profile' section of this report.

Yive Men Leu San (also called Clement Leu San) – Group Financial Controller

Clement Leu San is a fellow member of the Chartered Association of Certified Accountants and has over 28 years of experience in the Accounting field. He has held the positions of Accountant to Financial Controller over the 20 years spent in the Gamma Group. In July 2015, he was promoted to the post of Group Financial Controller. Clement has experience in Corporation tax, Income tax, Value Added tax, PAYE and Environment Protection Fee computation. He also has experience in Audit and Accounting of companies in the fields of textile, contracting, tourism, manufacturing and retailing.

10. Role of the Company Secretary

The Company Secretary is appointed and removed by the Board of Directors on such terms as the Board may deem fit, and it is accountable to the Board through the Chairman in the performance of its duties and responsibilities, as defined in the Companies Act 2001, as well as for the corporate governance processes.

As recommended under the National Code of Corporate Governance, the Board has undertaken its first Board appraisal and the Company Secretary was given the responsibility to supervise the exercise, carried out under the aegis of the Chairman and the Corporate Governance Committee.

11. Directors' Share Interests

As at 31 December 2017, the Directors' share interests in the Company were:

	No of shares	
Name of Directors	**Direct**	**Indirect**
Boon Hui Chan	-	-
Carl Ah Teck	-	23,033,487
Clifford Fon Sing	1,855,840	960,000
Geoffroy Dedieu	-	-
Jean Claude Lam Hung	30,800	-
Lim Sit Chen Lam Pak Ng	-	-
Patrice Ah Teck	9,237,070	13,785,917
Paul Cyril How Kin Sang	9,247,140	15,279,920
Paul Laurence Halpin	-	-
Tommy Ah Teck	-	23,022,987
Twalha Dhunnoo	-	-
Sui Lien Chong Ah-Yan	1,980,830	3,716,527

12. Related Party Transactions

Please refer to Note 28 to the Financial Statements.

13. Contracts of Significance

The Company and its subsidiaries have no contracts of significance with either a Director or a controlling shareholder.

14. Directors' Dealings in Shares of the Company

As part of the Company's statutory quarterly reporting process to the Stock Exchange of Mauritius Ltd and the Financial Services Commission, the Company Secretary would request the Directors to confirm their shareholding and any dealings which they may have effected in the Company's shares, with reference to Code of Securities Transactions by Directors.

The Directors are thus fully aware of the principles of the Model of Code of Securities Transactions by Directors, as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules.

14. Directors' Dealings in Shares of the Company (Cont'd)

During the period under review, the share dealings by Directors were as follows:

Directors	Number of Shares Purchased Directly	Number of Shares Purchased Indirectly	Number of Shares Sold Directly	Number of Shares Sold Indirectly
Boon Hui Chan	-	-	-	-
Carl Ah Teck	-	-	-	-
Clifford Fon Sing	-	-	-	1,346,310
Geoffroy Dedieu	-	-	-	-
Jean Claude Lam Hung	-	-	-	-
Lim Sit Chen Lam Pak Ng	-	-	-	-
Patrice Ah Teck	-	-	-	-
Paul Cyril How Kin Sang	-	-	-	-
Paul Laurence Halpin	-	-	-	-
Tommy Ah Teck	-	-	-	-
Twalha Dhunnoo	-	-	-	-
Sui Lien Chong Ah-Yan	-	-	-	-

15. Conflict of interest

All the Directors have a duty to avoid conflict of interest. Moreover, Directors are required to notify the Company Secretary of any potential conflict of interest through other directorships or shareholdings as per the Gamma Charter.

16. Constitution

The Company's Constitution is in line with the Companies Act 2001 and has no material clauses requiring disclosure.

A copy of the Company's constitution is available at the Company's registered office.

17. Shareholders' Agreement

There is no shareholders' agreement between the Company and any of its shareholders.

18. Third Party management Agreement

To the knowledge of the Company, there is no material third party management agreement with regards to the Company and/or its subsidiaries.

19. Directors' Remuneration

For the period ended 31 December 2017, remunerations and benefits received and receivable by the Directors from the Company, its subsidiaries and related corporations are as follows:

Remuneration and benefits paid by the Company and related Corporations to:	2017 Rs
Directors of the Company	30,476,956
Directors of subsidiary companies (excluding those who are also Directors of the Company)	40,537,370

Note: Due to the contractual obligation binding the Company and the confidentiality of the information, no detailed breakdown by Director is given.

20. Directors' Service Contracts

The Directors have no service contracts with the Company.

21. Statement of Remuneration Philosophy

The Company remains focused on its long term philosophy as described in the Group HR Manual, which is to attract and retain leaders with the objective of delivering business priorities within a framework that is aligned with the interest of the Company.

22. Board Committees

Board Committees are set to assist the Board in efficient decision making, without having decision making powers. The Board Committees make recommendations to the Board for decisions, as may be appropriate. Gamma-Civic Ltd has two permanent Committees namely:

- The Audit and Risk Committee; and
- The Corporate Governance Committee.

Audit and Risk Committee

The Audit and Risk Committee assists the Board for reporting financial information, for appropriate application and amendment of accounting policies, for the identification and management of risk, for the implementation of internal control systems and for internal audit, statutory and regulatory compliance of the Company. The Committee provides a forum for effective communication between the Board and the external and internal auditors.

The Audit and Risk Committee holds quarterly meetings to examine the quarterly financial statements and the audited financial statements, as well as reports from the auditors.

In its capacity as Audit and Risk Committee not only for the Company, but also having an overview of Group, the Chairman of the Audit and Risk Committee has at least a yearly meeting with the Chair of the Audit and Risk Committees of the Group to ensure that all the functions of the Audit and Risk Committee are being fulfilled within their respective companies.

For the year 2017, the Audit and Risk Committee held 4 meetings, and the attendance of the Committee members were as follows:

Audit and Risk Committee Member	Role
Paul Halpin	Independent Chairman
Boon Hui Chan	Independent Director
Jean Claude Lam Hung	Non-Executive Director
Lim Sit Chen Lam Pak Ng	Independent Director

Audit and Risk Committee Member	Attendance
Paul Halpin	4/4
Boon Hui Chan	3/4
Jean Claude Lam Hung[1]	2/2
Lim Sit Chen Lam Pak Ng	4/4

Note 1: Jean Claude Lam Hung was appointed as member of the Audit and Risk Committee on 12 May 2017

22. Board Committees (Cont'd)

Corporate Governance Committee

The Corporate Governance Committee acts as a mechanism for making recommendations to the Board on all corporate governance matters relevant to the Company to ensure that the Board remains effective and complies with the "Code" and prevailing corporate governance principles.

The Committee is also responsible for the remuneration and nomination matters. The remuneration philosophy is geared towards rewarding efforts and merits for individual and joint contribution to the Company's results, whilst having also due regards to market conditions, the interest of the shareholders and to the financial well-being of the Company.

Under the aegis of the Corporate Governance Committee and the Chairman of the Board, the Board members have carried out their first Board Appraisal for the year under consideration. Analysis of the Board Appraisal is ongoing and appropriate action as may be required would be considered by the Board to ensure that as a Body, the Board is fully effective and delivers as per its objectives as defined in the Gamma Charter, to meet the expectation of all stakeholders.

The members of the Committee are as follows:

Committee Members	Role
Lim Sit Chen Lam Pak Ng	Independent Chairman
Boon Hui Chan	Independent Director
Carl Ah Teck	Executive Director
Geoffroy Dedieu	Executive Director
Marie Claire Chong Ah-Yan	Non-Executive Director
Tommy Ah Teck	Non-Executive Director

And for the year under review, the Committee members met 4 times, and the attendance was as follows:

Committee Members	Attendance
Lim Sit Chen Lam Pak Ng	4/4
Boon Hui Chan	4/4
Carl Ah Teck	4/4
Geoffroy Dedieu[1]	1/1
Marie Claire Chong Ah-Yan	4/4
Tommy Ah Teck	4/4

Note 1: Geoffroy Dedieu was appointed as member of the Corporate Governance Committee on 12 May 2017.

23. Risk management, Internal Controls and Internal Audit

For the year under review, following its business risk management exercise, potential risks which the Company may encounter and its mitigating measures, have laid out. The potential risks are:

- Financial;
- Business interruption;
- Reputational;
- Legal & regulatory;
- Human resource; and
- Strategic.

23. Risk management, Internal Controls and Internal Audit (Cont'd)

The Audit and Risk Committee, duly mandated by the Board of Directors, ensures that management works on appropriate mitigating measures to address all the potential risks identified, and it monitors the implementation of the mitigating measures. This is done through the quarterly Committee meetings, which the Committee would follow the evolution of the Company's Risk Heat Map, which in turn are reported to the Board at the quarterly statutory Board meetings.

Further the Company has in place a Risk management Framework based on the following principles:

- There is a clearly defined approach for risk management setting out its strategy and objectives and the approaches and processes that the Company adopts to achieve them;
- There is a clearly defined process to identify, assess and mitigate the significant risks to the achievement of business objectives; and
- There is an on-going process to monitor the risk profile and, identifying and responding to significant issues and events.

The Risk management report is reviewed by the Audit and Risk Committee and subsequently a report is presented to the Board.

The key risks identified for the Company are outlined in Note 29 of the Financial Statements.

The Audit and Risk Committee, in its capacity as Group Committee together with the respective Audit and Risk Committees of the main operating subsidiary companies and management ensures that at Company and Group level, non-financial risks are also being assessed and appropriate mitigating measures are in place.

Gamma-Civic Ltd has an internal audit function, which is carried out by a combination of in-house resources and outsourced assistance from PwC. Its function amongst others covers the examination and evaluation of the adequacy and effectiveness of the Company's governance, risk management process, system of internal control structure, and the quality of performance in carrying out assigned responsibilities.

The Audit and Risk Committee of the Company has a working relationship with the Audit and Risk Committees of the subsidiary companies to ensure that appropriate internal audit is in place and that it is working efficiently to ensure that all significant areas of the Company's and Group Companies' activities are duly covered.

24. Share Option Plan

As at 31 December 2017, there was no share option plan in place.

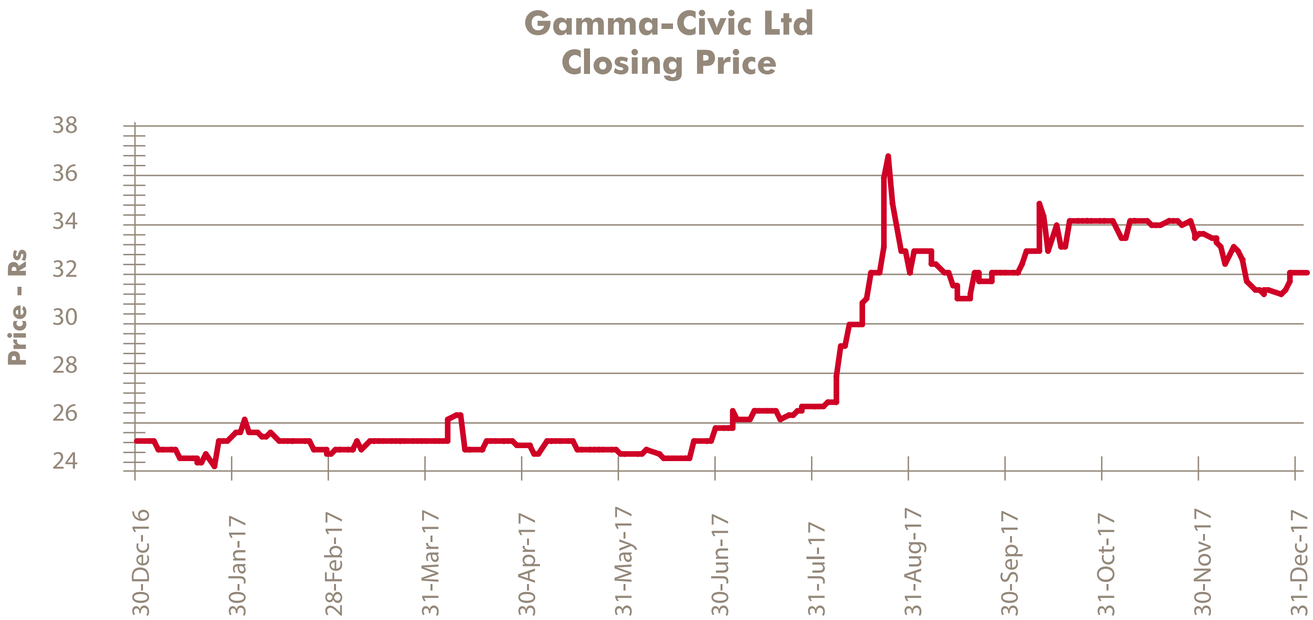
25. Calendar of Events

For the financial year ending 31 December 2018, the Board will hold the following statutory Board meetings:

Meeting	Date	Events
Statutory Reporting	March 2018	Publication of audited results for the year ended 31 December 2017
	May 2018	Publication of quarter results ending 31 March 2018 & Annual Meeting
	August 2018	Publication of half year's results ending 30 June 2018
	November 2018	Publication of nine months' results ending 30 September 2018

26. Share Price Information

Hereunder is the price of the Company's shares.



27. Policies & Practices - Social, Ethics, Safety, Health and Environmental Issues

Corporate Social Responsibility

The Company remains committed to CSR program through the Gamma Foundation, which works towards the welfare of society with particular focus on children, through the eradication of poverty and the promotion of education to needy children.

Donations

As part of its responsibilities to the community and its social implications in the activities of the Country, the Company makes donations as recommended by the Code of Corporate Governance for Mauritius.

Further the Company follows the recommendations of the Joint Economic Council by specifically recording in its books all contributions made to political organizations or electoral candidates with the objective of endorsing the democratic principles of Mauritius. These contributions are made without expecting any reward in return.

For the period under review the Company and its subsidiaries have made the donations as follows:

	2017 Rs
Political donations	-
Others	249,000

Code of Conduct

The Company applies the Gamma Charter, which contains a Code of Conduct.

The Code of Conduct is based on the fundamental belief that business should be conducted in all honesty, fairness and legally. This commitment is endorsed by the Board and all employees, sharing the commitment to high moral, ethical and legal standards.

27. Policies & Practices - Social, Ethics, Safety, Health and Environmental Issues (Cont'd)

Safety, Health and Environment

The Company continues to be committed to providing all employees of the Group with a safe and healthy working environment in line with the Occupational Safety and Health Act 2005 and other applicable legislative and regulatory frameworks. Through its Health and Safety officers employed by the different Group companies, Gamma-Civic Ltd ensures that the Group fulfills its legal obligations as an employer towards its employees. At the same time, the employees too are informed of their responsibility as regards safety and health, by receiving continuous training and awareness with the objective of having a safe working environment.

The Company has an Environmental Policy as contained in the Gamma Charter.

28. Auditors' Remuneration

The fees payable to the auditors of the Company and its subsidiaries for audit and other services are as follows:

Audit fees	2017 Rs
- Principal auditors	3,404,600
- Other auditors	865,000
Tax review fees	
- Principal auditors	172,750
- Other auditors	103,000

29. Statement of Directors' Responsibilities

As per the requirement of the Companies Act 2001, the Directors ensure that the financial statements for each financial year, are prepared and presented in a fair manner the financial position and financial performance of the Company. In preparing those financial statements, the Directors ensure that:

a) A suitable selection of accounting policies is carried out and that the selection is applied consistently;

b) Judgments and estimates made are reasonable and prudent;

c) It is clearly stated as to whether the International Financial Reporting Standards (IFRS) have been followed and complied with, subject to any material departures disclosed and explained in the financial statements;

d) Adequate accounting records which disclose with reasonable internal accuracy at any time the financial position of the Company, are kept;

e) The assets of the Company are safeguarded by maintaining internal accounting and administrative control systems and procedures, and risk management;

f) Reasonable steps are taken for the prevention of fraud and other irregularities; and

g) The financial statements are prepared on the going concern basis, unless it is not appropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. They also confirm the Company's adherence to the National Code of Corporate Governance and maintain an effective system of Internal Control and Risk management.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001 and International Financial Reporting Standards. 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 Board acknowledges that the responsibility of the external auditors is to report on these financial statements.

On behalf of the Board

Carl Ah Teck
Executive Chairman

Lim Sit Lam Pak Ng
Director

29 March 2018

SECRETARY'S CERTIFICATE

We certify that, to the best of our knowledge and belief, the company has filed with the Registrar of Companies all such returns as are required of the company under the Companies Act 2001 in terms of Section 166(d).

Gamma Corporate Services Ltd
Company Secretary

29 March 2018

INDEPENDENT AUDITORS' REPORT

to the shareholders of Gamma-Civic Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Gamma-Civic Ltd (the ''Company'') and its subsidiaries (collectively referred to as the ''Group") set out on pages 42 to 122 which comprise the statements of financial position as at December 31, 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2017 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standard Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Risk

Recognition of contract revenue, margin, and related receivables

The construction industry is characterised by contract risk with significant judgements involved in the assessment of both current and future contractual performance.

Revenue and margin are recognised based on the stage of completion of individual contracts, calculated on the proportion of total costs at the reporting date compared to the estimated total costs of the contract. Refer to note 3 (o) for accounting policy on construction contracts as well as note 4 (critical judgments in applying the accounting policies), note 12 (i) to note 12 (iv) (trade receivables from contracts), note 19 (trade payables arising from contracts) and note 20 (revenue from contracts).

The status of contracts is updated on a regular basis through cost meetings. During this process, management is required to exercise significant judgement in their assessment of the valuation of contract variations, claims and liquidated damages (revenue items); the completeness and accuracy of forecast costs to complete; and the ability to deliver contracts within forecast timescales.

Report on the audit of the financial statements (cont'd)

Risk (cont'd)

Recognition of contract revenue, margin, and related receivables (cont'd)

Dependent on the level of judgement in each, the range on each contract can be individually material. In addition, changes in these judgements, and the related estimates, as contracts progress can result in material adjustments to revenue and margin, which can be both positive and negative.

