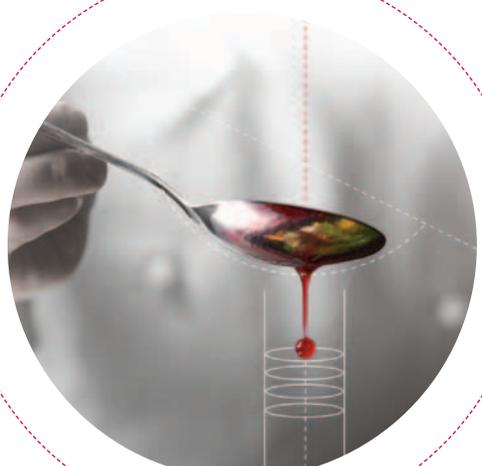


A man's profile is shown on the left side of the page, looking towards the right. Overlaid on the image are several technical diagrams: a large red rectangle at the top containing the company name and slogan; a series of three ovals (two solid, one dashed) connected by a horizontal line and a diagonal line; a small circle with a crosshair; and a larger circle at the bottom left. The background is a light, neutral color.

Gamma
dare to dream

With precise planning and
vision comes greatness

ANNUAL REPORT 2016



Success is not a mere offspring of chance. It involves laborious research, well-calculated moves and meticulous precision when planning ahead.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Ah Teck, Carl, BSc MPhil

*Non-Executive Chairman until 10 November 2016
and Executive Chairman as from 11 November 2016*

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, LL.M, MBA

*Non-Executive Director (appointed on 1 January
2017)*

Fon Sing, Clifford, BSc

Non-Executive Director

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 (appointed on 1 January 2017)

Lam Pak Ng, Lim Sit Chen

Independent Non-Executive Director

Padayachy, Kamben, MSc

*Group Managing Director and Executive Director
(resigned on 11 November 2016)*

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
SBM Bank (Mauritius) Ltd
Standard Bank (Mauritius) Limited
The Mauritius Commercial Bank Ltd

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Royal Road
Chapman Hill
Beau Bassin
Mauritius

COMPANY SECRETARY AND TRANSFER OFFICE

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

CALCULATING EVERY STEP TOWARDS PROGRESS





EXECUTIVE CHAIRMAN'S STATEMENT

Dear Shareholder

I am pleased to present you the annual report of Gamma-Civic Ltd ("the Company" or "Gamma") and the Gamma Group ("the Group") for the year ended 31 December 2016.

Improved Financial Performance

In 2016 Gamma Group delivered a business operating profit of Rs363M, 147% higher than 2015, with earnings per share of Rs1.11 versus Rs1.07 for the prior year. Our group profit after tax in 2016 was Rs191M, which is 10% up from Rs174M in 2015.

Group revenue was Rs3,756M compared to Rs2,127M in 2015, and at the end of year 2016, the Group total assets stood at Rs5,732M compared to Rs5,584M for the previous year.

Resilience Amidst Macroeconomic Uncertainties

The Company has benefitted from the rigorous actions taken in 2015 to improve its profitability and its sustainability. In what proved to be a difficult year for the business environment, Gamma-Civic Ltd has posted a commendable financial performance. Our Group has maintained its resilient position with all our key operating companies meeting or exceeding their respective 2016 operating profit targets. This has been made possible due to our skill and experience in our core activities, our willingness to take decisive actions as and when necessary, and a prudent approach when embarking on new non-core activities amidst the macroeconomic uncertainties.

2016: Consolidating "KOLOS"

Following the acquisition of 51% direct and indirect shareholding of Holcim Ltd (now Kolos Cement Ltd) in December 2015, Gamma-Civic Ltd has now consolidated its position as a key player in the cement industry and opened up the opportunity for Kolos Cement Ltd ("Kolos") to aspire to become a regional cement player.

A new Board of Directors was constituted at Kolos by Gamma-Civic Ltd, ensuring that the required diversity, mix of skills, experience, independence and knowledge to assist the high caliber management team in

responding to the challenges of the market and industry. Amongst the new Board members, I would mention the seasoned cement specialist, Mr Javier de Benito who was also one of the Executives of Holcim Ltd and Mr Jean Pierre Bisiaux who was the first General Manager of the then Holcim (Mauritius) Ltd, and Mr Paul Halpin, FCA, who chairs the Audit and Risk Committee of the Holding company.

The Management team at Kolos Cement Ltd has remained unchanged and the transition has taken place smoothly, with the introduction of our powerful cement brand "KOLOS".

Corporate Development of the Group

In 2016, the Board of Directors approved the decision that Corporate Development activities shall fall under the Chairman's Office, whereby the Chairman, with the support of the Vice Chairman, two of the founders of the Company, have been mandated, together with the Management team, the responsibility of Corporate Development and Strategic Planning of the Group in line with the vision of the Holding Company. The Chairman's Office now identifies and initiates projects, which may be green field projects, strategic partnerships, mergers and acquisition activities, and nurtures these projects, acting as an incubator until a stage of viability for presentation to the Board for consideration. In 2016, several core and non-core projects have been identified and are being actively pursued. We hope that by end of this year or early next year, you will be informed of the launch of our new projects.

As an investment Holding Company, we remain focused on reinforcing the performance of our existing investments and seeking new opportunities in new sectors for further diversification of our business portfolio to ensure future growth in revenue, profitability and shareholders' value.

Management and Board Appointment

In 2016, Gamma-Civic Ltd has gone through a change in the Management team, with the departure of Mr Ben Padayachy, the Group Managing Director, who has chosen to focus on his professional activities. Following this departure, the Board of Directors appointed me as interim Executive Chairman of the Company.

EXECUTIVE CHAIRMAN'S STATEMENT (CONT'D)

As we announced in 2015, the appointment of professional managers to manage the Company and its Group companies remains a priority for the Board and its founding shareholders. The appointment of professional managers remains in line with the Company's overall strategy to corporatise the Gamma Group and to empower its professional managers to be in charge of the day-to-day management of Gamma-Civic Ltd and its Group companies. The Board is finalising the appointment of a new Managing Director and has already appointed a CFO, in the person of Mr Twalha Dhunnoo. In the meantime, until that the Managing Director joins the Company, I will continue to be your Executive Chairman and shall remain in post for a transition period until the next Annual Meeting, so as to ensure a smooth handing over.

Over the last few months, I have had the pleasure and privilege of interacting again with our Management teams, many of whom joined Gamma in its early days, several decades ago. I have taken a key initiative to set up a Group Management Forum, a platform consisting of Top/Senior Management teams of our Group companies, interacting to address and resolve common issues. This will encourage and reinforce synergies amongst Group companies in areas such as IT, HR, Sustainable Development and Communication, and can only lead to positive long-term gains to Gamma-Civic Ltd and its Group companies.

Furthermore, in November 2016, the Board of Directors has appointed two new Directors, namely Messrs Geoffroy Dedieu and Jean Claude Lam Hung, who shall hold office until the conclusion of the next Annual Meeting, at which meeting you shall be called upon to reappoint them as Directors of the Company. Mr Geoffroy Dedieu holds an LL.M and an MBA, while Mr Jean Claude Lam Hung holds a BA and FCA. We shall also seek your approval for the appointment of Mr Twalha Dhunnoo as a Board member. Mr Twalha Dhunnoo holds a BA, MEng, MA (Cantab) and FCA.

Good Corporate Governance and the Gamma Way

Gamma-Civic Ltd remains committed to high standards of corporate governance and transparency, which your Board considers to be essential to support sustainable growth, to achieve the Group's ambition and to protect shareholders' value. I am proud to say that good

corporate governance and a culture of transparency is ingrained in our work and processes.

As Chairman, being principally responsible for Corporate Governance matters, I have reviewed our existing Gamma Charter, which was approved by the Board and approved and ratified by shareholders in 2014. I am pleased to say that the Gamma Charter remains aligned with the Companies Act 2001 and the new Mauritian Code of Corporate Governance, and does not require any amendment.

Corporate Social Responsibility-Gamma Foundation

At Gamma, we firmly believe that it is part of Gamma's responsibility to contribute to a better and more sustainable society for our future generations. Gamma engages and delivers on its corporate social responsibility ("CSR") principally through The Gamma Foundation. The Foundation has been set up to work towards the welfare of society with particular focus on children, to alleviate poverty and to promote the education of underprivileged children.

In 2016, the Group has dedicated more than Rs3M in social projects by partnering with 11 non-governmental organizations, who are committed to the protection and integration of children, especially children of very young age. Our partners are Anou Grandi, L'Etoile du Berger, Le Mouvement Jeunesse de Chebel, APSA International, Anglicare, SOS Village, APRIM, Sapphire, Atelier Moz'ar, Le Centre Joie de Vivre and Flamboyant Education Centre.

Two more Group companies, namely Kolos Cement Ltd and Lottotech Ltd, have dedicated CSR projects. The cause which Kolos Cement Ltd defends is training in the construction industry and the project is called "Bâtir Agir". In 2016 the Kolos team focused on two important projects in Rodrigues, namely the launch of a water pump, which is generated from solar energy, and an MQA approved masonry training course. As for Lottotech, it is dedicated to the cause of alleviation of poverty, and it believes that through sports, the youth and education, the poverty issue may be tackled, both in Mauritius and Rodrigues. In 2016, Lottotech has supported several projects, such as a plastic recycling project with Belle Verte and Atics with the objective of reducing carbon footprint and environment protection, and provided NGO Atelier Mo'zar a 20-foot container to be used as an extension to its school, amongst others.

EXECUTIVE CHAIRMAN'S STATEMENT (CONT'D)

Dividend

The Board of Directors has proposed the declaration and payment of a final dividend of Rs0.65 per share. With the interim dividend of Rs0.25 paid in September 2016, the collective dividend of Rs0.90 per share, which represents a total dividend payout ratio of 69% of the Company's net profit for year 2016, is in line with the Company's Dividend Policy.

Outlook-Consolidating & Levering

Looking ahead, the Group sees an environment of change and renewed macroeconomic activities, especially in the construction sector. We are expecting our cement, building materials and construction companies to benefit from these trends. We also hope that Lottotech Ltd will positively resolve its dispute with the Gambling Regulatory Authority and re-establish its initial level of profitability.

Furthermore, Gamma-Civic Ltd shall persist in consolidating its performance in its core activities and fortify its current position over the mid to longer term. The Company also remains on the lookout for new strategic growth initiatives in non-core sectors.

Words of Appreciation

On behalf of the Board of Directors, I would like to express our gratitude for the hard work of our Management teams, staff, business associates and stakeholders, at Company and Group level, in enabling Gamma-Civic Ltd to achieve a commendable performance.

We also acknowledge the continued confidence and encouragement of our shareholders, which is important for Gamma-Civic Ltd to remain on track to achieve greater heights for years to come.

On a personal note, I would like to thank my fellow Directors for their trust in me to hold the position of Chairman of the Board and for their contribution in formulating and steering the Company's and the Group's strategy.

I am also thankful for the commitment and dedication demonstrated by members of our Board Committees, in particular the Chairman of the Audit and Risk Committee, Mr Paul Halpin, and the Chairman of the Corporate Governance Committee, Mr Lim Sit Chen Lam Pak Ng, in assisting our Board and members in discharging our duties towards the Company, shareholders and stakeholders.



Carl Ah Teck
Executive Chairman

18 April 2017

MEASURING AND VISUALISING OPPORTUNITIES



DIRECTORS' REPORT

The Directors are pleased to submit their report to the shareholders together with the audited financial statements of Gamma-Civic Ltd ("the Company") and the Group (together the "Gamma Group") for the year ended 31 December 2016.

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 consolidation, growth and profitability.

Gamma has investments in different sectors and the principal ones are:

- Construction & Engineering (classified as Contracting segment in the Financial Statements);
- Construction Materials (classified as Building Materials segment in the Financial Statements);
- Lottery (classified as Lottery segment in the Financial Statements);
- Hospitality; and
- Properties (Real Estate) (classified as Investments segment in the Financial Statements).

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

Construction & Engineering

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

Construction Materials

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

Lottery

Lottotech Ltd operates, under licence, the Mauritius National Lottery and is listed on the Official List of the Stock Exchange of Mauritius Ltd.

Hospitality

Morning Light Co Ltd operates in the hotel industry through Hilton Mauritius Resort & Spa and is listed on the Development & Enterprise Market of the Stock Exchange of Mauritius Ltd and the owning company of the Hilton Mauritius Resort & Spa.

Properties (Real Estate)

Burford Development Ltd owns HSBC Centre.

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

Results

Group Performance

Company Statement of Profit or Loss and Other Comprehensive Income

| Revenue | Net Profit after Taxation |
|--------------------|---------------------------|
| Dec 2016: Rs3,756M | Dec 2016: Rs191M |
| Dec 2015: Rs2,127M | Dec 2015: Rs174M |

Company

Company Statement of Profit or Loss and Other Comprehensive Income

| Revenue | Net Profit after Taxation |
|------------------|---------------------------|
| Dec 2016: Rs474M | Dec 2016: Rs173M |
| Dec 2015: Rs441M | Dec 2015: Rs131M |

Business Review

For the year ended 31 December 2016, the Group and the Company reported net profit after taxation of Rs191M and Rs173M respectively.

All of the main operating subsidiaries of the Group are profitable and for the year under review the Group has benefitted from the consolidation of our cement business effective from December 2015. This mainly explains the marked improvement in the Group revenue for the year which has increased by more than 75% from the prior year. The Construction Materials sector remains a strong pillar of the Group's operations.

The Lottery and Construction & Engineering sectors also reported improved performances in 2016.

DIRECTORS' REPORT (CONT'D)

Future Outlook

The local environment in which our businesses operate remains challenging. The Board continues to work with management across the Group in order to achieve its strategic objectives.

Dividend

A final dividend of Rs0.65 per share (2015: Rs1.50 per share) was declared on 18 March 2016 and paid in May 2016 in respect of the financial year ended 31 December 2015.

An interim dividend of Rs0.25 per share (2015: Rs0.25 per share) was declared on 9 August 2016 and paid in September 2016 in respect of the financial year ended 31 December 2016.

On behalf of the Board of Directors



Carl Ah Teck
Executive Chairman



Paul Halpin
Director

24 March 2017

STATEMENT OF COMPLIANCE

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

NAME OF PIE:

Gamma-Civic Ltd

REPORTING PERIOD:

Financial Year Ended 31 December 2016

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 sections of the Code of Corporate Governance for Mauritius ("Code"), and reasons for the non-compliance are given hereunder:

Section 2.2 - Composition of the Board

Section 2.2.3 of the Code provides for a strong executive management presence with at least two executive members. The Company has presently an Executive Chairman, which is for an interim period, while the Company is finalizing the recruitment of an executive and may subsequently consider increasing it to two executives.

Section 2.3 - Role of the Board

Section 2.3.3 of the Code provides that it is the key responsibility of the Board to appoint a CEO and to ensure that succession is professionally planned in good time. The Company has an Executive Chairman, which as explained under section 2.2 above, has been appointed in the interim, while the Company is finalizing the recruitment of a Managing Director to head the management team and be responsible for the day-to-day affairs of the Company.

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



Marie Claire Chong Ah-Yan
Director

24 March 2017

THE 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
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9. Senior Management
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11. Directors' Share Interests
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20. Directors' Service Contracts
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1. HOLDING STRUCTURE

As an investment holding company, Gamma-Civic Ltd heads a group of operating companies, consisting of:

- (i) Wholly owned subsidiaries;
- (ii) Majority owned;
- (iii) Joint venture; and
- (iv) Associate.

The activities are organised in different sectors, namely Construction & Engineering, Construction Materials, Lottery, Hospitality and Properties.

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

THE CORPORATE GOVERNANCE REPORT (CONT'D)

(including statutory disclosures pursuant to section 221 of the companies act 2001)

2. DIRECTORSHIP

A list of Directors of the Company and its subsidiaries in office at 31 December 2016 is as follows:

| | Mr Carl Ah Teck | Mr Tommy Ah Teck | Mr Pau Cyril How Kin Sang | Mr Patrice Ah Teck | Mrs Marie Claire Chong Ah-Yan | Mr Clifford Fon Sing | Mr Adam Issop Moolian | Mr Boon Hui Chan | Mr Paul Halpin | Mr Lim Sit Chen Lam Pak Ng | Mrs Michelle Carinci | Mrs Narghis Burchun | Mrs Banoomatee Veerasamy | Ms Kavita Achameesing | Mr Friedrich Stickler | Mr Noel Chong Ah Yan | Mr Muhammad Khalid Peyrye | Mr Alex Steven Burstein | Mr Roland Rakotondraso | Mr Dominique Billion | Mr Javier De Benito | Mr Jean Pierre Biseaux | Mr Clement Leu San | Mrs Fahmida Jeeerooburkhan | |
|---------------------------------------|-----------------|------------------|---------------------------|--------------------|-------------------------------|----------------------|-----------------------|------------------|----------------|----------------------------|----------------------|---------------------|--------------------------|-----------------------|-----------------------|----------------------|---------------------------|-------------------------|------------------------|----------------------|---------------------|------------------------|--------------------|----------------------------|---|
| A.S. Burstein Management Ltd | | | | | | | | | | | | | | | | | ✓ | ✓ | | | | | | | |
| Accacias Co Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Aggregate Resources Co Ltd | | ✓ | ✓ | ✓ | ✓ | | ✓ | | | | | | | | | | | | | | | | | | |
| Boron Investments Ltd | | | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| BR Capital Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| BR Hotel Resorts Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Bitumen Storage Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Broadgate Holding Ltd | ✓ | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Broadgate Investment Ltd | ✓ | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Burford Development Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | ✓ | | | | |
| Burford Investments Ltd | | ✓ | ✓ | ✓ | ✓ | | ✓ | | | | | | | | | | | | | | | | | | |
| Burford Property Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Burford Realty Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Centreview Development Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Cement Logistics Ltd | ✓ | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | ✓ | | | |
| Damalot Technical Services Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Finepoint Property Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Finepoint Realty Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Gamma Asia Construction Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Gamma Cement Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Gamma Cement International Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Gamma Cement Holdco Ltd | ✓ | | | | | | | | | | | | | | | | | | | | | | | ✓ | |
| Gamma Construction Ltd | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ | | | | | | | | | | | ✓ | | | | | |
| Gamma-Civic Cement Holdings Ltd | ✓ | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | ✓ | | | | |
| Gamma-Civic Construction Holdings Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Gamma-Civic Construction Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Gamma-Civic Hotel Holdings Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Gamma-Civic Ltd | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ | ✓ | ✓ | | | | | | | | | | | | | | |
| Gamma Corporate Services Ltd | ✓ | | | | | | | | | | | | | | | | | | | | | | | | ✓ |
| Gamma Energy Holdings Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Gamma Energy Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| G-Traxx Equipment & Rental Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Gamma Leisure Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Gamlot Technologies Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Glol Holdings (Mauritius) Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Glol Management Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Govenland Co Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Insignia Leisure Resorts Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Insignia Resorts Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Kolos Cement Ltd | ✓ | ✓ | ✓ | ✓ | ✓ | | | | ✓ | | | | | | | | | | | | ✓ | ✓ | ✓ | | |
| Kolos Building Materials Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | ✓ | | | | |
| Land Securities Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Lottotech Ltd | ✓ | ✓ | ✓ | ✓ | ✓ | | | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | | | | | | | |
| Lottotech Management Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Lotwin Investments Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Ludgate Investments Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Maurilot Investments Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Natlot Investments Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| North Point Holdings Ltd | | ✓ | ✓ | ✓ | ✓ | | ✓ | | | | | | | | | | | | | | | | | | |
| North Point Stone Products Ltd | | ✓ | ✓ | ✓ | ✓ | | ✓ | | | | | | | | | | | | | | | | | | |
| Osterley Investments Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Princegate Holdings Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Raffles Third Ltd | | ✓ | ✓ | ✓ | ✓ | | ✓ | | | | | | | | | | ✓ | | | | | | | | |
| RHT Media Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Stamford Properties Ltd | | ✓ | ✓ | ✓ | ✓ | | ✓ | | | | | | | | | | ✓ | | | | | | | | |
| Star Cement Ltd | ✓ | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | ✓ | | | | |
| Traxx Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | ✓ | | | |
| Westbourne Properties Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |
| Westview Realty Ltd | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | |

THE CORPORATE GOVERNANCE REPORT (CONT'D)

(including statutory disclosures pursuant to section 221 of the companies act 2001)

3. SHAREHOLDERS HOLDING MORE THAN 5%

The shareholders holding more than 5% of the ordinary shares of the Company at 31 December 2016 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

Gamma-Civic Ltd has a Dividend Policy as contained in the Gamma Charter, which provides that the objective of the Company is to distribute a dividend which is equivalent to a 3% dividend yield, subject to meeting the requirements of the Solvency Test. As a rule, 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 has been carried out, under the aegis of the Chairman's office and the Corporate Governance Committee.

The Chairman is responsible for ensuring that each newly appointed Director receives a Director's Gamma Corporate Document pack, which contains all documentations pertaining to Director's role, duties and responsibility.

6. BOARD OF DIRECTORS

The Board continues to fulfill its responsibility of steering, monitoring and overseeing the business and activities of the Company to ensure that the main objectives of the Company are achieved, namely:

- (i) To safeguard and enhance its shareholders' wealth;
- (ii) To deliver on acceptable level of return to the shareholders; and
- (iii) To continue building a sustainable platform for consolidation, growth and profitability.

All matters having strategic, financial and reputational implications and/or consequences, remain the "Reserved Powers" of the Board and are not subject to any delegation, as detailed in the Gamma Charter.

The Board also bears the responsibility of ensuring that Management delivers on the set short and medium term objectives, while at the same time promoting the long-term growth of the Company.

THE CORPORATE GOVERNANCE REPORT (CONT'D)

(including statutory disclosures pursuant to section 221 of the companies act 2001)

7. DIRECTORS' PROFILES

The names of the Company's Directors as at 31 December 2016 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 programmes 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 has 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.

Since November 2016, Carl is occupying an Executive position in the Company when the Board appointed him as Executive Chairman.

This appointment is however is for an interim period in as much as the Company is finalising the recruitment of a Managing Director as head of the Company's management.

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).

THE CORPORATE GOVERNANCE REPORT (CONT'D)

(including statutory disclosures pursuant to section 221 of the companies act 2001)

7. DIRECTORS' PROFILES (CONT'D)

Chian Tat Ah Teck
(also called **Tommy Ah Teck**)
Non-Executive Vice Chairman

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 PR 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 specialises in property development and management.

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

Directorship in listed companies: None

Kamben Padayachy
(also called **Ben Padayachy**)
Executive Director

Ben holds a Masters in Applied Economics from the University of Paris Dauphine and a postgraduate degree in Banking and Finance from the University of Rennes, France. Ben has spent more than 20 years in the banking sector. He has held several management positions in Mauritius at Banque Nationale de Paris

Intercontinentale, Barclays Bank Plc, Standard Bank and within AfrAsia as deputy CEO for the past 7 years. He also held directorships at Barclays Leasing, SIT Land Holdings (SITLH), SIT & Property Development (SITPD) and BNPI Leasing Co. Ltd.

On 11 November 2016, Ben resigned as Group Managing Director of the Company.

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.

Paul 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).

THE CORPORATE GOVERNANCE REPORT (CONT'D)

(including statutory disclosures pursuant to section 221 of the companies act 2001)

7. DIRECTORS' PROFILES (CONT'D)

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 Resource Management from the University of Natal, South Africa.

Marie Claire was the head of human resources 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.

THE CORPORATE GOVERNANCE REPORT (CONT'D)

(including statutory disclosures pursuant to section 221 of the companies act 2001)

8. BOARD ATTENDANCE

For the period under review the Board met 6 times and attendance at the Board meetings were as per hereunder table:

| Directors | Category | Attendance |
|----------------------------|------------------------|------------|
| Carl Ah Teck | Non-Executive Chairman | 6 of 6 |
| Ben Padayachy ¹ | Executive Director | 5 of 6 |
| Boon Hui Chan | Independent Director | 6 of 6 |
| Clifford Fon Sing | Non-Executive Director | 6 of 6 |
| Lim Sit Chen Lam Pak Ng | Independent Director | 6 of 6 |
| Marie Claire Chong Ah-Yan | Non-Executive Director | 6 of 6 |
| Patrice Ah Teck | Non-Executive Director | 6 of 6 |
| Paul Cyril How Kin Sang | Non-Executive Director | 5 of 6 |
| Paul Halpin | Independent Director | 6 of 6 |
| Tommy Ah Teck | Non-Executive Director | 5 of 6 |

Note:

1. Ben Padayachy resigned on 11 November 2016.

9. SENIOR MANAGEMENT

For the financial year 2016, the senior management team of Gamma-Civic Ltd comprises of the Group Managing Director and the Group Financial Controller, namely, Messrs Ben Padayachy and Yive Men Leu San (also known as Clement Leu San).

In November 2016, Mr Carl Ah Teck occupied the position of Executive Chairman, and heads the Management team, with the departure of Mr Ben Padayachy. This appointment is however is for an interim period in as much as the Company is finalising the recruitment of a Managing Director as head of the Company's management.

Profile of The Senior Managers

Ben Padayachy **Group Managing Director**

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

Carl Ah Teck **Executive Chairman**

Please refer to Carl'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 Association of Chartered 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.

THE CORPORATE GOVERNANCE REPORT (CONT'D)

(including statutory disclosures pursuant to section 221 of the companies act 2001)

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 2016, the Directors' share interests in the Company were:

| Names of Directors | No. of Shares | |
|---------------------------|---------------|------------|
| | Direct | Indirect |
| Boon Hui Chan | - | - |
| Carl Ah Teck | - | 23,033,487 |
| Patrice Ah Teck | 9,237,070 | 13,785,917 |
| Tommy Ah Teck | - | 23,022,987 |
| Clifford Fon Sing | 1,855,840 | 2,306,310 |
| Lim Sit Chen Lam Pak Ng | - | - |
| Paul Cyril How Kin Sang | 9,247,140 | 15,279,920 |
| Paul Laurence Halpin | - | - |
| Marie Claire 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.

THE CORPORATE GOVERNANCE REPORT (CONT'D)

(including statutory disclosures pursuant to section 221 of the companies act 2001)

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 |
|---------------------------|-------------------------------------|---------------------------------------|--------------------------------|----------------------------------|
| Ben Padayachy | - | - | - | - |
| Boon Hui Chan | - | - | - | - |
| Carl Ah Teck | - | - | - | - |
| Clifford Fon Sing | - | 22,000 | - | 156,800 |
| Cyril How Kin Sang | - | - | - | - |
| Lim Sit Chen Lam Pak Ng | - | - | - | - |
| Patrice Ah Teck | - | - | - | - |
| Paul Halpin | - | - | - | - |
| Tommy Ah Teck | - | - | - | - |
| Marie Claire 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 year ended 31 December 2016, 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: | 2016 Rs |
|---|------------|
| Directors of the Company | 26,875,531 |
| Directors of subsidiary companies (excluding those who are also Directors of the Company) | 34,466,957 |

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.

THE CORPORATE GOVERNANCE REPORT (CONT'D)

(including statutory disclosures pursuant to section 221 of the companies act 2001)

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 three permanent Committees, namely:

- The Audit & Risk Committee;
- The Corporate Governance Committee; and
- The Supervisory and Investment Board 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 the 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 2016, 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 |
| Clifford Fon Sing | Non-Executive Director |
| Lim Sit Chen Lam Pak Ng | Independent Director |

| Audit and Risk Committee Member | Attendance |
|---------------------------------|------------|
| Paul Halpin | 4 of 4 |
| Boon Hui Chan | 4 of 4 |
| Clifford Fon Sing | 2 of 4 |
| Lim Sit Chen Lam Pak Ng | 3 of 4 |

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 CORPORATE GOVERNANCE REPORT (CONT'D)

(including statutory disclosures pursuant to section 221 of the companies act 2001)

22. BOARD COMMITTEES (CONT'D)

The members of the Committee are as follows:

| Audit and Risk Committee Member | Role |
|---------------------------------|------------------------|
| Lim Sit Chen Lam Pak Ng | Independent Chairman |
| Carl Ah Teck | Non-Executive Director |
| Marie Claire Chong Ah-Yan | Non-Executive Director |
| Tommy Ah Teck | Non-Executive Director |
| Boon Hui Chan | Non-Executive Director |

And for the year under review, the Committee members met 2 times, and the attendance was as follows:

| Audit and Risk Committee Member | Attendance |
|---------------------------------|------------|
| Lim Sit Chen Lam Pak Ng | 2 of 2 |
| Carl Ah Teck | 2 of 2 |
| Marie Claire Chong Ah-Yan | 2 of 2 |
| Tommy Ah Teck | 1 of 2 |

Supervisory and Investment Board Committee

The Board instituted this permanent Board Committee with the specific mandate of ensuring that the Company assesses all investment opportunities in line with the Company's and Group's strategy as approved by it. Further, the Committee monitors the investment performance and portfolio of the Company, on behalf of the Board.

The Committee consists of a minimum of Directors, out of which one of the Directors is an independent Non-Executive Director of the Board, as follows:

| | |
|---------------------------|-----------------------------------|
| Carl Ah Teck | Chairman & Non-Executive Director |
| Cyril How Kin Sang | Non-Executive Director |
| Marie Claire Chong Ah-Yan | Non-Executive Director |
| Patrice Ah Teck | Non-Executive Director |
| Paul Halpin | Non-Executive Director |
| Tommy Ah Teck | Non-Executive Director |

The Committee met once for the period under review and the attendance was as follows:

| Committee Members | Attendance |
|---------------------------|------------|
| Carl Ah Teck | 1/1 |
| Patrice Ah Teck | 1/1 |
| Tommy Ah Teck | 1/1 |
| Cyril How Kin Sang | - |
| Marie Claire Chong Ah-Yan | 1/1 |
| Paul Halpin | 1/1 |

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 resources; and
- Strategic.

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.

THE CORPORATE GOVERNANCE REPORT (CONT'D)

(including statutory disclosures pursuant to section 221 of the companies act 2001)

23. RISK MANAGEMENT, INTERNAL CONTROLS AND INTERNAL AUDIT (CONT'D)

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.

For the non-financial risks, the Audit and Risk Committee in its capacity as Group Committee together with Management, acting as Group Corporate Office, is in with the respective Audit and Risk Committees and Management of the main operating subsidiary companies, to ensure that at Company and Group level, that 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 2016, there was no share option plan in place.

THE CORPORATE GOVERNANCE REPORT (CONT'D)

(including statutory disclosures pursuant to section 221 of the companies act 2001)

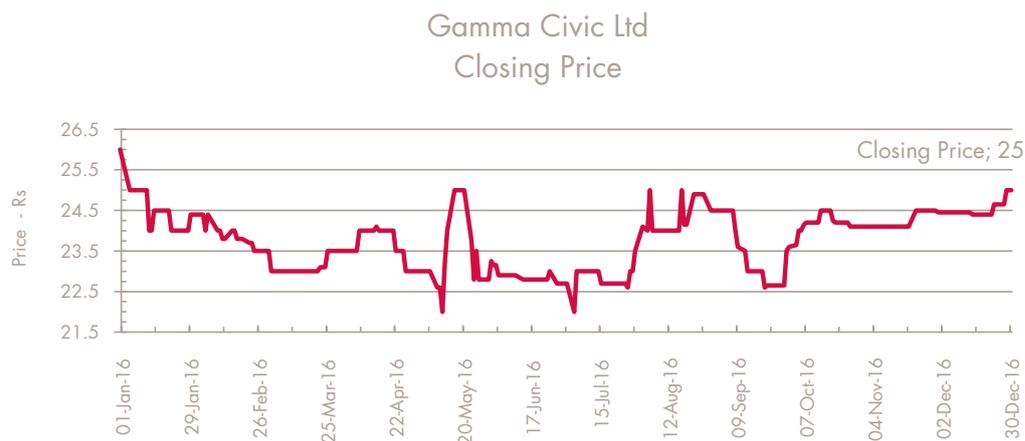
25. CALENDAR OF EVENTS

For the financial year ending 31 December 2017, the Board will hold the following statutory Board meetings:

| Meeting | Date | Events |
|---------------------|---------------|--|
| Statutory Reporting | March 2017 | Publication of audited results for the year ended 31 December 2016 |
| | May 2017 | Publication of quarter results ending 31 March 2017 & Annual Meeting |
| | August 2017 | Publication of half year's results ending 30 June 2017 |
| | November 2017 | Publication of nine months' results ending 30 September 2017 |

26. SHARE PRICE INFORMATION

Hereunder is the price of the Company's shares.



27. POLICES & PRACTICES - SOCIAL, ETHICS, SAFETY, HEALTH AND ENVIRONMENTAL ISSUES

Corporate Social Responsibility ("CSR")

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, under section 8.5 ("Funding").

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

THE CORPORATE GOVERNANCE REPORT (CONT'D)

(including statutory disclosures pursuant to section 221 of the companies act 2001)

27. POLICES & PRACTICES - SOCIAL, ETHICS, SAFETY, HEALTH AND ENVIRONMENTAL ISSUES (CONT'D)

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

| | 2016 |
|---------------------|---------|
| | Rs |
| Political donations | - |
| Others | 140,100 |

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.