Procedures performed

Our work on the recognition of contract revenue, margin and related receivables and liabilities included:

- We assessed the key controls over the recognition of contract revenue. Such controls were tested to determine their operating effectiveness.
- We attended cost meetings and inspected respective minutes forming a key part of the entity's risk process to fully challenge at a lower executive level, both new tenders and contract bids, and ongoing performance on existing contracts;
- We selected a sample of contracts in order to challenge both current and future financial performance. Samples were selected based on a number of quantitative and qualitative factors, as well as other randomly selected contracts;

For sampled contracts, we challenged management's key judgements inherent in the forecast costs to complete that drive the accounting based on the value of work certified, including the following procedures:

- a review of the contract terms and conditions by reference to contract documentation;
- tested the existence and valuation of claims and variations both within contract revenue and contract costs via inspection of correspondence with customers and the supply chain;
- a review of legal and experts' reports received on contentious matters;
- an assessment of the forecasts through discussion with finance, commercial and operational management;
- an assessment of the ability to deliver contracts within budgeted timescales and any exposures to liquidated damages for late delivery of contract works; and the ability to identify and determine foreseeable loses on contracts;
- a review of post-balance sheet certification from clients' quantity surveyors.
- we performed multiple site visits to corroborate stages of completion of major contracts;
- we reviewed significant deviations from original revenue, cost and margin estimates, obtained appropriate explanation from management for such deviations and evaluated the impact on the revenue recognition.

Report on the audit of the financial statements (cont'd)

Risk (cont'd)

Goodwill acquired in a business combination

The Group's balance sheet includes goodwill, principally arising from historical acquisitions in Mauritius. The risk is that the goodwill allocated to cash generating units ('CGU') is not recoverable and should be impaired. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability, this is one of the key judgmental areas for our audit.

The Group annually carries out an impairment assessment of goodwill (Note 6) using a value-in-use model which is based on the net present value of the forecast earnings of the cash-generating unit ('value-in-use'). This is calculated using certain assumptions around discount rates, growth rates and cash flow forecasts.

Procedures performed

Our procedures included critically assessing the key assumptions applied by the Group in determining the recoverable amounts of each CGU. In particular, we:

- considered the underlying assumptions in determining the cashflows and growth assumptions applied with reference to historical forecasting accuracy and wider macro environment conditions;
- challenged the assumptions used in the calculation of the discount rates used by the Group, including comparisons with external data sources and consideration of the potential risk of management bias;
- performed our own sensitivity analysis, including a reasonably possible reduction in assumed growth rates and cash flows to identify areas to focus our procedures on and we also assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions appropriately reflected the risks inherent in the valuation of goodwill.

Other information

The Directors are responsible for the other information. The other information comprises of the Statement of Directors' Report, Corporate Governance Report and the Statement of Compliance thereon and the Secretary's certificate which we obtained prior to the date of this auditor's report. management Discussions and Analysis and the Annual Report are expected to be made available to us after the date of this auditor's report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 management Discussions and Analysis and the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors.

Report on the audit of the financial statements (cont'd)

Responsibilities of Directors for the financial statements

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

In preparing the financial statements, the Directors are responsible for assessing the Group 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 intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

Report on the audit of the financial statements (cont'd)

Auditor's responsibilities for the audit of the consolidated financial statements (cont'd)

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe 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.

Other matter

This report is made solely for the Company's shareholders, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Companies Act 2001

We have no relationship with or interests in the Group and the Company other than in our capacities as auditors, tax advisors, and dealings in the ordinary course of business.

Report on other legal and regulatory requirements (cont'd)

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Group and Company as far as it 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 and on whether the disclosures are consistent with the requirements of the Code.

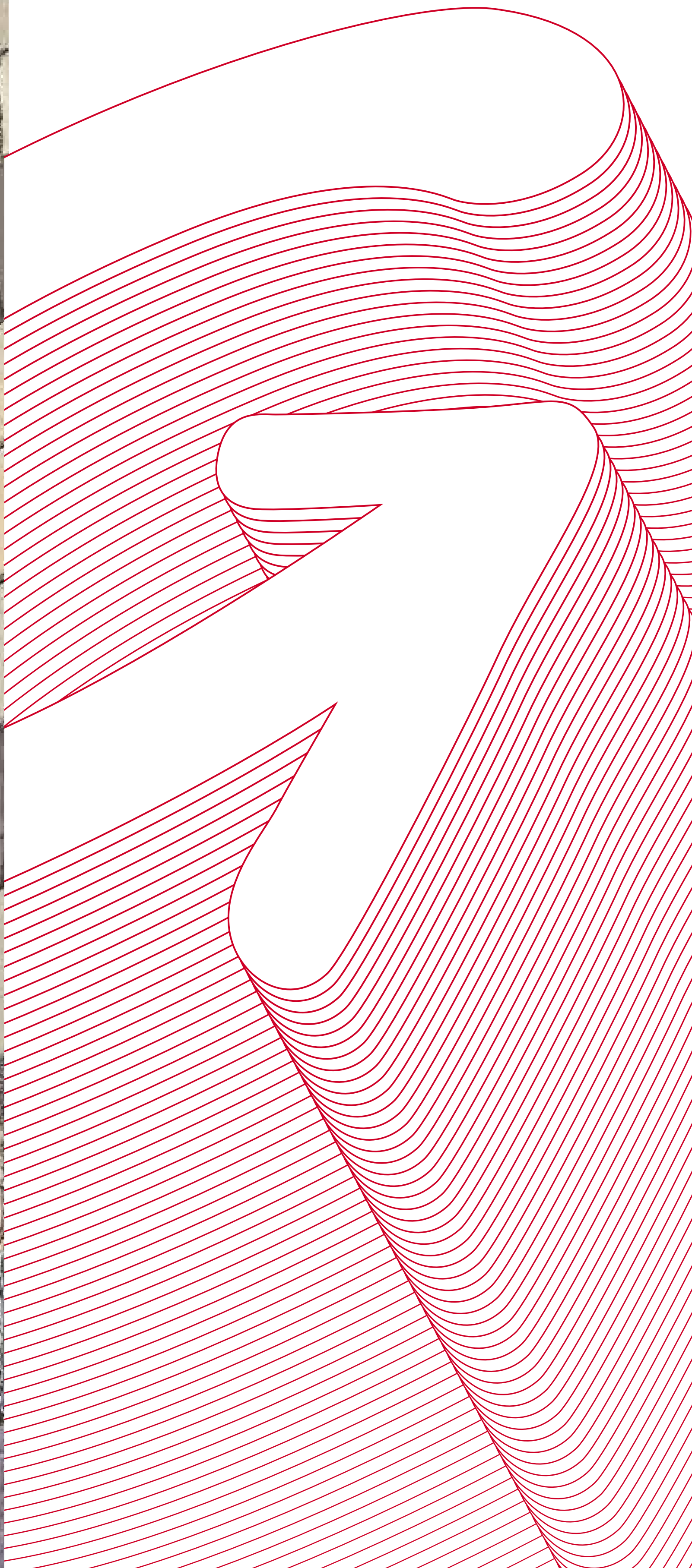
In our opinion, the disclosures in the annual report are consistent with the requirements of the Code.

Ernst & Young
Ebène, Mauritius

Andre Lai Wan Loong, A.C.A.
Licensed by FRC

29 March 2018

"PAVING THE WAY TO THE NEXT GENERATION"



STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2017

	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
		Rs	Rs	Rs	Rs
ASSETS					
NON-CURRENT ASSETS					
Property, Plant and Equipment	5	1,011,433,816	1,074,515,482	416,331,600	420,671,773
Intangible Assets	6	931,207,772	934,752,067	1,727,036	616,921
Investments in Subsidiaries	7(a)	-	-	1,903,278,541	1,615,750,094
Investments in Associates and Joint Venture	8(a)	729,290,410	699,655,877	53,245,640	53,245,640
Investment Properties	9	1,091,463,483	1,698,972,270	-	-
Other Investments	10	5,666,979	5,347,985	5,666,979	5,347,985
Deferred Tax Asset	17(b)	37,451,141	24,127,577	32,835,000	20,171,000
Non-current Deposits, Other Debtors and Prepayments	31	102,472,056	151,153,850	490,114	8,256,326
		3,908,985,657	4,588,525,108	2,413,574,910	2,124,059,739
CURRENT ASSETS					
Inventories	11	84,306,968	179,232,383	-	-
Debtors and Prepayments	12	694,700,003	739,932,283	47,281,377	48,556,372
Amounts due from Subsidiaries	28	-	-	92,555,138	76,380,251
Cash at Bank and in Hand	26	507,551,862	223,892,193	59,467,512	1,525,054
		1,286,558,833	1,143,056,859	199,304,027	126,461,677
TOTAL ASSETS		5,195,544,490	5,731,581,967	2,612,878,937	2,250,521,416
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Stated Capital	13	133,250,000	133,250,000	133,250,000	133,250,000
Share Premium		86,482,579	86,482,579	86,482,579	86,482,579
Other Reserves		2,413,795,478	2,336,447,561	737,257,605	576,485,162
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		2,633,528,057	2,556,180,140	956,990,184	796,217,741
NON-CONTROLLING INTERESTS	7(d)	126,546,695	113,143,665	-	-
TOTAL EQUITY		2,760,074,752	2,669,323,805	956,990,184	796,217,741
NON-CURRENT LIABILITIES					
Loans	14	662,563,663	1,031,666,186	662,563,663	739,804,427
Obligations under Finance Leases	15	-	7,255,779	-	-
Other Creditors	19(b)	10,318,696	19,242,424	-	-
Retirement Benefit Obligations	16(c)	44,536,532	42,713,291	2,478,000	2,800,000
Deferred Tax Liability	17(b)	52,221,154	76,056,284	-	-
		769,640,045	1,176,933,964	665,041,663	742,604,427
CURRENT LIABILITIES					
Bank Overdrafts	18/26	163,682,912	397,403,089	1,828,765	314,836,704
Loans	14	258,059,462	339,993,722	213,018,847	137,324,393
Obligations under Finance Leases	15	7,435,977	17,008,475	-	4,152,459
Creditors and Accruals	19(a)	1,188,722,600	1,123,399,153	147,366,009	134,974,546
Amounts due to Subsidiaries	28	-	-	628,633,469	120,411,146
Current Tax Liability	17	47,928,742	7,519,759	-	-
		1,665,829,693	1,885,324,198	990,847,090	711,699,248
TOTAL LIABILITIES		2,435,469,738	3,062,258,162	1,655,888,753	1,454,303,675
TOTAL EQUITY AND LIABILITIES		5,195,544,490	5,731,581,967	2,612,878,937	2,250,521,416

Approved by the Board of Directors and signed on its behalf on 29 March 2018

Geoffroy Dedieu
Managing Director

Paul Halpin
Director

The notes on pages 48 to 122 form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	GROUP 2017 Rs	GROUP 2016 Rs	COMPANY 2017 Rs	COMPANY 2016 Rs
Revenue					
Continuing Operations	20	**4,110,521,288**	3,696,597,729	**480,337,739**	474,429,885
Discontinued Operations	35	**47,294,757**	59,438,480	**-**	-
Revenue		**4,157,816,045**	3,756,036,209	**480,337,739**	474,429,885
Continuing Operations					
Operating Profit	21	**368,133,455**	344,128,257	**402,055,706**	275,011,401
Net Gain From Fair Value Adjustment on Investment Properties	9	**14,175,000**	750,000	**-**	-
Finance Costs	22	**(80,445,886)**	(120,529,288)	**(62,120,741)**	(72,434,812)
Share of Profit of Associates and Joint Venture	8(e)	**76,543,983**	57,739,006	**-**	-
Profit before Taxation		**378,406,552**	282,087,975	**339,934,965**	202,576,589
Taxation	17(a)	**(62,488,225)**	(101,325,077)	**5,873,375**	(29,151,806)
Profit for the Year from Continuing Operations		**315,918,327**	180,762,898	**345,808,340**	173,424,783
Discontinued Operations					
(Loss)/Profit for the Year from Discontinued Operations	35	**(14,199,200)**	10,107,943	**-**	-
Profit for the Year		**301,719,127**	190,870,841	**345,808,340**	173,424,783
Other Comprehensive Income					
Items that will not be classified subsequently to Profit or Loss:					
Gain on Revaluation of Property	5(a)	**7,741,850**	14,888,515	**475,890**	3,110,723
Deferred Tax on Remeasurement of Gain on Revaluation of Property	17(b)	**(1,316,114)**	(4,320,661)	**(80,901)**	(529,000)
Share of Gain on Property Revaluation of Associates and Joint Venture, net of Deferred Tax	8(a)	**4,740,353**	4,642,432	**-**	-
Remeasurement of Actuarial Gain / (Loss) on Retirement Benefit Obligations	16(f)	**4,025,029**	(401,965)	**964,000**	(762,000)
Deferred Tax on Remeasurement of Retirement Benefit Obligations	17(b)	**(416,080)**	(60,016)	**(163,880)**	129,540
Remeasurement of Actuarial Gain/(Loss) on Retirement Benefit Obligations in Associates & Joint Venture, net of Deferred Tax	8(a)	**1,970,453**	583,533	**-**	-
Items to be classified subsequently to Profit or Loss:					
Gain on Other Investments	10	**318,994**	114,855	**318,994**	114,855
Foreign Currency Translation Reserves Movement		**2,816,202**	(85,112)	**-**	-
Other Comprehensive Income for the Year		**19,880,687**	15,361,581	**1,514,103**	2,064,118
Total Comprehensive Income for the Year		**321,599,814**	206,232,422	**347,322,443**	175,488,901
PROFIT ATTRIBUTABLE TO:					
Owners of the Company		**244,138,509**	148,241,508	**345,808,340**	173,424,783
Non-controlling Interests		**57,580,618**	42,629,333	**-**	-
		301,719,127	190,870,841	**345,808,340**	173,424,783
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company		**263,897,917**	163,590,342	**347,322,443**	175,488,901
Non-controlling Interests		**57,701,897**	42,642,080	**-**	-
		321,599,814	206,232,422	**347,322,443**	175,488,901
EARNINGS PER SHARE (Basic and Diluted)	24	**1.83**	1.11		

The notes on pages 48 to 122 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

Group

	Stated Capital	Share Premium	Revaluation Reserve	Capital Reserve	Fair Value Reserve	Foreign Currency Translation Reserves	Retained Earnings	Attributable to Owners of the Parent	Non-Controlling Interests	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Balance at 1 January 2016	133,250,000	86,482,579	536,185,010	279,612	233,130	50,586,475	1,705,497,992	2,512,514,798	140,920,518	2,653,435,316
Revaluation Surplus of Associate Realised on Depreciation of Property	-	-	(1,960,462)	-	-	-	1,960,462	-	-	-
Revaluation Surplus Realised on Disposal of Property and on Depreciation	-	-	(11,151,139)	-	-	-	11,151,139	-	-	-
Profit for the Year	-	-	-	-	-	-	148,241,508	148,241,508	42,629,333	190,870,841
Other Comprehensive Income/(Loss) for the Year	-	-	15,210,286	-	114,855	(85,112)	108,805	15,348,834	12,747	15,361,581
Total Comprehensive Income/(Loss) for the Year	-	-	15,210,286	-	114,855	(85,112)	148,350,313	163,590,342	42,642,080	206,232,422
Disposal of Non-controlling Interests	-	-	-	-	-	-	-	-	(8,435)	(8,435)
Dividend (Note 23)	-	-	-	-	-	-	(119,925,000)	(119,925,000)	(70,410,498)	(190,335,498)
Balance at 31 December 2016	**133,250,000**	**86,482,579**	**538,283,695**	**279,612**	**347,985**	**50,501,363**	**1,747,034,906**	**2,556,180,140**	**113,143,665**	**2,669,323,805**
Revaluation Surplus of Associate Realised on Depreciation of Property	**-**	**-**	**(1,449,284)**	**-**	**-**	**-**	**1,449,284**	**-**	**-**	**-**
Revaluation Surplus Realised on Disposal of Property and on Depreciation	**-**	**-**	**(1,767,794)**	**-**	**-**	**-**	**1,767,794**	**-**	**-**	**-**
Profit for the Year	**-**	**-**	**-**	**-**	**-**	**-**	**244,138,509**	**244,138,509**	**57,580,618**	**301,719,127**
Other Comprehensive Income for the Year	**-**	**-**	**11,166,089**	**-**	**318,994**	**2,816,202**	**5,458,123**	**19,759,408**	**121,279**	**19,880,687**
Total Comprehensive Income for the Year	**-**	**-**	**11,166,089**	**-**	**318,994**	**2,816,202**	**249,596,632**	**263,897,917**	**57,701,897**	**321,599,814**
Disposal of Non-controlling Interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,625,142)**	**(3,625,142)**
Dividend (Note 23)	**-**	**-**	**-**	**-**	**-**	**-**	**(186,550,000)**	**(186,550,000)**	**(40,673,725)**	**(227,223,725)**
Balance at 31 December 2017	**133,250,000**	**86,482,579**	**546,232,706**	**279,612**	**666,979**	**53,317,565**	**1,813,298,616**	**2,633,528,057**	**126,546,695**	**2,760,074,752**

The notes on pages 48 to 122 form an integral part of these financial statements.