Safety, Health and Environment

The Company continues to be committed on 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:

| | 2016 |
|------------------------|-----------|
| | Rs |
| Audit fees | |
| Principal auditors | 1,827,600 |
| Other auditors | 1,516,985 |
| Tax review fees | |
| Principal auditors | 75,000 |
| Other auditors | 242,800 |

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 present in a fair manner the financial position and financial performance of the Company. In preparing those financial statements, the Directors ensure that:

- A suitable selection of accounting policies is carried out and that the selection is applied consistently;
- Judgments and estimates made are reasonable and prudent;
- 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;
- Adequate accounting records which disclose with reasonable internal accuracy at any time the financial position of the Company, are kept;
- The assets of the Company are safeguarded by maintaining internal accounting and administrative control systems and procedures, and risk management;
- Reasonable steps are taken for the prevention of fraud and other irregularities; and
- 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 CORPORATE GOVERNANCE REPORT (CONT'D)

(including statutory disclosures pursuant to section 221 of the companies act 2001)

29. STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONT'D)

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 to 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



Marie Claire Chong Ah-Yan
Director

24 March 2017

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

24 March 2017

INDEPENDENT AUDITORS' REPORT

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 36 to 103 which comprise the statements of financial position as at December 31, 2016, 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 2016 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 consolidated 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 (q) 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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 losses 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.

Risk

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:

INDEPENDENT AUDITORS' REPORT (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Procedures performed (cont'd)

- 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' responsibility for financial reporting, Corporate Governance Report and the Statement of Compliance thereon and Report from the Company's Secretary 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.

Responsibilities of the 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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's and the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
 - Conclude on the appropriateness of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.
 - 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 the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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 capacity as auditors and dealings in the ordinary course of business.

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

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



Ernst & Young
Ebène, Mauritius

24 March 2017

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.



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

**GIVING ATTENTION
TO EVERY DETAIL**



STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2016

| | Notes | GROUP | | COMPANY | |
|---|---------|----------------------|----------------------|----------------------|----------------------|
| | | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Property, Plant and Equipment | 5 | 1,074,515,482 | 1,116,395,407 | 420,671,773 | 451,429,530 |
| Intangible Assets | 6 | 934,752,067 | 922,644,615 | 616,921 | 1,119,845 |
| Investments in Subsidiaries | 7 (a) | - | - | 1,615,750,094 | 677,831,927 |
| Investments in Associates and Joint Venture | 8(a) | 699,655,877 | 684,645,006 | 53,245,640 | 53,245,640 |
| Investment Properties | 9 | 1,698,972,270 | 1,704,745,822 | - | - |
| Other Investments | 10 | 5,347,985 | 5,233,130 | 5,347,985 | 5,233,130 |
| Amounts due from Subsidiaries | 7(c)/28 | - | - | - | 834,764,267 |
| Deferred Tax Asset | 17(b) | 24,127,577 | - | 20,171,000 | 49,862,300 |
| Non-current Deposits, Other Debtors and Prepayments | 31 | 151,153,850 | 126,766,770 | 8,256,326 | 8,314,622 |
| | | <u>4,588,525,108</u> | <u>4,560,430,750</u> | <u>2,124,059,739</u> | <u>2,081,801,261</u> |
| CURRENT ASSETS | | | | | |
| Inventories | 11 | 179,232,383 | 181,703,079 | - | - |
| Debtors and Prepayments | 12 | 739,932,283 | 614,522,438 | 48,556,372 | 9,148,296 |
| Amounts due from Subsidiaries | 28 | - | - | 76,380,251 | 139,542,570 |
| Cash at Bank and in Hand | 26 | 223,892,193 | 227,393,533 | 1,525,054 | 3,134,350 |
| | | <u>1,143,056,859</u> | <u>1,023,619,050</u> | <u>126,461,677</u> | <u>151,825,216</u> |
| TOTAL ASSETS | | <u>5,731,581,967</u> | <u>5,584,049,800</u> | <u>2,250,521,416</u> | <u>2,233,626,477</u> |
| 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 | | 2,336,447,561 | 2,292,782,219 | 576,485,162 | 520,921,261 |
| | | <u>2,556,180,140</u> | <u>2,512,514,798</u> | <u>796,217,741</u> | <u>740,653,840</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | <u>2,556,180,140</u> | <u>2,512,514,798</u> | <u>796,217,741</u> | <u>740,653,840</u> |
| NON-CONTROLLING INTERESTS | 7(d) | 113,143,665 | 140,920,518 | - | - |
| TOTAL EQUITY | | <u>2,669,323,805</u> | <u>2,653,435,316</u> | <u>796,217,741</u> | <u>740,653,840</u> |
| NON-CURRENT LIABILITIES | | | | | |
| Loans | 14 | 1,031,666,186 | 1,208,395,813 | 739,804,427 | 804,852,691 |
| Obligations under Finance Leases | 15 | 7,255,779 | 24,777,218 | - | 4,156,672 |
| Other Creditors | 19(b) | 19,242,424 | 19,827,042 | - | - |
| Retirement Benefit Obligations | 16(c) | 42,713,291 | 37,103,230 | 2,800,000 | 1,781,000 |
| Deferred Tax Liability | 17(b) | 76,056,284 | 6,966,483 | - | - |
| | | <u>1,176,933,964</u> | <u>1,297,069,786</u> | <u>742,604,427</u> | <u>810,790,363</u> |
| CURRENT LIABILITIES | | | | | |
| Bank Overdrafts | 18/26 | 397,403,089 | 494,633,318 | 314,836,704 | 315,748,001 |
| Loans | 14 | 339,993,722 | 153,656,225 | 137,324,393 | 28,106,327 |
| Obligations under Finance Leases | 15 | 17,008,475 | 28,846,407 | 4,152,459 | 5,574,373 |
| Creditors and Accruals | 19(a) | 1,123,399,153 | 950,982,169 | 134,974,546 | 144,215,883 |
| Amounts due to Subsidiaries | 28 | - | - | 120,411,146 | 188,537,690 |
| Current Tax Liability | | 7,519,759 | 5,426,579 | - | - |
| | | <u>1,885,324,198</u> | <u>1,633,544,698</u> | <u>711,699,248</u> | <u>682,182,274</u> |
| TOTAL LIABILITIES | | <u>3,062,258,162</u> | <u>2,930,614,484</u> | <u>1,454,303,675</u> | <u>1,492,972,637</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>5,731,581,967</u> | <u>5,584,049,800</u> | <u>2,250,521,416</u> | <u>2,233,626,477</u> |

Approved by the Board of Directors and signed on its behalf on 24 March 2017



Carl Ah Teck
Executive Chairman



Paul Halpin
Director

The notes on pages 41 to 103 form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

| | Notes | GROUP | | COMPANY | |
|---|-------|--------------------|--------------------|--------------------|--------------------|
| | | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Revenue | 20 | 3,756,036,209 | 2,127,358,775 | 474,429,885 | 440,541,805 |
| Operating Profit | 21 | 363,486,678 | 147,095,772 | 275,011,401 | 178,176,972 |
| Net Gain From Fair Value Adjustment on Investment Properties | 9 | 750,000 | 6,415,000 | - | - |
| Finance Costs | 22 | (125,247,148) | (69,251,267) | (72,434,812) | (15,594,417) |
| Share of Profit of Associates and Joint Venture | 8(e) | 57,739,006 | 138,991,195 | - | - |
| Profit before Taxation | | 296,728,536 | 223,250,700 | 202,576,589 | 162,582,555 |
| Taxation | 17(a) | (105,857,695) | (49,215,479) | (29,151,806) | (32,008,300) |
| Profit for the Year | | 190,870,841 | 174,035,221 | 173,424,783 | 130,574,255 |
| Other Comprehensive Income | | | | | |
| Items that will not be classified subsequently to Profit or Loss: | | | | | |
| Gain on Revaluation of Property | 5(a) | 14,888,515 | 2,943,242 | 3,110,723 | 2,943,242 |
| Deferred Tax on Remeasurement of Gain on Revaluation of Property | 17(b) | (4,320,661) | (441,000) | (529,000) | (441,000) |
| Share of Gain on Property Revaluation of Associates and Joint Ventures, net of Deferred Tax | 8(a) | 4,642,432 | 10,645,470 | - | - |
| Remeasurement of Actuarial (Loss)/Gain on Retirement Benefit Obligations | 16(f) | (401,965) | 817,588 | (762,000) | (3,984,000) |
| Deferred Tax on Remeasurement of Retirement Benefit Obligations | 17(b) | (60,016) | (122,638) | 129,540 | 597,600 |
| Remeasurement of Actuarial Gain/(Loss) on Retirement Benefit Obligations in Associates & Joint Venture, net of Deferred Tax | 8(a) | 583,533 | (133,733) | - | - |
| Items to be classified subsequently to Profit or Loss: | | | | | |
| Gain on Other Investments | 10 | 114,855 | 312,630 | 114,855 | 312,630 |
| Foreign Currency Translation Reserves Movement | | (85,112) | (8,527,389) | - | - |
| Other Comprehensive Income/(Loss) for the year | | 15,361,581 | 5,494,170 | 2,064,118 | (571,528) |
| Total Comprehensive Income for the Year | | 206,232,422 | 179,529,391 | 175,488,901 | 130,002,727 |
| PROFIT ATTRIBUTABLE TO: | | | | | |
| Owners of the Company | | 148,241,508 | 142,222,181 | 173,424,783 | 130,574,255 |
| Non-controlling Interests | | 42,629,333 | 31,813,040 | - | - |
| | | 190,870,841 | 174,035,221 | 173,424,783 | 130,574,255 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | | |
| Owners of the Company | | 163,590,342 | 147,716,351 | 175,488,901 | 130,002,727 |
| Non-controlling Interests | | 42,642,080 | 31,813,040 | - | - |
| | | 206,232,422 | 179,529,391 | 175,488,901 | 130,002,727 |
| EARNINGS PER SHARE | 24 | 1.11 | 1.07 | | |

The notes on pages 41 to 103 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

Group

| | Stated Capital Rs | Share Premium Rs | Revaluation Reserve Rs | Capital Reserve Rs | Fair Value Reserve Rs | Foreign Currency Translation Reserves Rs | Retained Earnings Rs | Attributable to Owners of the Parent Rs | Non-Controlling Interests Rs | Total Rs |
|--|----------------------|---------------------|------------------------------|-----------------------|-----------------------------|--|----------------------------|--|------------------------------------|---------------|
| Balance at 1 January 2015 | 133,250,000 | 86,482,579 | 559,104,257 | 279,612 | (79,500) | 59,113,864 | 1,759,835,135 | 2,597,985,947 | 136,059,605 | 2,734,045,552 |
| Revaluation Surplus of Associate Realised on Depreciation of Property | - | - | (1,814,500) | - | - | - | 1,814,500 | - | - | - |
| Profit for the Year | - | - | 13,147,712 | - | 312,630 | (8,527,389) | 142,222,181 | 142,222,181 | 31,813,040 | 174,035,221 |
| Other Comprehensive Income/(Loss) for the Year | - | - | - | - | - | - | 561,217 | 5,494,170 | - | 5,494,170 |
| Total Comprehensive Income/(Loss) for the Year | - | - | 13,147,712 | - | 312,630 | (8,527,389) | 142,783,398 | 147,716,351 | 31,813,040 | 179,529,391 |
| Revaluation Surplus of Associates Realised on Disposal | - | - | (34,252,459) | - | - | - | 34,252,459 | - | - | - |
| Disposal of Non-controlling Interests | - | - | - | - | - | - | - | - | (3,005,265) | (3,005,265) |
| Acquisition of Non-controlling Interests | - | - | - | - | - | - | - | - | 100 | 100 |
| Dividend (Note 23) | - | - | - | - | - | - | (233,187,500) | (233,187,500) | (23,946,962) | (257,134,462) |
| Balance at 31 December 2015 | 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 |

The notes on pages 41 to 103 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

Company

| | Stated Capital Rs | Share Premium Rs | Revaluation Reserve Rs | Capital Reserve Rs | Fair Value Reserve Rs | Retained Earnings Rs | Total Rs |
|--|----------------------|---------------------|------------------------------|-----------------------|-----------------------------|----------------------------|---------------|
| Balance at 1 January 2015 | 133,250,000 | 86,482,579 | 357,731,977 | 279,612 | (79,500) | 266,173,945 | 843,838,613 |
| Profit for the Year | - | - | - | - | - | 130,574,255 | 130,574,255 |
| Other Comprehensive Income/(Loss) for the Year | - | - | 2,502,242 | - | 312,630 | (3,386,400) | (571,528) |
| Total Comprehensive Income for the Year | - | - | 2,502,242 | - | 312,630 | 127,187,855 | 130,002,727 |
| Dividend (Note 23) | - | - | - | - | - | (233,187,500) | (233,187,500) |
| Balance at 31 December 2015 | 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 Profit for the Year | - | - | (11,151,139) | - | - | 11,151,139 | - |
| Other Comprehensive Income/(Loss) for the Year | - | - | 2,581,723 | - | 114,855 | (632,460) | 173,424,783 |
| 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 |

The notes on pages 41 to 103 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

| | Notes | GROUP | | COMPANY | |
|--|-------|---------------|---------------|---------------|---------------|
| | | 2016 | 2015 | 2016 | 2015 |
| | | Rs | Rs | Rs | Rs |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit before Taxation | | 296,728,536 | 223,250,700 | 202,576,589 | 162,582,555 |
| Adjustments for: | | | | | |
| Depreciation | 5 | 104,445,588 | 100,916,496 | 11,782,111 | 12,482,984 |
| Amortisation of Intangible Assets | 6 | 3,708,826 | 1,053,731 | 543,389 | 545,761 |
| Impairment Loss Recognised/(Reversed) on Trade Debtors | 21 | 5,366,520 | 4,322,656 | (2,493,800) | - |
| Impairment Loss Recognised on Investment in Subsidiaries | 21 | - | - | 4,500,000 | 20,550,000 |
| Impairment Loss Recognised on Amount due from Subsidiaries | 21 | - | - | 78,203,471 | 31,772,979 |
| Reversal of Impairment Loss Recognised on Amount due from Subsidiaries | 21 | - | - | (10,000,000) | - |
| Write back of amount due to subsidiaries being wound up | 21 | - | - | - | (37,586,672) |
| Provision for Slow Moving Inventories | 21 | 20,547,435 | 18,145,682 | - | - |
| Net Foreign Exchange Differences | 21 | (31,103) | (110,601) | (32,008) | (89,361) |
| Interest Expense | 22 | 125,247,148 | 69,251,267 | 72,434,812 | 15,594,417 |
| Interest Income | 22 | (153,515) | (1,685,014) | (145) | (119,180) |
| Dividend Income | 20 | - | - | (387,325,328) | (376,833,515) |
| Non-cash Element of Retirement Benefit Expense | 16 | 6,853,096 | 68,072,000 | 257,000 | 59,334,000 |
| Profit on Disposal of Property, Plant and Equipment and Intangible Assets | 21 | (18,337,858) | (11,962,392) | (19,403,463) | (760,869) |
| Loss on Disposal of Subsidiaries | 21 | 4,160,629 | 24,426,986 | - | - |
| Loss / (Profit) on Disposal of Investment Properties | 21 | 24,197,516 | (1,250,000) | - | - |
| Profit on Disposal of Associates | 21 | - | (397,685,340) | - | - |
| Net Gain from Fair Value adjustment on Investment Properties | 9 | (750,000) | (6,415,000) | - | - |
| Non-current Deposits, Other Debtors and Prepayments expensed | 31 | 2,510,248 | 2,454,692 | - | - |
| Impairment of Goodwill in Associate | 8(a) | - | 2,438,391 | - | - |
| Share of Profit of Associates and Joint Venture | 8(e) | (57,739,006) | (138,991,195) | - | - |
| OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES | | 516,754,060 | (43,766,941) | (48,957,372) | (112,526,901) |
| (Increase)/Decrease in Inventories | | (18,076,739) | 21,216,754 | - | - |
| (Increase)/Decrease in Debtors and Prepayments | | (119,606,412) | 214,866,019 | 2,920,503 | 53,428,928 |
| Decrease in Amounts due from Subsidiaries | | - | - | 55,145,465 | 14,031,530 |
| Increase/(Decrease) in Creditors and Accruals | | 154,856,838 | (216,252,986) | (19,325,221) | (5,671,438) |
| (Decrease)/Increase in Amounts due to Subsidiaries | | - | - | (68,126,544) | 10,520,725 |
| CASH GENERATED FROM/(USED IN) OPERATIONS | | 533,927,747 | (23,937,154) | (78,343,169) | (40,217,156) |
| Interest Paid | | (114,923,176) | (69,251,267) | (62,110,840) | (15,594,417) |
| Dividend Paid to Owners of the Company | 23 | (119,925,000) | (233,187,500) | (119,925,000) | (233,187,500) |
| Dividend Paid to Non-controlling Interests | | (70,410,498) | (23,946,962) | - | - |
| Dividend Received | | 47,954,100 | 116,723,495 | 344,325,328 | 394,503,515 |
| Income Tax (Paid)/Refund | | (57,213,361) | (36,013,765) | 1,736,969 | (7,432,899) |
| Retirement Benefits Paid | 16 | (1,645,000) | (470,429,000) | - | (452,872,000) |
| NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES | | 217,764,812 | (740,042,153) | 85,683,288 | (354,800,457) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchase of Property, Plant and Equipment | 25 | (71,733,746) | (8,039,108) | (208,927) | (702,656) |
| Purchase of Intangible Assets | 6 | (15,842,278) | (730,591) | (40,465) | (576,691) |
| Proceeds from Disposal of Property, Plant and Equipment | | 722,655 | 17,487,965 | 26,957 | 760,870 |
| Acquisition through business combination | | - | (666,386,739) | - | (560,231,827) |
| Proceeds from Disposal of Subsidiaries | | - | 3,680,793 | - | - |
| Purchase of Investment Properties | 9 | (23,473,964) | - | - | - |
| Proceeds from Disposal of Investment Properties | | 5,800,000 | 17,800,000 | - | - |
| Interest Received | | 153,515 | 1,685,014 | 145 | 119,180 |
| Decrease/(Increase) in Non-current Deposits, Other Debtors and Prepayments | 31 | 58,296 | (7,615,810) | 58,296 | (7,615,810) |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | | (104,315,522) | (642,118,476) | (163,994) | (568,246,934) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from Issue of Shares to Non-controlling Shareholders | | - | 100 | - | - |
| Proceeds from Loan | | 143,433,000 | 799,650,000 | 73,433,000 | 789,650,000 |
| Repayment of Loans | | (133,825,130) | (149,848,826) | (29,263,198) | (45,990,330) |
| Repayment under Lease Agreements | | (29,359,374) | (39,582,042) | (5,578,586) | (5,614,206) |
| Decrease in Non-current Amounts due from Subsidiaries and Associates | | - | - | (124,840,517) | (332,795,992) |
| Increase in Non-current Amounts due to Subsidiaries | | - | - | - | 1,074,583 |
| Repayment of loan from Associate | | - | (566,603) | - | (566,603) |
| NET CASH FLOWS (USED IN)/GENERATED FROM FINANCING ACTIVITIES | | (19,751,504) | 609,652,629 | (86,249,301) | 405,757,452 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 93,697,786 | (72,508,000) | (730,007) | (517,289,939) |
| Net foreign exchange difference | | 31,103 | 110,601 | 32,008 | 89,361 |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | | (267,239,785) | 505,157,614 | (312,613,651) | 204,586,927 |
| CASH AND CASH EQUIVALENTS AT 31 DECEMBER | 26 | (173,510,896) | (267,239,785) | (313,311,650) | (312,613,651) |