Company

	Stated Capital	Share Premium	Revaluation Reserve	Capital Reserve	Fair Value Reserve	Retained Earnings	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Balance at 1 January 2016	133,250,000	86,482,579	360,234,219	279,612	233,130	160,174,300	740,653,840
Revaluation Surplus Realised on Disposal of Property and on Depreciation	-	-	(11,151,139)	-	-	11,151,139	-
Profit for the Year	-	-	-	-	-	173,424,783	173,424,783
Other Comprehensive Income/(Loss) for the Year	-	-	2,581,723	-	114,855	(632,460)	2,064,118
Total Comprehensive Income for the Year	-	-	2,581,723	-	114,855	172,792,323	175,488,901
Dividend (Note 23)	-	-	-	-	-	(119,925,000)	(119,925,000)
Balance at 31 December 2016	**133,250,000**	**86,482,579**	**351,664,803**	**279,612**	**347,985**	**224,192,762**	**796,217,741**
Revaluation Surplus Realised on Depreciation	**-**	**-**	**(1,767,794)**	**-**	**-**	**1,767,794**	**-**
Profit for the Year	**-**	**-**	**-**	**-**	**-**	**345,808,340**	**345,808,340**
Other Comprehensive Income for the Year	**-**	**-**	**394,989**	**-**	**318,994**	**800,120**	**1,514,103**
Total Comprehensive Income for the Year	**-**	**-**	**394,989**	**-**	**318,994**	**346,608,460**	**347,322,443**
Dividend (Note 23)	**-**	**-**	**-**	**-**	**-**	**(186,550,000)**	**(186,550,000)**
Balance at 31 December 2017	**133,250,000**	**86,482,579**	**350,291,998**	**279,612**	**666,979**	**386,019,016**	**956,990,184**

The notes on pages 48 to 122 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
		Rs	Rs	**Rs**	Rs
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax from continuing operations		**378,406,552**	282,087,975	**339,934,965**	202,576,589
(Loss)/Profit before tax from discontinued operations	35	**(11,754,820)**	14,640,561	**-**	-
Profit before tax		**366,651,732**	296,728,536	**339,934,965**	202,576,589
Adjustments for:					
Depreciation	5	**102,992,108**	104,445,588	**7,540,630**	11,782,111
Amortisation of Intangible Assets	6	**5,126,656**	3,708,826	**472,246**	543,389
Impairment Loss Recognised/(Reversed) on Trade Debtors	21	**4,330,198**	5,366,520	**(20,699)**	(2,493,800)
Impairment Loss Recognised on Investment in Subsidiaries	21	**-**	-	**1,130,000**	4,500,000
Impairment Loss Recognised on Amount due from Subsidiaries	21	**-**	-	**-**	78,203,471
Reversal of Impairment Loss Recognised on Amount due from Subsidiaries	21	**-**	-	**(18,335,403)**	(10,000,000)
Provision for Slow Moving Inventories	21	**10,000,000**	20,547,435	**-**	-
Net Foreign Exchange Differences	21	**(561,115)**	(31,103)	**8,563**	(32,008)
Interest Expense	22/35	**83,413,277**	125,247,148	**62,120,741**	72,434,812
Interest Income	22	**(3,590)**	(153,515)	**(1,584,057)**	(145)
Dividend Income	20	**-**	-	**(375,995,780)**	(387,325,328)
Non-cash Element of Retirement Benefit Expense	16	**7,824,270**	6,853,096	**642,000**	257,000
Loss/(Profit) on Disposal of Property, Plant and Equipment and Intangible Assets	21	**7,117**	(18,337,858)	**(200,000)**	(19,403,463)
(Profit)/Loss on Disposal of Subsidiaries	21	**(3,150,858)**	4,160,629	**-**	-
Loss on Disposal of Investment Properties	21	**25,433,109**	24,197,516	**-**	-
Amortisation of Land lease payment		**2,088,027**	-	**-**	-
Net Gain from Fair Value adjustment on Investment Properties	9	**(14,175,000)**	(750,000)	**-**	-
Non-current Deposits, Other Debtors and Prepayments expensed	31	**-**	2,510,248	**-**	-
Share of Profit of Associates and Joint Venture	8(e)	**(76,543,983)**	(57,739,006)	**-**	-
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		**513,431,948**	516,754,060	**15,713,206**	(48,957,372)
Decrease/(Increase) in Inventories		**84,925,372**	(18,076,739)	**-**	-
Decrease/(Increase) in Debtors and Prepayments		**104,397,281**	(119,606,412)	**1,068,637**	2,920,503
(Increase)/Decrease in Amounts due from Subsidiaries		**-**	-	**(16,174,887)**	55,145,465
Increase/(Decrease) in Creditors and Accruals		**35,429,735**	154,856,838	**12,391,463**	(19,325,221)
Increase/(Decrease) in Amounts due to Subsidiaries		**-**	-	**508,222,323**	(68,126,544)
CASH GENERATED FROM/(USED IN) OPERATIONS		**738,184,336**	533,927,747	**521,220,742**	(78,343,169)
Interest Paid		**(85,038,474)**	(114,923,176)	**(62,120,741)**	(62,110,840)
Dividend Paid to Owners of the Company	23	**(186,550,000)**	(119,925,000)	**(186,550,000)**	(119,925,000)
Dividend Paid to Non-controlling Interests		**(40,673,725)**	(70,410,498)	**-**	-
Dividend Received		**53,620,256**	47,954,100	**375,995,780**	344,325,328
Income Tax Paid		**(66,978,461)**	(57,213,361)	**(6,808,348)**	1,736,969
Retirement Benefits Paid	16	**(1,976,000)**	(1,645,000)	**-**	-
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		**410,587,932**	217,764,812	**641,737,433**	85,683,288

The notes on pages 48 to 122 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
		Rs	Rs	**Rs**	Rs
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment	25	**(33,347,116)**	(71,733,746)	**(3,010,749)**	(208,927)
Purchase of Intangible Assets	6	**(1,582,361)**	(15,842,278)	**(1,582,361)**	(40,465)
Proceeds from Disposal of Property, Plant and Equipment		**1,171,408**	722,655	**486,182**	26,957
Incorporation of New Subsidiary		**-**	-	**(50,000)**	-
Proceeds from Disposal of Subsidiaries		**6,372,482**	-	**-**	-
Proceeds from Disposal of Investment Properties	9	**593,878,000**	5,800,000	**-**	-
Purchase of Investment Properties		**-**	(23,473,964)	**-**	-
Interest Received		**3,590**	153,515	**1,584,057**	145
Decrease in Non-current Deposits, Other Debtors and Prepayments	31	**7,599,854**	58,296	**7,766,212**	58,296
NET CASH FLOWS GENERATED / (USED IN) INVESTING ACTIVITIES		**574,095,857**	(104,315,522)	**5,193,341**	(163,994)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Loan		**270,000,000**	143,433,000	**270,000,000**	73,433,000
Repayment of Loans		**(721,036,783)**	(133,825,130)	**(271,546,310)**	(29,263,198)
Repayments under Lease Agreements		**(16,828,275)**	(29,359,374)	**(4,152,459)**	(5,578,586)
Decrease in Non-current Amounts due from Subsidiaries and Associates		**-**	-	**(270,273,045)**	(124,840,517)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(467,865,058)**	(19,751,504)	**(275,971,814)**	(86,249,301)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		**516,818,731**	93,697,786	**370,958,960**	(730,007)
Net foreign exchange difference		**561,115**	31,103	**(8,563)**	32,008
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**(173,510,896)**	(267,239,785)	**(313,311,650)**	(312,613,651)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	26	**343,868,950**	(173,510,896)	**57,638,747**	(313,311,650)

The notes on pages 48 to 122 form an integral part of these financial statements.

1 INCORPORATION AND ACTIVITIES

The consolidated financial statements of Gamma-Civic Ltd and its subsidiaries for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Directors on 29 March 2018. Gamma-Civic Ltd is a public company incorporated in Mauritius and listed on the Official Market of the Stock Exchange of Mauritius Ltd. Its registered office is situated at Royal Road, Chapman Hill, Beau Bassin, Mauritius. The Company operates as an investment holding company. The Group operates in the following business segments: building materials, contracting, investments, lottery, corporate services and others. Its principal place of business is situated at HSBC Centre, Bank Street, Cybercity, Ebene, Mauritius.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes for accounting standards and interpretations relevant to the Group's operations are disclosed below. Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

	Effective for accounting period beginning on or after
Amendments	
IAS 7 Statement of Cash Flows: Disclosure Initiative	1 January 2017
IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements 2014-2016 Cycle	
IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements	1 January 2017

Amendments to IAS 7 Statement of Cash Flow: Disclosure Initiative

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide Comparative information for preceding periods. The Group has provided the information for the current period in Note 29.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments had no impact on the Group's financial statements.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

Annual Improvements 2014-2016 Cycle

IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

As at 31 December 2017, the Group classified its interest in Burford Development Ltd, a wholly owned subsidiary, as discontinued operations (refer to note 35), but the amendments did not affect the Group's financial statements.

2.1 NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 9 Financial instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
IAS 40 Amendments to Transfers of Investment Property	1 January 2018
IFRS 10 and IAS 28 - Amendments regarding the Sale or Contribution of assets between an investor and its associate or joint venture	Effective date deferred indefinitely
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Long-term interests in Associates and Joint Ventures – Amendments to IAS 28	1 January 2019
IAS 12 Income taxes – Income tax consequences of payments on Financial instruments classified as equity	1 January 2019
IAS 23 Borrowing costs – Borrowing costs eligible for capitalisation	1 January 2019

2.1 NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Annual Improvements 2014 – 2016 Cycle (issued in December 2016)

IAS 28 - Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment by investment choice (1 January 2018)

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group. Overall, the Group expects no significant impact on its statement of financial position and equity.

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. IFRS 9 still has the option to have instruments at Fair Value (FV) through Other Comprehensive Income (OCI). The rules are a bit different for debt and equity instruments.

On initial recognition, an entity may make an irrevocable election (on an instrument-by-instrument basis) to designate an equity instrument at Fair Value through Other Comprehensive Income (FVOCI). This option only applies to instruments that are not held for trading and are not derivatives. Although most gains and losses on investments in equity instruments designated at FVOCI will be recognised in OCI, dividends will normally be recognised in profit or loss (unless they represent a recovery of part of the cost of the investment). Gains or losses recognised in OCI are never reclassified from equity to profit or loss. Consequently, there is no need to review such investments for possible impairment. The FVOCI equity reserves may however be transferred within equity i.e. to another component of equity, if the entity so chooses.

Trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. Based on an initial assessment, the Group has determined that there will be no significant impact on the loss allowance in 2017. The Group continues to refine its actual expected credit loss model.

2.1 NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the modified retrospective method. During 2016, the Group performed a preliminary assessment of IFRS 15, which was continued with a more detailed analysis completed in 2017.

The Group expects that IFRS 15 will impact primarily its contracting segment whose principal activity is to carry on business as building and civil engineering contractor and production and sale of asphalt. However, the assessed impact is not significant.

(a) Sale of goods

For contracts with customers in which the sale asphalt and rental of equipment are generally expected to be the only performance obligation, adoption of IFRS 15 is not expected to have any impact on the Company's revenue and profit or loss. Rentals is out of scope and will be accounted for under the applicable lease standard.

The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Construction contracts

The Group recognises contract revenue by reference to the stage of completion. A survey of physical works completed as at reporting date is performed. Revenue is then recognised as the amount of physical work completed based on the prices that have been pre-agreed with the clients via a formal contract and the bills of quantities.

The Group assessed that when IFRS 15 is adopted, the current reporting period would not have to be adjusted as all of the requirements are already being met. Processes and procedures in place are already in line with the requirements of IFRS 15.

The Group further concluded that the services under construction contracts are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Consequently, under IFRS 15 the Group would continue to recognise revenue for these contracts over time rather than at a point of time.

2.1 NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

IFRS 15 Revenue from Contracts with Customers (Cont'd)

(c) Advances received from Customers

Generally, the Group receives only short-term advances from its customers. They are presented as part of Trade and other payables. However, from time to time, the Group may receive from customers long-term advances. Under the current accounting policy, the Group presents such advances as advances from clients under the non- current liabilities heading in the statement of financial position. No interest was accrued on the long-term advances received under the current accounting policy.

Under IFRS 15, the Group must determine whether there is a significant financing component in its contracts. However, the Group decided to use the practical expedient provided in IFRS 15, and will not adjust the promised amount of the consideration for the effects of a significant financing components in the contracts, where the Group expects, at contract inception, that the period between the Group transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less. Therefore, for short- term advances, the Group will not account for a financing component even if it is significant.

Based on the nature of the goods and services offered and the purpose of payment terms, the Group determined that for the vast majority of the contracts that require customers to pay long-term advances, the payment terms were structured primarily for reason other than the provision of finance to the Group, i.e. advances are generally required from new customers, as well as customers with a history of late payments, they do not provide customers with an alternative to pay in arrears. In addition, the length of time between when the customer pays for the goods and the Group transfers goods to the customer is relatively short. Therefore, the Group has concluded that there is no significant financing component in these contracts.

(d) Contract Variations

Revenue is currently recognised when it can be reliably measured and it is probable that the variation will be approved by the client. The Group concludes that the adoption of IFRS 15 will have no impact on the way contract variations are recognised in the financial statements.

(e) Presentation and Disclosure Requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Croup's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Group has assessed that the impact of some of these disclosures requirements will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made: when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling prices of each performance obligation.

In addition, as required by IFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. In 2017 the Group continued testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

2.1 NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2018, the Group will continue to assess the potential effect of IFRS 16 on its consolidated financial statements.

Transfers of Investment Property - Amendments to IAS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight. Effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed. The Group will apply amendments when they become effective. However, since Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements.

2.1 NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the interpretation

or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. However, since the Group's current practice is in line with the Interpretation, the Group does not expect any effect on its consolidated financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements and the required disclosures. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Group and the Company are as follows:

(a) Basis of Preparation and Statement of Compliance

The consolidated financial statements are prepared under the historical cost convention, as modified by the revaluation of certain property, plant and equipment, investment properties and certain financial instruments. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(b) Investments in Subsidiaries

In the Company's financial statements, investments in subsidiaries are stated at cost, less any impairment loss.

(c) Investments in Associates and Joint Venture

Associates are those companies which are not subsidiaries, over which the Group exercises significant influence and in which it holds a long-term equity interest. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Investments in Associates and Joint Venture (Cont'd)

Investments in associates and joint venture are accounted for at cost in the Company's accounts and under the equity method of accounting in the Group accounts from the date on which investee becomes an associate or a joint venture. Under the equity method, the Group's share of the associates' and joint venture's profit or loss for the year is recognised in the Statements of Profit or Loss and Other Comprehensive Income and the Group's interest in the associate and joint venture is carried in the Statements of Financial Position at an amount that reflects its share of the net assets of the associates and joint venture. When the Group's share of losses of an associate of joint venture exceeds the Group's interest in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate and joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment on an annual basis as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the Statements of Profit or Loss and Other Comprehensive Income.

(d) Basis of Consolidation

The consolidated financial statements include the results of the Company and its subsidiaries which are controlled by the Company. Control is achieved by the Company when:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the year are included in the Statements of Profit or Loss and Other Comprehensive Income from the date of their control is acquired or up to the date when control is lost. Specifically, income and expenses of a subsidiary acquired or Company loses control of the subsidiary disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of Consolidation (Cont'd)

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company 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 subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(e) Business Combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of change in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the Statements of Profit or Loss and other Comprehensive Income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Business Combinations (Cont'd)

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

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

(f) Property, Plant and Equipment

All property, plant and equipment are initially recorded at cost.

Land and buildings are subsequently shown at revalued amounts less accumulated depreciation. Revaluations are made by independent professional valuers. Under the revaluation model, assets will be carried at revalued amount less accumulated depreciation and subsequent accumulated impairment losses. All other property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Surpluses arising on revaluation are credited to revaluation reserve. Deficits that offset previous surpluses of the same asset are charged against the revaluation reserve. All other deficits are charged to the Statements of Profit or Loss and Other Comprehensive Income.

Property, plant and equipment in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Depreciation is calculated to write off the cost or revalued amount of property, plant and equipment, with the exception of freehold land and property, plant and equipment in progress, on a straight line basis over the expected useful lives of the assets concerned.

Property, plant and equipment held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. Leased assets will be depreciated over the shorter of the lease term or useful life. The useful life may longer than the lease term if the lease include an option to extend that the lessee expects to exercise.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in Statements of Profit or Loss and other Comprehensive Income.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, Plant and Equipment (Cont'd)

The principal annual rates used for the purpose are:

Leasehold Improvements	- 2% to 20%
Freehold Buildings	- 2% to 20%
Plant and Machinery	- 10% to 50%
Motor Vehicles	- 20%
Furniture, Fittings and Equipment	- 10% to 33 1/3%

No depreciation is provided on freehold land and on plant and equipment in progress.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(g) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Intangible Assets (Cont'd)

(ii) Computer Software

Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible assets. The software is capitalised at cost and amortised over its estimated useful life. The principal annual rates used for the purpose are 20% to 33 1/3%.

(iii) Leasehold Rights

Leasehold rights acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date(which is regarded as their cost). Subsequent to intial recognition, the leasehold rights acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. In general, cost is determined on a weighted average basis. The cost of inventories comprises all costs of purchase, costs of conversion and other costs, including a proportion of relevant overheads, incurred in bringing them to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(i) Financial Instruments

(i) Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash in hand at banks, trade and other receivables, quoted financial instruments and relevant disclosures are provided in the related notes.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- AFS financial assets
- Cash at bank and in hand
- Amount due from subsidiaries

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Loans and receivables

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

AFS financial assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e the effective interest rate computed at initial recognition). The carrying amount if the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

The Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

Impairment of financial assets (cont'd)

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

AFS financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

(ii) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and relevant disclosures are provided in related notes.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial Instruments (Cont'd)

(ii) Financial Liabilities (Cont'd)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of Financial Instruments

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

(j) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated Statements of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Taxation

Deferred taxation is provided for on the comprehensive basis using the liability method.

Deferred tax liabilities are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Taxation (Cont'd)

(ii) Deferred Taxation (Cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(iii) Current and Deferred Tax for the Year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. All other leases are classified as operating leases. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS.

(i) *Lessor*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(ii) *Lessee*

Assets acquired under finance leases have been recorded in the Statements of Financial Position as tangible fixed assets at their capital value and are depreciated over their estimated useful life. The corresponding liability has been recorded as an obligation under finance lease and the finance charges are allocated to the Statements of Profit or Loss and Other Comprehensive Income over the lease period, which are five years.

Lease payments under operating leases, which include leases of land where title is not expected to pass to the lessee by the end of the lease term, are recognised as an expense in the Statements of Profit or Loss and Other Comprehensive Income on a straight line basis over the lease term.