The notes on pages 41 to 103 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 INCORPORATION AND ACTIVITIES

The consolidated financial statements of Gamma-Civic Ltd and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on 24 March 2017. Gamma-Civic Ltd (the "Company") 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 Royal Road, Chapman Hill, Beau Bassin, 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 2016. 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 2016, 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:

Annual Improvements 2012-2014 Cycle

These improvements include:

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively. The amendment did not have any impact on the financial performance of the group.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and OCI. These amendments do not have any major impact on the Group.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments to IAS 27 Separate Financial Statements allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either at cost, in accordance with IFRS 9 (or IAS 39), or using the equity method. The entity must apply the same accounting for each category of investment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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

Amendments to IAS 27: Equity Method in Separate Financial Statements (cont'd)

A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

The amendments must be applied retrospectively. The amendments does not have any major impact on the Group.

The following standards are effective for annual periods beginning on or after 1 January 2016 but are not relevant to the Group's operations:

- IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28
- IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11
- IFRS 14 Regulatory Deferral Accounts
- IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38
- IAS 16 and IAS 41 Agriculture - Bearer Plants - Amendments to IAS 16 and IAS 41
- Annual Improvements 2012-2014 Cycle - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
- Annual Improvements 2012-2014 Cycle - IFRS 7 Financial Instruments: Disclosures - Servicing contracts
- Annual Improvements 2012-2014 Cycle - IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
- Annual Improvements 2012-2014 Cycle - IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

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 |
|--------------------|--|--|
| IFRS 9 | Classification and measurement of financial assets, Accounting for financial liabilities and derecognition | 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 |
| IFRS 15 | Revenue from Contracts with Customers | 1 January 2018 |
| IFRS 16 | Leases | 1 January 2019 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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

| | | |
|----------|---|----------------|
| IAS 7 | Amendments regarding disclosure initiative | 1 January 2017 |
| IAS 12 | Amendments regarding the recognition of deferred tax assets for unrealised losses | 1 January 2017 |
| IFRS 2 | Amendments regarding the classification and measurement of share based payment transactions | 1 January 2018 |
| IFRS 4 | Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 | 1 January 2018 |
| IAS 40 | Transfers of Investment Property (Amendments to IAS 40) | 1 January 2018 |
| IFRIC 22 | IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| IFRS 1 | IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters (Annual improvement) | 1 January 2018 |
| 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 (Annual improvement) | 1 January 2018 |

Where the standards and interpretations may have an impact at a future date, they have been discussed below:

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 but does not expect significant impact on its balance sheet and equity.

(a) Classification and Measurement of Financial Assets

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. Quoted equity shares currently held as available-for-sale with gains and losses recorded in OCI will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The AFS reserve currently presented as accumulated OCI will be reclassified to opening retained earnings. Loans as well as 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. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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

(b) Classification and Measurement of Financial Liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.

(c) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables but it will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(d) Hedge Accounting

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, can be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measurable. The time value of an option, any forward element of a forward contract and any foreign currency basis spread, can be excluded from the designation as the hedging instrument and accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions. The new hedging model will have no impact on the Group.

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.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 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 performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments. The Group does not expect significant impact from IFRS 15 for its contracting segment since it 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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 2017, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

IAS 7 Disclosure Initiative – Amendments to IAS 7

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. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group.

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 are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact.

The Directors anticipate that these standards will be applied on their effective dates in future periods but will have no impact on the financial performance of the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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.

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 or 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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 it:

- 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 consolidated 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
- 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of Consolidation (Cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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. 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 the shorter of their expected useful life and the lease term.

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.

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% |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

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

(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.

(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%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Intangible Assets (Cont'd)

(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 initial 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.

The leasehold rights comprise of the right to use the land leased from the Mauritius Ports Authority and are amortised over the lease period of 42 years.

(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 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 and 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (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 of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial Assets (Cont'd)

Financial assets carried at amortised cost (cont'd)

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.

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

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) 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.

(k) 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.

(l) 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, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Taxation (Cont'd)

(ii) Deferred taxation (cont'd)

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, 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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Current and deferred tax for the year

Current and deferred tax is recognised as an expense or income in profit or loss, except when it relates 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 it arises 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.

(m) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leases (Cont'd)

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 and Other Comprehensive Income.

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.

(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.

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.

(n) 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.

(o) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Foreign Currency Translation (Cont'd)

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Mauritian rupees 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.

(p) 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 titles 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 arises across a portfolio of games that includes a draw-based game and scratch cards. For 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. Revenue from scratch cards is recognised at the point of sale by retailers.

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.

(q) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Construction Contracts (Cont'd)

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 it 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.

(r) 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.

(s) Retirement Benefits

Retirement Benefits in respect of The Employment Rights Act 2008 and Defined Benefit Pension Plan for certain Qualifying Employees

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Retirement Benefits (Cont'd)

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. When employees leave the plan 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.

(t) 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.

(u) Dividends

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

(v) 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.

(w) 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.

(x) Cash and Cash Equivalents

Cash, in the Statement of Cash Flows, comprises cash at bank and on 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's consolidated 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 Group's consolidated 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 Group's consolidated 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

(a) 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 judgement that the use of the costs to date in proportion to total estimated costs provides the most appropriate measure of percentage of completion.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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

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) Claims

Claims are subject to a high level of uncertainty, and revenue related to claims is only recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and the amount that is probable can be measured reliably.

(c) 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.

(d) Determination of Quantity of Cement

The subsidiary, namely Kolos Cement Ltd, has 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.

(e) 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.

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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

Key Sources of Estimation Uncertainty (Cont'd)

(g) Impairment of Goodwill

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 judgemental areas.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) Recognition of Deferred Tax Assets

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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 2015 | 88,057,454 | 437,500,000 | 344,342,048 | 149,937,472 | 370,226,159 | - | 1,390,063,133 |
| Acquisition through business combination | - | 307,000,000 | 397,894,886 | 11,894,189 | 6,056,520 | 14,832,187 | 737,677,782 |
| Additions | 1,378,150 | - | - | - | 6,217,536 | 443,421 | 8,039,107 |
| Disposals | - | - | (23,977,249) | (3,150,515) | (29,900) | - | (27,157,664) |
| At 31 December 2015 | 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 |
| ACCUMULATED DEPRECIATION | | | | | | | |
| At 1 January 2015 | 68,445,382 | - | 319,748,348 | 66,817,426 | 202,157,547 | - | 657,168,703 |
| Acquisition through business combination | - | - | 247,041,782 | 8,027,225 | 5,526,048 | - | 260,595,055 |
| Revaluation surplus | - | (2,943,242) | - | - | - | - | (2,943,242) |
| Charge for the Year | 7,820,719 | 2,943,242 | 27,954,332 | 11,700,230 | 50,497,973 | - | 100,916,496 |
| Disposals | - | - | (21,536,270) | (1,943,891) | (29,900) | - | (23,510,061) |
| At 31 December 2015 | 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 |
| (Write off)/adjustment | (120,747) | - | (13,099,013) | 2,202,681 | (4,247,973) | - | (15,265,052) |
| 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 |
| NET BOOK VALUE | | | | | | | |
| 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 |
| At 31 December 2015 | 13,169,503 | 744,500,000 | 145,051,493 | 74,080,156 | 124,318,647 | 15,275,608 | 1,116,395,407 |

In 2016, the write off of Rs17,467,733 represented the write-down of Plant and Machinery, Furniture, Fittings and Equipment and Leasehold Improvement relating to the subsidiary - Lottotech Ltd. The net impact is nil as cost of impairment has been already provided as depreciation. Adjustment for Motor Vehicles of Rs2,202,681 is in respect of discounts received not capitalised in prior years relating to the subsidiary - Lottotech Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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 2015 | 437,500,000 | 20,593,263 | 38,199,191 | 17,434,304 | - | 513,726,758 |
| Additions | - | - | - | 259,235 | 443,421 | 702,656 |
| Disposals | - | (5,095,741) | (414,972) | (29,900) | - | (5,540,613) |
| At 31 December 2015 | 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 |
| ACCUMULATED DEPRECIATION | | | | | | |
| At 1 January 2015 | - | 20,224,359 | 20,382,010 | 12,853,772 | - | 53,460,141 |
| Revaluation surplus | (2,943,242) | - | - | - | - | (2,943,242) |
| Charge for the year | 2,943,242 | 368,904 | 7,358,179 | 1,812,659 | - | 12,482,984 |
| Disposals | - | (5,095,741) | (414,971) | (29,900) | - | (5,540,612) |
| At 31 December 2015 | - | 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 |
| NET BOOK VALUE | | | | | | |
| At 31 December 2016 | 415,600,000 | - | 3,118,217 | 1,953,556 | - | 420,671,773 |
| At 31 December 2015 | 437,500,000 | - | 10,459,001 | 3,027,108 | 443,421 | 451,429,530 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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

Freehold land and buildings of the Company and its subsidiaries were revalued as at 31 December 2016 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 2016 are as follows:

| Reconciliation of Carrying amount | Land Group and Company | Buildings | |
|---|------------------------------|--------------------|-------------------|
| | Rs | Group Rs | Company Rs |
| Carrying amount as at 1 January 2016 | 353,150,000 | 391,350,000 | 84,350,000 |
| Additions for the year | - | 895,401 | - |
| Disposal during the year | (22,050,000) | - | - |
| Depreciation for the year | - | (13,633,916) | (2,960,723) |
| | <u>331,100,000</u> | <u>378,611,485</u> | <u>81,389,277</u> |
| Revaluation gain as at 31 December 2016 | - | 14,888,515 | 3,110,723 |
| Carrying amount and fair value as at 31 December 2016 | <u>331,100,000</u> | <u>393,500,000</u> | <u>84,500,000</u> |

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 Rs | Company Rs |
| 2016 | Depreciated replacement cost | Depreciation rate | 28% to 65% | 393,500,000 | 84,500,000 |
| 2015 | Depreciated replacement cost | Depreciation rate | 28% to 65% | 391,350,000 | 84,350,000 |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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 Rs | Company Rs |
| 2016 | Sales Comparison approach | Price per square metre | Rs 913- Rs 3,673 | 331,100,000 | 331,100,000 |
| 2015 | Sales Comparison approach | Price per square metre | Rs 913- Rs 6,066 | 353,150,000 | 353,150,000 |

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

| | GROUP | | COMPANY | |
|---------------------|-------------------|-------------------|------------------|------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Plant and Machinery | 18,477,041 | 27,603,541 | - | - |
| Motor Vehicles | 3,084,603 | 8,430,420 | 3,084,603 | 8,250,623 |
| | <u>21,561,644</u> | <u>36,033,961</u> | <u>3,084,603</u> | <u>8,250,623</u> |

(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 | |
|-----------------------------|--------------------|-------------------|-------------------|-------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Freehold Land and Buildings | <u>256,776,478</u> | <u>67,871,826</u> | <u>49,026,325</u> | <u>67,871,826</u> |

(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).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

6. INTANGIBLE ASSETS

(a) Group

| | Consolidation Goodwill Rs | Leasehold Rights On Business Combination Rs | Computer Software Rs | Total Rs |
|---|---------------------------------|--|----------------------------|---------------|
| COST | | | | |
| At 1 January 2015 | 127,469,025 | - | 13,764,099 | 141,233,124 |
| Additions | 764,700,034 | 123,000,000 | 730,591 | 888,430,625 |
| Acquisition through business combination | - | - | 1,019,855 | 1,019,855 |
| Disposals | - | - | (8,817,280) | (8,817,280) |
| At 31 December 2015 | 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 |
| ACCUMULATED AMORTISATION/IMPAIRMENT LOSSES | | | | |
| At 1 January 2015 | 94,042,514 | - | 8,123,587 | 102,166,101 |
| Charge for the Year | - | - | 1,053,731 | 1,053,731 |
| Acquisition through business combination | - | - | 1,019,855 | 1,019,855 |
| Disposals | - | - | (5,017,978) | (5,017,978) |
| At 31 December 2015 | 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 |
| NET BOOK VALUE | | | | |
| At 31 December 2016 | 798,126,545 | 120,071,000 | 16,554,522 | 934,752,067 |
| At 31 December 2015 | 798,126,545 | 123,000,000 | 1,518,070 | 922,644,615 |

(b) Company

| | Computer Software Rs | Total Rs |
|---|----------------------------|-------------|
| COST | | |
| At 1 January 2015 | 2,846,321 | 2,846,321 |
| Additions | 576,691 | 576,691 |
| At 31 December 2015 | 3,423,012 | 3,423,012 |
| Additions | 40,465 | 40,465 |
| At 31 December 2016 | 3,463,477 | 3,463,477 |
| ACCUMULATED AMORTISATION/IMPAIRMENT LOSSES | | |
| At 1 January 2015 | 1,757,406 | 1,757,406 |
| Charge for the Year | 545,761 | 545,761 |
| At 31 December 2015 | 2,303,167 | 2,303,167 |
| Charge for the Year | 543,389 | 543,389 |
| At 31 December 2016 | 2,846,556 | 2,846,556 |
| NET BOOK VALUE | | |
| At 31 December 2016 | 616,921 | 616,921 |
| At 31 December 2015 | 1,119,845 | 1,119,845 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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:

| | 2016 Rs | 2015 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 2016, 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 (2015:10%-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 2016, management concluded that the recoverable amount of the Group's CGUs exceeded their carrying amount.

7. INVESTMENTS IN SUBSIDIARIES

| | COMPANY | |
|-----------------------------|----------------|-------------|
| | 2016 Rs | 2015 Rs |
| Investments in Subsidiaries | 1,615,750,094 | 677,831,927 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) The subsidiaries of the Company as at 31 December 2016 are as follows:

| | Activity | Class of Shares Held | Carrying Value of investment | | Effective % Holding | |
|--|----------------------|----------------------|------------------------------|-------------|---------------------|--------|
| | | | 2016 | 2015 | 2016 | 2015 |
| | | | Rs | Rs | | |
| Accacias Co. Ltd | Investment | Ordinary | - | - | 100.0% | 100.0% |
| Aggregate Resources Co. Ltd | Plant hire | 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 | Investment | Ordinary | - | - | 100.0% | 100.0% |
| Broadgate Holding Ltd | Investment | Ordinary | 10,000,000 | 10,000,000 | 100.0% | 100.0% |
| Broadgate Investment Ltd | Investment | Ordinary | 67,662,873 | 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 | 121,500 | 100.0% | 100.0% |
| Centreview Development Ltd | Property investment | Ordinary | 25,000 | 25,000 | 100.0% | 100.0% |
| Concassage Albion Phare Limitée | Plant hire | Ordinary | - | - | 0.0% | 100.0% |
| Damalot Technical Services Ltd | Technical services | Ordinary | - | - | 100.0% | 100.0% |
| Fine Point Property Ltd | Property investment | Ordinary | - | - | 100.0% | 100.0% |
| Fine Point Realty Ltd | Property investment | Ordinary | - | - | 100.0% | 100.0% |
| Gamlot Technologies Ltd | Equipment hire | Ordinary | - | - | 100.0% | 100.0% |
| Gamma Asia Construction Ltd | Construction | Ordinary | - | - | 100.0% | 100.0% |
| Gamma Cement International Ltd | Investment | Ordinary | 5,382,100 | 9,882,100 | 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 | 372,161,025 | 100.0% | 100.0% |
| Gamma-Civic Construction Holdings Ltd | Investment | Ordinary | - | - | 100.0% | 100.0% |
| Gamma-Civic Construction Ltd | Construction | 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 | 56,000,000 | 100.0% | 100.0% |
| Gamma Energy Holdings Ltd | Investment | Ordinary | - | - | 100.0% | 100.0% |
| Gamma Energy Ltd | Energy | Ordinary | - | - | 100.0% | 100.0% |
| G-Traxx Equipment & Rental Ltd | Trading | 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% |
| Glott Holdings (Mauritius) Ltd | Investment | Ordinary | 99,000 | 99,000 | 99.0% | 99.0% |
| Glott Management Ltd | Investment | Ordinary | - | - | 100.0% | 100.0% |
| Kolos Cement Ltd (formerly known as Holcim (Mauritius) Ltd) | Cement | Ordinary | 15,030,000 | 15,030,000 | 100.0% | 100.0% |
| Insignia Leisure Resorts Ltd | Property investment | Ordinary | - | - | 100.0% | 100.0% |
| Insignia Resorts Ltd | Property investment | 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 | Investment | 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 | - | - | 50.0% | 50.0% |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

| | Activity | Class of Shares Held | Carrying value of investment | | Effective % Holding | |
|---|---------------------|----------------------|------------------------------|--------------------|---------------------|--------|
| | | | 2016 Rs | 2015 Rs | 2016 | 2015 |
| Randabel Bessamer Fowler (Mauritius) Ltd | Dormant | Ordinary | - | - | 0.0% | 51.0% |
| Reel Mada SA | Lottery | 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 | 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% |
| | | | <u>673,331,927</u> | <u>677,831,927</u> | | |
| Non-current amounts due from Subsidiaries - Note 7(c) | | | <u>942,418,167</u> | - | | |
| | | | <u>1,615,750,094</u> | <u>677,831,927</u> | | |

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 Rs4,500,000 (2015: Rs20,550,000) during the year (Note 21).

Due to adverse economic conditions, additional provision for impairment on non-current amounts due from subsidiaries of Rs78,2013,471 (2015: Rs31,772,979) has been recognised during the year. The provision for impairment on the non-current amount due from a subsidiary has been released for Rs10,000,000 following recovery of the same amount.

(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 | |
|-----------------------------|--------------------------------------|-------------------------------------|-----------|
| | | 2016 | 2017 |
| Cement | Mauritius | 1 | 1 |
| Construction | Mauritius | 3 | 3 |
| Construction and plant hire | Mauritius | - | - |
| Dormant | Mauritius | 2 | 3 |
| Energy | Mauritius | 1 | 1 |
| Equipment hire | Mauritius | 1 | 1 |
| Investment | Mauritius | 19 | 19 |
| Lottery | Mauritius | 1 | 1 |
| Plant hire | Mauritius | 1 | 2 |
| Property investment | Mauritius | 13 | 13 |
| Secretarial services | Mauritius | 1 | 1 |
| Technical services | Mauritius | 1 | 1 |
| Trading | Mauritius | 2 | 2 |
| | | <u>46</u> | <u>48</u> |

| Principal Activity | Place of incorporation and operation | Number of non-wholly-owned subsidiaries | |
|---------------------|--------------------------------------|---|-----------|
| | | 2016 | 2015 |
| Cement | Mauritius | 1 | 1 |
| Dormant | Mauritius | - | 1 |
| Investment | Mauritius | 3 | 3 |
| Lottery | Madagascar and Mauritius | 2 | 2 |
| Property investment | Mauritius | 5 | 5 |
| | | <u>11</u> | <u>12</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) Non-Current Amounts due from Subsidiaries

| | COMPANY | |
|--|---------------|--------------|
| | 2016 | 2015 |
| | Rs | Rs |
| At 1 January | 834,764,267 | 533,741,254 |
| Reclassification from current amounts due from subsidiaries | 51,016,854 | - |
| Net cash movement during the year | 124,840,517 | 332,795,992 |
| Impairment loss recognised on non-current amount due from subsidiaries | (78,203,471) | (31,772,979) |
| Reversal of impairment loss recognised on non-current amount due from subsidiaries | 10,000,000 | - |
| Transfer to investment in subsidiaries - Note 7 (a) | (942,418,167) | - |
| At 31 December | - | 834,764,267 |

(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/(loss) allocated to non-controlling interests | | Accumulated non-controlling interests | |
|---|--|---|-------|--|-------------|---------------------------------------|-------------|
| | | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | | | | Rs | Rs | Rs | Rs |
| Lottotech Ltd | Mauritius | 43.9% | 43.9% | (4,107,532) | (5,191,132) | 59,410,359 | 63,517,891 |
| Raffles Third Ltd | Mauritius | 50.0% | 50.0% | 233,665 | 645,164 | 4,039,943 | 3,806,278 |
| Stamford Properties Ltd | Mauritius | 50.0% | 50.0% | (23,785,069) | 11,653,252 | 48,340,177 | 72,125,246 |
| Individually immaterial subsidiaries with non-controlling interests | | | | | | 1,353,186 | 1,471,103 |
| | | | | | | 113,143,665 | 140,920,518 |

The Group owns 50% equity shares of Raffles Third Ltd and 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 Raffles Third Ltd and 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 Raffles Third Ltd and Stamford Properties Ltd and are consolidated in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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

| | 2016 Rs | 2015 Rs |
|--|-----------------|-----------------|
| Current assets | 236,500,649 | 149,835,629 |
| Non-current assets | 150,828,200 | 149,082,517 |
| Current liabilities | (244,773,838) | (147,271,347) |
| Non-current liabilities | (7,160,749) | (6,891,606) |
| Equity attributable to owners of the Company | 75,983,903 | 81,237,302 |
| Non-controlling interests | 59,410,359 | 63,517,891 |
| | 2016 Rs | 2015 Rs |
| Revenue | 1,651,579,840 | 1,675,592,800 |
| Expenses | (1,569,169,821) | (1,633,023,220) |
| Profit for the year | 82,410,019 | 42,569,580 |
| Profit attributable to the owners of the Company | 46,248,894 | 23,890,250 |
| Profit attributable to the non-controlling interests | 36,161,125 | 18,679,330 |
| Profit for the year | 82,410,019 | 42,569,580 |
| Other comprehensive loss attributable to the owners of the Company | - | - |
| Other comprehensive income attributable to non-controlling interests | - | - |
| Dividend paid to non-controlling interests | (40,281,404) | (23,870,462) |
| Net cash inflow/(outflow) from operating activities | 84,811,302 | (71,883,684) |
| Net cash outflow from investing activities | (51,146,924) | (3,293,129) |
| Net cash outflow from financing activities | - | (874,949) |
| Net cash inflow/(outflow) | 33,664,378 | (76,051,762) |

Raffles Third Ltd

| | 2016 Rs | 2015 Rs |
|--|--------------|--------------|
| Current assets | 1,962,673 | 744,309 |
| Non-current assets | 17,300,000 | 17,300,000 |
| Current liabilities | (11,182,788) | (10,431,754) |
| Equity attributable to owners of the Company | 4,039,942 | 3,806,277 |
| Non-controlling interests | 4,039,943 | 3,806,278 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Raffles Third Ltd (Cont'd)

| | 2016 Rs | 2015 Rs |
|--|------------|------------|
| Revenue | - | 1,300,000 |
| Expenses | 467,330 | (9,673) |
| Profit for the year | 467,330 | 1,290,327 |
| Profit attributable to the owners of the Company | 233,665 | 645,163 |
| Profit attributable to the non-controlling interests | 233,665 | 645,164 |
| Profit for the year | 467,330 | 1,290,327 |
| Net cash inflow/(outflow) from operating activities | 1,294,580 | (3,173) |
| Net cash inflow/(outflow) | 1,294,580 | (3,173) |

Stamford Properties Ltd

| | 2016 Rs | 2015 Rs |
|--|--------------|--------------|
| Current assets | 26,436,259 | 45,396,212 |
| Non-current assets | 139,790,102 | 145,290,102 |
| Current liabilities | (69,546,008) | (46,435,822) |
| Non-current liabilities | - | - |
| Equity attributable to owners of the Company | 48,340,176 | 72,125,246 |
| Non-controlling interests | 48,340,177 | 72,125,246 |

| | 2016 Rs | 2015 Rs |
|--|--------------|-------------|
| Revenue | - | - |
| Expenses | 12,429,861 | 23,306,505 |
| Profit for the year | 12,429,861 | 23,306,505 |
| Profit attributable to the owners of the Company | 6,214,930 | 11,653,253 |
| Profit attributable to the non-controlling interests | 6,214,931 | 11,653,252 |
| Profit for the year | 12,429,861 | 23,306,505 |
| Other comprehensive income attributable to the owners of the Company | - | - |
| Other comprehensive income attributable to non-controlling interests | - | - |
| Dividend paid to non-controlling interests | - | - |
| Net cash outflow from operating activities | (23,008,604) | (2,669,944) |
| Net cash inflow from investing activities | 5,800,000 | 17,933,352 |
| Net cash outflow from financing activities | - | - |
| Net cash (outflow)/inflow | (17,208,604) | 15,263,408 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) Financial support

The Company undertakes to financially support several of its subsidiaries in order to enable them to continue to trade in the foreseeable future and to allow them to meet their liabilities as they become due and to carry on their business without a significant curtailment of operations. The subsidiaries are loss-making and the Company provides financial support to meet its working capital requirements to finance its day-to-day operations.

(f) Risks inherent in Investee Companies

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

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

The Company has secured the liabilities of its joint venture by giving guarantees to the relevant banks as detailed in Note 32.

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

| | GROUP | | COMPANY | |
|---|--------------------|--------------------|-------------------|-------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| (a) Investments in Associates | | | | |
| At 1 January | 254,150,873 | 594,140,234 | 11,180,640 | 26,543,640 |
| Share of (loss)/profit of associates | (9,287,823) | 79,027,749 | - | - |
| Dividend received | - | (71,806,103) | - | - |
| Impairment of goodwill | - | (2,438,391) | - | - |
| Revaluation surplus of property of associates, net of deferred tax | 4,642,432 | 10,645,670 | - | - |
| Reclassification of investment in associates following purchase of interest | - | (355,284,553) | - | (15,363,000) |
| Remeasurement of retirement benefit obligations, net of deferred tax | 538,533 | (133,733) | - | - |
| At 31 December | <u>250,044,015</u> | <u>254,150,873</u> | <u>11,180,640</u> | <u>11,180,640</u> |
| Investments in joint venture | | | | |
| Investment in unquoted equity share | <u>449,611,862</u> | <u>430,494,133</u> | <u>42,065,000</u> | <u>42,065,000</u> |
| Total investments in associates and joint venture | <u>699,655,877</u> | <u>684,645,006</u> | <u>53,245,640</u> | <u>53,245,640</u> |

Shares acquired under rights issue have rights to dividends and each share carry one voting right.

(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 | |
|---|--------------------|--------------------|-------------------|-------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Quoted equity investments at fair value | 486,202,395 | 493,283,012 | 11,516,059 | 11,683,769 |
| Unquoted equity investments at cost | <u>253,025</u> | <u>253,025</u> | - | - |
| | <u>486,455,420</u> | <u>493,536,037</u> | <u>11,516,059</u> | <u>11,683,769</u> |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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 | |
|-----------------------|----------|----------------------|-------------------|---------------------|-------|------------------------|-------|
| | | | | 2016 | 2015 | 2016 | 2015 |
| Morning Light Co. Ltd | Hotel | Ordinary | Mauritius | 25.1% | 25.1% | 25.1% | 25.1% |
| Viva Voce Limitée | 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 | |
|---------------------|--------------------|----------------------|-------------------|---------------------|-------|------------------------|-------|
| | | | | 2016 | 2015 | 2016 | 2015 |
| 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 | |
|---|---------------|---------------|---------------|---------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Total assets | 1,792,977,113 | 1,842,401,009 | 1,395,468,888 | 1,394,334,922 |
| Total liabilities | (797,793,887) | (829,869,349) | (496,245,165) | (533,346,656) |
| Net assets | 995,183,226 | 1,012,531,660 | 899,223,723 | 860,988,266 |
| Group's share of associates' and joint venture's net assets | 249,790,990 | 254,150,873 | 449,611,862 | 430,494,135 |
| Turnover | 522,555,969 | 489,892,542 | 1,485,820,143 | 1,408,295,756 |
| (Loss)/Profit for the year | (37,003,278) | (28,105,173) | 134,053,657 | 119,926,893 |
| Group's share of associates' and joint venture's (loss)/profit for the year | (9,287,823) | 79,027,749 | 67,026,829 | 59,963,447 |

Morning Light Co. Ltd

| | 2016 | 2015 |
|---|---------------|---------------|
| | Rs | Rs |
| Current assets | 139,543,919 | 137,467,058 |
| Non-current assets | 1,653,433,194 | 1,686,466,414 |
| Current liabilities | (251,832,366) | (260,695,686) |
| Non-current liabilities | (545,961,521) | (551,692,578) |
| | 2016 | 2015 |
| | Rs | Rs |
| Revenue | 522,555,969 | 489,892,542 |
| Loss for the year | (37,003,278) | (28,105,173) |
| Other comprehensive income for the year | 20,641,296 | 28,621,271 |
| Total comprehensive income for the year | (16,361,982) | 516,098 |
| Dividends received from the associate during the year | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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

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

| | 2016 Rs | 2015 Rs |
|---|--------------------|--------------------|
| Net assets in associate | 995,183,226 | 1,011,545,208 |
| Proportion of the Group's ownership interest in Morning Light Co. Ltd | 25.1% | 25.1% |
| Share of net assets in associate | <u>249,790,990</u> | <u>253,897,847</u> |
| Carrying amount of the Group's interest in Morning Light Co. Ltd | <u>249,790,990</u> | <u>253,897,847</u> |

Gamma Materials Ltd

| | 2016 Rs | 2015 Rs |
|-------------------------|----------------------|----------------------|
| Current assets | <u>438,162,962</u> | <u>380,583,748</u> |
| Non-current assets | <u>957,305,926</u> | <u>1,013,751,174</u> |
| Current liabilities | <u>(354,318,107)</u> | <u>(374,775,880)</u> |
| Non-current liabilities | <u>(141,927,058)</u> | <u>(158,570,776)</u> |

| | 2016 Rs | 2015 Rs |
|---|----------------------|----------------------|
| Revenue | <u>1,485,820,143</u> | <u>1,408,295,756</u> |
| Profit for the year | <u>134,053,657</u> | <u>119,926,893</u> |
| Other comprehensive income for the year | <u>90,000</u> | <u>1,332,000</u> |
| Total comprehensive income for the year | <u>134,143,657</u> | <u>121,258,893</u> |
| Dividends received from the joint venture during the year | <u>(47,954,100)</u> | <u>(45,362,896)</u> |

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

| | 2016 Rs | 2015 Rs |
|---|--------------------|--------------------|
| Net asset in joint venture | 899,223,723 | 860,988,266 |
| Proportion of the Group's ownership interest in Gamma Materials Ltd | 50.0% | 50.0% |
| Share of net asset in joint venture | <u>449,611,862</u> | <u>430,494,133</u> |
| Carrying amount of the Group's interest in Gamma Materials Ltd | <u>449,611,862</u> | <u>430,494,133</u> |

Aggregate information of associates that are not individually material

| | 2016 Rs | 2015 Rs |
|--|------------|----------------|
| The Group's share of loss | - | (1,444,492) |
| Aggregate carrying amount of the Group's interests in these associates | <u>-</u> | <u>253,026</u> |

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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

(f) Contingent liabilities

The Company has secured the liabilities of its joint venture by giving guarantees to the relevant banks as detailed in Note 32.