(l) Investment Properties

Investment properties, which are property held to earn rentals and/or for capital appreciation, are stated initially at cost, including transaction costs. Subsequent to initial recognition, the investment properties are measured at fair value. Gains or losses arising from changes in the fair value of the investment properties are included in the Statements of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Foreign Currency Translation

Transactions in foreign currencies are translated into the functional and presentation currency, Mauritian rupees, at the rates of exchange ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies in the Statements of Financial Position are translated into Mauritian rupees at the rates of exchange ruling at the Statements of Financial Position date, and any differences in exchange arising are taken to the Statements of Profit or Loss and Other Comprehensive Income.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Currency Units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(n) Revenue Recognition

Revenue is based on invoiced values, net of value added tax, of all sales of goods and services, rental income, gross ticket sales and other contract work executed less discounts, allowances and returns.

Sales of goods and services are recognised when goods are delivered and title have passed and the services have been rendered.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts.

Revenue from lottery comprises the wagers placed on lottery tickets on the draw-based game. Income is recognised on a draw-by-draw basis, at the point at which the draw takes place. Where players wager in advance, the income is deferred and only recognised in the statement of profit or loss and other comprehensive income once the draw has taken place.

Interest and other income are recognised when the income can be reliably measured and on a time basis, unless collectability is in doubt. Interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

Dividend income from equity investments is recognised when the shareholders' rights to receive payment have been established.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Construction Contracts

The stage of completion is measured by the proportion that the costs incurred to date bear to the estimated total costs of the contract, surveys of work performed, completion of a physical proportion of the contract work, and management's judgement of the contract progress and outstanding risks.

Revenue from construction contracts is recognised, when the outcome of the construction contract can be measured reliably. The Company uses the output method to measure its progress towards satisfaction of its performance obligation satisfied over time in accordance with paragraphs 35- 37 of IFRS 15.

The output methods recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. Output methods include methods such as surveys of performance completed to date, appraisals of results achieved, milestones reached and time elapsed.

The survey of work performed is believed to faithfully depict the entity's performance towards satisfaction of its performance obligation.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(p) Pre-operational Expenses, Project Management and Professional Fees

Pre-operational expenses, project management and professional fees are written off to the Statements of Profit or Loss and Other Comprehensive Income in the period in which they are incurred.

(q) Retirement Benefits

Retirement Benefits in respect of The Employment Rights Act 2008

The present value of retirement benefits in respect of The Employment Rights Act 2008 is recognised in the Statement of Financial Position as a non current liability. The valuation of the obligations is carried out annually by a firm of qualified actuaries. The obligation arising from this item is not funded.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Retirement Benefits (Cont'd)

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Other Comprehensive Income in the period in which they arise. Past-service costs are recognised immediately in Profit or Loss.

Defined benefit costs are categorised as follows:

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

The Group and the Company present the first two components of defined benefit costs in Profit or Loss.

Defined Contribution

The Group and the Company operate a defined contribution pension plan for all qualifying employees. The assets of the plan are held separately from those of the company in funds under the control of an independent management committee. Where employees leave the plan in prior to full vesting of the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions. Any residual gratuities under the Employment Rights Act 2008 for the qualifying employees after allowing for permitted deduction in respect of the pension plan are included in retirement benefits.

Payments to the defined contribution pension plan are recognised as an expense when employees have rendered service entitling them to the contributions.

State plan

Contributions to the National Pension Scheme are expensed to the Statements of Profit or Loss and Other Comprehensive Income in the period in which they fall due.

(r) Borrowing Costs

Borrowing costs attributable to the acquisition of plant and machinery and construction of buildings, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the respective assets until such time as the asset are substantially ready for their intended use or sale.

All other borrowing costs are recognised in Statements of Profit or Loss and other Comprehensive Income in the period they are incurred.

(s) Dividends

Dividends are recognised as a liability in the period in which they are declared.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Impairment

At each reporting date, the Group reviews the carrying amounts of their assets to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statements of Profit or Loss and Other Comprehensive Income unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(u) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

(v) Cash and Cash Equivalents

Cash comprises cash at bank and in hand and demand deposits net of bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(w) Non-current Assets held for Sale and Discontinued Operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical judgments in applying the accounting policies

Construction contracts

The construction industry is characterised by contract risk with significant judgements involved in the assessment of both current and future contractual performance.

Revenue and margin are recognised based on the stage of completion of individual contracts, calculated on the proportion of total costs at the reporting date compared to the estimated total costs of the contract.

The status of contracts is updated on a regular basis. In doing so, management is required to exercise significant judgement in their assessment of the valuation of contract variations, claims and liquidated damages (revenue items); the completeness and accuracy of forecast costs to complete; and the ability to deliver contracts within forecast timescales.

Dependent on the level of judgement in each, the range on each contract can be individually material. In addition, changes in these judgements, and the related estimates, as contracts progress can result in material adjustments to revenue and margin, which can be both positive and negative.

Contract variations

Contract variations are recognised as revenues to the extent that it is probable that they will result in revenue which can be reliably measured. This requires the exercise of judgment by management based on prior experience, application of contract terms and relationship with the contract owners.

Percentage-of-completion

The Group uses the percentage-of-completion method in accounting for its construction contracts services. Use of the percentage-of-completion method requires the Group to estimate the proportion of work performed to date as a proportion of the total work to be performed and it is management's judgment that the use of the costs to date in proportion to total estimated costs provides the most appropriate measure of percentage of completion.

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

Critical judgments in applying the accounting policies (cont'd)

Construction contracts (cont'd)

Loss making and onerous contracts

In determining whether a contract is loss making or onerous, management applies their professional judgement to assess the facts and circumstances specific to the relevant contract. The assessments are performed on a contract-by-contract basis. The following factors are taken into account: Future estimated revenues (including claims and variations), the stage of completion, the nature and relationship with the customer, expected inflation, the terms of contract and the Company's experience in that industry.

Key sources of estimation uncertainty

(a) Construction cost estimates

The Group uses internal quantity surveyors together with project managers to estimate the costs to complete construction contracts. Factors such as escalation of material prices, labour costs and other costs are included in the construction cost estimates based on best estimates.

(b) Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

(c) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the reporting date was Rs798,126,545 (2016: Rs798,126,545).

(d) Unquoted Investments and Loans receivable from related parties

Determining whether other investment is impaired requires an estimation of the value of the investment. The Directors have taken into consideration the management accounts and cash flow projections of the underlying investments. The actual results could differ from the estimates.

(e) Allowance for slow moving stock

An allowance for slow moving stock is determined using a combination of factors including the overall quality and ageing of the stocks.

(f) Property, plant and equipment

Property, plant and equipment is depreciated over its estimated useful life, which is based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

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

Key sources of estimation uncertainty (cont'd)

(g) Investment properties and freehold land and buildings

The Group Investment properties and freehold land and buildings have been valued based on the valuation carried out by an independent valuer not related to the Group based on sales comparison method, depreciated replacement cost and residual method approach.

(h) Determination of quantity of cement

The subsidiary, namely Kolos Cement Ltd, has a unique cement storing facilities which are sheds. Unlike vertical silos where there are level detectors where quantity can be reliably measured, sheds do not have such facilities. The subsidiary instead uses a volumetric measurement to estimate the quantity of cement in its sheds. This involves an element of judgement to cater for the absence of level detectors. Even if this methodology has proven to be reliable, there is a margin of error which is considered as tolerable.

(i) Going Concern

The Board of directors has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

(j) Post-employment 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 post-employment benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of post-employment benefits.

The actuary 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 post-employment benefits. In determining the appropriate discount rate, the actuary considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating the terms of the related post-employment benefits.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 16.

5 PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Leasehold Improvements	Freehold Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture, Fittings and Equipment	Work In Progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
COST OR VALUATION							
At 1 January 2016	89,435,604	744,500,000	718,259,685	158,681,146	382,470,315	15,275,608	2,108,622,358
Reclassification	940,121	-	357,712	-	(1,094,500)	(203,333)	-
Assets returned to Supplier	-	-	-	-	-	(240,088)	(240,088)
Revaluation surplus	-	1,254,599	-	-	-	-	1,254,599
Additions	698,905	895,401	60,051,826	191,475	1,460,741	8,435,398	71,733,746
(Write off)/adjustment	(120,747)	-	(13,099,013)	2,202,681	(4,247,973)	-	(15,265,052)
Disposals	-	(22,050,000)	(6,846,238)	(2,560,562)	(120,524)	-	(31,577,324)
At 31 December 2016	90,953,883	724,600,000	758,723,972	158,514,740	378,468,059	23,267,585	2,134,528,239
Reclassification	(209,523)	1,543,007	21,531,216	(26,724)	628,397	(23,466,373)	-
Revaluation	-	(7,255,437)	-	-	-	-	(7,255,437)
Additions	-	5,012,430	13,873,771	1,970,499	5,405,871	7,084,545	33,347,116
Disposals	(8,642,307)	-	(2,138,793)	(898,940)	(1,589,113)	-	(13,269,153)
At 31 December 2017	**82,102,053**	**723,900,000**	**791,990,166**	**159,559,575**	**382,913,214**	**6,885,757**	**2,147,350,765**
ACCUMULATED DEPRECIATION							
At 1 January 2016	76,266,101	-	573,208,192	84,600,990	258,151,668	-	992,226,951
Reclassification	929,263	-	333,538	-	(1,262,801)	-	-
Revaluation surplus	-	(13,633,916)	-	-	-	-	(13,633,916)
Charge for the Year	4,672,047	13,633,916	71,680,380	10,567,751	3,891,494	-	104,445,588
Disposals	-	-	(5,383,131)	(2,276,757)	(100,926)	-	(7,760,814)
At 31 December 2016	81,746,664	-	626,739,966	95,094,665	256,431,462	-	1,060,012,757
Reclassification	(209,523)	-	-	(26,724)	236,247	-	-
Revaluation surplus	-	(14,997,287)	-	-	-	-	(14,997,287)
Charge for the Year	4,646,329	14,997,287	32,117,603	5,659,368	45,571,521	-	102,992,108
Disposals	(8,642,307)	-	(2,138,793)	(229,214)	(1,080,315)	-	(12,090,629)
At 31 December 2017	**77,541,163**	**-**	**656,718,776**	**100,498,095**	**301,158,915**	**-**	**1,135,916,949**
NET BOOK VALUE							
At 31 December 2017	**4,560,890**	**723,900,000**	**135,271,390**	**59,061,480**	**81,754,299**	**6,885,757**	**1,011,433,816**
At 31 December 2016	9,207,219	724,600,000	131,984,006	63,420,075	122,036,597	23,267,585	1,074,515,482

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Company

	Freehold Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture, Fittings and Equipment	Work In Progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs
COST OR VALUATION						
At 1 January 2016	437,500,000	15,497,522	37,784,219	17,663,639	443,421	508,888,801
Reclassification	-	-	-	203,333	(203,333)	-
Assets returned to Supplier	-	-	-	-	(240,088)	(240,088)
Revaluation surplus	150,000	-	-	-	-	150,000
Additions	-	-	-	208,927	-	208,927
Disposals	(22,050,000)	-	(927,841)	(37,500)	-	(23,015,341)
At 31 December 2016	415,600,000	15,497,522	36,856,378	18,038,399	-	485,992,299
Reclassification						-
Revaluation	(2,600,000)	-	-	-	-	(2,600,000)
Additions	-	-	-	2,794,749	216,000	3,010,749
Disposals	-	(2,138,793)	-	(1,272,655)	-	(3,411,448)
At 31 December 2017	**413,000,000**	**13,358,729**	**36,856,378**	**19,560,493**	**216,000**	**482,991,600**
ACCUMULATED DEPRECIATION						
At 1 January 2016	-	15,497,522	27,325,218	14,636,531	-	57,459,271
Revaluation surplus	(2,960,723)	-	-	-	-	(2,960,723)
Charge for the year	2,960,723	-	7,340,784	1,480,604	-	11,782,111
Disposals	-	-	(927,841)	(32,292)	-	(960,133)
At 31 December 2016	-	15,497,522	33,738,161	16,084,843	-	65,320,526
Revaluation surplus	(3,075,890)	-	-	-	-	(3,075,890)
Charge for the year	3,075,890	-	3,099,547	1,365,193	-	7,540,630
Disposals	-	(2,138,793)	-	(986,473)	-	(3,125,266)
At 31 December 2017	**-**	**13,358,729**	**36,837,708**	**16,463,563**	**-**	**66,660,000**
NET BOOK VALUE						
At 31 December 2017	**413,000,000**	**-**	**18,670**	**3,096,930**	**216,000**	**416,331,600**
At 31 December 2016	415,600,000	-	3,118,217	1,953,556	-	420,671,773

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Freehold land and buildings of the Company and its subsidiaries were revalued as at 31 December 2017 by Broll Indian Ocean Limited, an independent valuer, not related to the Group and the Company, based on the current open market values. Broll Indian Ocean Limited is a member of the Royal Institute of Chartered Surveyors, and they have appropriate qualifications and recent experience in the valuation of freehold land and buildings in the relevant locations. The basis of valuation in estimating the open market values have been effected 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 Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB).

The fair value of freehold land was determined using the sales comparison approach, that reflects recent transaction prices for land and the depreciated replacement cost approach for buildings. The significant inputs include the estimated construction costs and other ancillary expenditure and depreciation factor applied to the estimated construction cost.

(c) Fair value hierarchy

Details of the Group's and Company's freehold land and buildings and information about the fair value hierarchy as at 31 December 2017 are as follows:

	Land	Buildings	
Reconciliation of Carrying amount	Group and Company	Group	Company
	Rs	Rs	Rs
Carrying amount as at 1 January 2017	331,100,000	393,500,000	84,500,000
Reclassification from Work in Progress	-	1,543,007	-
Additions during the year	-	5,012,430	-
Depreciation for the year	-	(14,997,287)	(3,075,890)
	331,100,000	385,058,150	81,424,110
Revaluation gain as at 31 December 2017	-	7,741,850	475,890
Carrying amount and fair value as at 31 December 2017	**331,100,000**	**392,800,000**	**81,900,000**

The Buildings categorised into Level 3 of the fair value hierarchy, the following information is relevant:

Buildings	Valuation techniques	Significant unobservable inputs	Range	Fair value Group	Fair value Company
				Rs	Rs
2017	**Depreciated replacement cost**	**Depreciation rate**	**28% to 65%**	**392,800,000**	**81,900,000**
2016	Depreciated replacement cost	Depreciation rate	28% to 65%	393,500,000	84,500,000

Significant increase/(decrease) in depreciation would result in significantly lower/(higher) fair value respectively .

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Fair value hierarchy (Cont'd)

The Freehold land categorised into Level 2 of the fair value hierarchy, the following information is relevant:

Freehold land	Valuation techniques	Significant observable inputs	Range	Fair value Group	Fair value Company
				Rs	Rs
2017	**Sales Comparison approach**	**Price per square metre**	**Rs913- Rs3,673**	**331,100,000**	**331,100,000**
2016	Sales Comparison approach	Price per square metre	Rs913- Rs3,673	331,100,000	331,100,000

(d) The net book value of property, plant and equipment held under finance leases is as follows:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Plant and Machinery	**9,801,388**	18,477,041	**-**	-
Motor Vehicles	**-**	3,084,603	**-**	3,084,603
	9,801,388	21,561,644	**-**	3,084,603

(e) Had the land and buildings owned by the Group and Company been measured on a historical basis, their carrying value would have been as follows:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Freehold Land and Buildings	**226,990,535**	256,776,478	**22,698,773**	49,026,325

(f) Assets pledged as security

Property, plant and equipment have been pledged as security for bank facilities granted to the Group (Notes 14 and 18). In addition, the Group's and the Company's obligations under finance leases (see Note 15) are secured by the lessor's titles to the leased assets. The carrying value of the assets held under finance lease is detailed in Note 5(d).

6 INTANGIBLE ASSETS

(a) Group

	Consolidation Goodwill	Leasehold Rights On Business Combination	Computer Software	Total
	Rs	Rs	Rs	Rs
COST				
At 1 January 2016	892,169,059	123,000,000	6,697,265	1,021,866,324
Additions	-	-	15,842,278	15,842,278
Disposals	-	-	(390,000)	(390,000)
At 31 December 2016	**892,169,059**	**123,000,000**	**22,149,543**	**1,037,318,602**
Additions	-	-	1,582,361	1,582,361
At 31 December 2017	**892,169,059**	**123,000,000**	**23,731,904**	**1,038,900,963**
ACCUMULATED AMORTISATION/ IMPAIRMENT LOSSES				
At 1 January 2016	94,042,514	-	5,179,195	99,221,709
Charge for the Year	-	2,929,000	779,826	3,708,826
Disposals	-	-	(364,000)	(364,000)
At 31 December 2016	**94,042,514**	**2,929,000**	**5,595,021**	**102,566,535**
Charge for the Year	-	3,000,000	2,126,656	5,126,656
At 31 December 2017	**94,042,514**	**5,929,000**	**7,721,677**	**107,693,191**
NET BOOK VALUE				
At 31 December 2017	**798,126,545**	**117,071,000**	**16,010,227**	**931,207,772**
At 31 December 2016	798,126,545	120,071,000	16,554,522	934,752,067

(b) Company

	Computer Software	Total
	Rs	Rs
COST		
At 1 January 2016	3,423,012	3,423,012
Additions	40,465	40,465
At 31 December 2016	**3,463,477**	**3,463,477**
Additions	1,582,361	1,582,361
At 31 December 2017	**5,045,838**	**5,045,838**
ACCUMULATED AMORTISATION/ IMPAIRMENT LOSSES		
At 1 January 2016	2,303,167	2,303,167
Charge for the year	543,389	543,389
At 31 December 2016	**2,846,556**	**2,846,556**
Charge for the Year	472,246	472,246
At 31 December 2017	**3,318,802**	**3,318,802**
NET BOOK VALUE		
At 31 December 2017	**1,727,036**	**1,727,036**
At 31 December 2016	616,921	616,921

6 INTANGIBLE ASSETS (CONT'D)

Group

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	2017	2016
	Rs	Rs
Investment and Corporate Services & Others		
- Investment CGU	798,126,545	798,126,545

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

At 31 December 2017, based on the impairment tests, management determined that its Investment CGU to which goodwill had been allocated is not to be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 10% - 14% per annum (2016:10%-14%). The key assumptions for the value in use calculations are those regarding the discount rates and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on past growth experience.