9 INVESTMENT PROPERTIES

| | GROUP | |
|--|----------------------|----------------------|
| | 2016 Rs | 2015 Rs |
| At 1 January | 1,704,745,822 | 1,730,880,820 |
| Additions | 23,473,964 | - |
| Disposal | (29,997,516) | (16,549,998) |
| Derecognised on disposal of a subsidiary | - | (16,000,000) |
| Gain from fair value adjustment | 750,000 | 6,415,000 |
| | <u>1,698,972,270</u> | <u>1,704,745,822</u> |
| At 31 December | <u>1,698,972,270</u> | <u>1,704,745,822</u> |

The fair value of the Group's investment properties as at 31 December 2016 and 31 December 2015 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 | |
|---|-------------------|-------------------|
| | 2016 Rs | 2015 Rs |
| Rental income derived from investment properties | 111,680,017 | 102,175,583 |
| Direct operating expenses (including repairs and maintenance) generating rental income (included in cost of sales) | (93,796,918) | (53,194,231) |
| Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in cost of sales) | - | - |
| Profit arising from investment properties carried at fair value | <u>17,883,099</u> | <u>48,981,352</u> |

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.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2016 and 2015 are as follows:

| | Level 2 Rs | Fair value as at 31 December 2016 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 |
| | | <u>1,698,972,270</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

9 INVESTMENT PROPERTIES (CONT'D)

| | Level 2 Rs | Fair value as at 31 December 2015 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 | 824,125,000 | 824,125,000 |
| | | <u>1,704,745,822</u> |

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

| | Valuation techniques | Significant observable inputs | Range |
|--|--|----------------------------------|----------------------|
| | | | 2016 & 2015 |
| Freehold building on leasehold land | Sales comparison approach Income capitalisation approach | Price per square metre | Rs 2,552 - Rs 96,833 |
| Freehold office units and leasehold site | | Rental yield | 8.75% - 9.5% |

There were no transfers between the Levels during the year.

10 OTHER INVESTMENTS

| | GROUP | | COMPANY | |
|---|------------------|------------------|------------------|------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Available-for-sale investments | | | | |
| At 1 January | 5,233,130 | 4,920,500 | 5,233,130 | 4,920,500 |
| Gain from fair value adjustment | 114,855 | 312,630 | 114,855 | 312,630 |
| At 31 December | <u>5,347,985</u> | <u>5,233,130</u> | <u>5,347,985</u> | <u>5,233,130</u> |
| Valuation | | | | |
| Quoted equity investments at fair value | <u>5,347,985</u> | <u>5,233,130</u> | <u>5,347,985</u> | <u>5,233,130</u> |

Details of the Group's and Company's available-for-sale investments and information about the fair value hierarchy is classified under Level 1 (2015: Level 1) as at 31 December 2016.

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

11 INVENTORIES

| | GROUP | |
|------------------|--------------------|--------------------|
| | 2016 Rs | 2015 Rs |
| Raw materials | 102,015,812 | 88,755,048 |
| Work in progress | 646,937 | - |
| Finished goods | 76,569,634 | 92,948,031 |
| | <u>179,232,383</u> | <u>181,703,079</u> |

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

During 2016, Rs263,040,280 (2015: Rs121,500,422) was recognised as an expense for inventories. This is recognised in cost of sales.

The cost of inventories recognised as an expense includes Rs20,547,435 (2015: Rs18,145,682M) in respect of write-downs of inventory to net realisable value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

12 DEBTORS AND PREPAYMENTS

| | GROUP | | COMPANY | |
|--|--------------------|--------------------|-------------------|------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Trade debtors net of provision | 590,291,936 | 375,776,073 | 134,889 | 232,501 |
| Amount due from associates and joint venture | 30,827,578 | 1,583,353 | 1,429,588 | 1,583,353 |
| Other debtors and prepayments | 118,812,769 | 237,163,012 | 46,991,895 | 7,332,442 |
| | <u>739,932,283</u> | <u>614,522,438</u> | <u>48,556,372</u> | <u>9,148,296</u> |

Trade debtors net of provision and other debtors and prepayments include receivables from contract customers.

| | GROUP | |
|---|--------------------|--------------------|
| | 2016 Rs | 2015 Rs |
| Receivable from contract customers | | |
| (i) Trade receivables from contracts net of provisions and overclaims | 428,722,789 | 451,538,220 |
| (ii) Progress billings | (42,361,244) | (136,590,615) |
| (iii) Contracts retention | 80,625,999 | 65,432,653 |
| (iv) Advance to subcontractors | 14,337,004 | 10,380,557 |
| | <u>481,324,548</u> | <u>390,760,815</u> |

Other Debtors and Prepayments include receivable from the Government of Mauritius Rs41,431,714 (2015: RsNil) and TDS recoverable Rs21,507,631 (2015: Rs30,036,306).

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

The average contractual 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, Rs92,562,184 (2015: Rs88,797,022) is due from a Government Authority which represents the Group's largest customer. There are five customers (2015: five) who represent 48% (2015: 63%) of the trade receivables and there are no other customers who represent more than 5% of the total balance of trade receivables.

Included in the Group's and Company's trade receivable balance are debtors with a carrying amount of Rs79,134,976 (2015: Rs161,003,803) and Rs6,729 (2015: Rs183,391) 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 | |
|---------------|-------------------|--------------------|--------------|----------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| 91 - 180 days | 15,539,394 | 32,745,773 | 6,729 | 183,391 |
| Over 180 days | 63,595,582 | 128,258,030 | - | - |
| Total | <u>79,134,976</u> | <u>161,003,803</u> | <u>6,729</u> | <u>183,391</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

12 DEBTORS AND PREPAYMENTS (CONT'D)

Movement in the Allowance for Doubtful Debts:

| | GROUP | | COMPANY | |
|---|-------------------|--------------------|-------------------|-------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| At 1 January | 113,395,832 | 94,774,688 | 72,602,876 | 72,602,876 |
| Acquisition through business combination | - | 14,298,488 | - | - |
| Debt written off against provision | (46,383,477) | - | (43,328,338) | - |
| Impairment loss recognised /(reversed) on trade debtors | 5,366,520 | 4,322,656 | (2,493,800) | - |
| At 31 December | <u>72,378,875</u> | <u>113,395,832</u> | <u>26,780,738</u> | <u>72,602,876</u> |

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 | |
|---|--------------------|--------------------|
| | 2016 Rs | 2015 Rs |
| 133,250,000 (2015: 133,250,000) Ordinary Shares of Rs1 (2015: Rs1) each | <u>133,250,000</u> | <u>133,250,000</u> |

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

14 LOANS

| | GROUP | | COMPANY | |
|---|----------------------|----------------------|----------------------|---------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Secured loans repayable by instalments | 1,371,659,908 | 1,362,052,038 | 877,128,820 | 832,959,018 |
| Less: amount due for settlement within one year (shown under current liabilities) | <u>(339,993,722)</u> | <u>(153,656,225)</u> | <u>(137,324,393)</u> | <u>(28,106,327)</u> |
| Amount due for settlement after one year (shown under non-current liabilities) | <u>1,031,666,186</u> | <u>1,208,395,813</u> | <u>739,804,427</u> | <u>804,852,691</u> |

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

| | GROUP | | COMPANY | |
|-----------------------------------|----------------------|----------------------|--------------------|--------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| After one year before two years | 141,544,952 | 188,998,377 | 77,033,824 | 99,786,023 |
| After two years before five years | 371,835,817 | 473,771,994 | 211,057,825 | 253,750,000 |
| After five years | 518,285,417 | 545,625,442 | 451,712,778 | 451,316,668 |
| | <u>1,031,666,186</u> | <u>1,208,395,813</u> | <u>739,804,427</u> | <u>804,852,691</u> |

The loans are secured by fixed and floating charges on all the assets, including property, plant and equipment and investment properties and inventories, of the borrowing companies. The rates of interest of the remainder loans are variable and range between 5.10% p.a. to 9.40% p.a. (2015: 5.85% p.a. to 9.40% p.a.). The fair value of loans approximates their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

16 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

- (b) Retirement benefits in respect of The Employment Rights Act 2008 and defined benefit pension plan for certain qualifying employees.

The Company has recognised a net defined benefit liability of Rs 2,800,000 in its statement of financial position as at 31 December 2016 (2015: Rs 1,781,000) 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 2016 by Aon Hewitt Ltd.

- (c) Reconciliation of net defined benefit liability:

| | GROUP | | COMPANY | |
|--|-------------|---------------|------------|---------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Reconciliation of net defined benefit liability: | | | | |
| At 1 January | 37,103,230 | 439,354,000 | 1,781,000 | 391,335,000 |
| Amount recognised in statement of profit or loss | 6,853,096 | 68,072,000 | 257,000 | 59,334,000 |
| Amount recognised in other comprehensive income | 401,965 | (817,588) | 762,000 | 3,984,000 |
| Acquisition through business combination | - | 923,818 | - | - |
| Less: employer contributions | (1,645,000) | (470,429,000) | - | (452,872,000) |
| At 31 December | 42,713,291 | 37,103,230 | 2,800,000 | 1,781,000 |

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

| | GROUP | | COMPANY | |
|---|-------------|---------------|------------|---------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| At 1 January | 37,103,230 | 439,354,000 | 1,781,000 | 391,335,000 |
| Acquisition through business combination | - | 923,818 | - | - |
| Current service cost | 4,307,500 | 13,320,000 | 205,000 | 8,595,000 |
| Employee contributions | - | - | - | - |
| Interest expense | 2,545,596 | 17,443,000 | 122,000 | 14,460,000 |
| Past service cost | - | 37,309,000 | (70,000) | 36,279,000 |
| Benefits paid on settlement | - | (447,636,000) | - | (447,636,000) |
| Other benefits paid | (1,645,000) | (22,793,000) | - | (5,236,000) |
| Liability experience loss/(gain) | 795,000 | (581,770) | 779,000 | 5,038,000 |
| Liability gain due to change in demographic assumptions | (24,000) | - | - | - |
| Liability loss due to change in financial assumptions | (369,035) | (235,818) | (17,000) | (1,054,000) |
| At 31 December | 42,713,291 | 37,103,230 | 2,800,000 | 1,781,000 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

16 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

| | GROUP | | COMPANY | |
|--|------------------|-------------------|----------------|-------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Current service cost | 4,307,500 | 13,320,000 | 205,000 | 8,595,000 |
| Past service cost | - | 37,309,000 | (70,000) | 36,279,000 |
| Service cost | 4,307,500 | 50,629,000 | 135,000 | 44,874,000 |
| Interest expense | 2,545,596 | 17,443,000 | 122,000 | 14,460,000 |
| Components of defined benefit costs recorded in statements of profit or loss | <u>6,853,096</u> | <u>68,072,000</u> | <u>257,000</u> | <u>59,334,000</u> |

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

| | GROUP | | COMPANY | |
|--|----------------|------------------|----------------|------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Liability experience (loss)/gain | 795,000 | (581,770) | 779,000 | 5,038,000 |
| Liability loss due to change in financial assumptions | (393,035) | (235,818) | (17,000) | (1,054,000) |
| Components of defined benefit costs recorded in Other Comprehensive Income | <u>401,965</u> | <u>(817,588)</u> | <u>762,000</u> | <u>3,984,000</u> |

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.

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

| | GROUP | | COMPANY | |
|------------------------------------|----------|-------------|----------|-------------|
| | 2016 | 2015 | 2016 | 2015 |
| Discount rate | 6.7% | 7% | 6.5% | 7% |
| Inflation rate | 0.0% | 4.5% | 0% | 4.5% |
| Expected rate of salary increase | 5.4% | 4.5 to 6% | 5.5% | 5 to 6% |
| Expected rate of pension increases | 1.5% | 2 to 4.5% | 1.5% | 2 to 5% |
| Average retirement age (ARA) | 61 years | 60-63 years | 60 years | 60-63 years |

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

| | GROUP | | COMPANY | |
|---|-----------|------------|---------|---------|
| | 2016 | 2015 | 2016 | 2015 |
| Increased due to 1% decrease in discount rate | 4,742,937 | 10,175,000 | - | 761,000 |
| Decreased due to 1% increase in discount rate | 2,846,171 | 7,369,000 | - | 587,000 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

16 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(i) Future cash flows

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

| | GROUP | | COMPANY | |
|---|---------------|---------------|----------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| Expected employer contribution for the next year | - | 734,000 | - | - |
| Weighted average duration of the defined benefit obligation | 3 to 22 years | 3 to 22 years | 18 years | 20 years |

| | GROUP | | COMPANY | |
|--|-----------|-----------|---------|---------|
| | 2016 | 2015 | 2016 | 2015 |
| | Rs | Rs | Rs | Rs |
| National Pension Scheme contributions expensed | 6,452,456 | 6,773,349 | 286,917 | 432,390 |

17 TAXATION

(a) Income Tax

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

| | GROUP | | COMPANY | |
|---|-------------|--------------|--------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| | Rs | Rs | Rs | Rs |
| Profit before taxation | 296,728,536 | 223,250,700 | 202,576,589 | 162,582,555 |
| Tax at the above applicable rate | 50,443,851 | 33,487,605 | 30,386,488 | 24,387,383 |
| Net tax effect of non-taxable and other items | 12,698,625 | (14,422,317) | (30,526,522) | (24,387,383) |
| Current tax liability | 63,142,476 | 19,065,288 | (140,034) | - |
| Underprovision in previous year | 2,133,672 | 3,599,711 | - | - |
| Current income tax expense | 65,276,148 | 22,664,999 | (140,034) | - |
| Deferred tax movement (note 17 b) | 40,581,547 | 26,550,480 | 29,291,840 | 32,008,300 |
| Taxation | 105,857,695 | 49,215,479 | 29,151,806 | 32,008,300 |

The Group is subject to a minimum tax payable known as "Alternative Minimum Tax" when it pays dividends.

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

| | GROUP | | COMPANY | |
|-----------------------------------|-------------|------------|------------|------------|
| | 2016 | 2015 | 2016 | 2015 |
| | Rs | Rs | Rs | Rs |
| Current tax liability | 63,142,476 | 19,065,288 | (140,034) | - |
| Underprovision in previous year | 2,133,672 | 3,599,711 | - | - |
| Deferred tax movement (note 17 b) | 40,581,547 | 26,550,480 | 29,291,840 | 32,008,300 |
| | 105,857,695 | 49,215,479 | 29,151,806 | 32,008,300 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

17 TAXATION (CONT'D)

(b) Deferred Tax Liability/(Asset)

| | GROUP | | COMPANY | |
|------------------------------------|--------------|--------------|--------------|--------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Deferred tax asset | (24,127,577) | (58,025,153) | (20,171,000) | (49,862,300) |
| Deferred tax liability | 76,056,284 | 64,991,636 | - | - |
| Net deferred tax liability/(asset) | 51,928,707 | 6,966,483 | (20,171,000) | (49,862,300) |

| | GROUP | | COMPANY | |
|---|------------|--------------|--------------|--------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| At 1 January | 6,966,483 | (56,885,807) | (49,862,300) | (81,714,000) |
| <u>Charge/(Credit) to Statement of Profit or Loss</u> | | | | |
| Deferred tax expense | 40,581,547 | 26,550,480 | 29,291,840 | 32,008,300 |
| <u>Charge/(Credit) to Other Comprehensive Income</u> | | | | |
| Revaluation of buildings | 4,320,661 | 441,000 | 529,000 | 441,000 |
| Remeasurement of retirement benefit obligations | 60,016 | 122,638 | (129,540) | (597,600) |
| Acquisition through business combination | - | 36,738,172 | - | - |
| At 31 December | 51,928,707 | 6,966,483 | (20,171,000) | (49,862,300) |

| | GROUP | | COMPANY | |
|---|--------------|--------------|--------------|--------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Accelerated capital allowances | 57,866,766 | 25,427,621 | 1,539,127 | 1,938,751 |
| Revaluation surplus on land and buildings | 27,358,515 | 37,902,656 | 8,286,000 | 7,819,000 |
| Unused tax losses | (31,768,423) | (47,113,313) | (29,069,928) | (47,113,313) |
| Other temporary differences | (1,528,151) | (9,250,481) | (926,199) | (12,506,738) |
| | 51,928,707 | 6,966,483 | (20,171,000) | (49,862,300) |

The Group has aggregate unutilised tax losses and deductible temporary differences of Rs190,279,205 (2015: Rs110,262,683) 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 6.70% p.a. and 7.95% p.a. (2015: 6.95% p.a. and 8.00% p.a.).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

19 CREDITORS AND ACCRUALS

(a) Creditors and Accruals

| | GROUP | | COMPANY | |
|----------------------------------|----------------------|--------------------|--------------------|--------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Trade creditors | 174,285,811 | 136,672,953 | 4,721,268 | 3,153,099 |
| Other creditors and accruals | 754,544,118 | 699,260,706 | 130,253,278 | 141,062,784 |
| Prize liability and reserve fund | 109,833,381 | 49,119,964 | - | - |
| Unclaimed prize | 4,463,614 | 3,648,669 | - | - |
| Consolidated fund | 80,272,229 | 62,279,877 | - | - |
| | <u>1,123,399,153</u> | <u>950,982,169</u> | <u>134,974,546</u> | <u>144,215,883</u> |

Included within Other Creditors and Accruals are retention payable to subcontractors Rs51,146,486 (2015: Rs56,054,380) and advance from clients Rs14,917,680 (2015: Rs44,764,619).

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 | |
|--------------------------|-------------------|-------------------|
| | 2016 Rs | 2015 Rs |
| Repayable after one year | <u>19,242,424</u> | <u>19,827,042</u> |

Included within Other Creditors is an amount of Rs140,000 (2015: Rs140,000) which is unsecured, interest-free with no fixed terms of repayment.

Included within Other Creditors is retention monies payable to subcontractors and advance from clients which are carried at amortised cost using an effective interest rate of 8.25% p.a. (2015: 8.25% p.a.).

| | GROUP | |
|-------------------------------------|-------------------|-------------------|
| | 2016 Rs | 2015 Rs |
| Retention payable to subcontractors | 4,652,977 | - |
| Advance from clients | <u>14,449,447</u> | <u>19,687,042</u> |
| | <u>19,102,424</u> | <u>19,687,042</u> |

20 REVENUE

| | GROUP | | COMPANY | |
|-----------------------------------|----------------------|----------------------|--------------------|--------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Sale of goods | 966,742,700 | 18,340,453 | - | - |
| Construction contract revenue | 1,007,557,753 | 286,746,355 | - | - |
| Income from investment properties | 111,680,017 | 94,374,573 | - | - |
| Lottery | 1,651,579,840 | 1,675,592,800 | - | - |
| Dividend income | - | - | 387,325,328 | 376,833,515 |
| Rendering of services | <u>18,475,899</u> | <u>52,304,594</u> | <u>87,104,557</u> | <u>63,708,290</u> |
| | <u>3,756,036,209</u> | <u>2,127,358,775</u> | <u>474,429,885</u> | <u>440,541,805</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

21 OPERATING PROFIT

The Operating Profit from continuing operations is arrived at:

| | GROUP | | COMPANY | |
|---|---------------|---------------|----------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| | Rs | Rs | Rs | Rs |
| (i) After (crediting): | | | | |
| Profit on disposal of property, plant and equipment | (18,337,858) | (11,962,392) | (19,403,463) | (760,869) |
| Interest income | (153,515) | (1,685,014) | (145) | (119,180) |
| Profit on disposal of investment properties | - | (1,250,000) | - | - |
| Loss on disposal of subsidiaries | - | 24,426,986 | - | - |
| Profit on disposal of associates | - | (397,685,340) | - | - |
| Net foreign exchange gains | (31,103) | (110,601) | (32,008) | (89,361) |
| Hiring of unloading equipment | (30,357,644) | - | - | - |
| Other operating income | (24,542,259) | (35,056,368) | (4,755,117) | (23,956,691) |
| (li) and charging: | | | | |
| Cost of sales | 2,739,227,416 | 1,663,629,846 | - | - |
| Operating expenses | | | | |
| Administrative expenses | 723,815,494 | 748,007,504 | 223,609,217 | 287,201,573 |

| | GROUP | | COMPANY | |
|--|--------------|-------------|----------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| | Rs | Rs | Rs | Rs |
| Included in cost of sales and operating expenses are: | | | | |
| Cost of inventories expensed | 263,040,280 | 121,500,422 | - | - |
| Depreciation | 104,445,588 | 100,916,496 | 11,782,111 | 12,482,984 |
| Amortisation of intangible assets | 3,708,826 | 1,053,731 | 543,389 | 545,761 |
| Staff costs | 224,272,194 | 315,669,688 | 56,900,017 | 174,000,868 |
| Loss on disposal of subsidiaries | 4,160,629 | - | - | - |
| Loss on disposal of investment properties | 24,197,516 | - | - | - |
| Impairment of investments in subsidiaries included in administrative expenses (note 7(a)) | - | - | 4,500,000 | 20,550,000 |
| Impairment loss recognised on amount due from subsidiaries included in administrative expenses (note 7(a)) | - | - | 78,203,471 | 31,772,979 |
| Write back of amount due to subsidiaries being wound up | - | - | - | (37,586,672) |
| Provision for slow moving inventories | 20,547,435 | 18,145,682 | - | - |
| Impairment loss recognised/(reversal of impairment) on trade debtors included in administrative expenses (note 12) | 5,366,520 | 4,322,656 | (2,493,800) | - |
| Foreign exchange losses | 5,140,807 | 5,335,586 | - | 194,779 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

22 FINANCE COSTS/(INCOME)

| | GROUP | | COMPANY | |
|--|--------------------|--------------------|-------------------|-------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | Rs | Rs | Rs | Rs |
| Interest expense on: | | | | |
| Bank overdrafts | 34,335,151 | 9,623,768 | 26,812,144 | 7,553,639 |
| Loans repayable by instalments | 78,285,620 | 53,334,818 | 45,189,515 | 7,153,450 |
| Finance charges on finance leases | 2,525,852 | 5,353,627 | 433,153 | 846,708 |
| Unwinding of discount under amortised cost calculation (net) | 9,544,768 | (277,107) | - | - |
| Other interest | 555,757 | 1,216,161 | - | 40,620 |
| Total finance costs | 125,247,148 | 69,251,267 | 72,434,812 | 15,594,417 |
| Interest income on bank balances | (153,515) | (1,685,014) | (145) | (119,180) |
| Finance income | (153,515) | (1,685,014) | (145) | (119,180) |

23 DIVIDEND

| | COMPANY | |
|--|--------------------|--------------------|
| | 2016 | 2015 |
| | Rs | Rs |
| Final dividend of rs 0.65 (2015: Rs1.50) Per share in respect of previous year | 86,612,500 | 199,875,000 |
| Interim dividend of rs 0.25 (2015: Rs 0.25) Per share in respect of current year | 33,312,500 | 33,312,500 |
| Total dividend declared and paid during the year | 119,925,000 | 233,187,500 |

24 EARNINGS PER SHARE

| | GROUP | |
|---|-------------|-------------|
| | 2016 | 2015 |
| | Rs | Rs |
| Profit attributable to owners of the company | 148,241,508 | 142,222,181 |
| Number of shares for earnings per share calculation | 133,250,000 | 133,250,000 |
| Earnings per share | 1.11 | 1.07 |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

25 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

| | GROUP | | COMPANY | |
|---|------------|------------|------------|------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Property, plant and equipment purchased | 71,733,746 | 8,039,108 | 208,927 | 702,656 |
| Financed as follows: | | | | |
| Cash disbursed | 71,733,746 | 8,039,108 | 208,927 | 702,656 |
| Total | 71,733,746 | 8,039,108 | 208,927 | 702,656 |

26 CASH AND CASH EQUIVALENTS

| | GROUP | | COMPANY | |
|--------------------------|---------------|---------------|---------------|---------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Cash at bank and in hand | 223,892,193 | 227,393,533 | 1,525,054 | 3,134,350 |
| Bank overdrafts | (397,403,089) | (494,633,318) | (314,836,704) | (315,748,001) |
| | (173,510,896) | (267,239,785) | (313,311,650) | (312,613,651) |

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 chief operating decision maker 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 organise 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.

| 2016 | Building Materials Rs | Contracting Rs | Investments Rs | Lottery Rs | Corporate Services & Others Rs | Eliminations Rs | Total Rs |
|--|-----------------------------|-------------------|-------------------|---------------|---|--------------------|---------------|
| REVENUE | | | | | | | |
| External sales | 892,874,755 | 1,030,470,334 | 114,987,031 | 1,651,579,840 | 66,124,249 | - | 3,756,036,209 |
| 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 | 123,145,750 | 1,651,579,840 | 412,948,585 | (439,400,254) | 3,756,036,209 |
| OPERATING PROFIT | | | | | | | |
| Segment results | 293,505,489 | 46,526,450 | 53,955,771 | 160,550,732 | 281,998,390 | (473,050,154) | 363,486,678 |
| Net gain from fair value adjustment on investment properties | | | | | | | 750,000 |
| Finance costs | | | | | | | (125,247,148) |
| Share of profit of associates and joint venture | 67,026,829 | - | - | - | (9,287,823) | - | 57,739,006 |
| Profit before taxation | | | | | | | 296,728,536 |
| Taxation | | | | | | | (105,857,695) |
| Profit for the year | | | | | | | 190,870,841 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

27 SEGMENT INFORMATION (CONT'D)

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

| 2015 | Building Materials Rs | Contracting Rs | Investments Rs | Lottery Rs | Corporate Services & Others Rs | Eliminations Rs | Total Rs |
|--|-----------------------------|-------------------|-------------------|---------------|---|--------------------|---------------|
| REVENUE | | | | | | | |
| External sales | - | 361,359,607 | 90,406,368 | 1,675,592,800 | - | - | 2,127,358,775 |
| Inter-segment Sales | - | 863,253 | 11,283,256 | - | 506,417,201 | (518,563,710) | - |
| | - | 362,222,860 | 101,689,624 | 1,675,592,800 | 506,417,201 | (518,563,710) | 2,127,358,775 |
| OPERATING PROFIT | | | | | | | |
| Segment results | - | (126,780,737) | 65,351,256 | 84,272,705 | 209,619,597 | (85,367,049) | 147,095,772 |
| Net gain from fair value adjustment on investment properties | | | | | | | 6,415,000 |
| Finance costs | | | | | | | (69,251,267) |
| Share of profit of associates and joint venture | 59,963,447 | - | - | - | 79,027,748 | - | 138,991,195 |
| Profit before taxation | | | | | | | 223,250,700 |
| Taxation | | | | | | | (49,215,479) |
| Profit for the year | | | | | | | 174,035,221 |

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.

(b) Segment Assets and Liabilities

| 2016 | Building Materials Rs | Contracting Rs | Investments Rs | Lottery Rs | Corporate Services & Others Rs | Eliminations Rs | Total 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 ventures | | | | | | | 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 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

27 SEGMENT INFORMATION (CONT'D)

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

| 2015 | Building Materials Rs | Contracting Rs | Investments Rs | Lottery Rs | Corporate Services & Others Rs | Eliminations Rs | Total Rs |
|--|-----------------------------|--------------------|----------------------|--------------------|---|------------------------|----------------------|
| ASSETS | | | | | | | |
| Segment assets | <u>728,394,325</u> | <u>665,890,556</u> | <u>2,707,435,389</u> | <u>245,886,294</u> | <u>1,688,781,052</u> | <u>(1,269,704,753)</u> | 4,766,682,863 |
| Investments in associates and joint ventures | | | | | | | 684,645,006 |
| Unallocated corporate assets | | | | | | | <u>132,721,931</u> |
| Total assets | | | | | | | <u>5,584,049,800</u> |
| LIABILITIES | | | | | | | |
| Segment liabilities | <u>249,429,609</u> | <u>988,647,660</u> | <u>651,796,098</u> | <u>865,574,363</u> | <u>662,618,917</u> | <u>(1,915,520,888)</u> | 1,502,545,759 |
| Unallocated corporate liabilities | | | | | | | <u>1,428,068,725</u> |
| Total liabilities | | | | | | | 2,930,614,484 |
| Non-controlling interests | | | | | | | 140,920,518 |
| Shareholders' funds | | | | | | | <u>2,512,514,798</u> |
| Total equity and liabilities | | | | | | | <u>5,584,049,800</u> |

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

27 SEGMENT INFORMATION (CONT'D)

(c) Other Information

(i) capital additions, depreciation and amortisation

| 2016 | Building Materials Rs | Contracting Rs | Investments Rs | Lottery Rs | Corporate Services & Others Rs | Eliminations Rs | Total Rs |
|----------------------------------|-----------------------------|-------------------|-------------------|-------------------|---|--------------------|--------------------|
| Capital additions | <u>21,649,654</u> | <u>1,721,731</u> | <u>23,473,964</u> | <u>48,136,043</u> | <u>16,068,596</u> | - | <u>111,049,988</u> |
| Depreciation and amortisation | <u>28,690,847</u> | <u>17,697,935</u> | <u>230,868</u> | <u>46,357,745</u> | <u>12,566,786</u> | <u>(318,767)</u> | <u>105,225,414</u> |
| 2015 | Building Materials Rs | Contracting Rs | Investments Rs | Lottery Rs | Corporate Services & Others Rs | Eliminations Rs | Total Rs |
| Capital additions | <u>-</u> | <u>1,651,050</u> | <u>374,971</u> | <u>5,394,310</u> | <u>1,349,367</u> | - | <u>8,769,698</u> |
| Depreciation and amortisation | <u>-</u> | <u>27,383,341</u> | <u>260,026</u> | <u>57,506,533</u> | <u>16,820,327</u> | - | <u>101,970,227</u> |

(ii) Geographical

| 2016 | Mauritius Rs | Madagascar Rs | Elimination Rs | Total Rs |
|----------------------------|----------------------|------------------|-------------------|----------------------|
| Segment revenue | <u>3,756,036,209</u> | - | - | <u>3,756,036,209</u> |
| Segment non-current assets | <u>2,708,923,426</u> | - | - | <u>2,708,923,426</u> |
| 2015 | Mauritius Rs | Madagascar Rs | Elimination Rs | Total Rs |
| Segment revenue | <u>2,127,358,775</u> | - | - | <u>2,127,358,775</u> |
| Segment non-current assets | <u>2,723,685,028</u> | - | - | <u>2,723,685,028</u> |

(iii) Information about major customers

No single customer contributed 10% or more of the Group's revenue for both 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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.

| | 2016 Rs | 2015 Rs |
|-----------------------|----------------------|----------------------|
| Contracting | 1,007,557,753 | 286,746,355 |
| Investment properties | 111,680,017 | 94,374,573 |
| Lottery | 1,651,579,840 | 1,675,592,800 |
| Others | 985,218,599 | 70,645,047 |
| | <u>3,756,036,209</u> | <u>2,127,358,775</u> |

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:

| | GROUP | | COMPANY | |
|--|--------------------|------------------|------------------|------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| (a) Sales of Goods and Services | | | | |
| To Associates and Joint venture | <u>220,534,074</u> | <u>4,620,272</u> | <u>1,465,124</u> | <u>1,791,550</u> |

(b) Purchases of Goods and Services

| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
|-----------------------------------|--------------------|-------------------|----------------|----------------|
| By Directors | 755,184 | 525,000 | - | 525,000 |
| From Director-related Entities | - | 206,590 | - | 206,590 |
| From Associates and Joint venture | <u>176,488,083</u> | <u>58,603,639</u> | <u>874,324</u> | <u>308,798</u> |

(c) Management Fee and Income derived from Administrative Services

| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| From Associates and Joint venture | <u>16,670,148</u> | <u>33,439,495</u> | <u>16,670,148</u> | <u>33,439,495</u> |

(d) Compensation of Key Management Personnel

| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
|--------------------------|-------------------|--------------------|-------------------|--------------------|
| Short-term benefits | 68,343,999 | 537,151,840 | 22,075,725 | 504,565,107 |
| Post-employment benefits | 842,568 | 1,633,166 | - | - |
| | <u>69,186,567</u> | <u>538,785,006</u> | <u>22,075,725</u> | <u>504,565,107</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

28 RELATED PARTY TRANSACTIONS (CONT'D)

(e) Outstanding Balances

(i) amount due from related parties:

| | GROUP | | COMPANY | |
|--|-------------------|--------------------|-------------------|----------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Director and director-related entities | - | 141,216 | - | 141,216 |
| Amounts due from subsidiaries | - | - | 76,380,251 | 1,005,404,423 |
| Associates | 185,438 | 26,988,488 | 185,438 | 468,488 |
| Joint venture | 30,642,140 | 137,260,539 | 1,244,150 | 4,121,976 |
| | <u>30,827,578</u> | <u>164,390,243</u> | <u>77,809,839</u> | <u>1,010,136,103</u> |

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 | |
|---|-------------------|-------------------|--------------------|--------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Amounts due to subsidiaries | - | - | 120,411,146 | 188,537,690 |
| Associates and joint venture included in creditors and accruals | 25,674,292 | 14,929,418 | - | - |
| | <u>25,674,292</u> | <u>14,929,418</u> | <u>120,411,146</u> | <u>188,537,690</u> |

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:

| | 2016 Rs | 2015 Rs |
|-------------------------------------|------------|------------|
| (a) Sales of goods and services | 1,467,792 | 1,068,000 |
| (b) Purchases of goods and services | 4,200,000 | 4,278,516 |
| (c) Management fees | 70,434,408 | 30,268,795 |

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 2015.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

29 FINANCIAL INSTRUMENTS (CONT'D)

(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 | |
|--------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Debt (i) | 1,793,327,251 | 1,910,308,981 | 1,196,117,983 | 1,158,438,064 |
| Cash at bank and in hand | (223,892,193) | (227,393,533) | (1,525,054) | (3,134,350) |
| Net debt | <u>1,569,435,058</u> | <u>1,682,915,448</u> | <u>1,194,592,929</u> | <u>1,155,303,714</u> |
| Equity | 2,669,323,805 | 2,653,435,316 | 796,217,741 | 740,653,840 |
| Gearing ratio | 59% | 63% | 150% | 156% |

(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.