Management has undertaken sensitivity analysis on key assumptions in the value in use calculation. On the basis of these assumptions, management concluded that there is more than adequate headroom in the value of these calculations before an impairment would result. As at 31 December 2017, management concluded that the recoverable amount of the Group's CGUs exceeded their carrying amount.

7 INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2017	2016
	Rs	Rs
Investments in Subsidiaries	1,903,278,541	1,615,750,094

7 INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) The subsidiaries of the Company are as follows:

	Activity	Class of Shares Held	Carrying value of investment		Effective % Holding	
			2017	2016	2017	2016
			Rs	Rs	Rs	Rs
Accacias Co Ltd	Investment	Ordinary	-	-	100.0%	100.0%
Aggregate Resources Co Ltd	Dormant	Ordinary	-	-	100.0%	100.0%
A.S. Burstein Management Ltd	Lottery	Ordinary	-	-	100.0%	100.0%
Bitumen Storage Ltd	Dormant	Ordinary	-	-	100.0%	100.0%
Boron Investments Ltd	Investment	Ordinary	6,200,000	6,200,000	100.0%	100.0%
BR Capital Ltd	Property investment	Ordinary	-	-	75.0%	75.0%
BR Hotel Resorts Ltd	Property investment	Ordinary	-	-	100.0%	100.0%
Broadgate Holding Ltd	Investment	Ordinary	-	10,000,000	100.0%	100.0%
Broadgate Investment Ltd	Investment	Ordinary	-	67,662,873	100.0%	100.0%
Burford Development Ltd	Property investment	Ordinary	25,000	25,000	100.0%	100.0%
Burford Investments Ltd	Property investment	Ordinary	-	-	75.0%	75.0%
Burford Property Ltd	Property investment	Ordinary	25,000	25,000	100.0%	100.0%
Burford Realty Ltd	Property investment	Ordinary	-	-	100.0%	100.0%
Cement Logistics Ltd	Cement	Ordinary	-	121,500	100.0%	100.0%
Centreview Development Ltd	Property investment	Ordinary	25,000	25,000	100.0%	100.0%
Damalot Technical Services Ltd	Dormant	Ordinary	-	-	100.0%	100.0%
Fine Point Property Ltd	Dormant	Ordinary	-	-	100.0%	100.0%
Fine Point Realty Ltd	Dormant	Ordinary	-	-	100.0%	100.0%
Gamlot Technologies Ltd	Dormant	Ordinary	-	-	100.0%	100.0%
Gamma Asia Construction Ltd	Dormant	Ordinary	-	-	100.0%	100.0%
Gamma Cement Holdco Ltd	Dormant	Ordinary	-	-	100.0%	0.0%
Gamma Cement International Ltd	Investment	Ordinary	4,277,100	5,382,100	100.0%	100.0%
Gamma Cement Ltd	Investment	Ordinary	1,000,000	1,000,000	100.0%	100.0%
Gamma Corporate Services Ltd	Secretarial services	Ordinary	25,000	25,000	100.0%	100.0%
Gamma-Civic Cement Holdings Ltd	Investment	Ordinary		372,161,025	100.0%	100.0%
Gamma-Civic Construction Holdings Ltd	Investment	Ordinary	-	-	100.0%	100.0%
Gamma-Civic Construction Ltd	Dormant	Ordinary	-	-	100.0%	100.0%
Gamma-Civic Hotel Holdings Ltd	Investment	Ordinary	25,000	25,000	100.0%	100.0%
Gamma Construction Ltd	Construction	Ordinary	106,000,000	106,000,000	100.0%	100.0%
Gamma Energy Holdings Ltd	Investment	Ordinary	-	-	100.0%	100.0%
Gamma Energy Ltd	Dormant	Ordinary	-	-	100.0%	100.0%
Gamma Treasury Management Ltd	Treasury	Ordinary	25,000	-	100.0%	0.0%
Gammafin Ltd	Dormant	Ordinary	-	-	100.0%	0.0%
Gammafin Resource Management Ltd	Dormant	Ordinary	-	-	100.0%	0.0%
G-Traxx Equipment & Rental Ltd	Dormant	Ordinary	-	-	100.0%	100.0%
Gamma Leisure Ltd	Investment	Ordinary	50,000	50,000	100.0%	100.0%
Govenland Co Ltd	Property investment	Ordinary	-	-	49.0%	49.0%

7 INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) The subsidiaries of the Company as at 31 December 2017 are as follows: (cont'd)

	Activity	Class of Shares Held	Carrying value of investment		Effective % Holding	
			2017	2016	2017	2016
			Rs	Rs	Rs	Rs
Glot Holdings (Mauritius) Ltd	Investment	Ordinary	99,000	99,000	99.0%	99.0%
Glot Management Ltd	Investment	Ordinary	-	-	100.0%	100.0%
Kolos Cement Ltd	Cement	Ordinary	-	15,030,000	100.0%	100.0%
Insignia Leisure Resorts Ltd	Dormant	Ordinary	-	-	100.0%	100.0%
Insignia Resorts Ltd	Dormant	Ordinary	-	-	100.0%	100.0%
Land Securities Ltd	Investment	Ordinary	1,000,000	1,000,000	100.0%	100.0%
Lottotech Ltd	Lottery	Ordinary	-	-	56.1%	56.1%
Lottotech Management Ltd	Dormant	Ordinary	-	-	100.0%	100.0%
Lotwin Investments Ltd	Investment	Ordinary	-	-	100.0%	100.0%
Ludgate Investments Ltd	Property investment	Ordinary	-	-	100.0%	100.0%
Maurilot Investments Ltd	Investment	Ordinary	50,000	50,000	100.0%	100.0%
Natlot Investments Ltd	Investment	Ordinary	10,050,000	10,050,000	100.0%	100.0%
North Point Holdings Ltd	Investment	Ordinary	-	-	100.0%	100.0%
North Point Stone Products Ltd	Dormant	Ordinary	-	-	100.0%	100.0%
Osterley Investments Ltd	Property investment	Ordinary	-	-	98.0%	98.0%
Princegate Holdings Ltd	Property investment	Ordinary	27,563,100	27,563,100	100.0%	100.0%
Raffles Third Ltd	Property investment	Ordinary	-	-	0.0%	50.0%
Reel Mada SA	Dormant	Ordinary	-	-	65.0%	65.0%
RHT Media Ltd	Investment	Ordinary	-	-	100.0%	100.0%
Stamford Properties Ltd	Property investment	Ordinary	-	-	50.0%	50.0%
Star Cement Ltd	Investment	Ordinary	-	50,737,329	100.0%	100.0%
Traxx Ltd	Trading	Ordinary	-	-	100.0%	100.0%
Westbourne Properties Ltd	Property investment	Ordinary	-	-	100.0%	100.0%
Westview Realty Ltd	Property investment	Ordinary	100,000	100,000	100.0%	100.0%
			156,539,200	673,331,927		
Non-current amounts due from Subsidiaries - Note 7(c)			1,746,739,341	942,418,167		
			1,903,278,541	1,615,750,094		

The non-current amounts due from subsidiaries classified as non-current assets are unsecured, interest-free and will not be recalled within the next twelve months. These amounts are in substance an extension of the equity investments in these subsidiaries so that the amounts are stated at nominal value.

Impairment of investments in subsidiaries amounts to Rs1,130,000 (2016: Rs4,500,000) during the year (Note 21).

Non-current amounts due from subsidiaries has not been impaired during the year. (2016: Rs78,203,471)

The shares of Broadgate Holding Ltd, Broadgate Investment Ltd, Cement Logistics Ltd, Gamma-Civic Cement Holdings Ltd and Star Cement Ltd held by the Company have been transferred to Gamma Cement Ltd in December 2017 for an amount of Rs515,712,727 (see note 7(c)).

During the year, Raffles Third Ltd has been disposed of for an amount of Rs6,776,000 and this resulted in a cash inflow to the Group of Rs6,372,482 (see Note 34).

7 INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal Activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2017	2016
Cement	Mauritius	2	1
Construction	Mauritius	1	3
Treasury	Mauritius	1	-
Dormant	Mauritius	17	2
Energy	Mauritius	-	1
Equipment Hire	Mauritius	-	1
Investment	Mauritius	19	19
Lottery	Mauritius	1	1
Plant hire	Mauritius	-	1
Property investment	Mauritius	9	13
Secretarial services	Mauritius	1	1
Technical Services	Mauritius	-	1
Trading	Mauritius	1	2
		52	46

Principal Activity	Place of incorporation and operation	Number of non wholly-owned subsidiaries	
		2017	2016
Cement	Mauritius	-	1
Dormant	Mauritius	1	-
Investment	Mauritius	1	3
Lottery	Madagascar and Mauritius	1	2
Property investment	Mauritius	6	5
		9	11

7 INVESTMENTS IN SUBSIDIARIES (CONT'D)

	COMPANY	
	2017	2016
(c) Non-Current Amounts due from Subsidiaries	**Rs**	Rs
At 1 January	**942,418,167**	834,764,267
Reclassification from current amounts due from subsidiaries	**-**	51,016,854
Net cash movement during the year	**270,273,045**	124,840,517
Group re-structuring (Note 7(a))	**515,712,727**	-
Impairment Loss Recognised on Non-current Amount due from Subsidiaries	**-**	(78,203,471)
Reversal of Impairment Loss Recognised on Non-current Amount due from Subsidiaries	**18,335,402**	10,000,000
At 31 December (Quasi equity aggregated into investment in subsidiaries - Note 7 (a))	**1,746,739,341**	942,418,167

(d) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of Subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	**2017**	2016	**2017**	2016
				Rs	Rs	**Rs**	Rs
Lottotech Ltd	Mauritius	**43.9%**	43.9%	**48,638,374**	36,161,125	**75,276,192**	59,410,359
Stamford Properties Ltd	Mauritius	**50.0%**	50.0%	**10,561,902**	6,214,931	**50,460,185**	48,340,177
Individually immaterial subsidiaries with non-controlling interests						**810,318**	5,393,129
						126,546,695	113,143,665

The Group owns 50% equity shares of Stamford Properties Ltd. However, based on the contractual arrangements between the Group and other investors, the Group has the power to appoint and remove the majority of the board of directors of Stamford Properties Ltd. The relevant activities of the above named companies are determined by the board of directors based on simple majority votes. Therefore, the directors of the Group concluded that the Group has control over Stamford Properties Ltd and is consolidated in the Group financial statements.

7 INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Details of non-wholly owned subsidiaries that have material non-controlling interests (cont'd)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set below. The summarised financial information below represents amounts before intragroup eliminations.

Lottotech Ltd

	2017	2016
	Rs	Rs
Current assets	351,899,301	236,500,649
Non-current assets	103,373,494	150,828,200
Current Liabilities	(277,160,960)	(244,773,838)
Non-current liabilities	(6,559,768)	(7,160,749)
Equity attributable to owners of the Company	96,275,875	75,983,903
Non-controlling interests	75,276,192	59,410,359

	2017	2016
	Rs	Rs
Revenue	1,852,490,380	1,651,579,840
Expenses	(1,741,645,061)	(1,569,169,821)
Profit for the year	110,845,319	82,410,019
Profit attributable to the owners of the Company	62,206,945	46,248,894
Profit attributable to the non-controlling interests	48,638,374	36,161,125
Profit for the year	110,845,319	82,410,019
Other comprehensive loss attributable to the owners of the Company	155,111	-
Other comprehensive income attributable to non-controlling interests	121,279	-
Dividend paid to non-controlling interests	(34,313,770)	(40,281,404)
Net cash inflow from operating activities	213,379,491	84,811,302
Net cash outflow from investing activities	(950,592)	(51,146,924)
Net cash outflow from financing activities	(78,200,000)	-
Net cash inflow	134,228,899	33,664,378

7 INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Details of non-wholly owned subsidiaries that have material non-controlling interests (cont'd)

Stamford Properties Ltd

	2017	2016
	Rs	Rs
Current assets	34,946,503	26,436,259
Non-current assets	138,206,315	139,790,102
Current Liabilities	(72,232,448)	(69,546,008)
Non-Current Liabilities	-	-
Equity attributable to owners of the Company	50,460,185	48,340,176
Non-controlling interests	50,460,185	48,340,177

	2017	2016
	Rs	Rs
Revenue	33,956,667	31,698,401
Expenses	(12,832,863)	(19,268,540)
Profit for the year	21,123,804	12,429,861
Profit attributable to the owners of the Company	10,561,902	6,214,930
Profit attributable to the non-controlling interests	10,561,902	6,214,931
Profit for the year	21,123,804	12,429,861
Other comprehensive income attributable to the owners of the Company	-	-
Other comprehensive income attributable to non-controlling interests	-	-
Dividend paid to non-controlling interests	(6,000,000)	-
Net cash inflow /(outflow) from operating activities	18,007,153	(23,008,604)
Net cash inflow from investing activities	1,583,787	5,800,000
Net cash outflow from financing activities	-	-
Net cash inflow /(outflow)	19,590,940	(17,208,604)

7 INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) Risks inherent in Investee Companies

Gamma-Civic Ltd invests in companies which have activities in the following industries:

- Contracting;
- Lottery;
- Investments;
- Secretarial services
- Treasury;
- Building Materials; and
- Real Estate, Hotels and Leisure

8 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
(a) Investments in Associates				
At 1 January	**250,044,015**	254,150,873	**11,180,640**	11,180,640
Share of Profit/(Loss) of Associates	**7,423,425**	(9,287,823)	**-**	-
Revaluation Surplus of Property of Associates, net of Deferred Tax	**4,740,353**	4,642,432	**-**	-
Remeasurement of Retirement Benefit Obligations, net of Deferred Tax	**1,970,453**	538,533	**-**	-
At 31 December	**264,178,246**	250,044,015	**11,180,640**	11,180,640
Investments in Joint Venture				
Investment in Unquoted Equity Share	**465,112,164**	449,611,862	**42,065,000**	42,065,000
Total Investments in Associates and Joint Venture	**729,290,410**	699,655,877	**53,245,640**	53,245,640

(b) The fair value of quoted equity investments is based on quoted prices on the Stock Exchange of Mauritius Ltd at reporting date.

Valuation of Associates

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Quoted Equity Investments at Fair Value	**486,202,395**	486,202,395	**11,516,059**	11,516,059
Unquoted Equity Investments at Cost	**253,025**	253,025	**-**	-
	486,455,420	486,455,420	**11,516,059**	11,516,059

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

8 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (CONT'D)

(c) The following are the associates of the Company:

Name	Activity	Class of Shares Held	Place of business	Effective % Holding		% of Voting Power Held	
				2017	2016	**2017**	2016
Morning Light Co Ltd	Hotel	Ordinary	Mauritius	**25.1%**	25.1%	**25.1%**	25.1%
Viva Voce Limitee	Media	Ordinary	Mauritius	**25.7%**	25.7%	**25.7%**	25.7%

(d) Details of the investment in the joint venture are as follows:

Name	Activity	Class of Shares Held	Place of business	Effective % Holding		% of Voting Power Held	
				2017	2016	**2017**	2016
Gamma Materials Ltd	Building Materials	Ordinary	Mauritius	50.0%	50.0%	50.0%	50.0%

(e) Summarised financial information in respect of each of the Group's material associates and joint venture is set out below. The summarised financial information below represents amount shown in the associate's financial statements prepared in accordance with IFRSs.

	Associates		Joint Venture	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Total Assets	**1,802,539,368**	1,792,977,113	**1,300,296,258**	1,395,468,888
Total Liabilities	**(751,044,464)**	(797,793,887)	**(370,071,930)**	(496,245,165)
Net Assets	**1,051,494,904**	995,183,226	**930,224,328**	899,223,723
Group's Share of Associates' and Joint Venture's Net Assets	**263,925,221**	249,790,990	**465,112,164**	449,611,862
Turnover	**606,714,204**	522,555,969	**1,418,362,549**	1,485,820,143
Profit / (loss) for the Year	**29,575,400**	(37,003,278)	**138,241,116**	134,053,657
Group's Share of Associates' and Joint Venture's Profit / (loss) for the Year	**7,423,425**	(9,287,823)	**69,120,558**	67,026,829

8 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (CONT'D)

(e) Summarised financial information in respect of each of the Group's material associates and joint venture is set out below. The summarised financial information below represents amount shown in the associate's financial statements prepared in accordance with IFRSs (cont'd)

Morning Light Co Ltd

	2017	2016
	Rs	Rs
Current assets	155,550,837	139,543,919
Non-current assets	1,646,988,531	1,653,433,194
Current liabilities	(245,469,269)	(251,832,366)
Non-current liabilities	(505,575,195)	(545,961,521)

	2017	2016
	Rs	Rs
Revenue	606,714,204	522,555,969
Profit / (Loss) for the year	29,575,400	(37,003,278)
Other comprehensive income for the year	20,164,068	20,641,296
Total comprehensive income for the year	49,739,468	(16,361,982)
Dividends received from the associate during the year	-	-

Reconciliation of the above summarised information to the carrying amount of the interest in Morning Light Co Ltd recognised in the consolidated financial statements:

	2017	2016
	Rs	Rs
Net assets in Associate	1,051,494,904	995,183,226
Proportion of the Group's ownership interest in Morning Light Co Ltd	25.1%	25.1%
Share of net assets in associate	263,925,221	249,790,990
Carrying amount of the Group's interest in Morning Light Co Ltd	263,925,221	249,790,990

8 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (CONT'D)

(e) Summarised financial information in respect of each of the Group's material associates and joint venture is set out below. The summarised financial information below represents amount shown in the associate's financial statements prepared in accordance with IFRSs (cont'd)

Gamma Materials Ltd

	2017	2016
	Rs	Rs
Current assets	376,310,291	438,162,962
Non-current assets	923,985,967	957,305,926
Current liabilities	(276,715,246)	(354,318,107)
Non-current liabilities	(93,356,684)	(141,927,058)

	2017	2016
	Rs	Rs
Revenue	1,418,362,549	1,485,820,143
Profit for the year	138,241,116	134,053,657
Other comprehensive income for the year	3,299,250	90,000
Total comprehensive income for the year	141,540,366	134,143,657
Dividends received from the Joint Venture during the year	(53,620,256)	(47,954,100)

Reconciliation of the above summarised information to the carrying amount of the interest in Gamma Materials Ltd recognised in the consolidated financial statements:

	2017	2016
	Rs	Rs
Net asset in Joint Venture	930,224,328	899,223,723
Proportion of the Group's ownership interest in Gamma Materials Ltd	50.0%	50.0%
Share of net asset in Joint venture	465,112,164	449,611,862
Carrying amount of the Group's interest in Gamma Materials Ltd	465,112,164	449,611,862

Aggregate information of associates that are not individually material

	2017	2016
	Rs	Rs
The Group's share of profit	-	-
Aggregate carrying amount of the Group's interests in these associates	253,025	253,025

Equity accounting has been applied and the Group's share of losses of associates recognised in the Group Statements of Profit or Loss and Other Comprehensive Income only to the extent of bringing the carrying amount of the investments in the respective associates down to zero.

The investments in associates in the Company's Statements of Financial Position are not impaired.

9 INVESTMENT PROPERTIES

	GROUP	
	2017	2016
	Rs	Rs
At 1 January	**1,698,972,270**	1,704,745,822
Additions	**-**	23,473,964
Disposal of Subsidiary	**(17,300,000)**	-
Disposal proceeds from discontinued operations	**(589,378,000)**	-
Loss on disposal from discontinued operations	**(25,733,109)**	-
Accrued expenses incidental to disposal from discontinued operations	**15,111,109**	-
Disposal proceeds	**(4,500,000)**	(5,800,000)
Profit/(loss) on disposal	**300,000**	(24,197,516)
Prepayment expensed	**(183,787)**	-
Gain from Fair Value Adjustment	**14,175,000**	750,000
At 31 December	**1,091,463,483**	1,698,972,270

The fair value of the Group's investment properties as at 31 December 2017 and 31 December 2016 has been arrived at on the basis of a valuation carried out on the respective dates by Broll Indian Ocean Limited, an independent valuer not related to the Group. Broll Indian Ocean Limited is member of the Royal Institute of Chartered Surveyors, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the sales comparison method and income capitalisation approach. The basis of valuation in estimating the open market values have been effected 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 Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB).

There has been no change to the valuation technique during the year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

	GROUP	
	2017	2016
	Rs	Rs
Rental income derived from investment properties	**56,995,261**	111,680,017
Direct operating expenses (including repairs and maintenance) generating rental income (included in cost of sales)	**(107,739,253)**	(93,796,918)
(Loss)/profit arising from investment properties carried at fair value	**(50,743,992)**	17,883,099

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

All of the Group's investment properties are held under freehold interests.

9 INVESTMENT PROPERTIES (CONT'D)

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2017 and 2016 are as follows:

	Level 2	**Fair value as at 31 December 2017**
	Rs	**Rs**
Freehold Building on leasehold land, freehold office units and leasehold site	**223,317,296**	**223,317,296**
Bare freehold land and buildings and other structures	**868,146,187**	**868,146,187**
		1,091,463,483

	Level 2	Fair value as at 31 December 2016
	Rs	Rs
Freehold Building on leasehold land, freehold office units and leasehold site	880,620,822	880,620,822
Bare freehold land and buildings and other structures	818,351,448	818,351,448
		1,698,972,270

The investments properties categorised into Level 2 of the fair value hierarchy, the following information is relevant:

	Valuation techniques	**Significant observable inputs**	**Range**
			2017 & 2016
Freehold Building on leasehold land	Sales comparison approach	Price per square metre	Rs2,552 - Rs96,833
Freehold office units and leasehold site	Income capitalisation approach	Rental yield	8.75% - 9.5%

There were no transfers between the Levels during the year.

10 OTHER INVESTMENTS

	GROUP		**COMPANY**	
	2017	2016	**2017**	2016
	Rs	Rs	Rs	Rs
Available-for-sale Investments				
At 1 January	**5,347,985**	5,233,130	**5,347,985**	5,233,130
Gain from Fair Value Adjustment	**318,994**	114,855	**318,994**	114,855
At 31 December	**5,666,979**	5,347,985	**5,666,979**	5,347,985
Valuation				
Quoted Equity Investments at Fair Value	**5,666,979**	5,347,985	**5,666,979**	5,347,985

Details of the Group's and Company's available-for-sale investments and information about the fair value hierarchy is classified under Level 1 (2016: Level 1) as at 31 December 2017.

The fair values of quoted equity investments are based on quoted prices from SBM Global Fund at reporting date.

11 INVENTORIES

	GROUP	
	2017	2016
	Rs	Rs
Raw materials	**31,145,769**	102,015,812
Work in progress	**11,254,190**	646,937
Finished Goods	**41,907,009**	76,569,634
	84,306,968	179,232,383

Inventories have been pledged as security for bank facilities granted to the Group (Notes 14 and 18).

During the year cost of inventories recognised as expense under cost of sales amounts to Rs182,628,528 (2016: Rs263,040,280).

The cost of inventories recognised as expense includes Rs10,000,000 (2016: Rs20,547,435) in respect of write-downs of inventory to net realisable value.

12 DEBTORS AND PREPAYMENTS

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Trade Debtors Net of Provision	**493,056,600**	590,291,936	**44,647**	134,889
Amount due from Associates and Joint Venture	**25,240,362**	30,827,578	**1,151,714**	1,429,588
Other Debtors and Prepayments	**176,403,041**	118,812,769	**46,085,016**	46,991,895
	694,700,003	739,932,283	**47,281,377**	48,556,372

Trade debtors net of Provision and Other Debtors and Prepayments include receivables from contract customers.

	GROUP	
	2017	2016
	Rs	Rs
Receivable from contract customers		
(i)Trade receivables from contracts net of provisions and overclaims	**402,374,774**	428,722,789
(ii) Progress billings	**(65,725,984)**	(42,361,244)
(iii) Contracts retention	**102,049,218**	80,625,999
(iv) Advance to subcontractors	**29,072,808**	14,337,004
	467,770,816	481,324,548

Other Debtors and Prepayments include receivable from the Government of Mauritius Rs41M (2016: Rs41M).

The carrying amount of trade and other receivables approximates their fair value.

The average contactual credit period on sales of goods is three months. Allowance for doubtful debts is normally determined by the Group on a case by case basis. No interest is charged on the trade receivables.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Of the trade receivables balance at the end of the reporting date, Rs154M (2016: Rs93M) is due from Government Authorities which represents the Group's largest customer. There are five customers (2016: five) who represent 51% (2016: 48%) of the trade receivables and there are no other customers who represent more than 5% of the total balance of trade receivables.

12 DEBTORS AND PREPAYMENTS (CONT'D)

Included in the Group's and Company's trade receivable balance are debtors with a carrying amount of Rs90,473,108 (2016: Rs79,134,976) and Rs239,911 (2016: Rs6,729) respectively which are past due at the reporting date for which the Group and Company have not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group and the Company do not hold any collateral over these balances.

Ageing of past due but not impaired:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
91 - 180 days	**12,706,372**	15,539,394	**239,911**	6,729
Over 180 days	**77,766,736**	63,595,582	**-**	-
Total	**90,473,108**	79,134,976	**239,911**	6,729

Movement in the Allowance for Doubtful Debts:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
At 1 January	**47,378,874**	88,395,831	**1,780,737**	47,602,875
Debt written off against provision	**(1,079,069)**	(46,383,477)	**-**	(43,328,338)
Impairment Loss Recognised /(Reversed) on Trade Debtors (Note 21)	**4,330,198**	5,366,520	**(20,699)**	(2,493,800)
At 31 December	**50,630,003**	47,378,874	**1,760,038**	1,780,737

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

13 STATED CAPITAL

	GROUP AND COMPANY	
	2017	2016
	Rs	Rs
133,250,000 (2016: 133,250,000) Ordinary Shares of Rs1 (2016: Rs1) each	**133,250,000**	133,250,000

Fully paid ordinary shares have rights to dividends and each share carry one voting right.

14 LOANS

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Secured Loans Repayable by Instalments	**920,623,125**	1,371,659,908	**875,582,510**	877,128,820
Less: Amount due for Settlement within one year (shown under Current Liabilities)	**(258,059,462)**	(339,993,722)	**(213,018,847)**	(137,324,393)
Amount due for Settlement after one year (shown under Non-current Liabilities)	**662,563,663**	1,031,666,186	**662,563,663**	739,804,427

The loan due for settlement after one year are repayable as follows:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
After one year before two years	**81,728,818**	141,544,952	**81,728,818**	77,033,824
After two years before five years	**269,244,876**	371,835,817	**269,244,876**	211,057,825
After five years	**311,589,969**	518,285,417	**311,589,969**	451,712,778
	662,563,663	1,031,666,186	**662,563,663**	739,804,427

The loans are secured by fixed and floating charges on the asset of the borrowing companies. The rates of interest of the remainder loans are variable and range between 3.15% p.a. to 4.85% p.a. (2016: 5.10% p.a. to 9.40% p.a.). The fair value of loans approximates their carrying amount.

15 OBLIGATIONS UNDER FINANCE LEASES

(a) Group

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Amounts Payable under Finance Leases:				
- within one year	**7,697,921**	17,974,355	**7,435,977**	17,008,475
- after one year before five years	**-**	7,462,819	**-**	7,255,779
	7,697,921	25,437,174	**7,435,977**	24,264,254
Less: Future Finance Charges	**(261,944)**	(1,172,921)	**-**	-
	7,435,977	24,264,253	**7,435,977**	24,264,254
Less: Amount due for Settlement within one year (shown under Current Liabilities)			**(7,435,977)**	(17,008,475)
Amount due for Settlement after one year (shown under Non-current Liabilities)			**-**	7,255,779

15 OBLIGATIONS UNDER FINANCE LEASES (CONT'D)

(b) Company

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Amounts Payable under Finance Leases:				
- within one year	**-**	4,260,994	**-**	4,152,459
- after one year before five years	**-**	-	**-**	-
	-	4,260,994	**-**	4,152,459
Less: Future Finance Charges	**-**	(108,535)	**-**	-
	-	4,152,459	**-**	4,152,459
Less: Amount due for Settlement within one year (shown under Current Liabilities)			**-**	(4,152,459)
Amount due for Settlement after one year (shown under Non-current Liabilities)			**-**	-

The obligations under finance leases relate to plant and machinery and motor vehicles with lease term ranging from three to seven years. The Group and the Company have the option to purchase the leased assets for a nominal amount at the conclusion of the lease agreements.

The obligations under finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default. The rates of interest are fixed and floating and range between 6.95 % p.a. and 7.35 % p.a. (2016: 5.60% p.a. and 8.15% p.a.). The fair value of obligations under finance leases approximates their carrying amount.

16 RETIREMENT BENEFIT OBLIGATIONS

(a) Defined Contribution Plan

The Company participates in a multi-employer defined contribution (DC) pension plan to which it contributes 6%, 8% or 10% of its eligible employees' salaries depending on age. The assets of the plans are held separately from those of the Group in funds under the control of an independent management committee. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. Any residual gratuities under the Employment Rights Act 2008 for the qualifying employees after allowing for permitted deductions in respect of the pension plan are included below in the tables for the retirement benefits in respect of The Employment Rights Act 2008.

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Amount Recognised as an Expense for the Defined Contribution Plan	**8,664,991**	9,119,656	**681,151**	1,282,125

16 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Statutory Retirement Benefits in respect of The Employment Rights Act 2008.

The Company has recognised a net defined benefit liability of Rs2,478,000 in its statement of financial position as at 31 December 2017 (2016: Rs2,800,000) in respect of any additional retirement gratuities that are expected to be paid out of the Company's cashflow to its employees under the Employment Rights Act (ERA) 2008.

The Company is subject to an unfunded defined benefit plan for the employees. The plan exposes the Company to normal risks described below:

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

The Company had a residual obligation imposed by ERA 2008 on top of its DC plan. It is therefore particularly exposed to investment under-performance of the DC plan.

There has been no plan amendment, curtailment or settlement during the year, except for employee transfers within related entities and the retirement of top managers resulting in closure of their pension plan.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2017 by Aon Hewitt Ltd.

(c) Reconciliation of Net Defined Benefit Liability:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Reconciliation of Net Defined Benefit Liability:				
At 1 January	**42,713,291**	37,103,230	**2,800,000**	1,781,000
Amount Recognised in Statement of Profit or Loss	**7,824,270**	6,853,096	**642,000**	257,000
Amount Recognised in Other Comprehensive Income	**(4,025,029)**	401,965	**(964,000)**	762,000
Less: Employer Contributions	**(1,976,000)**	(1,645,000)	**-**	-
At 31 December	**44,536,532**	42,713,291	**2,478,000**	2,800,000

16 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(d) Movement in the present value of the defined benefit obligation in the current year were as follows:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
At 1 January	**42,713,291**	37,103,230	**2,800,000**	1,781,000
Current Service Cost	**4,937,570**	4,307,500	**448,000**	205,000
Interest Expense	**2,599,700**	2,545,596	**182,000**	122,000
Past Service Cost	**-**	-	**12,000**	(70,000)
Settlement loss	**287,000**	-	**-**	-
Other Benefits Paid	**(1,976,000)**	(1,645,000)	**-**	-
Liability Experience (gain)/loss	**(3,614,029)**	795,000	**(936,000)**	779,000
Liability Gain due to Change in Demographic Assumptions	**-**	(24,000)	**-**	-
Liability Loss due to Change in Financial Assumptions	**(411,000)**	(369,035)	**(28,000)**	(17,000)
At 31 December	**44,536,532**	42,713,291	**2,478,000**	2,800,000

(e) Amounts recognised in Statements of Profit or Loss in respect of defined benefit plans are as follows:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Current Service Cost	**4,937,570**	4,307,500	**448,000**	205,000
Settlement loss	**287,000**	-	**-**	-
Past Service Cost	**-**	-	**12,000**	(70,000)
Service Cost	**5,224,570**	4,307,500	**460,000**	135,000
Interest Expense	**2,599,700**	2,545,596	**182,000**	122,000
Components of Defined Benefit Costs recorded in Statements of Profit or Loss	**7,824,270**	6,853,096	**642,000**	257,000

(f) Components of amount recognised in Other Comprehensive Income:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Liability Experience (Loss)/Gain	**(3,614,029)**	795,000	**(936,000)**	779,000
Liability Loss due to Change in Financial Assumptions	**(411,000)**	(393,035)	**(28,000)**	(17,000)
Components of Defined Benefit Costs recorded in Other Comprehensive Income	**(4,025,029)**	401,965	**(964,000)**	762,000

The past service cost, the service cost and the net-interest expenses for the year is included in the employee benefits expenses in the Statement of Profit or Loss and Other Comprehensive Income. The remeasurement on the net defined benefit liability is included in Other Comprehensive Income.

16 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(g) The principal assumptions used for the purposes of the actuarial valuation were as follows:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
Discount Rate	**5.5%**	6.7%	**5.5%**	6.5%
Expected Rate of Salary Increase	**4.2%**	5.4%	**4.5%**	5.5%
Expected Rate of Pension Increases	**0.5%**	1.5%	**0.5%**	1.5%
Average Retirement Age (ARA)	**62 years**	61 years	**65 / 60 years**	60 years

(h) Sensitivity analysis on defined benefit obligation at end of year

	GROUP		COMPANY	
	2017	2016	**2017**	2016
Increased due to 1% Decrease in Discount Rate	**5,068,623**	4,742,937	**902,000**	870,000
Decreased due to 1% Increase in Discount Rate	**6,018,143**	2,846,171	**513,000**	739,000

(i) Future cash flows

The funding policy is to pay benefits out of the reporting entity's cashflow as and when due.

	GROUP		COMPANY	
	2017	2016	**2017**	2016
Expected Employer Contribution for the Next Year	**-**	-	**-**	-
Weighted Average Duration of the Defined Benefit Obligation	**3 to 22 years**	3 to 22 years	**14 years**	18 years

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
National Pension Scheme Contributions Expensed	**7,853,708**	6,452,456	**237,408**	286,917

17 TAXATION

(a) Income Tax

(I) The Income Tax expense for the year can be reconciled to the accounting profit as follows:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Profit before Taxation	**378,406,552**	282,087,975	**339,934,965**	202,576,589
Tax at the above Applicable Rate	**64,329,114**	47,954,956	**57,788,944**	30,386,488
Net Tax Effect of Non-taxable and Other Items	**27,940,503**	11,748,936	**57,788,944**	(30,526,522)
Current Tax Expense/(Credit)	**92,269,617**	59,703,892	**-**	(140,034)
Underprovision in Previous Year	**9,109,496**	4,574,500	**7,035,416**	-
Net Current Tax Expense/(Credit)	**101,379,113**	64,278,392	**7,035,416**	(140,034)
Deferred Tax Movement (Note 17(b))	**(38,890,888)**	37,046,685	**(12,908,791)**	29,291,840
Taxation	**62,488,225**	101,325,077	**(5,873,375)**	29,151,806

(ii) Income Tax recognised in Statements of Profit or Loss

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Current Tax Expense/(Credit)	**92,269,617**	59,703,892	**-**	(140,034)
Underprovision in Previous Year	**9,109,496**	4,574,500	**7,035,416**	-
Deferred Tax Movement (Note 17(b))	**(38,890,888)**	37,046,685	**(12,908,791)**	29,291,840
	62,488,225	101,325,077	**(5,873,375)**	29,151,806

(b) Deferred Tax Liability/(Asset)

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Deferred Tax Asset	**(37,451,141)**	(24,127,577)	**(32,835,000)**	(20,171,000)
Deferred Tax Liability	**52,221,154**	76,056,284	**-**	-
Net Deferred Tax Liability/(Asset)	**14,770,013**	51,928,707	**(32,835,000)**	(20,171,000)

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
At 1 January	**51,928,707**	6,966,483	**(20,171,000)**	(49,862,300)
Charge/(Credit) to Statement of Profit or Loss				
Deferred Tax (credit)/Expense (Note 17(a)(ii))	**(38,890,888)**	37,046,685	**(12,908,791)**	29,291,840
Deferred Tax expense on discontinued operations	**-**	3,534,862	**-**	-
Charge/(Credit) to Other Comprehensive Income				
Revaluation of Buildings	**1,316,114**	4,320,661	**80,901**	529,000
Remeasurement of Retirement Benefit Obligations	**416,080**	60,016	**163,890**	(129,540)
At 31 December	**14,770,013**	51,928,707	**(32,835,000)**	(20,171,000)

17 TAXATION (CONT'D)

(b) Deferred Tax Liability/(Asset) (Cont'd)

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Accelerated Capital Allowances	**37,629,535**	57,866,766	**1,253,560**	1,539,127
Revaluation Surplus on Land and Buildings	**24,954,546**	27,358,515	**8,366,901**	8,286,000
Unused Tax Losses	**(39,670,540)**	(31,768,423)	**(41,478,429)**	(29,069,928)
Other Temporary Differences	**(8,143,528)**	(1,528,151)	**(977,032)**	(926,199)
	14,770,013	51,928,707	**(32,835,000)**	(20,171,000)

The Group has aggregate unutilised tax losses and deductible temporary differences of Rs261,625,964 (2016: Rs190,279,205) to carry forward against future taxable income for which a deferred tax asset has not been recognised due to uncertainty of their recoverability.