(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 | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Financial assets | | | | |
| Loans and receivables (including cash and cash equivalents)* | 954,031,149 | 858,225,377 | 125,597,587 | 983,850,026 |
| Available-for-sale financial assets | <u>5,347,985</u> | <u>5,233,130</u> | <u>5,347,985</u> | <u>5,233,130</u> |
| | <u>959,379,134</u> | <u>863,458,507</u> | <u>130,945,572</u> | <u>989,083,156</u> |
| Financial liabilities | | | | |
| At amortised cost | <u>2,849,034,105</u> | <u>2,726,674,946</u> | <u>1,449,735,542</u> | <u>1,438,835,248</u> |

*The balance of Rs954,031,149 consists of loans, receivables, cash and cash equivalents and excludes prepayments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

29 FINANCIAL INSTRUMENTS (CONT'D)

(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 | |
| | 2016 | 2015 |
| Hierarchy levels | Rs | Rs |
| Level 1 | 5,347,985 | 5,233,130 |

(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.

(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 | |
|-----------------------|-------------------------|--------------------|------------------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | Rs | Rs | Rs | Rs |
| Currency | | | | |
| Mauritian rupee | 941,485,927 | 811,883,543 | 2,822,450,262 | 2,691,985,041 |
| United States dollar* | 14,783,623 | 44,911,097 | 23,829,733 | 26,570,454 |
| Euro | 3,109,584 | 6,663,867 | 2,260,550 | 8,119,451 |
| ZAR | - | - | 493,560 | - |
| | <u>959,379,134</u> | <u>863,458,507</u> | <u>2,849,034,105</u> | <u>2,726,674,946</u> |

(ii) Company

| | Financial Assets | | Financial Liabilities | |
|----------------------|-------------------------|--------------------|------------------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | Rs | Rs | Rs | Rs |
| Currency | | | | |
| Mauritian rupee | 129,656,324 | 987,957,181 | 1,449,735,542 | 1,438,821,805 |
| United States dollar | 1,281,724 | 911,811 | - | 13,443 |
| Euro | 7,524 | 214,164 | - | - |
| | <u>130,945,572</u> | <u>989,083,156</u> | <u>1,449,735,542</u> | <u>1,438,835,248</u> |

*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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

29 FINANCIAL INSTRUMENTS (CONT'D)

(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 | |
|-------------------------------|------------|------------|------------|------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| United States dollar | (452,306) | 917,032 | 64,086 | 44,918 |
| Euro | 42,452 | (72,779) | 376 | 10,708 |
| ZAR | (24,678) | - | - | - |
| Increase/(Decrease) in Profit | (434,532) | 844,253 | 64,462 | 55,626 |

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 determined 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

29 FINANCIAL INSTRUMENTS (CONT'D)

(j) Interest Rate Risk (Cont'd)

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 | |
| | 2016 | 2015 | 2016 | 2015 |
| | % | % | % | % |
| United States dollar | - | - | - | - |
| Euro | - | - | - | - |
| Mauritian rupee | From 6.70 to 7.95% | From 6.95 to 8.00% | From 5.10 to 9.40% | From 5.85 to 9.40% |

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

Financial Liabilities

| | Obligations under Finance Leases | |
|-----------------|---|------------------------|
| | Fixed and Floating Interest Rate | |
| | 2016 | 2015 |
| | % | % |
| Mauritian Rupee | From 5.60% to 8.15% | From 6.05% to 7.45% |

(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 2016 would have decreased as follows:

| | GROUP | | COMPANY | |
|--------------------|--------------|-----------|----------------|-----------|
| | 2016 | 2015 | 2016 | 2015 |
| | Rs | Rs | Rs | Rs |
| Decrease in profit | 4,483,318 | 4,775,772 | 2,990,295 | 2,896,095 |

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

29 FINANCIAL INSTRUMENTS (CONT'D)

(I) 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 |
| 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 |
| | <u>1,684,447,238</u> | <u>732,913,154</u> | <u>526,642,209</u> | <u>2,944,002,601</u> |
| 2015 | | | | |
| Non-interest bearing | 796,538,923 | 19,827,042 | - | 816,365,965 |
| Finance lease liability | 28,846,407 | 24,777,218 | - | 53,623,625 |
| Variable interest rate instruments | 648,289,543 | 662,770,372 | 545,625,440 | 1,856,685,355 |
| | <u>1,473,674,873</u> | <u>707,374,632</u> | <u>545,625,440</u> | <u>2,726,674,945</u> |

| COMPANY | Less than | | | |
|------------------------------------|--------------------|--------------------|--------------------|----------------------|
| | 1 year | 1 - 5 years | 5+ years | Total |
| | Rs | Rs | Rs | Rs |
| 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 |
| | <u>698,218,134</u> | <u>455,160,424</u> | <u>455,023,136</u> | <u>1,608,401,694</u> |
| 2015 | | | | |
| Non-interest bearing | 280,397,184 | - | - | 280,397,184 |
| Finance lease liability | 6,018,025 | 4,260,994 | - | 10,279,019 |
| Variable interest rate instruments | 343,854,328 | 353,536,024 | 451,316,667 | 1,148,707,019 |
| | <u>630,269,537</u> | <u>357,797,018</u> | <u>451,316,667</u> | <u>1,439,383,222</u> |

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 |
| 2016 | | | | |
| Financial guarantees | 618,728,622 | - | - | 618,728,622 |
| 2015 | | | | |
| Financial guarantees | 936,012,962 | - | - | 936,012,962 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

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.

The rental income earned by the Group and Company under operating leases amount to Rs111,680,017 (2015: Rs102,175,583) and Rs2,932,916 (2015: Rs2,871,552) respectively. Direct operating expenses incurred by the Group and Company for the year amount to Rs93,976,918 (2015: Rs53,194,231) and RsNil (2015: RsNil) respectively.

Non-cancellable Operating Lease Receivables

| | GROUP | | COMPANY | |
|----------------------------|--------------------|--------------------|----------------|------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Less than one year | 99,519,504 | 82,645,648 | 507,792 | - |
| Between two and five years | 188,438,171 | 157,567,290 | 341,688 | - |
| More than five years | 2,771,901 | 39,405,152 | - | - |
| | <u>290,729,576</u> | <u>279,618,090</u> | <u>849,480</u> | <u>-</u> |

(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.

| | GROUP | | COMPANY | |
|-----------------------------------|-------------------|-------------------|------------------|------------------|
| | 2016 Rs | 2015 Rs | 2016 Rs | 2015 Rs |
| Less than one year | 3,320,896 | 12,121,725 | 770,000 | 560,000 |
| Between two and five years | 8,909,899 | 25,276,408 | - | - |
| More than five years | 39,878,932 | 47,640,153 | - | - |
| | <u>52,109,727</u> | <u>85,038,286</u> | <u>770,000</u> | <u>560,000</u> |
| Payments recognised as an expense | | | | |
| Minimum lease payments | <u>9,203,997</u> | <u>11,918,449</u> | <u>2,065,000</u> | <u>2,319,000</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

31 NON-CURRENT DEPOSITS, OTHER DEBTORS AND PREPAYMENTS

| | GROUP | | COMPANY | |
|------------------------------|--------------------|--------------------|------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | Rs | Rs | Rs | Rs |
| Prepayment for lease of land | 78,319,417 | 80,829,668 | - | - |
| Other receivables | 64,578,107 | 37,622,480 | - | - |
| Non-current deposits | 8,256,326 | 8,314,622 | 8,256,326 | 8,314,622 |
| | <u>151,153,850</u> | <u>126,766,770</u> | <u>8,256,326</u> | <u>8,314,622</u> |

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 | |
|--------------------------------------|-------------------|-------------------|
| | 2016 | 2015 |
| | 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 |
| Greater than five years | 66,045,957 | 68,556,208 |
| | <u>78,319,417</u> | <u>80,829,668</u> |

Other receivables includes retention monies of Rs23,822,768 (2015: Rs11,102,480) due from customers and advance to subcontractors of Rs14,235,339 (2015: RsNil) which are carried at amortised cost using an effective interest rate of 6.85% p.a. (2015: 8.25% p.a.).

| | GROUP | |
|---------------------------|-------------------|-------------------|
| | 2016 | 2015 |
| | Rs | Rs |
| Contracts retention | 23,822,768 | 11,102,480 |
| Advance to subcontractors | 14,235,339 | - |
| Others | 26,520,000 | 26,520,000 |
| | <u>64,578,107</u> | <u>37,622,480</u> |

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 Rs1,421.7M (2015: Rs1,471.0M).

The Company has secured the liabilities of its joint venture by giving guarantees to the relevant banks for a total amount of Rs113.2M (2015: Rs140.0M).

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 bank guarantees of Rs 6.1M (2015: Rs 25.6M), customs guarantees of Rs 2.9M (2015: Rs 2.9M), performance bond of Rs 132.1M (2015: Rs 328.4M), tender bond of Rs 9.5M (2015: Rs4.6M), advance payment guarantees of Rs 58.7 M (2015: Rs 68.4M) and guarantees of Rs 7.8M (2015: Rs6.9M) to third parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT'D)

33 CONTINGENT LIABILITIES (CONT'D)

Contingent liabilities not provided for in the Company financial statements relate to expatriates guarantees of Rs 3.7M (2015: Rs 4.5M), custom guarantees of Rs 2.9M (2015: Rs2.9M) and performance bond of Rs 1.0M (2015: Rs25.7M)

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.

In addition to the above, the Company received a tax assessment from the Mauritius Revenue Authority on 30 December 2015. The Directors have appealed against the tax assessment and based on professional advice, they believe that the tax liability is remote.

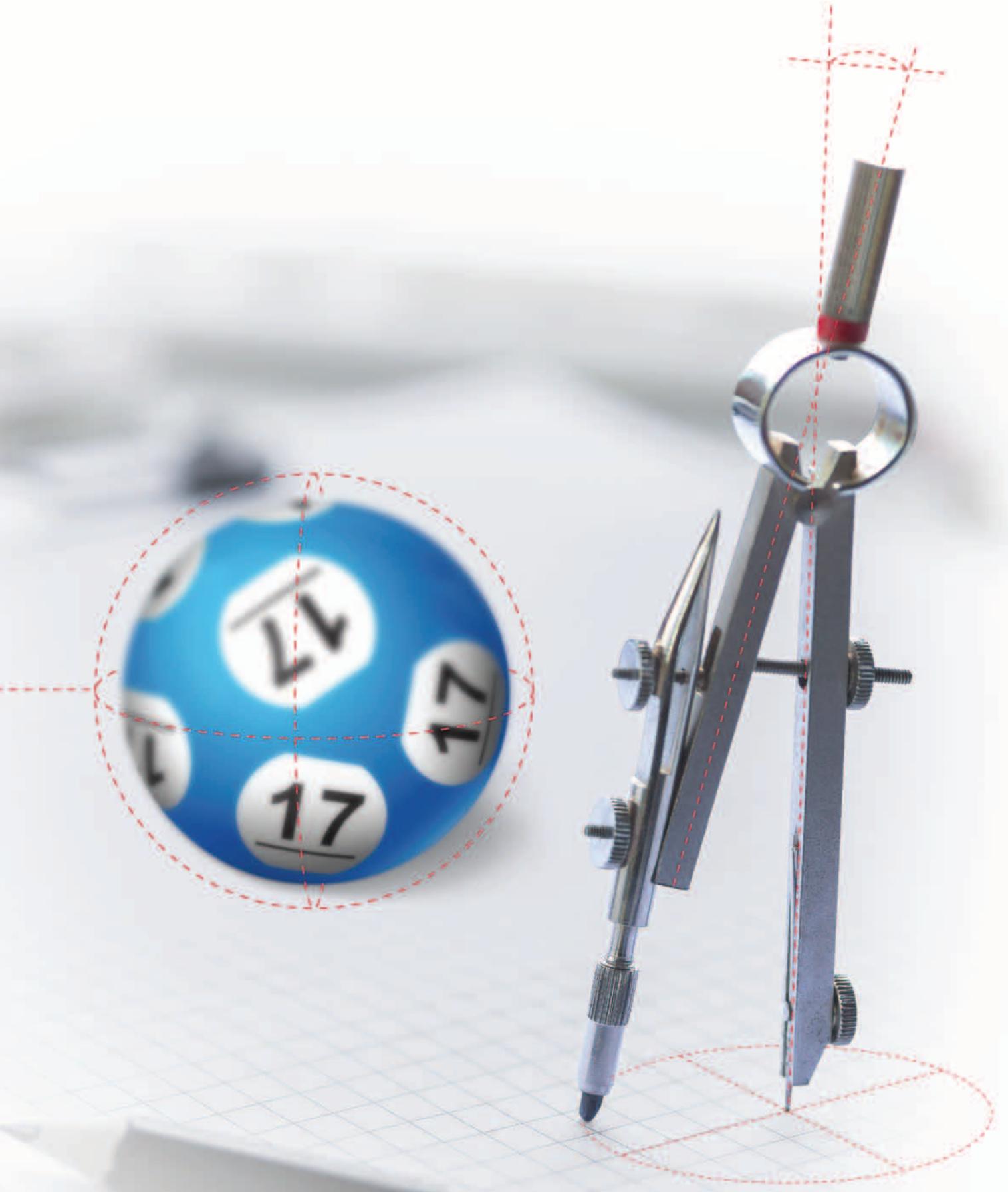
As at reporting date, Gamma Construction Ltd, a wholly owned subsidiary of Gamma-Civic Ltd, has a contingent liability of Rs 275,000 with respect to an outstanding lawsuit. The subsidiary has not made a provision for this liability as the outcome is dependent on future court hearings which are on-going.

34 DISPOSAL OF SUBSIDIARIES

The Group wound up two of its subsidiaries during the year ended 31 December 2016.

| | R.B.F. (Mauritius) Limited 2016 Rs | Concassage Albion Phare Limitée 2016 Rs | Total 2016 Rs |
|---|---|--|---------------------|
| Consideration received in cash and cash equivalents | - | - | - |
| Analysis of assets and liabilities over which control was lost: | | | |
| Current assets | | | |
| Receivables | 23,215 | 4,151,849 | 4,175,064 |
| Cash and cash equivalents | - | - | - |
| Current liabilities | | | |
| Payables | (6,000) | - | (6,000) |
| Net assets disposed of | <u>17,215</u> | <u>4,151,849</u> | <u>4,169,064</u> |
| Share of net assets disposed of | <u>8,780</u> | <u>4,151,849</u> | <u>4,160,629</u> |
| Loss on disposal of subsidiaries (note 21) | <u>(8,780)</u> | <u>(4,151,849)</u> | <u>(4,160,629)</u> |

**CALIBRATING ALL
PARAMETERS TO PERFECTION**







Gamma
dare to dream

Royal Road | Chapman Hill | Beau Bassin | Mauritius
Tel: 403 8000 | Fax: 454 1592
headoffice@gamma.mu | www.gamma.mu