18 BANK OVERDRAFTS

The bank overdrafts are secured by fixed and floating charges on the assets of the Company and of the Group, including property, plant and equipment and investment properties and inventories.

Interest rates are floating rates and range between 5.7% p.a. and 6.75% p.a. (2016: 6.70% p.a. and 7.95% p.a).

19 CREDITORS AND ACCRUALS

(a) Creditors and Accruals

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Trade creditors	**233,642,386**	148,611,519	**3,370,150**	4,721,268
Amount due to joint venture	**44,333,561**	25,674,292	**-**	-
Other creditors and accruals	**685,256,662**	754,544,118	**143,995,859**	130,253,278
Prize liability and reserve fund	**142,598,719**	109,833,381	**-**	-
Unclaimed prize	**4,610,057**	4,463,614	**-**	-
Consolidated Fund	**78,281,215**	80,272,229	**-**	-
	1,188,722,600	1,123,399,153	**147,366,009**	134,974,546

Included within Other Creditors and Accruals are retention payable to subcontractors Rs64M (2016: Rs51M), advance from clients Rs24M (2016: Rs15M), accrued loan interests Rs8M (2016: Rs10M).

The directors consider that the carrying amount of trade creditors approximates their fair value.

The average credit period of creditors is two months. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(b) Other Creditors

	GROUP	
	2017	2016
	Rs	Rs
Repayable after one year	**10,318,696**	19,242,424

19 CREDITORS AND ACCRUALS (CONT'D)

(b) Other Creditors (Cont'd)

Included within Other Creditors is an amount of RsNil (2016: Rs140,000) which is unsecured, interest free with no fixed terms of repayment.

Included within Other Creditors is retention monies payable to subcontracters and advance from clients which are carried at amortised cost using an effecive interest rate of 6.35 % p.a (2016: 8.25% p.a).

	GROUP	
	2017	2016
	Rs	Rs
Retention payable to subcontractors	63,038	4,652,977
Advance from clients	10,115,659	14,449,447
	10,178,697	19,102,424

20 REVENUE

	GROUP		COMPANY	
	2017	2016	2017	2016
	Rs	Rs	Rs	Rs
Sale of Goods	1,045,957,833	966,742,700	-	-
Construction Contract Revenue	1,136,670,249	1,007,557,753	-	-
Income from Investment Properties	56,995,261	52,241,537	-	-
Lottery	1,852,490,380	1,651,579,840	-	-
Dividend income	-	-	375,995,780	387,325,328
Rendering of Services	18,407,564	18,475,899	104,341,959	87,104,557
	4,110,521,288	3,696,597,729	480,337,739	474,429,885

21 OPERATING PROFIT

The Operating Profit from Continuing Operations is arrived at:

	GROUP		COMPANY	
	2017	2016	2017	2016
	Rs	Rs	Rs	Rs
(i) After (crediting):				
Profit on Disposal of Property, Plant and Equipment	-	(18,337,858)	(200,000)	(19,403,463)
Profit on Disposal of Subsidiary	(3,150,858)	-	-	-
Interest Income	(3,590)	(153,515)	-	(145)
Net Foreign Exchange Gains	(1,353,107)	(31,103)		(32,008)
Hiring of unloading equipment	-	(30,357,644)	-	-
Reversal of Impairment Loss Recognised on Amount due from Subsidiaries	-	-	(18,335,403)	-
Other Operating Income	(35,241,847)	(24,542,259)	(10,008,142)	(4,755,117)
(ii) and charging:				
Cost of Sales	3,150,831,558	2,739,227,416	-	-
Operating Expenses				
- Administrative Expenses	631,305,677	723,815,494	106,825,578	223,609,217

21 OPERATING PROFIT (CONT'D)

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Included in Cost of Sales and Operating Expenses are:				
Cost of Inventories Expensed	**182,628,528**	263,040,280	**-**	-
Depreciation	**102,992,108**	104,445,588	**7,540,630**	11,782,111
Amortisation of Intangible Assets	**5,126,656**	3,708,826	**472,246**	543,389
Staff Costs	**281,728,808**	234,298,399	**64,497,966**	56,900,017
Loss on Disposal of Property, Plant and Equipment	**7,117**	-	**-**	-
Loss on Disposal of Subsidiary	**-**	4,160,629	**-**	-
Loss on Disposal of Investment Properties	**25,433,109**	24,197,516	**-**	-
Impairment of Investments in Subsidiaries included in Administrative Expenses (Note 7(a))	**-**	-	**1,130,000**	4,500,000
Impairment Loss Recognised on Amount due from Subsidiaries included in Administrative Expenses (Note 7(a))	**-**	-	**-**	78,203,471
Reversal of Impairment Loss Recognised on Amount due from Subsidiaries	**-**	-	**-**	(10,000,000)
Provision for Slow Moving Inventories	**10,000,000**	20,547,435	**-**	-
Impairment Loss Recognised/(Reversal of impairment) on Trade Debtors included in Administrative Expenses (Note 12)	**4,330,198**	5,366,520	**(20,699)**	(2,493,800)
Foreign Exchange Losses	**1,723,679**	5,140,807	**78,126**	-

22 FINANCE COSTS/(INCOME)

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Interest Expense on:				
Bank Overdrafts	**21,496,167**	34,335,151	**14,873,073**	26,812,144
Loans Repayable by Instalments	**57,285,368**	73,567,760	**44,603,976**	45,189,515
Finance Charges on Finance Leases	**1,008,823**	2,525,852	**97,489**	433,153
Unwinding of Discount under Amortised Cost Calculation (net)	**(1,862,477)**	9,544,768	**-**	-
Other Interest	**2,518,005**	555,757	**2,546,203**	-
Total Finance Costs	**80,445,886**	120,529,288	**62,120,741**	72,434,812
Interest Income on Bank Balances	**(3,590)**	(153,515)	**-**	(145)
Loans	**-**	-	**(1,584,057)**	-
Finance Income	**(3,590)**	(153,515)	**(1,584,057)**	(145)

23 DIVIDEND

	COMPANY	
	2017	2016
	Rs	Rs
Final Dividend of Rs0.65 (2016: Rs0.65) per Share	**86,612,500**	86,612,500
Interim Dividend of Rs0.75 (2016: Rs0.25) per Share	**99,937,500**	33,312,500
Total Dividend Paid during the Year	**186,550,000**	119,925,000

24 EARNINGS PER SHARE

	GROUP	
	2017	2016
	Rs	Rs
Profit Attributable to Owners of the Company	**244,138,509**	148,241,508
Number of Shares for Earnings per Share Calculation	**133,250,000**	133,250,000
Earnings per Share (Basic and Diluted)	**1.83**	1.11

There were no dilution of shares for the periods presented therein.

25 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Property, Plant and Equipment purchased	**33,347,116**	71,733,746	**3,010,749**	208,927
Financed as follows:				
Cash Disbursed	**33,347,116**	71,733,746	**3,010,749**	208,927
Total	**33,347,116**	71,733,746	**3,010,749**	208,927

26 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Cash at Bank and in Hand	**507,551,862**	223,892,193	**59,467,512**	1,525,054
Bank Overdrafts	**(163,682,912)**	(397,403,089)	**(1,828,765)**	(314,836,704)
	343,868,950	(173,510,896)	**57,638,747**	(313,311,650)

27 SEGMENT INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the Executive Committee in order to allocate resources to the segments identified previously under IAS 14, Segmental Reporting.

Information reported to the chief operating decision maker focuses on the types of goods and services delivered or provided. The directors of the Company have chosen to organize the Group around differences in products and services.

The Group's reportable segments under IFRS 8 are:

- Building Materials segment, which imports cement in bulk and sells it in bulk or bags
- Contracting segment, which is engaged in the building and civil engineering works, asphalt production and asphalt road works
- Investments segment, which has a bank of land and office buildings for development and rental
- Lottery segment, which is engaged in the lottery business
- Corporate Services & Others segment, which provides the corporate and secretarial services for the Group

(a) Segment Revenue and Results

The following is an analysis of the Group's revenue from continuing operations.

2017

	Building Materials	Contracting	Investments	Lottery	Corporate Services & Others	Eliminations	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
REVENUE							
External Sales	1,026,970,684	1,154,109,444	59,467,155	1,852,490,380	71,103,881	(53,620,256)	4,110,521,288
Inter-segment Sales	5,191,139	15,532,468	5,967,457	-	416,559,458	(443,250,522)	-
	1,032,161,823	1,169,641,912	65,434,612	1,852,490,380	487,663,339	(496,870,778)	4,110,521,288
OPERATING PROFIT							
Segment Results	213,035,538	21,092,013	20,488,423	138,977,823	417,939,773	(443,400,115)	368,133,455
Net Gain from Fair Value Adjustment on Investment Properties							14,175,000
Finance Costs							(80,445,886)
Share of Profit of Associates and Joint Venture	69,120,558	-	-	-	7,423,425	-	76,543,983
Profit before Taxation							378,406,552
Taxation							(62,488,225)
Profit for the Year							315,918,327

27 SEGMENT INFORMATION (CONT'D)

(a) Segment Revenue and Results (Cont'd)

2016

	Building Materials	Contracting	Investments	Lottery	Corporate Services & Others	Eliminations	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
REVENUE							
External sales	892,874,755	1,030,470,334	55,548,551	1,651,579,840	66,124,249	-	3,696,597,729
Inter-segment Sales	50,430,829	33,986,370	8,158,719	-	346,824,336	(439,400,254)	-
	943,305,584	1,064,456,704	63,707,270	1,651,579,840	412,948,585	(439,400,254)	3,696,597,729
OPERATING PROFIT							
Segment Results	193,690,975	46,526,450	21,358,306	108,909,256	285,983,404	(312,340,134)	344,128,257
Net Gain from Fair Value Adjustment on Investment Properties							750,000
Finance Costs							(120,529,288)
Share of Profit of Associates and Joint Venture	67,026,829	-	-	-	(9,287,824)	-	57,739,006
Profit before Taxation							282,087,975
Taxation							(101,325,077)
Profit for the Year							180,762,898

Segment revenue reported above represents revenue generated from external customers.

Inter-segment sales are effected on an arm's length basis.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3.

27 SEGMENT INFORMATION (CONT'D)

(b) Segment Assets and Liabilities

2017

	Building Materials	Contracting	Investments	Lottery	Corporate Services & Others	Eliminations	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
ASSETS							
Segment Assets	1,423,797,824	747,413,166	2,725,125,461	394,175,304	2,694,415,882	(3,614,436,151)	4,370,491,486
Investments in Associates and joint venture							729,290,410
Unallocated Corporate Assets							95,762,594
Total Assets							5,195,544,490
LIABILITIES							
Segment Liabilities	237,037,033	1,024,029,208	1,101,187,445	1,008,771,611	1,573,410,809	(3,537,175,366)	1,407,260,740
Unallocated Corporate Liabilities							1,028,208,998
Total Liabilities							2,435,469,738
Non-controlling Interests							126,546,695
Shareholders' Funds							2,633,528,057
Total Equity and Liabilities							5,195,544,490

27 SEGMENT INFORMATION (CONT'D)

(b) Segment Assets and Liabilities (Cont'd)

2016

	Building	Contracting	Investments	Lottery	Corporate Services & Others	Eliminations	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
ASSETS							
Segment Assets	703,482,818	711,293,319	2,821,343,492	331,100,194	1,817,892,404	(1,478,907,823)	4,906,204,404
Investments in Associates and joint venture							699,655,877
Unallocated Corporate Assets							125,721,686
Total Assets							5,731,581,967
LIABILITIES							
Segment Liabilities	138,448,499	1,036,165,255	797,342,142	976,916,522	601,132,831	(1,967,247,292)	1,582,757,957
Unallocated Corporate Liabilities							1,479,500,205
Total Liabilities							3,062,258,162
Non-controlling Interests							113,143,665
Shareholders' Funds							2,556,180,140
Total Equity and Liabilities							5,731,581,967

For the purpose of monitoring segment performance and allocating resources between segments:

All assets are allocated to reportable segments other than investments in associates, amounts due to associates, non-current deposits and prepayments, and excess TDS (Tax Deduction at Source) in Debtors and Prepayments. Goodwill is allocated to reportable segments as described in note 6. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

All liabilities are allocated to reportable segments other than loans, obligations under finance leases, deferred tax liability, current tax liability and amount due to associate.

27 SEGMENT INFORMATION (CONT'D)

(c) Other Information

(i) Capital Additions, Depreciation and Amortisation

2017

	Building Materials	Contracting	Investments	Lottery	Corporate Services & Others	Eliminations	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Capital Additions	**12,629,003**	**14,709,474**	**-**	**959,592**	**6,631,408**	**-**	**34,929,477**
Depreciation and Amortisation	**32,907,648**	**15,418,935**	**227,137**	**48,381,612**	**8,183,433**	**-**	**105,118,765**

2016

	Building Materials	Contracting	Investments	Lottery	Corporate Services & Others	Eliminations	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Capital Additions	21,649,654	1,721,731	23,473,964	48,136,043	16,068,596	-	111,049,988
Depreciation and Amortisation	28,690,847	17,697,935	230,868	46,357,745	12,566,786	(318,767)	105,225,414

(ii) Geographical

All of the Group operations are based in Mauritius. There is no revenue derived from foreign operations.

(iii) Information about major customers

No single customer contributed 10% or more of the Group's revenue for both 2017 and 2016.

27 SEGMENT INFORMATION (CONT'D)

(c) Other Information (Cont'd)

(iv) Revenue from Major Products and Services

The following is an analysis of the Group's revenue classified into its major products and services.

	2017	2016
	Rs	Rs
Building Materials	1,026,970,684	892,874,755
Contracting	1,154,109,444	1,030,470,334
Investment Properties	59,467,155	55,548,551
Lottery	1,852,490,380	1,651,579,840
Others	17,483,625	66,124,249
	4,110,521,288	3,696,597,729

28 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The transactions of the Group with related parties during the year are as follows:

(a) Sales of Goods and Services

	GROUP		COMPANY	
	2017	2016	2017	2016
	Rs	Rs	Rs	Rs
To Associates and Joint venture	238,108,360	220,534,074	406,134	1,465,124

(b) Purchases of Goods and Services

	GROUP		COMPANY	
	2017	2016	2017	2016
	Rs	Rs	Rs	Rs
By Directors	-	755,184	-	-
From Director-related Entities	12,675,000	-	-	-
From Associates and Joint venture	142,479,951	176,488,083	824,497	874,324

(c) Management Fee and Income derived from Administrative Services

	GROUP		COMPANY	
	2017	2016	2017	2016
	Rs	Rs	Rs	Rs
From Associates and Joint venture	15,983,625	16,670,148	15,983,625	16,670,148

28 RELATED PARTY TRANSACTIONS (CONT'D)

(d) Compensation of Key Management Personnel

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Short-term Benefits	**68,465,758**	68,343,999	**25,566,751**	22,075,725
Post-employment Benefits	**3,783,083**	842,568	**297,242**	-
	72,248,841	69,186,567	**25,863,993**	22,075,725

(e) Outstanding Balances

(i) Amount due from Related Parties:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Subsidiaries	**-**	-	**92,555,138**	76,380,251
Associates	**57,500**	185,438	**57,500**	185,438
Joint Venture	**25,182,862**	30,642,140	**1,094,214**	1,244,150
	25,240,362	30,827,578	**93,706,852**	77,809,839

The amount due from related parties is unsecured, interest free and repayable at call except for amount shown in Note 7(c).

(ii) Amount due to Related Parties

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Amounts due to Subsidiaries	**-**	-	**628,633,469**	120,411,146
Associates and Joint venture included in Creditors and Accruals	**44,333,561**	25,674,292	**-**	-
	44,333,561	25,674,292	**628,633,469**	120,411,146

The amount due to related parties is unsecured, interest free and repayable at call except for amount shown in Note 19.

In addition to the amounts disclosed for the Group, transactions with the subsidiaries of the Group are disclosed below:

	2017	2016
	Rs	Rs
(a) Sales of Goods and Services	**2,766,096**	1,467,792
(b) Purchases of Goods and Services	**4,200,000**	4,200,000
(c) Management Fees	**88,358,334**	70,434,408

29 FINANCIAL INSTRUMENTS

During the course of its ordinary activities, the Group is exposed to various risks such as capital risk, market risk (which comprises of interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The risks are monitored and reviewed by the Audit and Risk Committee on a quarterly basis. The risks are managed by senior management of the Group companies. The Group's financial risks activities are governed by appropriate policies and procedures, and the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

(a) Capital Risk Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of net debt offset by cash and cash equivalents and equity comprising issued capital, reserves and retained earnings.

(b) Gearing Ratio

The Group reviews the capital structure on a regular basis and as part of this review, management considers the cost of capital and the risks associated with its capital.

The gearing ratio at the year end was as follows:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Debt (i)	**1,091,742,014**	1,793,327,251	**877,411,275**	1,196,117,983
Cash at Bank and in Hand	**(507,551,862)**	(223,892,193)	**(59,467,512)**	(1,525,054)
Net Debt	**584,190,152**	1,569,435,058	**817,943,763**	1,194,592,929
Equity (ii)	**2,760,074,752**	2,669,323,805	**956,990,184**	796,217,741
Gearing Ratio	**21%**	59%	**85%**	150%

(i) Debt is defined as short and long term borrowings, as detailed in notes 14, 15 and 18.
(ii) Equity includes capital and reserves of the Group/Company.

(c) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability and equity instruments are disclosed in note 3 to the financial statements.

29 FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values

Except where stated elsewhere, the carrying amounts of the Group's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved.

Categories of Financial Instruments

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Financial Assets				
Loans and receivables (including cash and cash equivalents)*	**1,169,787,912**	954,031,149	**252,379,321**	125,597,587
Available-for-sale Financial Assets	**5,666,979**	5,347,985	**5,666,979**	5,347,985
	1,175,454,891	959,379,134	**258,046,300**	130,945,572
Financial Liabilities				
At Amortised Cost	**2,193,719,295**	2,849,034,105	**1,652,949,301**	1,449,735,542

*The balance of Rs1,169,787,912 consists of loans, receivables, cash and cash equivalents and excludes prepayments.

(e) Fair Value Measurements recognised in the Statement of Financial Position

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

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

	GROUP AND COMPANY	
	Available-for-sale investments	
	2017	2016
	Rs	Rs
Hierarchy levels		
Level 1	**5,666,979**	5,347,985

(f) Currency Risk

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to the risk that the exchange rate of the Mauritian rupee relative to the currencies listed below (Note 29 (g)) may change in a manner which has a material effect on the reported values of its assets and liabilities.

29 FINANCIAL INSTRUMENTS (CONT'D)

(g) Currency Profile

The currency profile of the Group's and the Company's financial assets and financial liabilities is summarised as follows:

(i) **Group**

	Financial Assets		Financial Liabilities	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Currency				
Mauritian Rupee	**1,170,123,010**	941,485,927	**2,186,744,276**	2,822,450,262
United States Dollar*	**3,909,281**	14,783,623	**5,644,626**	23,829,733
Euro	**1,422,600**	3,109,584	**1,330,393**	2,260,550
ZAR	**-**	-	**-**	493,560
	1,175,454,891	959,379,134	**2,193,719,295**	2,849,034,105

(ii) **Company**

	Financial Assets		Financial Liabilities	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Currency				
Mauritian Rupee	**257,027,278**	129,656,324	**1,652,949,301**	1,449,735,542
United States Dollar	**903,419**	1,281,724	**-**	-
Euro	**115,603**	7,524	**-**	-
	258,046,300	130,945,572	**1,652,949,301**	1,449,735,542

*Included in United States Dollar under Financial Assets are mainly cash at banks and trade debtors.
*Included in United States Dollar under Financial Liabilities are mainly trade creditors.

(h) Foreign Currency Sensitivity Analysis

The Group is mainly exposed to United States Dollar (USD), Euro and ZAR.

The following table details the Group's sensitivity to a 5% increase and decrease in USD, Euro and ZAR against the Mauritian Rupee. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A negative number below indicates a decrease in profit where the USD, Euro and ZAR strengthen 5% against the Mauritian Rupee. For a 5% weakening of the USD, Euro and ZAR against the Mauritian Rupee, there would be an equal and opposite impact on the profit, and the balances below would be positive.

Impact of 5% increase/(decrease) of the USD, Euro and ZAR against the Mauritian Rupee:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
United States Dollar	**(86,767)**	(452,306)	**45,171**	64,086
Euro	**4,610**	42,452	**5,780**	376
ZAR	-	(24,678)	**-**	-
Increase/(Decrease) in Profit and equity	**(82,157)**	(434,532)	**50,951**	64,462

29 FINANCIAL INSTRUMENTS (CONT'D)

(h) Foreign Currency Sensitivity Analysis (Cont'd)

The above is mainly attributable to the Group exposure outstanding on cash and cash equivalents and borrowings in USD, Euro and ZAR.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(i) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are approved and reviewed by key management on regular basis.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statements of Financial Position are net of allowances for doubtful receivables, estimated by management based on prior experience and represents the company's maximum exposure to credit risk.

The Group does not hold collateral as security.

Ongoing credit evaluation is performed on the financial condition of accounts receivable and where appropriate, credit guarantee insurance cover is purchased for material subsidiaries of the Group.

Analysis of financial assets that are individually detemined to be impaired relate only to trade and other receivables that have disclosed in Note 12.

The Group does not have any significant concentration of credit risks other than those disclosed in Note 12.

(j) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the company by maintaining an appropriate mix between fixed and floating rate borrowings.

The interest rate profile of the financial liabilities at 31 December was:

Financial Liabilities

	Bank Overdraft		**Bank Loan**	
	Floating Interest Rate		***Fixed and Floating Interest Rate***	
	2017	2016	**2017**	2016
	%	%	**%**	%
Mauritian Rupee	**From 6.20 to 7.45%**	From 6.70 to 7.95%	**From 3.15 to 4.85%**	From 5.10 to 9.40%

29 FINANCIAL INSTRUMENTS (CONT'D)

(j) Interest Rate Risk (Cont'd)

	Obligations under Finance Leases Fixed and Floating Interest Rate	
	2017	2016
	%	%
Mauritian Rupee	**From 6.95% to 7.35%**	From 5.60% to 8.15%

(k) Interest Rate Sensitivity Analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher and all other variables were held constant, the Group's and the Company's profit for the year ended 31 December 2017 would have decreased as follows:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Decrease in Profit and equity	**2,729,355**	4,483,318	**2,193,528**	2,990,295

This is mainly attributable to the Group's and Company's exposure to interest rates on its variable rate borrowings.

(l) Liquidity Risk Management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Company has provided corporate guarantees (refer to note 32) in respect of bank facilities to some of its subsidiaries and joint venture.

29 FINANCIAL INSTRUMENTS (CONT'D)

(l) Liquidity Risk Management (Cont'd)

Liquidity Tables

The following tables detail the Group's and the Company's remaining contractual maturity for their non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

Group

	Less than 1 year	1 - 5 years	5+ years	Total
	Rs	Rs	Rs	Rs
2017				
Non-interest Bearing	**1,101,977,281**	**10,318,696**	**-**	**1,112,295,977**
Finance Lease Liability	**7,697,921**	**-**	**-**	**7,697,921**
Variable Interest Rate Instruments	**413,890,517**	**455,160,420**	**341,233,028**	**1,210,283,966**
	1,523,565,719	**465,479,116**	**341,233,028**	**2,330,277,864**
2016				
Non-interest Bearing	1,055,566,854	140,000	-	1,055,706,854
Finance Lease Liability	17,974,355	7,462,819	-	25,437,174
Variable Interest Rate Instruments	610,906,029	725,310,335	526,642,209	1,862,858,573
	1,684,447,238	732,913,154	526,642,209	2,944,002,601

Company

	Less than 1 year	1 - 5 years	5+ years	Total
	Rs	Rs	Rs	Rs
2017				
Non-interest Bearing	**775,999,478**	-	-	**775,999,478**
Variable Interest Rate Instruments	**252,036,370**	**455,160,420**	**341,233,028**	**1,048,429,819**
	1,028,035,848	**455,160,420**	**341,233,028**	**1,824,429,297**
2016				
Non-interest Bearing	253,617,559	-	-	253,617,559
Finance Lease Liability	4,260,994	-	-	4,260,994
Variable Interest Rate Instruments	440,339,581	455,160,424	455,023,136	1,350,523,141
	698,218,134	455,160,424	455,023,136	1,608,401,694

29 FINANCIAL INSTRUMENTS (CONT'D)

(l) Liquidity Risk Management (Cont'd)

For financial guarantee contracts, the maximum amount of the guarantees is allocated to the earliest period in which the guarantees will be called.

Company

	Less than 1 year	1 - 5 years	5+ years	Total
	Rs	Rs	Rs	Rs
2017				
Financial guarantees	**407,572,350**	**-**	**-**	**407,572,350**
2016				
Financial guarantees	618,728,622	-	-	618,728,622

Changes in Liabilities arising from Financing Activities

(a) Group

	1 January 2017	Cash Flows	Reclassification	31 December 2017
	Rs	Rs	Rs	Rs
Current interest bearing loans	**339,993,722**	**(204,993,722)**	**123,059,462**	**258,059,462**
Current Obligations under finance lease	**17,008,475**	**(16,828,277)**	**7,255,779**	**7,435,977**
Non current interest bearing loans	**1,031,666,186**	**(246,043,061)**	**(123,059,462)**	**662,563,663**
Non current Obligations under finance lease	**7,255,779**	**-**	**(7,255,779)**	**-**
	1,395,924,162	**(467,865,060)**	**-**	**928,059,102**

	1 January 2016	Cash Flows	Reclassification	31 December 2016
	Rs	Rs	Rs	Rs
Current interest bearing loans	153,656,225	143,433,000	42,904,497	339,993,722
Current Obligations under finance lease	28,846,407	(28,846,407)	17,008,475	17,008,475
Non current interest bearing loans	1,208,395,813	(133,825,130)	(42,904,497)	1,031,666,186
Non current Obligations under finance lease	24,777,218	(512,964)	(17,008,475)	7,255,779
	1,415,675,663	(19,751,501)	-	1,395,924,162

29 FINANCIAL INSTRUMENTS (CONT'D)

Changes in Liabilities arising from Financing Activities (Cont'd)

(b) Company

	1 January 2017	Cash Flows	Reclassification	31 December 2017
	Rs	Rs	Rs	Rs
Current interest bearing loans	**137,324,393**	**(2,324,393)**	**78,018,847**	**213,018,847**
Current Obligations under finance lease	**4,152,459**	**(4,152,459)**	**-**	**-**
Non current interest bearing loans	**739,804,427**	**778,083**	**(78,018,847)**	**662,563,663**
	881,281,279	**(5,698,769)**	**-**	**875,582,510**

	1 January 2016	Cash Flows	Reclassification	31 December 2016
	Rs	Rs	Rs	Rs
Current interest bearing loans	28,106,327	44,169,802	65,048,264	137,324,393
Current Obligations under finance lease	5,574,373	(5,574,373)	4,152,459	4,152,459
Non current interest bearing loans	804,852,691	-	(65,048,264)	739,804,427
Non current Obligations under finance lease	4,156,672	(4,213)	(4,152,459)	-
	842,690,063	38,591,216	-	881,281,279

30 OPERATING LEASES

(a) The Group as Lessor

Leasing Arrangements

The Group leases office space with lease term of three to seven years, with an option to extend for a further period of three to five years on same terms and conditions. The operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Leasing Arrangements

The rental income earned by the Group and Company under operating leases amount to Rs80,062,296 (2016: Rs111,680,017) and Rs3,172,230 (2016: Rs2,932,916) respectively. Direct operating expenses incurred by the Group and Company for the year amount to Rs115,832,047 (2016: Rs93,796,918) and RsNil(2016: RsNil) respectively.

30 OPERATING LEASES (CONT'D)

(a) The Group as Lessor (Cont'd)

Non-cancellable Operating Lease Receivables

	2017	2016	2017	2016
	Rs	Rs	Rs	Rs
Less than one year	24,679,839	99,519,504	267,792	507,792
Between two to five years	63,101,055	188,438,171	73,896	341,688
More than five years	-	2,771,901	-	-
	87,780,893	290,729,576	341,688	849,480

(b) The Group as Lessee

Leasing Arrangements

The Group leases state and privately-owned land and residential buildings with lease term of ranging from one to thirty years, with an option to extend on same terms and conditions. The operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

	2017	2016	2017	2016
	Rs	Rs	Rs	Rs
Less than one year	2,291,890	3,320,896	-	770,000
Between two to five years	8,909,899	8,909,899	-	-
More than five years	39,878,932	39,878,932	-	-
	51,080,721	52,109,727	-	770,000

Payments recognised as an Expense

	2017	2016	2017	2016
Minimum Lease Payments	9,936,286	9,203,997	-	2,065,000

31 NON-CURRENT DEPOSITS, OTHER DEBTORS AND PREPAYMENTS

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	Rs	Rs	**Rs**	Rs
Prepayment for lease of land	**72,920,279**	78,319,417	**-**	-
Other receivables	**28,895,305**	64,578,107	**-**	-
Non-current deposits	**656,472**	8,256,326	**490,114**	8,256,326
	102,472,056	151,153,850	**490,114**	8,256,326

Advance payments were made in respect of lease of land. The advance payments are expensed in Statement of Profit or Loss and Other Comprehensive income as follows:

	GROUP	
	2017	2016
	Rs	Rs
Within one year (Note 12)	**2,454,692**	2,454,692
After one year but before five years	**9,818,768**	9,818,768
More than five years	**60,646,819**	66,045,957
	72,920,279	78,319,417

Other receivables includes retention monies of Rs1,491,438 (2016: Rs23,822,768) due from customers and advance to subcontractors of Rs883,868 (2016: Rs14,235,339) which are carried at amortised cost using an effective interest rate of 6.35% p.a. (2016: 6.85%).

	GROUP	
	2017	2016
	Rs	Rs
Contracts retention	**1,491,438**	23,822,768
Advance to subcontractors	**883,867**	14,235,339
Others	**-**	26,520,000
	2,375,305	64,578,107

32 GUARANTEES FOR SUBSIDIARIES' AND JOINT VENTURE'S LIABILITIES

The Company has secured the liabilities of some of its subsidiaries by giving guarantees to the relevant banks for a total amount of Rs400M (2016: Rs1,421.7M).

At 31 December 2017, the Company has not secured the liabilities of its joint venture by giving guarantees to the relevant banks (2016: Rs113.2M).

It is not anticipated that any material liabilities will arise from them.

33 CONTINGENT LIABILITIES

Contingent liabilities not provided for in the Group financial statements relate to expatriate guarantees of Rs6.1M (2016: Rs6.1M), customs guarantees of Rs2.9M (2016: Rs2.9M), performance bond of Rs183.9M (2016: Rs132.1M), tender bond of Rs13.9M (2016: Rs9.5M), advance payment guarantees of Rs126.1 M (2016: Rs58.7M) and guarantees of Rs61M (2016: Rs7.8M) to third parties.

33 CONTINGENT LIABILITIES (CONT'D)

Contingent liabilities not provided for in the Company financial statements relate to expatriates guarantees of Rs3.7M (2016: Rs3.7M), custom guarantees of Rs2.9M (2016: Rs2.9M) and performance bond of Rs1.0M (2016: Rs1.0M).

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business.

It is not anticipated that any material liabilities will arise from them.

34 DISPOSAL OF SUBSIDIARY

The Group disposed of one subsidiary during the year ended 31 December 2017.

	Raffles Third Ltd	Total
	Rs	Rs
Consideration Received in Cash and Cash Equivalents	6,776,000	6,776,000
Analysis of Assets and Liabilities over which Control was Lost:		
Non-Current Assets		
Investment Properties	17,300,000	17,300,000
Current Assets		
Receivables	666,768	666,768
Cash and Cash Equivalents	403,518	403,518
Current Liabilities		
Payables	(11,120,003)	(11,120,003)
Net Assets disposed of	7,250,283	7,250,283
Share of Net Assets disposed of	3,625,142	3,625,142
Profit on Disposal of Subsidiary (Note 21)	3,150,858	3,150,858
Net Cash Inflow from Disposal of Subsidiary:		
Consideration Received in Cash and Cash Equivalents	6,776,000	6,776,000
Less: Cash and Cash Equivalent Balances disposed of	(403,518)	(403,518)
	6,372,482	6,372,482

35 DISCONTINUED OPERATIONS

On 23 August 2017, Burford Development Ltd, a wholly owned subsidiary, sold its sole investment property known as HSBC Centre and situated at Ebene, Mauritius.

The carrying value of the investment property was Rs600,000,000 and it was sold at Rs633,750,000

	2017
	Rs
Proceeds	633,750,000
Less:	
Carrying value of investment property	(600,000,000)
Expenses incidental to the sale:	
Paid	(44,372,000)
Accrued	(15,111,109)
Loss on disposal of investment property	(25,733,109)

The result of the discontinued operation included in profit or loss for the year is set out below. The comparative result from discontinued operation has been re-presented to include the operation classified as discontinued in the current year.

	GROUP	
	2017	2016
	Rs	Rs
Revenue	47,294,757	59,438,480
Expenses	(56,085,776)	(40,079,969)
Operating (loss)/profit	(8,791,019)	19,358,511
Finance costs	(2,963,801)	(4,717,860)
(Loss) / profit before before tax	(11,754,820)	14,640,651
Taxation	(2,444,380)	(4,532,708)
(Loss)/profit for the year from discontinued operations	(14,199,200)	10,107,943
Cash flows from discontinued operations		
Net cash (outflow) / inflow from operating activities	(510,903,223)	61,352,970
Net cash inflow/(outflow) from investing activities	588,687,823	(23,473,964)
Net cash outflow from financing activities	(48,356,765)	(39,697,561)
Net cash inflow/(outflow)	29,427,835	(1,818,555)

36 EVENTS AFTER REPORTING DATE

On 19 February 2018, Kolos Cement Ltd, a subsidiary, was listed on the Development and Entreprise Market of The Stock Exchange of Mauritius Ltd.

There were no other subsequent events after the reporting date up to the date the financial statements were authorised for issue that require amendments or disclosure in these financial statements.

Gamma

dare to dream

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